

Port Authority Retirees Association, Inc.

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April 30, 2014

To the Port Authority Board:

This is being submitted on behalf of the **Board of the Port Authority Retirees Association, Inc (PARA)** in response to the article in the recent issue of the **PA News** regarding your request for comments from the public in connection with the current “Reform” efforts being considered by the Board’s Special Oversight Committee.

Introduction

A small group of PA retirees attended the Special Oversight Committee’s meeting on April 21st to observe firsthand the input from the outside panel and the discussion which followed their opening remarks. We were most encouraged with the candor and constructive exchange of views among all participants. We are hopeful that many of the suggestions that were offered will be accepted and implemented in the near term. To do so will demonstrate the Board’s ability and willingness to address these issues on its own without the need for outside direction.

Those of us who attended that meeting did so not out of idle curiosity but rather from a sense of long standing connection and commitment to the organization where many of us spent the overwhelming portion of our adult working life. It has been both sad and shocking to be reading about the continuous stream of revelations that have surfaced during these past few months. We are hopeful that the Board will act boldly to redirect and revitalize the organization, consistent with the founding core principles which governed the Port Authority most successfully as it pursued its evolving regional mission for these past 93 years - - as of this date.

Strengthening that regional concept, a central guiding principle during the PA’s history, remains even more vital now and into the future. In cooperation with the state DOT’s, the toll road and bridge authorities, and other agencies in both states, the PA has led a number of planning initiatives benefitting all areas of the region. The PA’s independent, bi-state, regional perspective needs to be re-energized as soon as possible.

In our view, the PA has worked well for most of its history and there is no need to radically reshape it such as dividing its assets among the states. We believe that it can be made to work well within the context of the Port Compact and the later bi-state legislation. We believe a return to performing projects and directing revenues within the PA’s core functions are essential.

The PA retiree community, taken as a whole, is a unique, valuable source of experience, history, perspective and professionalism. In that vein, we offer the following for your consideration.

Board Governance and Leadership

We strongly support the outside panelists' suggestions that the Board should act to eliminate the inappropriate impact from outside political pressure on the board's actions. To this end, we emphasize that the Board members need to act on behalf of the Port Authority's best interests – not the parochial or partisan interests of either Governor or any individual Board member. The Board members' governance and fiduciary responsibilities require allegiance to the agency and its mission - not to the appointing Governor.

We support the notion that the Board itself ought to select its Chairperson from among its own ranks. The Chairperson ought not be selected by the Governor. Clearly, the Board needs to work **with** the Governors in pursuit of the PA's regional agenda but, at the same time, the Board needs to be independent **from** the Governors in accordance with the basic intentions of the founders. To be sure, there are occasions when the Board needs to be able to say "No" to the Governor and negotiate a different outcome if a particular request is not in the best interests of the region or the agency. The Port Compact seems to be rather clear on this point. The Governors surely will always have their veto prerogative but the Board's agenda and its actions ought to be consistent with the PA's regional mission not the individual, parochial "wants" of either state.

Any Board member who has the faintest perception of a conflict of interest on any specific item brought to the Board should recuse himself immediately from any discussion or any vote on such an item. That recusal ought to be made in public in the spirit of full transparency.

We fully appreciate that it is the responsibility of the Governors, not the PA Board members, to nominate new commissioners. It is our understanding that there are several current vacancies on the board. We nevertheless suggest that Board members encourage the Governors to nominate individuals whose experience, expertise and statesman-like record will contribute affirmatively to the PA's mission and agenda rather than to the Governor's preferences to satisfy his own state's interests.

Executive Selection and Leadership

We fully support the recommendation from the outside panelists that the Executive Director should be chosen by the Board. For obvious reasons, the Port Authority deserves to have the best leader possible regardless of where the individual resides or what his/ her personal political leanings may be. In this way, it would be clear that the

Executive Director reports to the Board, is responsible to the Board and takes direction from the Board.

We also agree that the Executive Director should have the full authority to form his/her own organizational structure and to select the top executive staff (advisors, deputies, assistants, etc) consistent with well established Human Resource policies and practices. In this way, the notion of a dual line of authority (NY/ NJ) should be completely eliminated as quickly as possible. It is clear that this phenomenon only adds to organizational dysfunction, conflicting agendas and priorities, and uncertain allegiances – none of which are in the best interests of organizational effectiveness. We strongly suggest that the executive management teams which have performed well should remain in place regardless of changes in state administrations. Effective leadership over an extended timeframe provides much needed continuity and contributes to strengthening the agency while frequent changes in priorities and management approach have had the opposite effect.

Staff Selection and Promotion

All staff appointments throughout the organization should be accomplished in accordance with long standing and well established Human Resource policies. There should be no outside directive for political appointments at any level. All positions should be filled based on merit and acceptable qualifications of an applicant vis-à-vis the requirements of the specific position. Political appointees owe their allegiance to their political patron. All staff, on the other hand, should be committed to the best interests of the Port Authority and its regional mission.

Investment and Allocation of PA's Resources

There has been much discussion about the appropriate allocation of the PA's resources, particularly its financial resources. We take no specific position on which projects ought to be approved. That is the rightful purview of the PA Board. But we feel confident in suggesting that all non-Port Authority projects should be curtailed immediately. The overwhelming needs that have been identified for security related work at all facilities in the aftermath of the attack on the World Trade Center in 2001, the growing need for upgrade and rehabilitation of the existing facilities, and the need for new facilities including the Goethals Bridge and the reconstruction of the World Trade Center have demanded a major commitment of the organization's financial capacity. Expenditures at this time for non-PA projects only distract from the broader regional mission. This is particularly true without a source(s) of new revenue to support the growing financial needs. The PA's funds appropriately belong to the region – not to either state. This is a fundamental premise underlying the Port Authority's creation nearly a hundred years ago.

Perhaps the most valuable resource of the organization lies in the men and women who comprise the workforce. These “human” resources too need to be nurtured and developed in a thoughtful and aggressive way so that the professionalism, innovation, excellence and commitment that have been hallmarks of the agency for decades can continue into the future. In every respect, the Port Authority staff ought to be recognized leaders in the public sector. It used to enjoy that reputation throughout the nation and across the globe. With the current clouds of uncertainty hovering over the workplace and with the outflow of so many staff who are retiring, we are concerned that there may well be a severe skills gap in the near future that will lead to further decline in the PA’s capabilities to meet its regional agenda going forward. We encourage a strong support from the Board for strengthening the career service concept which has proven to be so valuable in the past.

Conclusion

The efforts of the Special Oversight Committee offer much hope for bringing the PA back on track. It seems that the organization has been off kilter for far too long. We are very encouraged by the comments of the outside panelists and the interest expressed by the Board members during the April 21st meeting. We realize there may not be unanimous acceptance of all recommendations but that is a part of the process. There will always be differences of opinion on policies or project proposals but such differences do not equate to dysfunction as has been alleged. Healthy debate is useful and it should promote thoughtful, constructive discussion but it needs to be managed well and the decision maker(s) need to act for the benefit of the organization’s mission and with genuine respect for the parties. Again, we hope that a renewed commitment, consistent with the PA’s historic core principles, to the basic goals and practices can be forged in order to promote the best interests of the region, the public, the staff and the Port Authority itself.

Our interest, commitment and concern about these issues continue. We sincerely hope that the Board will address the underlying root causes of these current problems. We are available to explore these or other ideas in further detail at your request.

Submitted on behalf of the PARA Board.

Dave Gallagher,
President, PARA