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LePatner: Delays, Disputes, Mar WTC Rebuilding

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Eight years after terrorists destroyed the World Trade Center, construction is underway on replacing the destroyed Twin Towers. But what has really been accomplished on the site? Not much, according to New York City construction lawyer Barry LePatner.

On the heels of the 9/11 remembrances, LePatner lamented the lack of progress and criticized the governmental agencies leading the lagging project to replace the WTC.

The World Trade Center redevelopment project includes a memorial and several office towers. The City and the Port Authority of New York and New Jersey have overseen the rebuilding efforts with development company World Trade Center Properties operated by Silverstein Properties, which purchased the World Trade Center just six weeks before 9/11.

Disputes between the developers and the governmental entities have led to many delays in the process. In August, Silverstein's company request arbitration, citing delays stemming from the Port Authority's part of the rebuilding efforts impacting the developer's part in the project.

"Looking back, the project was doomed at the outset to be a long-running saga," Barry LePatner, founding partner with LePatner & Associates LLP, told CPE. "This is because both the political entities--which had vested interests--and the Port Authority who owned it have no experience in developing complex infrastructure and major building elements." Additionally," the major developer [Silverstein Properties head Larry Silverstein] has a singular interest in the entire process," LePatner said. That interest was to expeditiously rebuild so that he could restore his business interest, which had been destroyed and covered by insurance," he added.

"There was a classic clash of interests, because the public authorities could never agree on what they wanted there." And those agencies wanted to show the public that they were doing something, so they proceeded without a full understanding of what the process was going to be, LePatner said.

On Sept 9, Janno Lieber, president of World Trade Center Properties, addressed the New York State Senate's Standing Committee on Corporations, Authorities and Commissions to discuss redevelopment of the World Trade Center.

Lieber noted that the federal government provided funding to the Port Authority to rebuild the PATH station and other transportation infrastructure, while Congress put tax-exempt financing in place to speed up the efforts without waiting to satisfy conventional market economics.

With a master plan for the new World Trade Center created to build retail and office space, a memorial, a new above-ground mass transit hub and a performing arts center, the Port Authority signed on to that plan and promised to give us construction-ready sites so that Silverstein Properties could start to build the new buildings.

The Port also agreed to complete critical infrastructure - the PATH Transportation Hub, the Vehicle Security Center and underground roadway, Greenwich Street and utilities - so that we could finish and open the new Trade Center. "Just as we were getting to build, after years of the Port Authority insisting that everything was going just fine at the site, the agency admitted the truth - that every project for which the port is responsible had fallen years behind schedule and hundreds of millions of dollars over budget, threatening the entire WTC rebuilding effort," Lieber said in the address

Illustrating the slow pace of the redevelopment project, LePatner noted, "It is taking a month for each floor to be built. When 7 World Trade Center was being built, each floor went up in four to seven days." World Trade Center Properties worked with the city, the state and the Port Authority to rebuild 7 World Trade Center, the last tower to fall on 9/11. Construction began on that project in May 2002 and the building opened in May 2006.

"Right now the most efficacious step that could be taken is to halt the project entirely," LePatner said. "Get a complete set of design drawings and specifications that can be bid on for a fixed price by contractors and do not keep haphazardly building in a way that will only add billions and billions of dollars without a benefit to the public." The public agencies "do not have the wherewithal to be entrusted with a project of this magnitude. They've proven that," LePatner said.

LePatner's insight into the project comes from his representation of the architect for one of the proposed towers as well as his involvement in negotiations for the now-shelved performing arts center for a client. Additionally, he represents one of the companies that now occupies 7 World Trade Center.