



Goodbye Islanders - Hello public private partnerships opportunity

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Public private partnerships ("P3s") are gaining some steam in the construction marketplace today. A P3 is a contractual agreement between a public agency and a private sector entity whereby the skills and assets of each are utilized in the construction and/or development of infrastructure for the use of the general public. An example of something like this would be the design, build and operation of a municipal bridge).

P3s are becoming a common practice and the preferred way to fund sports/entertainment building projects. The P3s stimulate local economies, create jobs and please event goers in that they are getting a first class experience which helps to offset the monetary cost of the ticket.

So how does a P3 help Nassau County? A prime example would be the recent impasse surrounding the beloved New York Islanders subject.

As a lifelong resident of Nassau County, I think I was predestined to be a New York Islanders fan. I was born only a few years after the Islanders started playing at the Nassau Veterans Memorial Coliseum ("the Coliseum") and when they truly hit their stride, I was old enough to get wrapped up in the hype. I have some vague memories of the sports lore they wrote themselves into. The truer moments for me in Islanders' history were the early to mid-1990s; the Pat LaFontane-Pierre of Turgeon trade, an unconventional Russian defenseman named Darius Kasparaitis, and the huge upset with the Pittsburgh Penguins just to fall one series short of the Stanley Cup finals during the 1992-1993 season.

Things took a bad turn and there were issues, but Islanders fans found hope in Charles Wang, who swooped in and promised change. Soon after Wang took ownership of the team he delivered some high profile acquisitions like Alexei Yashin, Michael Peca and Chris Osgood.

There were ups and a lot of downs since then, some bad contracts, questionable draft picks, and I'll admit, I lost interest and stopped following the team because for the cost of going to a game, why not see a winner at a ascetically pleasing arena?

Since the beginning of his ownership, Wang was vocal about the conditions of the Coliseum. A simple Google search will yield his displeasure of the venue and how he felt it was a huge contributing factor to the team not being able to attract premier talent. Numerous redevelopment plans were proposed, shot down, re-proposed, voted on, and failed. And, while some development plans were very elaborate such as the Lighthouse Project, Wang's vision provided for affordable housing, economic development in the surrounding area and job creation.

It became official on October 24, 2012 that the New York Islanders were leaving Nassau County at the end of their lease and heading to the Barclay's Center, the brand new, state of the art facility in Brooklyn. This was the end of an era.

So, what happens now for the Coliseum?

First and foremost the redevelopment of this site is essential to helping Nassau County to start to mend their fiscal woes. A premier sports/entertainment facility would attract "A" level talent and attractions which would directly correlate with increased County revenues. This wouldn't just start and stop with the venue. The property surrounding the Coliseum has long been sought after for development as well. So, we should also consider ancillary projects as it relates to additional lodging, dining, shopping and more.

Furthermore, the residents of Nassau County have spoken. When redevelopment of the Coliseum was voted on during the summer of 2011, it failed to gain approval. The reason for this was the perception that the taxpayers would be footing the bill for the development of the property. How could this perception be any other way when the fiscal condition of the County is well documented (especially when residents pay real estate taxes comparable to those of Beverly Hills)?

The New York construction market place is primed for a project like this. A successful P3 needs certain components, a public need and private financing being among them. The need is certainly there and so is the availability to fund this type of project; according to recent survey results, as performed by Grassi & Co., private company bonding programs is only at 38% utilization.

There is also the public relations angle to consider. Nassau County has sustained a black eye in recent media reports as the Islanders made their exit. By being proactive and using a P3 to develop the property, Nassau County can show serious intent and commitment to the taxpayers. By investing in the community and not sticking the residents with the cost, you can start to mend public perception.

The options and visions are limitless but I caution Nassau County executives to be grounded in reality. We lost the Islanders, that is a reality, but that doesn't mean we cannot start the investment now. Nassau County is a growing community and the want for a professional sports team is surely out there if we listen.

In the end, the need for infrastructure to support a struggling local economy isn't exclusive to Nassau County. But, when the taxpayers vote not to fund the development of a sports/entertainment complex, we need to look to an alternative solution for a common problem. Otherwise, we will contend with the same problems and be forced to make due with an out-of-date facility.

As a firm, we are one of the very few who truly understand the tax and financial ramifications of these transactions. We have been very fortunate over the years to have audited these projects all over the world where they have been historically prevalent.

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