



NEW YORK STATE SENATOR

Craig M. Johnson

Senator Johnson: 'Ferry Sorry Doesn't Cut It'

CRAIG M. JOHNSON August 19, 2009

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False Governors Island Mea Culpa Does Nothing to Return Wasted Taxpayer Funds; Chairman of Senate Investigations Committee Urges Gov. to Sign Authority Reform Bill

Senator Craig M. Johnson, Chairman of the Senate Standing Committee on Investigations and Government Operations, today slammed the Governor's Island Preservation and Education Corporation for issuing a disingenuous apology for the purchase of a rusted and unusable ferry in a debacle that wasted nearly \$900,000 in taxpayer funds.

"There is no making lemonade from this lemon, said Senator Johnson (D-Nassau.) "GIPEC had all the information they needed to avoid soaking taxpayers with this purchase, but they went full-steam ahead."

GIPEC representatives told the New York Daily News today that: "With the information now available about the condition of the vessel and the costs to rehabilitate [it]...the initial decision to purchase the vessel was a faulty one."

However, a report issued this week by Senator Johnson's committee showed that GIPEC had access to a report that "raised serious concerns" about the condition of the vessel, the M/V Islander, and recommended a cost analysis be performed before any purchase was made. Instead, GIPEC employees ignored the report and went ahead with the purchase -- inexplicably relying upon a separate survey from a firm with a potential conflict of interest. That firm had been hired by the ferry's sellers to conduct an inspection of the Islander a few months earlier. Only after the Islander was purchased was a cost analysis performed. It was determined that up to \$7.2 million in repairs were needed to make the Islander seaworthy.

Less than 18 months after its purchase (which cost \$500,000 plus \$422,645 in consulting fees and related expenses,) GIPEC sold the vessel on eBay for a mere \$23,600. That sale is now the subject of further litigation that has the potential to cost the state even more money.

Among its recommendations, the Investigations and Government Operations Committee urged that the responsible employees be disciplined, and that legal action be taken to recover some of the lost funds.

Senator Johnson said this situation shows the need for Gov. Paterson to sign a landmark authority reform bill that recently passed the Legislature.

“GIPEC's lack of accountability and this arrogant attempt to rewrite history are perfect examples as to why these shadow governments need to be reigned in,” Senator Johnson said.