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WEDNESDAY, AUGUST 24, 2005

Board Clears Deal for Tower Downtown

Expanded Incentives Lure Goldman Sachs

By CHARLES V. BAGLI

A state board formally approved a deal yesterday that would enable Goldman Sachs to revive its plan to build a \$2 billion headquarters across the street from the World Trade Center site. But it would cost taxpayers even more in subsidies than has been previously disclosed.

State and city officials announced earlier this month that they had agreed to provide Goldman Sachs, the investment bank, with a bigger incentive package, worth hundreds of millions of dollars, to lure it downtown after it had explored a move to Midtown.

But officials confirmed this week that they had also agreed to lower the bank's annual payment in lieu of taxes for the new headquarters, a decrease that could amount to as much as \$9 million a year. Some government watchdog groups criticized the extent of government largesse, but state and city officials defended the new deal, saying Goldman Sachs was critical to the commercial future of Lower Manhattan.

John P. Cahill, the governor's chief of staff, who negotiated with Goldman executives, said that Goldman's decision to build a 43-story tower in Battery Park City "reinforces Lower Manhattan's position as the financial capital of the world" and would help the city's effort to keep American Express and Merrill Lynch downtown.

The state board that approved the deal, the Battery Park City Authority, agreed to lease the last remaining commercial devel-

Aid to the ground zero area shouldn't cost this much, watchdogs say.

opment site at Battery Park City to Goldman Sachs for 65 years. The bank, in turn, agreed to make a one-time lease payment of \$161 million in February.

"The economics of our deal have not changed since the beginning," said Tim Carey, president of the authority. But the larger deal has changed.

"From what's been reported, you can't imagine a sweeter deal," said Bettina Damiani, project director at Good Jobs New York, a government watchdog group.

Goldman had abandoned its effort to build a new glass and stainless steel tower across West Street from the World Trade Center site in April out of frustration with the seeming disarray of the state's plans to manage security and traffic in the area. Goldman then began a very public search for an alternative site in Midtown.

Many public officials and downtown landlords feared that if Goldman migrated to Midtown, Merrill Lynch, whose lease at the World Financial Center expires in a couple of years, and other large employers would follow. Lower Manhattan has been plagued by high commercial vacancy rates since the attack on the World Trade Center in 2001. The developer Larry A. Silverstein has nearly completed rebuilding 7 World Trade Center, but so far he has been unable to land an anchor tenant.

In recent weeks, state and city officials went back to Goldman with new security and traffic plans as well as more enticements. They agreed to increase the value of the tax-free Liberty Bonds available

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Choir Member Suspect In Child-Snatching

By KAREEM FAHIM

A member of a Harlem church choir who the police said tried to drag a 4-year-old Bronx boy from his home on Saturday surrendered yesterday, and faces charges including assault and attempted burglary.

The authorities tracked down the man, Lawrence Craig, 44, of Riverside Drive in Upper Manhattan, after a witness saw him driving a car registered to a State Supreme Court justice, according to a police official. On Monday, investigators visited the big Westchester home of the justice, Donna H. Mills, who told them that

A Supreme Court justice says the suspect is her friend.

Mr. Craig was her friend and had been driving her car on Saturday. She told investigators that Mr. Craig would turn himself in to the authorities, the official said, and he did.

At their apartment on Beaumont Avenue in the Belmont section yesterday, relatives of the 4-year-old boy said they did not know Mr. Craig and had no idea how he ended up on their doorstep.

The boy's older brother, Glenford Davis, 14, said that his mother, Norva Davis, had been on the phone on Saturday just after 1 p.m. when they heard a knock at the door.

Ms. Davis answered it, and Glenford said he saw a man about 5 feet 8 inches tall, wearing slacks, a white shirt and a suit jacket. "He said he was looking for my mom," said Glenford, who added that his mother did not recognize Mr. Craig. She told him that perhaps he was looking for another

Matthew Sweeney and Janon Fisher contributed reporting for this article.

Social Services Supervisor Is Faulted in Scalding

By ANAHAD O'CONNOR

WHITE PLAINS, Aug. 23 — Officials in Westchester County on Tuesday faulted the supervisor of a caseworker who was fired after two babies were scalded to death last month in their Yonkers apartment, saying the supervisor broke procedures and may have lied to investigators.

The supervisor, a county worker for 15 years, was responsible for meeting with the caseworker every two weeks and reading her notes at least once a month but did a poor job of monitoring, county officials said. The caseworker, a woman, was fired on Aug. 1 after investigators discovered that she had skipped several meetings with the family of the two boys in the months before they died.

Officials have declined to identify either worker and have not decided on the supervisor's discipline.

"Our protocols and our procedures are strong," said Kevin P. Mahon, the commissioner of the county's Department of Social Services. "In this instance, we have determined that it took two individuals to break them and at least one to lie about them."

Mr. Mahon's comments came during a hearing Tuesday of the county Legislature's Committee on Families at which legislators pressed him for information about his agency's monitoring of the two babies. After Mr. Mahon declined to name the workers and describe details of the investigation, citing agency regulations, several legislators said they would consider issuing subpoenas to

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for the project from \$1 billion to \$1.65 billion. The city's Independent Budget Office estimates that Goldman will save about \$9 million a year in interest payments, up from \$5.5 million, because the bonds are exempt from taxes. A public hearing on the bonds is the next step in the approval process, followed by final approval from the state.

"We felt we had to make an attractive offer that we believed would be compelling enough to make them reconsider Site 26," said Adam L. Barsky, deputy secretary to Gov. George E. Pataki, referring to the parcel in question.

Real estate executives say Goldman was unable to find an alterna-

tive location in Midtown that met its requirements. State and city officials say Goldman could have extended its leases at 85 Broad Street, 1 New York Plaza and other buildings downtown. But it would not have had the same impact as a commitment to build a \$2 billion tower.

The state and city are also giving the company \$115 million in tax breaks and cash grants, in return for its commitment to maintain its headquarters in Lower Manhattan and more than 9,000 jobs now in New York through 2028. The value of the tax breaks could swell to \$150 million if Goldman's work force grows in the coming years. But earlier this year, officials offered tax breaks worth only \$30 million to \$55 million.

At the same time, the city reconfigured the payments in lieu of taxes

that Goldman would have to make for its new headquarters, an arrangement that officials confirmed only this week. Officials had originally indicated that over time, the yearly payments, arranged when a developer is building on publicly owned land, would never exceed \$15.11 per square foot, or \$30.2 million. Under the new arrangement, the ceiling was set at a lower rate, \$10.71 a square foot, or \$21.4 million.

Jordan Barowitz, a spokesman for the mayor, said the state had agreed to reimburse the city for the difference, which he said would be about \$40 million between 2012 and 2026.

Mr. Carey, of the authority, said Goldman would pay about \$900,000 a year toward the upkeep of Battery Park City and \$3.5 million toward designing and building a new library.

Anthony D. Weiner wants to hire 3,000 more police officers. And Fernando Ferrer wants to intensify security on the subways, to deter both terrorists and iPod thieves.

As the four Democrats running for mayor have pushed through the early part of the primary season, they have sought their own ways to find leverage in what is usually a bread-and-butter issue of any mayoral campaign: fighting crime. But this year, the Democrats are getting little traction for their big law enforcement ideas. Their Republican opponent, Mayor Michael R. Bloomberg, can boast that crime has fallen during his tenure even below the levels achieved by his predecessor, Rudolph W. Giuliani, who made his reputation combating crime.

Even when Mr. Bloomberg's administration has given the Democratic contenders a potential opening — when it ordered random police searches of bags in the subways after the London bombings last month — the responses from the four Democrats have

The Democratic candidates have also seen issues pulled out from under them. For instance, several have questioned whether the Bloomberg administration has done enough to protect New Yorkers from another terror attack. But just yesterday, transit officials released a plan to safeguard commuters by hiring a leading defense contractor to put surveillance cameras and motion detectors in the transit system and around major bridges and tunnels.

On other fronts, all the candidates want to hire more officers, noting that because of attrition the force has shrunk during the Bloomberg tenure to 36,447 uniformed officers from 40,352 in 2001. And they have weighed in on topics large and small, from how much police officers should be paid to who should make mass transit secure.

But they have so far expressed few substantive differences with the Bloomberg ad-

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Observations
Roberta Schi

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