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New York State County Highway Superintendents Association
New York State Association of Town Superintendents of Highways
Joint Legislative Public Hearing
2014-2015 Executive Budget--Transportation

Good afternoon Chairman DeFrancisco, Chairman Farrell and Members of the Joint Legislative Committee. I am Martin Roberts, President of the New York State Association of Town Superintendents of Highways (NYSAOTSOH) and Town of Reading Highway Superintendent. With me is Joseph Amico, Town of Gates Highway Superintendent and Executive Board Member, and representing the New York State County Highway Superintendents Association (NYSCHSA) is Gary Harvey, Greene County Highway Superintendent. We appreciate this occasion to submit testimony for your consideration as you review the 2014-2015 Executive Budget.

Introduction

Each year our organizations take this opportunity to report to you on the conditions of our local transportation systems and the challenges we face with securing the funding necessary to keep our systems in a state of good repair and high functionality.

We appreciate the support that the Legislature has provided in the past by restoring local funding during budget negotiations. The current fiscal plan as well as the Governor's Executive Budget proposal includes the three way agreed upon level of funding for CHIPS and Marchiselli that we as highway professionals rely heavily upon to finance the immediate needs of our roads, bridges, culverts and other transportation infrastructure.

Under the Memorandum of Understanding between the Governor and Legislature relative to the transportation capital plan, CHIPS (Consolidate Local Street and Highway Improvement Program) was increased by 20% to \$437.8 million in this fiscal year's budget and now again in the Governor's proposed budget. This funding is distributed by formula to each municipality in the state. So when you increase CHIPS, you help every local government in the state to fund important road and bridge projects.

Unfortunately, rising costs and dwindling funding from other sources means we are losing the preservation battle. Today, even with the recent CHIPS increase, we treat only a fraction of the road mileage that we did just a few years ago. The majority of CHIPS and local funding goes to maintenance and preservation and has been targeted for that purpose, when appropriate, for decades. According to a national organization of state

highway officials, every \$1 spent in maintaining a good road avoids spending \$6 - \$14 to rehabilitate or rebuild one.

Despite these well-timed and targeted treatments, the age and condition of many of our locally-owned transportation assets are beyond preservation and in need of much more costly rehabilitation and reconstruction. And while almost half of all local governments already share in the maintenance and construction of their roads and highways and have been doing so for decades, municipalities simply can't find additional discretionary funds to undertake these expensive projects. This is especially true when municipalities face a 2% property tax cap.

It's important to remember that eighty-seven percent of the roads and half of the bridges in this state are owned by local governments. So local roads do matter and should matter in any state budget. We know they matter to you as we have discussed the needs of the local system with you on several occasions here in Albany, in your District Offices and as you've traveled around your communities.

The traveling public views the state system as seamless; they mostly don't know or care which level of government owns the road they're driving on. Their expectation is for safe and well maintained infrastructure. To meet these reasonable expectations takes money. So we depend on you to be our partner in balancing the needs of all systems, without regard to ownership.

First CHIPS Funding Increase in 5 Years

Before the enactment of the 2013-14 budget, state funding had been frozen for five consecutive budgets at \$363.1 million for CHIPS and \$39.7 million for Marchiselli. There is a consensus among highway professionals throughout the state that this level of funding for the local transportation system over this long period has had severe consequences. Fuel, asphalt and materials costs have skyrocketed over the last several years. It's hard to expect the local road system to stay sound for very long under this reality.

Estimates by the State Comptroller, DOT and independent studies show a large number of road mileage is deteriorating and many bridges in the state are rated structurally deficient and functionally obsolete. Thirty two (32%) of bridges are deficient and 40% of road pavements are rated fair or poor and getting worse. The State Comptroller estimates that there will be \$89 billion in unmet local infrastructure needs over the next 20 years, with much of this shortfall on the already deteriorating local transportation system. Our own analysis indicates an annual funding gap of \$1.3 billion for the local system alone.

The Impacts of MAP-21 on Local Road and Bridge Funding

Last year when we testified at these hearings, the new Federal Transportation Bill had been enacted and the fear was that fewer funds would be available for non-National Highway System (NHS) bridges and for non-NHS highways in New York. The resulting

new 2-Year Federal transportation aid allocation to NY (MAP-21) is, as feared, primarily directed to the major systems (interstates, principal arterials and expressways) and away from locally owned roads and bridges; and even directed away from many state roads and bridges. This new focus on major highway systems has resulted in what we estimate has been as much as 40% less federal dollars available for local projects.

Our Associations are working closely with DOT officials to urge federal officials to modify MAP-21 during the reauthorization process to insure more flexibility for the state to direct this federal funding to where it is needed the most.

This reduced federal aid for local projects makes it even more critical that the state look again at the statewide transportation system as one seamless system that needs to be maintained in its entirety. This is the way our members and NYS Department of Transportation officials, working together, have viewed the system in the past and will continue to do so.

State Funding Opportunities for the State-Owned Transportation System

In addition to the MAP-21 effect of diverting federal funding away from local transportation projects, the Governor's budget provides \$155 million in New York Works funding to accelerate other state-owned highway and bridge projects into 2015.

With the state-owned system benefitting from the previous \$1 billion accelerated bridge and pavement program—credited with improving or replacing more than 100 bridges and repairing 2,000 miles worth of roads among other public works projects—the announcement by the Governor that the state will seek \$486 million in federal storm recovery dollars to replace and repair 104 older state-owned bridges at risk due to increasing flooding, and the state's advantage over the local system due to the NHS focus of MAP-21, we are requesting similar attention be given to our needs, particularly for critical bridge and culvert work.

Reform the Way Transportation is Funded

The Executive and Legislature need to once again make CHIPS a cash-based pay-as-you-go program. Drivers on local roads contribute nearly half of the gas taxes collected in this state. Unfortunately, CHIPS only receives a small fraction of these revenues. In addition, a general fund transfer of about \$673 million to the Dedicated Highway and Bridge Trust Fund (DHBTF) will be needed to keep the fund balanced again for this upcoming fiscal year.

We suggest examining how existing motor vehicle taxes and fees are currently being distributed. Forty-eight percent of the vehicle miles traveled in New York are on local roads, yet less than 12 percent of the taxes and fees paid to the state by these drivers go back to maintaining local roads. With the poor condition of both local and state roads and bridges, we believe it is time to consider establishing a more equitable distribution of the

gas taxes and motorist fees that recognizes the role the local system plays in generating these revenues.

In addition, there is currently a state sales tax on motor fuels that generates \$480 million annually, none of which is dedicated to transportation. We support legislation to deposit a portion of these revenues in the DHBTF to be used to maintain local roads and bridges.

There are several bond act proposals being advanced: the Governor has called for a \$2 billion bond act for education technology; environmental organizations for a \$5 billion Clean Water/Clean Air/Green Jobs Act; and a bill introduced in the Assembly proposes a \$4.5 billion Transportation Infrastructure Bond Act, that authorizes the legislature to set aside a portion of the bond proceeds for local transportation projects. If there is indeed an ultimate agreement on a bond act, we urge that such a bond include all infrastructure needs, including for local transportation projects.

Local Economic Impacts

Many small and mid-sized NY construction and engineering firms are financially impacted by the diversion of state and federal funding to larger, mega-infrastructure projects and away from local road and bridge construction work.

Infrastructure is a municipality's greatest asset and, as the storm events of the last few years have demonstrated, vitally important to the public and the economy of the State. The repair, rehabilitation, efficient operations and strategic replacement of existing transportation infrastructure are required for safety, mobility and for the State to remain economically competitive.

Other Local Highway Department Budget Concerns

We support the Executive Budget proposal to extend piggybacking and shared purchasing until 2020. Extending these provisions allows us to reduce some of the administrative costs associated with procurement. This is especially critical because of the current delays in OGS letting a statewide heavy duty truck contract.

We are also generally concerned about the timing of statewide commodity contracts by OGS. The construction season in NYS is very short and certain contracts need to be in place when we need them most. Recently, many contracts that are critical to localities have been late such as this past fall's salt contract. The timing of the salt contract in particular raised possible public safety concerns for New York's municipalities. We understand the efforts and new approach to contracting that OGS is taking to help save money but at what cost?

The 2014-15 Executive Budget proposes a pilot program to allow certain counties, towns, cities and villages to utilize design-build contracting for public infrastructure projects. While it is unclear if this method of contracting can reduce the time for project completion thereby

resulting in lower project costs and public inconvenience on some county and town projects, we support having an additional tool available to us that may result in cost reductions and therefore recommend Legislative approval.

Conclusion

NYSCHSA and NYSAOTSOH urge the Legislature to seek ways in which to make available more state funding and resources that adequately reflects the critical needs of local roads and bridges. In previous years, even in tough economic times, the Legislature has responded to the dire conditions of the state's transportation systems and augmented the CHIPS and other local transportation funding. For this, we and the traveling public are extremely grateful.

Consequently, our Associations ask you to consider supporting and/or amending the Governor's Executive Budget to:

- Support the 2014-15 levels for CHIPS and Marchiselli as "base" levels and look for funding opportunities to enhance these programs above the proposed amounts
- Establish a Multi-Year State Aid to Local Bridge and Culvert Program
- Provide added scrutiny and firm deadlines for expiring truck, salt and other construction-related materials and equipment contracts so that they are in place when they are needed the most
- Continue authorization to allow localities to "piggyback" on Federal General Services contracts.
- Extend Design Build authority to municipalities
- Insure any bond act sent to the voters for approval this November for infrastructure improvements includes local road, bridge and culvert projects
- DOT to develop and submit a new 5-year Transportation Capital Plan

We look forward to our continuing dialogue with the Governor's office, Department of Transportation officials, our legislators and the traveling public in an effort to re-establish the funding of local roads and bridges as a state priority in order to insure a seamless transportation system of exceptional quality that promotes economic development for all communities throughout the state.

Thank you.

January 30, 2014