The General Contractors Association of New York, Inc.
We Build New York

New York State Joint Legislative Budget Hearing on Transportation
February 15, 2022

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Thank you Senators Krueger and Kennedy, Assemblymembers Weinstein and Magnarelli, and members of the legislature for holding a hearing on the 2022-2023 Executive Budget Proposal for Transportation. I am submitting this testimony on behalf of the General Contractors Association of New York (GCA).

The GCA represents the unionized heavy civil construction industry in New York City whose 300 member firms employ more than 25,000 professional and skilled trades workers who build New York's roads, bridges, rail and transit systems.

We commend Governor Hochul for recognizing the need for stability and long-term planning in proposing a five-year capital program for the Department of Transportation. NYSDOT has been without a five-year capital program for the past several years as a result of uncertainty in the status and availability of federal transportation funding.

We also commend Governor Hochul for committing record levels of funding for local roads and bridges through the CHIPS, Marcheselli, PAVE New York, and Bridge New York programs. These programs provide assistance to the New York City Department of Transportation, as well as other localities throughout the State in addressing critical infrastructure needs. In addition, the new "Pave Our Potholes" Program will also help to address pavement conditions through targeted repaving operations.

While the proposed capital program for DOT set forth in the Executive Budget is at record levels, more can be done to take full advantage of the historic increase in federal transportation dollars that New York can expect to receive over the next five years from the federal Infrastructure Investment and Jobs Act (IIJA) to improve the condition of New York's roads and bridges.

According to NYSDOT's own pavement condition reports, pavement conditions have declined statewide (see Figure 1) over the last twenty years. Similarly, ten percent of the bridges in New York State are rated poor or structurally deficient according to a January 2022 report from TRIP, a national transportation research nonprofit. [1]

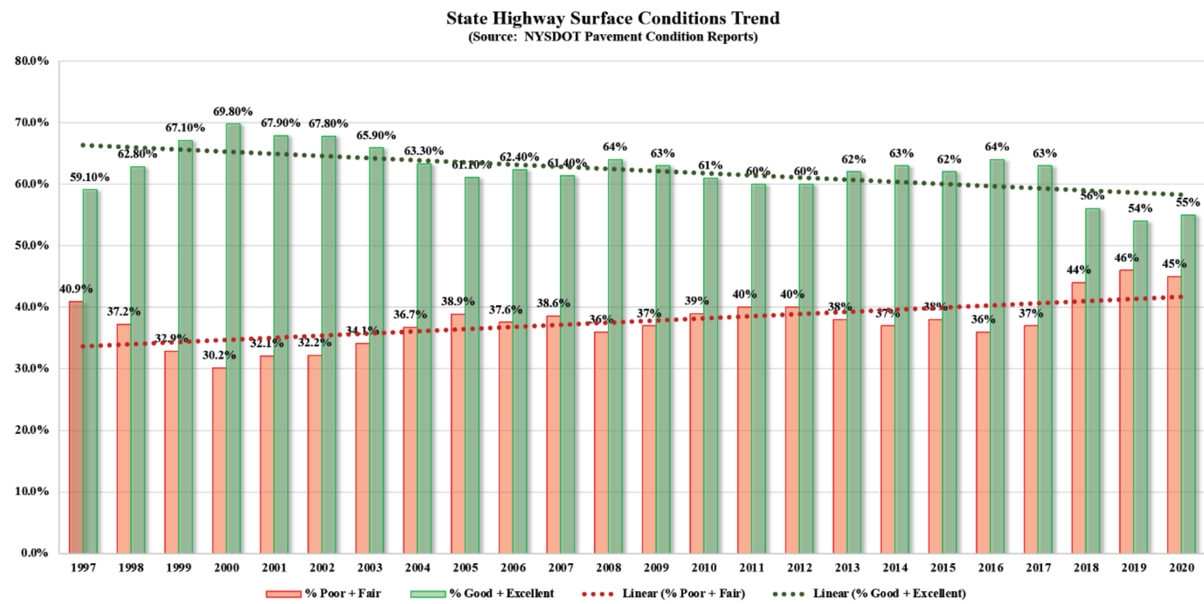
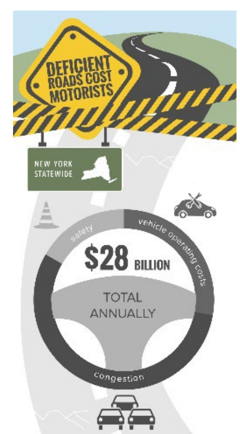


Figure 1



Driving on roads and bridges in poor condition cost New York motorists a total of $28 billion annually as a result of higher vehicle operating costs, traffic crashes and congestion related delays, according to the TRIP report. Indeed, a 2022 report on national bridge conditions by the American Road and Transportation Builders Association[2] indicates that New York ranks 6th worst overall with the largest number of bridges in poor condition.

Thanks to the hard work of Senator Schumer and other members of the New York Congressional Delegation, the bi-partisan federal infrastructure bill provides the State with additional resources to make long overdue infrastructure improvements, including bridge repairs. The IIJA has the potential to help New York improve the condition of its roads and bridges with a historic 52% increase in federal transportation dollars for road and bridge repairs over the next five years. This amounts to $4.6 billion in additional dollars for road and bridge repairs yet NYSDOT's capital program grows by only $2 billion. We would hope that the State uses the increase in federal

[1] https://tripnet.org/wp-content/uploads/2022/01/TRIP_New_York_Transportation_by_the_Numbers_Report_January_2022.pdf
[2] https://artbabridgereport.org/reports/2022-ARTBA-Bridge-Report.pdf

funds as an opportunity to also increase the State's commitment so that the condition of its aging infrastructure can be addressed more expeditiously.

Based on NYSDOT's metrics, an additional $2 billion per year over the five-year capital plan will be needed to bring the system to a state of good repair.

Increasing the State's commitment to the NYSDOT capital program is critically needed to help the State recover economically. Investing in roads and bridges creates solid middle-class union jobs and is essential to the movement of freight and good across the state.

Likewise, funding for the MTA needs to be sufficient to allow the Authority to meet both the matching share of federally funded projects such as Second Avenue Subway Phase II; Penn Station Redevelopment; Penn Access for Metro North, and; the newly proposed Interborough Express. The current $52+ billion MTA Capital Program was highly dependent on two things that are uncertain in light of developments over the past two years.

First, Congestion Pricing (CP) was expected to provide enough monies to bond $15 billion of the $52 billion plan and was intended to begin generating those monies by January of last year. As we write, the commission that was intended to help guide the process in advance of its launch has yet to be identified and appointed. It is unclear when CP will actually be implemented and financially productive.

Secondly, the COVID pandemic has wreaked havoc with MTA fare revenues, which are not expected to fully recover until 2024 – and at that, dependent on the recovery of the office real estate market. Clearly, workforce issues have radically shifted to make working remotely a viable option for hundreds of thousands of former commuters. All this has not only eliminated the MTA's pay-go ability to fund a portion of its Capital Program but has also diverted monies that were intended for capital investment to operating purposes. Again, much credit goes to Senator Schumer for having helped provide $14 billion to the MTA to make up for the fare revenue losses over the last two years, but sometime in the next year to year and a half, those monies will run out.

These scenarios have unfortunately put additional pressure on the portion of the MTA's plans to use additional bonding to make up for the lack of resources. Accordingly, MTA debt is expected to grow to over $52 billion, with annual debt service anticipated to grow from 17 percent to as much as 20.5 percent of its $18 billion operating budget. If one does the math, that means that some $3.6 billion of the Authority's operating budget will be consumed by paying interest on the debt.

Clearly, this is unsustainable long term, and we call on the Legislature, in a year where State revenues are stronger than originally anticipated, to help the MTA with additional assistance to help avoid future budget crises on both the operating and capital fronts.

In closing, we commend Governor Hochul for having put forth positive steps in rebuilding the state's roads and bridges and in re-committing the state to provide previously promised monies to the MTA, and hope that in discussions with the Legislature that transportation assistance can be taken to the next level and provide increased funding to both NYSDOT and MTA Capital Programs in light of the anticipated monies from the IIJA.

Thank you again for your time and for including our comments in the record. Below are our comments on some elements of the Article VII Transportation and Economic Development Bill.

Article VII Bills: Transportation and Economic Development S8008/A9008

Part H: Support an Increase in MTA Design Build Thresholds
Design Build is an important procurement tool that can help expedite the delivery of projects when used appropriately and for the right kind of project. Mandating that all MTA projects over $25 million use design-build limits the MTA's flexibility to select the most appropriate procurement method. It also limits procurement opportunities for small and medium sized businesses who may not have the financial capability to bid on design-build projects and assume the additional risk that comes with design build procurements. Accordingly, the GCA supports the Executive Budget proposal to significantly increase the dollar threshold mandating the use of design build and providing the MTA with the flexibility to determine the appropriate projects to advance with design build.

Part AA: Support the Extension of the Infrastructure Investment Act
Design Build is an important procurement tool for state and city agencies. The GCA supports the 5-year extension of the Infrastructure Investment Act to December 31, 2027.