11

Testimony of Denise Richardson, Executive Director

The General Contractors Association of New York

Joint Legislative Budget Committee Hearing on Transportation

January 29, 2015, 9:30am

Thank you for the opportunity to testify today about the MTA and DOT capital plans. I am Denise Richardson, Executive Director of the General Contractors Association of New York. The GCA represents the state's unionized heavy civil and public works infrastructure contractors.

Our 275 members employ over 20,000 unionized craft and professional workers that are the core of our State's middle class. These workers hail from all over New York State and virtually every county in New York. They earn an average annual wage of $87,000—plus benefits and overtime—and generate an estimated $553 million in state income taxes alone. Certainly this overlooked source of the state's overall number of jobs and income is extremely important in the context of the State's efforts to help the counties and towns that have been struggling to overcome the loss of manufacturing and other employment opportunities.

MTA and DOT construction projects support businesses across the state – from quarries in the Hudson Valley supplying raw materials for the concrete that becomes tunnel linings and bridge decks, to the designers, engineers, suppliers and subcontractors that are located throughout the state. Manufacturers and suppliers throughout New York support MTA and DOT construction projects with steel, rebar, concrete, and other raw construction materials.

Beyond the construction industry, the MTA Capital Program also generates hundreds of bus, subway and railcar purchases from New York State manufacturers each year, supporting essential manufacturing jobs throughout the state at facilities in Plattsburgh, Yonkers, Hornell, Johnson City and Babylon. While the recently proposed MTA capital plan includes $4 billion worth of bus, rail and subway car purchases, the executive budget proposes to allocate only $750 million over five years in funding. The inability to fund these critical rolling stock purchases will no doubt have an impact on service in the MTA region, but will also have a direct negative impact on many other regions throughout the state.

In addition to the direct jobs supported by MTA investments, the transportation network has enabled the economy of the metropolitan region to grow and expand beyond the five boroughs of New York City and it is why the MTA region generates 11% of the national GDP. While we may talk about the state's need to expand its technology network, the reality is that the backbone of the economy is the movement of people, goods and services.

Given the inherent importance of the transportation system to the region and the state, it is of great concern that both the MTA and DOT capital plans face significant deficits in necessary funding.

The MTA outlined a $32 billion program that faces a $15 billion shortfall. Likewise, NYSDOT's 2009 needs assessment showed a capital need of $26 billion over 5 years just to keep bridge conditions from worsening, and the State's recent pavement and bridge conditions report shows that current funding levels are insufficient.

Without a well-maintained and reliable road, bridge, rail, subway and bus network, the state's economy cannot grow. The poor condition of our transportation infrastructure increases congestion, travel time, accident rates and vehicle operating costs. Indeed poor road conditions cost the average motorist an additional $673 in increased repair and operating costs annually.

Nearly half the bridge deck areas in New York are in fair and poor condition with declining conditions in New York City, Long Island, the Hudson Valley, the North Country, Rochester and the Mohawk Valley. Indeed, New York's bridges continue to rank 49th in a national condition ranking survey and in New York City only 23.5% of the bridge deck area is rated good or excellent. Surely, New York can and must do a better job addressing our transportation network.

Failure to invest in repairs and upgrades has real consequences on service reliability, mobility, safety and New York's economy. The MTA for example, is currently operating with a signal system that is more than 70 years old and it shows. Service interruptions and delays from signal and other mechanical problems are up 35% percent according to a May 2014 analysis of MTA data by the Straphangers Campaign. Anyone who rides the subways can attest to the increasing numbers of delays due to signal failures. Similar issues are beginning to face both of its commuter railroads.

Comptroller Tom DiNapoli in a report in July 2014 highlighted the impact of failure to fully fund MTA capital needs. According to this report:

- Nearly one out of every five elevators and escalators in the subway system have aged beyond their useful lives.

- 40 percent of high priority subway tunnel segments do not have adequate ventilation plants. Ventilation will not be brought up to industry standards at all of these critical locations until after 2034.

- The LIRR's only asset category that is not in a state of good repair is line structures (e.g., bridges and viaducts). The MTA had planned to address this deficiency by 2014, but those plans have been delayed to 2024.

- Metro-North's railcar fleet is older than the LIRR's, and travels 24 percent fewer miles before breaking down

The MTA's $15 billion gap cannot reasonably be funded with existing MTA revenues or additional debt that is not backed by new revenues. Nor can the capital program be reduced without long term consequences to the condition of our transit network.

The first MTA capital program was approved 30 years ago. That program was the start in turning around the economy of New York City. Track fires, and derailments all too common in 1982 have been virtually eliminated. Service failures have declined dramatically and ridership levels have returned to numbers not seen since the 1950s. Neighborhoods with close proximity to mass transit have grown and developed in ways that did not seem possible 30 years ago. But many of the elements replaced in the first capital program have reached the end of their useful life and must once again be upgraded and replaced. Other facilities such as vent plants, stations, and signals are still waiting to be replaced and rehabilitated.

The road and bridge capital program faces critical needs as well. Major projects to repair and rehabilitate the Kew Gardens Interchange providing access to JFK airport, the Bronx River Parkway, the Bruckner Expressway, and the full replacement of the Kosciusko Bridge–a critical link on the BQE where only the westbound side of the bridge is being built due to limited funding–are examples of projects that are delayed due to lack of sufficient resources. The results show in the condition of bridges in New York City – more than three-quarters of the bridge deck area is in fair or poor condition.

Historically, New York's transportation network has benefited from federal funding. The MTA has relied on federal funding to pay for nearly one-third of its capital program, and approximately half of NYSDOT's program has been federally funded. However, the existing federal transportation bill expired in 2013, and the current extension expires in May.

It is well known that the federal gas tax is no longer sufficient to fund the nation's transportation needs, but there is no consensus in Congress on a future bill. This means that New York must take a new look at our transportation needs and take the steps to fund our own program. We cannot cede our economic future to the whims of Congress. We must enact a fully funded five year capital program for both NYSDOT and the MTA. The two systems work in tandem, not in opposition, and truly are the fiber that knits our diverse economy into the statewide whole. The state's economic future and competitive advantage depends on it.

What can be done to address these dire needs and improve the economic vitality of New York?

- Fund and approve a five year capital program for both the MTA and DOT that is sufficient to address the critical infrastructure needs in New York. The proposed $750 million in additional state investments for the MTA and DOT capital plans over five years—or $150 million per year—is insufficient to meet capital needs.

- Stop the diversion of dedicated MTA taxes and fees for state debt payment obligations on service contract bonds that were used to support prior capital programs.
- Increase revenues dedicated to transportation infrastructure investments. In 2014 fifteen states passed measures that increased revenues for transportation investments. An additional 13 states are considering transportation funding legislation. New York should be one of them.