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**TESTIMONY OF JOAN McDONALD, COMMISSIONER
NEW YORK STATE DEPARTMENT OF TRANSPORTATION BEFORE
THE JOINT LEGISLATIVE FISCAL COMMITTEES
HAMILTON HEARING ROOM B, LEGISLATIVE OFFICE BUILDING
THURSDAY, JANUARY 30, 2014**

INTRODUCTION

Chairman DeFrancisco, Chairman Farrell, Chairman Gantt and members of the Legislative Fiscal and Transportation Committees, thank you for this opportunity to discuss Governor Cuomo's Executive Budget as it pertains to the Department of Transportation (DOT) for the 2014-15 State fiscal year (SFY). I am Joan McDonald, Commissioner of DOT.

SFY 2014-15 EXECUTIVE BUDGET

The Executive Budget makes significant new State investments to improve the transportation system, enhance the system's resiliency, create jobs, and deliver historic levels of aid for transit systems. The Executive Budget includes more than \$3.4 billion in new capital program funding during SFY 2014-15. Of that amount, more than \$2.3 billion in new funding is provided to support the Department's highway and bridge program, including: more than \$1.7 billion in new construction funding for the repair, rehabilitation and replacement of critical State and local infrastructure and approximately \$600 million in engineering, right-of-way and other program delivery support. The capital program provides \$438 million in additional funding for local highway and bridge projects under the Consolidated Highway Improvement Program (CHIPS) and \$39.7 million for the local matching share of federally-aided projects under the Marchiselli program. In addition to DOT's capital program, the Budget provides \$4.8 billion in support for local transit systems (the MTA will receive more than \$4.3 billion, an increase of approximately \$85 million from 2013-14, and other transit systems will receive approximately \$462 million, which reflects an increase of \$8 million).

The Executive Budget also augments DOT's bus, truck, and rail inspection programs. DOT performs more than 100,000 bus and truck roadside inspections; 150,000 comprehensive safety inspections of school buses, ambulettes and other large passenger vehicles; and analyzes and evaluates the condition of 3,500 miles of freight rail track annually. Increased support for these safety programs will remove vehicles from the roadways and railway operating with serious safety defects and enhance the safety of the traveling public.

REIMAGINING NEW YORK FOR A NEW REALITY

Superstorm Sandy was the worst natural disaster to hit New York in decades, causing widespread devastation, including the loss of life and catastrophic flooding that damaged homes, businesses and major transportation systems. While Sandy was the most damaging event, all tolled, there have been nine presidentially declared disasters across New York within the past three years. From Long Island to Western New York, no area of the State has escaped the "new normal" of more frequent and more

severe extreme weather events. On January 7, 2014, Governor Cuomo - joined by Vice President Joe Biden - detailed a bold \$17 billion strategy to better protect New Yorkers from future extreme weather, including seeking \$486 million in federal funds, administered through DOT, to replace or retrofit more than 100 scour critical and flood-prone bridges across the State (www.governor.ny.gov/bridge-replacements). In addition to addressing bridges vulnerable to scour, the program will ensure critical ingress and egress for response and recovery efforts; integrate resilience planning, protection and development approaches into New York's economic development decisions; and strengthen local communities.

SPURRING ECONOMIC GROWTH THROUGH INNOVATION

Since coming into office, the Governor has made investments in infrastructure - including significant new investments in transportation infrastructure - a cornerstone of the State's economic development blueprint. The NY Works program is an example of the entrepreneurial model of government that is working for the people of New York. Through NY Works, DOT has accelerated hundreds of projects across the state, including repaving 2,157 miles of roads and rehabilitating more than 110 bridges. To facilitate efficient infrastructure improvements, the Department has effectively employed alternative contract methods - namely Design-Build, Best Value and Pre-Qualification of Contractors. To achieve greater efficiency in the procurement process, DOT has also consolidated multiple projects under bundled regional contracts. In this short-period of time, DOT has or is in the process of delivering 44 projects valued at approximately \$1.1 billion.

The Department continues to look for innovative opportunities to partner with the transportation industry to better deliver public services. By utilizing new construction techniques and materials we are building better, safer and quicker. To ensure the DOT capital program is creating jobs and fostering local economic development I have directed the Department to accelerate the award of projects so that construction can begin this spring.. By accelerating the timing of procurements, we can take full advantage of the limited construction window in the Northeast. As a result, projects which would have been completed over two construction seasons can now be delivered in one.

FEDERAL TRANSPORTATION FUNDING

One of the most significant risks moving forward remains the continued uncertainty of future federal funding for highways, bridges and transit. Federal aid comprises more than 40 percent of DOT's capital program. Based on current spending and revenue trends, however, the U.S. Department of Transportation estimates that the Highway Account (HA) of the Highway Trust Fund (HTF) will encounter a shortfall by August 2014 and the Mass Transit Account (MTA) will be in a similar position before the end of federal fiscal year (FFY) 2014. Simply put, absent any action by Congress to address the solvency of the Highway trust Fund, virtually all federal Highway Trust Fund revenue will be spent to pay for prior year obligations, leaving little cash available to support new federal funding commitments. Considering the magnitude of this situation and the potential impacts for New York, DOT will work with our State's Congressional delegation to address this issue in Washington.

INCREASING OPPORTUNITY FOR MINORITY AND WOMEN-OWNED BUSINESS ENTERPRISES

Last year, DOT's MWBE utilization exceeded the Governor's 20 percent goal. We did this not only by ensuring that MWBE goals were properly established for our contracts, but also by working with our industry partners to achieve success. DOT continues to improve participation by minority and women-owned business enterprises (MWBE) on State contracts. Since Governor Cuomo announced his 20 percent goal for MWBE participation statewide in 2011, NYSDOT has aggressively acted to meet this target. We have reviewed our business practices, ensured that procurements have appropriate contract goals and encouraged certified Disadvantaged Business Enterprises (DBEs) to seek dual certification as MWBEs. Many of these contracts are part of the Governor's NY Works program that includes a number of projects that provide tremendous opportunities for Minority, Women-owned, and Disadvantaged businesses.

It is through the combined efforts of our prime contractors and prime consultants working together with DOT that has made the difference. DOT has encouraged these vendors to look harder for opportunities on each job - opportunities for where MWBE firms could participate as subcontractors on our construction projects - and they have responded. NYSDOT is fostering a culture of holding contractors accountable for making good faith efforts to continue to utilize MWBE firms throughout the life of their contracts.

CONCLUSION

While we still have challenges ahead, DOT continues to build on success. In the nearly three years since I have been Commissioner, DOT has worked hard to play a central role in the State's economic recovery and expansion; empower ingenuity and innovation; and demonstrate the impact an effective and responsive government agency can have on the lives of its residents. I appreciate Governor Cuomo's leadership.

Thank you for your time and I am happy to respond to any questions you may have regarding DOT's budget.