



NEW YORK STATE LEGISLATURE

2011-2012 JOINT BUDGET HEARING

FEBRUARY 28, 2011– 9:30 AM

TRANSPORTATION

**HEARING ROOM B – LEGISLATIVE OFFICE
BUILDING**

New York State Department of
Transportation

Stanley Gee
Exec. Deputy Commissioner

Metropolitan Transportation
Authority

Robert Dennison
Chief Engineer

New York State Department of
Motor Vehicles

Jay Walder
Chairman & CEO

David Sampson
Executive Deputy
Commissioner

Transport Workers Union
Local 100

John Samuelson
President

New York Public Transit
Association

Carm Basile
President

New York State County Highway Superintendent Association	William Dashnaw President
✓ New York State Association of Town Superintendents of Highways	Roger Wolfe President
New York Aviation Management Association	Carl Beardsley President
Rochester Genesee Regional Transportation Authority	Bill Carpenter COO
✓ Northern Corridor Transportation Group & Business Development Corporation for a Greater Messina	Jason Clark Chair Executive Director
American Council of Engineering Companies	Jay Simson Executive Director
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DEPARTMENT OF TRANSPORTATION
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JOAN McDONALD
ACTING COMMISSIONER

ANDREW M. CUOMO
GOVERNOR

**Testimony on the Executive Budget for 2011 – 2012
before the Joint Hearings of the Legislative Fiscal Committees
New York State Department of Transportation
Monday, February 28, 2011**

Chairman DeFrancisco, Chairman Farrell, Senator Fuschillo, Assemblyman 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 2011–12 State fiscal year (SFY).

I am Stanley Gee, the Executive Deputy Commissioner of DOT. With me is Robert Dennison, DOT Chief Engineer. We appear before you on behalf of Acting Commissioner Joan McDonald who could not be here today. I have had the pleasure of working with Joan since she started at the agency earlier this month. We are fortunate to have her. She is a tremendous leader.

Governor Cuomo's message was clear in his Executive Budget presentations. The State can no longer spend beyond its means. Governor Cuomo also clearly articulated the need for government to achieve cost savings and efficiencies. It is what New York must do to reinvigorate economic vitality in this State. We must create jobs and opportunities that foster economic development in New York State. There is no question that transportation plays a central role in economic development affecting critical catalysts like job creation, access to markets and community quality of life. Investment in transportation is one of the greatest and most effective ways to create and sustain jobs.

To that end, the Executive Budget invests more than \$3.4 billion in transportation capital programs through DOT. Funding levels for core transportation capital programs and assistance to local municipalities for capital investments are maintained to stimulate economic growth in this harsh fiscal environment. These investments are made in highway and bridge, aviation, rail, transit and port programs. Private sector job growth is a key outcome of transportation spending. In the Governor's proposed budget, an estimated 43,000 jobs will be created through transportation investments.

At the same time the Governor's budget makes capital investments in transportation infrastructure, he has required, as with all agencies, that state operations spending at DOT be reduced by ten percent. This is the kind of fiscal responsibility and strategic investment that will achieve the twin goals of getting New York's financial house in order and growing the State's economy.

In response to the Governor's call for a fresh look at how government operates, we will work very hard alongside the Department's outstanding employees to adapt to the current fiscal reality and we will manage our budget reductions by cutting ineffective programs, streamlining our structure, increasing efficiency and sharing services.

We remain committed to achieving real year-to-year savings by implementing these strategies while maintaining a safe state transportation system. An example of that is how we have handled the recent snow storms. Under the Governor's leadership, various State entities coordinated snow and ice removal mobilization efforts. This not only resulted in the more efficient use of the workforce and equipment, but kept our roads safe and cleared in a timely manner. DOT will continue to seek greater collaboration with local municipalities to share services, achieve greater efficiency, and cut costs.

We are also committed to adhering to the principle that "New York is open for business," ensuring that New York is a business-friendly state and creating new opportunities for minority, women and disadvantaged business enterprise participation. Acting Commissioner McDonald and we at the Department fully embrace the forward-thinking plan that the Governor has proposed to bring essential reforms and improved results for New Yorkers. Reimagining and redesigning State government starts with this budget. Acting Commissioner McDonald, other senior officials at DOT, and I will continue to reach out to stakeholders to receive their input not only on the budget, but also on changes that the Department can and should make to improve services and deliver them more efficiently.

Thank you for your time, and we are happy to respond to any questions you may have regarding DOT's budget.

**Testimony before Joint Hearing of the Fiscal Committees of the New York
State Legislature on the Executive Budget for Fiscal Year 2011-12
Metropolitan Transportation Authority
Chairman and Chief Executive Officer Jay Walder**

Monday, February 28, 2011

Chairman DeFrancisco, Chairman Farrell, Senator Fuschillo, Senator Ranzenhofer, Assemblyman Gantt, Assemblyman Brennan and distinguished committee members, it is a pleasure to have the opportunity to discuss with you the 2011-12 Executive Budget and the Metropolitan Transportation Authority (MTA). I am joined today by the MTA's Managing Director, Diana Jones Ritter, and our Chief Financial Officer, Bob Foran.

We face challenging fiscal times, and I applaud Governor Cuomo's approach to rein in out of control spending, reform the way government does business, and improve the economy.

It is evident that the Governor recognizes the importance of a robust transit system to the New York economy. The Executive budget offers \$4.8 billion to the MTA for the 2011-12 fiscal year as operating and capital assistance. The MTA's trains, buses, subways, bridges and tunnels provide New York's competitive advantage and enable our region's \$1.26 trillion economy, second in the world only to Tokyo. It is inconceivable to imagine the Downstate economy without the MTA network. The MTA network is a critical component to ensuring that New York's economy moves. Businesses depend on us to get customers to their operations. Employees depend on us to get to their jobs. The economy never stops working. With that understanding, we operate one of the only 24-hour-a-day, 365 days a year transit networks in the world.

The Executive Budget also provides funds to support the MTA's Capital Program, an investment that fosters job creation throughout the State. Our capital program funds construction and rolling stock procurements, and MTA capital dollar investments are spent throughout the State to help create and retain jobs through contractors and subcontractors who provide goods and services to the MTA. Subway cars and buses are built in plants across the State in places such as Buffalo, Rochester, Hornell, Plattsburg, Binghamton, Oriskany, and Yonkers. Cities and towns across the state host other businesses that provide parts and services. Construction projects generate thousands of construction and ancillary jobs each year. Just two projects -- the Second Avenue Subway and East Side Access -- have literally thousands of employees on the job 24-hours a day right now. The MTA is putting people to work.

Rebuilding our network and stimulating our economy is just one way that the MTA is meeting the challenges the Governor has put before us: We are working to restore people's credibility in the MTA, and be good stewards of public money. In other words, we must "Make Every Dollar Count."

New York is facing challenging fiscal times. The MTA supports the Governor's budget and also stands ready to help meet the State's challenges in many other ways. Transforming an agency as large and complex as the MTA has not been easy, but we have begun to demonstrate that it can be done. That is why I am confident that we will not have to resort to toll or fare increases or cuts in service as a result of the proposed budget because we understand that before we ask our customers to pay more or receive less, we need to make sure we do all we can to increase the MTA's efficiency and productivity.

Governor Cuomo has presented us with a responsible balanced budget that will serve as a blueprint to rebuild the New York State economy. As Chairman and CEO of the MTA, I stand with him, ready to do the right thing for our customers and the people of the State of New York and make New York State the Empire State again.

Thank you.

I am happy to answer any questions that you may have for me.

**Department of Motor Vehicles
Fiscal Year 2011-12 Budget Hearing
February 28, 2011**

**Testimony of J. David Sampson, Executive Deputy Commissioner
Before the Joint Hearings of the Fiscal Committees of the Legislature**

Good Morning. Thank you Chairperson DeFrancisco, Chairperson Farrell, Senator Fuschillo, Assemblyman Gantt, and committee members for inviting me here today.

My name is J. David Sampson, and I am the Executive Deputy Commissioner of the Department of Motor Vehicles. Earlier this month, Governor Cuomo nominated Barbara Fiala to be Commissioner of Motor Vehicles. She will be an excellent leader for DMV and I look forward to working with her to meet the exciting challenges before us.

I am pleased to have the opportunity to address you and answer any questions you may have regarding the Fiscal Year 2011-12 Executive Budget as it applies to our agency.

As you know, Governor Cuomo stated that New York is at a crossroads and that we need to redesign and reinvent state government based on the principles of quality and efficiency. This budget is the beginning of a discussion between government and its people – a discussion about how we can deliver services more effectively and operate within our means.

The Governor provides \$343 million for DMV in his Executive Budget. Like other areas of the state government which are taking the largest percentage cut, DMV will be taking a ten percent reduction in our operating budget. The Executive Agencies will lead by example to show that it's time for a new paradigm. We will demonstrate that reductions can be implemented through improved efficiency, better management, and technological innovation.

DMV is primarily a customer service agency, serving virtually every New Yorker many times over the course of his or her lifetime. As such DMV represents the face of state government for many citizens and we intend to continue to improve our customer service operations while we demonstrate to New Yorkers that their government can and will continue to serve their needs in a cost-effective and efficient manner.

For example, DMV processes over 28 million transactions and operates more than two dozen offices producing over \$1.9 billion in revenue every year. The New York State driver license or non-driver photo identification card is perhaps the single most important identity document to New Yorkers. NYS DMV is the leader in identity systems among the states. DMV has achieved that status with the aggressive use of state-of-the-art technology, rigorous identification systems and enhanced security measures to ensure the integrity of our NYS IDs. When reshaping our agency, we will continue to innovate and streamline processes to improve these systems while maintaining the high level of security essential in

our documentation protocols. We will continue to use technology to make processes more convenient and cost effective. As we consider ways to improve our agency, we will not assume that our ideas are the only good ones and we will look to incorporate creative ideas from interested parties.

With the support of Federal funding for the Governor's Traffic Safety Committee, DMV will also continue its robust safety activities while achieving long-term, recurring cost savings. DMV's driver and vehicle safety activities have resulted in New York's roadways being among the safest in the nation. These activities include crackdowns on drinking and driving; distracted driving and other dangerous driver behavior; as well as promoting seat belt and car seat usage.

DMV will continue all these activities while we heed the Governor's call to reinvent and reinvigorate the New York State economy. We will continue to innovate during this fiscal crisis, striving to redesign and realign our procedures to maintain a high level of customer service. Our core mission remains to serve the citizens of New York.

Once again, thank you for this opportunity. I welcome any questions you might have about DMV and our plans for serving the people of New York.

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Testimony of

JOHN SAMUELSEN, President

Transport Workers Union, Local 100

February 28, 2011

Joint Legislative Budget Committee

Mr. Chairman. Members of the Committee. My name is John Samulesen. I am President of the Transport Workers Union of Greater New York, Local 100. We represent 38,000 men and women who operate the New York City bus and subway system; line service and express bus service from Westchester County; New York Waterways, and at numerous school bus companies in Yonkers and Westchester County. Our members are the Train and Bus Operators, Conductors, Station Agents; Track, Signal and Power Maintainers; Bus and Car Equipment Maintainers; Station, Bus and Car Cleaners and many other job titles. I myself have been an employee of New York City Transit since 1993 as a Track Inspector.

Collectively, we are responsible for the safe transit of more than five million New Yorkers on a daily basis. It is an awesome responsibility that my members take very seriously. To us, it is not just a job, but also a deep sense of duty to the MTA and New York's working families.

I very much appreciate the opportunity to present the views of my organization on today's topic – the Governor's budget for transportation, as it relates to NYC Transit.

We in TWU recognize that the financial stability and health of the Metropolitan Transportation Authority is of the utmost importance to the City, State and region. Our public transportation system is a crucial factor, which affords New York its position as the center of world commerce, finance and innovation. Mass transit is an essential public service that makes up the invaluable and irreplaceable core of the region's economic engine. If properly funded, it will form the bridge to the region's economic recovery and growth.

We realize that the MTA's funding streams, which supplement its very substantial fare box revenues, are economically sensitive. Underperforming tax receipts and fees, as a result of Wall Street's greed-driven meltdown, have put financial pressures on the MTA. Unfortunately, this problem, along with the slow recovery of the economy, isn't the only factor squeezing the MTA's budget.

On the capital side, we note that from the disaster of the divestment of the 1970's, the MTA reemerged with funding commitments for both operations and capital needs. Governor Hugh Carey acted quickly to rescue public transit from the brink of collapse. In addition to providing adequate operations funding through a "fair fare concept" he instituted the first five-year capital budget, with dedicated funding coming from state and city coffers.

However, this commitment didn't last. During the boom years of the 1990's, Governor Pataki and Mayor Giuliani enacted a political agenda, which trumped the long-term needs of all citizens in the MTA region for a quick bump in the polls. A sharp decline in government support forced the MTA to engage in large-

scale borrowing in order to deal with its state of good repair needs.

After a brief reprieve was granted in 2000 from the crushing debt burden through an ill-advised back-loaded restructuring of the MTA's debt, the bill has again come due. Debt service has been growing faster than any other expense and is squeezing the operations budget of the MTA.

Beyond the current and projected debt load, more bad news awaits that will impact jobs and service in the near future. The current five-year Capital Plan has a funding gap of almost \$10 billion. With a pattern of state funding cuts to transit emerging, the prospect of additional aid to support investments to maintain the infrastructure of the MTA in a state of good repair is unlikely. The Office of the State Comptroller estimates that if bonds are issued to cover the funding gap, debt service would balloon from \$1.5 billion in 2009 to \$3.5 billion in 2020.

Public transportation cannot afford additional burdens.

Yet, last year the State of New York has "stolen" statutorily obligated monies from the MTA and redirected them to the general fund. Governor Paterson's budget stripped public transportation of \$160 million in lost revenue from their dedicated tax receipts.

Governor Cuomo in his Fiscal Year 2011-12 Executive Budget piles on by proposing yet another raid of \$100 million in dedicated transit funds.

The Chairman of the MTA, Jay Walder, an appointee of the Governor of New York, dutifully told the press that these cuts would not result in additional service cuts this year.

Such a statement is lunacy, madness; and deceitful. As a result of last year's

theft of \$160 million, riders were hit with the largest service cuts in New York City history. Nearly 1,000 transit workers were put on the unemployment lines.

No matter what the MTA says, the loss of \$100 million more *will result* in diminishment of crucial transit functions, which will eventually lead to widespread service reductions, more dangerous stations and platforms, and a needless decrease in quality-of-life throughout the transit system.

We in Local 100 believe that the MTA will extract this lost revenue from areas like cleaning; bus, subway and track maintenance; and possibly even more subway booth closings.

These cutbacks mean dirtier trains, buses and stations; more frequent breakdowns of the rolling stock; derailments; and increased petty and serious crime in the subways.

A recent report published by the Center for an Urban Future, entitled "Behind the Curb," adds a new wrinkle to the transit debate. It states that declining bus service in the outer boroughs is having a harmful effect on economic development in otherwise growing job centers in places like Flushing and East Flatbush. The report notes that the number of commuters who travel to work within their own boroughs, other than Manhattan, or to neighboring boroughs or counties has been growing much faster than the number of commuters who make the more traditional trip into Manhattan. For example, in the Bronx, the number of commuters traveling to Queens and Westchester County grew by 38 percent between 1990 and 2008, whereas the number going to Manhattan increased by just 13 percent in the same time period. Similarly lopsided numbers

hold for Brooklyn, Queens and Staten Island, according to the report.

We in TWU believe that immediate steps must be taken place to insure proper service, and economic opportunities for New York's working families:

The Legislature MUST create a public transportation funding "lock box." A lock-box is essential to insure that taxes and fees collected for the express purpose of underwriting public transportation be used solely for that purpose. Last year's theft, and this year's proposed robbery must not be allowed to continue.

In addition, the Legislature must not allow the so-called "millionaire's tax" to sunset, as is currently proposed. With the State's current funding crisis, such a blatant giveaway to New York's wealthiest is outrageous.

New funding mechanisms are also needed to guarantee the viability of public transportation. Numerous concepts have been debated in the past. This debate must be renewed.

In closing I would like to say that today, I am accompanied by only a few colleagues to promote our position.

On March 29, 2011, we will be back in Albany for a mass Lobby Day with thousands of transit workers from my union, and other unions of the MTA. Like-minded allies from our community partners and rider advocacy groups will also join us.

I hope we can count on your help and support for our agenda.

Thank you.

Testimony of
The New York Public Transit Association, Inc.

At the Joint Hearing of the
Senate Standing Committee on Finance
&
Assembly Standing Committee on Ways and Means
Concerning the Executive Budget Proposal Relating to Transportation

Albany, NY

Monday, February 28, 2011

9:30 PM

Hearing Room B

Thank you, Chairman Farrell and Chairman DeFrancisco, for providing the New York Public Transit Association the opportunity to testify before this joint session of the Senate Finance Committee and the Assembly Ways and Means Committee regarding Governor Andrew Cuomo's proposed Executive Budget.

My name is Carm Basile, and I am the President of the New York Public Transit Association, a not-for-profit association representing the public transit industry throughout the State. I am the Chief Executive Officer of the Capital District Transportation Authority here in Albany. Our members include public transit providers, private sector manufacturers and suppliers, state agencies, and community advocates. Our goal is to ensure that transit riders have access to safe and reliable mobility options through the State. Our transit systems provide over two billion rides on buses and rail annually.

Public transportation is a critical element in New York's transportation infrastructure. We make a difference for millions of New Yorkers every day. Our riders represent every age and income group, and hundreds of occupations – from health care workers in Manhattan, to students in Buffalo, and to retirees in Watertown.

Over the last decade, public transportation service has steadily grown in New York State, getting people to work, helping those on welfare gain access to jobs, contributing to energy conservation by taking cars off the roads and creating reliable, efficient mobility options.

NYPTA supports the Executive Budget submitted by Governor Cuomo. The budget provides a balanced approach to supporting public transportation despite the difficult financial situation facing the State. The proposal provides state transit operating assistance (STOA) appropriations of \$4.2 billion, with \$401 million going to non-MTA transit systems.

As you know, transit operating assistance has been reduced over the past two years due to revenue shortfalls in dedicated transportation funds and state policy of redirecting dedicated transportation revenues to eliminate general fund deficits. Governor Cuomo recognizes that our riders can no longer endure service cuts and fare increases that systems have had to undertake in light of reduced investments in transit and his Executive Budget reflects that sentiment.

Given the financial pressures facing the State, the budget proposal does call for a reduction of \$108.5 million for the MTA - bringing its total appropriation to \$3.8-billion with year-to-year cash payments projected to increase by \$43.3 million. The proposal would sweep \$200 million in dedicated transportation revenues out of the MTOAF Downstate Account for debt service and general fund relief. The MTA is committed to making every dollar count and has pledged to fill this gap without fare and toll increases or service cuts this year.

The New York State Department of Transportation and the MTA historically adopt five-year capital plans. Last year should have signaled the start of a new five year plan for both entities, but federal, state and local resources could not be identified for the full period, so two-year plans were prepared. This is the second year of the plan, and the Executive Budget only indicates funding is provided to complete the abbreviated plan. Part of this challenge is the failure of the federal government to enact a surface transportation authorization to SAFETEA-LU. Without an understanding of available federal funding, neither the state nor the MTA have been able to develop plans that can command a consensus to provide needed state and local resources.

For non-MTA systems, the Executive Budget appropriates \$18.5 million for each of two capital programs – the omnibus matching funds and the non-MTA capital fund, also known as the State Dedicated Fund (SDF). These are the same appropriations as last year. NYPTA has recommended a five-year capital spending plan totaling \$470 million, an increase of \$130 million over the most recent NYSDOT capital plan proposal issued early in 2010. Increased funding will generate the following outcomes for non-MTA transit systems:

- Achieve an average statewide fleet age for large transit buses of 6 years, with new vehicles to be a mix of clean diesel and alternative propulsion
- Approximately 40% of the fleet will use clean propulsion technology
- Replace 50% of bus, rail and maintenance facilities as they have exceeded their useful life

Regarding the MTA Capital Program, it is essential that the State determine how to fund the remaining three years of the Capital Program. The New York City region's transit system is too important to the State's economy to risk deterioration through lack of investment.

Public transportation cannot afford to fall behind in providing customers with new vehicles. NYPTA's position is that each multi-year plan should strive to maintain an average fleet age of six years, which is consistent with the federal standard for the useful life of a large transit bus. Modern buses with clean propulsion systems will attract riders and deliver a sustainability impact by reducing private automobile use and meeting new emission standards.

We applaud Governor Cuomo's efforts to fully fund non-MTA systems throughout the State. We recognize that our transit operators have a responsibility to operate as efficiently and effectively as possible. Transit systems are taking all feasible steps to maintain affordable service. They are seeking out efficiencies that include reducing staff, restructuring support operations, and deferring projects that are not affordable at this time. NYPTA members are prepared to do more with less by exploring cooperative initiatives to allow systems to share services and cut costs through economies of scale. This cooperative approach could include opportunities for insurance, training and technology procurements.

Maximizing efficiency in transit operations will stretch limited resources as far as possible. NYPTA supports the use of performance measures as one element of the process for allocating state transit operating assistance. We have convened a work group to address this issue.

Public transportation is a critical factor in New York State's economic recovery and maximizing affordable mobility for all New Yorkers will pay dividends. We want to provide more, and New York needs more transit services. In summary:

- We support the recommended appropriations for state transit operating assistance as the minimum acceptable level of support. We encourage the Governor and the Legislature to look for ways to invest more in affordable transit service.
- We support re-direction of \$100 million in economic development funds for the MTA.
- We support capital program appropriations and reappropriations, but are concerned about the collective inability to develop fully-funded five-year capital plans in partnership with the federal government.

- While we do not agree with the transfer of \$200 million in dedicated transportation revenues out of the MTOAF Downstate Account, we will not oppose it given the State's fiscal situation. However, looking to the future, we must recognize our transportation funding needs and dedicate the resources needed for infrastructure and operations.

Thank you for the opportunity to testify and we look forward to working with both houses of the Legislature and the Governor's office to ensure that transit customers receive the best service possible.

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**local roads
matter!**



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New York State County Highway Superintendents Association
New York State Association of Town Superintendents of Highways
Testimony before the NYS Joint Legislative Budget Committee

Transportation

Submitted by

William Dashnaw, President of NYSCHSA
Roger W. Wolfe, President of NYSAOTSOH

Good afternoon Chairman DeFrancisco, Chairman Farrell and members of the Legislature. My name is William Dashnaw, President of the New York State County Highway Superintendents Association (NYSCHSA). I am joined by Roger W. Wolfe, President of the New York State Association of Town Superintendents of Highways (NYSAOTSOH).

Short and Long Term Decay of the Transportation System

The NYSDOT Five-Year Capital Program is intended to represent the financing needed to support the entire State's capital needs of the transportation systems. While the needs of this system are massive, the Five-Year Capital Plan does a good job in identifying the critical needs of the local highway, bridge and culvert system.

New York State is burdened with a rapidly decaying and severely underfunded local transportation system that will undermine its status in the national economy unless the State and the public embrace infrastructure investment and support innovative and stable long-term funding mechanisms.

New York State Comptroller, Thomas DiNapoli, last year issued a significant report on the condition of the State's transportation infrastructure. The Comptroller confirmed that the infrastructure maintained by local governments is in dire need of repair and/or modernization. The report stated that roughly one-third of the 8,535 bridges maintained by New York's local governments are structurally deficient or functionally obsolete and this number increased between 2002 and 2007, from 2,966 to 3,006 bridges. The NYSDOT indicates that the number of deficient bridges will increase by 1,500 in the next few years.

Perhaps to drive this reality home, the NYSDOT recently closed a State bridge on a town road in Wayne County because of its deteriorated condition. This bridge is a single lane truss typical of those that span the Erie Canal. Even though the bridge averages more than 4,000 crossings per day, there is no plan to address the deficiencies to allow the bridge to be used while waiting for its replacement, scheduled for late 2012.

This closing is added to other recent closures within just the last twelve months, only some of which are listed here:

Barnes Avenue Bridge in Utica; Stoney Creek Bridge in Verona; Meyer Road Bridge in the Village of Montebello; Morningthorpe Avenue Bridge and Prospect Hill Road Bridge, both in the Town of Southeast, Putnam County; High Street Bridge in the Village of Richmondville; Shady Tree Lane Bridge in the Town of Cobleskill; Everman Road Bridge over Canaseraga Creek, Towns of Sparta and West Sparta; Stall Bridge over Roeliff Jansen Kill, Towns of Clermont and Livingston; Bloch Bridge over Cranse Creek in the Town of Hillsdale; Hildebrandt Bridge over Taghkanic Creek in the Towns of Claverack and Greenport; Lower Forge Bridge in the Town of Taghkanic; Two bridges were closed on Sour Springs Road over the Oak Orchard Creek, Iroquois National Wildlife Refuge; Bridge D-32 in the Town of Dover; Bridge H-9 in the Town of Hyde Park; a bridge in the Town of Granville on Upper Turnpike Road; a single span truss bridge on Canandaigua Road over the Erie Canal in the Town of Macedon; Spile Road Bridge in St. Lawrence County and the Kahler Road Bridge over the Norfolk Southern Railroad, Town of Big Flats.

Also, this list does not include the numerous bridges permanently or temporarily posted with weight limits or those temporarily restricted to one lane until repairs are completed.

In line with NYSDOT's and the State Comptroller's predictions, at our current levels of funding, we are expecting many more of these closings of both State and locally-owned bridges in the future. And, as the Comptroller further reported, a significant number of New York's roads and highways are also in a similar deficient state of repair.

Two-Year Plan Dramatically Underfunds Need

The Two-Year Capital Plan adopted as part of the State budget does not meet the needs of the road systems throughout the State as outlined by the Five-Year Plan and evidenced by the numerous State government reports identifying the advanced state of disrepair of the State's transportation infrastructure. That's why the NYSDOT Five-Year Plan called for a 40% increase in overall spending on local road and bridge projects over what was spent under the previous Five-Year Capital Plan.

In 2007, the New York State Department of Transportation released a 20-Year Needs Assessment that called for doubling investment in the State's transportation capital program in order to reach a state of good repair. But last year, the NYSDOT \$26 billion, Five-Year Capital Plan was rejected due to insufficient resources. As a result, instead of spending \$5 to \$6 billion annually on our State and local transportation system over the next five years, New York is carrying out a two-year, \$7 billion capital program, which significantly underfunds the identified critical maintenance, rehabilitation and reconstruction needs. The local highway system outside of New York City is under-funded by over \$1.2 billion per year.

The current Two-Year Plan funds CHIPS and Marchiselli at \$363 million and \$39 million respectively each year. This is compared to what the Five-Year Plan proposes: a total CHIPS appropriation of \$2.1 billion (an average of \$420 million per year) and an appropriation for Marchiselli of approximately \$56.2 million per year. In addition, the Five-Year Plan called for \$150 million for the establishment of a State aid to local bridge and culvert program. The enacted Two-Year Plan has no such program.

Consequently, it should not be hard to see why those of us responsible for maintaining the local roads, bridges and culverts that make up the majority of the statewide transportation system are so concerned

about the level of the State funding commitment and other financial constraints that make it so difficult, if not impossible, to keep up with the ever deteriorating conditions of our systems.

For this reason, NYSCHSA and NYSAOTSOH continue to urge the legislature to work with the Governor to find ways to fully fund transportation at the Five-Year Capital Plan levels.

Restructure the Dedicated Highway and Bridge Trust Fund

The source of State funding assistance for local transportation systems is the State's Dedicated Highway and Bridge Trust Fund (DHBTF) originally designed as a pay-as-you-go financing method to support the State's transportation programs and purposes. The DHBTF receives revenue from the petroleum business tax, motor fuel tax, highway use tax, auto rental tax, motor vehicle and other transportation-related fees. Receipts deposited into the DHBTF are used to finance capital projects on a PAYGO basis, to pay operating expenses of transportation agencies and to pay debt service on DHBTF and CHIPs bonds.

We join with many legislators in calling for the reform of the DHBTF to ensure that the bulk of dedicated transportation revenues are actually invested in capital projects. Alarming, in an audit by the State Comptroller, entitled, "The Dedicated Highway and Bridge Trust Fund: Where Did the Money Go?" it is revealed that since 1991, just 34.9 percent of the money in the State's DHBTF went directly toward the repair and improvement of the State's deteriorating roads and bridges. This is due to the increasing reliance on debt, the off-loading of more State administration and operating expenses onto the fund over the years and the redirection of taxes and fees paid by motorists and other users of the system to non-transportation related State purposes.

With general fund transfers of over \$600 million this year needed to keep the Trust Fund solvent, the current method of funding local transportation needs is unsustainable. According to the Governor's budget, a \$522 million transfer from the general fund will be necessary under this budget, while the level of general fund support needed for the DHBTF will grow over the next two years.

The Comptroller describes a transportation financing system in crisis and urges policy makers to rethink the way that State and local transportation is funded. He recommends that the DHBTF no longer be used to support operations of State government and non-capital purposes, a position strongly supported over the years by NYSCHSA and NYSAOTSOH.

Delivering Service Efficiently as Possible

Members of the Legislature have received a report sponsored by NYSAOTSOH, Delivering Highway Services at the Town Level in New York State: Home Rule Accountability for Effective Highway Maintenance on Neighborhood Roads and Streets.

Taxpayers here in New York State and around the nation are demanding and deserve more efficient delivery of services from every level of government, without sacrificing the quality of service. Just like you, our members hear this message from their constituents' every day and we are working to ensure they receive the best services at the lowest cost.

This report clearly shows the size and maintenance needs of the town highway system comparing it to the other major systems maintained by the counties and State. Our system is not just larger, it is engineered very differently and our departments often provide a much broader scope of services.

Town, Village, City and County governments work very closely together to achieve cost savings through cooperation and shared services. Doing more with less is nothing new for local governments. Many of our service agreements go back decades. Our constituents know every dollar they pay in town taxes stays in their community, directly providing the services they need – and every other November they tell us just how well we are doing.

Larger bureaucracies with many layers between the taxpayer and the unelected public official accountable for the service is not the direction our constituents, and yours, want government to move. Some in Albany have played up the “many benefits” of mergers and consolidations of local government services, but the many case studies have failed to show the appreciable savings. Fewer governments usually just mean bigger governments.

The Legislature Responds

Over the course of the previous Five-Year Plan, the Legislature understood the dire situation and augmented the programmed levels of CHIPS and other local transportation funding in order to address the critical needs of local roads and bridges. For this, we and the traveling public are extremely grateful.

NYSCHSA and NYSAOTSOH knows that the Legislature is keenly aware of this funding gap for the local transportation system, is similarly concerned with its deteriorating condition and endeavors to devise a transportation budget that will truly address the necessity to significantly improve the local bridge and pavement deficiency ratings. Because of the underfunding of need over the recent years, the development of the next multi-year transportation capital plan is so important as it will determine whether New York begins to reverse the deterioration of its transportation system assets, or slips further into a state of disrepair that could pose a real and growing threat to public safety.

This won't be easy, as the Executive Budget reports that spending for transportation is projected to decrease by \$166 million (-4 percent) from 2010-11 to 2011-12. Projections for the years after 2012-13 assume essentially flat commitment levels and will be adjusted when a subsequent transportation plan is authorized. Future investment levels will be determined, in part, by the availability of Federal aid under a successor multi-year transportation act and the identification of new State or other resources to support program commitments, according to the Governor.

While financial resources are the primary driver of a good transportation system, it is also imperative that we maximize cost efficiencies on town, county and State levels. There are many additional opportunities for continued cooperation and shared services among governments. This is particularly true for the purchasing of equipment, materials and supplies. And while proposed mergers and consolidations of units of government receive much attention, as previously pointed out, many case studies have failed to show appreciable savings and such efforts have lacked wide support among affected communities.

We are also working with the NYSDOT, the legislature and the administration on ways to reduce delays and costs in planning, designing and construction of projects, identifying best practices in the regions and seeking legislative relief from some State regulations. We are also cautious about new State mandates that would require additional burdensome reviews and consideration for project enhancements that would redirect scarce financial resources away from critical maintenance and rehabilitation needs. The goal is to stretch limited local resources as far as we can without compromising the quality and financial integrity of maintenance and construction projects.

Conclusion

As public officials charged with insuring the maintenance of the local highway and bridge system and the safety of the traveling public, we stand ready as always to work with you and all our State elected representatives to meet this tremendous obligation to our mutual constituents. We ask that you continue to share our concerns and adequately fund our local transportation system so that it can remain a secure and efficient asset that helps to bring people, businesses, and jobs back to New York State.

Thank you. We are available to answer any questions you may have.

February 28, 2011

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119 Washington Avenue, Suite 300, Albany, NY 12210; (518) 432-9973; www.nyama.com

Joint Legislative Hearings on the 2011-2012 Executive Budget
Transportation
New York Aviation Management Association
Carl Beardsley, President

Good morning Chairman DeFrancisco, Chairman Farrell, and members of the legislature. I am Carl Beardsley, President of the New York Aviation Management Association (NYAMA). I am also the Airport Manager for the Greater Binghamton Airport. NYAMA represents over 120 airports and aviation organizations across New York. Our diverse membership includes small general aviation airports as well as large hub airports and aviation professionals from all walks of life. NYAMA has been the Voice of Aviation in New York for 34 years.

NYAMA appreciates the invitation to address the committee regarding the Executive Budget proposal and the State's adopted 2-Year Capital Plan and the needs of New York's transportation infrastructure of which aviation is a critical component.

Benefits of Aviation in New York State

Airports are economic engines fueling growth in the communities they serve. The economic benefits of New York State Airports are impressive. Over \$35 billion in annual economic activity of New York State businesses and institutions is attributable to aviation and almost 350,000 State residents work directly or indirectly in aviation. As a result of this, more than \$2.8 billion in state and local taxes are generated from aviation activities. However, the efficacy of this powerful economic engine and its benefits to New York's citizens are threatened by a critical lack of infrastructure investment, competition from other states, and a sagging state and national economy.

This economic information comes from a 2003 study sponsored by the State Department of Transportation. The good news is that an FAA grant has allowed for the recent completion of a comprehensive update of the Benefits of Aviation in New York study. The bad news is that, although completed months ago, the update has yet to be released by NYSDOT. The timely release of this new data is important not only to legislators, policy makers, transportation planners and the aviation industry in New York, but of particular value to private sector investors who may be contemplating financing construction projects, job development and aviation service enhancements in our State. The updated data can and should be used immediately by the State to market the State's aviation assets to in-state and out-of-state companies.

Critical Needs of Airports Go Unfunded

Even using the dated 2003 economic data, it's easy to get an idea of the magnitude of the impact aviation has on the economy of New York. This is why it is so alarming that the State's adopted Capital Plan does not include vital funding for airports in this State. The 5-Year Capital Plan developed by the Department of Transportation concluded that airports would need between \$20 million and \$30 million of State investment per year in order to maintain core infrastructure. The adopted 2-year plan, however, has no State funding for aviation—other than appropriations for the two State-sponsored airports and half the historic allocation for the AIP State match program—now that the Transportation Bond Act has expired.

Specifically, the Executive Budget allocates the same levels of airport funding as in the first year of the 2-year plan; \$4 million for the federal FAA Airport Improvement Program (AIP) State match—down from \$8 million a few years ago—and no language to allow for the transfer of unallocated AIP funds to the State AIR 99 airport grant program. You will recall that the legislature established this funding transfer authority a few years ago and that it was restored by the legislature after Governor Paterson sought to eliminate it in 2009. Unfortunately, the transfer language was not part of the enacted budget last year or part of the Two-Year Plan.

Most glaring is that there is no appropriation to replace the funding for airports under the Transportation Bond Act that expired in 2009. While all other modes of transportation were funded at levels near the 5-Year Capital Plan targets, aviation, a very small part of the overall transportation budget, is essentially getting no State funding.

Without this critical State financial investment, important projects that increase safety, strengthen security, enhance customer convenience and generate revenues to sustain airport service cannot go forward. This will cost the State dearly in the short and long term in lost economic growth, job retention and creation and, in some cases, threatening the availability of air service in some regions of the State.

As if to underscore the funding plight of New York airports, the Administration and Division of the Budget have thus far not permitted the Aviation Bureau to solicit projects for the \$16.4 million in Bond Act funding from 2009. This is having a serious negative impact on security and business development projects at many airports. This is money that is available and NYAMA is seeking your help to get this money out-the-door.

Release the Job Creating Potential of NY's Aviation Industry

New York should adopt a strategy to fully exploit the potential of New York's airports and aviation industries as drivers of new, high-quality and sustainable jobs, and to attract greater private sector investment. Considering the importance of airport projects to jobs and overall economic development, NYAMA strongly urges that the 2-year plan be amended to include allocations of funding for airports.

A real winning strategy to bring in new, sustainable jobs and enhance revenue to the State is embodied in legislation—the "Aviation Jobs Act" (A.4818/S.2678), championed by Assemblywoman Donna Lupardo and Senator William Larkin. This bill will extend the proven job-stimulus effort that was enacted for general aviation maintenance and repair services to include the purchase of aircraft. This reform of State aviation tax policy

would go a long way to restoring New York as the preferred State for individuals and businesses to locate their aircraft—and employees.

NYAMA strongly urges the State to exempt the purchase of aircraft from sales tax. Many of our neighboring states have recently acted to either not tax general aviation aircraft purchases or to provide more favorable tax treatment for such purchases. Consequently, New York continues to lose aircraft and aviation jobs to other states.

Applying sales and use taxes to purchases of aircraft make it more expensive to base the aircraft in the State and do business in New York. A number of neighboring and nearby states, including Massachusetts, Connecticut, New Hampshire, Rhode Island, New Jersey and Delaware currently provide sales tax relief or more-favorable tax treatment for the purchase of aircraft. Because of this competition, our evidence indicates the negative impact this is having to the New York economy. Because of these effects, NYAMA challenges the revenue assumptions behind these taxes and instead maintains that taxing a highly mobile asset well in excess of what is charged in neighboring states results in the location and relocation of aircraft to other jurisdictions with net revenue and jobs losses to New York. Planes that are not here do not pay taxes here. NYAMA has estimated that each lost business jet accounts for a reduction of approximately \$183,000 to New York State's recurring tax stream on an annual basis.

Why We Know Tax Reform Will Work

NYAMA believes that the State's fiscal crisis provides opportunity, and that pro-aviation business tax reform should be a priority for the State in 2011. The study by the New York State Department of Taxation and Finance—A Review of the Sales and Use Tax Exemption for Private Aircraft Parts and Service—demonstrated that this particular tax exemption is a tremendous success, resulting in an expansion of aviation maintenance and repair businesses, the creation of jobs here in New York and an increase in State tax revenue.

Armed with this evidence, the Legislature passed, and the Governor signed into law in 2009, a bill that repealed the sunset on this tax exemption and made the exemption permanent. This display of firm commitment to the aviation industry by the New York State Legislature and the real prospect for additional tax reform this action portends, directly contributes to positive investment decisions by aviation companies. The recent decision by SheltAir to invest \$20 million in a redevelopment project at Long Island MacArthur Airport, a project that is expected to create 100 additional long-term sustainable jobs, moved forward after this maintenance tax exemption was made permanent. We need more stories like this!

Let Us Again Demonstrate the Economic Power of Tax Reform

NYAMA therefore requests that the legislature allow us to demonstrate, as we did a few years ago by exempting aircraft maintenance and repair services from taxes, our industries ability to create jobs for the State. We propose that the sales tax on the purchase of general aviation aircraft be suspended for the next five years in order to eliminate the financial penalty on locating these planes at New York airports, thus positioning the State to take full advantage of the national recovery in business aviation that is just now getting underway.

The New York State Department of Transportation sponsored analysis shows that ***each plane or business jet represents on average four jobs and \$1 million of annual economic impact.*** The basing of more of these aircraft here will mean more high-quality permanent jobs for New Yorkers and more revenue for the State.

NYAMA believes a change in State tax policy making New York once again competitive with surrounding states will lead to a desirable surge in New York-based aircraft and result in the creation of sustainable, high paying jobs in the communities surrounding our commercial and general aviation airports for the betterment of all New Yorkers. After five years, let the State Tax Department report on the result. Should the temporary tax exemption perform as we expect, the Legislature can make the exemption permanent. If not, the exemption could be allowed to expire. Considering our experience with the tax reform on maintenance and repair, New York has nothing to lose and should not pass up this opportunity for job and income growth. NYAMA believes success is a safe bet.

Thank you for your time today. NYAMA asks that you consider our testimony calling for adequate funding levels in the State budget to help airports; and our urgent call for tax reform, so airports can help themselves and the State.

I'm available to take questions.

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ROCHESTER-GENESEE REGIONAL TRANSPORTATION AUTHORITY

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February 28, 2011

Testimony to the NYS Senate Finance Committee and the NYS Assembly Ways and Means Committee

by Bill Carpenter, RGRTA Chief Operating Officer

Good afternoon, Senator Defranco and Assemblyman Farrell,

Thank you for the opportunity to speak with you this afternoon...

Until recent years, high performing transit authorities were financially punished in the Executive Budget while authorities that performed the worst received the greatest financial assistance.

Your work corrected that inequity in three Executive Budget proposals from 2007 to 2010. Thank you for leading the way toward more equitable distribution of State Transportation Operating Assistance for all upstate transit authorities. Thanks to your work, the past two Executive Budget submissions proposed equal STOA distribution to each of upstate's four authorities.

It appears we have won the battle for equitable STOA distribution.

I'm here to talk to you today about improving the distribution formula through performance-based management.

(more)

February 28, 2011 – Bill Carpenter, RGRTA Chief Operating Officer

Equitable distribution is the first step in rewarding better productivity, greater customer satisfaction and higher financial performance.

You now have the opportunity to further advance the concept of performance-based management with the STOA distribution reform legislation that was reintroduced by Assemblyman Gantt and Senator Dilan.

Performance-based management and its purposeful use of measurement systems to monitor productivity and success, rewards rather than penalizes transit authorities based on their ability to reach specific and measurable goals.

We know performance-based management works. Just look at our results at RGRTA. Over the past five years ...

- Our productivity is up 95%
- Our ridership is at a 20 year high and customer satisfaction continues to rise
- Our reliance on taxpayer subsidies is down 33%
- We are growing our workforce
- We have kept spending growth to over the past three years to just 1.7%
- And ... our proposed financial plan for the coming year actually reduces expenses over last year.

(more)

February 28, 2011 – Bill Carpenter, RGRTA Chief Operating Officer

In 2008, we reduced fares for our customers and thanks to your commitment to equitable STOA, we are projecting to keep fares stable at least through 2014.

Our success with performance-based management has gained attention from the New York Times, and we are pleased Congress will soon be visiting Rochester to learn how we run our public transit company with a private sector mindset based on principles of performance management.

In light of New York State's current fiscal situation, we are acutely aware that the "public" funding component of public transportation is becoming more and more challenged, and that all of us must do more with less and be more accountable with the funding that is granted to us.

That's why including a performance component that ties aid to success within the STOA funding model is so critical at this time.

STOA reform legislation will hold executives like me accountable for every dollar granted to us. It will motivate our transit teams at home to work harder, to be more efficient and productive, and to get customers where they want to go more affordably.

and...this reform will ultimately drive down reliance on taxpayer subsidies.

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Testimony

to

New York State Joint Legislative Hearing on Transportation

by

Jason A. Clark

Business Development Corporation for a Greater Massena, Executive Director

Northern Corridor Transportation Group, Chair

February 28, 2011

I would like to thank you for the opportunity to participate in today's hearing and I would like to particularly thank Assemblywoman Russell for arranging the invitation. My name is Jason Clark. I am the Executive Director of the Business Development Corporation for a Greater Massena, the Chair of the Northern Corridor Transportation Group and a member of the National Steering Committee of the Mayor's Automotive Coalition. As irony would have it; I'm not a Mayor.

I am here today, however, as the voice of more than 1000 Mayors, Supervisors, Trustees, Councilors, School Board Members, Fire Commissioners and other elected officials from the seven county region known as the North Country to speak about the importance of prioritizing the construction of the Interstate 98 corridor. Prior discussions have referred to the project as the Can-Am Highway, the Rooftop Highway and a moniker that we don't like at all; the Northern Tier Expressway.

The Interstate 98 corridor project has four distinct components that, when constructed as one, will significantly enhance the overall competitiveness of New York State in the open, international market. Four parts: a stand-alone, limited-access, four-lane highway built to Interstate standards; a multi-purpose recreational trail that parallels the roadway; upgraded rail infrastructure and a broadband backbone are the cornerstones of the project.

The Interstate 98 discussion has been active for nearly 75 years. The first legislative action took place in 1961 when then Senator Bob McEwen introduced the idea of constructing an east-west Interstate across the northern border of the state as a means of expanding foreign commerce opportunities with Canada and Europe. New York State Department of Transportation files date back to 1937.

So why is it important? For fifty years, the economy of the North Country has been in decline. I realize that there are unrelenting issues in this state but this is an endemic issue. During that time, poverty and unemployment rates have consistently been the highest in the state. Similarly, educational attainment levels and per capita incomes have consistently remained the lowest. In the past five years alone, more than one third of all manufacturing jobs in the North Country have been lost. The reason: economic isolation that has been caused by a lack of infrastructure.

The Interstate 98 corridor was intended to be the second phase of the St. Lawrence Seaway project. The economic impact of the Seaway has never been met because it lacked the critical multi-modal infrastructure necessary to interface with the rest of the nation's transportation system.

Three and a half million people live due north of the North Country in the cities of Montreal, Ottawa and their suburbs. Companies located there want to do business in the United States. Despite proximity of only 80 miles to New York communities like Massena and Ogdensburg, most of those companies expand operations to locations outside of New York because of the limited transportation infrastructure along the border. It is widely understood that companies will not expand to or locate in an area that is more than 35 miles from an Interstate highway and yet much of the North Country is located at least 75 miles from such a connection. The North Country is the only region of New York State with this most dubious of distinctions. This has been a lost opportunity.

The Independent Government Accountability Office (GAO) estimates that approximately 27,000 permanent jobs will be created as a result of the construction of the Interstate 98 corridor. The project would conceivably connect the international bridges at Massena and Ogdensburg, the international Port of Ogdensburg and international land crossings at Trout River, Churubusco, Chateaugay and Fort Covington to the federal interstate system thereby fostering a mechanism for significantly expanded trade activity with Canada and Europe. That's correct; seven international points of entry to the most populated region in Canada being connected to the Federal Interstate system. 3.5 Million People.

As I have said so many times, 27,000 jobs created anywhere in New York State will help ease the tax burden for all New Yorkers.

In the files of the New York State Department of Transportation, there are scores of Can-Am studies and economic development reports that justify the economic feasibility of this project. The most noteworthy reports given their timeliness are the North Country Transportation Study which was published in 2002 by Wilbur Smith Associates at a cost of more than a million dollars, the Northern-Tier Expressway Study which was published in 2008 by Wilbur Smith Associates, again at a cost of more than a million dollars and the North Country Freight Needs Study that was published in 2010 by Wilbur Smith Associates at a cost of three hundred thousand dollars.

The first study discussed the feasibility and economic impact of constructing a stand-alone, limited-access, four-lane highway built to Interstate standards that would connect Interstate 81 near Watertown to Interstate 87 near Plattsburgh. The second study refuted those findings but the third study reconfirmed the findings of the first one. We are back to where we started a decade ago.

With feasibility studies complete, the next step in the process toward construction is the initiation of a tiered environmental impact review. In 2003, the project was designated as Congressional High Priority Corridor Number 50 and Senator Schumer, then Senator Clinton and then Congressman McHugh secured federal funding in the amount of \$6.3 Million to begin that process. In 2004, the project was included as a priority project in the New York State Transportation Master Plan for 2030. The NY DOT has not acted on the matter in spite of receiving the Federal funding. As recently as December of 2010, however, Mr. Ray LaHood, the United States Secretary of Transportation has indicated a strong willingness to move the project forward if the State of New York further elevates it's prioritization.

Senators Schumer and Gillibrand and Congressman Owens have all pledged to support the project as part of the reauthorization of the Federal Highway Bill. In fact, in 2009, following a joint request by Senators Aubertine, Griffo and Little and Assembly Members Russell, Scozzafava and Duprey; Senators Schumer and Gillibrand requested \$150,000,000.00 when the bill was being discussed at that time. New

rules in the House of Representatives will make it possible to match that funding request in that Chamber.

Construction of the Interstate 98 corridor has unprecedented local, regional and statewide support. In June of last year, the New York State Assembly passed a unanimous resolution in support of the Interstate 98 project. The New York State Association of Counties and the New York State Agri-business Development Board have also passed unanimous resolutions. In total, 500 counties, municipalities, school districts, fire districts, special taxing jurisdictions, civic organizations, agriculture agencies, fraternal organizations, labor unions, the Fort Drum Regional Liaison Organization, religious organizations, church parishes, economic development agencies and Chambers of Commerce from the seven North Country counties have passed resolutions calling for the construction of Interstate 98. That level of support is as near a level of consensus as any project in the history of upstate New York. In addition to these remarks, I offer to the panel copies of these resolutions.

As a further testament to the local support, the Northern Corridor Transportation Group has raised more than \$107,000 in less than one year to fund a public education campaign designed to keep residents of the North Country up to date on the project. The most distressed region of the state has generated substantial funding at a time when financial resources are scarcer than they have been for decades.

Development of the corridor will enable a platform through which our young people won't have to leave home in search of challenging and rewarding work. Development of the corridor will help return hundreds of thousands of acres of fallow farm land to productive use. Development of the corridor will foster trail-based tourism on a scale unseen in New York State by connecting the extensive trail networks in Vermont to those in the Tug Hill and Finger Lakes regions. Development of the corridor will create broadband redundancy across the northern border and allow for the faster commercialization of research coming out of academic institutions like Clarkson and St. Lawrence Universities. Economic development agencies in the North Country, including the Business Development Corporation for a Greater Massena, lose hundreds of companies per year, in spite of being on the door step of three and a half million people because the region lacks critical transportation infrastructure. Development of the Interstate 98 corridor will reverse that.

There is no other transportation project in New York State that will serve to create as many jobs and long-term economic opportunities as the Interstate 98 project. When evaluated in aggregate, the Interstate 98 project will help accomplish the goals outlined by Governor Cuomo in his State of the State address. There simply are no more tomorrow's; the time to move forward is now.

In closing, I ask for your assistance today in two ways. First, I ask that the state prioritize the Interstate 98 project as one of the five transportation priorities for New York. Second, I ask that the state direct the NYS DOT to release the \$6.3 Million it has held since 2003, eight years, and cooperate with officials from the Federal Highway Administration in initiating the tiered environmental impact review that is required to move the project forward.

I grew up in the North Country in the thriving super-metropolis of Norfolk; population 3,400. I was away for fifteen years and I've now been back for four. I'm proud of the Empire State and I'm proud of Norfolk. I'm happy to be home and I hope to make it easier for others from my generation to do the same. I thank you for your time and attention.

***Representing the voice of thousands of elected officials,
business leaders and residents throughout the North Country!***



Public Information Packet Northern Corridor Transportation Group

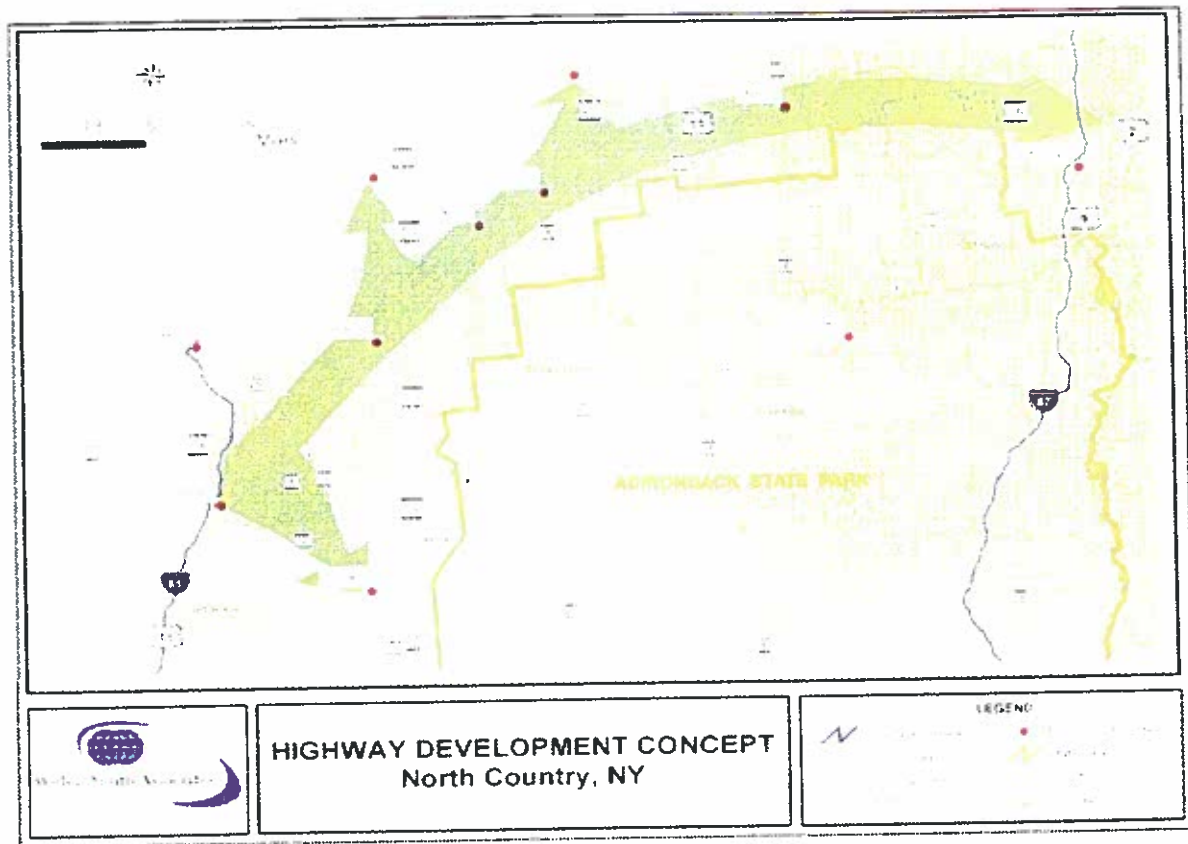
**Jason Clark, Chair
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jasonclark2001@msn.com**

Contents:

1. Interstate 98 Corridor Map published in the *North Country Transportation Study* (2002). This remains the most accurate and most specific map that has been published as to the exact route of the Interstate.
2. Development of the corridor was specifically addressed in the NYS DOT 2030 Master Plan as a priority project.
3. The Interstate 98 project is, above all else, an economic development project. The page from Site Selector Magazine ranks factors as being important when companies decide to locate or expand into an area. Proximity to an Interstate Highway has ranked first on this list for decades.
4. A map illustrating regions of New York that are located within thirty-five miles of an Interstate highway.
5. A map with concentric population circles that was published as part of a previous Can-Am study attempts to illustrate the economic opportunity that lies north of the New York State border. It should be noted that the inner circle is positioned over Maine but the data is no less valuable.
6. A promotional piece produced by the Northern Corridor Transportation group explaining how the Interstate 98 project has evolved from the simple rooftop highway project of fifty years ago.
7. An explanation page of feasibility studies that have been conducted.
8. A FOIA request response from NYSDOT indicating account balances and expenditures associated with the Interstate 98 project since 1999. (4 pages total)
9. The cover page of the *North Country Transportation Study* (2002).
10. The cover page of the *Northern Tier Expressway: Route 11 Corridor Study* (2008).
11. The cover page of the *North Country Freight Needs and Comprehensive Plan for the Port of Ogdensburg, NY* (2010).
12. A promotional piece produced by the Northern Corridor Transportation group explaining the content of the *North Country Freight Needs and Comprehensive Plan for the Port of Ogdensburg, NY* (2010).
13. A letter to US Senator Kirsten Gillibrand requesting an appropriation of \$800MM for the Interstate 98 project as part of the reauthorization of the Federal Highway Bill. Senators Schumer and Gillibrand place marked at least \$150MM for the project when the bill was being considered in 2009. The letter was signed by Senators Aubertine, Griffo and Little and Assembly Members Scozzafava, Russell and Duprey.
14. A copy of a federal spending request by Senator Gillibrand to appropriate an additional \$3.7MM for performing a tiered environmental impact report.
15. A copy of a federal spending request by Senator Schumer to appropriate an additional \$3.7MM for performing a tiered environmental impact report.
16. A power point slide from the Mayors Automotive Coalition illustrating House Rules Changes made to the procedure for reauthorization of the Federal Highway Bill.
17. Public awareness campaign funds raised to date by the Northern Corridor Transportation Group.
18. A copy of the press release issued by the NYS Assembly regarding the resolution that passed the body unanimously in support of the Interstate 98 corridor.
19. An article that was published in the *Adirondack Explorer*.
20. A promotional piece produced by the Northern Corridor Transportation group explaining the benefits of the Interstate 98 corridor to the North Country's agricultural sector.
21. A letter from Congressman Owens to Governor Cuomo requesting a discussion about Interstate 98 dated 1/20/11. (2 pages)
22. A letter from Jason Clark to the Office of the Lt. Governor dated 12/14/10. (2 pages)
23. A letter from Jason Clark to Governor Cuomo requesting a meeting about Interstate 98 dated 1/26/11. (2 pages)
24. A copy of a letter from the Chair of the Democratic Rural Conference to Governor Cuomo dated 12/14/10.
25. A draft copy of the North Country Alliance Advocacy Agenda that includes support for initiating a tiered environmental impact review for the Interstate 98 corridor. (2 pages)
26. A summary paper of the economic benefits of developing the Interstate 98 corridor that was prepared by the Business Development Corporation for a Greater Massena. (2 pages)

EXHIBIT 7-2
PROPOSED HIGHWAY DEVELOPMENT CONCEPT



Principles Towards Developing the Highway Concept

The purpose of this concept is to put into place a process for the development of a four-lane highway. This is best achieved with specific standards and principles adopted at the onset of the project implementation that are at a level consistent with the ultimate concept. An example of such approach in the State of New York is NYS Route 17, which was specifically evolved from a two-lane to a four-lane expressway and ultimately to a freeway. The design standards utilized early on, particularly on the western end of the route, were consistent with interstate standards.

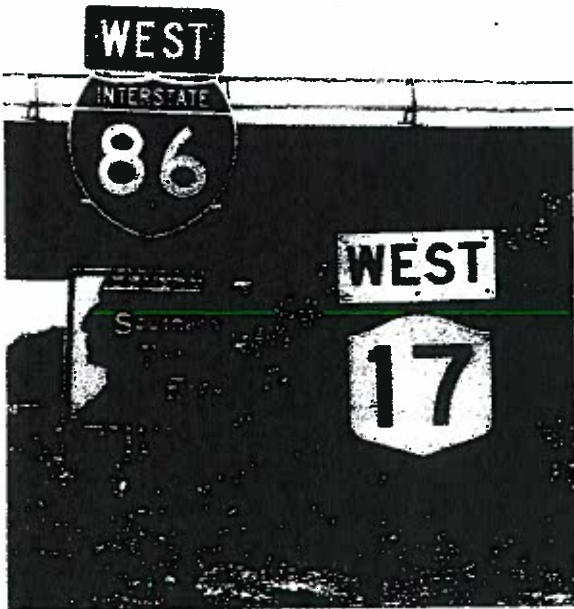
In addition to design (geometry and profile) related standards, these principles should also include guidelines to limit access to the road and restrict certain types of land use that would infringe upon the right-of-way, and adequate setback requirements.

Each of these strategies, as reflected through the specific initiatives endorsed by this Plan, plays a vital role in supporting New York State's economic competitiveness, but more is required if New Yorkers are to preserve and enhance their overall quality of life.

Strategy: Targeted Transportation Investments to Promote Economic Vitality

Many initiatives targeted to specific regions of the State, in some cases already underway, are intended to provide the transportation investments needed to help promote economic vitality in these specific regions. The State will continue to work closely with local governments and the private sector to identify and carry out the highest priority investments. Important examples of this strategy include:

- Upgrade of Route 17- Southern Tier Expressway, now designated I-86, to interstate standards thereby substantially improving east-west connections through



Sign on I86/Route 17 Highway

the Southern Tier of the State and supporting much needed economic development in this important region;

- Improvements at New York State's borders with Canada, in part, to facilitate cross border travel for freight carriers, commuters, tourists, shoppers, and others;
- Corridor based planning, such as that currently occurring in the I-87 corridor from New York City to Montréal, to ensure that New York State is able to take full advantage of the growing trade opportunities afforded by the North American Free Trade Agreement;
- Improvements to the transportation system along the northern tier of New York State between I-81 and I-87 to address the access and mobility needs and economic development opportunities identified in the 2002 North Country Transportation Study by the Development Authority of the North Country. This northern tier corridor is an element of the Federally designated High Priority Corridor that extends from Calais, Maine to Watertown, New York and is being addressed in both state and multi-state studies;
- Creation of better access between the developing Buffalo harbor and waterfront and the southtowns area of Erie county in close coordination between the New York State Department of Transportation and officials in Erie County and Buffalo;
- Construction of the Fort Drum Connector to provide a faster, more efficient connection from Interstate 81 to this growing military base in Northern New York State;
- Support comprehensive, multimodal

Figure 26 Combined Ratings* of 2008 Factors

Corporate Survey 2008

Site selection factors

		2008	2007
Ranking			
1	Highway accessibility	96.4	96.9 (1)**
2	Lower costs	91.4	92.3 (1)
3	Occupancy and construction costs	90.4	98.2 (16)
4	Tax exemptions	88.6	87.8 (10)
5	Energy availability and costs	87.9	89.0 (13)
6	Availability of skilled labor	87.7	88.7 (14)
7	State and local incentives	87.2	93.4 (18)
8	Corporate tax rate	85.3	88.8 (17)
9	Low union profile	82.7	90.6 (12)
10	Available land	82.3	88.4 (15)
11	Availability of buildings	80.8	79.3 (14)
12	Proximity to major markets	78.7	82.8 (10)
13	Right-to-work state	76.6	72.1 (17)
14	Environmental regulations	76.1	88.2 (16)
16	Expedited or "fast-track" permitting	72.5	71.5 (17)
16	Proximity to suppliers	69.2	71.8 (16)
17	Availability of long-term financing	64.2	63.0 (19)
18	Availability of unskilled labor	62.9	68.2 (16)
19	Training programs	62.3	66.6 (21)
20	Raw materials availability	56.8	62.8 (20)
21	Availability of advanced ICT services	55.5	62.2 (12)
22	Accessibility to major airport	53.3	64.4 (22)
23	Proximity to technical university	38.4	32.7 (24)
24	Railroad service	27.2	38.1 (23)
25	Waterway or ocean port accessibility	15.7	15.2 (25)

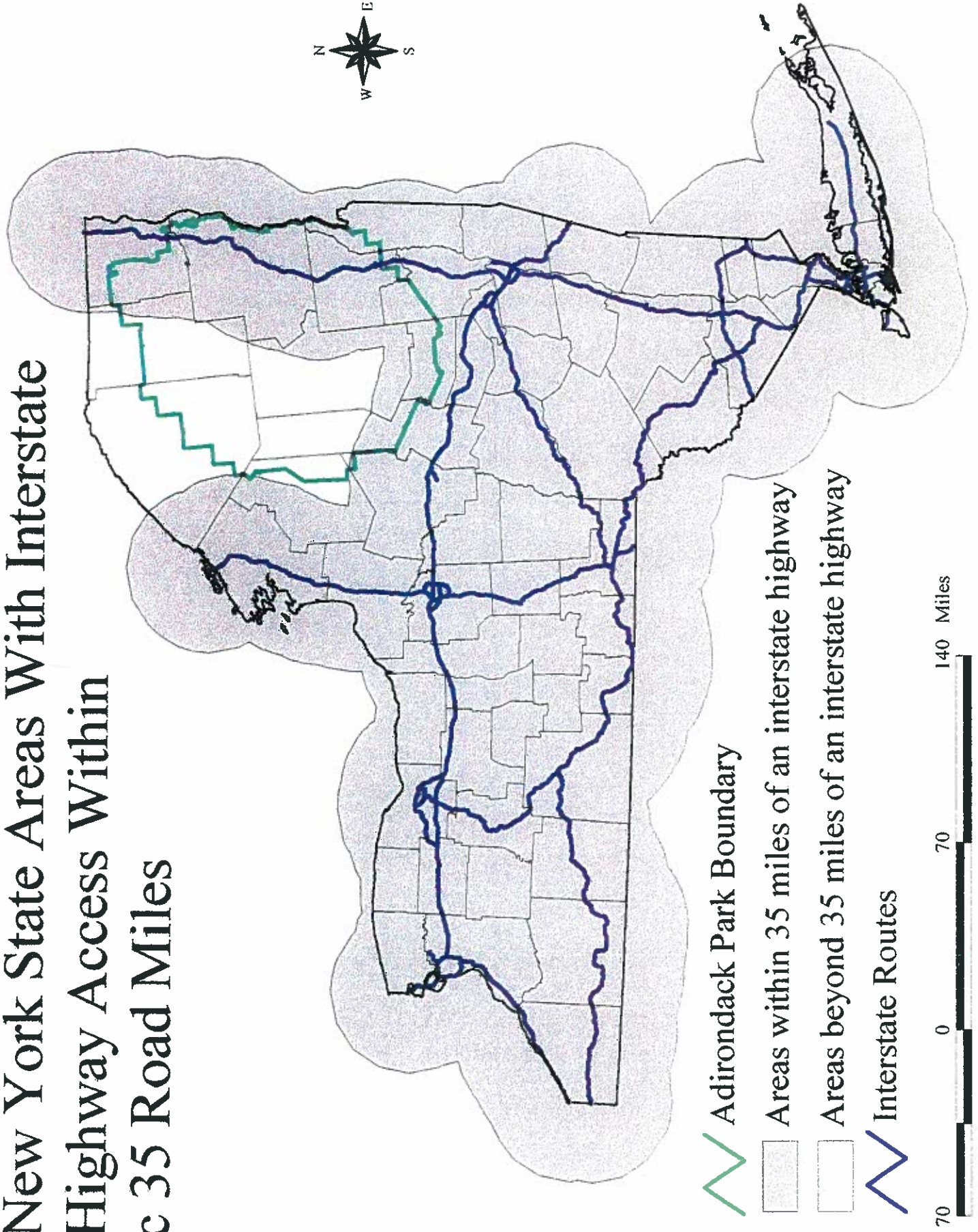
Quality of life factors

Ranking			
1	Low crime rate	78.2	74.0 (1)
2	Healthcare facilities	77.6	67.4 (10)
3	Housing costs	67.1	68.8 (14)
4	Housing availability	66.2	62.1 (15)
5	Quality of public schools	65.7	69.6 (12)
6	Climate	56.0	61.6 (16)
7	Colleges and universities in area	55.3	47.3 (18)
8	Recreation opportunities	48.6	43.4 (19)
9	Cultural opportunities	46.4	49.7 (17)

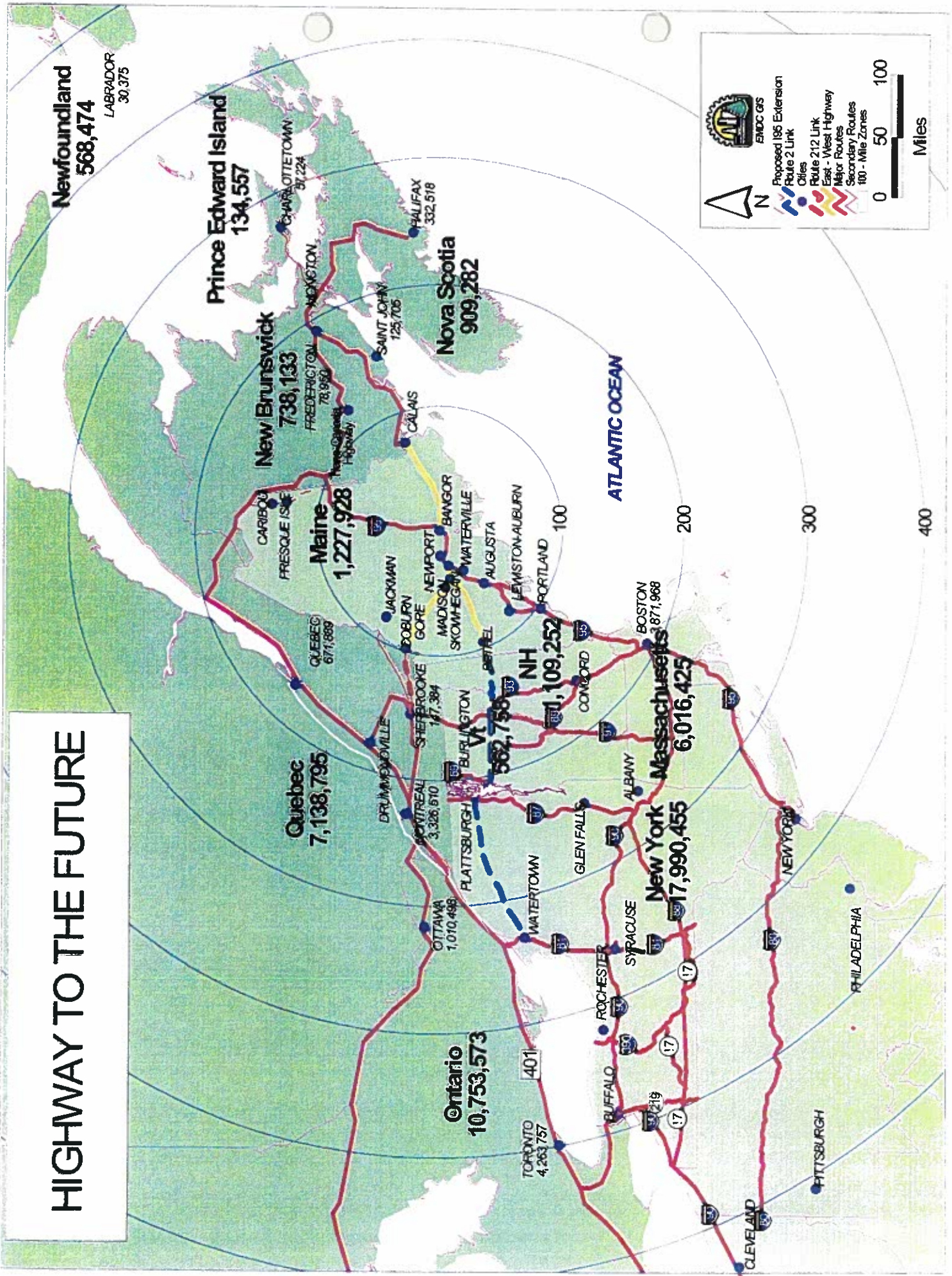
*All figures are percentages and are the total of "very important" and "important" ratings of the Area Development Corporate Survey and are rounded to the nearest tenth of a percent.

** (2007 ranking)

New York State Areas With Interstate Highway Access Within c 35 Road Miles



HIGHWAY TO THE FUTURE



Legend:

- Proposed I95 Extension
- EMDC GS
- Route 2 Link
- Chiles
- Route 212 Link
- East - West Highway
- Major Routes
- Secondary Routes
- 100 - Mile Zones

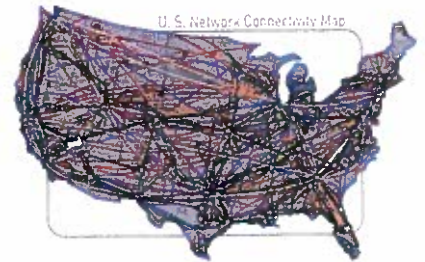
Scale: 0 50 100 Miles



A lot of people may still be wondering; just what **EXACTLY** is the Interstate 98 Corridor project? Let's start by saying that this is not simply the Rooftop Highway of yester-year! It's not your distant cousin's Northern Tier Expressway either. The Interstate 98 corridor project will help bring our young people back home and create opportunities so that the next generation won't have to leave in the first place! The Interstate 98 corridor project has four main parts.

Perhaps the most obvious component of the project is the construction of a stand-alone, limited-access, four-lane highway that will be built to Interstate standards along the US Route 11 corridor with four-lane spurs to the International Bridges in Massena and Ogdensburg, the Port of Ogdensburg and the Town of Lowville. It will connect three major points of Canadian entry to the federal interstate system and enable a major trade corridor between the United States and Canada/Europe. The economic spoils of developing the corridor will spill throughout the entire North Country Region. This component of the project may generate up to 4500 temporary construction jobs that could last ten years. According to the independent General Accounting Office (GAO) the entire project is expected to create more than 27,000 jobs.

The Northern Corridor Transportation Group has proposed to utilize the corridor to connect the open access telecom networks in Watertown and Plattsburgh in order to achieve true system redundancy throughout the North Country region. Expanded broadband will enable future high-tech growth and it will prepare students for the dynamic educational challenges that lie ahead. Without broadband to the home, students and home based entrepreneurs will not be adequately equipped to compete in the ever changing business climate that we all try to understand. The Interstate 98 project will help to accomplish this redundancy and expand broadband service to our entire region!



- Ongoing appropriation requests also solicit funds to grade and secure high-way medians so that they are essentially shovel-ready when future rail project funding becomes available. Grading requirements for rail are very specific and detailed and we have petitioned our elected officials to include funding for rail improvements, upgrades and service expansions as part of the Interstate 98 corridor project.

Given precedents that have been established in Interstate construction throughout the Northeast, the Northern Corridor Transportation Group has requested funding to construct a 250 mile multi-purpose recreational trail system that would transverse and essentially parallel the distance of the entire corridor. The trail network would create tourist access roads into the Adirondack region and it would serve as a connection between the extensive trail system that exists throughout Vermont and the Tug Hill and Finger Lake Regions of New York. Trails bring tourists and generate sales tax revenues. Ongoing efforts to expand our trail network have been hampered by challenging and ever-changing regulations and restrictions. Development of the I98 corridor enables the North Country connection that has been so long overdue.



Our future is in our hands and you too can help! Yes you can!

Fill out the resolution on the back of this page in collaboration with your local business, civic group, trail group, technology group, sportsman's club, fire department or retirement group and return it to the Northern Corridor Transportation group by fax at 315-769-2835 or by mail at PO Box 5217, Massena, NY 13662.

Paid for by the Northern Corridor Transportation Group!



Explanation of Feasibility Studies Associated with the Development of the Interstate 98 Corridor
February 10, 2011

Can-Am Studies:

There have been dozens of Can-Am studies published by NYSDOT and USDOT FHA over the past fifty years. Most of these studies are dated prior to 2001 and calculate data based on an extended route between Watertown, NY and Callis, ME.

Cost: Unknown.

Current Route 11 Corridor Studies:

There have been three primary studies published since 2002 that specifically discuss developments to the Interstate 98 corridor. Two specifically discuss the development of a stand-alone, limited-access, four-lane highway built to Interstate standards.

North Country Transportation Study (2002) by Wilbur Smith Associates

This report that was commissioned by the NYSDOT is the foundational basis that enables all current academic discussion about the development of the Interstate 98 corridor. It called for initiating an environmental clearance plan as an appropriate next step in developing the US Route 11 corridor.

Cost: >\$1MM

Northern Tier Expressway: Route 11 Corridor Study (2008) by Wilbur Smith Associates

This report that was commissioned by the NYSDOT attempted to invalidate the conclusions and recommendations made in the 2002 study and suggested that previously appropriated federal funds be re-programmed to construct bypasses around villages located on US Route 11 and passing lanes between those villages. The negative public response eventually led to the retraction of support by the NTE Study Advisory Group that was made up of representatives from the five northern counties.

Cost: >\$250,000

North Country Freight Needs Study and Comprehensive Plan for the Port of Ogdensburg, NY (2010) Wilbur Smith Associates

This report that was commissioned by the NYSDOT reinforced the conclusions of the 2002 report and largely dismissed the entire body of work that was published in the 2008 report. The report reiterates the need to construct a stand-alone, limited-access, four-lane highway built to Interstate standards through the region.

Cost: \$300,000

Future Studies:

A tiered environmental impact review has been recommended as the necessary environmental clearance process that would be necessary to initiate the engineering design phase of the project. This process has been implemented in Central New York as the clearance plan for the high speed rail project. More than \$6.3MM has been held in a NYSDOT account since 2003 for this purpose.



STATE OF NEW YORK
DEPARTMENT OF TRANSPORTATION
ALBANY, N. Y. 12232
www.nysdot.gov

STANLEY GEE
ACTING COMMISSIONER

DAVID A. PATERSON
GOVERNOR

March 26, 2010

Mr. Jason Clark
Business Development Corporation for A Greater Massena
21 South Main Street
Norfolk NY 13667

RE: Freedom of Information Law Request **FMO-10-005041**
NYS DOT PIN: 7752.29/7143.34/7752.29.121
EIS Study/Corridor Study
Final Cost /Project Report/Closeout

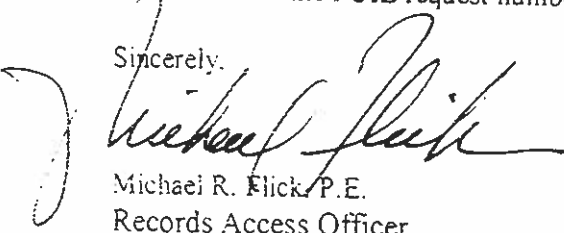
Dear Mr. Clark:

This correspondence is in regard to your February 23, 2010 Freedom of Information Law (FOIL) request at the New York State Department of Transportation (NYS DOT) Records Access Office.

The records you requested are enclosed.

Please indicate the FOIL request number when corresponding on this subject.

Sincerely,


Michael R. Flick/P.E.
Records Access Officer

Funding Summary

PROGRAM & PROJECT MANAGEMENT BUREAU COMPREHENSIVE PROJECT REPORT

Progress As Of:

Time: 2:29:24 PM
 Project Status: PROGRAMMED
 Run Date: 03-08-10
 Project Description: Feasibility Study & Tier 1 Environmental Impact Statement

Page: 1
 Project Id: 714334
 Region: 07

Counties: JEFFERSON, ST. LAWRENCE
 Type Of Project: STUDIES / ENVIRONMENTAL ASSESSMENTS
 Project Manager: SCOTT A. DOCTEUR

--- Current Project Costs - Uninflated - In Millions of Dollars ---

Fund Source	Scoping	Preliminary Design	Final Design	Right Of Way Incidentals	Acquisition	Construction	Construction Inspection	RR Force and/or Utility	Project Total
FA SPECIAL APPROPRIATION		0.001							0.001
S-LU SECTION 1702 <3676		4.800							4.800
LU SECTION 1702 >=3677		1.500							1.500
STATE DEDICATED FUNDS		0.000							0.000
Totals		6.301							6.301
Federal Aid Obligation Date		09/23/2003 A							
State / Local Obligation Date		09/23/2003 A							

--- Schedule / Accomplishments ---

Activity Number	Milestone Name	PSS		PMIS		Actual Dates
		Target Dates	Target Dates	Forecast Dates	Actual Dates	

Comments:

Funding Summary

**PROGRAM & PROJECT MANAGEMENT BUREAU
COMPREHENSIVE PROJECT REPORT**

Progress As Of:

Time: 2:29:24 PM
 Project Status: ACTIVE
 Run Date: 03-08-10
 Project Description: Feasibility Study

Page: 2
 Project Id: 775229
 Region: 07

Counties: CLINTON, JEFFERSON, FRANKLIN, ST. LAWRENCE
 Type Of Project: STUDIES / CORRIDOR STUDIES
 Project Manager: ALAN T. RICALTON

--- Current Project Costs - Uninflated - In Millions of Dollars ---

Fund Source	Scoping	Preliminary Design	Final Design	Right Of Way	Construction	Construction Inspection	RR Force and/or Utility	Project Total
TEA-21, FEDERAL DEMO TRUST FUN	1.538							1.538
S-LU SECTION 1702 <3676	0.004							0.004
SDF STATE DEDICATED FUNDS	0.385							0.385
Totals	1.927							1.927
Federal Aid Obligation Date	02/11/1999 A							
State / Local Obligation Date	02/11/1999 A							

--- Schedule / Accomplishments ---

Activity Number	Milestone Name	PSS		PMIS		Actual Dates
		Target Dates	Target Dates	Forecast Dates	Forecast Dates	

Comments:

Amount charged to PIN thru 2/28/10

COSTS THRU 02/28/10

INCLUDES PAY PERIOD ENDED 02/03/10
TD TOTALS

PAGE 2791

7752-29-121	Y AND DEVELOP	INTERNATIONAL, TRADE CORRIDOR STUD	REGULAR	OT	TRAVEL	EQUIP	COST	OTHER	PROGRAM ID	FINANS43
0926 7752 029 MISC	01/09/99 AAA LTD	75 YTD	HOURS WORKED	SALARY & ADDTVE	SALARY & OT	MEALS	CHARGE	CHARGE	CONTRACT	TOTAL
7752-29-122	Y AND DEVELOP	INTERNATIONAL, TRADE CORRIDOR STUD	NO CHARGES REPORTED						LAND ACQ	PROJECT
0920 7752 029 MISC/LANE00	02/11/99 AAA LTD	75 YTD								COST
7752-29-123	Y AND DEVELOP	INTERNATIONAL, TRADE CORRIDOR STUD								
LY10 7752 029 MISC/LANE00	02/11/99 LY1 LTD	75 YTD								
7143-34-121	URGH TO WATER	NORTHERN TIER EXPRESSWAY, PLATTSB								
0640 7143 341	09/22/03 064 LTD	YTD	11	950						950
7143-34-122	URGH TO WATER	NORTHERN TIER EXPRESSWAY, PLATTSB								
HC40 7143 341	08/30/05 HC4 LTD	YTD								

NO CHARGES REPORTED

950

Final Technical Report

North County Transportation Study

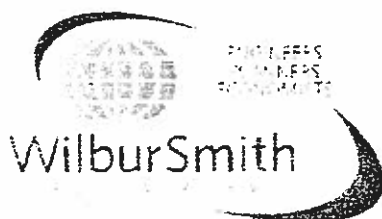
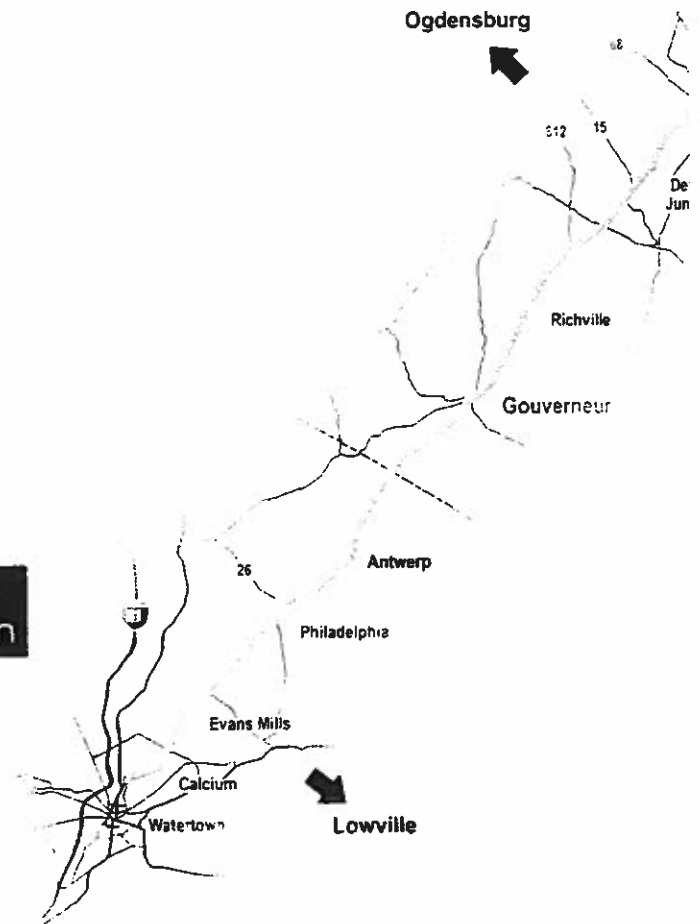
Development Authority of the North County - February 1972

Draft Final Report 3

Northern Tier Expressway: Route 11 Corridor Study

NEW YORK STATE
Department Of Transportation

 U.S. Department of Transportation
Federal Highway Administration



**North Country Freight Needs Study and
Comprehensive Plan for the Port of Ogdensburg, NY**

**DRAFT
Final Report
Part I
North Country Freight Needs**

August, 2009



North Country Freight Needs Study and Comprehensive Plan

Final Report Released April, 2010 by Wilbur Smith Associates

The recently issued New York State Department of Transportation North Country Freight Needs Study provides the following quotes and recommendations for North Country highway improvements...

"For decades there have been discussions of improving infrastructure access in the North Country between I-81 and I-87 as the lack of access to highway infrastructure places the region at a competitive disadvantage as compared to other communities." (Page 52)

Regional economic development organizations "should pursue improved access to highway infrastructure in the North Country which is essential to providing adequate connectors to destinations and economic markets." (Page 54)



"When compared to other regions of New York, the lack of access to highway infrastructure places the region at a competitive disadvantage as compared to other communities traversed by other communities on an east-west axis." (Page 54)

"...motor carriers traveling east-west through the North Country must pass through the center of the region's villages when hauling freight, lowering the efficiency of goods movement in the region and likely resulting in the diversion of freight movements to other east-west corridors such as I-90 or Highway 401 in Canada." (Page 54)

"...improved access to highway infrastructure will provide significant competitive advantages to the Port of Ogdensburg, the Ogdensburg-Prescott International Bridge, and the North Country as a whole which are not currently available." (Page 55)

"There is little disagreement that increased access to highway infrastructure in the North Country will make travel into, around, and through the region quicker and more efficient by reducing costs and increasing the competitiveness of the region." (Page 95)

These findings are highly significant and they offer yet another testimonial to the importance of building a four-lane Interstate highway that will serve the needs of the North Country. The construction of this highway, often referred to as Interstate 98, is an essential first step in making the entire North Country competitive in the changing global economy.

The construction of Interstate 98 will help reverse the poverty cycle that has afflicted the region for more than fifty years. It will create a vehicle through which we can attract employers that offer new and challenging job opportunities so that our young people can remain in the area instead of going elsewhere to find work.

Our future is in our hands and you too can help! Yes you can!

Fill out the resolution on the back of this page in collaboration with your local businesses, trail groups, sportsmen's clubs, fire departments, civic organizations or church groups and return it to the Northern Corridor Transportation Group by fax at 315-769-2835 or by mail at PO Box 5217, Massena, NY 13662.

Paid for by The Northern Corridor Transportation Group.



**NEW YORK
STATE
LEGISLATURE**

**THE SENATE
ALBANY, NEW YORK 12247**

**THE ASSEMBLY
ALBANY, NEW YORK 12248**



July 15, 2009

The Honorable Kirsten Gillibrand
United State Senate
478 Russell Office Building
Washington DC 20510

RE: 2009 Transportation Reauthorization Project Request

Dear Senator Gillibrand:

We write to convey our support for the construction of a stand-alone, limited access, four lane highway (Roof Top Highway) that will connect the New York portions of Interstate 81 near Watertown to Interstate 87 near Plattsburgh, along with spurs to Lowville, Ogdensburg, and Massena.

The concept of this highway has been around for several decades and has gained momentum in recent years. The North County Transportation Study was completed in 2002 using funding from both the state and federal government. The study looked at eight different transportation modal strategies but determined the focus should be on highway-based solutions.

We support the creation of the "Roof Top Highway" within an aggressive time frame, instead of a protracted phased approach which has also been suggested. We are asking for a commitment in the extension of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) of \$800 Million over the next five years to study, design and begin substantial construction of the four-lane highway.

Thank you for your gracious consideration of this vital North County project.

Sincerely yours,

Darrel J. Aubertine
Member of Senate
48th District

Joseph A. Grillo
Member of Senate
47th District

Elizabeth Lige
Member of Senate
45th District

Addie J. Russell
Member of Assembly
118th District

Dede Scozzafava
Member of Assembly
122nd District

Janet L. Duprey
Member of Assembly
114th District

FY 2011 Transportation, Housing and Urban Development, and Related Agencies

Federal Funding Requests

Senator Kirsten Gillibrand

**Abyssinian Development Corporation – ADC Displacement Prevention Initiative;
\$1,000,000; 4 West 125th Street New York, NY, 10027**

This project will use funds to develop or preserve low- and moderate-income housing units for families in the Central Harlem area. The organization will work with Harlem residents to create and sustain tenant associations, engage elected officials to address distressed and opt-out housing properties and work in partnership with other advocacy groups and government agencies to address existing and anticipated housing challenges.

Alianza Dominicana, Inc. - Outfitting of the Triangle Building; \$250,000; 2410 Amsterdam Avenue 4th Floor New York, NY, 10033

This project would allow Alianza Dominicana, Inc. to purchase necessary equipment for the Triangle building and its public open-air plaza in Washington Heights area of New York City, enabling the facility to fulfill its economic development, tourism development and cultural goals, which include becoming the home of the first Dominican/Latino cultural institution and tourist destination in Washington Heights, the Centro Cultural Casa Afro-Quisqueya. The project is estimated to create 275 jobs.

**Amigos del Museo del Barrio - El Museo del Barrio Ground floor Renovation - Phase II;
\$500,000; 1230 Fifth Avenue New York, NY, 10029**

This project would complete Phase II of the ground floor renovation, which is targeted to critical upgrades needed in El Teatro, a cultural institution serving low-income individuals in East Harlem. This part of the project will make necessary safety improvements and infrastructure repairs, improving ADA accessibility, energy efficiency and sustainability of the facility. The project is estimated to create 200 jobs.

Business Development Corporation for a Greater Massena – Northern Tier

Expressway/Interstate 98; \$3,700,000; 85 Robinson Road PO Box 5217 Massena, NY, 13662

This project will commission a tiered environmental review process that will enable the construction of a four-lane, stand-alone, east-west, limited access highway built to Interstate standards along the US Route 11 corridor with four-lane spurs to Massena, Ogdensburg and Lowville. This highway corridor project will expand international trade at the five northern New York border crossings and at the Ports of Ogdensburg and Oswego, helping to create expanded economic opportunities across Upstate New York.

transportation link over Lake Champlain, and its closure has created economic hardship on both sides and forced many of the 3,500 daily travelers on a 100-mile detour. Temporary ferry service has been established near the old bridge, and plans are underway to begin construction of a new bridge this summer. Exacerbated by the current national economic crisis, this situation is nothing short of devastating to businesses, travelers, and communities on both sides of the lake who rely on this important transportation corridor.

New York State Department of Transportation; Albany, NY; Northern Tier Expressway/Interstate 98; \$3,700,000

Funding would be used to initiate a tiered environmental review process that would enable the construction a four-lane, stand-alone, east-west, limited access highway built to Interstate standards along the US Route 11 corridor with four-lane spurs to Massena, Ogdensburg and Lowville (Northern Tier Expressway/Interstate 98).

This project is in the interest of the taxpayer because it is an international transportation and commerce project with the potential to create 27,000 jobs and redevelop a green energy sector that would benefit the Northeast United States. This project would also help to satisfy a national defense concern involving the movement of troops and goods to and from Fort Drum located in Watertown, NY.

Niagara Frontier Transportation Authority (NFTA); Buffalo, NY; Replace Metro SCADA System; \$4,432,000

Funds would be used to replace the Metro Rail's Supervisory Control and Data Acquisition (SCADA) and Train Control Systems.

This project is in the interest of the taxpayer because proactive replacement of the SCADA and Train Control Systems would allow the NFTA to provide safe and reliable rail service and prevent any major system failures. In addition, approximately 50 construction jobs would be created through this project.

New York City Coalition Against Hunger; New York, NY; Anti-Hunger and Community Food Security Infrastructure Project; \$270,197

Funds would be used to promote access to healthy food, reduce hunger, and increase food security by helping emergency food providers, community gardens, food-co-ops, and SNAP outreach projects to expand and improve their infrastructure.

This project is in the interest of the taxpayer because New York City has great levels of inequality: NYCCA focuses particularly on assisting the 1.4 million New Yorkers that directly experience food insecurity. This funding would help promote access to healthy and affordable food through a multifaceted improvement plan.

New York City Department of Small Business Services; New York, NY; Shoreline Improvements at the Hunts Point Terminal Produce Market in the South Bronx, New York; \$1,052,500

Rule Changes in 112th Congress



New House rules approved last week:

- Pay-as-you-go replaced by cut-as-you-go – requires new spending to be offset with spending cuts rather than revenue measures / tax cuts don't have to be paid for.
- Budget Committee Chairman Paul Ryan (R-WI) will have the ability to establish FY 2011 funding levels.
- Eliminates the requirement that appropriators fund highway and transit projects at levels established by surface transportation authorizing legislation.

Northern Corridor Transportation Group
 Marketing Campaign – Tracking Log
 01/24/10 Update

Entity	Amount	Received	Thanks Letter Date	Other
SLC IDA	10,000	Yes	2/22/09	Board
DANC	10,000	Yes	2/22/09	Board
Potsdam, Village	2,500	Yes	2/22/09	Board
Central Trades	500	Yes	2/22/09	Ron
Teamsters 687	500		2/22/09	Brian
Laborers 322	500	Yes	2/22/09	Rich
Brasher	1,500	Yes	2/22/09	Board
OBPA	20,000	Yes	12/28/10	
Ogdensburg, City	5,000	Yes	3/19/10	Board
Potsdam, Town	5,000	Yes	4/13/10	Board
Louisville	2,500		4/15/10	Board
Norfolk	500	Yes	5/11/10	Board
Lisbon	500	Yes	10/10/10	Board
Canton, Town				
Canton, Village				
Stockholm	500	Yes	12/28/10	Board
Russell	1,500	Yes	12/28/10	Board
Hermon, Town				
Hermon, Village				
Parishville				
Pierreponte				
Fowler				
Pitcarin				
Oswegatchie	500	Yes	12/28/10	Board
Norwood, Village				
Waddington, Town	500	Yes	12/28/10	Board
Senator Griffo	20,000			
Agri-mark	250			
IBOE	500			
Chateaugay, Town				
Stephens Media Gr.	3,000			
SLC Legislature	20,000*			
In-Kind	1,250			
Total to date:	107,000			



News Release

Assembly Addie J. Russell

WWW.ASSEMBLY.STATE.NY.US

CONTACT: 315-786-0284

FOR IMMEDIATE RELEASE:
June 17, 2010

Russell resolution supports I-98 corridor

Assemblywoman Addie J. Russell (D-Theresa) announced passage of a resolution she sponsored that urges the New York State Congressional delegation to further the progress of the North Country Transportation Study, specifically the component of the Study that addresses the need for a stand-alone, limited access four-lane highway.

“Improving our infrastructure is a key component to spurring economic development,” Russell said. “Our open space, access to cheap, clean power, and our skilled workforce make the North Country an attractive site for businesses looking to start-up, re-locate or expand. If we can also provide them with infrastructure that will reduce transportation costs by shortening drive times and improving safety; we can increase our chances of securing these businesses.”

Jason Clark, Economic Development Director in Massena, feels that this “is an unprecedented milestone in the development of the Interstate 98 transportation corridor development project. Through their leadership, the members of the New York State Assembly have demonstrated their commitment to advancing economic progress throughout all regions of New York State.”

“The advancement of Interstate 98 will stop the hemorrhaging of local manufacturing and tourist jobs and help to finally eradicate the poverty cycle that has afflicted the North Country region for generations. This legislative action should serve as a call for New York State to work with the Federal Highway Administration to finally make this project a reality,” Clark said.

The highway has been dubbed Interstate 98. I-98 would be a limited access four-lane highway within the boundaries of Jefferson, St. Lawrence, Lewis, Franklin, and Clinton Counties with four-lane spurs to the international bridges in Massena and Ogdensburg, to Lowville and Plattsburgh. The resolution, which passed unanimously, stresses the need for the highway for economic development and safety reasons.

-30-

Reprinted with permission by the Northern Corridor Transportation Group





Yes

By Jason Clark

Is the Rooftop Highway a good idea?



No

By Ellen Connett

For more than fifty years, the North Country has languished as the poorest region in the Empire State. Per capita income in the region has remained well below the state average for nearly six decades. There are few, if any, opportunities to accumulate real wealth. Our population is both declining and aging far more quickly than the national average. These trends will not magically reverse themselves.

Volumes have been written on the link between rural poverty and geographic isolation, and the North Country is a classic case. Many residents of the North Country have never been able to emerge from below the poverty line because our region's chronic transportation deficiencies have stifled commerce and thwarted economic growth. Companies do not locate here, and entrepreneurs often find it too costly to establish their base here. Our young people leave because they cannot find rewarding and challenging work. In a global economy where the cost of transportation is often paramount in importance, the North Country will remain at a competitive disadvantage until we make a significant investment in our regional transportation network.

The construction of Interstate 98, a four-lane interstate highway along the Route 11 corridor, is the essential first step toward removing the limitations of our regional transportation network. It will help to reverse the perils created by the chronic isolation that has rendered the North Country uncompetitive for generations. Development of the Interstate 98 corridor will help eradicate the poverty that continues to afflict our rural communities, and it will create reason for our young people to return.

The construction of Interstate 98 (formerly called the Rooftop Highway) will create approximately twenty-seven thousand new jobs throughout the region. It will also provide the necessary right of way for other initiatives such as expanded broadband and improved rail access. While the construction of Interstate 98 is not a panacea for economic recovery, it will enable planned growth that will make the North Country more competitive in our drive to attract high-paying jobs so that our children will not be forced to search for a career somewhere else.

The construction of Interstate 98 will enable unique opportunities tailored to Adirondack communities and residents of the Adirondack Park. The project, which includes the development of an extensive multiuse trail network, will help expand regional tourism, with much of that benefit going to the lake communities in the Adirondacks. While the number of tourists visiting the North Country has been in decline for decades, the creation of twenty-seven thousand jobs will introduce a much-needed influx of outside money into one of the state's premier vacation destinations.

Interstate 98 will not be built in the Adirondack Park. It will, however, divert heavy truck traffic out of the Park so that residents, tourists, and nature enthusiasts can once again enjoy all of the beauty that the region offers without the blight of motorized smokestacks. It may help reduce overall regional emissions because it will provide a more direct east-west route that will reduce truck idle times and improve engine efficiency by bypassing mountainous terrain.

In order to preserve the natural elements that make the North Country the ideal place to live, engineers need to consider environmental factors, including overpasses at critical animal-migration points, in their project design.

The construction of Interstate 98 will advance the economic needs of the entire region. This is our home; we must universally advocate for this regional investment to ensure that the North Country remains economically viable so that future generations will be able to call it the same.

JASON CLARK is the director of economic development for the Business Development Corporation for a Greater Massena and chairman of the Northern Corridor Transportation Group.

The Rooftop Highway would run across the upper tier of New York State, just north of the Adirondack Park, replacing the existing two-lane Route 11 with a four-lane expressway from Watertown to Rouses Point (just north of Plattsburgh) on Lake Champlain. The Watertown-based Development Authority of the North County, which is pushing the project, says "an expressway is typically designed for a significant volume and mix of traffic to travel safely at highway speeds."

We don't need it. Aside from weekday traffic congestion in the villages of Canton and Malone, which bypasses could easily alleviate, there is little traffic on Route 11 in St. Lawrence, Franklin, and Clinton counties. These rural counties have a small population, averaging approximately forty-five people per square mile.

Officially called the Northern Tier Expressway, the Rooftop Highway would leave the Adirondack Park surrounded by interstates. Already there are four-lane highways on three sides of the Park: the Northway in the east, the Thruway in the south, and I-81 in the west. In effect, the Rooftop Highway would close the lid on the box.

This would throw up an obstacle to wildlife migrating to and from the Park and undermine efforts to preserve a wildlife corridor between the Adirondacks and Algonquin Park in Ontario. Keeping such corridors open is vital for maintaining the genetic diversity of Adirondack wildlife and for allowing once-extirpated species, such as the moose, wolf and, someday perhaps, even the cougar, to recolonize the Park.

By the way, the Northway has a number of culverts meant to allow deer and other animals to pass safely under the highway. However, a study by the Wildlife Conservation Society found that animals seldom use them. There's no reason to think the situation would be any different for the Rooftop Highway.

The highway also would adversely affect local wildlife outside the Park by further fragmenting habitat, and yet there has been no consideration of this. If the highway were built, connections between natural wildlife areas could be lost forever.

The highway has the potential to be an enormous waste of energy at a time when reducing our carbon footprint is at the top of the environmental agenda. Competing for the little traffic in the upper tier is a CSX rail line, with freight trains running approximately four to six times a day, going to and from Canada. These long trains haul heavy goods, and it's a blessing not to have this traffic on our roads. We ought to put our money and political will into rejuvenating this rail line to turn it into an energy-efficient operation that includes passenger trains to Watertown, Syracuse, and Plattsburgh. This would have the twin benefits of saving energy and reducing road traffic.

At the urging of local officials, both Senators Charles Schumer and Kirsten Gillibrand requested federal funds this year for the Rooftop Highway. Schumer asked for \$800 million in his "Surface Transportation Authorization High Priority Requests." Gillibrand asked for \$150 million in economic-stimulus funds, including money for the acquisition of rights of way.

That's nearly a billion dollars in taxpayer funds, and yet we have never seen a study on the highway's environmental impacts.

And what would we get for all this expense and environmental degradation? We'd be able to shave fifteen minutes off the drive from Watertown to Plattsburgh.

Opponents need to fight to make sure that these funds are not approved. This project has been on the drawing board since the 1970s. Let's keep it there.

ELLEN CONNETT is an environmental activist who lives in Canton. She is director of the Pesticides Project for Fluoride Action Network.



The coyote entered the Park from the north.

Photo by Gerry Lemmo

North Country Agriculture and Interstate 98



THE TOP 10!

While there are hundreds of reasons why the construction of Interstate 98 will benefit the North Country's agricultural and agricultural processing sectors, below is a list of ten of the most significant ways that the highway corridor project will enhance the business climate for farmers, suppliers, processors and haulers:

1. **With transportation related costs continuing to be an increasing percentage of the total cost of agricultural production, the construction of Interstate 98 will help agricultural producers use less fuel by creating a more direct east-west route that will avoid idling in local villages.**
2. **Because, until just a few years ago, there were more cows in Lewis County than people.**
3. **Trucking companies will complain less about delivering to the region and may eventually eliminate North Country surcharges that local farmers have become so accustomed to.**
4. **The development of the Interstate 98 corridor will help attract new investors that may consider agricultural processing, freezing and storage facilities. Limited transportation facilities have hindered developers in their efforts to attract firms like these to our region.**
5. **In 2009 alone, St. Lawrence County lost approximately 2 farms per week to bankruptcy, foreclosure, consolidation or retirement. Our region is losing one of its most important business sectors because of increasing operational costs in spite of abundant local resources.**
6. **Construction of the Interstate 98 corridor will help to develop a regional agricultural bio-fuel sector that is highly dependent on the availability of access to the federal Interstate system.**
7. **A better transportation network will enable local farmers to collectively market our region as a national hot spot for Ag-tourism that involves all four seasons!**
8. **By reducing transportation costs, the construction of the Interstate 98 corridor will make all of our farmers more competitive; traditional, organic, industrial and cottage.**
9. **People with too much time on their hands will ask, "Why did the chicken cross the interstate?"**
10. **As our region's agricultural sector grows, suppliers will once again prioritize the North Country as part of their sales strategy and expand sales and service routes with staff and support teams specifically dedicated to serving our North Country farmers.**



Our future is in our hands and you too can help! Yes you can!

Fill out the resolution on the back of this page in collaboration with your local businesses, trail groups, sportsmen's clubs, fire departments, civic organizations or church groups and return it to the Northern Corridor Transportation Group by fax at 315-769-2835 or by mail at PO Box 5217, Massena, NY 13662. *(Your farm is a business! Send us a resolution with your farm name listed on the top and your signature on the bottom!)*

Paid for by The Northern Corridor Transportation Group.



WILLIAM L. OWENS
23RD DISTRICT, NEW YORK

COMMITTEE ON ARMED SERVICES
AIR AND LAND FORCES
STRATEGIC FORCES

COMMITTEE ON
HOMELAND SECURITY
EMERGING THREATS, CYBERSECURITY, AND
SCIENCE AND TECHNOLOGY
EMERGENCY COMMUNICATIONS,
PREPAREDNESS AND RESPONSE



Congress of the United States

House of Representatives

Washington, DC 20515

January 20, 2011

PLEASE RESPOND TO
WASHINGTON OFFICE:

2366 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-3223
(202) 225-4611

DISTRICT OFFICE:

120 WASHINGTON STREET, SUITE 200
WATERTOWN, NY 13601-3370
(315) 782-3150

14 DURKEE STREET, SUITE 320
PLATTSBURGH, NY 12901-2998
(518) 563-1406

Dear Lt. Governor Duffy:

First, let me offer my congratulations on your taking office and what appears to be a great start.

I read Governor Cuomo's State of the State message and in particular his plan to establish Regional Economic Development Councils and to utilize SUNY to spur economic development. Both of these are excellent ideas and I am hopeful that I will be able to offer some assistance in that process.

In particular, I am hoping that you and the Governor would allow me to participate as an ex-officio member of the Regional Economic Development Councils that will overlap my district. I have a long history prior to serving in Congress in the economic development of Northeastern New York, particularly in the recruitment of Canadian companies to the Plattsburgh area. Most recently, I was heavily involved in the announced Laurentian project in Plattsburgh, and in an ongoing project to convert a fossil fuel plant to biomass for the generation of electricity at Fort Drum. I have also been somewhat involved in the Alcoa project in Massena.

I have indicated to the various economic development agencies in my congressional district (IDAs, Chambers of Commerce, Development Corporations, etc.) that I am more than happy to work with them, and in particular to be an active participant as they solicit companies to come to our region. This means picking up the telephone when appropriate, and potentially attending site visits with them, whether to Canada, to another state or potentially overseas. I think that is one of the most important hands-on activities that a Member of Congress or any elected official can engage in when one talks about economic development. And I will of course continue to monitor legislative issues that affect the development of new businesses and businesses currently operating in our communities.

I would also hope that Garry Douglas of the Plattsburgh-North Country Chamber of Commerce would be strongly considered not only for membership on the Plattsburgh area REDC, but that he be considered as the potential vice chair of that organization (I understand that you will be chairing the Councils). I am also having conversations with a number of folks at SUNY Plattsburgh and today with Chancellor Zimpher and a number of influential members of our local community about this exciting and important development.

I would offer you two thoughts based upon my extensive experience in economic development, as well as my experience with SUNY Plattsburgh, both as an adjunct professor, a member of the College Council and the Business Advisory Council to the School of Business. It would seem to me that the REDCs, once the form of funding is determined, could be utilized in conjunction with SUNY campuses to do the following:

- a.) To assist local communities in developing a business plan assessing the assets that those entities possess (people, geography, natural resources) and an analysis of what types of entities they should solicit. As an example, in Clinton County we determined that the primary

benefits we could offer to a company included our location near the Canadian Border and I-87, a very good work force and relatively cheaper occupancy costs (as compared to Quebec), which influenced the decision to pursue the Canadian marketplace. The Institute for Development and Economic Analysis (IDEA) is a great model for the development of statistical data to be used in the plan creation process so that communities have fact-based data on which to proceed with their plans.

- b.) Once a plan is developed and companies begin to come to the REDCs for funding, SUNY and its in-house experts could be utilized to develop an analysis of the company and whether or not the company meets the criteria set down in the business plan established by the community. This would give a somewhat dispassionate review to the presentations being made and would incorporate SUNY in the process. SUNY, as I'm sure you know, has many academic experts and has access to immense amount of data that can be utilized in terms of both the creation of the plan and the analysis of its implementation.

I would like to meet in the near future to discuss economic development issues, the Regional Economic Development Councils, and any other issues where you see my participation as being beneficial to our local communities and the State of New York in general. Along those lines, Jason Clark, the Executive Director of the Massena Business Development Corporation, has requested that we have a discussion about I-98, which I believe is an important economic development engine for the region. I can be reached at my Washington office at 202-225-4611 or on my cell phone at 518-534-6710.

Looking forward to seeing you in the very near future.

Sincerely,



BILL OWENS
Member of Congress



Business Development Corporation for a Greater Massena

website: www.massenaworks.com
email: bdc@massenaworks.com
fax: 315.705.0141
phone: 315.769.8484

December 14, 2010

Sean Hart
Office of the Lt. Governor-elect
State Capitol
Albany, NY 12224

Dear Sean:

As you requested, I have prepared a status report for the Interstate 98 corridor project. This report provides a brief synopsis of some of the major developments that have transpired since our October 9 meeting with Mayor Duffy in Potsdam. I have included documentation for reference where possible.

Federal Developments

- 10/26/10 – Northern Border Regional Commission Federal Co-Chair Sandy Blitz stated his verbal commitment to a limited access, four-lane, east-west highway built to Interstate standards during a personal meeting in Paul Smiths.
- 11/23/10 – US Senator Schumer stated in Plattsburgh, “If you want it, I am ready to go to bat for money for it”. He offered similar comments in Watertown on the same day. (www.pressrepublican.com/0100_news/x675532063/Schumer-pledges-to-help-middle-class-in-next-term)
- 12/3/10 – US Secretary of Transportation Raymond LaHood stated in Massena, “If the Governor decides that a new road is necessary in Upstate New York, then his priorities become our priorities”. (www.mpcourier.com/article/20101204/DC001/312049937/-1/dco)

State Developments

- 6/17/10 – The NYS Assembly unanimously endorsed Interstate 98 by resolution.
- 9/17/10 – The New York State Association of Counties unanimously endorsed Interstate 98.
- 10/10 – The North Country Freight Needs Study is released by the Ogdensburg Bridge and Port Authority. The study was funded by a grant of more than \$300,000.00 by the New York State Department of Transportation.
- Conclusions from the report reinforce the findings of the North Country Transportation Study (2002) and call for the construction of a limited access, four-lane highway built to Interstate standards along the Route 11 corridor with four lane spurs to Massena, Ogdensburg and Lowville. Among other points, the report states that “improved access to highway infrastructure will provide significant competitive advantages to the Port of Ogdensburg, the Ogdensburg-Prescott International Bridge and the North Country as a whole that are not currently available.” (Page 55)
- 10/27/10 – The NY Agribusiness Development Board unanimously endorsed Interstate 98.



- 12/7/10 – NYS DOT Director of Communications, Region 7, Michael Flick, stated during an interview with North Country Public Radio that “the whole route does not, in our mind, necessitate or warrant a four lane highway”.
(www.northcountrypublicradio.org/news/story/16789/boosters-seek-to-push-rooftop-highway-ahead)
- 12/10/10 – The NYS Democratic Rural Conference of the NYS Democratic Committee agreed to write a letter to Governor-elect Cuomo urging his prioritization of Interstate 98.

Local Developments

- 11-12/10 – The Franklin County Traffic Safety Advisory Board, the St. Lawrence County Soil and Water Conservation District and the Franklin County Farm Bureau unanimously endorse Interstate 98.
- 12/9/10 – The North Country Alliance, an economic development consortium representing the economic development agencies and private businesses from seven North Country Counties added the Interstate 98 project to their legislative agenda.
- 12/10/10 – The Northern Corridor Transportation Group received the 399th resolution of support for the project from county and municipal governments, other taxing jurisdictions, civic organizations and private businesses.
- 12/13/10 – To date, the NCTG has raised ~\$75,000 toward its Public/Private Marketing Campaign.

Pending and Anticipated Developments

- Resolutions of support are expected from the New York Power Authority, the NY Conference of Mayors, the NY Business Council, the NYS County Clerk’s Association and the NY Economic Development Council.
- Discussions with trail development and environmental advocacy organizations will expand.

Thank you again for your request and please extend my thanks to Bob for his continued support of the Interstate 98 project. Should you have more specific questions, please contact me at your convenience.

Sincerely,



Jason Clark,
Executive Director, and
Chair, Northern Corridor Transportation Group



Business Development Corporation for a Greater Massena

website: www.massenaworks.com
email: bdc@massenaworks.com
fax: 315.705.0141
phone: 315.769.8484

January 26, 2011

Governor Andrew Cuomo
State Capitol, Executive Chamber
Albany, NY 12224

Dear Governor Cuomo:

As Chair of the Northern Corridor Transportation Group, it is with great pride that I write to you as the new Governor of our great state. From that sense of pride, I helped lead two delegations of Interstate 98 supporters to witness history as you delivered your state of the state addresses in Albany and Watertown.

Those of us in attendance believe that your far-reaching plan for reform will address many of the issues that have curtailed economic growth in the Empire State. By developing a new culture in state government that focuses on improving the business climate, we agree that the state will become more competitive in our effort to attract new private sector jobs and that our young people will eventually return to the communities that they called home during their childhood.

The North Country remains committed to helping you achieve this mission; our collective sights are keenly focused on the future. Cornerstone to our vision is the construction of the Interstate 98 corridor development project. The Interstate 98 project will transform the entire upstate New York economy and, according to the independent GAO, will create more than 27,000 permanent private-sector jobs throughout the region. Among so many other attributes, the Interstate 98 project will create five additional points of Canadian and European entry to the federal interstate system via upstate New York. It is a project that will clearly help to make New York State more "Open for Business".

These are transformative times and, together, we have a responsibility to leave a legacy for the next generation of New Yorkers. Thousands of elected officials, labor and community leaders and small business owners located throughout our five-county region have pledged their support for the construction of the Interstate 98 corridor.

More than 500 taxing jurisdictions, agencies and businesses have passed resolutions in support of the project. This level of support is unprecedented regionally and would arguably rival public support for any other large scale project that is under consideration for funding and implementation anywhere in New York State. For these reasons, the New York State Assembly, New York State Association of Counties and the Democratic Rural Caucus of the New York State Democratic Party have unanimously



endorsed the project. Their support further illustrates that 27,000 jobs created in one region of the state will help ease the tax burden for all New Yorkers.

Interstate 98 supporters and I have met with Lt. Governor Duffy on several occasions to discuss how the project interfaces with the economic development objectives of your administration. In similar fashion, we welcome the opportunity to meet with you on this matter in order to elaborate on the economic benefits that will help to reinvigorate the Empire State. If there may be time in your schedule to meet with a small delegation representing the Interstate 98 project at some point during the next two weeks, we would greatly appreciate the opportunity to discuss the project with you.

Sincerely,

A handwritten signature in black ink, appearing to read "Jason Clark", with a long horizontal flourish extending to the right.

Jason Clark,
Executive Director, and
Chair, Northern Corridor Transportation Group

**DEMOCRATIC RURAL CONFERENCE
101 Brandywine Drive
Ithaca, New York 14850**

Governor-Elect Andrew Cuomo

Albany, New York

December 14, 2010

Subject: Proposed Interstate 98

Dear Governor-Elect Cuomo:

It has come to the attention of the DRC that U.S. Secretary of Transportation Ray LaHood would need your recommendation before any environmental or other work would be done on the proposed Watertown to Plattsburgh interstate (I-98).

On behalf of our Board, I would like to reiterate our support for this proposal. On May, 2009 our Board passed a resolution supporting it as an engine of economic development for our sorely stressed upstate economy. I am attaching a copy of that resolution.

We hope you will consider reviving our North County economy a high priority item in your plans for vitally needed stimulative change and in your communications with Secretary LaHood

Thank you for your attention, and with best wishes for your new administration,

Sincerely,

**Irene W. Stein,
Chair**

**Copy: Lt. Governor-Elect Duffy
Enclosure: DRC May 31 Resolution**

2011 NCA Advocacy and Outreach Agenda:

➤ **OUR MISSION:** The North Country Alliance is a consortium of economic development organizations working in New York's six-county North Country region. Its role is to offer a single point of access to the resources you need to expand or locate your business in the North Country. Visit our website at [http:// www.nca.org](http://www.nca.org).

➤ **THE NCA SUPPORTS THE FOLLOWING ECONOMIC DEVELOPMENT LEGISLATIVE PRIOTITIES:**

The NCA supports the Governor's Executive Budget proposals that seek to enhance the Excelsior Jobs Program. In addition to these amendments, we urge the NYS Legislature to also consider the following Economic Development provisions:

- Establish statewide "weighted" regional cost indices that take into account rural and urban areas as they relate to job creation standards and potential economic impacts of projects. The type, size and pay quality of jobs created in rural areas are generally far less than that in metropolitan areas and these should not be considered negatively in determining benefits to new and expanding companies;
- Establish benchmarks for qualifying businesses to meet that go beyond number of jobs created (annual capital investment, annual training activities, annual facility improvements, facility diversifications, etc.); economic impact should be relative to the region where a business is locating;
- Provide high-tech/manufacturing job training incentives whereby businesses can access tax credits to help off-set the costs of training the local workforce (including the costs of purchasing equipment for training); and
- Promote investment in green jobs and provide incentives to businesses to build/upgrade energy efficient infrastructure.

• **THE NCA LENDS ITS SUPPORT TO THE REGIONAL COUNCILS:**

- Established in the mid-1980s as a regional association of economic developers, the NCA has evolved into a dynamic public-private partnership that provides cooperative marketing and professional education as well advocacy services to its members in the six-county Northern New York region. The NCA will be as great organizational asset to the Regional Councils given its intrinsic understanding of the communities it serves. Additionally, as a matter of parity, the NCA urges the Governor and Legislature to re-establish the North Country ESD Regional Office.

• **THE NCA SUPPORTS THE POWER FOR JOBS EXTENTION AND "RECHARGE NY:**

- The NCA supports the Governor's Executive Budget proposal to extend the Power for Jobs program for two years. In addition, the NCA applauds and strongly urges the creation of a permanent replacement program - RECHARGE NY.

➤ **THE NCA SUPPORTS THE REPEAL OF THE COST RECOVERY TAX ON IDAs:**

- The NCA supports the Governor's Executive Budget proposal to repeal the cost recovery tax on IDAs. Additionally, the NCA fully supports the New York State Economic Development Council's (NYSEDC) action plan to halt the imposition of this tax (see www.nysedc.org).

➤ **THE NCA IS ENCOURAGED BY AND SUPPORTS THE GOVERNOR'S SUGGESTED APPROPRIATIONS FOR TOURISM PROMOTION AND NEW YORK STATE BRANDING AS FOLLOWS:**

- ESD-I LOVE NY : \$3.6 MILLION
- Matching Funds for Tourism Promotion Agencies (TPAs): \$3.8 MILLION.

➤ **THE NCA CALLS FOR THE REPEAL OF THE BUSINESS TAX CREDIT DEFERRAL:**

- The NCA urges the repeal of the provisions of the 2010-2011 Enacted Budget that defer, for three years, certain business tax credits that exceed \$2 million for any taxpayer. The measure essentially "borrows" \$1.3 billion from businesses to close a budget-gap they did not create. It is bad business practice for the state to break promises made to businesses in good-faith.

➤ **THE NCA STRONGLY SUPPORTS THE CONTINUED OPERATION OF THE DEPARTMENT OF CORRECTIONS FACILITIES IN THE NORTH COUNTRY.**

- Being located in one of the lowest-cost areas of state, these facilities offer a number of cost, performance, workforce and other strategic advantages for the Department of Corrections and New York State as a whole. These facilities were, and continue to be, welcomed by their host communities throughout this region. Closing these facilities would add an undue economic burden to the well-documented disproportionate circumstances of economic need and hardship in our North Country communities.

➤ **THE NCA SUPPORTS THE COMMISSION OF A TIERED ENVIRONMENTAL IMPACT REVIEW FOR THE FUTURE CONSTRUCTION OF I-98:**

The NCA strongly urges the Governor to direct the Commissioner of the NYS DOT to collaborate with senior staff at the USDOT Federal Highway Administration to utilize previously appropriated funds in order to initiate a tiered environmental impact review or related process that will provide the environmental clearance and pre-engineering data and support necessary to induce the future construction of the Interstate 98 corridor.

A Summary of the Economic Case for a Four-Lane Highway of Interstate Standard in Upstate New York
Prepared by the Business Development Corporation for a Greater Massena
Version Date: February 5, 2010

Given proximity to the Canadian border, rural upstate New York has expansive economic potential but lacks adequate transportation infrastructure necessary to make much of the region competitive in the site selection process. As New York State officials debate budget priorities, concern should be given to maximizing the unmet regional trade potential as a means to stimulate the state economy as a whole.

Scope and Published Data

The North Country Transportation Study (2002) provides ample justification for improvements to the US Route 11 corridor including the construction of a four-lane highway of interstate standards, the development of intermodal facilities, significant port upgrades and other regional transportation enhancements in order to capitalize on the international trade opportunities that are unique to the region. Scores of documents and reports have been written during the past fifty years that, at least in part, justify the need for the development of the transportation corridor. Of those reports, the North Country Transportation Study is the most timely, most thorough and most relevant.

Job Creation

The primary reasons for the construction of the Interstate are to create jobs and to maximize the value of the Upstate New York economy. According to GAO estimates, given the level of investment, 27,000 jobs will be created long-term throughout the region. Much of the anticipated economic activity is concurrent with access to the Canadian border as enabled by five international crossings and deep water ports in Ogdensburg and Oswego.

Fort Drum

The sustainability of planned growth at Fort Drum is dependent, in part, on infrastructure upgrades. The Fort Drum Connector is a parallel first step between long-term development at the base and the long-term economic development of the North Country. Per transportation planning documents, the Connector is the first construction phase of the Interstate project.

Education

The eight colleges and universities located in the North Country are significant economic drivers in the region and in New York State. The six colleges located in St. Lawrence and Franklin Counties have been adversely impacted by transportation infrastructure limitations for decades. Millions of dollars are paid annually in tuition from students domiciling from out of the area. These funds support a considerable portion of the regional payroll and students and staff provide much needed revenue for small business services and local retail. Unfortunately, many of these students leave the area after they graduate because they cannot find local employment that is challenging or rewarding.

Energy

The rapidly expanding energy sector in upstate New York requires an enhanced transportation network in order to remain competitive. As only one example of opportunity in the energy sector, there are five, soon to be six, major wind farms located within a 90 mile radius of Massena, NY. As the terminal life span for a turbine blade is approximately nine months and the corresponding lifespan for a gear box is approximately two years, these farms will require the constant transport of replacement parts for the next two decades. Inadequate roadways have led to a number of incidents during the past fifteen months, including overturned tower transport vehicles, motor vehicle collisions and dozens of incidents

involving low wires. If regional growth in the area of wind is to continue, considerable transportation upgrades must be made to support them.

Agriculture

Comparable to national trends, agriculture in upstate New York has undergone an upheaval over the last decade. In 2009, local farms in St. Lawrence County failed at a rate of two per week. That rate was less dramatic in other North Country Counties but still staggering for the regional economy as a whole. As consolidation continues, access to transportation will become even more critical because as corporate farms become larger, and presumably more efficient, transportation costs become a larger percentage of the overall cost of production. Many downstate farms continue to purchase basic farm commodities such as hay from out-of-state suppliers because added transportation costs limit their financial ability to support the in-state market.

Olympic Games

When Lake Placid last hosted the Olympic Games in 1980, one of the most significant challenges that organizers faced was impediments to moving people and goods around the region. The construction of an east-west Interstate would help the region to become more competitive in securing future events such as the Olympic Games, the Junior Olympics, NCAA tournaments and other major events that expand the productivity and value of the upstate tourist base.

Population Patterns

Population in the North Country has been in steady decline for the past four decades. The primary reason for the loss of young people in the region is the lack of available career opportunities for those who seek challenging and interesting work. Today, there are fewer people living in the North Country than there were a century ago. The construction of the Interstate and the development of the corridor will create opportunities so that generations of New Yorkers will be able to return and so that future generations will not be otherwise forced to leave.

Public Support

Several organizations and groups have advocated for the construction of the Interstate during the past fifty years. In the most recent grass roots effort to generate regional economic stimulus visa vie corridor development, an advocacy group known as the Northern Corridor Transportation Group was formed in December 2008. Since then, the region has demonstrated unprecedented public support for the construction of an east-west, stand-alone, four-lane highway of Interstate standards that would connect Interstates 81 and 87. The concept includes the development of four-lane spurs to the international bridges in Massena and Ogdensburg, the Town of Lowville and possibly the City of Plattsburgh. Nearly 200 resolutions of support, including those from more than 130 taxing jurisdictions, have been passed to this end. Legislatures in all five of the impacted counties have signed supportive resolutions.

Legislative Support

While New York State Department of Transportation files on the project date to 1936, legislative discussion on the project was initiated in 1961 by then Senator Robert McEwen. There have been varying degrees of legislative activity on the project since that time. On July 15, 2009, in a bi-partisan letter of request, the six northern legislators that represent the North Country (Senators Aubertine, Griffo and Little and Assembly Members Russell, Scozzafava and Duprey) requested that US Senator Kirsten Gillibrand include the Interstate project as a priority in the reauthorization of the federal highway bill. They requested \$800 Million for the environmental clearance, engineering and initial construction. Senator Gillibrand has committed to supporting at least \$165 Million of this request.

Testimony New York State Legislative Transportation Budget Hearing**February 28, 2011 – Hearing Room B, LOB****Jay Simson, President, ACEC New York**

Good Afternoon. My name is Jay Simson, President of The American Council of Engineering Companies (ACEC) of New York. ACEC New York represents more than 300 engineering and related companies that perform design, inspection and other professional services throughout the world that account for more than \$100 billion in construction and related activities every year. We appreciate the opportunity to address the Transportation and Ways and Means Committees of the legislature regarding the 2011-2012 budget.

It should be no surprise to this body of the benefits of a solid and fully funded infrastructure program; one that creates and maintains jobs, boosts the economy, and allows for the easy mobility of goods and services. Currently, the construction pipeline is nearly empty, as is the design shelf. With no design, we will have no construction, and with no construction, we have no new projects or substantial maintenance occurring. While we understand the current fiscal hardship facing the State, the truth is, New York has a lot of work ahead in order to achieve an even average rated system.

Legislative leaders, public and private organizations, as well as the citizens of New York have all stated clearly that they are concerned with the poor state of our roads, bridges and tunnels. Considering the fact that the amount of vehicles traveling our roads and highways has increased by 41% since 1995, we have not kept up with road maintenance to protect our vehicles from over-anticipated wear and tear and safety standards. A great example is the Champlain Bridge. If the Champlain Bridge had been properly funded and maintained, it would not have been required to be demolished and rebuilt, severely harming that region's economy and way of life. The State Comptroller recently stated that there are 1,280 defects in 723 bridges in New York State; and 163 bridges are rated less safe than the Champlain Bridge. The ASCE report card stated that 42% of New York's bridges are structurally deficient or functionally obsolete, 45% of roads are in poor or mediocre condition and 46% of our major highways are congested. This is certainly a scary realization that needs to be addressed today.

Our infrastructure needs to be considered and valued for what it is- an asset. An asset that allows us to go to work and school, our goods to be delivered, our family and friends to visit with each other and, essentially, that allows our society to exist as it does today. If you were a

homeowner and your greatest asset was your house, would you let it fall down? If you had a job that required a car, would you let your car become so bad that it was unreliable or unusable? The lack of investment in our state's infrastructure is costing us jobs, reducing our quality of life and threatening our ability to live and compete in today's world – not to mention how far we are getting behind our ability to compete in tomorrow's world.

Interestingly, investment in our infrastructure will help solve many economic problems and also help the state address other critical issues. A \$5 billion investment will create nearly 150,000 jobs. This will generate income for the state in new income taxes, save money by reducing unemployment, and generate billions more in specific local economic activity right here in New York. Most materials and supplies will be purchased in New York from New York companies. The initial investment back to the state in new fees, taxes and reduced unemployment and related costs will likely be 10-20% in the first year alone. Additionally, transportation work cannot be off-shored and workers benefitting from these investments will in NYS. Virtually all of the companies and their employees providing the related materials will also be in New York.

Engineers are in the business of identifying problems and providing solutions. It would be disingenuous for us to testify here today without providing some additional insight into how we can work together to solve these problems. First commit to rededicating the dedicated funds. Look at a variety of user fees to pay for upgrades and improvements. Tolls, gas taxes or vehicle mileage fees need to be indexed to account for inflation. Drivers waiting in hour-long traffic jams would gladly pay an extra 50 cents or a dollar not to have to wait and to have a safe and certain commute. Congestion pricing on tolled roads can help manage traffic flow. Public Private Partnerships can attract private capital to enhance our ability to do more with fewer public dollars. No one item will fix this problem but a comprehensive plan will point to a brighter transportation future.

Utilizing alternative delivery methods like design build and public private partnerships, in certain circumstances, may be a way to get more projects delivered or delivered more efficiently. When implemented correctly, design build can save money and move projects through the pipeline more quickly and efficiently. By infusing private capital, the State can offer vital transportation services without committing capital resources. While PPP means different things to different people, the public and private sectors already work together to maximize the limited resources we have. Most, if not all, of the infrastructure related agencies in transportation, water, environment, buildings, education, and others work with private sector design and construction companies to identify the best ways to deliver the development and services that we need. Cooperation is important and it helps us be more effective and efficient. But there is no substitute for the required dollars- whether they come from the public through more traditional means or from the private sector in PPP's or other new delivery methods.

Critically important in this process is to utilize existing private sector resources, from design to construction. New York's professional design community of engineers, architects, land surveyors and landscape architects, have the available resources, today, to provide the design, inspection and management of most, if not all, of the required design services. Despite some claims, reliance on the private sector will help cut costs. A report by Polytechnic Institute determined that using the private sector can save the state more than 15% of their design costs and when you include the recent estimates by the Governor and Comptroller regarding higher future pension costs, the savings may be closer to 20%.

Over the last 4 years, this economic roller coaster has shown us that there are many areas of uncertainty. A greater reliance on private design firms allows the state to be more flexible and stop programs or projects immediately. While we do not like the idea of stopping projects, the reality is that with a large in-house staff, that is just impossible. Please note that we are not advocating the elimination of in-house staff. Some in-house design and oversight is necessary and provides for an overall better program. A greater reliance on the private sector will help to preserve and hopefully increase the number of jobs that these companies can support. That in turn will generate greater local and state taxes to help support our public sector needs.

Another way to not only save money, but also ensure the highest safety and quality in transportation projects, is to use Qualifications Based Selections in procuring a design professional firm. A recent report performed by University of Colorado and Georgia Tech shows that projects that use QBS as a procurement method resulted in lower costs and reduced schedules. The study highlighted that QBS lowered the project change order rate and resulted projects being completed more quickly. Using QBS is a smart and efficient way to ensure the best possible outcome for a project. Overall costs will be lower over the initial project and the expected lifetime of the project.

This is about safety, quality of life, jobs, the economy, and the future of our state. Did you know that Americans spend 4.3 billion hours a year sitting in traffic? Or that nearly a third of highway fatalities are due to substandard road conditions, obsolete road designs or roadside hazards? Do we want our children spending an extra 30 minutes each day on school buses and our commuters spending an extra hour each day just getting to work? Time that could be spent with their families, helping with homework, going to school plays, soccer games or just talking to their kids.

ACEC New York and our member firms are ready and able to help New York state get back to business; investing in the future of our children, making the state a better place to work and live, and turning the economy around. Please consider us as your partners as we address these future challenges.

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TRI-STATE TRANSPORTATION CAMPAIGN



Good afternoon. My Name is Nadine Lemmon and I'm the Albany Legislative Advocate for Tri-State Transportation Campaign. Tri-State is a non-profit transportation policy organization, dedicated to creating a more balanced, environmentally-friendly and equitable transportation system in New York, New Jersey and Connecticut.

First, I would like to thank you for authorizing the demonstration program for bus lane camera enforcement of New York City's bus lanes. The system has been initiated and is working well—camera enforcement is currently keeping Select Bus Service lanes clear on 1st and 2nd Avenues. Today, in the interest of time, I have attached to this testimony a follow-up request asking the Governor and the Legislature to include similar authorization, in this budget, for a speed camera demonstration program that we believe will dramatically improve the safety of New York's roads. I have also attached a letter, submitted to the Governor, with policy recommendations addressing a broad range of transportation issues across the State.

Today, I would like to highlight four suggestions from that letter.

First: Long Island Bus and Choice Lanes

Long Island Bus is one of the nation's largest bus systems, carrying 31 million customers each year. Its service is important for the quality of life, economic development, and our environment. However, at the moment, its future is unclear. Half to two thirds of this service will be eliminated without immediate action from the State, the MTA, or the County. We believe the State should not allow this vital asset to be eliminated.

One suggestion for a possible future funding source is "Choice Lanes"—not a tax or a fee—but a choice that enables drivers to pay a little extra to get to their destination on time. Using new technologies, the under-utilized HOV lanes on the Long Island Expressway can be converted to Choice Lanes, which enable cashless tolling, at freeway speeds, while simultaneously distinguishing between single and multi-occupancy vehicles. Those that are carpooling on the lanes would continue to ride for free; those single-occupancy vehicles that choose to enter the lane, would either have money deducted from their EZ-Pass account or be billed for the ride (using license-plate-reading cameras).

The result is to everyone's advantage. Those who need to get to their destinations quicker than rush-hour traffic allows, can choose to pay to travel faster. Those in the traditional lanes, that choose not to pay, get less congested roads. As the Cato Institute points out, studies have shown that Choice lanes lead to higher average peak-period speeds in traditional lanes, rising from 15 mph to 32 mph, and morning peak-period congestion dropped, from four hours to less than three hours. By monitoring flow using real-time traffic feedback, Choice Lanes can keep cars moving at 60 MPH. Thus, a scarce resource is allocated efficiently thru choice-based congestion pricing, and the new funding stream could help to fund LI Bus.

Second: Complete Streets

The proposed Complete Streets legislation (S1332/A1863) will assure that when a road is built or redesigned that it is built for all users of the road, not just cars. This is not legislation that will have a line-item effect on the budget in front of you, but I'd like to point out some of the fiscal implications of not passing this legislation.

In the years between 2006-2009, over a 1,000 pedestrians and bicyclists died on our roads. The major cause of these deaths was out-dated road design practices, conceptualized in the 1950s to maximize the throughput of vehicles—wider streets, speeds over 40 MPH in populated areas, no sidewalks in hamlet centers. In New York State, we spend less than 1% of our total federal transportation dollars on bike-ped safety, yet 22.5% of traffic fatalities are pedestrians—the highest percentage in the United States. If one were to do a cost-benefit analysis of that funding allocation, what would it look like? According to a recent *New York Times* article, NYS DOT values a life at \$6.1 million dollars. Multiply that by pedestrian deaths over 3 years, and you get \$2.4 billion dollars and yet, in the past 3 years, we spent between \$50M and \$75M on bike/ped safety. The numbers reveal that our policies are misallocating federal dollars.

Looked at from another angle, Medicare and Medicaid are amongst the biggest ticket items on your agenda. Every time a New Yorker moves into an assisted-living situation, the State's costs go up dramatically for health care. One of the huge benefits of Complete Streets is that it enables many of our seniors to "age in place." If they don't feel safe crossing the street to get a gallon of milk, they'll need to move out of their homes.

This legislation does not change the overall amount of money that will be spent on our roads—but it does ask engineers to consider the safety of pedestrians and bicyclists. The roads we build today will be with us for the next 50 years—so the potential long-term fiscal implications of those decisions are tremendous.

Third: Performance Measures

To be fiscally responsible, we need to figure out where our money is being spent, and whether we are getting a good bang-for-the-buck. However, at the moment, NYS DOT does not have a comprehensive policy for measuring the performance of their investments.

In order to protect our budget dollars, NYS DOT should report quarterly—to the Governor, the State Legislature, and the public—on performance measures including fix-it-first, repairing of our roads and bridges, transit conditions, vehicle miles traveled, greenhouse gas emissions, and road safety. A good model is Washington State DOT's *Gray Notebook* which is easy to read and available online.

Lastly: Transit

This portion of my testimony is being given on behalf of a diverse group of advocates working together to support public transportation options in the New York metropolitan region: Tri-State Transportation Campaign, NYPIRG Straphangers Campaign, Environmental Defense Fund, Pratt Center for Community Development, and New York League of Conservation Voters. While this testimony is focused on the MTA, our concerns encompass non-MTA systems as well—with dedicated funds covering only 50% of their operating costs, they too are struggling to serve their customers.

Public transportation is the foundation of New York's economic vitality, and a strong system is crucial for the recovery and the future growth of our State. Our group believes it is essential that New Yorkers are provided with **more transit options**, not less.

1) Affordable and efficient transportation helps people get to their jobs, to their schools, and to their doctors. When the cost of fares go up, or when commutes get longer, it ratchets up the cost of living and puts upward pressure on wages and the cost of doing business. Many New Yorkers are dependent on transit—because they can't drive, or can't afford to own cars. According to the Bureau of Labor Statistics, households spend more than \$8,000 a year owning a car, a number that is out of reach for many New Yorkers.

2) NY's Climate Action Plan states that the transportation sector accounted for 34% of New York's gross Green House Gas Emissions in 2008. Public transit helps to alleviate the negative impacts driving has on our air quality, our climate, and our bodies.

3) There are vital transit manufacturing companies here in New York, capitalizing on the biggest public transportation system in the nation. The MTA's capital program creates 346,000 jobs around the state and the New York Building Congress reported that 18,000 construction jobs would disappear if the MTA's next capital program is not fully funded.

Given the State's fiscal situation, even though we would like to see more money flowing towards public transportation, we accept the FYE 2012 Executive Budget as is, but this proposed budget represents *the minimum acceptable level of support*. In order to provide this minimum level, we believe this legislature has to take three important steps:

1) The State has to stop raiding dedicated transit funds

Funds dedicated to public transportation should be spent on public transportation. Over the years, Albany passed laws levying new taxes and fees on New Yorkers, while promising that the "sole purpose" of those funds was to support public transportation. Those promises were broken. Funds that were explicitly created to provide the MTA with a stable and reliable funding source, have not been there when most needed. At the eleventh hour, the State has repeatedly shifted the cost of New York's general budget woes onto the backs of those who can least afford it.

Stealing these funds from the system has real economic impacts. Last year's \$160M raid of dedicated funds triggered fare hikes and the worst transit service cuts that we've seen in recent history. Millions of New Yorker's had longer waits, longer trips, and more crowded service. The deterioration of service has been a tax on users, and has created inefficiencies in the economic system.

The MTA is projecting a cash balance of \$8 million at the end of 2012, a dangerously thin margin. Dedicated funds make up a vital 37% of all MTA revenue and unfortunately, these funding sources are already underperforming: in 2010, before diversions, \$563 million less was raised than anticipated.

In his Executive Budget, Governor Andrew Cuomo has proposed a net reduction of \$100 million in MTOA funds to the MTA. As we note below, the MTA says it can absorb the cut. Any additional raiding of dedicated transit funds by the State legislature would risk a fare hike—for the fourth year in a row—and service cuts.

Again, we urge you to hold the line by not taking funds dedicated to transit.

2) The Legislature, in conjunction with our groups, needs to monitor the impact of the \$100 million cut proposed in this budget.

The MTA has indicated that they can "absorb" the impact of the Executive Budget's proposed cut. However, it is not clear how they will do this. The system has already been dealing with lost revenue and is still reeling from the \$160M diversion in dedicated funds. The budget's additional cut will invariably put more pressure on the system that might be reflected in poor station upkeep, layoffs, declining service. We urge you to monitor the impact of this cut, and if it looks like this cut is placing an undue burden on passengers and workers, we ask that you reevaluate the situation.

3) There is a transportation crisis looming ahead of us—the Legislature has to find new funding streams, now.

The MTA Capital Plan has a \$10-13 billion gap in a \$25B program. If the state doesn't find money for this program, the capital needs that assure the safety, reliability, and efficiency of the system will be left hanging. Track work, signal upgrades, communication improvements, as well as already initiated capital projects can only move forward if a secure source of funding is in place. If we wait until the economy turns around before addressing this funding gap, costs will be higher and the task more daunting.

There is no question: this crisis demands that we find new revenue sources. There are a number of funding options to consider and our groups look forward to engaging with the legislature on this matter once the budget is passed.

American Academy of Pediatrics, NY Chapters 2, NY Chapter 3;
Empire State Future; New York Academy of Medicine;
New York City Strategic Alliance for Health;
New York State Academy of Family Physicians; New York Bicycling Coalition;
New York State Division of the American Trauma Society;
Transportation Alternatives; Tri-State Transportation Campaign

February 11, 2011

The Honorable Andrew M. Cuomo
Governor of New York State
NYS State Capitol Building
Albany, NY 12224

Dear Governor Cuomo,

As public health, pedestrian and cyclist advocates, we write to you to urge you to include the authorization of speed enforcement cameras in New York City within the 21-Day Amendments of the 2011-2012 State budget.

Speeding is the number one cause of deadly crashes in New York City. Speeding claims four times as many lives than drunken driving and two times as many lives than distracted driving in New York City. In 2009, 63 people were killed and 2,150 people were injured as the result of speed-related crashes in the five boroughs.

Pedestrians, whose deaths account for 52% of these traffic fatalities, are at a heightened risk of injury in speed-related crashes. If a pedestrian is hit by a car at 30 mph there is a 20% chance the pedestrian will be killed, but if the driver strikes a pedestrian at 40 mph—only 10 mph above the speed limit—the chances the pedestrian will be killed increase to 70%.^[1] Getting drivers to obey the city's 30 mph speed limit will save lives.

Motor vehicles are the leading cause of death due to injury among children in New York City. Child pedestrians represent three quarters of these victims. To reduce child fatalities, *The New York City Child Fatality Report, 2010 Report from the Child Fatality Review Team* recommends, "the use of speed cameras along dangerous streets to reduce serious injuries and fatalities caused by speeding vehicles." The inter-agency team found that fatal injuries are occurring disproportionately among younger children, and children in the city's most impoverished neighborhoods.^[2]

Speed cameras will boost the effectiveness of the NYPD and reduce injuries and fatalities. With fewer resources and more responsibility, the NYPD needs better support to enforce the speed limit on the city's 6,000 miles of streets and highways. This is evidenced by the fact that the total number of speeding tickets each year has fallen, while the number of speeding related deaths continues to rise; between 2001 and 2006, the number of tickets dropped by 22%, while the number of fatalities rose 11%.

Speed enforcement cameras are now in use in 70 communities in 13 states across the country. Research shows that speed enforcement cameras reduce injuries and fatalities by 40-45%.^[3]

Speed Cameras are budget neutral. Speed cameras must be authorized by the New York State Legislature, but do not require any state funding. New York City is responsible for all program costs.

There is precedent for passing automated enforcement authorization within the budget. In the 2010, the legislature authorized the use of bus lane cameras within the budget.

Speed Cameras are part of a complete streets agenda and promote a healthy New York. Our groups applaud your support for multimodal transportation and complete streets within your policy agenda. Our groups also support complete streets, as they provide the dual benefits of reducing injuries and fatalities and encouraging healthy and active living. Policies like complete streets, however, are most successful when they're paired with strong traffic enforcement measures like speed cameras.

Thank you for your consideration and we look forward to working with you and your team to make New York State's roads safe for all New Yorkers.

Regards,

Bess Rodgers
Executive Director
NY Chapter 2, NY Chapter 3
American Academy of Pediatrics

Peter B. Fleisher
Executive Director
Empire State Future

Dr. Jo Ivey Boufford
President
The New York Academy of Medicine

Javier Lopez
Director
New York City Strategic Alliance for Health

Dr. Linda Prine
President
American Academy of Family Physicians,
New York County Chapter

Brian Kehoe
Program Manager
New York Bicycling Coalition

Janet Cucuzzo, RN
President
American Trauma Society,
New York State Chapter

Paul White
Executive Director
Transportation Alternatives

Kate Slevin
Executive Director
Tri-State Transportation Campaign

^[1] E. Rosen, U. Sander. 2009. *Pedestrian Fatality as a Function of Car Impact Speed*. Accident Analysis and Prevention. 41: 531-542..

^[2] P. Fortin, L. DiGrande, M. Glaser, C. Stayton, and New York City Child Fatality Review Team. 2010. *New York City Child Fatality Report*. New York: New York Department of Health and Mental Hygiene.

^[3] C. Wilson, C. Willis, J.K. Hendrikz, N. Bellamy. 2006. *Speed Enforcement Detection Devices for Preventing Road Traffic Injuries*. Oxfordshire, England: The Cochrane Collaboration.

TRI-STATE TRANSPORTATION CAMPAIGN



Mobilizing the Region

December 22, 2010
Hon. Andrew Cuomo
Governor-Elect
Church Street Station
P.O. Box 683
New York, NY 10008

Re: Transportation priorities

Dear Governor-Elect Cuomo:

Congratulations on your victory. The Tri-State Transportation Campaign (TSTC), a non-profit policy organization working for a more sustainable transportation network in New York, New Jersey and Connecticut, looks forward to working with you. Over 15 years, we have helped elected officials and transportation departments direct spending toward transit, cycling, walking, and infrastructure repair projects and away from sprawl inducing highway expansion.

As you consider policy and staffing for your Administration, we offer the recommendations below:

Turn New York State Department of Transportation into a smart growth leader. Appoint a reformer to run the agency and direct her or him to implement the Smart Growth Infrastructure bill passed last year. To do this, the agency should:

- Make sustainability programs that connect land use and transportation – such as NYS DOT's GreenLITES and PennDOT's Smart Transportation program – the norm for project selection rather than independent programs. Ensure the vast majority of transportation resources are directed to towns working toward smart growth visions;
- Report to you, the State Legislature, and the public quarterly on performance measures including road, bridge and transit conditions, vehicle miles traveled, greenhouse gas emissions, and road safety. A good model is Washington State Department of Transportation's Gray Notebook which is easy to read and available online;
- Redo the state's street design criteria using NYC Department of Transportation's *Street Design Manual* and the Institute for Transportation Engineers and the Congress for the New Urbanism's manual, *Designing Walkable Urban Thoroughfares*, as models.

- Take control of NYS DOT regional offices to ensure that a cohesive transportation vision is being implemented. The eleven regional offices of NYSDOT function with their own institutional culture and policy focus. Streamlining these offices and ensuring they are following the direction of headquarters in Albany is critical to realizing a 21st century transportation policy across the state.

Support innovative projects such as the transformation of the Sheridan Expressway in the South Bronx into parks and housing. The underused 1.25 mile highway was never completed and remains a stub bisecting an environmental justice community in the Bronx. A coalition of groups, including TSTC, has been urging the NYS DOT to remove the highway as part of the Sheridan Bruckner Sheridan Environmental Impact Study (PIN X730.39) and replace it with more appropriate urban uses. Such a move could become a model of smart growth investment for the state and nation. NYC DOT recently won a TIGER II award to study potential uses of the roadway but the City requires state cooperation.

Stop the diversion of transit dollars. New York State has redirected hundreds of millions of dollars in dedicated transit funding resulting in fare increases, cuts to dozens of bus routes, and the elimination of two NYC subway lines. Transit funding should be increased, not decreased. We urge you to retain transit funding in your Executive budgets.

Increase support for transit operations and capital projects and consider a NYC congestion pricing program as a possible funding stream. The state's economy is dependent on reliable transit service yet both MTA and non-MTA systems face drastic funding challenges in coming years. The MTA's capital program deficit is \$10B of a \$25B program. New revenue sources will be necessary to stop the system from becoming unsafe and unreliable. An NYC congestion pricing program would align with state goals to reduce greenhouse gas emissions and create more transportation choices.

Appoint MTA board members who ride public transportation and reflect the diversity of transit riders. As Governor, you appoint the MTA's 17 member board with six members being under your direct control. We urge you to recommend effective, diverse, and qualified representatives who represent riders.

Improve suburban transit, especially for bus riders, and consider scaling down the Tappan Zee Bridge project. Nassau County's Long Island Bus is facing cuts that could destroy the system and Westchester's Bee-Line Bus cut service this spring. A new funding agreement between Nassau County and the MTA, along with more state support for all county systems, could offer cost savings and protect service for riders.

On the capital side, the next Governor should also support the LIRR third track project (key for Long Islanders to reap the benefits of East Side Access) and plans for bus rapid transit in the Tappan Zee Bridge/I-287 corridor. Additionally, plans for Tappan Zee Bridge replacement could be scaled down and proceed without the commuter rail connection from Rockland to NYC. Most commuters using the Tappan Zee are travelling to suburban destinations, not ending their trips in Manhattan, so the bus rapid transit connection, which provides much greater utility at the most affordable cost, should be retained.

Redirect Port Authority ARC funds to projects that improve bus service between New Jersey and NYC. NYC and New Jersey both benefit from strong transit connections across the Hudson River. Governor Christie's killing of the ARC tunnel project increases the urgency of improvements for cross-Hudson commuters. While NYC investigates a possible #7 extension to NJ, there remain important improvements for the 192,000 bus users each day. Bus improvements are the most affordable and fastest method to reduce commute times, alleviate congestion, and provide better transit service. We urge you to redirect the Port Authority's \$3 billion contribution to ARC to projects that would benefit cross Hudson commuters. These include a second Manhattan-bound bus lane through the Lincoln Tunnel in the morning, a westbound bus lane during evening rush hours, additional NJ TRANSIT buses, a bus garage on the West Side of Manhattan, and a reconstructed Lincoln Tunnel helix.

Make roads safer, adopt a complete streets policy, and recommend speed enforcement cameras in your first executive budget. Each year, roughly 1,200 people die in traffic accidents in New York State, 300 of them while walking. Traffic calming offers tremendous safety enhancements on dangerous roadways for limited capital investment. We strongly urge you to support complete streets legislation (A8587-B/SB5711-B) that passed the Senate earlier this year, use federal dollars to fix the state's most dangerous roads for walking, expand affordable and effective programs like the NYS DOT's Local Safe Streets and Traffic Calming Grant and SafeSeniors programs and start a new statewide Safe Routes to Transit program. Also, speed enforcement cameras can improve safety on highways and in urban areas while raising revenue.

Retain Port Authority Executive Director Chris Ward and MTA CEO Jay Walder, both innovative leaders who have proven themselves as adept and highly capable leaders during challenging times.

Sincerely,



Kate Slevin
Executive Director



Veronica Vanterpool
Associate Director

Michael Rinella

Schenectady, NY
518-588-0237
mikerinella@aol.com

Hon. John A. DeFrancisco
New York State Senate
Chair, Senate Finance Committee
Hon. Herman D. Farrell
Chair, Assembly Ways & Means Committee

Re: Financing NYS Transportation

Senator DeFrancisco & Assemblyman Farrell:

I come before the Joint Legislative Budget Hearings to present a new funding method for transportation, HSR and infrastructure entitled "Self-financing American Infrastructure Bonds" or AIBS[®]. AIBS[®] will fully fund the President's proposed \$30 billion National Infrastructure Bank (NIB) in a unique manner, to wit:

- AIBS[®] are self-financing; as a result there is never a need for external support in terms of new taxes, tolls or fees of any kind, plus there will be no cost to NYS or feds, ever.
- The AIBS[®] structure includes a \$150 billion investment Trust which will fund a new round of Build America Bonds (BABs), if reauthorized by Congress, at below market rates. The lower funding costs will save BAB issuers \$13.8 billion and under the President's proposal for a reduced 28% reimbursement, the US Treasury should also save \$10.8+ billion. The result is a total AIBS[®] benefit of \$54+ billion.
- The CBO should score AIBS[®] at "\$50+ billion", I believe, thus no impact on the proposed federal budget or long-term US debt.
- Implementing AIBS[®] will create 1+ million jobs nationwide.
- **The impact for New York State will be impressive:**
 - \$1.8+ billion for transportation
 - New York and its authorities issued \$19.6 billion worth of Build America Bonds in 2010, second behind California. If the same volume is issued in 2011 NYS would stand to save approximately \$1.8 billion lower bond costs as well.
 - \$1.8 billion will create approximately 63,000 jobs.

AIBS[®] employs three time-tested financing methods that are exercised each and every day at the state and federal level, and have been for nearly a century. By combining these methods for the first time AIBS[®] can fully fund the \$30B NIB under a 0-cost financing and create many jobs while invigorating our nation's economy and global competitiveness.

Sincerely

Michael Rinella

Funding the \$30 Billion National Infrastructure Bank To fund NYS Transportation

Quick Facts



via

Self-financing

'American Infrastructure Bonds'®

(AIBS®)

A zero-cost Structure

0-cost structure due to AIBS® self-financing feature

- New taxes 0
- Cost/fees to motorists, commercial carriers, rail & airports 0
- Cost to states 0
- Cost to federal government/Treasury 0
- Estimated CBO scoring + \$50 billion

B. Michael Rinella
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Confidential and Privileged Information, Patent Pending US 61/212,957

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2/25/11

About the AIB Business Method Author:

I have worked directly for two New York State governors (Carey and M. Cuomo), NYS Senate Finance, a number of State agencies, taught investment structures in the MBA programs at Rensselaer Polytechnic Institute and Union College, and worked as an investment banker on Wall Street in public finance relating to the transportation sector. The AIBS model has been designed to make both financial and political sense, and is based upon my professional experiences and finance/economic development degrees from Niagara University, Rensselaer Polytechnic Institute and Harvard.

Self-financing American Infrastructure Bond[®] Method

Patent Pending US 61/212,957

B. Michael Rinella, mikerinella@aol.com, 518-588-0237

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Quick Facts

- Name:** Self-financing ‘American Infrastructure Bonds[®]’ (AIBS[®]) Financing Method
- Purpose:** a) fully capitalize the \$30B National Infrastructure Bank (NIB) at inception & b) internally pre-fund all bonded debt in 2036 for a 0-cost financing structure.
- Source of Funds:** Private investors who will purchase “Self-Financing American Infrastructure Bonds”[®] (AIBS[®]). AIBS[®] will be in a 25-year “zero coupon format”.

The AIB[®] bonds to receive a US agency credit enhancement thereby lowering the cost of AIB[®] “zero” bonding to about 4.6% based upon the following:

- Since \$23.7 Trillion in credit enhancements have been issued since 2007 (1)
- NIB’s ability to repay the 2011 bonded debt in 2036 is based upon an internally and fully funded \$150 billion Trust invested with a conservative, targeted return of 5.38% in high quality bond credits.
- The NIB’s self-funding feature should result in “\$30+ billion” score by the CBO.

Bond

Repayment: Investors will be repaid by an internal, self-financing method unique to AIBS[®]. The self-financing feature is made possible due to the creation of a \$150 billion, internally, pre-funded NIB “Lease Revenue Trust” 100% on day one from the initial bond proceeds. As a result there is never be a need for taxes, tolls or user fees, or funding from state or federal government/Treasury whatsoever, ever.

The NIB’s \$150 billion “Lease Revenue Trust” will be invested in (proposed) new, 2011 BABs with a Treasury deficit-neutral reimbursement rate of 28%.

A BABs Fixed Income Portfolio of “high credit” bonds such as **Build America Bonds** (BABS) in the event that they are extended. The average yield for 2010 BABS according to the *Wells Fargo BAB Index* for 2010 was 5.75%. The *Index* has an average maturity of 28.83 years and average credit ratings of Aa3 and AA- from **Moody’s** and **S&P**, respectively. (2)

High grade corporate bonds could also be used for investment purposes. In Oct, 2010 the NYS Dormitory Authority issued 25-year “AAA” rated PIT bonds for 5.38% (BABS). (3)

Jobs created: Total job creation is projected at 35,000 per \$1 billion (plus a 20% state match) or 1+ million for the \$30 billion. (4)

Net Cost: A \$30 billion NIB with 0-cost structure due to AIBS© self-financing feature:

New Taxes	0
Cost/fees to motorists, commercial carriers, rail & airports	0
Cost to states	0
Cost to federal government/Treasury	0

An AIBS© /BABs//NIB financing will actually save the federal government or taxpayers \$40.5 billion over a 25 year period (\$30B for the NIB and \$10.5 billion in Treasury reimbursement at 28% v 35 %.) and the states another \$13.8 billion in lower financing costs for a total AIBS© impact of \$54.3 billion in total savings.

AIB^o funding example at the individual state level:

The three independent and recognized financing techniques that are used daily are combined to create the Self-financing “American Infrastructure Bonds^o” business method. What is new is that recognition that they can be combined or financially re-engineered resulting in a financial synergy of significant proportion.

AIBS^o Illustration

- A) **The A Piece: Asset Monetization:** A state asset (such as I-87 in NYS) is presented to the National Infrastructure Bank for the NIB’s Monetization Program (MP). If NIB approved, the subject asset will be sold to a state public benefit corporation (PBC) with bonding authority, such as the Thruway Authority, for \$6 billion. The Thruway will borrow the funds in the form of a US agency credit-enhanced **“zero coupon bond”** with principle and interest due in 25 years, 2036.

Market bond rate for similar transactions as of 12/8/10 is 4.6%.

25-year US Treasury Strip (zeros) costs as of 12/8/10: 4.605%

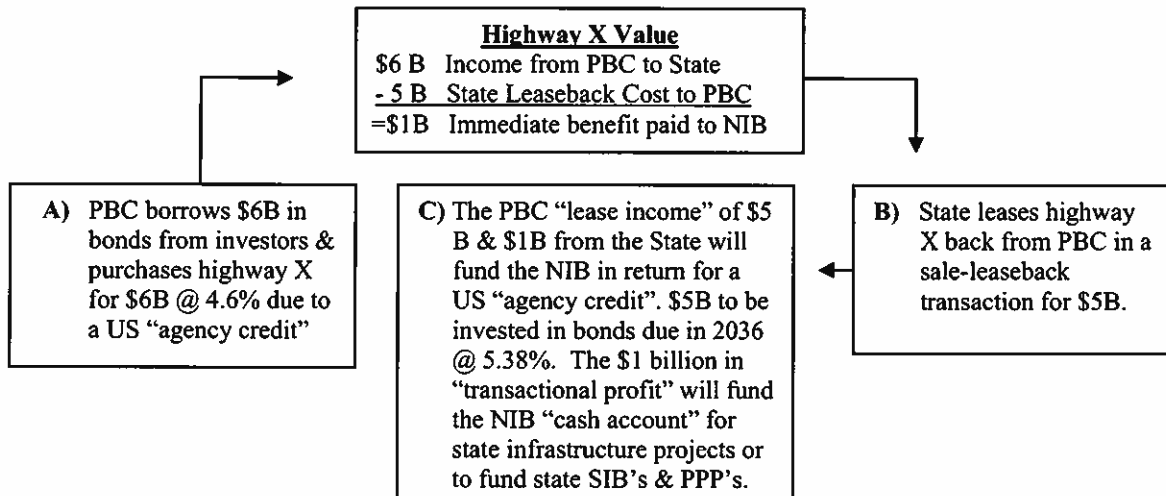
U S TREAS BD STRIPPED PRIN PMT			
0.000	02-15-2036	<u>4.605%</u>	31.779

Ameritrade: <http://www.tdameritrade.com/welcome1.html> (5)

- B) **The B Piece: The Sale Lease Back:** State immediately leases back the exact same highway or asset it just sold to the PBC (Thruway), for \$5 billion. As a result the PBC now has a lease “income” or revenue of \$5 billion, no different from a traditional highway toll income except in this instance rather than many cars paying \$3, \$4 or \$5 per ride to generate revenue over time there is only one revenue payment; a guaranteed payment of \$5 Billion, day one. **This lump sum income revenue creates the opportunity for a revenue bond financing.** The \$1 billion difference or “transactional profit” will be used to fund the NIB “cash account”, which will be drawn upon as NIB-approved infrastructure projects unfold at the subject state level or to fund individual State Infrastructure Banks (SIB’s).
- C) **The C Piece: Long-term Investment Management:** The PBC’s (Thruway’s) entire lease revenue income of \$5 Billion plus \$1 billion from the State is the fee for participating in the NIB’s US agency, credit-enhanced AIBS^o program. The \$6 billion will fund the NIB; \$1 billion for the “cash account” to fund infrastructure projects and \$5 billion for the “Lease Revenue Trust” which will be invested with a guaranteed 5.38%, 25-year return. The NIB’s “cash account” will be drawn down by the State as infrastructure projects are approved by the NIB or used to fund individual SIB’s and approved PPP’s. On a national scale, the NIB will be capitalized at \$180 billion (\$30 billion cash account and its \$150 billion “Lease Revenue Trust”).

AIBS funding example at the individual state level

The Combining “A”, “B” & “C” = Self-financing American Infrastructure Bond Method



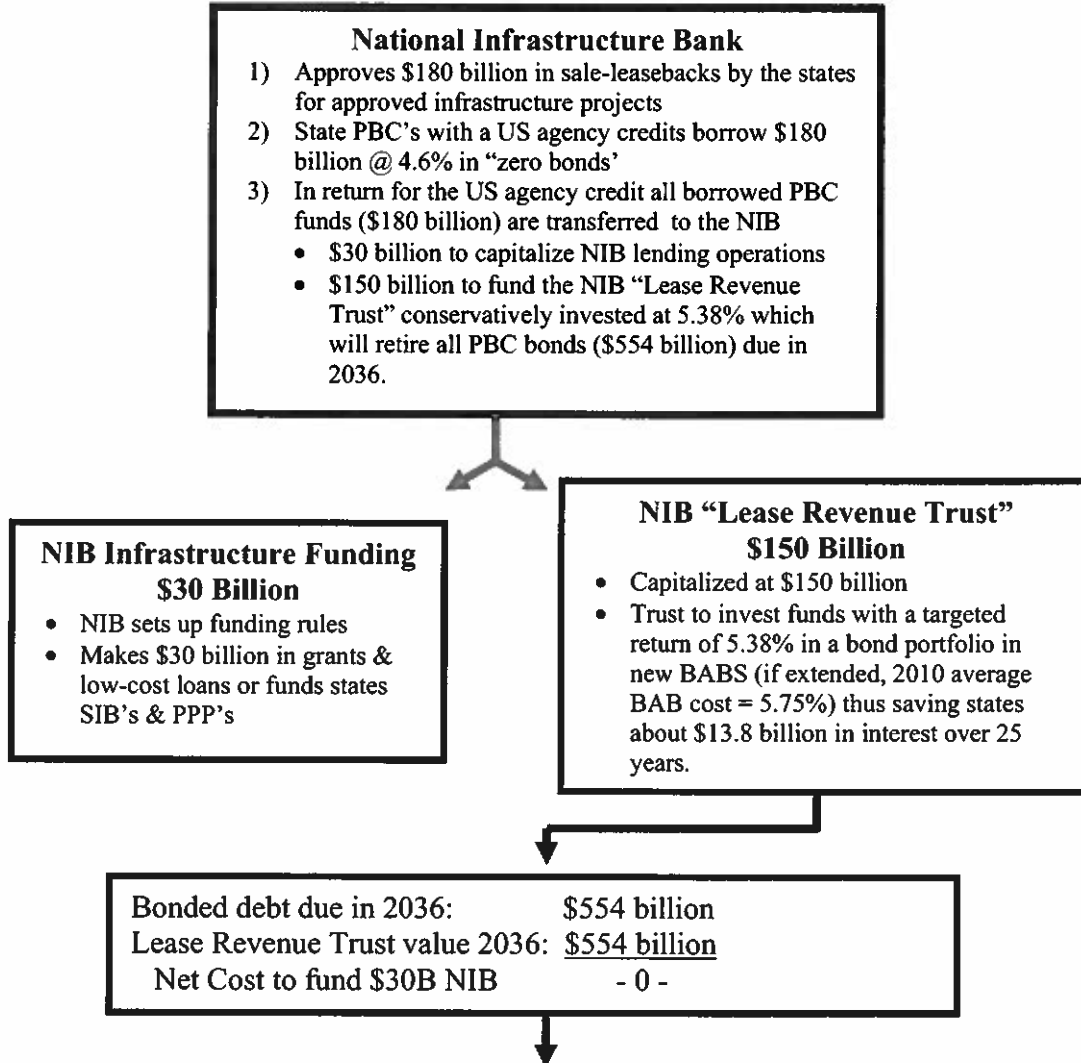
NIB Portfolio: The NIB Trust will be invested in a 2011 BAB reauthorization which is being currently before Congress.

The projected rate of return for the NIB portfolio is 5.38% which is also 37 basis points (bps) lower the average yield on 2010 BABS according to the *Wells Fargo BAB Index*. (8)

- The \$150 billion NIB portfolio will fund the next generation of BABS..
- Last year there were \$162 billion in “highly credit” BAB issues.
- The average BAB was 28.83 years and had a credit rating of Aa3 and AA- from Moody’s and S&P, respectively. (8)
- In 2011 it is expected that \$500 billion in new muni funding will come to market. As a result the new 2011 BABS funding will target the highest credit financings (top 30% of all financings) and thus reward those states and municipalities who run their financial operations at the highest level of efficiency and credit worthiness.

AIBS[®] SUMMARY on a National Scale:

The National Infrastructure Bank Schematic



New 2011 AIBS[®]/Build America Bonds Synergy, if approved

<u>25-Year BABS Investment:</u>	
• Targeted taxable return:	5.38%
• Historic BAB taxable yield:	5.75%
<u>Benefits</u>	
• NIB under a self financing structure:	\$30.0 billion
• \$150 billion below market BAB [®]	13.8 billion state savings
• Treasury savings in reimbursement	<u>10.5 billion @ 28% v 35%</u>
Total AIBS[®]/BAB Benefit:	\$54.3 billion

Credit Enhancements:

1. The debt retirement in 2036 of \$554 billion will have a US credit enhancement thus allowing the original 4.6% borrowing under a 0 coupon bond format.
2. The NIB \$150 billion "Lease Revenue Trust" investment in a new 2011 BABs program (if approved) at 5.38% (less than the average cost of 2010 BABs at 5.75%) will also be valued at \$554 billion (thus the 0-cost) and save the borrowing state and muni entities up to \$43.8 billion (depending on NIB grants or low cost loans), and the US Treasury \$10.5 billion in reimbursement at 28% (versus 2010 BABs at 35%) due to the lower bond costs.
 - \$180 billion in assets will be purchased by the PBC. These assets will also be pledged as collateral for participation in the AIB[®] program by the state PBC's.
 - If any state issuer fails to make payment on a BABs bonding their 28% reimbursement will automatically stop.
 - Participating states could also pledge their full faith and credit for prompt bond payment under an AIB[®] financing through a "contingency contractual agreement" similar to what many states exercised when securitizing their Master Settlement Agreement (MSA) awards from the tobacco companies. The courts have ruled that "contingency contractual agreements" are not debt of the state and will therefore not affect individual state credits or bonding capacity.

A double-barreled credit financing has been structured

1. The US credit enhancement has been structured to provide the necessary borrowing credit; and,
2. In order to score high and add comfort re the federal credit enhancements the participating states will also a) pledge the monetized assets to the federal government, b) be required to make timely payment (or lose the 28% Treasury BABs reimbursement) and b) to back their BAB bond payments by their full faith and credit meaning the US credit enhancement is, in effect, backed by the states as well thus assuring the full payment of their BAB bonding obligation.

All bond investments will be of the highest grade and subject to extensive due diligence and credit approval. While the US credit enhancement will make the issuing bonds attractive investments to investors the state's collateral pledge to the US government (monetized assets, Treasury reimbursement and "full faith and credit" of the respective states) will accomplish the same for the federal government and make certain that the states act responsibly and fiscally prudent.

Summary for a National “Self-financing America Infrastructure Bonds®” program:

- 1) The \$30 billion National Infrastructure Bank (NIB) is fully funded day one.
- 2) The \$30 billion will be used to fund infrastructure projects via the NIB at the federal level or to capitalize State Infrastructure Banks (SIB’s), including P3 agreements, plus:
 - *not one tax or tax contribution in any form is needed, ever*
 - not one cent in tolls is required
 - not one layoff at state DOT’s; jobs, in fact, 1+ million jobs will be created and be welcomed by organized labor and industry groups at all levels.
 - not one cent in State or federal funds is needed; thus
 - the subject assets, toll-free highways, remain “free” (no tolls) yet are reorganized to *produces \$30 billion in income* to fund the NIB.
- 3) Expected political opposition can be assuaged due to AIBS® self-financing feature and the additional savings to states (\$13.8 B) via a 2011 BAB authorization and the savings for Treasury (\$10.5 B) due to the 28% reimbursement vs 2010 BAB reimbursement of 35%.
- 4) The AIB® funding method employs three, time-tested, well-established financings that are used daily throughout the nation and supported by both Democrats and Republicans at the state and federal level for nearly a century.
- 5) “Scoring” AIBS® per 2010 Financial Report of the United States Government, Notes to the Financial Statements (#4, <http://www.fms.treas.gov/fr/index.html>) and The Financial Management Service (US Treasury) re the **Federal Credit Reform Act of 1990** (FASAB SFFAS 2, 18, 19 and TR 3, 6, <http://www.fms.treas.gov/ussgl/creditreform/index.html>):

Assets to be deposited with the NIB

Initial income from states:	\$180,000,000,000	
- NIB funding	- 30,000,000,000	
Net for investment NIB investment	\$150,000,000,000	
+ Capital Asset Pledge	180,000,000,000	
Total NIB assets (PV)	\$360,000,000,000	net + “ individual “contingency contractual agreements”

Future Obligations

2036 credit enhancement (FV)	\$554,000,000,000	(worst case scenario)
2011 credit enhancement (PV)	220,000,000,000	net discounted @ 3.75%

Anticipated CBO Score +\$140,000,000,000

6) **Total Benefits from “Self-financing American Infrastructure Bonds®”**

NIB funded	\$30.0	billion, no tax increases, tolls or costs to state or feds.
State savings	13.8	billion over 25 years in lower financing (5.38% v 5.75%)
<u>Treasury savings</u>	<u>10.5</u>	billion in BAB reimbursement (28% v 35%)
Total benefits	\$54.3	billion

The Politics of Transportation: Broad Support

Feb 14, 2011: President Barack Obama on Monday proposed an ambitious long-term transport spending plan in his 2012 budget as a way to boost U.S. economic competitiveness and spur job growth.

- President Barack Obama's **\$3.73 trillion budget** blueprint for fiscal 2012 proposes to permanently renew Build America Bonds as part of a series of initiatives the administration hopes will spur regional growth.
- Obama aggressively accelerated efforts to upgrade aging roads, bridges and introduce high-speed rail with a six-year, **\$556 billion package**.
- The total is 60 percent richer than the last transportation blueprint enacted by Congress, which expired in 2009.
- The Obama proposal relies heavily on competitive grants and sidesteps earmarks in order to depoliticize how projects are financed.
- Obama is not seeking to raise gasoline taxes nor does he embrace calls by some experts to charge motorists a fee for each mile they drive.
- Obama's plan includes a \$53-billion proposal to advance high-speed rail over six years and a proposal to spend nearly 17 percent of the overall \$556 billion transportation package in the first year.
- It would also create an infrastructure bank capitalized at \$30 billion over six years to finance the biggest projects with the help of states and private investment.

National Infrastructure Bank (NIB)

Rep. Rosa DeLauro, D-3rd District, introduced the infrastructure bank proposal at the start of the 112th Congress, and she signaled it will be a top priority this year. v.

President Obama:

- President Barack Obama put the weight of the White House behind the proposal in his 2012 budget.

Rep John Mica (R, Fla & Chair of the Transportations & Infrastructure Committee)

- Feb 14, 2011: Rep. John Mica, R-Fla., the new chairman of the House Transportation and Infrastructure Committee, said he'll look closely at the idea. "I'm a fan of creating financing," he said.

Senator Barbara Boxer (D-Calif., chair of the Senate Environment and Public Works Committee)

- "It actually can create, for every billion dollars, ten times the [financial] activity, so it's huge," Boxer said. "It leverages hugely at very little cost to the federal government."
- Boxer said that while she's "very open" to the I-Bank idea, she simply doesn't see how it can advance in the Senate this year. "We don't have the votes over here right now," she said. "There's broad opposition."

Senator Kerry (D, MA)

- "This is an idea whose time has not just come but is long overdue," Kerry said at hearing last fall, chaired by Dodd, on the bank proposal. "We need to create new and

strong incentives for investment here in the building blocks for economic competitiveness - roads, bridges, rail, aviation and other essential infrastructure."

- Kerry noted that the European Investment Bank, a similar entity, financed \$350 billion in projects from 2005 to 2009. That helped "modernize seaports, expand airports, build rail lines and reconfigure city centers," Kerry said.

Other

- And outside groups, ranging from the **U.S. Chamber of Commerce** to the **AFL-CIO**, have embraced the concept.

Build America Bonds (expired on Dec 31, 2010)

President Obama

- President Barack Obama's **\$3.73 trillion budget** blueprint for fiscal 2012 proposes to **permanently renew Build America Bonds** as part of a series of initiatives the administration hopes will spur regional growth

Rep John Mica (R, Fla & Chair of the Transportations & Infrastructure Committee)

- Dec. 17, 2010: Representative John Mica, who becomes House Transportation and Infrastructure Committee chairman in January, plans to introduce a "reincarnation" of the Build America Bonds program, set to expire Dec. 31.
- "I can almost guarantee a reiteration of the Build America Bond program," Mica, a Florida Republican, said in an interview in Washington today. "We're working to find a reincarnation."

Senator Barbara Boxer (D-Calif., chair of the Senate Environment and Public Works Committee)

- Washington, D.C. – U.S. Senator Barbara Boxer (D-CA) lauded the Senate passage of the HIRE Act...**Expanding Build America Bonds**: allows state and local governments to borrow at lower costs to finance more infrastructure projects and put people to work.

References

(1)

US Dept. of the Treasury Incremental Financial System Support by Federal Agency Since 2007: (\$23.7 Trillion)

TABLE 3.4

INCREMENTAL FINANCIAL SYSTEM SUPPORT, BY FEDERAL AGENCY SINCE 2007 (\$ TRILLIONS)			
	Current Balance	Maximum Balance as of 6/30/2009	Total Potential Support Related to Crisis
Federal Reserve	\$1.4	\$3.1	\$6.8
FDIC	0.3	0.3	2.3
Treasury — TARP (including Federal Reserve, FDIC components)	0.6	0.6	3.0
Treasury — Non-TARP	0.3	0.3	4.4
Other: FHFA, NCUA, GNMA, FHA, VA	0.3	0.3	7.2
Total	\$3.0	\$4.7	\$23.7

Notes: Numbers affected by rounding. Amounts may include overlapping agency liabilities, "implied" guarantees, and unfunded initiatives. Total Potential Support does not account for collateral pledged. See the "Methodology for Estimating Government Financial Exposure" discussion in this section for details on the methodology of this chart. Other agencies include: FHFA, National Credit Union Administration ("NCUA"), Government National Mortgage Association ("GNMA"), Federal Housing Administration ("FHA"), and U.S. Department of Veterans Affairs ("VA").

Source: See respective source notes in the agency-specific tables later in this section.

The federal government has issued \$23.7 Trillion in "credit agency/GSE" enhancements since 2007. Most recent credit enhancements include:

Feb 12, 2010: President Obama announces a \$54.5 billion nuclear power agency credit enhancements

<http://blog.heritage.org/2010/02/17/morning-bell-washington-subsidies-cant-save-nuclear-power/>

Sept 25, 2010: \$30 Billion Agency Credit for National Credit Union Administration

<http://patdollard.com/2010/09/credit-unions-bailed-out-us-backs-30-billion-in-bonds-to-stabilize-key-institutions/>

(2) 8/19/10, Bloomberg: **Build Americas yield about 5.75 percent on average**, according to the *Wells Fargo Build America Bond index*. The yield touched 5.70 on Aug. 16, the lowest since it reached 5.66 percent on May 25. The index has an average maturity of 28.83 years and an average credit rating of Aa3 and AA- from Moody's and S&P, respectively.

<http://www.bloomberg.com/news/2010-08-19/massachusetts-borrows-at-aaa-rates-in-358-million-build-america-bond-sale.html>

(3) Official Statement - Dormitory Authority of the State of New York

https://www.dacbond.com/GetContent?dctm_r_object_id.

- (4) **Obama Boosts Infrastructure, Too Late**, *Roll Call*, Oct 14, 2010. ‘The White House calculates \$1 billion in infrastructure spending would create 10,000 jobs. The Federal Highway Administration says \$1 billion in federal outlays, plus a 20 percent state match, creates nearly 35,000 jobs.’
<http://www.cqpolitics.com/wmspage.cfm?docID=news-000003751926>

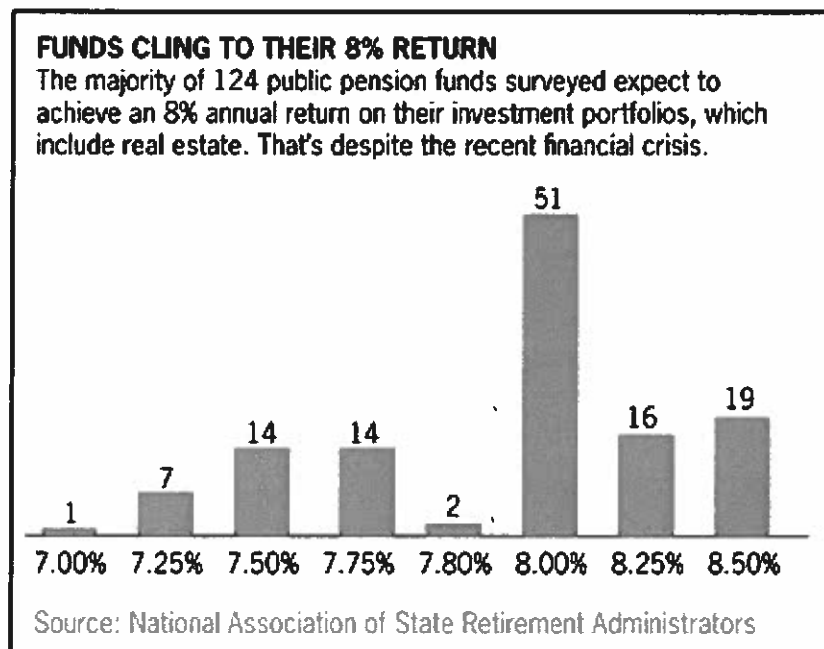
- (5) **25-year US Treasury Strip (zeros) costs as of 12/8/10: 4.605%**

U S TREAS BD STRIPPED PRIN PMT

0.000 02-15-2036 4.605% 31.779

Ameritrade: <http://www.tdameritrade.com/welcome1.html>

- (6) **Actuarial Assumptions for future growth**



- **Actuarial projections are key factor when credit agencies review each states financial condition**
- **Pensions are the state's largest single obligation thus a key to their credit**
- **\$1+ Trillion using 7.5% or higher actuarial projections**
http://nreionline.com/finance/news/pension_funds_trim_return_assumpt ions_1004/index.html
- Projected returns for pension are supported by:
 - American Institute of Certified Public Accountants,
 - American Academy of Actuaries, and;
 - every state's internal and external auditors, Wall Street and rating agencies

- While 8% is indicated at the most popular actuarial return calculations were reduced to 7.5% because developments at two of the largest funds, CalPERS (7.75%) may be lowering return projections and New York's Common Retirement Fund reduced its projected actuarial return from 8% to 7.5% after the above chart was published.

(7)

25-Year Pension Returns* per NASRA

National Association of State Retirement Administrators (NASRA)

May 17, 2010, *Pensions & Investments (Callan Associates)*

Since 1985, 25 years including 2008 and ending Dec. 31, 2009:

- three economic recessions
- four years when median returns were negative
- 2000 *Dot Com* bust & 9/11 World Trade bombing (S&P -30%)
- the worst investment year since the Great Depression, 2008, (S&P -38.5%); and,
- the median public pension plan's return was 9.25% per year

Source: National Association of State Retirement Administrators (NASRA) & Callan Associates

http://nasra.org/resources/NASRA%20Statement%2003_16_10.pdf

(8)

8/19/10, Bloomberg: **Build Americas yield about 5.75 percent on average**, according to the *Wells Fargo Build America Bond Index*. The yield touched 5.70 on Aug. 16, the lowest since it reached 5.66 percent on May 25. The index has an average maturity of 28.83 years and an average credit rating of Aa3 and AA- from Moody's and S&P, respectively.

<http://www.bloomberg.com/news/2010-08-19/massachusetts-borrows-at-aaa-rates-in-358-million-build-america-bond-sale.html>

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