



**New York State Joint Legislative Budget Hearing on Transportation
January 24, 2024**

**TESTIMONY OF WALTER PACHOLCZAK
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ASSOCIATED GENERAL CONTRACTORS OF NEW YORK STATE**

Senator Krueger, Assemblymember Weinstein and members of the Legislature, on behalf of the Associated General Contractors of New York State (AGC NYS), I thank you for holding this important public hearing to discuss the proposed fiscal year 2025 (FY 2025) Executive Budget and transportation.

AGC NYS is New York's leading statewide construction industry association of union and open shop contractors, that build New York's transportation, heavy highway, civil, environmental, public, and private building infrastructure. We represent nearly 600 contractor, subcontractor, and related firms and as an association have more than 80 years of experience working with public agencies and private developers to deliver quality projects that are the lifeblood of our communities. More than just builders, our members are proud stewards of New York's public and private built infrastructure.

Today's testimony will focus on the impacts of the Executive Budget proposal on the New York State Department of Transportation (NYSDOT), Metropolitan Transportation Authority (MTA), and related Article VII legislative proposals.

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Capital Programs

New York State Department of Transportation

The FY 2025 Executive Budget is essentially flat at \$15.2 billion in appropriations, a \$0.5 billion increase from the FY 2024 budget. This year-to-year change primarily reflects anticipated increases in revenues that support statewide transit systems and adjustments to reflect the composition of the five-year DOT Capital Plan.

Major budget actions include:

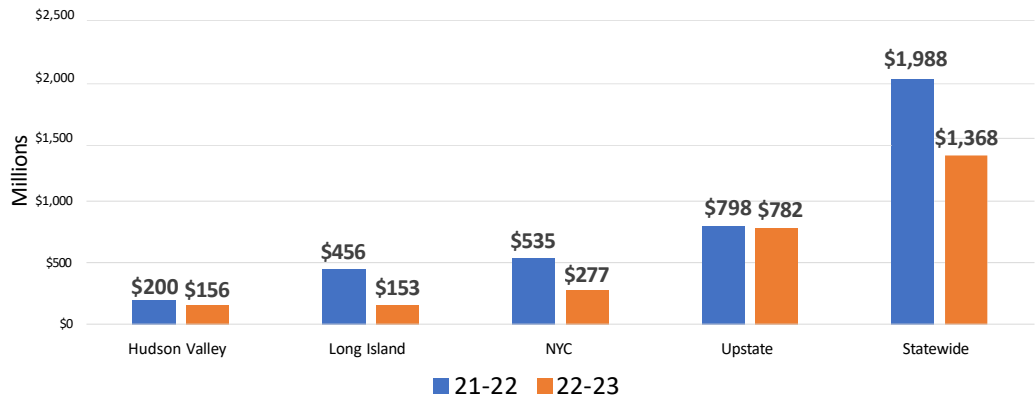
- **DOT Capital Plan.** The Executive Budget provides funding for the third year of the \$32.9 billion DOT Capital Plan. While this is a record level of investment it does not provide DOT with resources necessary to improve road and bridge conditions. The five-year Capital Plan is aligned with Federal funding commitments made in the Infrastructure Investment and Jobs Act (IIJA).
- **Transit Operating and Capital Support.** The Executive Budget contains appropriations sufficient to provide operating support totaling over \$8.8 billion to statewide transit systems. The MTA will receive \$7.9 billion of traditional operating aid (through a combination of appropriated and non-appropriated resources), and other transit systems both Upstate and Downstate will receive \$878 million of annual operating assistance. The Executive Budget provides \$140 million in Non-MTA transit capital assistance appropriations including the fifth \$20 million installment of a five-year, \$100 million program to aid local transit agencies with the transition to electric buses.
- **Highway and Bridges.** Capital Aid to Local Governments for highway and bridge projects is cut from FY 2024, with \$538.1 million provided for the Consolidated Highway Improvement Program (CHIPS) and \$39.7 million for the Marchiselli program. The Executive Budget also provides \$200 million for local bridge projects through the BRIDGE NY program, and \$200 million for the Pave Our Potholes program for state and local roads. The Executive Budget will also continue funding for the PAVE NY, State Touring Routes, and Extreme Winter Recovery programs at FY 2023 levels.
- **Gateway Program.** The Gateway Development Commission will receive up to \$24.3 million for the payment of New York's share of annual operating expenses for the program and nearly \$69.3 million for New York's share of costs for the Hudson Yards Concrete Casing – Section 3 project.

AGC NYS Comments - NYSDOT Capital: AGC NYS is very concerned with the program's spend out thus far and the devastating impact unprecedented inflation and material cost escalation has on its spending power.

NYSDOT's investment in its core highway and bridge program actually declined from 2021 to 2022. This is particularly troubling considering that 2022 was the first year New York started receiving additional funds from the Infrastructure Investment and Jobs Act (IIJA). The IIJA increased federal funding for New York's roads and bridges by \$4.6B bringing federal investment up to \$13.4B, a 52 percent increase.

In 2021-22, NYSDOT's core project lettings totaled \$1.987B and in 2022-23, the first year of the new record five-year capital program, core lettings dropped to \$1.367B, a 31% decline in highway spending.

NYS DOT Core Highway and Bridge Program '21 -'22 vs. '22 -'23



Source: NYSDOT

In reviewing NYSDOT's 2023-24 Capital Program, AGC NYS is concerned that there will be a similar decline in core bridge and highway investment even if the Department meets the intended letting targets for the year.

In 2021, A.4010/S.199 was signed into law requiring the NYSDOT to submit an Annual Highway and Bridge Condition Report to the Legislature by June 1st. The report is an extremely important tool in helping to understand the condition of these essential assets. Unfortunately, the condition data is very alarming:

Bridges: In reviewing over a decade of infrastructure data, 2022 saw more regions have declining bridge conditions than any other period. Year over year (2021-2022), **bridge conditions declined in ten of NYSDOT's eleven regions**. All the Memorandum of Understanding (MOU) Regions (Long Island, New York City, Hudson Valley and Upstate) saw increases in their number of deficient bridges. As a result, today, New York State has a record 4,264 deficient bridges. **More than one in four of the State's bridges are deficient.**

Pavements: In 2022, NYSDOT maintained 38,582 lane miles of roadway, **more than 42% of these roads are in fair and poor condition (16,225 lane miles of deficient roads)**. For comparison, in 2017, only 25% of the State's roads were in fair and poor condition and nearly 2,000 less lane miles were deficient. While the current NYSDOT five-year Capital Program, when enacted, provided a strong base, the adopted capital program now needs additional investment. As noted earlier, the record high inflation rates on highway construction materials have severely increased costs and as a result reduced NYSDOT's current core program—driving costs up in excess of 20% and thereby effectively consuming a full year of funding for the five-year program.

In FY 2025, AGC NYS and more than forty organizations representing labor, municipal governments, and various businesses are supporting at least an additional \$400M be added to the budget for core highway

construction just to keep funding at a similar level to when the five-year program was initially adopted in 2022.

AGC NYS has communicated with the Executive Chamber, Division of Budget, Department of Transportation, and legislators that we understand the constrained fiscal situation of the State, which is why we are requesting the minimum amount of \$400M to slow the rate of decline on our state's roads and bridges.

AGC NYS supports the position of the New York State County Highway Superintendents Association and the New York State Association of Town Superintendents of Highways request to restore the \$100 million cut to local roads and add an additional \$150 million for CHIPS (\$100M) and Extreme Winter Recovery program (\$50M). As stated in their letter, CHIPS and similar programs are critical to local communities, economies, governments, motorists, and taxpayers throughout the Empire State, including New York City. A restoration of the \$100M and an increase of \$150M will make a difference to every municipality to assist with unmet needs and the challenges facing the effective maintenance and improvement of local roads, bridges, and culverts in every region.

Simply put, all our diverse industries rely on NYSDOT's statewide system of roads and bridges to survive and thrive. In the FY 2025 New York State Budget, the Governor and Legislature must act to add an additional \$400M for core highway construction and \$150M for local roads and bridges to improve conditions for motorists and strengthen our economy to sustain and create jobs.

Metropolitan Transportation Authority (MTA)

The Executive Budget recommends appropriations of \$7.9 billion in transit operating aid to the MTA. Of this amount, approximately \$4.2 billion is appropriated aid, and \$3.7 billion will be provided directly to the MTA without appropriation. Of the \$3.7 billion, approximately \$3.1 billion is from the Payroll Mobility Tax (PMT), \$328 million is from the For-Hire Vehicle Congestion Surcharge, and \$283 million is from MTA Aid Trust revenues.

The Executive Budget also includes funding to advance transformative projects to further expand the MTA's transit system, including The Interborough Express (\$45M) in new funding to advance design and engineering for this project, and the Second Avenue Subway—Expanding West (\$16M) to advance a feasibility study, environmental review, and preliminary engineering for this project.

AGC NYS Comments – MTA: AGC NYS commends the leadership of MTA Chair and CEO Janno Lieber and his team of dedicated professionals to keep the authority moving forward towards a state of good repair and advance major transportation enhancements for commuters.

Article VII

Part A – Extend the Metropolitan Transportation Authority Tax Increment Financing Authority Extends the MTA’s current TIF authority for an additional ten years. **AGC NYS Support.**

Part B – MTA Fare Enforcement. Improve fare collection efforts by the MTA. **AGC NYS Support.**

Part C – Toll Enforcement. Improve toll collection efforts by the Metropolitan Transportation Authority, Port Authority of New York and New Jersey, Thruway Authority, and other public authorities with tolled facilities. **AGC NYS Support.**

Part D – Toll Fraud Deterrence. Make punishable any fraudulent attempt to obtain credits, discounts, or exemptions from Central Business District (CBD) tolls or any other Triborough Bridge and Tunnel Authority (TBTA) tolls. **AGC NYS Support.**

Part M – NYSERDA Build-Ready Program Extender. Extends the New York State Energy Research and Development Authority (NYSERDA) Build-Ready Program for six years. **AGC NYS Support.**

Part W – Increase Battery Park City Authority Bond Capacity. Authorizes an increase in the permitted amount of non-renewable outstanding debt for the financing of project costs for the Battery Park City project area in order to permit the Battery Park City Authority (BPCA) to perform critical infrastructure maintenance and resiliency-related work. **AGC NYS Support.**

Conclusion

Thank you for the opportunity to testify at today’s public hearing. We look forward to further review of the Executive Budget and Legislative Budget Resolutions, as well as engaging our elected officials and partners to ensure that a budget that meets New York’s transportation infrastructure needs, creates jobs, and drives our economic recovery is enacted. I welcome all questions from the committee.