NEW YORK STATE LEGISLATURE

2010-2011 JOINT BUDGET HEARINGS

February 8, 2010 1:00 pm

TRANSPORTATION

HEARING ROOM B

LEGISLATIVE OFFICE BUILDING

Department of Motor Vehicles	David Swarts Commissioner
Department of Transportation	Stanley Gee "Acting Commissioner"
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NY Public Transit Association	Frank Kabliski President
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Department of Motor Vehicles
Fiscal Year 2010-11Budget Hearing
February 8, 2010
Testimony of David J. Swarts, Commissioner

Introductions

Good afternoon. Thank you, Chairperson Farrell, Chairperson Kruger, Assemblyman Gantt, Senator Dilan and Committee members for inviting me here today. I am pleased to have the opportunity to answer any questions you may have regarding the Department of Motor Vehicles and the Fiscal Year 2010-11Executive Budget as it applies to our agency.

Governor Paterson's Executive Budget calls for more than $1.0 billion in reductions to State agency operations spending, including $500 million in additional across-the-board agency cuts. The New York State Department of Motor Vehicles continues to assume its share of the burden in the face of the State's fiscal realities. In addition to significant reductions in previous fiscal years, this year's Executive Budget calls for a reduction in our operating expenses of $14.9 million. In spite of these unprecedented financial challenges, DMV will continue to strive to perform our core mission functions, collect revenue, and pursue key strategic projects.

Overview

I want to thank you for your work with Governor Paterson on the enactment of several important traffic safety initiatives this past session. The first is the Child Passenger Protection Act, more commonly known as Leandra's Law. This legislation sets some of the toughest DWI penalties in the nation and provides law enforcement and the judiciary with the tools they need to impose greater penalties on those offenders who not only drive under the influence of alcohol or drugs, but directly endanger the lives of children who are passengers in their vehicles. In addition, the expansion of the use of interlock devices, also mandated under Leandra's Law, will serve as an additional, effective deterrent to drinking and driving.

Another important new law passed this last session took effect November 1, 2009. This law bans the use of portable electronic devices while driving. Under the law, the practice commonly known as "texting while driving" is prohibited. Driver distraction has become a serious hazard to everyone who uses our roadways. While it is too early to report any meaningful statistics from this law, it is hoped that this common sense initiative will go a long way to significantly improve overall safety on our roadways. The law, mandates that a study be submitted to the Governor and the Legislature, in four years, that outlines the effects of the use of portable electronic devices while driving and driver distraction and the impact they have on highway safety.

We were very pleased when the National Highway Traffic Safety Administration or NHTSA awarded New York through the Governor's Traffic Safety Committee, which I chair, a $200,000 grant to conduct four highly visible distracted driving enforcement campaigns in Syracuse over the next 16 months. We will be using this award to continue to raise awareness of the dangers of distracted driving and to increase enforcement efforts with the goal of changing driver behavior. Syracuse was one of only two locations selected by NHTSA for this demonstration project; the city of Hartford, CT was the other. These initiatives will help demonstrate that New York is a national and international leader in tackling this important issue. Because we are a leader in highway safety, we will be asking you this year to build on the progress of last session, and make New York's texting prohibition a primary enforcement law, not a secondary one. As studies continue to demonstrate, texting while driving exponentially increases the risk of a crash, and our law should be as effective a deterrent as possible if we want to have a meaningful, positive impact on such a dangerous activity.

As part of New York's leadership in traffic safety, we also thank you for passing new state laws for younger drivers that take effect two weeks from today, on February 22. These new laws provide for a more gradual—and safer—process for obtaining full driving privileges. For example, the new law requires parents to certify that a son or daughter has received a minimum of 50 hours of behind the wheel experience, with 15 of those driving hours after sunset, before taking a road test and obtaining a junior license. Previously, only 20 hours of behind the wheel experience, with no driving after sunset was required. Additionally, a young driver will be required to hold a learner's permit for a full six months prior to taking a road test. This ensures that they will have ample time to receive the minimum 50 hours of behind the wheel experience. The new law also reduces from two to one the number of non-family passengers under age 21 allowed to ride in a motor vehicle with a junior driver when not accompanied by a licensed parent or guardian.

In addition to supporting these new laws, the Department has been working diligently to ensure that our young drivers are fully prepared to take on the responsibility of driving and that they are safe behind the wheel. Through a combination of education, driver training and local outreach, we seek to improve the younger motorist's driving skills in order to reduce traffic fatalities, injuries, crashes and property damage. For example, last year DMV introduced a younger driver website as one more way of providing new drivers and their parents with helpful resources. The site is appealing to our younger drivers because they are comfortable seeking information from the Internet. The website features information on the new Graduated Driver License law, current permit and license restrictions, passenger restrictions, and other sections of the law. It also features educational sections on how to apply for a license, schedule a road test and even an opportunity to take a practice written exam. Of course, the site also provides plenty of safety tips and advice.

We also have an Older Driver website that provides information offering a selection of the best available educational, informational and referral materials to older drivers. This includes issues and concerns of older drivers in a frank, sensitive and non-judgmental manner. It highlights educational programs about safe driving, improving driving skills and the process of retiring from driving.

Other traffic safety initiatives include the work of the New York State Impaired Driving Work Group. This Group was established in 2008 and continues to conduct a comprehensive examination of the scope and causes of the problem of impaired driving and develop recommendations for reducing crashes resulting from impairment. Most recently, the group published important research results concerning the attitudes of previously convicted DWI offenders and the attitudes of the general population. These results will be used to determine what more needs to be done to reduce the incidences of DWI and to learn more about the scope of the statewide DWI problem.

Another area we are addressing is motorcycle safety. Due in part to higher fuel prices, there are more motorcycles on the highway and unfortunately injuries and fatalities are also on the rise. GTSC member agencies, including the Department of Motor Vehicles, are increasing motorcycle education programs and have developed a "share the road" campaign to raise everyone's awareness of motorcyclists, pedestrians, cyclists, and commercial vehicles, among others who share our highways.

Another milestone New York celebrated this past May was the 25th anniversary of the passage of the nation's first seat belt law. This was also the 10th consecutive year of providing New York law enforcement agencies with federal grant funding to enforce the seat belt law. Since the inception of the law, New York's education and enforcement campaigns have increased seat belt usage to almost 90 percent. We continue to be a leader in highway safety, and the results of the Governor's and Legislature's attention to these issues are evident as we have the lowest fatality rate in New York State's history and a continued highest seatbelt compliance rate on our roadways.

Driver Licensing

Besides promoting traffic safety, a key function of DMV is issuing driver licenses and, more importantly, certifying the identity of the holder of that license. In 2009, we marked the 25th anniversary of our use of the photo license.

Over that period, DMV has provided one of the most secure license documents in the United States. Working under the critically important "One-Driver, One-License" principle, we have continuously enhanced the integrity of the license document and have implemented new anti-fraud measures to ensure New York's licensing program remains the most secure and most comprehensive in the country. The new program uses facial recognition technology to match photos in the DMV database and help identify any unauthorized duplication. To date, 13 million photos have been loaded into the system and will be compared against one another to ensure that no single person has more than one identity. This system become operational on February 3rd.

One of our most secure documents is the recently introduced Enhanced Driver License, or EDL. Since the first EDL was issued in September, 2008, more than a quarter-million New Yorkers have obtained an EDL, making it easier to cross borders by land and sea into the United States from Canada and eleven other western hemisphere countries.

The EDL is a secure document that meets federal identity requirements established in June 2009 for land and sea border crossings into the United States from Canada, Mexico and some nations in the Caribbean. New York was the second state in the nation to offer EDLs to its residents and the first state to do so at all of its DMV offices state-wide. The DMV began issuing EDLs not only to provide a cost effective document that met the new travel requirements, but also to help facilitate commerce with our neighbors, especially Canada with which we share more than 400 miles of border and $500 billion of trade annually.

DMV staff has received several national and state awards for the development of the EDL program. Last June, the DMV Enhanced Driver License Project Team was named recipient of the 2009 American Council for Technology's "Intergovernmental Solutions Award" for its work to develop and produce the EDL. The National Association of State Chief Information Officers also named the EDL program as a finalist in its 2009 Recognition Awards for "Outstanding Achievement in the Field of Information Technology" and the Center for Digital

Government selected the EDL program as a recipient of the "Best of New York" award as the "Project Demonstrating Best IT Collaboration Among Organizations."

Needless to say, I am very proud of the accomplishments of DMV staff in developing the EDL, which was the largest project that DMV has undertaken since the advent of the photo license.

Technology Efficiencies

The Department of Motor Vehicles has been a pioneer among government agencies in developing a website that is consumer-friendly. In fact, 2009 was the 10th anniversary of transactions being offered on the DMV website. On July 27, 1999, registration renewals and custom and personalized plate ordering were introduced. By 2008 there were nearly 1.4 million registration renewals and nearly 24,000 custom or personalized plates ordered using the Internet annually. During the past decade, the usage of those two transactions has grown an average of nearly 50 percent per year, and well over 3 million customers will be served online this year.

Customers and the business community can conduct 35 different transactions online, which we believe to be more than any other DMV in the nation. Among other things, they can renew a license or registration; schedule a road test; order an abstract of their driver record; pay suspension termination and road test fees; order and access motor vehicle accident reports; pay traffic tickets or request a hearing, and replace a title certificate. Boat Title Duplicates, Accident Report Search and Non Driver Identification Card Renewal transactions were added this past year. In the upcoming fiscal year, DMV plans to add Registration Renewal Email Reminders, Boat Registration Renewals and Change of Address capacity to the DMV website. DMV will continue to use advances in technology to add convenience to our customers and to disseminate important information, while maintaining the security and confidentiality of our data. Continually improving customer service is part of DMV's core mission and web-based service has proven to be a faster, more convenient and cost-effective way to serve our customers by facilitating the conduct of business-24/7-over the Internet.

The Face of NYS Government

In addition to all these important initiatives, DMV is primarily a customer service agency, serving virtually every New Yorker, many times over the course of a lifetime. DMV is one of the agencies that the members of the public know best. As such, for many people, it represents the face of state government.

DMV provides license and registration services through 27 state-run issuing offices in Long Island, in the Metro New York City and Lower Hudson Valley areas, as well as in Albany and Syracuse. The public is also served through 101 offices operated by our County Clerk partners in 51 of the 62 counties in the state.

In addition to these issuing offices, the Department operates 26 other service outlets throughout the state that ensure New York's compliance with the Clean Air Act, protect consumers, and regulate the vehicle inspection, repair and dealer industries. DMV also inspects junk and salvage vehicles to deter auto theft and handles the adjudication of traffic tickets.

In total, DMV will perform over 28 million transactions in this fiscal year. DMV projects revenue collections from those transactions to total $1.7 billion in the current fiscal year. This represents a 13 percent increase over 2008-09 and the projection for 2010-11 is approximately $1.9 billion. While the lion's share of this revenue goes to the Dedicated Highway and Bridge Trust Fund to support the State's infrastructure including transit, significant revenues are delivered to the General Fund, other dedicated funds or returned to localities. In the face of budget constraints, DMV will continue to strive to provide a high level of service to all of our customers and partners, including other state agencies, local governments, law enforcement, regulated businesses, trucking associations and other states.

In Conclusion

The New York State Department of Motor Vehicles continues to assume its share of the burden in the face of the State's fiscal realities. At the same time, our core mission remains integral to serving the citizens of New York. We will continue to provide New Yorkers with quality services during these difficult times, while striving to further improve their delivery. 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.

2

Remarks prepared for
Acting Commissioner Stanley Gee
Before the Legislative Fiscal Committees
Legislative Office Building, Hearing Room B

Monday, February 8, 2010

Introduction

- Good afternoon Chairman Kruger, Chairman Farrell, Members of the Senate Finance Committee, Members of the Assembly Ways & Means Committee, Chairman Dilan, Chairman Gantt, and Members of the Senate and Assembly. I am very pleased to be here this afternoon.

- I am particularly honored to be serving as the Acting Commissioner of the Department of Transportation. In my more than thirty years of transportation experience, I have never seen a more dedicated group of public servants than those who work with me at DOT.

- New York's vast transportation system is the foundation for our economy. Each and every day our dedicated employees keep New Yorkers moving.

- We are proud stewards of our state's resources, and responsibly spend the funds that are provided to us.

- Our ability to deliver has been demonstrated by our successful implementation of our 18 billion dollar 2005-10 Capital Program, the largest in State history, and by our successful delivery of more than a billion dollars in federal economic recovery funding.

- As we approach the new fiscal year, the reality is that the State is facing an 8 billion dollar deficit and a long-term structural deficit of about 61 billion dollars over the next five years. Both are addressed in Governor Paterson's Executive Budget through necessary, but very difficult decisions.

- The process of addressing this financial challenge will require difficult choices to be made, and all programs will be affected. … Transportation is no exception.

Corresponds to Pages 2 – 5 of the Written Testimony

Executive Budget Overview/NYSDOT's 2010–2012 Capital Program

- Last October, I submitted a proposed five-year capital plan that included guiding principles that will serve as the foundation for our future investment priorities.

- While the Governor stated that the plan was unaffordable, there is no disagreement on the investments needed to renew our transportation infrastructure, or on the plan's priorities.

- The Executive Budget includes funding to support a new 7 billion dollar two-year Capital Plan that balances core infrastructure preservation with fiscal reality.

- DOT's funding levels are inhibited by the lack of a new multi-year federal transportation authorization; the end of the 2005 Transportation Bond Act funding; ... and increased dependence on the General Fund to support the Dedicated Highway and Bridge Trust Fund.

- Despite these challenges, the proposed Capital Program maintains the State's core investment in the highway and bridge program; preserves funding for local highway and bridge projects under the CHIPs and the Marchiselli Program at this year's levels; and provides the necessary funding for engineering and other costs related to implementing this new two-year program.

- The proposed capital program focuses investments on the most heavily used core system assets first, including bridges and highways on the federal aid system, with bridges receiving the highest priority.

- The Budget includes funding to support critical safety services, such as winter snow plowing, urgent or essential repairs, and emergency response.

- It also provides 4.3 billion dollars in operating aid to transit systems throughout the State, capital investments in Downstate Suburban and Upstate transit systems, passenger and freight rail infrastructure and airports.

- The Administration will work with the Legislature to assure that appropriations are available to take full advantage of any new infrastructure funding should it be provided under a new Jobs Bill or other federal legislation.

- While our capital plan focuses heavily on system preservation and asset management, we also recognize that we cannot stop planning for the future.

- We are taking steps to implement the State Rail Plan, which we released last year, by developing high-speed passenger rail service — something that can permanently transform the economy of the State, particularly Upstate, for the better.

- In support of this goal, the President announced that New York will be getting more than 151 million dollars to improve intercity passenger rail service from New York City to Albany and west to Niagara Falls and north to Montreal, and to develop a tiered environmental study and service plan of the 469-mile Empire Corridor.

- This funding - - which was attained due to the renewed focus on high speed rail under Governor Paterson - - will help position New York to receive additional federal grants to support the State's high speed rail vision in the future.

- Would we like to do more now? … Yes. But the current economic climate and the State's fiscal crisis do not allow us to increase our efforts at this time.

- The second Economic Recovery program now being considered in Washington can have a tremendous impact in helping us make more needed infrastructure investments, not only to create jobs and spur the economy, but also in bringing about substantial improvements to the highways, bridges and transit systems in New York State.

Corresponds to Pages 5 – 8 of the Written Testimony

NYSDOT's Commitment to Bridge Safety

- Recently, the condition of New York State's bridges has received significant public attention.

- Unfortunately, media reports and the ensuing dialogue have introduced, and then perpetuated, misconceptions about bridge safety in our State.

- Some of that can be attributed to the Department's use of terms commonly interpreted by the public differently than by bridge engineers.

- DOT works hard, not only to inspect our State's more than 17,000 bridges, but also to maintain those we own and to ensure that the owners of the remaining 10,000 bridges take action on the inspection reports we provide.

- While DOT welcomes a dialogue on bridges, let me assure you, and the traveling public, that when we determine that a bridge is unsafe for public use, we close it immediately.

- Bridges are an excellent example of our State's and the nation's aging infrastructure. Since New York and the Northeast led the nation in building bridges and new freeways, more than fifty years ago at the dawn of the Eisenhower Interstate era, this infrastructure is now at the point where replacement is increasingly necessary.

- NYSDOT monitors bridge safety through a thorough and rigorous inspection system, one that exceeds federal standards.

- The State requires all highway bridges be inspected at least every two years. We are one of the few states in the nation to require bridge inspection teams be headed by licensed professional engineers who have undergone specific training.

- There is a general misunderstanding of the engineering use of the term "condition rating." Condition ratings *are not* safety ratings, but the words that are associated with condition ratings sound as if they are. This is federally developed terminology that must be used by all states to describe the maintenance or repairs needed on specific elements on a bridge.

- Bridge condition information is used to establish maintenance and repair plans, as well as bridge rehabilitation and replacement programs.

- Just like a car, which needs regular maintenance such as oil changes or tire rotations, our bridges need regular care. Condition ratings tell us where that care is needed, and a low condition rating may refer to one or more elements in need of attention.

- The need to care for a bridge does not mean it's unsafe. It's closer to the "check oil" light coming on.

- Another example of "engineer speak" is our use of the word "deficient." NYSDOT defines a "deficient" bridge as one with a State condition rating of less than 5.0. A "deficient" condition rating indicates that there is deterioration requiring corrective maintenance or rehabilitation. ***It does not mean that the bridge is unsafe.***

- All bridges also are analyzed for their capacity to carry vehicular traffic. Through a "flagging system," DOT's inspectors identify potentially unsafe structural elements and require the owner to take prompt corrective or protective actions to resolve the flag. These actions include repair, weight restrictions, or closure.

- DOT's bridge inspection program consistently receives high marks in annual Federal Highway Administration management reviews, and they have stated that our "flagging procedure ensures that critical findings are addressed and tracked in a timely and consistent manner."

- The bridge inspection program is fully funded in the Governor's Executive Budget.

- DOT spends an average of 670 million dollars annually on bridges which includes bridge design, replacement, rehabilitation, maintenance, inspection and safety assurance.

- Consistent with the Department's infrastructure investment principles, we will focus a greater share of the overall construction and maintenance funding on bridge preventive maintenance and rehabilitation strategies to keep State and local bridges safe.

Corresponds to Pages 8 – 9 of the Written Testimony

2005-10 Capital Program

- NYSDOT is successfully completing its 2005-2010 Capital Plan through which we have provided a record level of transportation investment throughout the State. We will commit 100 percent of construction funding by April 1st.

Corresponds to Pages 12 – 14 of the Written Testimony

Moving Forward

- DOT's Capital Program investment levels are dependent on federal funds. The last Federal surface transportation program known as "SAFETEA-LU" expired on September 30, 2009.

- Deliberations in Congress on a new program is occurring during a period of extreme economic uncertainty.

- The House of Representatives last month passed an extension of SAFETEA-LU for one year.

- The Senate is expected to debate companion legislation later this month.

- We need to work together and collectively urge our delegation to press Congress for action on a long-term authorization of the federal surface transportation program.

Conclusion

- In conclusion, the Department of Transportation fully supports Governor Paterson as he confronts the extraordinary fiscal crisis facing the State. We all wish the economic situation were different. But it is not. We will continue to do our part, and make cost effective decisions to address our needs and deliver our services while looking for ways to become even more efficient.

- The DOT has a long history of excellence in delivering transportation services to the State and in assuring the safety and welfare of the traveling public.

- In partnership with the State's localities, the industry, MPOs and other transportation stakeholders, we will continue to wisely invest whatever level of funding is given to us in our State's infrastructure.

- We look forward to working with you and with Governor Paterson to provide our citizens with a safe and efficient transportation system. ... Indeed, the families, businesses and communities of New York State are counting on all of us to do just that.

- Thank you and I would be please to answer any questions you may have.

- End -

Testimony of New York State Department of Transportation Acting Commissioner Stanley Gee Before the Joint Legislative Fiscal Committees, Legislative Office Building, Hearing Room B, Monday, February 8, 2010

Introduction

Good afternoon Chairman Kruger, Chairman Farrell, Members of the Senate Finance Committee, Members of the Assembly Ways & Means Committee and other Senators and Members of the Assembly. I am very pleased to be here this afternoon.

I am particularly honored to be serving as the Acting Commissioner of the Department of Transportation for the State of New York, as, in my more than thirty years of transportation experience at the federal level, I have never seen a more dedicated group of public servants than those who work with me at NYSDOT. They often make the difficult often look easy and the incredible like something routine. It is due to their hard work that our State has one of the most dependable and highly regarded multi-modal transportation systems in the nation.

Most people don't realize how vast New York's transportation system really is. Indeed, our state and local highway system supports more than 130 billion vehicle miles of travel annually. The scope of this is a bit mind-boggling, as the total system encompasses more than 113,000 miles of highway and more than 17,400 bridges. NYSDOT also is home to an extensive 4,600-mile rail network over which more than 1.6 million passengers travel and 42 million tons of equipment, raw materials, manufactured goods and produce are shipped each year. We also support 485 public and private aviation facilities through which more than 80 million people travel each year, and have oversight of many of New York State's ports. Further, we support more than 130 public transit operators, serving more than 8 million passengers each day.

Each and every day, our dedicated employees keep our State's transportation system moving. That means many things have to happen 24/7, 365 days of the year. For example, each day, 24 hours a day, we monitor traffic and post real-time alerts on our 511 system, one of the most sophisticated travel information networks in the nation. We keep track of accidents, weather conditions and other conditions affecting traffic, and then, using electronic technology including the Internet, and social media networks such as Twitter, provide this information to the public.

Each and every day, the Department routinely maintains our State's highways and bridges, and immediately responds to emergencies to protect the safety of the travelling public.

One of the remarkable attributes of NYSDOT is the Agency's ability to respond during a time of need. For example, our Department's employees provided exemplary response to the terrorist acts in New York City on September 11, 2001. We responded to historic flooding in the Southern Tier, record lake-effect snowstorms in Western New York, and ice storms in the Hudson Valley and the Capital Region last year.

And just two weeks ago, that exemplary level of service was demonstrated again, when on a Saturday morning at around 8 a.m., a horrific traffic accident occurred on the Long Island Expressway, near Exit 48 in Melville. A tanker truck carrying 11,000 gallons of gasoline collided with a small passenger car, causing a 50-foot fireball and tragically killing the truck driver.

The extreme heat actually melted a section of the L.I.E. pavement and an overhead sign structure, blocking all eastbound and westbound lanes.

Our Long Island Regional Office immediately activated its emergency command center and mobilized its emergency contractor. Working with the State Police and local fire departments, the Region and the contractor were able to remove the 175-foot sign gantry and the incinerated tanker truck, contain the leftover gasoline, clean the site, repave, and then stripe a 200-by-100-foot section of the roadway all in less than 20 hours. Within 10 hours, traffic was moving Westbound, and by 4:30 in the morning, the L.I.E. was fully reopened to traffic in both directions. One reporter even remarked in awe that when the site was revisited on Sunday morning it looked like nothing had happened there.

It is this commitment to the public and our ability to react to changing circumstances that turns the heroic into everyday occurrences. This level of professionalism benefits all our taxpayers. We are proud stewards of our state's resources, and responsibly spend the funds allocated to us. Our ability to deliver also is demonstrated by our successful implementation of programs, such as the 2005-2010 Capital Program and the American Recovery and Reinvestment Act (ARRA), which have provided great benefit to our State.

In fact, because of our continued and collective actions, the infrastructure is reliable making it possible for New Yorkers to take our infrastructure for granted. That is a double-edged sword, and that is what we are here to talk about today.

Budget of Necessity, Not of Choice

As deliberations over Governor Paterson's budget proposal begin, we must recognize that New York State and 47 other states in the nation continue to face significant economic challenges. New York is currently facing a deficit of more than $8 billion in SFY 2010-11 and a long-term structural deficit of $60.8 billion over the next five years. Both are addressed in Governor Paterson's budget through necessary, but very difficult decisions.

Since taking office in 2008, Governor Paterson has continually warned that New York State is in the midst of an unprecedented economic crisis. The losses in the financial, insurance and real estate sectors, which have been hit the hardest, have had a devastating impact on our State revenues. Prior to the current recession, financial services alone provided more than 20 percent of our State revenues. The Governor's actions have helped New York make substantial progress toward putting the State's fiscal house in order. That does not change the fact that the process of addressing a financial challenge of this magnitude has been, and remains, a long and difficult one.

As the Governor said in his State of the State address and when he presented his 2010-2011 Executive Budget, he will begin reforming the state's budget process and make the difficult choices to align spending with available revenues. Governor Paterson has made difficult but necessary choices in developing his proposed 2010-2011 budget that affect all program areas from health care to education to environmental programs and Transportation is no exception.

Executive Budget Overview/NYSDOT's 2010–2012 Capital Program

Last October's proposed five-year capital program included guiding principles intended to serve as the foundation for NYSDOT's future investment priorities. While the Governor stated that the proposed capital program was unaffordable given New York's current fiscal condition, there is no disagreement on the investments needed to renew our transportation infrastructure, or on the proposed investment priorities and strategies.

The Executive Budget includes funding necessary to support a new $7.0 billion two-year capital plan (**Figure 1**). The newly proposed two-year capital plan balances core infrastructure preservation with fiscal reality. Key financial factors constraining program funding levels include:

- The lack of a new multi-year federal transportation authorization to replace the federal program that expired on September 30, 2009;
- The end of the 2005 Transportation Bond Act funding as projects are completed; and
- Increasing dependence on the General Fund to support the Dedicated Highway and Bridge Trust Fund (DHBTF), primarily driven by a debt restructuring completed in 2005 that generated short-term savings but burdened the State with greater debt service expenses in later years.

Despite these financial challenges, the proposed capital program maintains the State's core Trust Fund investment in the highway and bridge program; preserves funding for local highway and bridge projects under the Consolidated Highway Improvement Program (CHIPS) and Marchiselli Program at prior-year levels; and contains the necessary funding for engineering, administration and other costs related to implementing this new two-year program. NYSDOT's proposed capital program focuses investments on the most heavily used core system assets first, including bridges and highways on the federal aid system, with bridges receiving the highest priority.

PROPOSED NYSDOT CAPITAL PROGRAM – 2010-11 THROUGH 2011-12
($ in millions)

Investment Category	SFY 2010-11	SFY 2011-12	Total
State/Local Construction	$1,830	$1,794	$3,624
Engineering/Administration	$708	$741	$1,448
Preventive Maintenance	$264	$278	$542
Right of Way	$71	$69	$140
Facilities/Equipment	$38	$38	$76
Other Federal	$42	$32	$74
Rail	$52	$68	$120
Aviation	$14	$14	$29
Non-MTA Transit	$50	$50	$100
CHIPS/Marchiselli	$403	$403	$806
Canals	$17	$17	$33
Plan Total	**$3,487**	**$3,503**	**$6,990**

Figure 1

The proposed capital program includes funding for the required match to federal aid, as well as for non-discretionary capital projects for maintaining highway safety. The Governor's budget also provides operations funding necessary to support critical safety activities such as winter snow plowing, urgent or essential repairs, and emergency response. In addition, the Administration will work with the Legislature to ensure that sufficient appropriations are available to fully utilize federal transportation infrastructure funding should it be provided under a new Jobs Bill or other federal legislation.

In addition to these investments, significant construction activity funded by the American Reinvestment and Recovery Act is expected to continue in State Fiscal Year (SFY) 2010-11. Future capital program investment levels will be determined, in part, by the availability of federal aid under a new multi-year transportation authorization and the identification of new State or other resources to support program commitments.

The Executive Budget provides $4.3 billion in aid to transit systems throughout the State, including $3.9 billion for the MTA and $400.8 million for Upstate and Downstate Suburban systems. This aid level reflects an overall increase of $148 million from the amended 2009-10 levels. This increase is comprised of a $160 million increase for the MTA and a $12.6 million decrease for all other transit systems.

The $160 million year-to-year increase for the MTA is driven primarily by fully annualizing the new MTA revenues that were enacted in May 2009 and restoring the General Fund School Fare appropriation to the pre-Deficit Reduction Plan level ($25 million), offset by reductions in aid due to a decrease in dedicated transit revenues. The $12.6 million decrease in aid for all non-MTA systems reflects the impact of declining dedicated transit revenues that has been tempered by additional General Fund assistance.

While our capital plan focuses heavily on system preservation and asset management, NYSDOT also recognizes that we cannot stop planning for the future. We are taking steps toward implementing the State Rail Plan, which we released last year, particularly improvements to implement high-speed passenger rail service. With trains reaching speeds of 110 mph and the addition of daily round-trips, we think our plans for high-speed intercity passenger rail service are a transformative vision that can permanently alter the economy of the State, particularly upstate, for the better.

To foster this goal, we submitted funding applications for high-speed passenger rail improvement projects all across our State under President Obama's "Vision for High-Speed Rail in America" and the American Recovery and Reinvestment Act. We are pleased that, at the end of January, the President announced that the State will be getting more than $151 million for improvements to connections between New York City, Albany, Niagara Falls, and Montreal, and to fund service development planning and a tiered environmental study of the 468-mile Empire Corridor between New York City, Albany, and Niagara Falls.

We are particularly pleased that seven inter-related projects along the corridor connecting our major cities were included in this funding as part of the President's announcement and that 31 additional projects submitted by DOT have been retained for possible Phase 2 funding. The $151 million includes an all-important investment in the construction of 11 miles of third track between Albany and Buffalo. These grants augment the $4.6 million in this year's federal Transportation Appropriations bill that was secured by our two Senators and the Upstate Rail Caucus.

Those funds are for station improvements and grade crossing upgrades across the Empire Corridor west of Albany.

I thank President Obama for this support, and especially note our gratitude to the Governor and our Congressional Delegation — generally the Upstate Congressional Caucus and specifically to Representative Louise Slaughter — for championing these applications. While we will need considerably more federal help to achieve our rail vision, and we will pursue more federal aid in the future to continue making progress, we are anxious to get started on the projects we have been awarded. These rail projects are sensible projects that will provide employment not only while the work is being done, but once the work is completed, too — making upstate New York an inter-connected economic engine that will fuel job growth and prosperity, all while fostering our most energy efficient mode of travel.

Would we like to do more? Yes, but as Governor Paterson noted in his statement on NYSDOT's five-year capital program, the current economic climate and State fiscal crisis do not allow us to increase our efforts at this time. Past reports by NYSDOT, such as our 2007 20-year needs report and the October 2009 five-year capital program submission, demonstrate the need to increase infrastructure investment for all parts of our transportation system. A second economic recovery program, now being considered in Washington, can have a tremendous impact in helping us make these needed infrastructure investments, not only to create jobs and spur the economy, but also in bringing about substantial improvements to the highways, bridges and transit systems in New York State.

NYSDOT's Commitment to Bridge Safety

Recently, the condition of New York State's bridges has received significant public attention. Unfortunately, media reports and the ensuing dialogue have introduced, and then perpetuated, misconceptions about bridge safety in our State. Some of that can be attributed to the Department and our use engineering terms commonly interpreted by the public differently than by those of us in the field – "engineer speak." Perhaps too, until now, our aging infrastructure has not gotten this level of attention. We work hard, not only to inspect our State's bridges, but also to maintain those we own, to ensure other bridge owners take action on the inspection reports we provide, and to educate the public on the facts of bridge monitoring and safety.

While NYSDOT welcomes a full and productive dialogue on system bridge needs and the actions that the Department is taking to maintain these assets in safe condition, I again assure you and the traveling public that when we determine that a bridge is unsafe for use, we close it immediately.

Bridges are an excellent example of our State's and the nation's aging infrastructure. New York and the Northeast led the nation in building new freeways more than fifty years ago at the beginning of the Eisenhower interstate era, making our infrastructure, particularly bridges built during this period, among the first in the nation to age to a point where replacement will become necessary (**Figure 2**).

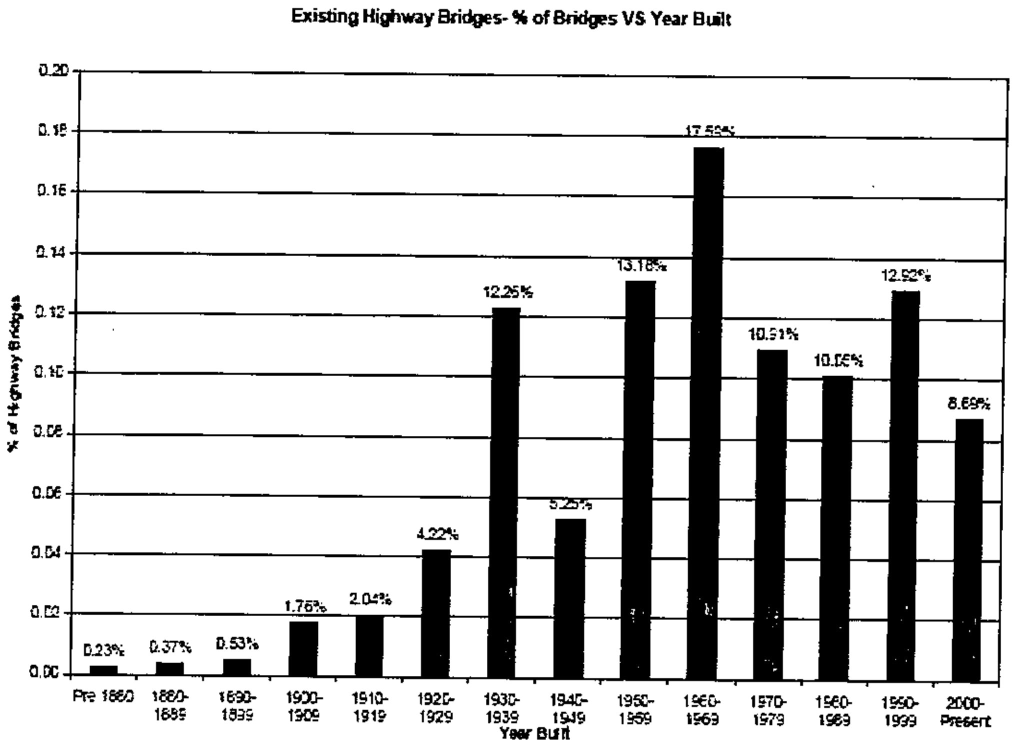

Figure 2

There are more than 17,400 local and State-owned highway bridges in New York State. Approximately 44 percent of them are owned by NYSDOT, roughly 50 percent are owned by municipalities, and the rest are owned by state or regional authorities (such as the State Thruway Authority), commissions, and railroads.

The Department continues to comply with all federal and State requirements for bridge inspections, and exceeds those requirements when a bridge's condition indicates the need for more frequent inspections. NYSDOT monitors bridge safety through a thorough and rigorous inspection system, the findings of which are tracked both manually and with an automated system. The State requires all highway bridges to be inspected at least every two years and is one of the few states in the nation to require that bridge inspection teams be headed by licensed professional engineers who have undergone specific training.

In New York State, bridge inspectors assess all of a bridge's individual parts. The NYSDOT condition rating scale ranges from 1 to 7, with 7 being in new condition and a rating of 5 or greater considered as good condition. NYSDOT also computes an overall New York State condition rating for each bridge by combining the ratings of individual components using a weighted average formula. This formula assigns greater weights to the ratings of the bridge elements having the greatest structural importance and lesser weights for minor structural and non-structural elements.

While not technically "engineer speak" use of the phrase "condition rating" has caused confusion. Condition ratings **are not** safety ratings. This is federally developed terminology that must be used by all states to describe the maintenance or repairs needed on specific elements on a bridge. The federal government has acknowledged that this terminology has caused public confusion, but they have not changed it. Bridge condition ratings are used to establish preventative and corrective maintenance programs for the structure as well as our bridge rehabilitation and replacement programs. A low condition rating should not be equated with the safety of a bridge. Just like a car, which needs regular maintenance such as oil changes or tire rotations, so do our bridges need regular care. Condition ratings tell us where that care is needed. A low condition rating may refer to one or more components in need of attention. The need to care for the bridge does not mean it's unsafe. It's closer to the "check oil" light coming on.

A true example of "engineer speak" is the term "deficient." NYSDOT defines a "deficient" bridge as one with a State condition rating less than 5.0. A deficient condition rating indicates deterioration to a level that requires corrective maintenance or rehabilitation to restore the bridge to its fully functional, non-deficient condition. **It does not mean that the bridge is unsafe.** All bridges also are analyzed for their capacity to carry vehicular loads. Bridges that cannot safely carry heavy vehicles, such as some tractor trailers, are posted with weight limits. Based upon inspection and load capacity analysis, any bridge deemed unsafe gets closed. There is an established procedure for responding to inspection findings by increasing the inspection frequency, if appropriate, or addressing conditions requiring maintenance or additional review.

Through a "flagging system," NYSDOT identifies potentially unsafe structural conditions and requires the owner to take prompt corrective or protective actions to resolve the flag condition. These actions include repair, weight restriction, or closure. The bottom line is that NYSDOT's inspection program is comprehensive to assure that structural problems with our State's aging bridges are resolved quickly. NYSDOT's bridge inspection program meets or exceeds federal requirements and consistently receives high marks in annual Federal Highway Administration (FHWA) management reviews. In fact, FHWA's last National Bridge Inspection Standards Annual Program Review states that our "State's flagging procedure ensures that critical findings are addressed and tracked in a timely and consistent manner."

To assure bridge safety, NYSDOT spends an average of approximately $670 million annually on bridge improvement and maintenance. This includes bridge replacement, rehabilitation, design, construction inspection, maintenance activities, safety inspection, and safety assurance. Construction lettings for bridge replacement, rehabilitation, and maintenance have averaged more than $485 million annually during the past five years. This represents approximately 40 percent of our total letting program.

Governor Paterson's Executive Budget provides sufficient resources for NYSDOT to support its bridge inspection program. NYSDOT will continue to manage the capital program investment levels contained in the Executive Budget to keep State and local bridges safe. Consistent with the Department's infrastructure investment principles outlined in October 2009, NYSDOT will focus a greater share of the overall construction and maintenance funding contained in the Executive Budget on bridge preventive maintenance and rehabilitation strategies. The Department will also invest in preventive maintenance actions (e.g., deck sealing, bridge painting, joint repairs). Those actions are a cost effective strategy to preserve and maintain the State's existing assets, which extend the service life of bridges, and avoid much more costly repairs later. Those bridges with the greatest needs will be rehabilitated or replaced.

Investment in bridges will also increase should the State receive additional funds through a second federal Economic Recovery/Jobs Bill and to the extent that Congress renews federal surface transportation legislation that increases federal-aid to address the nation's infrastructure needs.

2005-10 Capital Program

NYSDOT is successfully completing the 2005-10 capital plan. The current $18 billion program provides record levels of investment in highway, bridge, aviation, rail, transit, port, and bicycle and pedestrian facilities throughout the State. The Department is taking necessary steps to achieve the goals identified in this program that expires on April 1, 2010. To date, $12.2 billion in funding for highway construction projects has been committed and/or are underway, representing nearly 97% of the total funding that was devoted to highway construction in the 2005–2010 program, and we will commit the full 100% of construction funding by April 1.

In addition to delivering the State construction program, the Department will provide assistance to municipalities to deliver approximately $2.0 billion in CHIPS funding, $150 million (10 percent) more than the original 2005–2010 plan level. NYSDOT will also obligate most of the 2005 Bond Act highway and bridge funding by the end of the fiscal year; the remaining Bond Act funds will be obligated in the proposed two-year capital plan. As a point of reference, the Bond program is being implemented at a pace consistent with that of the 1983 and 1988 Transportation Bond acts.

Our program has complemented the MTA capital program by investing in other transit systems throughout the State, directly funding the purchase of 226 clean-fuel buses; providing matching funds for the acquisition of hundreds more using Federal aid; funding more than 875 small buses used by non-profit organizations serving elderly clients and individuals with disabilities; assisting with the acquisition of 254 vehicles in support of Upstate rural transportation services and by making a series of transit and ferry facility improvements around New York.

NYSDOT has made strategic investments in rail facilities that offer an energy efficient and ecologically friendly alternative to highway freight movement. We invested $3.4 million in capacity improvements on rail lines in New York State owned by CSX to improve the flow of goods between the Port of New York and New Jersey and the Midwest. We funded critical track and bridge improvements on a number of short-line railroads, which allow them to continue to serve their existing customers and attract new business. State funds have supported the construction of transload facilities and terminals (for example in Batavia) allowing businesses located away from the railroad to take advantage of the railroad for their shipping needs. We have also invested in our upstate ports, with $8.5 million dedicated to modernizing these facilities to handle ever-larger cargo ships.

Our 2005 Transportation Bond Act aviation investment program has funded 53 important airport infrastructure improvement projects through our business airport development program to support the economic viability and development of communities. Airports mean jobs. In addition, we have improved safety and security at airports throughout the State. We have funded 55 security improvement projects and seven weather observation systems at general aviation airports, and we have provided capital funds to remove critical obstructions at more than a dozen airports. In addition, our core capital program continues to provide funding necessary to match federal aviation funding received under the Airport Improvement Program (AIP).

Delivering all the projects originally anticipated in the 2005-2010 program has been a challenge due to a number of factors including rapid construction inflation earlier in the capital program period that increased project costs beyond original estimates and project scopes that have changed as projects evolved through the planning process. Projects not completed in the approved 2005-10 Transportation Plan will be considered as part of a longer-term capital program.

In addition to delivering the $18 billion 2005–2010 Capital Program, which was the largest in the State's history, we have also successfully delivered more than $1.1 billion in federal Economic Recovery funding.

Economic Recovery Funding

Just one year ago, New York State received a much-needed boost in infrastructure funding through the American Reinvestment and Recovery Act (Recovery Act). Through this program, New York has thus far received approximately $2.3 billion of the $48 billion in transportation funding provided nationwide. The Recovery Act provided a one-time boost in funding to allow us to create jobs to spur the economy and make progress on addressing transportation deficiencies. Under Governor Paterson's leadership, the Department has delivered on both of these goals.

Of the $2.3 billion in highway and transit Recovery Act funding for New York, NYSDOT has direct responsibility for:

- $1.1 billion in highway and bridge infrastructure investments; and
- $26 million in non-urban area (rural) transit funding.

To enhance New York's share of this federal program, NYSDOT has also applied for additional discretionary Economic Recovery funding to support our State's transportation needs and to further assist in New York's economic recovery. These applications include:

- $5.6 billion to begin to implement the State's high-speed rail initiative; and
- $500 million for large, regionally significant projects from the Transportation Investments Generating Economic Recovery (TIGER) grant program.

NYSDOT has also assisted local agencies across the State in applying for another $1.6 billion in TIGER grants.

The accomplishments we have made on Recovery Act projects are no less than remarkable given that this funding was delivered with no increase in Department staff and that none of the normal federal requirements on these projects were waived. This was particularly challenging for local agencies unfamiliar with federal project requirements. In addition, NYSDOT provided technical assistance to locals throughout the period. Today, due to better-than-expected bid prices, more than 100% of the $1.1 billion of the funding we received from the Recovery Act has been certified. That translates to thousands of jobs for engineers, contractors, laborers, ironworkers and others. You will see the benefits as construction ramps up this coming spring.

The work to deliver on these Recovery Act projects and project applications has been significant, and measureable. Key accomplishments in the Highway and Bridge Program include **(Figure 3)**:

- Federal rules required the State to obligate half of the highway infrastructure funds provided directly to the State within 120 days. New York State met this deadline 33 days early, and was among the first states in the nation to do so.

- Governor Paterson certified all project funds and federal authorizations were completed by December 11, 2009, 81 days before the federal deadline of March 2, 2010.

- Projects authorized will provide long-lasting benefits to New York's State's infrastructure, including:

  - Highways: 713 lane miles of highway reconstructed or rehabilitated; 2,317 lane miles resurfaced or treated; 2,011 lane miles of cracks and joints sealed; 34 miles of new guiderail installed; 25 large culverts replaced; 1,013 traffic signals and 11,400 signs rehabilitated and/or replaced;

  - Bridges: 50 new bridges constructed; 56 bridges rehabilitated; 275 bridges repaired; 245 bridges painted and 737 bridges cleaned.

  - Transit: 145 new buses purchased, bus shelters and signs erected and other transit-related infrastructure improvements made.

- Project selections were made collaboratively within the Metropolitan Planning Organizations (MPOs) for 80% of the projects;

- 59% of the highway and bridge funds have gone to locally sponsored projects. In fact, every county in New York State has received Recovery Act funding for transportation projects.

- 51% of the projects administered are in economically distressed areas.

- 310 projects, valued at almost $748 million are under construction by the private sector

- An average of 3,800 private sector employees were working on Recovery Act funded projects in September, October, and November. 820,000 hours have been worked on Recovery Act projects through November with a total payroll of $27.4 million. The full impact on employment will be felt this spring and summer when the construction season resumes and remaining projects are underway.

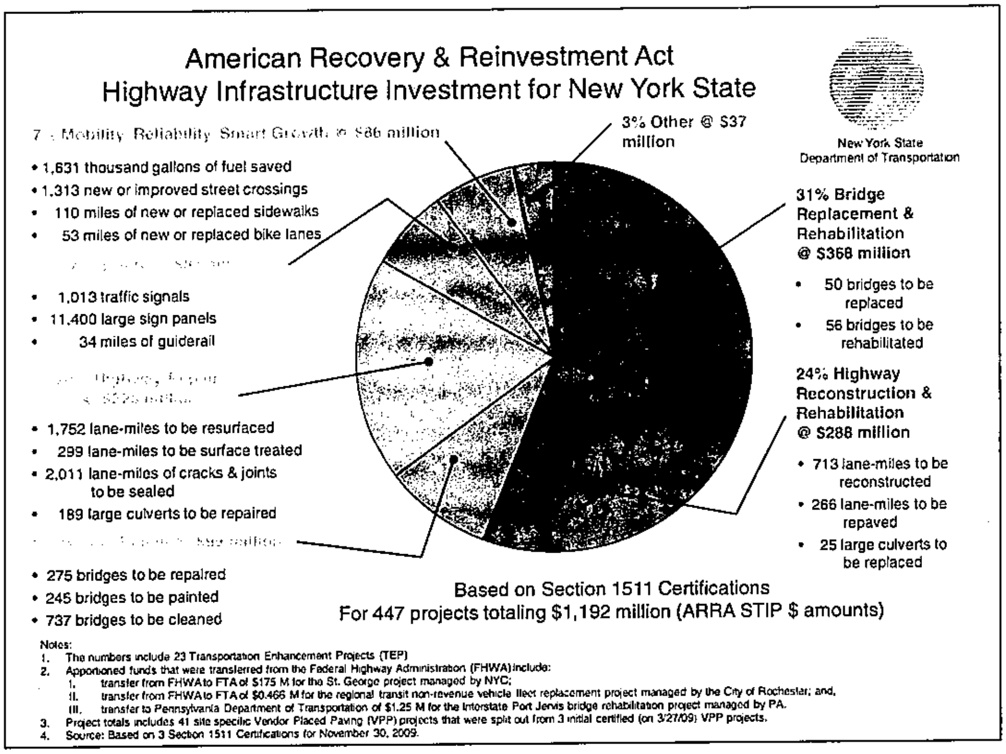

Figure 3

For detailed information on NYSDOT's Recovery Act activities please visit www.nysdot.gov/recovery.

The Recovery Act funding also provided opportunities for Disadvantaged and Minority-and Women-Owned Small Businesses to receive work. As of January 12, 2010, $146 million, or approximately 13% of the Highway portion of the Recovery Act funding, is available to these small businesses. The Department strongly supports expanding opportunities for all segments of our economy to share in the job creation benefits of transportation funding.

The Recovery Act funding was certainly needed and we are very grateful for the opportunity it provided to invest in our transportation system. This infusion of federal aid provided a one-time boost to our regular programmed funding level over the current 2005–2010 capital program.

This boost, however, represented less than one full year of federal highway funding. Additional funds may not be available in SFY 2010-11 and beyond. (**Figure 4**). Moreover, this funding represents only a small fraction (less than 1%) of our long-term transportation funding needs and it only made up for about half of the buying power that was lost over the last five years to inflation. The lack of new federal Recovery funding will not be obvious to the public this summer because our contractors and crews will continue to work on projects that were awarded with Recovery Act funds last year — construction will continue or begin when the weather permits this coming spring.

Recovery Act funding helped New York move forward on important projects. But if we are to maintain the benefits from this one-shot of investment and job creation, we need continued and increasing federal and State investment in our transportation infrastructure to meet our growing system, mobility, infrastructure, safety, congestion and service needs.

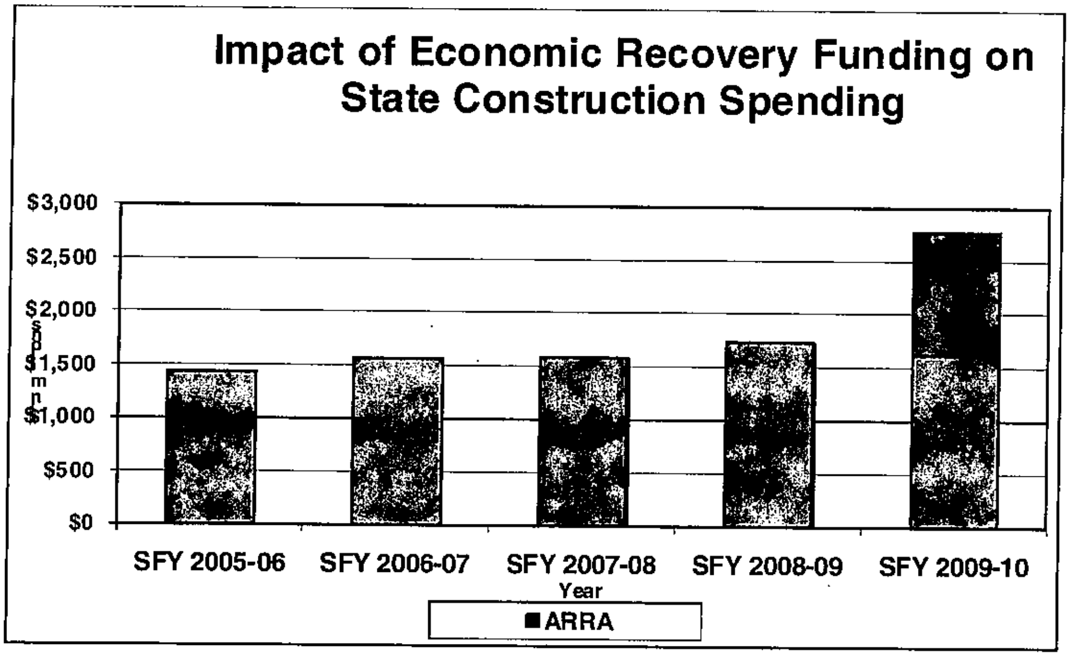

Figure 4

Federal Funding Outlook

As previously mentioned, future NYSDOT capital program investment levels will be determined, in part, by the amount of federal aid under a successor multi-year transportation act. Federal aid comprised approximately 50 percent of the 2005-10 capital program.

Consideration of this new NYSDOT program will occur during a period of extreme financial uncertainty at the federal level. The Federal Highway Trust Fund (HTF) is no longer solvent and requires annual general fund transfers to maintain current spending. In addition, the current Federal surface transportation program, the Safe Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), expired on September 30, 2009.

The U.S. House of Representatives passed a second stimulus bill, Jobs for Main Street (Jobs Bill) (HR 2874), on December 16. That bill may provide New York with an additional $1.1 billion in funding for highways, the same level of funding as the Recovery Act and as much as $1.4 billion for transit, a slight increase over the first stimulus bill. Unlike the Recovery Act, the Jobs Bill contains no additional discretionary funds for High-Speed Rail. The Senate is expected to debate companion legislation later this month.

The Jobs Bill also extends SAFETEA-LU, the highway and transit authorizing legislation, for one year: from October 1, 2009 through September 30, 2010 at full federal fiscal year 2009 funding levels. We are currently operating under a short-term extension of SAFETEA-LU. The extension provides only 70% of our highway funding through February 28, 2010. The proposed one-year extension in the Jobs Bill preserves current apportionment formulas and the current program structure. The one-year extension also closes a funding gap for the highway program that could significantly reduce future federal highway apportionments if not addressed by the end of February.

While New York needs action on a long-term authorization of federal surface transportation funding, Congress is not expected to act on a multi-year transportation bill with increased funding until 2011.

Moving Ahead

NYSDOT, in its 20-year needs study, has detailed the investments necessary to bring the State's transportation infrastructure into a State of Good Repair and to provide enhancements that support economic recovery and a strong future economy. In addition, at least two national needs assessments from recent years have also concluded that transportation funding from all levels of government must roughly double **(Figure 5)**.

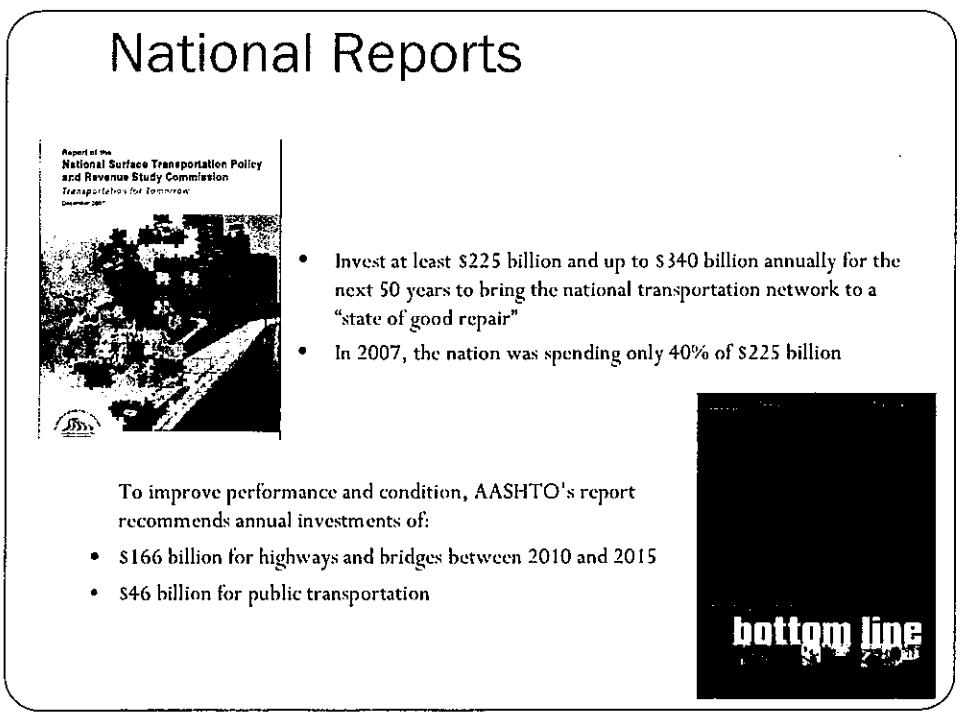

Figure 5

Until we can bridge the funding gap, NYSDOT is prepared to invest wisely whatever level of funding is provided at the State and federal levels. In addition, we will continue to work collaboratively with our elected officials and stakeholders to ensure New Yorkers continue to be served by a safe and reliable transportation system.

The question of how to finance the Department's capital plan is a difficult one and one that must be considered by the Governor and the Legislature within the larger context of the overall budget. The Governor has clearly said that a larger longer-term capital program is not affordable given New York's current fiscal condition and given that Congress has not yet acted on providing the important federal share. The Governor has asked the Legislature to work with him to address the State's budget deficit as a first step to funding an affordable road and bridge plan. We will support the Governor in this effort.

Conclusion

The Department fully supports Governor Paterson as he confronts the extraordinary fiscal crisis facing the state. We all wish the economic situation were different. But it is not. We, therefore, will continue to do all we can to address needs, reduce non-essential spending, and look for ways to become even more efficient.

This year, the world stood still as we witnessed the aftermath of the devastating earthquake that hit Haiti. We New Yorkers rallied to assist the victims. We also were reminded of the critical role that infrastructure plays in providing basic necessities. The world has faced enormous logistical issues in trying to provide such relief given the poor state of that country's infrastructure. While we cannot compare our two countries, perhaps we can use this tragedy as a wake-up call since, even in well-developed countries such as ours, infrastructure is often taken for granted. But the truth is, without it, and without making investments to maintain it we too can be left vulnerable. We are fortunate to live in a State where our leaders assure our citizens have access to healthcare, education, parks and other social services. But, the bottom line is that emergency vehicles, school buses, doctors, firefighters, teachers — everyone — must be able to travel safely to their destinations to maintain our quality of life and our economy.

The Department of Transportation has a long history of excellence in delivering transportation services to the State. Ours are sound policies and strategies that continue to guide our infrastructure investments and assure the safety and welfare of the traveling public. In partnership with the Metropolitan Planning Organizations (MPOs), the transportation industry and other stakeholders, we will continue to wisely invest whatever level of funding is given to us to support our State's transportation infrastructure.

We look forward to working with you and with Governor Paterson to provide our citizens with a safe and efficient transportation system. Indeed, the families, businesses, and communities of New York State are counting on all of us to do just that.

Thank you.

Opening Remarks by Jay H. Walder, Chairman and CEO
Metropolitan Transportation Authority

Joint Budget hearing for the Assembly Standing Committee on Ways and Means and the Standing Committee on Senate Finance
February 8, 2010

Good afternoon, Chairmen Farrell and Kruger and other members of the respective Committees represented here today. I am Jay Walder, Chairman of the Metropolitan Transportation Authority. Thank you for the opportunity to address your committees today.

As you know, I started working at the MTA in 1983, left in 1995, and just returned about 100 days ago. Maybe it is the perspective of being away, but most of us don't realize how far the MTA has come. The MTA carries eight and a half million customers a day, 24 hours a day, day or night, every day of the year. Most people pay less than $2.00 for their ride, and the overwhelming majority of passengers arrive at their destinations on time and without incident. This is a far cry from when the MTA, with graffiti-scarred cars, track fires, and crime was the national symbol of urban decay, and we should be proud of that progress.

This turnabout came in large part due to the good decisions that the Legislature and the Governors have made in providing stable funding for our transit system. This effort continued this past year when you passed the critical rescue package last spring. At that time you made an unprecedented commitment to public transportation and the 8.5 million New Yorkers who rely on the MTA every day. I know that package included difficult actions for you and New York taxpayers, especially in tough times. That's why I made it my first priority to show New Yorkers that every dollar that the MTA receives is spent wisely.

But, since I came back to the MTA, I found that in many areas the MTA just doesn't spend its money wisely. Let me give you some examples:

- While the logo is the same at each of our agencies, the MTA doesn't really operate as one company. There are many redundancies and inefficiencies across our operating agencies. That's why we still have more than 5,000 people doing administrative tasks. It's simply too many.
- We need to tackle this administrative inefficiency, and we will, but 90 percent of the MTA's workforce is focused on service delivery.
  - Take overtime. While overtime makes sense in many situations – like the snowstorm predicted for tomorrow – we now spend $500 million in overtime, and as State Comptroller DiNapoli pointed out, this must be fixed.
  - Another example is the 15 cents the MTA spends selling and collecting tickets and MetroCards for every dollar we receive in fares. Fifteen cents may not sound like a lot, but multiply it by the

$5 billion we collect in fares and tolls, and you are talking about real money. Now obviously you need to collect the fares, but you can see that doing it a little more efficiently – say for 13 cents instead of 15 cents – would save tens of millions of dollars.

- The same approach must be taken with our capital program, which is vital to maintain and expand our system but has failed to reduce our operating costs.

The MTA has come a long way in the service it provides, but clearly we still have a long way to go before we can say that every dollar is spent wisely. That's why I've committed to overhauling how the MTA does business. We will attack the MTA's cost structure to make it a more efficient and effective organization. That process has already begun and will permanently change how the MTA operates.

The balanced budget that I inherited when I started in October became a nearly $400 million deficit in December. First, the DRP cuts you enacted in November left the MTA $143 million short. The ink was barely dry on that bill when we became aware that the newly-enacted payroll mobility tax was falling far short of its estimates.

So we did the same thing that you've been forced to do – we made tough, painful decisions to fulfill our fiduciary responsibility and balance our budget. We are going to cut our administrative and operating payrolls, including layoffs. But, because this won't solve the problem, we are also reducing service and eliminating discounted student fares in New York City. We are doing these things because I understand that we need to live within our means.

While service cuts will of course impact our customers, we have gone out of our way to affect as few of them as possible. And, I want to point out that our analysis of what to cut has been more thoughtful and transparent than ever. But, the cuts are real and can not be avoided.

Unfortunately, the news has gotten even worse. Last week we learned from the State Division of Budget that our revenues may be $400 million short of what we were told in December, primarily due to further shortfalls in the Payroll Mobility Tax. I want to be clear on this point so that there is no misunderstanding. This new $400 million shortfall is over and above the other actions that we are already taking to balance our budget.

The magnitude of this deficit is extraordinary, and that is why we must leave no stone unturned. Our first actions will be to redouble our efforts to look internally at our own operations to generate savings.

- That is why we are renegotiating the rates that we are charged by our largest vendors, and we will save millions of dollars in the process.

- We are looking to see where we have too many managers so that we can eliminate redundancy and reduce the number of managers.
- We are looking to see where overtime can be reduced, which will generate savings this year and in the long-term.

And, we are engaging with our unions. We are in a new financial era, and if we are going to weather this crisis, we must be willing to put everything on the table, including increasing the productivity of our workforce. Many of our work rules are important and provide clear benefits such as increased safety. But, we are also saddled with rules from another era that don't make sense today and needlessly drive up costs that we no longer can afford to carry.

I hope that the internal actions that I outlined generate sufficient savings to close our newest budget gap. I also hope that the revenues from our dedicated taxes rebound as well. But, you can't pay people with hope, and that is why everything must be on the table.

People have been asking me about my position on fares. I want to be clear. I don't favor a fare increase for this year. I support the plan that the Legislature worked out last year in which the MTA will raise fares every-other-year, and I am proceeding with plans for the already-scheduled fare increase in 2011.

In closing, let me say that you have my commitment to do three things. First, I will do whatever it takes to make sure that the MTA is spending its money so that every dollar counts. Second, I will fulfill my fiduciary responsibility to operate the MTA within the funding that is available. Third, I pledge that I will be a good partner. I will try and keep you informed of our plans and progress, as I know you will keep us informed of your plans as well. Though it is my responsibility to manage the MTA, in truth, we are all in this together.

Thank you again for the opportunity to present my thoughts to you today. I am happy to answer any questions that you may have.

Testimony of
John Samuelsen, President
Transport Workers Union Local 100
Joint Legislative Budget Committee
February 8, 2010

Thank you for allowing me the opportunity to speak before this Committee, and to deliver the good wishes and hopes for a positive outcome to the current fiscal crisis facing the MTA from the 38,000 members of my union, the Transport Workers Union Local 100.

My members are the men and women who work round-the-clock, 7 days a week, 365 days a year operating New York City's bus and subway system, as well as a variety of essential school bus services and private line and express bus services. They also provide support for Access-a-Ride, the indispensable transportation service for our elderly and disabled.

Transit workers have an unbreakable bond with the millions of passengers they serve each day. They are alarmed by the MTA's current plans to slash bus and subway service throughout the city, and eliminate student passes. And, as the vast majority of my members are head-of-households, they are very concerned about their jobs, their ability to provide for their families and afford transportation costs for their children.

The MTA is proposing over $100 million in severe service cuts in 2010 which would impact nearly 4 million bus and subway riders, as well over 1,000 job reductions through attrition and layoffs.

These service cuts and elimination of jobs represent true hardship for struggling New Yorkers and further deteriorate the City and State's economic health.

I am here to today to say that there is an alternative. This view is not mine alone. It is shared by a broad coalition of labor unions, rider and environmental groups, and many members of the New York City Council and the New York State Senate and Assembly.

There is no doubt that the MTA finds itself in a financial predicament – a crisis with roots dating back to the mid 1990s when a shift in public policy occurred and translated into a real public disinvestment in New York's mass transit network. Even during times of economic expansion, such a decrease in public support translated into undue adversity. For example, a decline in City and State support for the MTA's capital programs meant that borrowing became an even larger portion of the plans' funding mix – from 34% for the 1992 to 1996 plan to 61% in the 2000-2004 plan. And, during times of economic contraction, the situation becomes exponentially worse on both the capital and operating side.

That said, we are clearly confronted with an unprecedented funding crisis today. But there are some obvious solutions that can address this very crisis.

We are here to state for the record ways in which the MTA can help close budget gaps. The MTA already has several options available, including using $50 million it has set aside in 2010 for pay-as-you-go capital. Also available is approximately $100 million in stimulus funds the MTA could use from the American Recovery and Reinvestment Act of 2009 rescue package.

But, the MTA steadfastly refuses to take this sensible approach to the problem. To do so – especially amid reports that budget deficits are likely to get worse – seems irresponsible, even insensitive, to the hardship being felt by New Yorkers.

The reality is that transit agencies all over the country are using stimulus funds for operating – including in Chicago, Atlanta, Seattle and St. Louis – because there is a real need for federal support to ensure that service is maintained and that jobs are saved.

In fact, this is a transparent way to deal with a budget crisis unlike the MTA's routine shifting of operating funds to underwrite capital projects. In past years, the MTA has drained nearly $1.4 billion from the operating budget to fund its capital plans. Think about how many service cuts and fare increases would have been avoided if this had not been the case. To question at best, and refuse at worse, the use of stimulus funds during this time of crisis is wholly inappropriate. It's time for the flow to go in the other direction.

We call on the MTA to reconsider and reprioritize its capital plan. As a track worker for the past 17 years in New York's subways, I understand the importance of maintaining the health of our infrastructure. System safety is supreme and that should never be jeopardized. But we can't be blind to the economic woes of millions of New Yorkers today, and to the needs of hundreds of transit workers and many other workers whose jobs and livelihoods are threatened by this crisis. We cannot let that happen. And to that end, we need to re-think our capital priorities.

Additionally, it is also important that New York takes advantage of all other opportunities being considered by Congress – most notably the Jobs Bill. The legislation is expected to be moved in Congress soon and it is likely to include federal funding for infrastructure projects. NY Senator Kirsten Gillibrand has called for $15 billion to go to transit, of which 10 percent could be used towards operating expenses. It is estimated the MTA could receive $2.1 billion, of which $210 million would be available for operating expenses. This makes more sense than cutting jobs and lacerating service. We urge members of the Senate and the Assembly to support us in our campaign for additional federal operating assistance for transit agencies. And perhaps come to D.C. with us – alongside riders' groups, labor and other community groups impacted by the MTA's proposed cuts - to register that very position.

Last but not least, we urge the State to not abandon New York City schoolchildren and find additional monies to support student passes. It is imperative that both the City and the State find a way to absorb student transportation costs and not leave schoolchildren to make a decision on where to go to school based on what they can afford to pay to get there. And, just as important, we hope the State can identify other ways in which to fill the gap from declining revenues flowing to the MTA from dedicated taxes. As a starting point, the State should restore the $143 million it cut from the MTA as part of its Deficit Reduction Program.

Please, do what's right for New York's working families today.

Testimony of Michael R. Fleischer, Executive Director
New York State Thruway Authority & Canal Corporation
Joint Legislative Public Hearing on 2010-2011 Executive Budget Proposal
Transportation
Hearing Room B @ 1 p.m.
February 8, 2010

Good Afternoon Chairmen Kruger, Farrell, Dilan and Gantt and members of the Assembly and Senate Committees. I am Michael Fleischer, Executive Director of the New York State Thruway Authority and Canal Corporation. Thank you for the invitation and opportunity to testify today before the Committees.

The Thruway plays a vital role in the economy of New York. It is the principal artery of travel and commerce within New York, connecting the State's principal cities, its many tourist attractions and educational institutions, and providing a vital link for long distance interstate travel.

The Thruway Authority manages nearly 3000 lane miles of highway and more than 800 bridges. More than 248 million trips were taken on the Thruway in 2009, representing more than 8.1 billion miles traveled. As such, it is critical that the Thruway Authority's highway and bridge assets remain in good condition to ensure the safe and efficient movement of goods, services and people. This is accomplished through capital investments into the highway as well as Thruway operations, including cleaning debris, fixing potholes, safety improvements (such as the Shoulder Treatment for Accident Reduction [STAR] grooves to help prevent drivers from falling asleep and drifting off the road), and clearing snow and ice from the highway and bridges along the Thruway. The Thruway is consistently ranked one of the safest highways in the nation. In fact, 2009 was the safest year in the Thruway's 56-year history. While one fatality is one too many, the Thruway's rate was nearly 1/5 that of the overall national fatality rate and 1/3 that of all roads in New York State.

To aid in the Thruway Authority's mission of providing safe and reliable transportation, more than 300 dedicated Members of Troop T patrol the Thruway exclusively (and Canal System), ensuring the safety of all motorists by enforcing the seat-belt law, and preventing crash-causing behavior such as aggressive driving, drunk driving and speeding. While it expends more than $60 million annually for enforcement along the Thruway and Canals, the Thruway Authority receives no funds from the roughly 200,000 tickets that Troop T issues each year.

The Thruway Authority is in the process of delivering important capital investments as part of its 2005-2011 Capital Program to retain good highway and bridge condition ratings, and preserve high levels of safety and service for our customers. Some of the Thruway Authority's recently completed and on-going projects include:

- The December 2009 completion of the much-anticipated and positively- received direct connection of I-87 with I-84 in Orange County at Interchange 17, provides motorists with seamless and efficient access between the two interstates, while relieving traffic congestion from the local roads (Routes 300 and 17K);
- Bringing Highway Speed (65 mph) E-ZPass to the Woodbury Toll Plaza in the Spring of 2010. As a result, for the first time ever, passenger and commercial customers with E-ZPass will no longer need to slow down at the Woodbury Toll Plaza to pay their toll, thereby reducing congestion and improving air quality in the Hudson Valley region. As we continue to seek ways to improve E-ZPass, the Authority will continue to seek enhanced abilities to deter potential toll evaders

from cheating the system. When other motorists are paying their fair share, it important that appropriate penalties exist to dissuade toll evaders. I would like to thank Assemblyman Lentol and Senator Schneiderman for introducing legislation to recoup toll revenues lost to toll violators, and providing for license and registration suspensions for those who habitually seek to avoid paying their toll;

- The $48 million South Grand Island Bridge Rehabilitation Project includes the replacement of the existing concrete bridge deck, barrier, and sidewalk on the northbound span with precast bridge deck panels and barrier (scheduled for completion in November 2010);
- The $128 million, 15-mile full-depth pavement reconstruction project between Interchanges 39 and 40 is one of the largest single mainline projects in the Thruway's history. The Thruway Authority is replacing the original 50-year-old underlying pavement resulting in a smoother, more comfortable ride for Thruway motorists, and utilizing an extensive incident management plan during construction; and
- The nearly-complete $176 million Tappan Zee Bridge Deck Replacement project, Contract 1, is the largest single project in the Thruway's history. A total of 1092 new deck panels - including 288 on the main span, 140 on the west deck truss and 664 on the western causeway, have been replaced reinforcing the Thruway Authority's commitment to make the necessary investments to assure safe and efficient travel for the thousands of motorists that cross the bridge daily.

With its partners at the State Department of Transportation and the Metropolitan Transportation Authority/Metro-North Railroad, the Thruway Authority is participating in the Tappan Zee Bridge/I-287 Environmental Review process. While the process of finding the best transportation solution for the Corridor continues, the Thruway Authority will continue to fulfill its responsibility to safely maintain and operate the Tappan Zee Bridge.

To continue to maintain the 53 year old highway in good condition, it will require continued investments and maintenance. In fact, approximately 80 percent of the Thruway's underlying pavement and 85 percent of its bridges date from its original construction. The Thruway's aging infrastructure requires more frequent and critical attention. As a result, the Thruway Authority expects to receive bids on 52 projects with an estimated value of more than $637 million in projects this year, representing the largest one-year letting level of capital investments in the Thruway's history. A project listing, by County, is attached to my testimony. Major 2010 projects include:

- East of Westfield (Int. 60) to Penn. State Line Eastbound, Pavement Rehabilitation, Int. 60 and 61 Ramp Pavement Rehabilitation, and Westfield Interchange (Int. 60) Bridge Rehabilitation, $22 million;
- Hamburg (Int. 57) to East of Silver Creek Pavement Rehabilitation and 4 Bridge Rehabilitations, $93 million;
- I-787 (Int. 23, mp 141.9) to Northway (Int. 24, mp 148.15): Pavement Reconstruction with Congestion Relief, $115m;
- East of Fultonville (mp 180.0) to West of Canajoharie (mp 197.9): Pavement Resurfacing and Safety Upgrades, $18.5m; and
- Tappan Zee Bridge Deck Rehabilitation, Contract 2, $191.5m.

This aggressive plan will allow the Thruway Authority to further its commitment to improving safety and easing congestion for the millions of New Yorkers, and visitors to the State, who rely on the Thruway to get their products to market, commute to jobs or school or to visit one of New York's many attractions. The Thruway has long been an economic engine for the State, and this year's Capital Plan will ensure we keep business and people moving in and through New York State.

In response to the weakened economy, reductions in Federal aid -- the Thruway Authority's Federal aid allocation in 2009 and 2010 has decreased, resulting in $11.5 million less Federal funding with Federal aid expected to drop by 75 percent in 2010 and all but eliminated for the Thruway Authority by 2011; and Federal aid received for the Canal is not expected to be provided after 2010 -- volatile gas prices and double-digit increases in construction materials and inflation, the Thruway Authority has implemented operating cost containment measures that generated more than $13 million in savings in 2008 alone, and more than $9.3 million in 2009. The cost containment measures include hiring controls; contractual savings; reducing the number of part-time toll collector hours; reducing fuel usage and mowing; reducing the number of hours of overtime; and restrictions on travel and training. Since 1995, the Thruway Authority has eliminated 544 full-time positions, and the Authority has taken aggressive steps to reduce overtime hours by 28% since 2005. Similarly, the Canal Corporation has reduced overtime hours by 41% since 2005.

In addition to the operational saving measures, the Thruway Authority is exploring ways to incorporate renewable, energy-efficient technologies in an attempt to reduce some of the costs at Authority-owned facilities along the Thruway, while at the same time furthering its environmental stewardship commitments. For example, the Thruway Authority recently issued a Request for Information (RFI) to solicit information from the wind turbine power industry. We are eager to receive input from the wind power development industry as to how we can work towards a more sustainable environment, and making New York a greener State, benefiting all New Yorkers. Additionally, in accordance with Governor Paterson's State Energy Plan initiative, the Thruway Authority is also in the process of retaining a qualified firm to develop an Energy Master Plan in cooperation with the New York State Energy Research and Development Authority (NYSERDA) as part of their Flexible Technical Assistance (FlexTech) program. As such, NYSERDA will provide up to 50% of the funding for the development of the Thruway Authority's Energy Master Plan, which will look to access the potential for energy savings along both the Thruway and Canal Systems along with the potential use of renewable energies including, but not limited to, solar power.

Unlike other highways in New York State, the Thruway Authority receives no state tax dollars and depends almost entirely on tolls to maintain, operate, and police its roads and bridges. An estimated one-third of the tolls collected are paid by out-of-state drivers who use the Thruway. This is consistent with the findings of the Thruway Authority Transition Advisory Council which made recommendations concerning the future of the Thruway. In 1991, the Advisory Council concluded that tolls were the preferable choice because it was more appropriate for those who actually use the Thruway to pay for its maintenance and upkeep, rather than the taxpayers of New York. Therefore, the Advisory Council recommended to the Legislature and the Governor, that tolls be maintained and that the Thruway Authority be retained to meet the transportation needs along the Thruway corridor. In addition, in 1992, the Governor and the State Legislature enacted legislation to further expand the responsibilities of the Thruway Authority to include the operation, maintenance and promotion of the 524-mile Canal System, including 57 locks, 20 lift bridges, 129 dams and an additional 1900 structures. The Thruway Authority has expended more than $1.1 billion in toll revenue on non-Thruway projects and facilities since 1990, and has budgeted more than $82 million for Canal operations and maintenance and capital in its 2010 Budget.

The costs associated with maintaining the aging infrastructure of the Canal System and the implementation of the Department of Environmental Conservation's newly enacted and more stringent Dam Safety Regulations will put extreme stress on the Canal Corporation's capital budget. The Canal Corporation maintains jurisdiction over 57 dams classified as high or intermediate hazard, and yet it must finance repair of these dams through cash expenditures derived primarily from Thruway tolls because the Canal Corporation has reached its bond cap. Senator Dilan, I'd like to thank you for sponsoring legislation to increase these bond caps.

That being said, the Thruway Authority and Canal Corporation have taken their role as stewards of the historic Canal System seriously, as evidenced by the level of funding committed to the preservation of the waterway and its infrastructure. We're proud of the fact that substantial funds have been devoted to the rehabilitation of the system's infrastructure. This effort has slowed the rate of deterioration, although significant funding is needed on a continual basis to keep the system in a state of good repair. In addition to the Canals' historical value, it is also a major modern-day tourism and economic development asset for the State, particularly in Western New York where many canal-side communities derive a significant amount of activity from the waterway. For example, recent increases in tug and barge traffic along the waterway, and a growing number of inquiries each year, suggests resurgence in commercial use.

I would like to note, in recognition of the Canal Corporation's contribution to local economic development, recreation and tourism, that the Canal Corporation is a major sponsor of the nearly week-long World Canals Conference 2010 (WCC) taking place this year in Rochester (beginning September 19, 2010). The Conference, which has previously been held in such locations as England, Scotland, Sweden, and Serbia, will draw International waterway and Canal enthusiasts from around the world to Western New York.

Furthering its mission to promote the historic waterway as a year-round tourism destination, in conjunction with the tourism promotion agencies and local communities throughout the Canal System, the Canal Corporation produces two annual Calendar of Events - one developed for the navigation season and one developed for the non-navigation season. Together, these annual calendars include nearly 500 events. The calendars, available throughout the Canal Corridor and online, highlight events from farmers markets to museum galleries, to water based events, to canal festivals, and much more.

Over the next 20 years, excluding the Tappan Zee Bridge, more than $9 billion will be needed (in today's dollars) to keep the Thruway in good condition. The Thruway is more than 50 years old and significant reconstruction work is required to maintain good highway and bridge condition ratings.

In fact, in August 2009, State Comptroller Thomas P. DiNapoli cautioned that New York will have $80 billion in unmet infrastructure needs over the next 20 years unless state, federal and local governments work together to improve multi-year capital planning and better fund infrastructure projects.

The current Capital Program (2005-2011) has been designed to address the needs of the Thruway's most critical roadways and bridges. With more than $637 million scheduled to be let in 2010, and an estimated $360 million scheduled to be let in 2011, the Thruway Authority remains committed to delivering high levels of safety and service to its customers.

To strengthen the Authority's mission, it has begun the process of implementing improvements in the following areas:

- Integrated Financial Planning: The capital planning process will be redesigned to produce a 10 year rolling plan that aligns with the financial planning process.
- Standardization & Transparency: Project delivery and management standards will be developed based on industry practices that will improve project tracking and reporting for all capital projects, resulting in a more transparent capital plan delivery process.
- Improved Strategic Planning: The planning process will be enhanced, providing direction for critical Authority processes and operations. As an example, as other tolling facilities gravitate towards All Electronic Toll Collection (AETC), the Authority will explore AETC and other toll system alternatives when considering the future needs of the System.

The Thruway Authority is charged with delivering high levels of safety and service, maintaining and operating the Thruways highways and bridges, implementing a capital improvement program and improving the travelers' experience. The Thruway Authority/Canal Corporation's Board. staff and myself takes this responsibility seriously.

Thank you. I am happy to answer any questions the Committee may have.

NYS THRUWAY AUTHORITY/CANAL CORPORATION

2010 Contracts Program Lettings by County

COUNTY	LETTING YEAR	QTR.	ITEM NO.	MILEPOST	PROJECT DESCRIPTION	CONSTRUCTION CONTRACT VALUE
Bronx	2010	2	B605.2		New York Division: On-Demand Bridge Repair Contract 2010-2011	$600,000
		2	B2229.2		New York Division: Bridge Painting.	$3,000,000
		4	H1070.2		New York Division: Pavement Striping - 2011	$1,100,000
		4	B426.1	MP: 600.41	I-95 Thruway Bridge over Erksine Place (Bassett Avenue) & RR: Rehabilitation	$2,000,000
		4	B920.1	MP: 600.55	I-95 Thruway Bridges over Hutchinson River Parkway Extension (NB & SB): Deck Rehabilitations	$3,250,000
		4	H999.1	MP: 601.10	I-95 NB, Bartow Avenue (Exit 11, MP 601.11): Ramp Traffic Operational Improvement	$2,950.000
		4	B935.1	MP: 602.37	Conner Street Bridge over I-95 Thruway: Rehabilitation	$2,300,000
Westchester	2010	2	B605.2		New York Division: On-Demand Bridge Repair Contract 2010-2011	$600,000
		2	B2229.2		New York Division: Bridge Painting	$3,000,000
		4	H1070.2		New York Division: Pavement Striping - 2011	$1,100,000
		2	B919.1	MP: 2.20	Cross County Parkway Bridge over Thruway - Deck Repairs and Joint Replacement	$750,000
		2	B2062.2	MP: 4.06	New York Division: Culvert Repairs	$2,000,000
		4	A3.1	MP: 6.00	Ardsley Service Area (MP 6.0, NB): Replace Water Supply Main and Demolish Existing Fire Pump Vault	$1,700,000
		2	B2242.1	MP: 7.84	Thruway over Route 9A - Bridge SRSO and Bearing Replacement	$2,900,000
		1	B905.4	MP: 14.67	Tappan Zee Bridge: Deck Rehabilitation Contract No. 2	$191,500,000
		4	B946.1	MP: 14.67	Tappan Zee Bridge - Repair Gusset Plates	$2,500,000
		4	B934.1	MP: 604.63	I-95 Thruway Bridge over Boston Post Road: Repairs	$2,000,000
		4	B933.1	MP: 605.39	Centre Avenue Bridge over I-95 Thruway: Rehabilitation	$1,900,000
		4	B284.3	MP: 605.76	North Avenue Bridge over Thruway Utilities Transfer (Phase 2)	$4,000,000
		4	H14.2	MP: 614.10	I-95 Thruway, Port Chester to Connecticut State Line: Pavement Rehabilitation, including Ramps) and install two Traffic Data Stations	$9,088,000
		4	B12.2	MP: 614.93	I-95 Thruway Bridge over Byram River: Deck Rehabilitation and Bridge Painting	$17,000,000

COUNTY	LETTING YEAR	LETTING QTR.	ITEM NO.	MILEPOST	PROJECT DESCRIPTION	CONSTRUCTION CONTRACT VALUE
Rockland	2010	2	B605.2		New York Division: On-Demand Bridge Repair Contract 2010-2011	$600,000
		2	B2229.2		New York Division: Bridge Painting	$3,000,000
		4	H1070.2		New York Division: Pavement Striping - 2011	$1,100,000
		1	B621.1	MP: 30.18	Exit 15 NB Off Ramp: Bridge Railing/Barrier Extension	$500,000
		2	B384.1	MP: 34.03	Thruway Bridges over Sloatsburg-Sebago Lake Road: Replacement	$17,000,000
		4	B2237.1	MP: 641.64	Garden State Parkway Connector Bridges over Williams Road: Deck Rehabilitation	$2,900,000
Orange	2010	2	B605.2		New York Division: On-Demand Bridge Repair Contract 2010-2011	$600,000
		2	B2229.2		New York Division: Bridge Painting	$3,000,000
		4	H1070.2		New York Division: Pavement Striping - 2011	$1,100,000
		2	B435.1	MP: 36.13	Thruway Bridges over East Village Road: Replacement	$6,000,000
		1	B2232.1	MP: 42.30	Arden Station Road Bridge over Thruway: Rehabilitation	$2,700,000
		1	H1006.2	MP: 46.00	Woodbury Barrier (MP 46.0) to Newburgh (Exit17, MP 60.5): Safety Upgrades	$5,200,000
Ulster	2010	2	B605.2		New York Division: On-Demand Bridge Repair Contract 2010-2011	$600,000
		2	B2229.2		New York Division: Bridge Painting	$3,000,000
		4	H1070.2		New York Division: Pavement Striping - 2011	$1,100,000
		4	H1070.3		Albany Division: Pavement Striping - 2011	$750,000
		2	H2190.1	MP: 93.80	Kingston (Exit 19, MP 93.8) to Saugerties (Exit 20, MP 100.8): Pavement Resurfacing and Safety Upgrades	$5,200,000
		2	H56.1	MP: 99.00	South of Saugerties (Exit 20) Northbound (MP 99.0): Drainage Improvements	$1,500,000
		3	B964.1	MP: 103.16	Steel Repairs to 4 Albany Division Bridges at MP 177.47, MP 182.76, MP 811.35 and MP 103.16	$500,000
Greene	2010	4	H1070.3		Albany Division: Pavement Striping - 2011	$750,000
		3	H2179.1	MP: 116.00	South of Catskill (MP 115.6 - 116.0 SB and 115.3 - 116.0 NB): Rock Removal	$7,500,000
Albany	2010	4	H1070.3		Albany Division: Pavement Striping - 2011	$750,000
		4	B962.1	MP: 141.36	Normanskill Bridge and Castleton Bridge - Repair Gusset Plates	$1,500,000
		2	H1043.1	MP: 141.92	Thruway Headquarters Building and 337 Southern Boulevard Buildings - Resurface Driveways and Parking Lots	$1,200,000
		4	A814.1	MP: 141.92	Thruway Building at 337 Southern Boulevard - Repair Exterior Concrete Walls and Loading Dock Roof, and Replace Windows	$750.000
		4	H2034.1	MP: 141.92	I-787 (Exit 23, MP 141.9) to Northway (Exit 24, MP 148.15): Pavement Reconstruction with Congestion Relief	$115,000,000

	LETTING YEAR	QTR.	ITEM NO. MILEPOST	PROJECT DESCRIPTION	CONSTRUCTION CONTRACT VALUE
Schenectady	2010	4	H1070.3	Albany Division: Pavement Striping - 2011	$750,000
Montgomery	2010	4	H1070.3	Albany Division: Pavement Striping - 2011	$750,000
		4	H1070.4	Syracuse Division: Pavement Striping - 2011	$750,000
		3	B964.1 MP: 103.16	Steel Repairs to 4 Albany Division Bridges at MP 177.47, MP 182.76, MP 811.35 and MP 103.16	$500,000
		1	H2124.1 MP: 180.00	East of Fultonville (MP 180.0) to West of Canajoharie (MP 197.9): Pavement Resurfacing and Safety Upgrades	$18.500.000
		4	C37.1	Statewide: Movable Dams - Fall Protection Systems Installation - Seneca, Herkimer & Montgomery Counties	$5,700,000
		4	H1069.1	Yosts: Movable Dam 9 at Lock E-13 - Rehabilitation, Montgomery County	$21,000,000
Rensselaer	2010	4	H1070.3	Albany Division: Pavement Striping - 2011	$750,000
		4	B622.1 MP: 807.68	Repair 5 Large Culverts on the Berkshire Spur in Albany Division	$1,100,000
Columbia	2010	4	H1070.3	Albany Division: Pavement Striping - 2011	$750,000
		4	B622.1 MP: 807.68	Repair 5 Large Culverts on the Berkshire Spur in Albany Division	$1,100,000
		3	B964.1 MP: 103.16	Steel Repairs to 4 Albany Division Bridges at MP 177.47, MP 182.76, MP 811.35 and MP 103.16	$500,000
		2	H1069.1 MP: 817.90	Berkshire Thruway, Canaan Toll Barrier (MP 817.9) to Massachusetts State Line (MP 824.3): Pavement Resurfacing and Safety Upgrades	$7,500,000
Saratoga		3	C44.1	Waterford: OCC Stone Retaining Wall - Replacement, Saratoga County	$350,000
Herkimer	2010	4	H1070.4	Syracuse Division: Pavement Striping - 2011	$750,000
		4	C37.1	Movable Dams - Fall Protection Systems Installation - Seneca, Herkimer & Montgomery Counties	$5,700,000
Oneida	2010	4	H1070.4	Syracuse Division: Pavement Striping - 2011	$750,000
		3	B528.1 MP: 237.33	Thruway Bridge over Mohawk River - Deck Replacement	$9,000,000
Madison	2010	4	H1070.4	Syracuse Division: Pavement Striping - 2011	$750,000
Onondaga	2010	4	H1070.4	Syracuse Division: Pavement Striping - 2011	$750,000
Cayuga	2010	4	H1070.4	Syracuse Division: Pavement Striping - 2011	$750,000

	LETTING YEAR	QTR.	ITEM NO.	MILEPOST	PROJECT DESCRIPTION	CONSTRUCTION CONTRACT VALUE
Seneca	2010	4	H1070.4		Syracuse Division: Pavement Striping - 2011	$750,000
		2	H905.1 MP:	313.80	West of Weedsport (MP 313.8) to Waterloo (Exit 41, MP 320.7): Pavement Resurfacing and Installation of Median Guiderail (MP 316 to MP 320)	$6,330,000
		4	C37.1		Statewide: Movable Dams - Fall Protection Systems Installation - Seneca, Herkimer & Montgomery Counties	$5,700,000
		4	C45.1		Seneca Falls: Replace Lower Miter Gate - Lock C&S-2, Seneca Co.	$1,500,000
Ontario	2010	4	H1070.4		Syracuse Division: Pavement Striping - 2011	$750,000
		4	H1070.5		Buffalo Division: Pavement Striping - 2011	$900,000
		2	B482.1 MP:	327.54	Thruway Bridge over Canandaigua Outlet - Deck Rehabilitation	$2,000,000
		3	A845.1 MP:	350.00	Seneca Service Area Remediation	$1,400,000
		1	B526.1 MP:	352.59	Thruway Bridge over Abandoned NYCRR - Rehabilitation	$500,000
Monroe	2010	4	H1070.5		Buffalo Division: Pavement Striping - 2011	$900,000
		1	B937.1 MP:	363.12	West of I-390 (Exit 46) - CIN 363.12001, Culvert Replacement	$1,700,000
		1	B433.4 MP:	363.95	Thruway Bridge over Livonia, Avon & Lakeville RR: Substructure Repair with Joint Rehabilitation/Replacement	$1,410,000
		1	B564.2 MP:	364.74	East River Road Bridge over Thruway: Repairs	$1,000,000
		1	A836.1 MP:	366.00	Upgrade Emergency Generators at Scottsville and Angola Service Areas	$850,000
		3	A846.1 MP:	366.00	Scottsville Service Area Remediation	$1,400,000
		2	C143.1		Rochester: West Guard Lock - Rehabilitation, Monroe County	$5,500,000
Genesee	2010	4	H1070.5		Buffalo Division: Pavement Striping - 2011	$900,000
		2	H1010.2 MP:	393.70	Batavia (Exit 48, MP 393.70) to West of Pembroke (Exit 48A, MP 404.70): Safety Upgrades and Installation of Median Guiderail (MP 395 to MP 405)	$3,000,000
		2	B526.2 MP:	402.90	Thruway Bridge over Murder Creek: Rehabilitation	$500,000
Erie	2010	4	H1070.5		Buffalo Division: Pavement Striping - 2011	$900,000
		4	B510.2 MP:	430.05	Thruway Bridge over NYCRR/Penn RR: Joint Repairs	$500,000
		4	H1016.1 MP:	430.51	Lackawanna Toll Barrier (MP 430.51): Toll Barrier Pavement Rehabilitation	$4,500,000
		1	H873.1 MP:	436.22	Hamburg (Exit 57, MP 436.22): Ramp and Toll Plaza Pavement Rehabilitation	$1,084,239
		2	H874.1 MP:	438.50	Hamburg (Exit 57, MP 438.5) to East of Silver Creek (MP 451.5): Highway Rehabilitation and Thruway Bridges over Shadagee Rd., 18 Mile Creek and Big Sisters Creek: Deck Rehabilitations	$93,000,000
		2	A860.1 MP:	447.00	Angola Service Area Restaurant (MP 447) - Replace Flat Roof	$500,000
		4	B947.1 MP:	920.35	Grand Island Bridges - Repair Gusset Plates	$1,500,000

	LETTING YEAR	QTR.	ITEM NO.	MILEPOST	PROJECT DESCRIPTION	CONSTRUCTION CONTRACT VALUE
Niagara	2010	4	H1070.5		Buffalo Division: Pavement Striping - 2011	$900,000
		4	B947.1	MP: 920.35	Grand Island Bridges - Repair Gusset Plates	$1,500,000
Chautauqua	2010	4	H1070.5		Buffalo Division: Pavement Striping - 2011	$900,000
		2	H876.2	MP: 483.00	East of Westfield (Exit 60, MP 483.0) to Penn. State Line (MP 496.0) Eastbound: Pavement Rehabiliation, and MP 485.00: Westfield Interchange (Exit 60) Bridge Rehabilitation	$22,000,000
Statewide	2010	3	H1082.1	Statewide	Statewide Culvert Cleaning	$600,000
		4	B963.1	Statewide	Statewide: Repairs to Specific Bridges	$1,500,000
		4	C40.1	Statewide	Statewide: Marine Vessel - When/Where Recovery Contract	$2,000,000

6

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 8, 2010

1 PM

Hearing Room B

Good afternoon, my name is Frank Kobliski, and I am the President of the New York Public Transit Association (NYPTA), a not-for-profit association representing the public transit industry throughout the State. NYPTA seeks to ensure that transit riders continue to have access to safe and reliable mobility options through the State's many public transportation systems. Our members include public transportation service providers like CNYRTA and the MTA, private sector manufacturers and suppliers, state government agencies, and individuals with an interest in public transportation. I would like to thank Chairmen Kruger and Farrell for allowing me the opportunity to testify today on the Governor's Executive Budget proposal. I would also like to thank Senator Dilan and Assemblyman Gantt for their leadership on transit issues.

Let me begin by stating that I appear before you today primarily as the voice of our customers. In every part of New York, both upstate and in the metropolitan New York region, millions of people rely on public transportation for their mobility. These individuals represent every age and income group, and hundreds of occupations - health care workers in Manhattan, students in Buffalo, and retirees in Watertown. I am sorry to say that it has not been a good year for our customers. They have endured fare increases that have made their trips more expensive, but what is infinitely worse is that too many of them no longer have any transit service at all due to cutbacks and route eliminations. Unfortunately, under the proposals contained in the Governor's Executive Budget, it is not going to get better for the transit rider.

Public transportation is critically important to New York's quality of life and the economic viability of the State. **If we are to recover from the 'Great Recession' New York State will need to invest, and not disinvest, in public transportation.** Over the past two years, riders across the State have suffered through fare increases and service reductions due to inadequate transit system funding at a time when they need affordable public transportation more than ever. Transit investments also provide a ripple effect in New York's economy because operating aid provides an economic multiplier of 3.2 for every dollar spent, thus providing an economic stimulus that the State sorely needs.

Unfortunately, the Governor's proposed Executive Budget calls for significant public transit cuts at a time when operating funds have been stretched to the breaking point. After the significant reductions in transit support enacted with last years Deficit Reduction Plan, including an ill-advised massive sweep of $120 million of downstate operating funding, **funding for transit systems other than the MTA will have seen a staggering $27.3-million reduction over levels approved and enacted by the Legislature last April.** Simply put - the lack of operating funds for upstate and suburban transit systems has reached crisis level, a crisis which translates into leaving workers, the poor and the elderly citizens of the state unable to find transportation to work, doctors' offices, pharmacies, grocery stores, hospitals and other critical destinations that are part and parcel of these citizen's lives.

While the Ravitch Commission recommendations enacted by the Legislature in May 2009 have provided a measure of relief for the MTA, it is NYPTA's position that the work of the Commission represents a missed opportunity to address the transit operating assistance challenge on a statewide basis. The evidence of a pervasive transit funding crisis is growing:

- The Upstate Account of the Mass Transit Operating Assistance Fund continues on life support, kept solvent only through General Fund and Downstate Account transfers.
- Counties served by suburban downstate systems need new revenues to replace Downstate Account funding lost in the DRP sweep and to continue to provide service that both complements and links to the MTA.
- The MTA's Ravitch revenues are clearly inadequate as demonstrated by last week's delay of a $650 million bond issue following a credit downgrade due to significant revenue shortfalls.

The MTA financial situation will require further attention, and public transportation systems other than the MTA will need over $200 million annually in additional operating assistance to maintain affordable fares and viable levels of service. Unfortunately, revenue from existing dedicated sources continues to suffer from state and national economic problems, the main factor in the State's inability to make the full and timely payment of FYE 2009-10 operating aid.

In order to boost revenue, **NYPTA supports proposed Article VII legislation to eliminate the ability of an Industrial Development Agency to grant an exemption on the additional portion of the Mortgage Recording Tax (MRT) that is dedicated to transit systems.** While a commendable first step, the State needs to go further if it wishes to adequately fund transit authorities through the MRT. **NYPTA urges the Legislature to propose legislation to amend state tax law to increase by 25 cents the additional Mortgage Recording Tax (MRT) imposed on real property situated within counties comprising the four upstate regional transportation authorities.**

Under current law, New York State requires that all counties impose a mortgage recording tax. In addition, counties lying within Metropolitan Commuter Transportation District (MCTD) or one of the state's four upstate regional transportation authority districts impose an additional tax to support transit capital and operating costs. A tax of 30 cents for every $100 is levied on counties within the MCTD while all remaining counties currently pay 25 cents for every $100. In all, the areas imposing this tax cover 21 counties plus New York City. These proposals will cast a wider net in MRT tax collection and boost revenue for transit authorities.

Based on MRT collections over the previous six years, it is estimated that a 25 cent increase could bring in needed operating funding for the regional authorities at amounts between $60.9 million to $86.8 million depending on mortgage activity. The additional revenue will reduce strain on the General Fund and free up operating assistance for the smaller formula transit systems throughout the state, such as Watertown Citibus. Below is a chart detailing what a 25 cent increase in the MRT could bring in for each authority based on revenue history:

MRT Range of Historic Collections and Potential Collections				
Authority	**MRT 6-Year Low**	**MRT 6-Year High**	**Enhanced MRT Low**	**Enhanced MRT High**
CDTA	$10,263,768	$13,492,217	$20,527,536	$26,984,434
CNYRTA	$5,843,747	$7,877,591	$11,687,494	$15,755,182
NFTA	$7,191,295	$10,181,295	$14,382,590	$20,362,430
RGRTA	$7,165,000	$11,868,242	$14,330,000	$23,736,484

In the long term, NYPTA recommends convening a successor to the Ravitch Commission to develop statewide solutions to STOA funding. The Commission succeeded in gaining at least a partial solution to the MTA's funding issues, but the financial challenges have not been fully resolved. In addition to the service cuts and spending reductions implemented as a result of the 2009 Deficit Reduction Plan, the MTA will now have to make even tougher decisions that will have a significant impact on its ridership. A new commission must be established to further address transit operating assistance deficiencies that are affecting the MTA and transit systems statewide. It is time to recognize that the STOA problem is pervasive, and it requires a comprehensive look at everything from finances to organizational structure.

We would like to commend the Governor's resourcefulness for including Article VII legislation to provide a measure of mandate relief for New York's transit systems. Specifically, we support the proposal to provide waivers from the 2006 Diesel Emissions Reduction Act for transit buses that are scheduled for replacement within the next few years. No one can dispute the correlation between public transportation and environmental benefits such as improved air quality. Transit systems throughout the State together provide over 2 billion rides to New Yorkers and cut fuel consumption in the New York region by 1.33 billion gallons on an annual basis. **Waivers of costly retrofit mandates for buses within three years of their retirement/useful life will save non-MTA transit properties over $5.8 million – preserving over 80,000 existing service hours for upstate systems providing some relief for the overburdened State operating and capital funds. The MTA is expected to save $30+ million dollars.**

NYPTA also urges the Governor to act quickly to rescind Executive Order 142, which requires agencies and authorities to diversify transportation fuel through the use of bio fuels. It is estimated that eliminating this requirement would save authorities 5 cents to 10 cents per gallon, which will ease the pressure on operating funds for transit systems. The longer the delay, the higher the likelihood that transit systems will miss out on needed savings which will amount to over $220 thousand for CNYRTA. Other systems, such as CDTA and NFTA would see savings ranging from $100 thousand to $180 thousand.

In order provide needed revenue and enhance bus transit performance within the City of New York, NYPTA supports legislation to authorize the City of New York to establish a Bus Rapid Transit and Bus Mobility Demonstration Program that would utilize photo devices similar to red-light cameras to identify and penalize owners of motor vehicles found to be in violation of City restrictions on the use of bus lanes. Implementation of this program will significantly reduce bus lane congestion and allow the MTA to provide more efficient and effective transit for the City's millions of residents and visitors.

North of New York City, NYPTA supports the efforts of the Rockland County Department of Transportation to restore its transit operating assistance to $3 million, an amount specified in a two decade old agreement with the State to remain in the MTA district.

I would now like to take a moment to address transit capital needs as we close out the final year of available funding from the 2005 Transportation Bond Act and look to a new multi-year transportation capital plan. In October of 2009, NYPTA supported the Department of

Transportation's proposed Five Year Capital Plan, which was rejected by Governor Paterson because the federal surface transportation program, or SAFETEA-LU, has yet to be reauthorized leaving considerable uncertainty regarding New York's expected share of federal transportation revenues. In light of these circumstances, the Governor has opted to pursue a two year capital plan for non-MTA systems - allocating a total of $100 million for non-MTA public transit capital needs. The first two years of the MTA's 2010-14 Capital Program remain funded and should be resubmitted to the Capital Program Review Board this spring.

The implementation of the proposed two-year plan for non-MTA systems should meet immediate infrastructure needs for these properties, but perhaps more importantly, it offers an opportunity for the state and all its transit systems to develop and consider a unified statewide transit plan that can simplify the complexities of transit financing and restore equity to revenue generation and STOA distribution moving forward. We remain committed to working with the Legislature, the Governor and at the Federal level to insure that we as a state make the best possible capital investments for both non-MTA systems and the MTA, utilizing the maximum federal financing that becomes available.

NYPTA members appreciate the difficult financial circumstances faced by the State and are attempting to work within the State's budget restrictions. However, failure to restore the proposed cuts to transit and provide increased aid for transit operating and capital needs can only have negative economic impacts that could easily exceed the purported savings. These cuts will not only devastate transit systems, their employees and the New York-based manufacturers and suppliers they contract with -- they will severely limit mobility options and quality of life for all New Yorkers.

In summation, transit systems across New York have already been forced to raise fares and eliminate routes. Cutbacks enacted with the 2009 deficit reduction plan have further jeopardized service to not only working persons but to the aged and disabled who depend on transit service as a lifeline. The state needs to respond to this crisis through continued investment in public transit, not operating cuts, in order to both recover from this recession and to foster continued economic expansion throughout the State. Providing STOA and capital at adequate levels to compensate for cost increases is an indispensable element of an overall effort to maintain vital mobility options for all New Yorkers and to realize the sustainability benefits that public transit alone can deliver in the transportation arena. **Thank you for the opportunity to testify and for your consideration of NYPTA's recommendations.**

7

WRITTEN TESTIMONY TO THE NEW YORK STATE LEGISLATIVE FISCAL COMMITTEES ON FUNDING NEEDS FOR RAIL FREIGHT IN THE 2010-11 STATE BUDGET

BY RAILROADS OF NEW YORK, INC

- February 8, 2010 at Legislative Office Building, Albany, NY -

My name is Deb Najarro and I work for the Finger Lakes Railway which is based out in Geneva. RONY is a statewide association that represents the freight railroad industry in New York State. Our goal is to grow this safe, reliable, affordable, energy efficient and environmentally- friendly method of transporting goods so that it can continue to add significant economic value to the State's economy. Three dozen privately-owned freight railroads that operate in New York are members of RONY, as are many other businesses involved in our industry across the State.

On behalf of RONY, I appreciate the opportunity to speak today to both the Senate and Assembly Fiscal Committees.

THE IMPORTANCE OF RAIL FREIGHT

In terms of national economic impact, the rail freight industry in the U.S. employs over 180,000 people. Freight railroads generate nearly $265 billion in total annual economic activity and support 1.2 million jobs. In 2008, U.S. freight railroads paid $18 billion in wages and benefits to their employees, more than $8 billion in taxes and billions of dollars on supplies and services. According to the Association of American Railroads, every $1 of investment in rail infrastructure generates another $3 in economic activity, and each $1 billion of investment to expand rail capacity creates an estimated 20,000 jobs nationwide. And rail freight does this while being the most energy-efficient and environmentally-friendly way to move goods across our state and nation. In light of this, our industry is alarmed at the lack of attention to our needs in the transportation portion of the proposed 2010-11 Executive Budget.

PAST TESTIMONY ON OVERALL RAIL FREIGHT NEEDS

At a series of public hearings by the Senate and Assembly Transportation Committees on future capital assistance for transportation held last fall, a series of RONY representatives discussed the key roles that rail freight plays in the national and state transportation systems and the need for continued state investment in rail freight. We discussed existing state mandates for developing and enhancing a multi-modal transportation system in the State, beginning with the laws that created NYSDOT and MTA in 1967, the resulting ***Statewide Master Plans for Transportation***, and the ***New York State Rail Plan 2009 – Strategies for a New Age,*** which was released by the Governor less than a year ago. The new State Rail Plan identifies a specific list of capital needs of about $1.87 billion in rail freight investment during the coming five-year period, or about $375 million per year. While significant, this total is modest when compared to past state capital investments in both the highway and public transit modes.

As attached, Table I summarizes these needs by freight railroad, while Table II summarizes the needs by railroad type and also estimates the portion of these needs the private sector railroads should be able to support on their own, despite the significant challenges that our industry continues to face due to the lingering national recession. After adjusting for these significant projected investments, there is still an $800 million short-fall over the next five year period, or a ***$160 million per year short-fall for rail freight***. Compared to other transportation modes, where government support is required for nearly all capital and operational investments, this amount is a relatively small fraction and represents about 40% of the total investment needed for rail freight. If addressed, these investments have the potential of addressing key needs of our transportation system as we compete in a global economy.

CURRENT FIVE-YEAR PROGRAM FOR RAIL FREIGHT

For all too long, rail freight has been treated as the step-child of the state's transport system. During the current State five-year program, rail and ports were allocated $235 million, beginning in 2005-06, or $47 million per year. Rail freight was assured that we would receive about $186 million of this total over the past five-year period while rail passenger and ports would get about $50 million. We strongly backed the 2005 State Transportation Bond Issue that made this program possible, while other modes did not. Yet, we are now nearly at the end of this program and it has produced only about $70 million of rail freight work under contract as of this date, or about 38% of the projected level. *In addition, not **one** new rail freight grant has been announced for the last two years of the program, while state funds continue to be spent on all of the other modes of transportation, which in many cases directly compete with our private sector businesses.*

At present, State officials are still "evaluating" over $200 million in rail freight grants that were submitted prior to October 1, 2008. Almost all of these projects are shovel-ready and awaiting the necessary funding commitments. These 2008 grant submissions required a formal state grant announcement within 90-days of the application deadline. Yet, none has been forthcoming. Clearly, State officials have not lived up to the commitments that were made to us, and the result is that rail freight has not been able to help improve the economy during these difficult times and create more employment opportunities at this time when we need more – and not less - people working.

Complicating this issue is that the rail staff in NYSDOT has been slashed. In the mid-1970's and early 1980's, NYSDOT's Rail Division had more than 200 staff devoted exclusively to rail transportation. Today, the Department only has a few dozen staff members assigned exclusively to this function out of roughly 9,700 NYSDOT employees (less than 0.5%). And these staff must deal with both passenger and freight rail issues and projects as well as other matters.

The release of the updated ***New York State Rail Plan* 2009 – Strategies for A New Age**, shortly after President Obama signed the federal ***"American Recovery and Restoration Act of 2009"*** (ARRA), seemed to signal that the State was finally ready to focus on railroads as a significant part of the solution to the State's transportation issues. Within ARRA, Congress made large sums available to fund both rail passenger and freight development projects and provided the states with significant flexibility to do this. The well done State Rail Plan clearly detailed the numerous benefits of rail freight and identified a comprehensive list of needed capital projects. Yet, despite these great opportunities, little has occurred with respect to rail freight. If the State is to seriously focus on rail freight -- the most energy-efficient and environmentally-friendly way to move goods across the State -- as many other states are now doing, and as the Federal government is encouraging, greater priority and resources are needed in this area. You only need to look to what our neighbors in Pennsylvania continue to do despite their own fiscal woes.

FOCUS ON FUTURE STATE RAIL FREIGHT INVESTMENTS

RONY members believe New York State should strive to achieve the following five short-term objectives for rail freight during the next few years. They will yield significant public benefits to New Yorkers and the economy of our State if they are addressed promptly:

(1) help bring the State's freight railroads into a state-of-good repair to preserve existing services that are used by businesses that employ thousands of New Yorkers, as well as let them grow;

(2) help upgrade deficient tracks to carry the national modern 286,000-pound rail cars to assist shipper deliveries and reduce their costs;

(3) help upgrade tracks to meet AREMA rail clearance standards to eliminate needless barriers to using rail freight, especially downstate so that truck congestion can be reduced;

(4) help address capacity and delay bottlenecks to reduce shipper costs and delays; and

(5) invest in critical facilities and equipment that will help to achieve the 25% increase in rail freight market share that the new *State Rail Plan 2009* envisions, as well as enhance public safety and economic growth.

GOVERNOR'S EXECUTIVE BUDGET PROPOSAL

As noted, the rail freight industry requires ***$160 million per year in new capital assistance to fulfill the vision of the new State Rail Plan. (This is on top of the lagging funding that has not yet been received under the current State five-year transportation program).*** Our membership is extremely concerned that the Governor's budget proposal for the next two years of transportation funding only provides the following funds:

- **<u>Base State Rail Program</u>** - $10 million per year for the next two-years for both rail freight and passenger projects -- down from $ 20 million per year in present Five-year Transportation Program as approved in 2005 – a 50% reduction.

- **<u>Bond Rail and Ports</u>** – <u>No</u> new funding to replace the $27 million per year that was to have been provided from the 2005 Transportation Bond Act – a 100% reduction.

Thus, the Governor's proposal provides a mere $20 million in new funding over a two-year period for rail freight compared to the projected need of $320 million. <u>This is *only 6% of what is needed*, and 21% of what was included in the current five-year program</u>.

It is apparent that the Executive Budget is not even attempting to make reasonable progress toward the vision contained in new *State Rail Plan* that the Governor unveiled less than one year ago. That is quite disheartening and not in the best interest of the taxpayers of this State.

This is a time when leadership is needed and we urge the Legislature to fill this vacuum. We also need your help in urging the Governor to announce the rail freight grants that we submitted over 1 ½ years ago that were required to be announced long ago. These funds total about $43.5 million of key grants that are needed to address critical infrastructure projects. RONY has previously provided State officials with a list of over $ 170 million in ready-to-go projects that can be putting people back to work.

Thank your for providing Railroads of New York with an opportunity to participate in today's public hearing on State Transportation Program financing. If you have any questions or require additional information, we would be pleased to provide you with this information.

Table I
Summary of Capital Needs Primarily for Rail Freight Identified in Appendix A of "New York State Rail Plan 2009 – Strategies for a New Age"
- In $ Millions -

FREIGHT RAILROAD	LONG-TERM NEEDS	INITIAL FIVE YEARS
Albany Port Railroad	$ 12.898	$ 9.898
Arcade & Attica	41.605	25.005
B & H Rail	33.840	10.560
Batten Kill	54.880	23.680
Buffalo Pittsburgh	51.700	28.200
Buffalo Southern	14.750	10.250
Clarendon & Pittsford	16.097	9.597
Canadian National	20.600	12.600
Central New York	48.840	21.130
Canadian Pacific	1,085.872	322.818
Class II & III Block Funds	200.000	-
CSAO- NYC	4.900	4.900
CSX	1,653.368	602.645
Depew & Lancaster	21.053	6.578
Finger Lakes	76.326	39.576
Falls Road	47.880	29.005
Housatonic	14.500	-
Livonia, Avon & Lakeville	20.090	6.420
Lowville & Beaver River	4.000	1.000
LIRR/NY Atlantic	152.200	129.300
Mohawk, Adirondack& Northern	43.910	23.650
Middletown & New Jersey	14.211	9.211
Metro-North	57.000	26.000
Massena Terminal	6.250	3.000
Norfolk Southern	296.845	89.845
NY & Atlantic	77.884	59.384
NY Container Terminal	1.200	1.200
NY & Lake Erie	18.581	9.081
NYNJ Rail	47.420	29.130
NY & Ogdensburg	23.000	9.700
NYSDOT- Lehigh Valley Yard	10.000	-
NY Susquehanna & Western	53.863	22.824
Owego & Harford	71.740	32.740
Ontario Midland	105.197	48.697
Ontario Central	1.500	0.500
Pan Am Railways	44.100	21.400
Pan Am South	43.000	43.000
Providence & Worcester	2.000	1.000
Rochester Southern	51.500	26.850
South Buffalo	62.125	42.725
SBK – Brooklyn	1.000	1.000
SMS Rail	37.427	20.597
Somerset	7.350	5.350
Wellsville & Corning	7.000	3.000
WNY & Pennsylvania	91.947	41.777
TOTAL - RAIL FREIGHT	$ 4,741.449	$ 1,864.823

10-23-09

ATTACHMENT II
SUMMARY OF FIVE-YEAR RAIL FREIGHT CAPITAL NEEDS AND GOVERNMENTAL AID BY TYPE AS IDENTIFIED IN NYS RAIL PLAN 2009

- $ MILLIONS –

RAILROAD TYPE	NYS RAIL PLAN EST NEEDS	EST. PERCENT ADDRESSED	BALANCE NEEDING AID	PERCENT OF TOTAL
CLASS I's	$ 1,027.9	75%	$ 257.0	32.7%
Other Private Freight				
- Medium Sized	417.7	50%	$ 208.8	26.5%
- Small Sized*	263.9	20%	211.0	25.0%
MTA Commuter Rail	155.3	20%	$ 124.2	15.8%
TOTAL	**$ 1,864.8**	**100.0%**	**$ 801.0**	**100.0%**
PERCENT	100%	-	42.9%	-

Assumptions:

- Class I railroads will be able to fund all of their basic capital investment program, which is about half of their total needs, plus half of their remaining needs, leaving an estimated 25% of their total capital needs to be addressed by governmental assistance;
- The larger non-Class I freight railroads (annual operating revenues in excess of $ 1 million) will be able to fund about half of all of their capital needs, leaving an estimated 50% to be addressed by governmental assistance;
- The small freight railroads (annual operating revenue less than $ 1 million) and the MTA commuter railroads will only able to fund about 20% of the rail freight capital needs, leaving 80% to be covered by governmental assistance.
- These estimates assume some use of in-kind services by railroads. For commuter rail, they assume some projects will benefits passenger services as well.

8

Empire
State
Transportation
Alliance
ESTA

Testimony of
Kevin Corbett, Co-Chair, Empire State Transportation Alliance (ESTA)
Before the
New York State Legislature 2010-2011 Joint Budget Hearing on Transportation
Hearing Room B, Legislative Office Building
February 8, 2010

My name is Kevin Corbett, I am co-chair of the Empire State Transportation Alliance (ESTA), a group of business, labor, civic, environmental and other transportation advocacy organizations working together for over a decade to insure sufficient funding to keep the State's transportation systems moving forward. Thank you for this opportunity to testify on the state budget proposal regarding the Metropolitan Transportation Authority.

I should start by saying ESTA members are deeply concerned for our region's transit system. While the state showed great leadership last year approving a series of financial support mechanisms for transit, the promises of this package to both stave off drastic service cuts and provide a start to the MTA's critical five year capital rebuilding program simply have not been kept. In the past two months we have witnessed a rapid deterioration of the MTA's finances on both the operating and capital sides of the equation.

Last week's announcement that the MTA faces an estimated additional $391 million deficit for 2010 due to reduced projections of payroll tax receipts is more bad news on top of extreme measures taken by the MTA in late December to close a $383 million deficit. This deficit was caused by a devastating, and disproportionate, cut to transit in last November's state Deficit Reduction Plan and resulted in drastic cuts to student Metrocards, Paratransit service and bus and subway lines.

We know the state understands the importance of maintaining good, quality service for the New York region's 8 million plus daily subway, bus and commuter rail riders. The challenges faced by transit this year have not been unique among public transit agencies around the country, indeed we should be proud New York has been able keep its system afloat amid trying economic times. However, now that the reality of these cuts has come to light and news of the MTA's operating budget is growing bleaker by the day, we urge you to keep the state's promise to fund transit. Further, the MTA currently does not have an approved capital program which maintains service and provides jobs and economic stimulus the state badly needs. We offer the following course of actions and recommendations:

This is a challenging environment to ask, but the state needs to make good on its commitments by restoring $143 million in cuts to the MTA funds in the Deficit Reduction Plan. ESTA members want to make clear that the MTA would not be faced with proposing service cuts if these funds were not taken. The state must restore its commitment but also work with the city to fully cover the cost of student transit passes, which cost the MTA $214 million per year. The MTA should not be shouldering this cost virtually alone. While the city's contribution has remained stable since a renegotiated agreement between the MTA, city and state split the burden equally among the three entities in 1995, the number of dollars the state contributes has fallen and the MTA has had to make a larger and larger percentage of the cost. The governor's restoration of $18.9 million for student transit passes is a good start but major gaps still exist. The bottom line is solving this problem will require additional assistance from the state and city.

While the operating budget for the MTA is foundering, the capital budget is in bleak condition as well. The MTA currently does not have an approved capital plan and is operating without a road map for maintenance and construction projects after the MTA Capital Program Review Board recently rejected a proposed $25.5 billion 2010 – 2014 plan. It is widely recognized that the revamped proposal, scheduled for submission sometime in the next few months, will be at least $10 billion shy of reality.

I mention this to point out that the capital and operating budgets of the MTA are deeply interconnected and both need to be funded. We need maintenance of service levels to increase our ability to build support for the capital plan and necessary projects. If service is cut, key transit-using audiences will be less likely to support necessary capital expenditures. On the other hand, maintaining ridership and current levels of operations is dependent on capital maintenance. Capital disinvestment in the past has led to fewer riders and has negatively impacted the region's workforce and tax base, leading to a reduction in operating funds available.

We are also calling on the MTA to hold off on its planned service reductions until all funding options have been exhausted. This includes the MTA finding its own internal savings and efficiencies, which Chairman Walder has committed to doing and has outlined in "Making Every Dollar Count." The chairman has already made inroads in this area by including a 10% salary reduction to all the non-union employees this coming year. He should expedite this process to the extent possible. While we hope the chairman is able to find significant savings through internal efficiencies and belt-tightening, certain actions such as continued salary reductions are simply not sustainable.

In recognition of the benefits of a strong capital program – both to the economy and to customers – we strongly support a robust plan, as well as the submission and approval of a full five-year plan, as many projects and procurements require a longer planning horizon. The MTA is currently reviewing and preparing to submit a revised 2010 – 2014 capital program with the same approach the agency is taking to its daily operations. We are working with the MTA to identify capital priorities and are confident they will be able to apply the same treatment to the capital budget as they are to the operating budget to find some savings.

Finally, any short term solutions now does not obviate the need for Albany, and City Hall, to come up with long term revenues such as congestion management and variable road pricing, other driver-related fees or revenues that are countercyclical to those that currently fund transit and that help solve the MTA's long term structural deficits. Transit must be hedged to insulate against the ups and downs of the business cycle and we cannot continue to rely solely on debt financing for future maintenance. This is even more important now that it appears the MTA will face an additional $391 million shortfall in 2010 due to inaccurate state estimates of revenues from the regional mobility tax.

We are encouraged by the governor's directive to restore some funding for school transit passes but we urge you to fully restore the $143 million state cuts to the MTA, actively support a robust capital program and work with city and other to broker a long term solution to what is quickly becoming a growing and immediate problem. Doing so will immediately and directly save riders money, relieve what is becoming perennial anxiety around threatened cuts to essential transit services and ensure long term reliability and options for the region's transit users.

Thank you again for the opportunity to testify here today.

9

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Joint Legislative Hearing on the FY 2010-2011 Executive Budget
"Transportation"
February 8, 2010

Testimony of Steve Stallmer
Associated General Contractors of New York State

Good afternoon, I appreciate the opportunity to offer testimony before this Joint Committee on behalf of the Associated General Contractors of New York State (AGC NYS). We are the largest statewide trade association representing the construction industry, with over 600 contractor and related firms and over 80 years of experience working with public agencies and private developers to deliver quality projects that are the lifeblood of our economy. Our members perform the majority of the public and private transportation, education, environmental and building infrastructure work in New York State.

Governor Paterson's Executive Budget Proposal for Fiscal Year 2010-2011 cuts funding for the NYS Department of Transportation's (DOT) capital construction program by at least $187 million from the current level. There is no shortage of evidence to prove why this reduction in funding is misguided, unsafe and will lead to a further decline in construction employment in New York State.

AGC NYS and our partners in the New York Roadway Improvement Coalition (NYRIC) have presented testimony at recent hearings conducted by the Senate and Assembly Transportation Committees on DOT's proposed five-year capital plan. In those remarks, we have reviewed the extensive and indisputable information that clearly depicts the need for increased investment in our transportation system.

That information includes: a twenty-year needs assessment of our transportation infrastructure compiled by then-DOT Commissioner Astrid Glynn that calls for spending $125 billion on the basic capital needs of our system; a report from August 2009 by State Comptroller Thomas DiNapoli projecting our unmet infrastructure needs at $80 billion over the next two decades; the release of DOT's five-year capital program in October of last year that recommended increasing road and bridge construction by over $4 billion; and most recently, another report by Comptroller DiNapoli on our deteriorating bridges that listed the 93 spans with a safety rating at or below the grade the Crown Point Bridge received before it was closed and then demolished.

The common theme in all of this documentation is the growing need to increase investment in our transportation infrastructure. Yet, Governor Paterson proposes to cut capital funding by over 9% while the percentage of deficient bridges climbs to 37%. If the safety concerns were not enough to convince the Legislature to restore the capital funding, consider the 25,000 New Yorkers that lost their jobs in the construction industry in the past year.

AGC NYS urges the members of these Joint Committees to recommend ways to restore this capital funding for transportation projects. These critical investments will create jobs and repair a rapidly deteriorating infrastructure that is the lifeblood of our state's economy.

We also ask the Legislature to reject the Executive's proposal to combine the obligations for State and local highway and bridge contracts. Currently, projects put out to bid by the State DOT, called "on-system," are separated from the amount put out to bid by local governments, called "off-system." In FY 2009-2010, the on-system total is set at $1.617 billion and off-system projects are expected to total around $400 million. In his FY 2010-2011 Budget, the Governor proposes to combine those numbers to total $1.83 billion.

The combination of these figures is problematic for AGC NYS for several reasons. First of all, it makes the data nearly impossible to track. We pride ourselves on our ability to verify how much money the DOT has let in a fiscal year. This allows our members to plan for upcoming work in their region and is a valuable resource for legislators. If the budget does not set a specific letting level for DOT, we won't be able to hold them accountable for reaching that goal.

Second, the lack of separation between on and off system projects might lead to a regional imbalance of funding. Historically, the majority of off-system work is let by the New York City Department of Transportation and not subject to the traditional regional splits. If the off-system amount increases over last year's level, more work will potentially be done in New York City while also lowering the amount let by DOT. This scenario hurts the Upstate and Long Island contractors that do not bid on work in New York City.

Lastly, the DOT letting level is a readily recognizable number in the construction industry that contractors use to make economic forecasts. As proposed by the Governor, the uncertainty over the amount to be spent in specific regions would hinder a contractor's ability to purchase equipment and make other capital investments as they normally do.

Again, AGC NYS appreciates the opportunity to present testimony before this Joint Committee.

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 provide testimony for the New York State Senate Finance Committee Budget Hearing on Transportation Funding.

New York's transportation future is at a crossroads - again. Budget deficits are hurting almost all 50 states and our federal government. While we thank NYSDOT for putting forth a capital plan that addresses our very basic needs, we worry about the economic climate and how funding is even possible. Yet it is short sighted to cut in areas that will have a profound negative impact on virtually every New Yorker.

The comptroller has recently confirmed what industry experts have been saying for years – that billions of dollars supposedly dedicated for transportation have been diverted for other purposes. This lack of funding has helped to put us in the hole we are in today- a hole that appears to be getting deeper and will need bold and decisive leadership to get ourselves out of it.

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 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.

While last year was a difficult year for private design firms in New York, there was a small economic cushion from a small backlog of work that has carried into the tail end of 2009 and the very beginning of 2010. But that has ended for many firms and is ending for

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many others. If the state does not react quickly with a significant investment in these areas, we will likely see layoffs and firm closures throughout the rest of 2010.

The call for investment is not easily answered when the state is facing such large deficits. The New York State Roadway Improvement Coalition prepared a study to analyze alternative funding sources for the future of transportation funding. These methods, while some may not be politically popular, are sources of revenue that could aid in solving our problem of crumbling infrastructure. Some of these methods are indexing the gas tax, tolling, vehicle mileage tax, PPP, payroll taxes, capital gains tax, bonds; all with a systematic breakdown of how they would effect the tax payer and help infrastructure. Additionally, the State Asset Maximization Commission explored avenues of funding to enhance the leverage of state assets, in order to decrease the burden left on tax payers. A familiar funding mechanism was borne from this commission; public private partnerships. The SAM Commission took an in-depth look at how other states are implementing this type of legislation, and putting it to work.

Other countries are investing in infrastructure before it is too late. China is investing 40% of GDP over 10 years into some of the best infrastructure you will see anywhere in the world. It has been brilliant in attracting foreign investment as the means to acquire technology, managerial experience and factories. They are using some of the funding mechanisms mentioned earlier like public private partnerships and design build.

The Minnesota bridge collapse and the Thruway bridge failure of 1987, are great examples of deteriorating bridges that with proper maintenance could have been avoided. Through the luck of low water, the Champlain Bridge problem was discovered before a catastrophe occurred and we are likely going to see more of these problems in the coming years without sufficient investment. While the Governor declared a state of emergency in the area surrounding the Champlain Bridge people have to drive nearly 100 extra miles every day until this is fixed. State highway and bridge funding is desperately needed to rehabilitate the state's aging bridges, enhancing safety, upgrade pavement conditions and strategically invest in projects that promote economic development and job creation. More New Yorkers and more Americans will waste billions in lost productivity, accidents, damages, gas, waiting in line, and yes, even dying, as a result of the inactivity being proposed. The comptroller has recently reported that nearly 100 bridges in all areas of New York State have a lower rating that that of the Champlain Bridge. This drives home the dire need of funding in order to prevent further deterioration on a massive scale.

Ironically, without these investments in roads, bridges, transit, water, wastewater, airports and other necessary improvements, there will be fewer companies, and fewer taxpayers to support the increased needs of the state. A death spiral of higher costs and fewer shoulders for the burden is the direction we are headed if we do not act quickly.

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 14% of their design costs and when you include the recent estimates by the Governor and Comptroller regarding higher pension costs, the savings is closer to 20%.

Over the last 2 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.

China is investing 40% of GDP over 10 years into some of the best infrastructure you will see anywhere in the world. It has been brilliant in attracting foreign investment as the means to acquire technology, managerial experience and factories.

This is about safety, quality of life, the economy, and the future of our state. 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.

Do we want emergency vehicles detouring around unsafe bridges wasting precious minutes that could save lives? Do we want less frequent and less reliable trains and busses that are over crowded? Do we want more bridges to fall down? The answers are obviously no but the actions being taken is screaming 'yes'.

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. As mentioned previously, the SAM commission has identified several opportunities that we need to include in our project arsenal to make sure that we catch up and get ahead of the development curve. No one item will fix this problem but a comprehensive plan will point to a brighter transportation future.

Interestingly, 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.

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.

Jay Simson, CAE
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AARP New York State Office

Testimony before the

New York State

Legislature

<u>Executive Transportation Budget</u>

February 8, 2010

Hearing Room B

NYS Legislative Office Building

Albany, New York

Introduction

Good afternoon, Senator Kruger, Assemblyman Farrell and members of the Committee. Thank you for allowing AARP to testify today regarding the Governor's proposed Transportation Budget. My name is Richard Stack, I am an AARP volunteer leader from the Capitol District. With me today is AARP's Associate State Director Erin Mitchell. AARP is a membership organization with over 2.6 million members in New York and about 40 million members across the country.

Today I would like to focus my remarks on the need for Complete Streets policies to be addressed in a final Transportation budget.

BACKGROUND

AARP has been engaged in a national livable communities initiative for several years. The initiative has been about promoting and advocating for policies that include access to affordable housing and home and community-based services, as well as transportation and mobility options. AARP strongly believes that advancing these policies will facilitate independence, healthy lifestyles, aging in place, and social and civic engagement in our communities not only for older New Yorkers, but for all people.

A critical component of livable communities for people of all ages, especially older people, is a resident's ability to get where they need to go, whether by car, public transportation, bicycle, wheelchair or foot. But we believe that many streets are designed primarily for the motorist, with the goal of enabling vehicles to move as efficiently as possible, without regard for other users of the street. It is difficult for nondrivers of all ages and abilities to navigate many of our nation's communities, especially those located in automobile-oriented suburban areas.

Unfortunately, many communities present barriers that prevent older residents from fully participating in the life of the community and from accessing important services. As our population ages, the importance of communities that promote independence and mobility becomes even more essential.

Innovative design and modifications, as well as technological advances, can allow people of varying physical abilities to live more independent and meaningful lives. We believe that the actual physical design of our roadways can greatly enhance individual independence, dignity and choice, and lead to a more livable community.

Over one-fifth of people age 65 and over do not drive. A growing number of older Americans are looking for alternatives to the automobile, either because they have stopped driving, want to reduce their driving, or because they want to be more physically active. Walking is an important travel option for older people, and under the proper conditions it can provide a safe, healthy transportation alternative for carrying out daily activities. Safe and accessible sidewalks are a critical link to public transportation and vitally important community services.

Since the conclusion of World War II, transportation planning has emphasized vehicular mobility, often without attention to the needs of those traveling by foot, bicycle or public transportation, or those experiencing reduced function due to age.

An online survey of more than 1,000 transportation planners and engineers conducted by AARP in May 2009, called ***Planning Complete Streets for an Aging America,*** revealed that nearly two-thirds of the planners and engineers have not yet begun considering the needs of older users in their multi-modal planning (see attached summary of the study).

PROBLEM

According to a recent AARP survey of persons 50 and older conducted in May 2008, almost one out of every three people (29%) polled say they are now walking as a way to avoid high gas prices, while almost 40 percent say they do not have adequate sidewalks in their neighborhoods. Moreover, 44 percent say they do not have accessible public transportation nearby. Almost half of poll respondents say they cannot cross the main roads safely. Half of those who reported such problems said they would walk, bicycle or take the bus more if these problems were fixed.

Unfortunately, statistics are showing that older adults' worries are not unfounded. Pedestrian fatalities are higher among older people than younger, and older pedestrians are more likely be struck and injured.

A recent National Report titled ***Dangerous by Design*** and issued Nov 9, 2009, by Transportation for America and the Surface Transportation Policy Partnership (of which AARP is on its Steering Committee), showed that 1 in 5 traffic deaths in New York State are pedestrians. The report also found in New York that :

- The national average for annual fatalities per 100,000 people 65 and older was 2.33. New York State had the 3rd highest number in the nation with 3.73 pedestrian fatalities per 100,000 people aged 65 and older, behind Hawaii (6.97) and California (3.91);
- 22.5% of total traffic deaths in New York State are pedestrians. The national average was 11.8% in 2007-2008;
- 31% of total traffic deaths in the NYC metropolitan area are pedestrians;
- Only 1% of New York State federal transportation funds are spent on pedestrian infrastructure, an average of $0.73 per person;
- New York State ranks 44th in the nation for federal spending on walking and biking; and
- The NYC metropolitan area receives only $0.61 per person in federal funds for pedestrian and bike facilities, well below the meager $1.39 spent per person in metro areas nationwide.

As you might imagine, these statistics are very troubling to AARP. We firmly believe that we need public policy that attempts to curb these disturbing trends on our roads.

Steps to a Solution - ***Pass Complete Streets Legislation.***

AARP believes that the Department of Transportation (DOT) budget would better serve New Yorkers if it adhered to a complete streets policy as proposed by legislation introduced by Senator Dilan and Assemblyman Gantt.

We need a policy that builds upon existing DOT policies such as the Safe Streets for Seniors program - that further promotes that our roadways be designed to be even more safe and convenient for travel by automobile, foot, bicycle and public transit, regardless of age or ability. As New York's population ages, complete streets planning presents an opportunity to increase the safety and availability of older adults' travel options.

The purpose of complete streets policies such as the Dilan /Gantt proposal is to encourage local, regional and state planning agencies to change policies and procedures so that non-auto forms of travel become a routine part of project development.

We believe your complete streets bill will improve our state's travel options by advancing safe, comfortable and convenient travel by automobile, foot, bicycle and transit, regardless of age and ability. Your bill will help New York build roads

New York State County Highway Superintendents Association
New York State Association of Town Superintendents of Highways

Testimony before the Joint Legislative Budget Committee
Terrence Rice, President NYSCHSA
Thomas (Willie) Reifsteck, President NYSAOTSOH

Good evening Chairman Kruger, Chairman Farrell and members of the Legislature. My name is Terrence Rice, President of the New York State County Highway Superintendents Association (NYSCHSA) and Monroe County Director of Transportation. I am joined here today by Thomas (Willie) Reifsteck, Town Highway Superintendent for the Town of Middlesex, and President of the New York State Association of Town Superintendents of Highways (NYSAOTSOH).

Local Roads Matter!

As you well know, local governments are responsible for nearly eighty-six percent of the 112,500-mile statewide highway system and half of the 18,000 bridges; and this local share continues to grow. A safe and efficient highway infrastructure is necessary for trade, economic development and revitalization, our schools, businesses, health and hospital facilities, emergency responders, and the traveling public.

In October of last year, the NYSDOT presented to the Legislature a 5-Year Capital Plan for transportation that goes a long way in recognizing the critical needs of the local highway and bridge system. To its credit, NYSDOT sought input and cooperation from a broad range of transportation professionals and stakeholders as well as from state and locally-elected officials and the general public when putting together this Plan. The Plan outlines in great detail the deteriorating condition of the various transportation systems; findings that are backed-up by a recent series of visible infrastructure fatigues and failures, punctuated by the closure of the Crown Point Bridge.

NYSCHSA and NYSAOTSOH are urging the Legislature to work with the Governor to find ways to fully fund the Plan.

The Need for a State Aid to Local Bridge Program

While Governor Paterson's initial characterization of his own administration's Plan was, "unaffordable," the Executive Budget proposal does hold funding for local transportation infrastructure at this year's level. However, this level of funding is far below what the NYSDOT has estimated is needed just to maintain core infrastructure. In fact, the $25.8 billion NYSDOT Plan designed to address the overwhelming needs of the state and local highway and bridge systems is admittedly a level of funding that would meet only 50% of the actual needs over this period. Thus the Plan's call for a 40% increase in overall spending on local road and bridge projects over what was spent under the current 5-Year Capital Plan is well justified.

One of the glaring omissions in the Governor's budget is the absence of a State Aid to Local Bridge Program even though such a program is called for in the NYSDOT Plan. The New York State Comptroller's Audit, "Department of Transportation: Management and Oversight of Structural Defects on Highway Bridges," is a chilling description of transportation infrastructure in a dangerous state of disrepair and of state officials' inability to rapidly respond.

The Comptroller confirmed that, in many cases, 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 DOT indicates that the number of deficient bridges will increase by 1,500 in the next few years.

We believe that a State Aid to Local Bridge Program, funded as proposed by the NYSDOT at $150 million, is critical, and that any bridge program needs to include the maintenance and repair of culverts as eligible for funding as well.

CHIPS, Marchiselli—the Life Blood of Local Highway Departments

As you know, over the course of the current plan, the Legislature has consistently recognized the need to augment the inadequate levels of CHIPS and other local transportation funding each year in order to address the critical needs of local roads and bridges. For this, we and the traveling public are extremely grateful.

The last two years of the current plan saw CHIPS and Marchiselli funded at $363 million and $39 million respectively. The new Plan proposes a 5-year 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.

NYSCHSA and NYSAOTSOH believes that—while still short of what would be truly necessary to significantly improve the local bridge and pavement deficiency ratings—the Plan funding levels represent meaningful increases in the level of funding for the CHIPS and Marchiselli programs that, together with the establishment of a new State Aid to Local Bridge Program, would go a long way in providing the resources necessary to arrest the further deterioration of the local transportation infrastructure.

Dedicate Highway and Bridge Trust Fund Reform

While the economic downturn and state budget deficits make it difficult for policy makers and elected officials to meet the critical needs of the state and local transportation systems over the next five years, it is perhaps universally recognized that the system is in crisis, and new revenue sources will be necessary to prevent further deterioration of transportation assets.

In an audit entitled, "The Dedicated Highway and Bridge Trust Fund: Where Did the Money Go?" Comptroller DiNapoli reveals 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. 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.

One suggestion we would make is to look at how existing motor vehicle tax and fees are currently being distributed. Forty-eight percent of the vehicle miles traveled in New York is on local roads, yet less than 12 percent of the fees paid to the state by these drivers go back to maintaining local roads. With local and state roads and bridges crumbling, perhaps it is time to consider establishing a more equitable distribution of these fees for the benefit of the motoring public.

These and other ideas must be seriously considered by policy makers as the alternative, under-funding the critical needs of the state and local transportation systems, is a recipe for disaster that will compromise the safety of the traveling public and result in the need for even more costly outlays in the future.

Other Reforms

The Governor's budget proposes some helpful law changes including the repeal of the requirement that contractors collect a fee on sales from centralized contracts administered by the Office of General Services and increasing the competitive bidding thresholds for public works contracts from $35,000 to $50,000 and commodities contracts from $10,000 to $20,000. The budget also proposes to increase from $50,000 to $100,000 the threshold under which short form construction contracts (using abbreviated advertising and not requiring a performance bond) may be issued. Finally, the proposal allows local governments to "piggyback" on certain federal GSA contracts as well as the contracts let by other states and local governments. These changes will help by reducing the cost and burdens involved in this level of procurement.

We believe that more can be done however to streamline the approval process for certain transportation projects, particularly for federally aided local projects. For example, right now there are no local pass through projects getting design or construction phase approvals (authorizations) by the state. Yet, we understand that state projects continue to move forward. This is counter to the desire of everyone to get federally funded projects "out-the-door" as soon as possible. We cannot afford to wait for this budget to be finalized before this funding is released and these projects move forward. Not approving the phase authorizations for local pass through projects will result in less work on the street to contractors this spring, and therefore fewer jobs. Further, if the design work doesn't get started, then future construction will be impacted as well.

Other program designs, administrative requirements and procedures can be changed for the better in our opinion and we are continuing to work with DOT Commissioner Stan Gee and his staff in this effort.

Local Roads Matter!

Working together, we can begin to rebuild the transportation system to where it once again can be a safe 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.

14

NEW YORK
Aviation Management Association
NYAMA

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

Joint Legislative Hearing on the 2010-2011 Executive Budget
New York Aviation Management Association

Good evening Chairman Kruger, Chairman Farrell, and members of the legislature. I am Carl Beardsley, Vice President of the New York Aviation Management Association (NYAMA). I am also Commissioner of Aviation for the Greater Binghamton Airport. NYAMA represents over 120 public use 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 32 years.

New York's aviation industry is responsible for over $35 billion in annual economic activity. As a whole, we employ more than 350,000 state residents, and $2.8 billion in State and local taxes are generated annually from aviation activities.

This is why it is so alarming that the Governor's budget proposal would aim to disable this economic engine that drives a good portion of the state's economy and sustainable jobs market.

Specifically, the Executive Budget allocates $4 million for the FAA Airport Improvement Program (AIP) state match—down from $8 million a few years ago—and eliminates language that allows 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 the Governor sought to eliminate it last year.

The AIP state match program is important to the viability of our industry as it provides a portion of the local match required by the federal government to accompany airport improvement grants. These grants are used by public agencies and private owners to maintain safe, secure and capable aeronautic facilities that are included in the National Plan of Integrated Airport Systems. In the case of the Binghamton Airport and airport's of similar size, the State match represents 2.5% of the total investment in AIP approved projects. Therefore, when considered as a return on investment the multiplier for every $1 dollar that the State allocates to this program can result in an investment in New York State of $9.75. With the state's economy in need of jobs and investment, it is unconscionable that we would pass up on this windfall opportunity.

As troubling to the state's aviation industry is the absence of any appropriation for airport projects to replace the Bond Act monies that expire this fiscal year. That money provided airports with $15 million per year over the last four years, helping to fund important security improvements along with essential revenue and job creating projects. In fact, the Department of Transportation determined the aviation sector would require between $20 and $30 million per year in order to maintain a safe and efficient aviation infrastructure in New York State. The absence of any appropriation to replace the Bond Act money is just not sustainable without compromising the increasing need for infrastructure renewal and maintaining an adequate air transportation system.

In addition, the 2009-10 $16.4 million of the Bond Act allocation for aviation does not appear to be made available for projects in the upcoming fiscal year, although it is carried as a "reappropriation" in the Executive Budget. We are concerned that the state would delay soliciting applications for this round of funding. Even if applications are solicited in March of this year, grant agreements would not be approved until early 2011 due to the dictates of the Bond Act MOU, time for control agency reviews and for normal processing. Billings would likely start in the Spring of 2011. The pipeline will have been empty for two years despite the fact bonds have been and are being sold by the state. The time, therefore, to solicit projects for funding is NOW.

To make matters worse, there is a new tax on aircraft in the budget as well. The justification the Governor gives is that it will prevent a "tax avoidance scheme." The proposed tax does not prevent a "tax avoidance scheme" it prevents business investment in New York. This tax will provide additional motivation for companies to invest in our bordering states. When the state creates taxes that discourage business growth in aviation, our airports and communities lose construction of hangars, office buildings, and homes. This tax will make it nearly impossible for New York airports and businesses to compete with neighboring states for in-state aircraft basings and services, as those states assess NO state taxes on the purchase and transfer of aircraft.

Now is not the time to be discouraging investment in New York and further restrict our state's aviation industry's ability to grow and create state revenue producing employment and investment opportunities.

Our legislators have responded in the past when the Executive Budget has overlooked the benefits to New York's economy of maintaining a strong aviation industry in the State. With a total transportation spending plan in the billions of dollars over the next fiscal year, and with all other modes of transportation receiving substantial funding to meet their needs as determined by DOT in the Five-Year Capital Plan, the legislature should ask why such an important part of the state's integrated transportation system is allocated next to zero – particularly since, by so doing, the State's airport operators could be forgoing significant federal funds available to address New York State airport infrastructure needs due to the lack of state matching funds as proposed in the Governor's budget. It should be understood, that there is over $100 million in unfunded airport projects currently before the DOT which is another indication of the magnitude of the need.

Therefore, NYAMA is urging you to increase the appropriation for the AIP state match from $4 million to $8 million and restore the AIP/AIR 99 conversion language. We further request that there be an appropriate level of capital funding available for critical security and business development projects at commercial service and general aviation airports to replace expiring transportation Bond Act funding. [S.6605/A.9705 (Transportation)]

NYAMA also urges that the legislature reject any new tax which singles-out aircraft ownership from ownership of other assets. This provision seems more onerous when you consider that there is no corresponding revenue tied to the state fiscal plan that we have been able to identify. [Part Z Subpart B S.6610/A.9710 (Revenue)] Further we strongly recommend that the budget exempt aircraft from sales tax for 5-years to capture the recovery in business aviation which we believe will lead to a needed surge in based sustainable high paying jobs, construction, and home sales in the communities near our commercial and general aviation airports.

We look forward to working closely with you over the next several weeks to insure that the state takes full advantage of what a healthy aviation industry can contribute to our struggling economy.

Thank you for your time and I am available to answer any questions you may have.

Testimony of Denise Richardson
Managing Director
General Contractors Association of New York

2010-2011 Executive Budget Transportation Hearing
February 8, 2010

Thank you for the opportunity to submit comments on the proposed transportation budget. The General Contractors Association of New York represents New York City's unionized public works heavy civil and building foundation contractors, and supporting industries including suppliers, equipment rental firms, sureties and lawyers who employ more than 20,000 professional and trades workers. Those employed by our members represent the heart and soul of the region's working middle class. This is why the 2010-2011 budget needs to fully fund the NYSDOT and MTA Capital Programs. New York's infrastructure and its workers depend on it.

George Bernard Shaw said, "We learn from history that we learn nothing from history." We only seem to address infrastructure issues when it becomes a crisis. In the early 1990's we started an intensive effort to invest in our state's infrastructure in light of a series of catastrophic infrastructure failures.

In 1981 a cable snapped on the Brooklyn Bridge killing a Japanese tourist. In 1987 the Schoharie Creek Bridge collapsed killing ten people. In 1989 concrete collapsed from the FDR drive at 20th street killing a motorist. These events prompted a period of sustained infrastructure investment. Conditions steadily improved, and then we forgot about infrastructure investment again as funding was diverted to other areas.

As investment declined, conditions began to worsen. The James A. Farley Bridge in the Hudson Valley – a critical truck route -- was load posted forcing trucks to detour through the local community. Most recently, the Lake Champlain bridge was demolished before it collapsed on its own leaving the community of Crowne Point New York without access to jobs, health care and emergency services. Luckily no one died, but the economic impact to the North Country community was devastating.

What does it take to recognize that New York's infrastructure is the circulatory system that allows the state to function? Both our road and our transit system are vital components of our mobility and our economic competitiveness.

We applaud Governor Paterson for recognizing the critical importance of infrastructure investment and funding a two year $7 billion NYSDOT Capital Program, but this is just a small part of what is needed. This funding level falls short of the $8.4 billion needed for the first two years to simply maintain current condition levels and it does not address the full five year needs.

We are also concerned that the proposed capital plan is silent on critical issues such as the regional funding splits and the projects to be funded. We urge our New York City delegation to respect those regional splits and make sure that New York City continues to receive its traditional allocation of 23% of the funding.

The budget also does not fix the dedicated highway and bridge trust fund. The fund was created in 1991 to support the NYSDOT capital program. As Comptroller DiNapoli pointed out recently, by 2013 more than 2/3^{rds} of the fund will be used to support DMV and DOT operating expenses and to pay for debt service.

At the request of the New York Roadway Improvement Coalition the University Transportation Research Center conducted an analysis of options for funding the NYSDOT capital plan. I would like to highlight a couple of points from the report.

- √ There is currently a sales tax on motor fuels that generates $947 million annually. The sales tax is collected on delivery to the distributor. Those funds are not dedicated to transportation.

- √ The sales tax is currently capped and is not collected on amounts over $2 per gallon. If there were no cap on the sales tax an additional $415 million per year could be collected.

- √ The cost to the motorist from eliminating the cap, based on gas at $2.51 per gallon, would be $39.70 annually.

- √ According to a recent report by TRIP, a national transportation research organization, the cost to the New York metropolitan area motorist from poor road and bridge conditions is $1,888 annual.

While much of my comments focus on funding for the road and bridge capital plan, attention needs to be drawn to the MTA capital plan as well. Currently the MTA five year capital plan faces a deficit of at least $10B and many of the funding assumptions of the plan may be overly optimistic. At the same time, the Governor's deficit reduction plan reduced the MTA's operating funds by $143 million and reduced funding for student metrocards.

Reducing funding for the MTA is akin to putting a bullet to our heads and pulling the trigger. Revenues are down below expectations and funding cutbacks result in difficult service reductions and pressure on the capital program. We cannot be forced to make a choice between operating and capital funding. Both are critical to the economic vitality of the New York Metropolitan region. If we want businesses and workers to locate in New York, then we need to provide the transportation infrastructure that allows them to function. Without it we are condemned to repeat the mistakes of the past and will watch our transportation system crumble and employers depart.

New York's continued economic vitality is unquestionably tied to the service provided by the MTA and the access provided by our roads and bridges. We implore you to learn from the mistakes of the past and not repeat tragedies of deterred investment. Today in the mist of the current economic woes, New York needs strong leadership with the vision of the future. The success of New York is tied to the today's investment in the MTA and our Roads and Bridges.

Regional Plan Association NJ CT NY

Testimony of
Robert D. Yaro, President, Regional Plan Association
Before the
New York State Legislature 2010-2011 Joint Budget Hearings
February 8, 2010
Transportation
Hearing Room B, Legislative Office Building

My name is Bob Yaro and I am the President of Regional Plan Association, a private, nonprofit research and planning organization serving New York City and the greater metropolitan region. I appreciate this opportunity to testify today.

RPA has been long-time supporter and aggressive campaigner on behalf of the region's transit system and specifically Metropolitan Transportation Authority capital budgets. Since the inception of these plans in the early 1980's, and after a tumultuous decline in previous decades due to years of disinvestment and deferred maintenance, system ridership has grown 66%. We know we must continue to invest: our system is essential to the future livability and economic vitality of the Downstate region, which has 60% of New York State's population and represents 80% of the State's economy and tax base. More than 8 million daily subway, bus and commuter rail riders depend on the MTA to get to work and other destinations.

It is therefore troubling for us to be witnessing a rapid deterioration of the MTA's finances on both the operating and capital sides of the equation. Last week's announcement that the Metropolitan Transportation Authority faces an estimated additional $391 million deficit for 2010 due to reduced projections of payroll tax receipts is more bad news for the region's transit riders who are already reeling from extreme measures taken by the MTA in late December to close a $382 million deficit that included drastic cuts to student Metrocards, Paratransit service and bus and subway lines.

Unimaginably, things are now slated to get worse. Without additional funds, new gap closing actions could range from fare increases to further service cuts to a devastated capital program. To stave off a crisis of this magnitude, no single solution exists. Everyone is going to need to pitch in to prevent deterioration of the transportation system, which is a vital underpinning of our economy.

OPTIONS

First and foremost, the state needs to make good on its commitment last year to stave off drastic cuts and fund the MTA's capital program. This should start with restoration of the $143 million in disproportionate cuts included in the Deficit Reduction Plan and reimbursing the MTA for student Metrocards. By withdrawing its support only months after fashioning a rescue package that has fallen short, the state has a clear responsibility to fill a major portion of the growing transit deficit.

The City bears a similar responsibility, particularly in paying its share of the cost of student Metrocards. While their contribution to student Metrocards has remained stable since 1995, costs have gone up and the MTA has been left holding the bag on the remainder of the bill. A new agreement needs to be worked out between the MTA, city and state that relieves the MTA of the cost of the student transport and that slides the city and state's contribution as costs escalate in the future. No other transit agency in the country is on the hook for moving students to the degree the MTA is. This policy needs to change.

The MTA has committed itself to a top-to-bottom review to find its own major efficiencies and the agency should squeeze ever dollar possible. The MTA's new Chairman, Jay Walder, is on the right track making a commitment to search for every feasible action that will ensure that the public's money is wisely spent. In the interim he's cut MTA management salaries, but ultimately this is likely to require both a permanent reduction of MTA management and supervisory positions and winning concession from unions on work rules, many of which are antiquated and impede needed efficiencies and cost savings.

Shifting capital dollars – both past and future – to operating budgets risks even bigger deficits and service cuts in the future. A primary structural cause of the MTA's operating deficit is the rising level of debt that has been accumulated as state and city support for capital expenditures has declined. Shifting additional capital dollars to close gaps in the operating budget will only exacerbate this problem, and runs the risk of starting another cycle of deteriorating service. In the last fiscal crisis in the 1970's, politicians in Albany and City Hall engaged in what came to be known as the "Beame Shuffle" (after its leading proponent, then Mayor Abe Beame) –using capital dollars to close operating deficits and prevent fare increases.

What we got in return was a ruined system: graffiti-strewn cars, track fires and broken down buses. And in the long run, vastly higher fares. This collapsing system became a global symbol of a city in decline. We can't afford to go there again. It has taken us 30 years to rebuild from that low point and we can't risk the same shortsighted approach they took then. While we're a long way off from those dismal days, we know that shifting the MTA's already reduced capital funds to close operating deficits will inevitably lead to a more deteriorated system later, with costs for repairs growing more expensive the longer they are deferred.

Beyond the bad policy of shifting capital dollars around, each of the new proposals to "shuffle" capital funds to close operating deficits now being discussed by politicians has its own unique problem. The first of these proposed shuffles is the proposal to divert hundreds of millions of dollars of federal stimulus dollars awarded last spring to complete the long-delayed Fulton Transit Center in Lower Manhattan. If these funds were to be diverted to close a short term budget gap, a project that is essential to Lower Manhattan's rebirth would remain incomplete, creating the latest embarrassment in unfinished public works projects.

The second proposed shuffle would divert the MTA's "pay as you go" capital funds to close operating deficits. This would lead the MTA and the State to even larger deficits in the future. We need to provide more "pay go" capital, not less, as we cannot continue to debt finance the capital program. Even the Ravitch Commission explicitly warned of this in their report in December 2008. Additionally, pay go funds are necessary to maintain essential state of good repair investments in the absence of an approved capital program. Until the MTA Capital Program Review board approves a new capital plan, the MTA can't borrow any additional money, either to meet local match requirements for federal funds or keep priority projects moving.

The third proposed shuffle would divert anticipated federal Jobs program capital funds to close operating deficits. Aside from the questionable diversion of capital funds to close operating deficits, the smart money in Washington is betting that with the Democrats losing their super-majority in the

Senate, the Congress won't approve a Jobs bill at all. So committing these dollars to close the MTA's budget gap is like making vacation plans with anticipated lottery winnings.

GOING FORWARD

We can't afford any of these shuffles and we can't afford to divert another nickel of the MTA's scarce capital funds to close this year's operating deficit. Instead, pressure must remain to come up with responsible solutions that don't alleviate pain now but cause long-term misery later. There are no "easy outs." That's why the City Council's proposal to divert stimulus dollars is dangerous and short sighted. Instead the City needs to act responsibly in assuming its fair share of the cost of student passes. The city would be better served showing leadership by committing these funds and then challenging the state to match its contribution instead of recommending stealing from the MTA's essential capital investments.

Ultimately the city and state need to act responsibly to close the MTA's yawning budget gap. This includes a renewed look at long term revenue sources such as congestion management or eliminating the cap on the state gas tax, which currently does not tax gas sales over $2 per gallon. And if some funds are shifted temporarily to offset devastating cuts, the legislature should establish a Capital Finance Authority, as proposed by the Ravitch Commission report last year, which would protect capital funds from future raids.

At the end of the day, we cannot be left with a gutted capital program or a bleeding operating budget – both need to be kept healthy. We must sustain essential transit services to meet public needs while also sustaining support for the capital plan and necessary projects. If service is cut, key transit-using constituencies will be less likely to support necessary capital expenditures. On the other hand, maintaining ridership and current levels of operations is dependent on capital investments. Capital disinvestment in the past has led to fewer riders and has negatively impacted the region's workforce and tax base, creating a downward spiral of reduced revenues needed to sustain the transit system.

Meanwhile, we await the MTA's newly revamped 5-year capital program, which will likely be short by $10 billion or more to sustain the transit system's capital needs. With the announcement of further shortfalls in the payroll tax and continued pressure to use up more dollars on operations, this gap is guaranteed to widen as well.

CONCLUSION

This is a wake up call that transit is in deep trouble once again. Unless everyone pitches in, our transit system will deteriorate and cause damage to the region's mobility, economy and quality of life. The governor, the MTA, the city and state legislature must act now to protect rider's and the public's interests now and for the future. With regional growth projections by 2030 estimated at 3.8 million additional residents and 3 million new jobs, unless the transit system is maintained, modernized with new technologies and expanded, it is inconceivable that the region will be able to support this growth and maintain its quality of life.

Thank you again for the opportunity to testify here today.

Regional Plan Association

MTA Mega Projects: The FACTS on Regional Benefits

Second Avenue Subway

1. Second Avenue Subway phases one and two will have positive service impacts the following areas:
   - The east side of Manhattan from 63rd to 125th Street
   - Areas served by #2, #4, and #5 in the Bronx
   - Areas served by the #1,#2, # 3 in Manhattan
   - Counties served by Metro North
   - Areas served by #7 because of those riders need to transfer to the #4 or #5 or #6 at 42nd Street
   - The Queens Boulevard corridor
   - The Bronx Third Avenue corridor
2. Reduce travel time and offers another option for commuters on Metro North destined for offices on the east side (3rd Ave) and for residents of Upper East Side that are reverse commuters to commercial destinations like White Plains or Stamford.
3. Will serve as a catalyst for further network expansions beyond the planned Phases 3 and 4. These extensions might include 3rd Avenue and Co-op city in the Bronx; Queens Blvd Bypass and Jewel Avenue in Queens; and Downtown Brooklyn, Atlantic Branch Conversion, and Utica Avenue Lines in Brooklyn.
4. The Second Avenue Subway will add capacity for upwards of 100,000 more jobs, and establishes the possibility for future economic development throughout the City – in Brooklyn, Queens, and the far West Side of midtown Manhattan.
5. The Second Avenue Subway would add transit capacity into Midtown and Lower Manhattan, capacity that has not been increased in over 60 years, putting a ceiling on job growth in Manhattan.
6. Relieves the hopelessly overcrowded Lexington Avenue line that currently provides a poor transit option for Upper East Siders and Bronx residents commuting to both midtown and Lower Manhattan, and for Metro North commuters destined for Lower Manhattan. The overcrowding slows trains at the busiest stations on the Lexington Avenue line, reducing its capacity and reliability. This effect further diminishes the attractiveness of this transit commute and encourages more commuters to use motor vehicles (taxis and passengers cars) to travel on the streets of Manhattan.
7. The extension of the #7 Flushing Line to Midtown's Far West Side, would add more riders to the Lexington Avenue line. Without the Second Avenue subway this would further exacerbating an already intolerable crowding condition. Rough estimates suggest that as many as 15,000 riders could be added on the Lexington Avenue line in the peak period, if the Far West Side fully develops, swelling the crush loads by 20 percent or more. This argues that the #7 Flushing Line extension should not be advanced without a commitment to the SAS.
8. Additional Facts on Second Avenue:
   - Number of weekday trips that will be made on the Second Avenue Subway (according the Federal Transit Administration), saving in vehicle and walking time and enjoying less crowding and a more reliable service = 591,000 (this number exceeds the amount of travel on all proposed rail projects in the nation combined)
   - The time saved per trip is about 10 minutes for those switching to the Second Avenue, which means a daily savings per person of 20 minutes.

- Number of daily trips made that would remain on the Lexington Avenue Line, enjoying less crowding an a more reliable service = 610,000 (estimates based on NYMTC numbers)
- Taken together, about 1.2 million riders would see direct benefits from the Second Avenue Subway.
- Number of trips per day diverted from motor vehicles = 29,800 (based on FTA numbers)
- Number of daily trips by Metro North commuters destined for Lower Manhattan who would benefit = 15,000 (RPA estimates)
- Number of daily trips by Metro North commuters destined for Upper East Side who would benefit: estimated at 6,000 (RPA estimates)
- The monetary value of the benefits to riders and to the economy of New York City of the completion of the Second Avenue Subway is enormous. Conservatively, the time saved, reliability provided and overcrowding avoided amounts to just under $1 billion per year. However, the longer the line goes without being built, the more these "savings" and productivity is foregone. Viewed this way, City of New York has already lost $30 billion since the Second Avenue Subway was stopped in the early 1970s.
- The Second Avenue Subway will create opportunities to serve additional markets:
    - New service from Queens down the Second Avenue subway line to ease overcrowding on three subway services in that borough.
    - New service to the subway-starved Lower East Side.
    - New service to Brooklyn to create easier transfers to the east side of Manhattan
    - New service from Jamaica and the Long Island Rail Road to Lower Manhattan and to the east side.
    - New one-seat ride service from Kennedy Airport to Lower Manhattan and possibly to the east side

East Side Access

1. Savings of time for LIRR riders destined for locations in East Midtown. An estimated 62,334 peak period passengers and 151,600 average weekday passengers will travel to Grand Central Terminal in 2010 with ESA. It is estimated that on average passengers will save up to 22 minutes each way or 44 minutes a day by using ESA. Specific areas benefited include Nassau and Suffolk counties and the boroughs of Queens and Brooklyn.
2. Savings of transferring for LIRR riders destined for the East Midtown. The estimated numbers of passengers who would avoid the inconvenience of transferring to the subway or bus or a long walk of a taxi ride is given in (1) above. Specific areas benefited include Nassau and Suffolk counties and the boroughs of Queens and Brooklyn.
3. Savings of subway, bus or taxi fare for LIRR riders destined for East Midtown. The estimated number of travelers that would avoid these costs, less the number who might avoid a walk from Penn Station to their destination, is given in (1) above. S Specific areas benefited include Nassau and Suffolk counties and the boroughs of Queens and Brooklyn.
4. Expanded capacity for LIRR services for Queens residents near the Jamaica, Queens Village, Hollis, Kew Gardens, and Forest Hills stations. The FEIS estimates that the number of trains operating in the peak to Manhattan will increase from 42 to 60 with ESA in place. Without ESA access approximately 52,000 people will be carried on the 42 trains, with that being reduced to 29,000 with ESA in place in 2010. Thus, with the same space per rider conditions another 23,000 riders might be accommodated on trains destined for Penn Station. The extra space could be occupied by added Queens riders, if the service were offered and the fare made attractive. This would reduce overcrowding on Queens subway lines, most notably the Queens Boulevard services.

5. Reduction in crowding on key subway lines from Manhattan's west side to the east side. A large share of the rail passengers identified in (1) above would no longer ride either the E train from Penn Station in the morning to the stations in the east 50's, or the #1/9 and/or the #7 or 42nd Street shuttle in access East Midtown. This would significantly reduce crowding at those subway stations. All living in west side of Manhattan districts.
6. Reduction in autos entering Manhattan under the East River. The FEIS estimates that in 2010 ESA would lower the number of vehicles entering Manhattan by 10,000 on an average weekday (with a similar number leaving each day). This would lower traffic volumes on Manhattan streets and reduce the amount of land needed for parking in Manhattan All living in Brooklyn, Queens, and Long Island and all districts through which streets and highways linked to East River crossings are located.
7. Reduction of congestion on roads on Long Island. Daily vehicle-miles of travel would be lowered by 342,000 per average weekday. The lower vehicle volumes would reduce traffic congestion at the East River bridges and tunnels and on highway in Queens, Brooklyn and on Long Island particularly on the Long Island Expressway, Grand Central Parkway, the Brooklyn-Queens Expressway, the Northern State Parkway, and the Southern State Parkway. All districts through which the above highways pass.
8. Reduction in vehicle emissions. The reduced traffic volumes and the lower congestion levels would reduce vehicular emissions. All residents of Long Island, Queens, and Brooklyn.
9. Transit opportunities between Long Island and communities in Metro North territory. With the LIRR accessing Grand Central Terminal, it will become possible for transit it be easily used to travel between these two suburban sectors on the metropolitan region. Countless opportunities will arise, including access to job centers in these two suburban sectors for residents of the other, and to recreational opportunities.
10. Availability of some Penn Station peak period "slots" for new services. FEIS forecasts a 45% reduction in LIRR commuter activity by year 2010. These could include Penn Station access for Metro North trains, new NJ TRANSIT services, Amtrak Acela high-speed service on the Northeast Corridor. These possibilities will require the LIRR to give up some of its slots, thereby reducing service for Long Islanders and Queens residents. See #4.
11. Access to Kennedy Airport. ESA will provide a quick connection to the Airtrain, making airport easily available to residents of the Upper East Side and in Metro North territory.
12. Opens up for use by other transit services the LIRR's Atlantic Avenue branch between Jamaica and Downtown Brooklyn.

Communications Based Train Control/Signal Improvements

1. Installation of CBTC on full length of Flushing Line. Potentially increasing capacity of line another 15-20% or another xxx riders per day (based on 2007 average daily ridership of Flushing Line). This would benefit communities in Queens and in LIRR, MNR, and NJT Commuters who utilize the cross-town service in Manhattan and to access the future commercial center in Long Island City.
2. Dyre Avenue Line – 3rd track express peak-period service.
3. Queens Blvd Line (E&F) CBTC installation, potentially upgrading service frequency in Queens, Brooklyn, and Manhattan.
4. Commuter rail signal improvements on the LIRR Babylon and MNR Harlem lines will increase the speed of service for commuters in these areas and has the potential to improve frequency and system wide capacity.

Tracks and Line Structures

1. West of Hudson track rehabilitation will improve reliability and increase speed. Benefits both NJ and NYS residents.
2. Double tracking from Farmingdale to Ronkonkoma and Mainline Corridor improvements will greatly benefit reverse commuters and increase system wide capacity/throughput, allowing the full potential of ESA to be realized. Benefits residents of Long Island and Queens.