

**Testimony of
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New York Building Congress
Before the
New York City Council
Committee on Transportation
and Committee on Finance**



**Public Hearing
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The New York Building Congress, New York City's largest and most diverse coalition serving the design, construction and real estate industry, appreciates this opportunity to express its strong support for the recommendations made by the Commission on Metropolitan Transportation Authority Financing in its report to Governor David A. Paterson.

To its considerable credit, the MTA has pursued effective comprehensive capital planning over the past 25 years. Combined with multi-year financial plans, the results have been a high-performing transit system that today gives the New York region competitive strength compared with urban centers in the United States and worldwide.

The 2010-2014 Capital Plan is expected to continue that tradition with a five-year cost ranging from \$25 to \$30 billion. Funding this latest capital program will be a difficult endeavor, given the current climate of declining real estate tax revenues, high fuel costs and the magnitude of projected City and State budget deficits. In the wake of these challenges, the MTA has made efforts to become a more efficient operation through a series of gap-closing measures intended to generate cost savings in the long-term that help control

operating expenses. Those efforts, however, will not come close to financing the next capital plan.

The message is clear. Existing funding mechanisms alone are insufficient to grow, let alone maintain, the reliable transit infrastructure on which the economic health of our City and State depends. That is why, in testimony given before the Ravitch Commission at a public hearing in September, the Building Congress advocated a new financing strategy that involves diverse revenue sources, reflecting the shared responsibility of all who use and benefit from the transit system. And no stakeholder should be exempt from paying its fair share.

There are valid reasons for all to contribute. The average subway and bus fare is lower today in constant dollars than it was in 1996, and on-time service and reliability have seldom been better. Roads and highways are less clogged than they would be without the mass transit options that serve this dense region. The air is cleaner. Proximity to transit increases real estate values. And the transit system is the reason for - and continues to support - our job-dense, high-wage economy.

In carrying out its charge to address the mounting financial pressures facing the MTA as it strives to maintain its system, complete ongoing expansion projects and pursue further capacity expansion, the Commission has devised a cohesive, balanced approach for ensuring

that the many beneficiaries of a fully-functioning, interconnected transportation network pay their fair share to keep our subways and roadways moving throughout the region. The Commission wisely recommends the imposition of a new regional Mobility Tax and tolling of Harlem and East River bridges, which will add to existing revenue sources, lessen the need for the MTA's proposed steep fare and toll increases and help spread the burden of funding the MTA over the largest number of stakeholders. In addition, the establishment of a uniform toll policy would rationalize the uneven tolling practice that has been applied to East River and Harlem River crossings for decades, while enabling our transit system and roadways to operate more efficiently, reducing traffic and making the air cleaner.

Though sorely needed, these two new funding sources have not been recommended in a vacuum, but are part of a larger strategy of interdependent proposals designed to secure a healthy future for the MTA and the region in an equitable manner. The Building Congress is especially encouraged by the Commission's recommendations for:

- **the creation of a "lockbox" within a newly-created MTA Capital Finance Authority** to ensure that funds intended for capital-related expenditures are not diverted elsewhere;
- **new approaches to promote the MTA's accountability**, including the development of management changes to reduce procurement timeframes, such as change order processing, and to streamline project execution;

- **enhancing the transparency and repairing the credibility of the MTA**, including the development of a reporting methodology for its capital program that is consistent with the Guidelines of the Government Finance Officers Association; and
- **expanding the regional bus network**, including through increased investment in bus rapid transit, prior to implementation of new tolls.

Now that the Commission has done its work, the fate of the MTA's capital program ultimately rests in Albany. Leadership requires vision and courage, and all eyes will be on the State Legislature to make tough choices, like establishing the proposed Mobility Tax and a uniform toll policy, to benefit the greater good. Removing the tolling of the Harlem and East River bridges or any other recommendation, in our judgment, would jeopardize the Commission's entire strategy, with dire consequences. The MTA will otherwise be unable to maintain a state-of-good-repair, and new starts will be cancelled or deferred. The transit system will fall into decline, as it did in the 1970s, and New York's economy with it.

The Building Congress urges the City Council to endorse these recommendations on their merits and urge the State Legislature to act promptly to ensure they are implemented early in 2009.