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NYBC: City's 2016 Capital Budget Looks Strong

By Rayna Katz



Anderson: "The capital budget proposal is a promising signal that this administration understands the importance of infrastructure."

NEW YORK CITY—The city's preliminary fiscal year 2016 capital budget proposes robust investment in public infrastructure, while meeting key priorities of Mayor Bill de Blasio's administration, according to a New York Building Congress analysis.

The budget includes \$41 billion in capital priorities for FY2015 through 2018, up from \$39 billion forecast in November, and the highest four-year figure since the fiscal year 2010 budget.

Even though commitments to future projects are up, the city is actually expected to spend slightly less over the next four years than was forecast last year. The four-year spending figure drops to \$35.7 billion for 2015-2018, down 2% from November 2014 estimates.

The city also released the preliminary version of its biennial ten-year capital strategy, a document the city uses to establish longer-term priorities. At nearly \$68 billion, the ten-year piece is \$14 billion—or 26%—greater than the last version released in 2013. The city's contribution to this plan increases a striking 51%, or \$20.3 billion, while non-city contributions are down a sharp 44%.

Despite increasing its contribution, the city forecasts that its debt burden will increase slowly in the short term, because of strategic debt refinancings, and extending some larger projects into later years of the plan. In the longer term, without additional state and federal assistance, the city's annual debt load is forecast to increase from \$8.3 billion to \$9.3 billion per year by 2025.

In the ten-year document the Mayor addresses his plan to create or preserve 200,000 units of affordable housing over the next ten years by committing an unprecedented \$7.3 billion to housing, compared to \$2.9 billion in the prior Ten-Year Strategy.

One area that gives the NYBC concern is the city's commitment to the MTA capital program, which is currently facing a \$15 billion budget gap in its latest five-year capital proposal. The ten-year strategy shows only a \$40 million annual contribution to the MTA starting next year. Although the city has made additional contributions to support the #7 subway extension and other construction over the past decade, the longer-term trend appears to show a decline in support.

Says Building Congress president Richard Anderson, “Overall, Mayor de Blasio’s capital budget proposal is a promising signal that this administration understands the importance of infrastructure in assuring the quality of life for all New Yorkers.”

However, he continues, “the city must do more for the MTA capital budget, which needs substantial support and which is essential for so many New Yorkers. Moreover, the state and federal governments must increase their support for the city. The health of the city and its economy is vital to the well-being of both.”