

Construction & Design

REAL ESTATE WEEKLY

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NYBC makes renewed call for infrastructure cash

In order to meet the immense physical demands brought about by a growing economy, the City of New York must revamp the way it plans, pays for, and builds its vast network of roads, bridges, transit, schools, and other vital infrastructure systems,

according to Building a Better NYC Capital Budget, a policy report released by the New York Building Congress in conjunction with its research, educational, and philanthropic arm, the New York Building Foundation.

In the report, the Building

Congress urges the adoption of a series of user fees and taxes that would be dedicated solely to infrastructure investment.

To ensure that these additional revenues are leveraged to the maximum possible extent, the report suggests

specific steps designed to create a far more strategic and realistic approach to the City's capital budget planning process and to increase the odds of completing capital projects on time and on budget.

"To their credit, the Bloomberg and de Blasio administrations have invested heavily to maintain and improve the City's infrastructure. It is encouraging, too, that the City's latest ten-year, \$83.3 billion capital strategy is the largest in history," said New York Building Congress chairman Richard Cavallaro.

Added Building Congress president Richard T. Anderson, "Despite the City's increased capital commitments in recent years, New York's infrastructure is currently straining to keep pace with the remarkable growth of the City's workforce, population, visitors, neighborhoods, and transportation ridership over the past few years. These strains are manifested in crowded schools, slower commutes, wear and tear on streets and bridges, and growing capital backlogs at public housing and health-

care facilities. As a City, we must do more to meet these challenges."

New York Building Foundation Chairman John M. Dionisio added, "The Building Congress and Building Foundation are urging the City to reconsider how it plans, funds, and executes its capital programs. As part of our Capital Budget Campaign, we have proposed a number of specific ideas to improve and expand the City's physical assets, while controlling the high cost of

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Infrastructure cash

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construction, including by streamlining procurement and project delivery processes.”

The Building Congress called on City government to overhaul its antiquated capital budgeting process to better define long-term priorities and comprehensively guide ongoing capital investment decisions. As envisioned in the report, the revised process would include the following elements:

- The City would develop a twenty-year capital needs assessment, updated every four years, that examines a full range of demographic, economic, environmental, and general infrastructure needs.

- That assessment would be translated into a fiscally responsible ten-year capital strategy that categorizes the City’s infrastructure needs as “State of Good Repair,” “Replacement,” or “Expansion.” Today, there is no full and accurate inventory of how much of the City’s infrastructure is in a state of good repair, making goal setting difficult.

- From there, the City would adopt a fixed, four-year capital program that is fully funded and premised on measurable targets that can be tracked through the period.

The Building Congress also called for the creation of a Mayor’s Office of Infrastructure and a City Council Committee on Infrastructure that would continuously review the City’s capital planning and propose ways to improve overall project delivery.

“The City should aim for a coherent and transparent capital planning process,” stated Anderson. “Such an approach would give project managers, elected officials, and other branches of government – as well as the general public – a clearer understanding of each capital project’s progress and facilitate a far more informed discussion of costs and capital priorities.”

Procurement and Project Delivery

The Building Congress also advocates a far more streamlined procurement and project delivery process to ensure that schedules are met; to stretch limited taxpayer dollars further; and, when possible, to leverage public funds with additional private investment. As detailed in the report, areas that must be addressed include:

- Passage of State legislation that would allow the City to utilize such proven project delivery methods as design-build, Construction Manager-at-Risk, and public-private partnerships.

- Expanded use of more collaborative and systematic approaches to construction management, including integrated project delivery and LEAN construction practices.

- Increased project management capacity within individual City agencies that today lack the internal expertise in such areas as cost-estimating, scheduling, and quality assessment, which are used regularly in the private sector to monitor large construction projects.

- Improvements in such areas as change order requests, dispute resolution, and contract language to better balance risk, reduce costs, and speed project delivery.



RICHARD
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Dedicated Revenues

New York City also must address perhaps the biggest obstacle to meeting its vast capital needs – lack of available funding. As has long been the case, financial support for the City’s capital projects are in constant competition with other priorities, and, unlike other budget items, capital budgets are restricted, by statute, to a specific percentage of the City’s tax revenue.

In its report, the Building Congress offered the following illustrations of ways the City, with State government’s consent, could generate new sources of

dedicated revenue:

- Increase the gasoline excise tax or lift the cap on the sales tax on gas.

- Charge a fee on vehicles entering the Manhattan central business district, as part of a uniform toll policy.

- Implement dedicated parking fees, including a neighborhood parking permit and dynamically priced parking meters.

- Implement a new sales tax surcharge in the City.

- Implement a Save-As-You-Throw garbage fee for the City’s residential buildings. A user fee for refuse collection encourages conservation and will help control the City’s sanitation costs, which have quadrupled in the last 20 years. Revenue can be dedicated to the City’s environmental infrastructure.

- Use a Tax Increment Financing model to direct a portion of increasing property values to an infrastructure fund.

“New York City’s success over the past two decades can be attributed in part to wise City and State investment in public works, which in turn has facilitated an explosion of private investment,” added Cavallaro.

“This report offers a blueprint for continuing this cycle of success though further improvements to transportation access, better schools, and more reliable services from government.”