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<http://www.bloomberg.com/news/2012-10-17/nyc-to-accelerate-1-billion-in-capital-expenditures-mayor-says.html>

## **NYC to Accelerate \$1 Billion in Capital Expenditures, Mayor Says**

By Henry Goldman

New York will speed up \$1 billion in spending on “critical” infrastructure, including bridges, roads, schools and libraries, Mayor Michael Bloomberg said.

The projects, most of which would be completed within 20 months, had been part of a four-year capital plan. Under the changes announced today, the city will borrow the money sooner to take advantage of historically low interest rates, saving taxpayers more than \$200 million in debt service over the term of the bonds and creating 8,000 jobs, Bloomberg said at a City Hall news conference.

“Borrowing now makes good fiscal sense; we’re going to have to do these things,” said Bloomberg, who announced the plan with city Comptroller John Liu, whom he credited with developing the idea, and City Council Speaker Christine Quinn. The two officials, both Democrats, have expressed interest in running to succeed Bloomberg, an independent legally barred from a fourth term.

The partnership between Bloomberg and Liu, who have disagreed on labor and tax policies during the past four years, signified a “contrast to places like Washington, where people from opposing parties or ideas cannot get anything accomplished,” the mayor said.

### **‘Need Jobs’**

Aside from saving the city money and improving its infrastructure, the primary benefit of the program would be to create jobs, the three officials said. The city’s seasonally adjusted unemployment rate was 9.9 percent in August, compared with 9.1 percent a year ago, according to the state Labor Department.

While the state Labor Department reported private-industry employment in the city rising by 93,100, or 2.9 percent, to 3.32 million in the 12 months ending in August, construction jobs probably fell 0.6 percent to 110,800, the fewest since 1998, according to a report today by the New York Building Congress, a trade association representing developers, construction companies and labor unions.

“We need jobs,” Liu said. “High unemployment rates and persistent income disparities are hurting our recovery.”

Today’s plan reduces by about half a proposal from Liu in May that would have speeded the borrowing of \$2 billion for infrastructure projects, which Liu said would have created about 15,000 jobs. Bloomberg said the city didn’t have enough short- term construction projects to justify that plan.

## City Bonds

The short-term impact on the budget of having to pay added debt service sooner would be marginal, said Mark Page, director of the city's Office of Management and the Budget.

Borrowing costs for states and cities have dropped to historic lows. The yield on 20-year general-obligations was 3.64 percent Oct. 11, near the 45-year low of 3.6 percent on Jan. 19, according to a Bond Buyer index.

Investors are asking for less additional yield to buy the city's general-obligation debt, according to data compiled by Bloomberg. A New York City general-obligation bond due in 2035 traded today with an average yield of 3.2 percent, 0.49 percentage point above a benchmark index of municipals with similar maturity. That yield difference has narrowed by 0.22 percentage point since the city sold the bonds on Oct. 4.

Removal of toxic PCBs and repairs to about 100 school buildings, resurfacing of about 300 additional lane-miles of roads, street construction, bridge repair and waterfront improvements would be expedited under the program, Quinn said.

The New York Building Congress projected an increase of 2,600 construction jobs next year, to 113,400, which would remain below the 2008 peak of 132,600.

About \$30.7 billion will have been spent on construction by year-end, up more than 9 percent from last year, marking the first time in four years that spending exceeded \$30 billion. The record of \$31.1 billion was set in 2007, the association said.

The mayor is the founder and majority owner of Bloomberg News parent Bloomberg LP.