

**Testimony of Richard T. Anderson
President, New York Building Congress
At a Hearing of the New York City Council
Finance Committee
March 1, 2016**

Good morning, Chairman Ferreras and members of the Committee. My name is Richard Anderson, President of the New York Building Congress.

The Building Congress, a leadership organization of the design, construction, and real estate industry, appreciates the careful attention this Committee has given to infrastructure over the last several years.

The Mayor's four-year capital plan maintains or increases commitments in all major categories, and, in nominal dollars, is the highest in history. At the same time, actual overall expenditures have declined in recent budgets, and, when adjusted for inflation, are less than past years.

However, the larger problem is not a lack of attention by the Administration, whose capital program strives to maintain core systems. Rather, the City is in many ways a victim of its own success: our population will soon be larger than at any point in its history. The Building Congress has reported that the City is witnessing the construction of more residential, commercial, and institutional buildings than at any point in the recent past.

The imbalance between private development and population growth and the availability of infrastructure to meet this demand is a long-term threat to our economy and quality of life.

The City must address these challenges with new, innovative approaches. The Building Congress is proposing a suite of specific improvements to the City's capital planning, procurement, and project management practices that, together, can expand the City's capacity, help control the high cost of construction, and bring more projects online more rapidly.

We are calling this proposal "Building a Better Capital Budget for New York City."

The proposal urges revisions to the City's capital budget planning process, including:

- **A new twenty-year capital needs assessment** that looks at the full range of demographic, economic, environmental, and general infrastructure needs and aligns the City's overall capital program with them.
- **A ten-year strategy**, drawing from the long-term assessment while applying fiscal constraints.
- **A fixed, four-year capital program** explicitly aligned with the ten-year strategy, containing a relatively stable spending program drawn from the ten-year strategy. This approach is different from the current "rolling" plan, which lacks measurable targets and can change substantially from one year to the next.
- **An improved presentation of projects in the capital budget.** The Building Congress is formulating a more intuitive, less fragmented model capital budget document that could help OMB, agencies, and the City Council to better monitor capital projects and understand progress on the overall program.

Next, the City should streamline its procurement and project delivery practices, which can deliver projects more rapidly and cost-effectively, and create room for additional projects.

The City should seek amendments to State law to permit new ways of delivering projects like design-build and public-private partnerships. The City has essentially employed the same, single approach to construction procurement for a century. More team-oriented approaches can significantly shorten project duration and lower costs.

The City is making a concerted effort to win State authorization for design-build and the Building Congress is working hard in support.

The City must expand use of other collaborative construction management tools like Integrated Project Delivery, and LEAN construction practices, which demand a

rigorous team approach to project management throughout the design and construction process.

The City Council's understanding and support for these proposals is essential. Taken together, these are major reforms to the City's capital program, which will require oversight and action on the part of this body.

In addition to administrative changes, **New York City will still need new resources to meet more of its infrastructure challenges.**

Perhaps the best example of the importance of new revenues is the City's creation, in 1984, of the New York Water Finance Authority and Water Board. These entities created a conduit that allows the City to collect water and sewer fees separately and use the revenues to issue debt supporting water and sewer infrastructure. Paired with the installation of water meters that enables billing customers for actual water use, consumption has declined, and the City has transformed water quality in ways that will benefit us for generations to come.

This Council should work with the de Blasio Administration to consider the creation of similar dedicated user fees for other critical assets. The Building Congress has suggested reconsideration of a fee on vehicles entering the Manhattan CBD or a waste management fee for residential users.

To help effect these changes, the City will need to add management capacity. The Building Congress urges the Mayor to create an Office of Infrastructure to continually review and improve capital project management. The City Council should similarly create a Committee or Finance Subcommittee on Infrastructure.

The City must improve capital planning and management practices and find new revenues to be able to adequately address its vast infrastructure needs. Taken together these proposals can go far in helping the City achieve a more robust and responsive capital program.

Thank you for the opportunity to testify.