

**TESTIMONY OF  
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ON THE  
NEW YORK CITY CAPITAL BUDGET  
NEW YORK CITY COUNCIL  
FINANCE COMMITTEE  
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Good afternoon, Chairwoman Ferreras and members of the City Council. Thank you for the opportunity to testify.

The City's capital budget proposal for Fiscal Year 2016 is positive on multiple counts:

- It provides one of the largest five year capital commitment plans, at \$53 billion, in the City's recent history.
- The City has also sketched out one of the largest Ten Year Capital Plans in memory, larger by more than \$20 billion in nominal dollars than all but one Ten Year Plan introduced during the Bloomberg Administration.
- The substantial spending also focuses on core priorities like schools, affordable housing, neighborhood development, rebuilding water and sewer mains, and improving City streets.
- And, by the City's estimates, this plan meets the same standards of affordability as prior plans.

Yet, with all of this investment, the City still faces numerous infrastructure challenges, some which it controls, others requiring State and federal assistance. To name but a few:

- The MTA's most recent capital plan, which, in our estimation, establishes a *baseline* level to maintain a state of good repair and continue major projects, is short \$14 billion.
- Beyond this, there are additional unaddressed mass transit needs in many areas of the City that have experienced major demographic shifts.
- The school construction budget is substantial yet is continually behind population growth.
- A Parks capital program that has made impressive progress, but still leaves key areas of the City without adequate open space and modern parks facilities.
- Library systems that face epic infrastructure challenges.
- A public housing system whose physical frailty was sorely tested during Superstorm Sandy.
- And a second rail tunnel between New Jersey and Manhattan is desperately needed.

In short, even with a substantial capital plan, there is a sense that we are losing ground to other global cities making the necessary infrastructure investments to drive long-term job growth and sustainable economic expansion.

The City's strong economy provides enough general fund revenues to support higher levels of investment today. But capital spending will be curtailed at the next slowdown. In order to ensure increased and more reliable funding for critical infrastructure, the Building Congress has suggested the City investigate creating new, dedicated revenue sources for capital investment.

In its 2013 report, *How to Save New York City's Infrastructure: Dedicate Revenues*, the Building Congress offered several illustrations of user-fees the City could collect and dedicate exclusively to infrastructure investment. Those suggestions included:

- A uniform toll policy for the City's major bridges and tunnels, much like the MoveNY plan.
- Other fees for motor vehicles, like VMT charges or neighborhood parking permits.
- A Pay-As-You-Throw residential waste fee to address the City's Sanitation budget, which has swelled by 400 percent in the last twenty years.

These are just illustrations of the underlying principle that the City should ask persons who use public facilities to pay for their upkeep directly, rather than through general tax revenue. The user fee has an ingenious dual purpose – it moderates use of that resource while funding new investments and ongoing maintenance.

The best example of a successful user fee is the City's water supply system. In the thirty years since the creation of the Water Finance Authority and the introduction of universal water metering, the City has substantially reduced water use in the City, while funding the transformation of one of the most massive water supply systems in the world.

Another concept the City should explore more extensively is public private partnerships, which can create new infrastructure by tapping underlying revenue streams to reduce direct public subsidies.

Building and maintaining the City's infrastructure is essential – without well-running roads, subways, and other core infrastructure, the City faces diminished economic prospects. That is why it is vital that our City's leadership look to ways to augment and protect capital investment in the future.

Thank you for the opportunity to testify.