

**Testimony of Andrew Hollweck
Senior Vice President, New York Building Congress
At a Hearing of the New York State Assembly
Committee on Cities
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Good morning Chairman Benedetto and members of the Committee. My name is Andrew Hollweck, Senior Vice President for the New York Building Congress.

The Building Congress, a leadership organization of the design, construction, and real estate industry, appreciates the careful attention the Assembly has given infrastructure over the last several years. You are acquainted with the litany of needs in New York City – and in other municipalities – for improved mass transit, better schools, roads and bridges, water and sewer infrastructure, and affordable housing, among other priorities.

The Cuomo and de Blasio Administrations have committed billions of dollars to improving these systems in New York City, an effort that has underpinned a stable population and a strong economy.

However, 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. At the same time, 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.

As the City's chief demographer recently said at a Building Congress committee meeting: our public infrastructure is simply at capacity. Our future growth and economic well being is essentially capped by our inability to handle more growth. This imbalance between private and population growth and the availability of infrastructure is a long-term threat to our economy.

That is why the City and State must look to innovative approaches to addressing the infrastructure deficit that is quickly becoming the City's Achilles heel.

The Building Congress joins with government and other associations in proposing essential changes in the way government does business.

First, the State Legislature must act to pass legislation that allows the City to deliver projects more rapidly and cost effectively. The City should be granted authorization to use the design-build approach, particularly for costly transportation projects. Legislation has been introduced, and we urge a speedy resolution of any differences so that work may proceed.

There are other approaches to project delivery that should also be considered, and which also require State authorization: construction manager-at-risk, a delivery method which has the potential to shield government from cost overruns, has been effectively employed on government building projects on a limited basis.

Public-private partnerships, which have been much discussed but are only beginning to be employed, can be another critical tool. The public-private partnership model has *already* brought significant public benefits both to state and local governments who employ it and it should be permitted on a wider variety of projects, with proper oversight and protections.

These proposals are on the efficiency side. But it is unlikely full implementation of these suggestions are enough. The fact is, New York City needs new resources to meet more of its almost limitless appetite for infrastructure.

In 2009, New York approved a payroll mobility tax on businesses in the MCTD [metropolitan commuter transportation district] amounting to about a third of a penny for every dollar of payroll, which saved the MTA from budget and service cuts that would have paralyzed the region. For all of the political uproar that followed this act – this fee has gone exclusively to the MTA and has undergirded its operations and capital plan.

The Legislature must consider the creation of similar dedicated user fees. The Building Congress has provided illustrations of user fees, like a fee on vehicles entering the Manhattan CBD [central business district]; a waste management fee for private residential users; increasing the gas excise tax or lifting the artificial cap on the sales tax for gas, among others.

The essential point is that targeted fees on activities that place wear and tear on public works can reduce unrestrained use of the resource and provide directly for its upkeep.

As a membership organization of businesses both large and small, the Building Congress is cognizant that new fees can be seen to interfere with a strong business climate. But we are at a point where our needs are so great that we cannot stint in our support for the public works that will define our future.

Finally, the City and the State must themselves look at ways to foster innovation and efficiency within its administration of construction. We have been having a constructive dialogue with the MTA on this very subject, which we expect to continue.

We will also be discussing opportunities with the de Blasio Administration to make the planning, procurement, and management of its projects more efficient. There are many opportunities here that collectively could save substantial time and reduce the costs of projects. I will spare you the details here, but the administrative side of the equation is of equal importance and deserves the careful attention of government heads.

This is just a summary of our recommendations, but it does lay out the very top policy priorities for the Building Congress. The infrastructure needs of New York City are vast. They cannot be solved simply using existing funds and existing methods. We must make significant changes to the way government conducts business.

Thank you for the opportunity to testify.