The Most Important Fiscal and Economic Issues Facing New York State

Infrastructure Policy

December 2018
DEFINING INFRASTRUCTURE

HR&A examined New York State-owned, operated, and supported infrastructure, including roads, bridges, transit, aviation and energy assets, and broadband.

These assets are the foundational elements that enable cities to grow and economic development to occur.
NEW YORK STATE INFRASTRUCTURE TODAY
Investment in infrastructure offers broad benefits and lasting impacts.
New York State’s current infrastructure network is failing, preventing the state from achieving its potential.

HR&A Advisors, Inc.
Today, New York State infrastructure is delivered through over 50 agencies and authorities, with limited cooperation or coordination among them.
Within the transportation sector, the MTA, DOT, Port Authority, and Thruway are the “Big Four” whose spending accounts for over 90% of total infrastructure spending in the State.
KEY FINDINGS
KEY FINDINGS

Funding currently identified infrastructure needs across the state will require over $100 billion in new investment.
Current capital investment is not sufficient to meet future needs or ongoing projects.
KEY FINDINGS

New York State lacks a comprehensive and coordinated capital planning process for infrastructure investment.
Agencies and authorities operate in silos today, without a statewide comprehensive effort to guide infrastructure investment.

The New York Works 2013 State of New York Statewide Capital Plan was a good start, but **lacked momentum or authority**.

New York Works laid out recommendations for capital planning that were largely not followed.
Entities today have inconsistent processes for developing capital plans, limiting the ability to comprehensively plan across asset classes.

MTA

20-year needs assessment feeds into 5-year capital plan

NYS DOT

Irregular capital needs assessments conducted; no transparently-developed capital program
KEY FINDINGS

Priorities for new initiatives are announced ad hoc or in response to crises, as opposed to strategically developed.
While many of the State’s recent priorities reflect genuine needs, they are announced, and often funded, outside of normal capital planning processes.
KEY FINDINGS

Projects – both expansion and state of good repair – are not uniformly assessed based on alignment with statewide goals.
The following statewide goals are not consistently used to assess and prioritize infrastructure investment.

- ECONOMIC GROWTH AND VITALITY
- LONG-TERM RESILIENCY
- EQUITY
- LIFECYCLE COSTS
KEY FINDINGS

Infrastructure projects in New York are often significantly more expensive than in peer cities, exceed their original budget, and are delayed.
Many New York infrastructure projects take longer and exceed their budgets at a higher rate than similar projects in other global cities.

**MTA FULTON CENTER**
- Project Delivery: Design-bid-build
- Start Date: 2004
- Original Completion: 2007
- Actual Completion: 2014
- Original Cost: $847 million
- Actual Cost: $1.4 billion

**MTA EAST SIDE ACCESS**
- Project Delivery: Design-bid-build
- Start Date: 2006
- Original Completion: 2013
- Actual Completion: 2022 (est.)
- Original Cost: $4.3 billion
- Actual Cost: $11.1 billion (est.)

**LONDON CROSSRAIL**
- Project Delivery: Special project delivery corp.
- Start Date: 2009
- Original Completion: 2018
- Actual Completion: 2019 (est.)
- Original Cost: $19.4 billion
- Actual Cost: $20.2 billion (est.)
KEY FINDINGS

Existing funding sources for infrastructure investment are uncertain to continue at current levels.
Gas tax revenues may decrease as vehicles continue to become more fuel-efficient and federal programs, including New Starts, have an uncertain future.

Motor Gasoline Consumption in NYS

### Sources:
- Data.ny.gov
- Streets Blog USA
- The Hill
- Eno Center for Transportation
- HR&A Advisors, Inc.
KEY FINDINGS

Financing is limited by the state debt cap, meaning that financing available for infrastructure is likely to decrease in the coming years.
State and infrastructure authorities’ debt is growing, limiting the ability to finance critical projects.

New York has the second highest outstanding debt of any state at $51B, behind California.

Currently projections estimate state-supported debt to grow by 25% in the next 5 years.

The amount of outstanding debt at the MTA is projected to increase by more than 20% by 2022 (from 2017 levels).
RECOMMENDATIONS
RECOMMENDATION #1

Establish a State Office of Infrastructure to lead statewide infrastructure planning.

• Housed in Executive branch
• Led by professional executive with infrastructure experience
RECOMMENDATION #2

The Office of Infrastructure should articulate set of criteria to prioritize infrastructure investment, aligned with statewide policy objectives and needs.

- All statewide investment should be assessed comprehensively
- Link investment to goals including economic growth, improving equity, enhancing resiliency for communities
RECOMMENDATION #3

Balance maintaining a State of Good Repair with capacity expansion/transformative projects.

- Conduct analytic assessments to prioritize appropriate investment, including the development of metrics and a consistent assessment approach.
- Assessments should guide investment between SOGR projects vs new capacity expansion projects.
RECOMMENDATION #4
Create a Center of Excellence to tackle cost drivers, assess and recommend project delivery methods, and facilitate knowledge sharing.

• Address systemic cost drivers across entities
• Assess and recommend the appropriate project delivery method for certain projects above a monetary threshold
• Encourage and facilitate knowledge sharing across agencies and authorities
• Support the introduction of new technologies
RECOMMENDATION #5

Provide a public clearinghouse for project transparency and reporting.

- Provide public with a “one-stop shop” for infrastructure investment information
- Develop and maintain publicly available dashboards to track project metrics such as cost and schedule across all agencies and authorities
RECOMMENDATION #6

Pursue alternative funding sources to increase infrastructure investment and account for future uncertainty in traditional sources.

- Assess and pilot new funding sources, including congestion pricing, vehicle miles traveled taxes, value capture, and dedicated taxes to support infrastructure
Q&A SESSION
The Most Important Fiscal and Economic Issues Facing New York State

**Infrastructure Policy**

December 2018