



local roads
matter!



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**New York State County Highway Superintendents Association
New York State Association of Town Superintendents of Highways**
Joint Legislative Public Hearing
2013-2014 Executive Budget--Transportation

Good afternoon Chairman DeFrancisco, Chairman Farrell and Members of the Joint Legislative Committee. I am Bill Wright, President of the New York State County Highway Superintendents Association (NYSCHSA) and Commissioner of Public Works for Ontario County. With me, representing the New York State Association of Town Superintendents of Highways (NYSAOTSOH) is Richard Kukuk, a member of their Executive Committee and Superintendent of Highways for the Town of Clifton Park. We appreciate the opportunity to submit this testimony today for your consideration as you review the 2013-2014 Executive Budget.

Introduction

The condition of our local roads, bridges and other transportation infrastructure continues to deteriorate despite the extraordinary efforts of county and town highway superintendents to do more work with less money.

It's important to understand that 87 percent of the roads and half of the bridges in New York State are owned by local governments. Local roads do matter and should matter in any state budget as we have discussed with many of you. We have to view the State system as seamless as no one cares who owns the road. All they want is safe and well maintained infrastructure. To do so takes money and only the state and federal governments collect fuel taxes. So we depend on you to be our partner in balancing the needs of all systems, without regard to ownership.

For the last few decades, highway superintendents have focused on cost-effective preventive maintenance hoping to extend the life of our roads, bridges and culverts. According to a national organization of State highway officials, every \$1 spent in maintaining a good road avoids spending \$6 - \$14 to rehabilitate or rebuild one.

Unfortunately, rising costs and dwindling funding means we are losing the preservation battle. Today we treat only a fraction of the road mileage that we did just a few years ago. As a result, our system condition moves closer to a point where preservation isn't an option—we have to undertake more costly

techniques. Municipalities simply can't find the discretionary funds to undertake these expensive projects. What's left for many communities is the one major State program we depend on –The Consolidated Highway Improvement Program or CHIPS.

No Increase in CHIPS Aid for 5 Years

CHIPS has been frozen now in five consecutive New York State budgets at a level that is far below what's needed. The Governor's Executive Budget funds CHIPS at \$363.1 million and the Marchiselli program at \$39.7 million--the primary funding sources for most of the local road and bridge system—and this funding hasn't changed since 2008.

In fact, the Executive Budget projects no increases for CHIPS for at least the next five years! There has to be an acknowledgement by the state's transportation officials that this level of funding for the local transportation system over the long term will be a disaster. Fuel costs alone have increased 190 percent, asphalt 206 percent and materials 57 percent over the last few years. How can anyone expect the local road system to stay sound under this reality?

The State Comptroller recently released "Cracks in the Foundation" and the report highlights what those of us concerned about our local transportation system already know: more roads are crumbling and more bridges are rated structurally deficient and functionally obsolete. Thirty two (32 percent) of bridges are deficient and 40 percent of road pavements are rated fair or poor and getting worse.

The State Comptroller estimates that there will be \$89 billion in unmet infrastructure needs over the next 20 years, with much of this shortfall on the already deteriorating local transportation system. We continue to do battle against our deteriorating systems, but we're losing the war.

What we need was recommended by NYSDOT back in 2009—a \$250 million State Aid to Local Bridge Program. DOT clearly understood, as supported by the Comptroller findings, that inadequate funding levels will ensure more and more of these structures falling further into a state of disrepair.

MAP-21: A Game Changer

Last year when we testified at these hearings, the new Federal Transportation Bill was being debated and the fear was that fewer funds would be available for non-National Highway System (NHS) bridges and not provide any additional funds for non-NHS highways in New York. The resulting new 2-Year Federal transportation aid allocation to NY (MAP-21) is, as feared, primarily directed to the major systems (interstates, arterials, expressways and major urban connectors) and away from locally owned roads and bridges—and even away from many State roads and bridges. This new focus on major highway systems has resulted in, what we estimate is, as much as 40 percent less federal dollars available for local projects.

This reduced federal aid for local projects makes it even more critical that the State look again at the Statewide transportation system as one seamless system that needs to be maintained in its entirety. This is the way our members and NYS Department of Transportation officials, working together, have viewed the system in the past and hopefully will continue to do so.

New York Works Fund

We (NYSCHSA and NYSAOTSOH) know that the Legislature is keenly aware of the funding gap on the local transportation system, is concerned with its deteriorating condition and endeavors to devise a transportation budget that will truly improve the local bridge and pavement deficiency ratings. This is why we should all be encouraged by the Governor's call for \$300 million for the New York Works Fund, in part directed to "maintain, repair and replace critical highway, bridge and other transportation infrastructure."

The State Budget for this fiscal year includes over \$1 billion under the New York Works program that is credited with improving or replacing more than 100 bridges and repairing 2,000 miles worth of roads among other public works projects. It is important to note that none of this \$1 billion was spent on the local system.

Now with the Executive Budget inclusion of \$300 million for infrastructure, you have an opportunity to ensure that the bulk of this funding be directed to the local system to begin to make up for the years of stagnant CHIPS appropriations and the now catastrophic loss of federal dollars. Also, the MOU for the FY 2012-13 State Highway and Bridge Program included a commitment to provide an additional \$100 million in each of the next two years to address unmet needs and improve the condition of the transportation system. It's unclear to us whether this funding has or will be, allocated to transportation. With the State system benefitting from the \$1 billion accelerated bridge and pavement program and now receiving substantially more federal aid through MAP-21, we need your help to direct much of this New York Works and MOU funding to the local system.

Reform the Way Transportation is Funded

The Dedicated Highway and Bridge Trust Fund (DHBTF) was originally designed as a pay-as-you-go financing method to support the State's capital transportation programs and purposes, using revenue from highway taxes, motor vehicle taxes and fees, petroleum business taxes and a number of smaller resources. Over the years, some transportation related operational programs began to be financed from the Trust Fund. That quickly helped to un-balance the account and pay-as-you go gave way to increased reliance on bonding.

The Executive and Legislature need to once again make CHIPS a cash-based pay-as-you-go program. Drivers on local roads contribute nearly half of the gas taxes collected in this state. Unfortunately, CHIPS only receives a small fraction of these revenues. In addition, a general fund transfer of about \$520 million to the DHBTF will be needed to keep the fund balanced for this fiscal year.

We suggest examining how existing motor vehicle tax and fees are currently being distributed. Forty-eight percent of the vehicle miles traveled in New York State are on local roads, yet less than 12 percent of the fees paid to the State by these drivers go back to maintaining local roads—and much of that raised through bonding. With local and state roads and bridges crumbling, perhaps it is time to consider establishing a more equitable distribution of these taxes for the benefit of the motoring public.

There is currently a State sales tax on motor fuels that generates \$947 million annually, none of which is dedicated to transportation. We support legislation to deposit a portion of these revenues in the Dedicated Highway and Bridge Trust Fund to be used to maintain local roads and bridges.

Local Economic Impacts

Many small and mid-sized NY construction and engineering firms are financially impacted by the diversion of state and federal funding to larger, mega-infrastructure projects and away from local road and bridge construction work.

Infrastructure is a municipality's greatest asset and, as the storm events of the last few years have demonstrated, vitally important to the public and the economy of New York State. The repair, rehabilitation, efficient operations and strategic replacement of existing transportation infrastructure are required for safety, mobility and for the State to remain economically competitive.

Conclusion

NYSCHSA and NYSAOTSOH urge the Legislature to seek ways in which to make available more State funding and resources that adequately reflects the critical needs of local roads and bridges. In previous years, even in tough economic times, the Legislature has responded to the dire conditions of the State's transportation systems and augmented the CHIPS and other local transportation funding. For this, we and the traveling public are extremely grateful.

We look forward to our continuing dialogue with the Governor's office, Department of Transportation officials, our legislators and the traveling public in an effort to re-establish the funding of local roads and bridges as a State priority in order to ensure seamless transportation system of exceptional quality.

Thank you.

January 31, 2013