



American Council of Engineering Companies of New York

INFRASTRUCTURE INVESTMENT WILL HELP NEW YORK STATE ECONOMY

Investing in New York's infrastructure can be the catalyst to jump start our economy. Nearly 70 years ago, FDR's New Deal turned around the Great Depression, put millions of Americans to work, and created a legacy from projects that improved everyone's quality of life. Investing in our transportation, environmental and business infrastructure will create jobs, increase tax revenues, improve our quality of life and get this economy turned around. Waiting for future legislative sessions will only further aggravate the negative economic consequences that we are seeing on a daily basis.

A plan that injects \$5 billion into the New York State economy, if done right, will create more than 150,000 jobs initially, and more than double that in spin-off economies and related service and material suppliers. This investment will also spin off new property tax, sales tax and income tax that will pay an immediate dividend of 10 to 20 percent -- a great rate of return. The additional reduction of unemployed and uninsured will reduce other state and local obligations, and the newly employed population will likely spend in excess of \$3 billion each year in consumer and related purchases. While improving the economy, this program will provide needed rehabilitation and improvements to our deteriorating infrastructure, which negatively impacts our health and impairs our ability to compete nationally and internationally.

Our transportation infrastructure is an excellent example. Ninety-two percent of the \$290 billion worth of commodities delivered from sites in New York is transported on state and local highways. And yet, after improving in the 1990s, the percentage of fair and poor pavement has increased since 2000. Nearly 1,500 bridges will become deficient over the next five years if proper maintenance and repair is not done. In addition to commercial losses, accidents and traffic issues related to poor road conditions cost New Yorkers \$19.5 billion each year—more than \$1,000 per resident—in medical expenses; lost productivity; and workplace, insurance and legal expenses.

A widespread investment plan will create enormous benefits for the population. It will:

- Help reduce the more than \$2 billion on repair and operating costs that New Yorkers spend related to poor roads.
- Reduce commuter time, which has increased by an average of 20 minutes during rush hour versus three years ago. Congestion negatively affects everyone's quality of life whether they are commuting or traveling to a child's sporting or school event, and negatively impacts the efficient operations of businesses.
- Save lives and billions lost each year due to poor road conditions, delays and related accidents.

- Make us more competitive, getting New York State's commodities to market faster and safer.
- Provide access to clean water and safe waste water disposal, which will greatly enhance the health and quality of life for all New Yorkers. Millions of gallons of clean water are wasted daily because of aging pipes and water systems.
- Provide access to more reliable and cleaner energy that will reduce emissions, generate even more jobs, and establish New York as a pioneer and leader in this emerging field.
- Redevelop brownfields, which will help the local tax base, bring businesses back to the cities, and protect our pristine environmental resources that attract tourists to our state.

And while government must invest its own funds to start this process, there are a series of other revenue sources that can offset the initial costs. Congestion pricing, voluntary tolls for service lanes, and public-private partnerships, all of which are already in use in the U.S., can generate billions for infrastructure. Other user fees, in which the beneficiary pays for the services, can also be implemented. Some income streams already exist, such as the Systems Benefit Charge and sales tax collected on motor fuel.

Most importantly, by creating 150,000 jobs, the state will recoup funds from new income taxes of newly employed workers, and will avoid paying on-going unemployment and related costs. More than 10 percent of a \$5 billion investment could be recouped every year just from the receipts of these and other taxes, as well as the savings in benefit payments. By leveraging the private involvement and investment, this rate of return can increase dramatically. One additional side effect of this will be a stronger housing market and retail market.

Challenging times require bold leadership and vision. Action must be taken quickly and thoughtfully. Projects need to be started today, and next year's projects need to be planned and designed now. By investing \$1.75 billion in transportation, \$1.5 billion in environmental and renewable energy projects, \$1 billion in brownfields and related development, and providing \$750,000 million to local governments for specific economic development projects, New York can lead the nation out of the recession, create needed in-state jobs, and develop the necessary transportation, environmental, energy and business infrastructure that will create and attract jobs for the next century.

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ACEC New York is the leading advocate for New York State's consulting engineering community, striving to enhance the business practices of professional engineering companies in the planning, design and construction industry. Founded in 1921, ACEC New York presently consists of over 240 private engineering firms employing more than 100,000 people worldwide.