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2 CITY COUNCIL

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CITY OF NEW YORK

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THE TRANSCRIPT OF THE MINUTES

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of the

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TASK FORCE ON INFRASTRUCTURE

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2 CHAIRPERSON GARODNICK: Good morning,
3 everybody. If you would take your seats, we're ready
4 to get started.

5 My name is Dan Garodnick, and I am
6 Co-chair, along with my colleague Council Member
7 Tish James of Brooklyn, of the City Council's Task
8 Force on Infrastructure. I'm very pleased to welcome
9 you all today to our very first public forum
10 entitled "Anticipating New York City's Growth:
11 Budgeting to Maintain and Expand the City's
12 Infrastructure."

13 I would like to recognize that we
14 have been joined by two colleagues, Council Member
15 Annabel Palma of the Bronx, and Council Member
16 Jessica Lappin from Manhattan.

17 The Council's Task Force on

18 Infrastructure was formed in November 2007 by
19 Council Speaker Christine Quinn to examine major
20 non-City expansion projects, and indeed the
21 significant growth in population that New York City
22 is expected in the next 25 years and to assess the
23 impact of this growth and expansion on the City's
24 existing infrastructure.

25 Mayor Michael Bloomberg has launched

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2 the PlaNYC 2030 Initiative to prepare New York City
3 for an anticipated population increase of
4 approximately a million residents by 2030.

5 Such an increase will absolutely
6 require the building of additional infrastructure
7 and the repair and upgrading of the City's existing
8 infrastructure if we are to be prepared to welcome 1
9 million new neighbors.

10 What areas in the City will
11 experience this new growth? What kind of new
12 infrastructure will be needed? Subway lines, sewer
13 pipes, roadways, electric and gas power lines,
14 telecommunications lines, schools, housing. We need
15 to keep the focus on these issues, even after this

16 Mayor Administration and even after this Council is
17 retired.

18 But the need for new infrastructure
19 will not be the only focus on this task force. The
20 City's current infrastructure, like our nation's is
21 unquestionably aging and continues to require
22 substantial and expensive maintenance to keep it
23 operating and in a state of good repair.

24 The Con Edison steampipe explosion in
25 my district in Manhattan in July of last year and

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2 the widespread subway flooding in August that
3 delayed hundreds of thousands of commuters made
4 clear to all New Yorkers how dependent we are on our
5 aging but crucial infrastructure.

6 The City has a planning and budgeting
7 process. The ten-year capital strategy which focuses
8 on City-owned infrastructure. It also has an asset
9 information management system, which estimates the
10 amount of investment necessary to keep our
11 infrastructure in a state of good repair.

12 But much of the infrastructure that

13 the City residents utilize and depend upon are owned
14 and controlled by other governmental bodies,
15 including the MTA, the Port Authority, New York
16 State and others. And these other bodies plan and
17 finance the building of new infrastructure and the
18 maintenance of existing infrastructure without the
19 necessary coordination or consultation with City
20 planners and budgeters.

21 Moreover, private real estate
22 developers plan and build sometimes as of right
23 without the need for City approvals or coordination
24 in City plans. By way of example, one school in my
25 district, which was already at its capacity or

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2 beyond, had seen 32 new high-rise buildings go up in
3 its catchment area, or have had construction started
4 in its catchment area without any provision for a
5 new school.

6 And even beyond what may be needed
7 improvements in the City's planning and budgeting
8 process, finding the necessary resources to build
9 and maintain the City's infrastructure of the future
10 will be a challenge for all levels of government and

11 perhaps the private sector.

12 New sources of revenue will likely be
13 required and the Task Force will consider that topic
14 down the line.

15 The Citizens' Budget Commission
16 issued a report in December, called "Capital
17 Budgeting for 2030 Achieving The Goals of PlaNYC."
18 This report raises important questions about the
19 ten-year capital strategy and proposes ways to
20 institutionalize the PlaNYC approach. For example,
21 they point out that the Asset Information Management
22 System that I referred to before does not take into
23 account smaller assets with replacement costs of
24 under \$10 million, or the larger systems such as
25 East River bridges, all having assets and assets

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2 owned by authorities.

3 They also question the anticipated
4 benefits of many of the City's planned capital
5 expansion projects. We look forward to hearing from
6 them today as well.

7 At today's forum, the task force will

8 hear from the Department of City Planning about
9 population shifts and increases anticipated in the
10 City of New York during the next 25 years. We will
11 also hear from a representative from the Mayor's
12 Office of Long-Term Planning and Sustainability to
13 discuss the way PlaNYC anticipated future
14 infrastructure needs.

15 In addition, witnesses will discuss
16 the City's ten-year capital planning and budgeting
17 process, and the impact on future ten-year plans of
18 the anticipated demographic changes.

19 So, we'll look forward in a moment to
20 getting started, but before we do, I'm very, very
21 pleased and proud to be co-chairing this task force
22 with Council Member Tish James of Brooklyn, who also
23 has an opening statement.

24 CHAIRPERSON JAMES: Thank you, Mr.
25 Chairman. Good morning.

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2 I would like to thank all of the
3 panelists and the guests and my colleagues for being
4 here this morning.

5 Today we begin a discussion and

6 analysis of the City's infrastructure needs, and
7 strategies related to planning, coordination,
8 maintaining, financing, repairing our systems.

9 We further advance discussion
10 regarding the impact of mega projects on existing
11 infrastructure. Clearly, New York City needs a more
12 coordinated and comprehensive approach to addressing
13 the long-term needs for the City.

14 Further, the financing of these needs
15 cannot be based on one-shot deals, but will require
16 long-term capital investments, including, but not
17 limited to, a dedicated revenue stream from all
18 levels of government.

19 Despite, just an example, despite
20 increasing need, federal investment and
21 infrastructure financing continues to shrink. Beyond
22 trying to keep the existing systems in a state of
23 good repair, the City should embark upon a vision
24 for the City as a whole.

25 Capital budgets and capital planning

3 disconnected manner. Let us begin to advance a
4 discussion regarding the City's long-term needs to
5 effect cooperation and coordination, to engage in an
6 open and transparent process to ensure
7 accountability and maximize the benefit to the
8 public that we serve.

9 I look forward to the discussion, Mr.
10 Chair. And at this point in time, let us begin.

11 CHAIRPERSON GARODNICK: Great. Thank
12 you, Council Member James. And with that, I think
13 we're going to get started. We have organized
14 today's hearing -- today's forum, which is what it's
15 officially called, into a series of panels. And
16 we're going to invite our first panel, which
17 includes Joe Salvo of the City Planning Commission,
18 and Ariella Rosenberg of the Office of Long Term
19 Planning and Sustainability up to the table, and I'd
20 also like to recognize Council Member Jimmy Vacca of
21 the Bronx has joined us as well. Welcome.

22 And with that, Mr. Salvo, why don't
23 we start with you. And we welcome and we appreciate
24 all of your presence here today, and whatever
25 technical issues we can help you with, you just let

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2 us know.

3 MR. SALVO: I want to begin by
4 thanking the Task Force for inviting me today and
5 for giving me this opportunity to talk with you
6 about some of the demographic changes that are
7 occurring in the City.

8 I have a brief presentation, where
9 I'm going to take a look at the population of the
10 City.

11 Frank.

12 CHAIRPERSON GARODNICK: You could pull
13 up a chair here, if that's easiest.

14 MR. SALVO: I guess I need a mike,
15 right?

16 CHAIRPERSON GARODNICK: You need a
17 mike, but if you want somebody to work that, there
18 you go.

19 MR. SALVO: Okay, very good.

20 A hundred years ago the City was in
21 the midst of pretty substantial population growth.
22 The City of New York in 1900, right after the point
23 of incorporation, had about 3.4 million people. The
24 City grew from being a large City in 1900, by 1930
25 the City grew to 6.9 million people. As you see in

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2 this chart, by 1950 the City was very, very close,
3 pretty much up there, around 8 million people. And
4 if you look from 1950 to the Year 2000, we were kind
5 of in a range of seven- to eight-million people. In
6 1900, actually 1910, Manhattan achieved its peak
7 population, hard to believe, of 2.3 million people.
8 Most of those people were living in tenements in
9 Lower Manhattan. We did not, obviously, have the
10 high-rises that we have today.

11 In 1980, you see that the population
12 between 1970 and 1980 went down substantially, the
13 City lost about ten percent of its population by
14 300,000 in the Bronx, 300,000 in Brooklyn alone, and
15 the City has since come back.

16 The theme of what I am presenting
17 today is change. And I want to show you what's
18 driving change currently, or that is over the last
19 three decades (please next) in the City's
20 population.

21 These are what we call the
22 "components of change" for three decades, 1970-'80,
23 '80/'90, and '90, 2000. The first thing that you'll
24 see, or should hit you, is that orange bar. That is

25 what we call net migration, that is the net result

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2 of people moving in and out in our exchange with the
3 50 states, net, domestic, migration.

4 And what this has produced is a
5 situation where each decade hundreds of thousands of
6 people leave the City, and hundreds of thousands
7 come back.

8 What that means essentially is that
9 we have a pattern of an undercurrent. A pattern of
10 population churning, where many people come and
11 leave on a continuous basis.

12 When people talk about New York
13 City's population being dynamic, this is what it's
14 about.

15 In the seventies we lost a lot of
16 people to the 50 states. A lot of people left New
17 York. The domestic migration flows resulted in a net
18 loss of almost 2 million people. That means 2
19 million more went out than came in in our exchange
20 with the 50 states.

21 We made up for part of it. You see
22 the yellow bar there, because immigrants come to New

23 York, and believe it or not, in the seventies we got
24 upwards of 800,000 immigrants net. That is our
25 exchange with other countries produced a net in-flow

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2 of 800,000 people.

3 But you could see it was not enough
4 to compensate, so the third bar up there, the
5 lighter orange bar, shows the net migration loss in
6 the City in the seventies was over a million, 1.1
7 million people. So, because of that, the City's
8 population took a big hit. But since we've come back
9 and why? We've come back because the outflows have
10 slowed, immigration has increased. You see the
11 yellow and the orange bars in each one of these
12 sequences here. These two bars in each -- everybody
13 hear me? These two bars, in each decade you see that
14 the pattern has changed substantially. Fewer people
15 going out in the 1980s and more people coming in as
16 a result of immigration, resulting in a net loss to
17 the City which is nowhere near where it was in the
18 seventies, and in the year 2000, actually more
19 people did leave for the 50 states, but we've got

20 over 1 million immigrants.

21 So, when people talk about the
22 dynamism, the dynamic aspect of the City's
23 population, this is what we're talking about.

24 So, you see in the blue here? This is
25 natural increase, which is the balance of births and

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2 deaths, which is positive. Then it has become more
3 positive over time, because now 53 percent of all
4 the births in the City of New York are to
5 foreign-born women. Over half of all the births in
6 the City.

7 Five groups account for one quarter
8 of all the births in the City of New York right now.
9 Five foreign-born groups, with Mexico and the
10 Dominican Republic being the largest. Next, please.

11 Okay, where are we right now. From
12 2000 and 2006 the population is increasing -
13 8,008,000 in 2000 census. We have had pretty steady
14 increases each year. The current estimate is
15 8,251,000, the population is growing. Very important
16 to recognize that a lot of the growth that we're
17 talking about in our projection, which I'll show you

18 in a minute, is already occurred.

19 Next, please.

20 Same pattern I showed you before.

21 Three decades, same pattern all over again. City's

22 population is increasing a quarter of a million

23 people, mostly as a result of these off-setting

24 forces, close to 800,000 people left the City

25 between 2000 and 2006, in our exchange with the 50

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2 states, and we gained a big chunk of it back because

3 of immigration, the net in-flow from other parts of

4 the world. Natural increase, almost 400,000 more

5 births than deaths, again fueled by foreign-born

6 births heavily, resulting in a population increase.

7 Next, please.

8 Our projections. Simply put, what we

9 did is we took the age and sex distribution of the

10 City's population in 2000, and we made a series of

11 assumptions about fertility, about births, about

12 death, mortality and about migration. We took 20

13 years of history, 1980 to 2000, created a series of

14 assumptions, took the age and sex distribution of

15 the population and moved it forward age group by age
16 group. And this is an illustration of how we would
17 take, for example, 20- to 24-year-olds and age them
18 through based upon a series of assumptions.

19 Next, please. And this is what we
20 came up with. The 8 million population in 2000 was
21 our base. The 2005 number, which is largely in line
22 with the Census Bureau has estimated, 8,214,000.
23 We're projecting in 2010 that the population will be
24 in the range of 8.4 million and by 2030, 9.1
25 million. If the assumption that we put into place,

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2 again, based upon what we consider to be reasonable
3 judgments about what is happening in the City
4 currently, if they hold, the population would be 9.1
5 million.

6 Next, please.

7 Now, very important, the first two
8 bars in each one of these columns, gives you the
9 2000 and the 2030 population. The blue bar is the
10 historical high for that borough. So, you see for
11 the Bronx, we're projecting that the population of
12 the Bronx will rise to close to its historical high

13 by 2030. The historical high was just shy of 1.5
14 million.

15 In Brooklyn, same thing. The
16 historical high was 2.7 million. We're projecting
17 that the population will rise just below it.

18 Manhattan will never achieve its
19 historic high, because as I indicated earlier, it
20 was 2.3 million. Manhattan's population will rise
21 but will be well below that 2.3 million. In fact,
22 well under 2 million.

23 Queens and Staten Island are a
24 different story because they develop a lot later.
25 Their populations will rise well above their

18

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2 historic highs, which in both cases were achieved in
3 2000. So, Queens will top the 2.5 million mark, and
4 Staten Island we're projecting will go to 552,000.

5 Next, please.

6 Now, one of the basis, the judgments
7 that we're making, the assumptions we're making, is
8 based upon the fact that New York City has
9 experienced tremendous levels of housing growth in

10 this decade.

11 And this illustrates the fact that we
12 have gone from being 12 percent of the region's new
13 construction to being well over half. This is
14 actually for 2006. 2007 we were 55 percent of all
15 the new residential construction in the region, 31
16 counties, took place in the City of New York.

17 We had to take this into account and
18 our assumptions. Why? Because we have a lot of
19 housing growth, a lot of it is being driven by
20 population growth.

21 Next, please.

22 We are aging. The suburbs are aging.
23 One of the important things that we incorporated
24 into our model was an assumption that more housing
25 in the surrounding region would draw more New

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2 Yorkers out of the City in the next 20 years.

3 In other words, we increased the
4 outflows into the suburban regions in New York, in
5 the New York region, because we felt that a lot of
6 this housing is going to become available, because
7 people are aging in New York City, but aging even

8 faster outside of the City.

9 Next, please.

10 Now, our projections show that
11 school-age population, five- to 17-year-olds, as a
12 percent of total is going to go down, we project.
13 And this is, again, as a percent of the total.
14 Absolute number of children, though, the change will
15 vary by borough.

16 For example, in Brooklyn we expect
17 the absolute numbers of children to go down, but
18 quite different in Staten Island and in Queens,
19 where we expect it to rise a bit, and even in
20 Manhattan we expect to see a bit of an increase, in
21 absolute numbers. But here is the big news. Next,
22 please.

23 Sixty-five and over, the population
24 65 and over is expected to rise substantially. The
25 City of New York's percent 65 and older will rise,

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2 every borough will show an increase, and the aging
3 will occur in Staten Island to the greatest degree.
4 Staten Island we project will be 19 percent 65 and

5 over, overall for the City we expect a shift up of
6 several percentage points. In effect, the population
7 65 and over will increase by 400,000 based on our
8 projection. One-quarter of that is a function of
9 longevity, the fact that people are living longer.
10 Three-quarters of it is built into the current age
11 structure of the population. Now, what does that
12 mean? Of all of the numbers that I am telling you
13 about today, the most solid one involves the aging
14 of the population. Why? Because we have an age
15 structure that is known right now. We know how many
16 people are in each age group, and we're going to
17 move those people forward, even assuming high rates
18 of out migration among persons 40 and over, we still
19 get very big increases in the elderly population of
20 the City.

21 So, the population 65 and over will
22 be increasing based on our projection rather
23 substantially.

24 Next, please.

25 That's the end of my presentation. I

3 right?

4 CHAIRPERSON GARODNICK: Thank you, Mr.
5 Salvo. I'm certain that there will be questions.

6 Let me just start off with a couple
7 here, and then we'll go to our colleagues.

8 The first one, we appreciate the
9 presentation about New York City's trends and where
10 we're going and the breakdown by borough and the age
11 and housing starts, all the rest of it; could you
12 give us a sense as to how those population
13 projections compare to other major urban centers,
14 where are we in New York compared to the rest?

15 MR. SALVO: Well, New York City, if
16 you take a look at the major cities of the United
17 States, we have benefitted dramatically from the
18 fact that we receive large numbers of immigrants.

19 As you can see from what I showed you
20 earlier, the losses that we see to other parts of
21 the country, which is not necessarily a negative
22 thing, people come here, they do well, and then they
23 just go on, are compensated for by a continuous
24 influx of immigrants who are in the working ages.

25 There are many cities in this country

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2 right now that are not as fortunate, cities taking
3 big population hits that lost big population between
4 1970 and 1980 and have never recovered. If you take
5 a look at the list, Buffalo, Cincinnati, Cleveland,
6 Detroit, even cities close by, Washington, D.C.,
7 Boston, Philadelphia, the same stories in place in
8 each one of those cities. They lost huge chunks of
9 their population in the seventies and have never
10 gained them back, because of the fact that they do
11 not have immigration.

12 The cities of the country that are
13 now growing have substantial immigrant influxes for
14 the most part, there are a couple of exceptions, but
15 for the most part it's immigration compensating for
16 any outflows that occur through the domestic losses.

17 CHAIRPERSON GARODNICK: Okay, thank
18 you.

19 I think what we're going to do is
20 we're going to go to Ms. Rosenberg next and we'll
21 give you all questions together so that we give her
22 a chance, and then we can sort of coordinate
23 everything here.

24 So, Ms. Rosenberg, welcome. Thank
25 you.

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2 MS. MARON: Thank you.

3 Good morning, Chair Garodnick, Chair
4 James and members of the City Council. I am Ariella
5 Maron. I've changed my name. A year ago.

6 CHAIRPERSON GARODNICK: Apologies for
7 that.

8 MS. MARON: No worry.

9 CHAIRPERSON GARODNICK: I saw you made
10 a face when I said it the first time and I didn't
11 know what I did wrong, but now I know. Thank you.

12 MS. MARON: Well, I know where your
13 information came from, so it's not your fault.

14 Ariella Maron, Deputy Director of the
15 Mayor's Office of Long Term Planning and
16 Sustainability. And that's the office that managed
17 the creation and now manages the implementation of
18 PlaNYC, the City's Long Term Sustainability Plan.
19 Thank you for inviting me here today to testify on
20 how PlaNYC addresses population growth and the
21 resulting infrastructure needs.

22 I also want to mention the copy you
23 have in front of you does say "draft." It's not a
24 draft. However, in the efforts of saving paper, we

25 decided not to reprint it, because we are an

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2 environmental agency. So, just cross that part off.

3 So, in my testimony today, I will
4 describe the process to create PlaNYC, as well as
5 our research findings during this process. I then
6 will discuss the PlaNYC Initiatives that address
7 those challenges and how they will be funded. The
8 big question.

9 Finally, I will summarize Mayor
10 Bloomberg's participation in a national coalition
11 focused on local infrastructure issues.

12 PlaNYC actually started as an
13 infrastructure plan. In late 2005, the Mayor asked
14 former Deputy Mayor Dan Doctoroff to lead a
15 long-term strategic land use plan to ensure there
16 was adequate land available to accommodate any
17 additional infrastructure needs resulting from the
18 City's projected population growth that we were
19 expected, based on the projections that Joe Salvo
20 and Department of City Planning had come up with and
21 were just described.

22 City agencies were asked to assess
23 their existing infrastructure, project future demand
24 for its services based on the growing population,
25 estimate new infrastructure needs, take a look at

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2 best practices internationally to meet those needs
3 and begin to make recommendations on how to meet
4 them.

5 During the long term strategic land
6 use process, a few things became evident: First,
7 enhancing the City's infrastructure cannot solely
8 depend on hard, centralized infrastructure, but
9 rather on a mixture of hard infrastructure with
10 resource efficiency, improved design and operating
11 practices and distributed technologies.

12 Those strategies help mitigate
13 climate change and other environmental issues that
14 must also be addressed during this process. It also
15 became evident that our various infrastructure and
16 environmental challenges and their solutions are
17 interrelated and needed to be looked at
18 comprehensively.

19 For example, you cannot think about

20 Land Use without thinking about transportation, and
21 you cannot think about transportation without
22 thinking about air quality. Similarly, you cannot
23 think about air quality without thinking about
24 energy efficiency in our energy system, and of
25 course, you can't think of any of these without

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2 considering the impacts of climate change, and, of
3 course, that also impacts water quality and water
4 supply and all the other issues.

5 Finally, it became clear that this
6 type of long-term planning is inherently
7 sustainability planning.

8 So, as we embarked on this new
9 sustainability effort, established our
10 sustainability advisory board, launched our public
11 outreach process, and continued to work closely with
12 over a dozen agencies, the challenges the City was
13 going to face between now and 2030 became even
14 clearer.

15 We categorized them into three
16 challenges: The City is getting bigger; the

17 infrastructure is aging; and the environment
18 continues to be at risk.

19 So, this issue about us getting
20 bigger, the City's resurgence has resulted in a new
21 population high of over 8.2 million people, as just
22 described. And as was also just described, the City
23 will be home to over 9 million people by 2030. If we
24 are not careful, we know this growth could undermine
25 the quality of life gains passed -- we achieved over

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2 the past few decades. However, growth that is guided
3 and planned well can allow us to meet the needs of
4 our existing residents, workers and visitors while
5 preserving the character of our neighborhoods, and
6 continuing to welcome new-comers from around the
7 world.

8 It will also generate tens of
9 billions of dollars of revenue to the City that
10 could be reinvested into the City.

11 The second challenge, we are getting
12 older. This growth places new pressure on our aging
13 infrastructure system. As many of you know, New
14 Yorkers pioneered many of the systems that make

15 modern life possible, whether it was Thomas Edison
16 switching on the world's first commercial electric
17 light system in Lower Manhattan. Planners plotting
18 out the first modern water network in the 1840s, or
19 thousands of workers, engineers and architects
20 building the world's largest bridge at the time, a
21 record we managed to achieve four times.

22 But our early innovation means that
23 our systems are now among the oldest in America. We
24 developed our subway signaling technology before
25 World War II. We finished the two water tunnels by

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2 1936, and our energy grid was first built
3 under-ground before and including the 1920s.

4 Some old infrastructure, especially
5 the energy infrastructure, was actually less
6 efficient and more polluting, but all of our
7 infrastructure, including both the water and
8 transportation, because they're older are at greater
9 risk of breakdowns.

10 We are all deeply reliant on our
11 infrastructure to support our daily activities, as

12 we were reminded during both the summer of 2003 and
13 2006 blackouts, and therefore, it is crucial that we
14 maintain and modernize the networks underpinning the
15 City.

16 The last, challenges on our
17 environment. Although New York is one of the most
18 efficient cities in the world, and our air and water
19 have not been this clean since before the industrial
20 age, we know that our air is not clean enough, as
21 demonstrated by our high asthma hospitalization
22 rates. And that our water bodies are not clean
23 enough, given the fact that some do not meet safe
24 recreational standards.

25 We are also facing the growing

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2 impacts of climate change, that scientists agree will
3 lead to hot temperatures, intensified storms and
4 rising sea levels.

5 So, once we identify these challenges
6 we have to better understand how each of our systems
7 fared against them. Then, with stakeholder
8 involvement, we created ambitious but achievable
9 policies to overcome these challenges and meet the

10 City's sustainability goals.

11 In terms of infrastructure, this is
12 what we found: Our housing infrastructure we found
13 to meet the needs of the growing population. We
14 predict we will need 265,000 more housing units by
15 2030. While we have the capacity to accommodate this
16 growth, without action, our City's housing stock
17 will not be as affordable or as sustainable as it
18 should be.

19 Therefore, our plan includes
20 initiatives to expand our supply of potential units
21 to drive down the price of land, while directing
22 growth towards areas served by public
23 transportation.

24 Transit-oriented development is a key
25 strategy to ensure adequate transportation

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2 infrastructure to support growing neighborhoods.

3 Our water network. Currently New
4 Yorkers use 1.1 billion gallons a day of water,
5 mostly from our three Upstate watersheds. Growth is
6 not the greatest risk to our water infrastructure.

7 In fact, in the 1980s our system
8 supplied as much as 1.6 billion gallons per day. At
9 our current usage rate and as Citywide conservation
10 efforts continue to succeed, 900,000 more people
11 would only raise our total to a still manageable 1.3
12 billion gallons per day.

13 It's actually that the challenges to
14 our system are due to the age of our system, since
15 many critical elements, such as dams, aqueducts and
16 water tunnels cannot be taken out of service to be
17 prepared, and to development around the reservoirs
18 that impact the quality of our drinking water.

19 The fact that more than ten years ago
20 the City began to protect the land around the
21 watersheds has mitigated the impact of development,
22 but there is still more to do.

23 Therefore, PlaNYC sets a strategy to
24 enhance the protection of the quality of our water
25 at its source by accelerating the acquisition of

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2 land in the watershed surrounding our reservoirs.

3 The PlaNYC strategy also includes creation of

4 redundancy for the infrastructure that carries the

5 water from the watershed to the tap.

6 Finally, the plan calls for repair
7 and modernization of our in-city distribution by
8 building on the investment of over \$14 billion that
9 have been invested in water and sewer infrastructure
10 since the Mayor took office.

11 As for our sewer system, in most
12 areas it is currently sufficient to accommodate our
13 existing and future populations during dry weather,
14 but particularly in areas of Queens and Staten
15 Island that lack a storm sewer system, and with the
16 increased intensity of our rain storms, this again
17 due to climate change, we do experience flooding and
18 combined sewer overflow after storms, impacting the
19 quality of our water bodies and our quality of life.

20 Therefore, on PlaNYC, we commit to
21 upgrade our wastewater treatment infrastructure to
22 be able to treat and hold more water while we
23 implement proven strategies to naturally manage
24 storm water, such as greening our streets, planting
25 trees and expanding our bluebelt network.

2 We are also creating a plan to better
3 deploy these and other natural solutions for
4 cleaning our water bodies through our interagency
5 BMP Task Force.

6 In addition, in response to the
7 severe disruption caused by recent and extreme
8 weather events throughout New York City, Mayor
9 Bloomberg has launched the Flood Mitigation Task
10 Force to coordinate and enhance the City's response
11 to flooding events and to fully utilize the
12 capabilities of each agency to address flooding and
13 stormwater management.

14 The goals of the Task Force are to
15 develop a comprehensive, Citywide plan to improve
16 flood preparation, to improve responses to flooding
17 events, and to implement shorter term flood
18 prevention strategies in areas where longer term
19 sewer enhancement projects are needed.

20 On to energy. With current trends,
21 New York City's peak demand for electricity will
22 increase by a projected 29 percent, while overall
23 electricity consumption is projected to increase by
24 44 percent.

25 Even with this rise in demand, it is

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2 unlikely that deregulated energy market will provide
3 sufficient new clean efficient power generators,
4 leaving us reliant on an aging and dirty fleet of
5 plants.

6 This is due to constrained market
7 structure of regulatory gaps, lack of planning for
8 lower power prices or lower gas emissions and social
9 and structural barriers to energy efficiency
10 efforts.

11 PlaNYC includes an aggressive
12 integrated plan to help the City ensure clean,
13 reliable energy for all New Yorkers while reducing
14 greenhouse gas emissions and improving air quality.

15 The plan includes working with the
16 state to better enable the energy market to upgrade
17 and/or replace aging power plants with a more
18 sufficient supply capacity.

19 Improving energy efficiency efforts
20 through a more targeted coordinated strategy,
21 including both carrots and sticks, and the creation
22 of organizational mechanisms and policies to secure
23 New York City a role in energy planning, currently
24 which it doesn't have as much as it should. The plan
25 also calls for Con Edison to upgrade its

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2 infrastructure.

3 Finally, on to transportation. Our
4 transportation infrastructure is also feeling the
5 impacts of age and population growth. Despite
6 dramatic progress, we have not yet achieved a full
7 state of good repair across our transit and road
8 networks ever. More significantly, our
9 transportation network is congested and we expect
10 that virtually all subway routes, river crossings
11 and commuter rail lines will be pushed beyond their
12 capacity in the coming decades, making
13 transportation our greatest potential barrier to
14 growth.

15 PlaNYC contains a transportation plan
16 that will enable us to meet our goals to reach a
17 full state of good repair on roads, subways and
18 rails, and improve travel times through better road
19 management, congestion pricing, which is a proven
20 strategy that charges drivers a daily fee to use the
21 City's densest business district and expanding
22 transit options.

23 In the plan, we listed exactly who

24 would implement these initiatives, when they would
25 be implemented, and how these initiatives would be

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2 funded, which varies for each initiative.

3 I have circulated a document listing
4 the investments New York City has made into its
5 infrastructure under the Bloomberg Administration to
6 date that you all should have it. It's a separate
7 one-page handout.

8 Additional capital and operating
9 allocations were made to the relevant agencies for
10 specific PlaNYC initiatives as part of each agency's
11 regular capital planning process. So, just to be
12 clear, PlaNYC did list specific funding that would
13 go toward specific PlaNYC Initiatives, but those
14 were done through the regular processes. There is no
15 separate PlaNYC budget.

16 However, it's worth mentioning that
17 funding for some of the larger infrastructure
18 investments as just detailed will not for the most
19 part come from the City budget, but rather from
20 collected water rates, electricity bills and other
21 necessary service charges.

22 Other smaller and more distributed
23 enhancements on privately owned buildings and land,
24 of course, would be funded by the private parties.

25 The upgrades to our sewer and water

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2 systems are funded through our water rates. So, I
3 would like to thank the City Council for their
4 recent approval to authorize the sale of water
5 liens. We anticipate an increased ability to
6 successfully collect these funds and to invest them
7 into our infrastructure.

8 As for electricity, Con Edison is
9 responsible for maintaining and upgrading the
10 electricity distribution infrastructure, and is now
11 spending over 1.2 billion per year just to operate
12 and maintain its existing infrastructure, which
13 includes over 90,000 miles of underground secondary
14 cable.

15 Upgrading this infrastructure
16 significantly, however, would require a
17 substantially greater investment. Right now the City
18 is an active party in the Con Edison electric rate

19 case, that is currently in front of the public
20 service commission.

21 In that case, the City aims to ensure
22 that investments in infrastructure are adequate and
23 timely. The City is also active in State regulatory
24 proceedings, pushing for greater investments and
25 energy efficiency.

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2 During the creation of PlaNYC, our
3 analysis found that by investing in energy
4 efficiency now, the average New York City household
5 would save approximately \$19 a month by 2015 from
6 reduced bills and reduced residential energy usage,
7 after investing, increased charges on the
8 electricity bill, just \$2 to \$3 a month over the
9 next eight to ten years.

10 Finally, as you know, there is
11 currently not enough funding available to achieve a
12 state of good repair of the roads, rails and subways
13 and to fund the necessary projects to expand transit
14 options.

15 That is why PlaNYC recommends a
16 congestion pricing scheme that would direct its

17 revenues towards these transportation infrastructure
18 needs.

19 In January, the Congestion Mitigation
20 Commission voted for a Congestion Pricing Plan that
21 would charge vehicles entering Manhattan below 60th
22 Street. If the City Council and State Legislation
23 approved this plan by the end of March, an
24 additional \$354 million will be made available from
25 the US Department of Transportation to go towards

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2 immediate transit enhancements, such as expanded bus
3 and ferry service. And these would be in place
4 before congestion pricing went into effect.

5 To be clear, as I mentioned earlier,
6 there is no separate PlaNYC budget for these
7 initiatives. Instead, we identified in PlaNYC
8 funding sources for these necessary initiatives and
9 set in place a strategy and timetable to obtain
10 them.

11 In addition, the Administration did
12 make capital and budget operating allocations to the
13 relevant agencies for the specific PlaNYC

14 initiatives, for example, funding for tree plantings
15 to the Parks Department.

16 Finally, infrastructure improvements
17 continue to be a priority of the Bloomberg
18 Administration. As the sheet I distributed
19 generates, this Administration is responsible for
20 billions of dollars in transportation water and
21 telecommunication infrastructure. However, more
22 needs to be done, and we cannot do it alone.

23 Local and State governments are
24 shouldering a large burden of infrastructure cost,
25 as funding from the federal government has been

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2 stagnant. State and local governments now account
3 for three out of four dollars spent by the public
4 sector on infrastructure over the past 20 years.
5 There is actually developing countries who are doing
6 a lot better than we are.

7 That is why on January 19th of this
8 year, Mayor Bloomberg joined with Pennsylvania
9 Governor Edward Rendell and California Governor
10 Schwarzenegger to announce the creation of Building
11 America's Future, a nonpartisan coalition for

12 federal infrastructure investment.

13 This coalition will be comprised of
14 State and local elected officials from around the
15 nation and will become a repository of best
16 practices on infrastructure funding issues.

17 By one estimate, infrastructure needs
18 nationwide may require some \$1.6 trillion over the
19 next five years alone. In the coming months,
20 Building America's Future will put a spotlight on
21 the nation's infrastructure shortfalls to get the
22 federal government to make a new commitment to
23 infrastructure, one that provides funding equal to
24 the size and importance of the problem, and weighs
25 projects based on merit, not politics.

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2 We hope federal leaders will join us
3 in making this a reality.

4 At this point, as you can tell, the
5 main question about infrastructure is how to raise
6 the money, not what we need.

7 We hope this task force will be as
8 forthright about the fact as we tried to be.

9 Everyone loves infrastructure projects, but no one
10 likes charges, taxes, higher water bills, or higher
11 electricity bills. We hope that this task force will
12 adopt the same approach that we did in the plan, to
13 explore and propose funding mechanisms for all
14 infrastructure needs they identify.

15 Thank you for the opportunity to
16 testify today. We look forward to working
17 collaboratively with this Council on ensuring safe
18 and reliable infrastructure in New York City, and at
19 this time, we'd be happy to answer any questions.

20 CHAIRPERSON GARODNICK: Thank you, Ms.
21 Maron. We appreciate that. I want to thank you for
22 the testimony, also of course the Administration for
23 PlaNYC. It truly is a visionary document. And also
24 the Mayor's continued efforts to push the ball on
25 infrastructure, as he did with Governor Rendell, and

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2 Governor Schwarzenegger. And it seems that there are
3 some very similar goals here in what we're trying to
4 do and what he is trying to do also at the national
5 level.

6 I wanted to just start with a couple

7 of questions for you and then we'll go back to Mr.
8 Salvo also to take questions from our colleagues
9 here.

10 The first one is a question about the
11 initiatives in PlaNYC and the budgeting process. As
12 you correctly pointed out, PlaNYC is not itself a
13 budget. It is a set of recommendations and goals.
14 The budget is what we do here in the Council and
15 along with the Mayor.

16 I wanted to see if you could just
17 give us a sense of how many of the initiatives of
18 PlaNYC were reflected in the Mayor's Executive 2008
19 capital plan, and if that, you know, if they were
20 fully funded there, whether that continued in the
21 preliminary for 2009?

22 MS. MARON: I don't have the exact
23 number in front of me. For those of you who do have
24 the PlaNYC book, it's actually listed in the back in
25 the appendix, and there was a call out of which ones

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2 were PlaNYC in last year's executive budget.

3 For this year, the commitments have

4 continued. I must mention, I'm not from OMB and I'm
5 not part of the budget process specifically but
6 members of OMB could probably answer that better in
7 the future for you.

8 CHAIRPERSON GARODNICK: Okay, thank
9 you. I think that one of the things that is a
10 concern for all of us, who appreciate the goals of
11 PlaNYC is that it's implemented, and recognizing as
12 you correctly pointed out, that there are budgetary
13 constraints, and if we had the \$1.6 trillion
14 nationally to invest in our infrastructure that we
15 need to, it would be done. But what we're concerned
16 about here is ensuring that in these budget
17 processes, that the specific goals are considered,
18 that they're met, and we want to work with you on
19 that.

20 And of course, and just for those who
21 don't know, and as Ms. Maron pointed out, at the
22 back of PlaNYC book, there is a ten-year capital
23 goal. There is an operating goal for Fiscal Year '08
24 and also a portion of the chart for other funding
25 sources.

2 Let me just go to something that you
3 alluded to in your testimony, and something that
4 Rhit Argawala mentioned in a recent Bar Association
5 panel discussion on infrastructure. He had pointed
6 out that there were \$50 billion in planned
7 expenditures for large expansion projects in New
8 York City over the next 25 years, and that the City
9 has \$8 billion of those committed, and the federal
10 government has committed about \$12 billion, leaving
11 a funding gap of about \$30 billion.

12 From your perspective, can you give
13 us a sense of what options the City should be
14 considering here in trying to close those gaps? And
15 obviously, that is a significant number, but from
16 where you sit, are there particular options that you
17 think we should be putting ahead?

18 MS. MARON: That \$30 billion gap is
19 just for transportation projects. That does not
20 include water, energy. So, as you may know, our
21 recommendation for the best way to close that budget
22 gap for regional transportation needs is to put a
23 congestion pricing scheme into effect so that there
24 will be additional money to put into those needs.

25 CHAIRPERSON GARODNICK: But then on

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2 the others, with a gap on the other elements, and
3 let's just take transportation off for a second. By
4 the way, I should note that we were joined a few
5 minutes ago by Council Member John Liu, who is Chair
6 of our Transportation Committee. He stepped out for
7 a moment. We are also joined by Council Member
8 Simcha Felder of Brooklyn. So, take those off the
9 table for a moment. Where is the -- how much of a
10 gap are we looking at for the other needs that have
11 been identified on transportation?

12 MS. MARON: Sure. Well, energy isn't
13 up to the City to take care of at all, actually. All
14 we can do is be at the table making sure that
15 adequate investments are being made, and support or
16 not support the work that utilities and the Public
17 Service Commission and the State as a whole are
18 doing in achieving those goals.

19 In terms of water, it's actually
20 quite big. I don't have the exact numbers in front
21 of me. DEP would be able to provide those. But I
22 mean the capital investments is in the billions of
23 dollars, and a lot of this is long-term planning.
24 It's obviously stuff that's not going to happen
25 within the next ten years or 20 years as we look to

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2 upgrade and maintain our water infrastructure
3 Upstate New York, as well as, you know, completing
4 the water tunnels and the distribution system within
5 the City. But it is in the upwards of a billion, the
6 exact number which should come from DEP.

7 CHAIRPERSON GARODNICK: Okay, thank
8 you. And we will certainly want to follow-up with
9 them. On the issue that you raised that OMB would
10 be best capable of answering, and certainly the one
11 you just identified for DEP, we look forward to
12 having this conversation with them as well, because
13 I think as you correctly point out they are probably
14 the agencies which are better positioned to answer
15 that. But I think those are important questions and
16 ones that we want to work out here.

17 PlaNYC identified about 11 projects
18 that require private funding or cooperation with
19 other funding sources in that last column. I was
20 referring to things like open school yards,
21 expanding green streets, where it says "other
22 funding sources." Can you give me a sense as to how
23 the City is identifying those potential additional

24 funding sources, and where we stand with that in the
25 goals of PlaNYC?

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2 MS. MARON: Sure. We only put "other
3 funding sources" when we knew exactly what those
4 were. For all the initiatives we already knew what
5 the funding source would be. So, it varies from
6 project-to-project.

7 Sometimes it's with private partners,
8 non-profit groups, such as the New York Restoration
9 Project, or the Land for Public Trust, or whatever
10 the projects are, and their ability to privately
11 fund and bring money to the table for these
12 projects. So, that's part of it.

13 Some of it is, the systems benefit
14 charge, that's that extra charge that we pay on our
15 electricity bill, and is right now funneled to the
16 New York State Energy Research Development
17 Authority, NYSERDA. NYSERDA collects the money and
18 then has very energy-efficient programs that are
19 then brought back down here.

20 We actually don't think those

21 programs right now are adequate or big enough. So
22 we're working in those State regulatory processes,
23 procedures that I just mentioned, trying to push for
24 more money and better governance of that money, but
25 that's how most the energy efficiency for the

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2 private sector would be paid for.

3 There is also funding called C-MAC.
4 It comes from the federal government and it goes
5 also through NYSERDA, the New York State Energy
6 Research Development Authority, and that's helping
7 to fund upgrades to our school buses, upgrades to
8 our trucks, and other things that are related to air
9 quality improvements and vehicles.

10 CHAIRPERSON GARODNICK: Okay, thank
11 you. And as you pointed out, so those have all been
12 -- where you have other funding sources necessary
13 in PlaNYC, it's already been identified and it's not
14 an open question.

15 MS. MARON: Correct.

16 CHAIRPERSON GARODNICK: Now or in a
17 ten-year plan into the future.

18 MS. MARON: Correct.

19 CHAIRPERSON GARODNICK: Okay.

20 I have one last question for you and
21 I want to just ask one of Mr. Salvo. The Citizens
22 Budget Commission, as I mentioned in the opening,
23 had issued a report talking about capital budgeting
24 for PlaNYC, and they raised the question as to
25 public infrastructure items that were not included

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2 in PlaNYC, like schools or telecommunications.

3 Can you respond to that? They're
4 going to be coming up here in a little while, but if
5 you could just address that in advance, you know, we
6 can talk about that as well.

7 MS. MARON: Sure, I'd be happy to.

8 PlaNYC purposefully focused on the
9 physical environment. Like I said, this started as
10 an infrastructure plan and then evolved. And that's
11 why schools weren't included. The Department of
12 Education had its own processes going on. You know,
13 we also didn't include poverty, we didn't include a
14 lot of social services into this plan, because this
15 was a physical plan. So that explains the schools.

16 As for telecommunication, it is an
17 important part of the City's infrastructure, and as
18 you know, the same group in the City that oversees
19 our energy policy, this is the group at the New York
20 City Economic Development Corporation, they're
21 actually energy and telecom. A telecom plan actually
22 had recently come out that the City had worked on.
23 This was in 2005 and 2006, and is in the process of
24 being implemented. So, that was set. And it didn't
25 have the same interrelation as say energy

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2 infrastructure, water infrastructure and
3 transportation did with the environment and other
4 things.

5 So, it was kind of a separate type of
6 infrastructure, it was already being planned for,
7 there was already a plan and didn't have the same
8 interdependencies that the others had.

9 CHAIRPERSON GARODNICK: Let me just go
10 back to what you said about the schools for a
11 second.

12 So, from your perspective, the
13 schools did not fall into a category of physical

14 infrastructure for the City; is that what you're
15 saying?

16 MS. MARON: Not the way we clarified
17 -- not the way we defined infrastructure here.
18 Something to keep in mind, too, which is an
19 important point, is PlaNYC did not aim to interfere
20 with other planning processes going on in the City.

21 It's not an economic development or
22 jobs plan. It's not an education plan. It's not a
23 poverty plan. So, while they're interrelated, and
24 while they impact each other, you know, where people
25 are and where the schools does impact the

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2 infrastructure, there is other groups working on
3 planning now within the City, so we didn't want to
4 duplicate any efforts, and we really had to have a
5 defined scope to come out with a plan that was
6 actually implementable and achievable.

7 The word "sustainable" is a big word,
8 and you could throw anything under it. So, you did
9 have to make clear boundaries of what was going to
10 be addressed in the plan, or else it would have been

11 too big, too amorphus'd (sic) and there would have
12 been nothing actually implementable about it.

13 CHAIRPERSON GARODNICK: Were there
14 other areas where you viewed there to be separate
15 planning processes where PlaNYC did not go there?
16 You mentioned schools, you mentioned telecom as
17 examples of that, were there other examples?

18 MS. MARON: Absolutely.

19 CHAIRPERSON GARODNICK: I mean where
20 there is a physical infrastructure need involved?

21 MS. MARON: The biggest example is
22 solid waste management, since the Solid Waste
23 Management Plan had previously just come out, there
24 is no reason for us to reinvent the wheel there.
25 Especially since a lot of the studies and pilots and

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2 implementation still needed to take place. So that
3 would be another example.

4 CHAIRPERSON GARODNICK: Then how do
5 you coordinate it? I mean, how is PlaNYC
6 coordinated, or how -- is there an anticipation? I
7 mean, we obviously have to spend a certain number of
8 dollars to improve our school capital

9 infrastructure. We have a considerable need in the
10 City. PlaNYC has identified all of the other
11 physical needs that you've considered separate from
12 that, how is that all coordinated?

13 MS. MARON: Sure. I mean, something
14 that is interesting about PlaNYC, which you could
15 say for sustainable development as a whole, no
16 planning can take place in silos.

17 If you look back to previous
18 administrations, and you made the comment in your
19 opening remarks as well, things happened separately.
20 And what had started to happen, over the past six
21 years, but even more so the last two years, are
22 these interagency task force and also more
23 interagency collaborations and discussions. And
24 PlaNYC is a great example. It's actually why our
25 office was created, because there was so much

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2 coordination and conversation that are necessary.
3 So, we've started those coordination efforts. Of
4 course, there is more work that can be done to
5 continue improving coordination against agencies

6 that for decades worked separately. But I think this
7 was -- this wasn't even a first step, but it was a
8 giant leap forward in improving the coordination on
9 these efforts. So we now have regular conversations
10 with Deputy Mayor Walcott on things related to
11 education. We are talking to Sanitation. We have
12 these conversations - here are our initiatives, here
13 is what you're working on, how do we make sure our
14 numbers are set?

15 And I think looking at the way the
16 Bloomberg Administration has prioritized the sharing
17 of information, as he also mentioned in the State of
18 the City last month, and yesterday with the release
19 of the CPR, the Citywide performance reporting
20 protocol, that's allowing agencies to better collect
21 information, share information, that's just going to
22 continue to improve.

23 CHAIRPERSON GARODNICK: Give us a
24 sense of what interagency -- you mentioned
25 interagency task force and coordination, you

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2 mentioned the flooding, a flooding task force that

3 is about to be kicked off soon; what other

4 interagency coordinating entities are there out
5 there?

6 MS. MARON: Sure.

7 There is two that are explicitly
8 mentioned in PlaNYC but others that have taken off.

9 The first one is interagency BMP Task
10 Force. BMP being Best Management Practices for storm
11 water mitigation. We have been meeting with about 16
12 agencies to talk about how our open spaces are
13 designed and constructed, our streets and our green
14 streets, how private developments are permitted and
15 regulated and get their approvals to move forward.

16 Also, we could see the best way to
17 integrate stormwater management practices. And it's
18 been quite amazing what we found, as these agencies
19 have started to work together in a bigger way, such
20 as improving the coordination on construction specs,
21 to make sure everyone is building the larger tree
22 pits, for example. Or a few other areas that it's
23 really starting to gel. We have a plan that's going
24 to come out in October, which actually was codified
25 by City Council, and is now a law that it will come

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2 out, a draft, in October. So, that's one example.

3 The second example, which hasn't
4 launched yet, but we've had all the conversations
5 beforehand is, it's actually an interagency and a
6 partnership with the State and private entities on a
7 climate adaptation task force that's focused on
8 infrastructure.

9 The Department of Environmental
10 Protection has been a national leader on looking at
11 the projected impacts of climate change and looking
12 at what that means for its infrastructure. So, what
13 we're looking to do is work with all the City's
14 agencies that have infrastructure, the State
15 agencies that have infrastructure in New York City,
16 so working with the MTA, the Port Authority and the
17 private utility owners in this City, such as our
18 power plant owners, Con Edison, KeySpan, Verizon,
19 all so that we're on the same page, the fact base on
20 what the projections are for climate change, and
21 start a clear process on how to make future
22 investments into their infrastructure that take into
23 account rising sea levels, storm intensity, winds,
24 et cetera.

25 CHAIRPERSON GARODNICK: Is there any

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2 agency that takes a look at the State authorities or
3 private entities and considers what infrastructure
4 needs might result from the various developments
5 that are coming on line, which the City may not have
6 immediate control over?

7 MS. MARON: Could you explain that
8 question again?

9 CHAIRPERSON GARODNICK: Sure. The
10 example I'm giving is, developments which are
11 as-of-right developments, or developments which are
12 being done by State authorities or state entities
13 which the City may not have a direct control or
14 approval process for; is there any interagency task
15 force, or any agency that is specifically
16 anticipating what the infrastructure needs will be
17 for the City as a result of those new developments
18 and plans which may not be subject to a specific
19 approval process in the City?

20 MS. MARON: I'm going to answer it now
21 and then also tell you that we could also get back
22 with additional information if you like.

23 If you look at the big State
24 developments, there's still a few things that have
25 to be counted for. You know, will their energy needs

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2 be met, what are the impacts on stormwater going to
3 be and other things. So, if you look at some of the
4 big developments that have been planned and look at
5 their environmental impact statements, they have
6 both, for example, worked with the Department of
7 Environmental Protection on stormwater management to
8 actually come up with a plan so that they collect
9 100 percent of the water that falls for a typical
10 rain storm, as opposed to letting it go into an
11 overburdened sewer system. So, that's already
12 happening.

13 In terms of energy, actually the City
14 worked really hard to get the Public Service
15 Commission to make Con Edison do energy
16 infrastructure and master plans for areas of major
17 development, whether that development is by the
18 City, by the State or private. To date there has
19 been energy infrastructure master plans done for
20 Hudson Yards, Lower Manhattan, Downtown Brooklyn and
21 Atlantic Yards, and Greenpoint Williamsburg, and
22 that's a process that we're pushing to make sure it

23 continues to happen. Where they have to look at the
24 projected development, what they call a "worst case
25 scenario," which is if everything was built out as

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2 it possibly could, how much electricity would be
3 needed for those peak times and is the
4 infrastructure there to support that.

5 CHAIRPERSON GARODNICK: I'm going to
6 let this rest for now because there's other Council
7 members who want to ask questions. But just to be
8 clear, so the sewer piece, the infrastructure there,
9 that's one element. Con Edison, where there is a
10 major redevelopment, and energy master plan there.

11 MS. MARON: Energy infrastructure
12 master plan.

13 CHAIRPERSON GARODNICK: Energy
14 infrastructure master plan.

15 MS. MARON: Right. It's specific to
16 the distribution network, which includes substations
17 and transmission stations and the wires.

18 CHAIRPERSON GARODNICK: Is there
19 anything else that we're not mentioning here? Are
20 there any other requirement -- I mean, we've got the

21 environmental impacts process, which I'm sure will
22 come up in our discussions today, is there anything
23 else that serves as a coordinating effort to ensure
24 that the City can handle whatever it is that is
25 going up?

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2 MS. MARON: As I said when I began
3 answering this question, we'll get back to you more
4 information, keeping in mind my role from the
5 Mayor's Office. I'm not actually on the ground for
6 these big state development projects, because we
7 work on Citywide projects.

8 CHAIRPERSON GARODNICK: Understood.
9 And I appreciate that, and I'm sorry. I don't mean
10 to put you on the spot. It is our impression that we
11 don't as a City have the coordination necessary to
12 be able to anticipate those various needs when you
13 have as-of-right developments, and the example that
14 I gave out at the beginning about the one school in
15 the district that I represent which is already way
16 over its capacity and has 32 buildings going up
17 around it and I certainly count school building as

18 one of the main points of infrastructure that we
19 need to be considering here. So, we'll follow-up
20 with the Administration and we appreciate that.

21 I'm going to turn it over to Council
22 Member James, and Mr. Salvo, I'll come back to you
23 if we have time at the end, but Council Member
24 James.

25 CHAIRPERSON JAMES: Thank you.

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2 Mr. Salvo, I just wanted to go back
3 to your presentation and talk a little bit about
4 what is commonly referred to as this reverse
5 migration, this dynamic that we are experiencing
6 obviously in the Borough of Brooklyn and throughout
7 the City of New York. And your presentation
8 indicated that reverse migration, domestic migration
9 individuals are leaving New York State and going to
10 other states, but it's being replaced by
11 international migration; is that a fair statement?

12 MR. SALVO: Yes, to a large extent. I
13 mean, I don't want to take away from the fact that
14 large numbers of young people, for example, move
15 into Brooklyn, Western Brooklyn also. It's just that

16 the outflow to the 50 states is a lot larger than
17 the in-flow from the 50 states.

18 CHAIRPERSON JAMES: And to what extent
19 have we, the City of New York, engaged in any
20 planning to anticipate this reverse migration and
21 its replacement as a result of international
22 migration?

23 MR. SALVO: Well, these are a series
24 of facts that have been in place, as you can see,
25 for close to four decades. In effect, this is what

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2 it is, and it's not something that's a function of
3 forces that I could ever claim to have control over.

4 And like I said before, the outflow
5 is not, in my opinion, to be seen as necessarily a
6 bad thing. It's the function of the dynamism of the
7 City. People do well and leave.

8 CHAIRPERSON JAMES: Do you have any
9 assumptions with respect to socioeconomic status of
10 the international migration?

11 MR. SALVO: Yes. Actually, as you
12 would expect, people who leave have a fairly high

13 socioeconomic profile. The people who come in have a
14 very mixed socioeconomic profile. The people who
15 actually have the lowest socioeconomic profile are
16 people who stay, who don't do anything, because in
17 demography one of the things that we've always
18 observed is that movement takes resources both in
19 and out.

20 CHAIRPERSON JAMES: So to a large
21 extent, based upon your testimony here today or your
22 discussions, this is not a hearing, is that the
23 international migration tends to be a lower
24 socioeconomic status?

25 MR. SALVO: No, it's actually varied.

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2 CHAIRPERSON JAMES: It's varied?

3 MR. SALVO: There are groups -- there
4 is no typical immigrant. There are immigrants who
5 come here, for example, from Mexico and the
6 Dominican Republic, that may be on the low end
7 socioeconomically, and then there are groups that
8 come here, you know, for example, from many of the
9 Asian countries, or European, Eastern European
10 countries that have fairly high socioeconomic

11 profiles. It's the old story in statistics, we say
12 that a mean or average, it doesn't exist, and this
13 is truly a classic case of that. There are people on
14 both ends of the spectrum.

15 CHAIRPERSON JAMES: And based upon
16 your presentation, they tend to be settling, the new
17 communities, for the most part, based upon your
18 presentation, is Queens, the Borough of Queens?

19 MR. SALVO: Queens and Brooklyn --

20 CHAIRPERSON JAMES: And Brooklyn.

21 MR. SALVO: -- Take in about
22 two-thirds of the immigrants that come to New York
23 City.

24 CHAIRPERSON JAMES: And based upon, as
25 far as you know, the planning for the City of New

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2 York, this anticipated growth, are we preparing, the
3 housing, are we addressing the housing needs that
4 these emerging communities will need?

5 MR. SALVO: That is not a question for
6 the demographer.

7 CHAIRPERSON JAMES: Okay.

8 I guess that's a question for Ms.
9 Maron.

10 MS. MARON: Absolutely. As I mentioned
11 starting off, that this plan, the basis of it was
12 the fact that the City is expected to grow to a
13 population of over 9 million people, and we knew
14 that to accommodate these people, we need
15 approximately 265,000 housing units.

16 Interestingly enough, the City
17 already had the capacity for 265,000 more housing
18 units with existing zoning, but we know, given the
19 scarcity of land in New York City, that the housing
20 would not at all be affordable, and it wouldn't
21 necessarily be in the places best served with
22 existing infrastructure, specifically transportation
23 infrastructure.

24 So, PlaNYC includes various rezoning
25 projects for this Administration and future ones,

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2 that will allow us to actual double the capacity to
3 build housing to put some ease on the pressure, you
4 know, normal supply and demand, if the supply is too
5 low and demand is too high, the prices are going to

6 be high, so double the supply to bring down the
7 pricing with the demand, and so we have more
8 affordable housing, be able to accommodate 265,000
9 more units, and have those units and new development
10 guided towards transit infrastructure. So, that's
11 transit-oriented development.

12 CHAIRPERSON JAMES: Now, I know
13 subsidized housing for the most part is financed
14 through capital bonds, and expense subsidies. In
15 this budget, is there any anticipated revenues to
16 subsidize housing for this growing need in the City
17 of New York.

18 MS. MARON: Well, I can specifically
19 speak about what we have in PlaNYC. How we talk
20 about it for PlaNYC is continuing the Mayor's
21 aggressive new marketplace program. His high goals
22 to achieve a certain amount of affordable housing
23 using different market mechanisms to achieve that.

24 It also includes expanding
25 inclusionary zoning so that the areas that are

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2 rezoned do include inclusionary housing where

3 appropriate. So, various ones that are detailed in
4 the planning include inclusionary housing for that
5 purpose.

6 In general, though, by doubling the
7 capacity to build housing, you're actually reducing
8 the underlying cost of the land and the price so
9 that the housing becomes more affordable for
10 everyone across the board, and then those affordable
11 housing programs are on top of that.

12 CHAIRPERSON JAMES: As a result of the
13 rezoning of Downtown Brooklyn, which the local
14 elected officials thought would result in more
15 affordable housing, in fact, it has had the opposite
16 effect. Most of the development in Downtown Brooklyn
17 is all luxury. And according to the demographer, if
18 there is going to be growth in Brooklyn and the vast
19 majority of the growth in Brooklyn will be as a
20 result of international migration, then I would
21 think that we should do more to provide more
22 affordable housing in Downtown Brooklyn. For every
23 five units, there is only one unit of affordable
24 housing. Actually, that's pretty -- I was being
25 generous. For every ten units, there is one unit of

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2 affordable housing. And, unfortunately, the crisis
3 continues to grow.

4 So, I recognize that there is a
5 problem in the State of New York with respect to the
6 housing bonding cap, we've reached the cap. As far
7 as we know, is the State of New York, are we going
8 to raise the cap so we can finance more affordable
9 housing in the State of New York?

10 MS. MARON: I would have to get back
11 to you on that. That's not my area of expertise.

12 CHAIRPERSON JAMES: Mr. Salvo, you
13 talked a little bit about education, and you said
14 that there would be less children in the City of New
15 York, as a result of this dynamic, this trend. So,
16 based upon your assumptions, what is the average
17 household, these new immigrants?

18 MR. SALVO: Well, just to clarify, the
19 absolute number, the percent of the population that
20 is five to 17, will go down, based on the
21 projection. That is the projection. Percent.

22 The absolute number of children,
23 though, will rise in several boroughs. It will not
24 rise in Brooklyn, based upon our projection. But it
25 will rise, for example, in Manhattan.

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2 The detailed projections document,
3 which I can make available, gives you the detail on
4 what age groups are going to do what, based on our
5 projection. So, having said that, could you perhaps
6 restate?

7 CHAIRPERSON JAMES: I guess the
8 question is, why, if there is a greater percentage
9 of children moving to the Borough of Manhattan, why
10 is that not the same for the Borough of Brooklyn?

11 MS. MARON: Well, it has to do with
12 the ages and the fertility levels of the women who
13 are in each borough and the patterns of migration. I
14 can tell you in Brooklyn there are higher levels of
15 net out migration than there are in Manhattan.
16 That's what produces that. Net migration loss,
17 that's higher.

18 CHAIRPERSON JAMES: And our population
19 is also growing older and older. Again, I know this
20 is not a question for you, Mr. Salvo, but back to
21 again Ms. Maron. Are we planning for this aging
22 population?

23 MS. MARON: In the Mayor's 2008 State
24 of the City he did mention the launch of a new

25 initiative, his All Ages Program, to begin to take

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2 the -- to take the fact that the City's population
3 is aging into account. That's a new effort that is
4 just being launched, another interagency effort, I
5 should mention.

6 CHAIRPERSON JAMES: And Ms. Maron, I
7 guess the end of your testimony was probably the
8 most telling in that you said the main question
9 about infrastructure is how we raise the money. And
10 most of our capital needs are, again, financed
11 through bonds, and our growing debt in the City of
12 New York and the State of New York is a concern;
13 what are the proposals, again, to finance the
14 growing needs, infrastructure needs in the City of
15 New York?

16 MS. MARON: Sure. To summarize what
17 was in the testimony, for water it comes down to our
18 water rates and our ability to collect the water
19 rates. For electricity, that falls to our utilities
20 and to private merchant developers of power plants,
21 so we just need to make sure the market is moving
22 appropriately, and that the regulated utilities are

23 pushed to act in the City's best interests, in terms
24 of investments.

25 When it comes to transportation, our

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2 proposal is this idea of a congestion pricing scheme
3 to raise additional money to go into funding these
4 needed things. So, those were the three ways we
5 looked at it in our plan.

6 CHAIRPERSON JAMES: You also referred
7 to water rates, and do you anticipate increasing
8 water rates in the City of New York to finance some
9 of the capital needs for our system?

10 MS. MARON: I'm definitely not
11 equipped to answer that.

12 CHAIRPERSON JAMES: Do you also
13 anticipate any additional new bonds to address the
14 infrastructure needs in the City of New York?

15 MS. MARON: As I mentioned, I'm not
16 the Office of Management and Budget. I'm not OMB.
17 We're the office that does the Citywide
18 Sustainability Plan. So please keep that into
19 account with future questions.

20 CHAIRPERSON JAMES: And as far as
21 working with the State of New York, again, to
22 address energy, in the State's legislative
23 recommendation this year, are there any
24 recommendations in your State agenda, the Mayor's
25 State agenda in Albany to address the energy needs

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2 of the City of New York?

3 MS. MARON: This is actually really
4 interesting. When we put our omnibus bill in last
5 April and May, it did include language pushing for a
6 New York City Energy Planning Board, and a New York
7 City Energy Efficiency Authority so that New York
8 City is at the table for different planning efforts,
9 and that planning is done more comprehensively, that
10 takes into account demand, supply, electricity with
11 gas and steam and efficiency all put together.

12 Since then, however, the State itself
13 has launched a few regulatory processes which may be
14 just as good a way of getting to the same goals, so
15 I'll list a few of them for you now.

16 One, ever since the Spitzer
17 Administration came out with its 15 by 15 goal, to

18 reduce electricity by 15 percent by 2015, it
19 launched an energy efficiency portfolio standard
20 proceeding, and the City is an active member in that
21 proceeding. And what it's looking to do is come up
22 with how much to increase investments in energy
23 efficiency, and what the governance structure is
24 going to look like, and New York City is pushing to
25 work with Con Edison, NYSERDA, and a lot of local

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2 partners to make sure that money is spent well and
3 effectively in New York City.

4 To get to more of the
5 infrastructure-related things, there is a regulatory
6 process that's called the "Long Term Planning and
7 Supply Portfolio Proceeding," and that one, which is
8 on a slightly slower timetable, but we're pushing
9 for it to be speeded, is to exactly what our New
10 York -- our proposal for our New York City Energy
11 Planning Board would do to make sure that planning
12 is done comprehensively. It looks not just at
13 reliability, which it has in the past, but also
14 looks at the cost of electricity, and the

15 environmental impact, both greenhouse gas emissions
16 and air quality of that supply and makes sure that
17 all the different types of energy supply are better
18 coordinated with the local people having a bigger
19 stake and a bigger say in those proceedings.

20 So, we're pushing ahead on both of
21 those and we think we'll be quite successful, given
22 the way that the State seems to be leaning towards
23 these.

24 CHAIRPERSON JAMES: And my last
25 question, Ms. Maron, is with respect to mega

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2 projects. As you know, in my district we are looking
3 at the possibility of a mega project, the proposed
4 Atlantic Yards, and the question is: In terms of
5 coordination and interagency, there is some concern
6 with respect to whether or not that is in fact
7 happening.

8 And, so, my question to you, is City
9 Planning responsible for the coordination of City
10 interagency coordination, or is it your office?

11 MS. MARON: It's actually neither,
12 actually. In the Office of the Deputy Mayor of

13 Economic Development, there are project managers
14 that are the point people for each one of these
15 large developments, coordinating all the various
16 agencies. And this is true for all the projects that
17 have been mentioned so far today.

18 CHAIRPERSON JAMES: There is a number
19 of complaints that again my office has received, as
20 well as all of the elected officials in Downtown
21 Brooklyn with respect to the impact of the proposed
22 Atlantic Yards is having on existing infrastructure,
23 and some quality of life issues, which, again, I
24 look forward to having a discussion with the Deputy
25 Mayor regarding those complaints.

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2 Thank you for your testimony.

3 MS. MARON: Thank you.

4 CHAIRPERSON GARODNICK: Thank you,
5 Council Member James.

6 We're going to get to our next panel
7 in a moment, and some of them have some time
8 constraints, so I'd just like the Council Members
9 who are coming up next to just keep that in mind for

10 the sake of the next panel.

11 But we're going to Council Member
12 Lappin.

13 COUNCIL MEMBER LAPPIN: Thank you, Mr.
14 Chairman.

15 First, I just wanted to thank Ms.
16 Maron for being here and the Mayor for putting forth
17 such a bold and innovative set-up proposal to deal
18 with our projected population growth. I also want to
19 thank you for your help with my East Side
20 Sustainability Summit at the end of the month.

21 I have a couple of quick questions.
22 One, PlaNYC really, in your office, seems to focus
23 on people but not really goods. If we're going to
24 have a million more people in this City, how are we
25 going to transport goods to those people in a

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2 sustainable way. Can you speak to that just briefly?

3 MS. MARON: Sure. This is addressed in
4 two ways. In one way, we mentioned there needs to be
5 additional studies on freight, because we don't
6 think we all have all the answers right now. There's
7 a lot of proposals out there. We don't know if

8 they're the best ones. So, we do commit to
9 continuing to study freight. But the second issue,
10 actually it comes back to the congestion pricing
11 scheme and our goal to reduce the number of cars
12 that are on the street, which would allow deliveries
13 to happen more quickly and more effectively and for
14 businesses to be able to better plan for when
15 they're able to deliver or receive packages.

16 COUNCIL MEMBER LAPPIN: Right. No, and
17 I appreciate that, but people driving to work I
18 think is different than tractor trailer trucks that
19 have to because they have no other means of getting
20 into the City come over our bridges with goods.

21 MS. MARON: Absolutely. By getting
22 those cars off the road, it leaving more room to the
23 trucks that need to make deliveries. But as I said,
24 we need to study the freight issue more, and that's
25 something we're committed to.

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2 COUNCIL MEMBER LAPPIN: Right. To
3 reduce the number of trucks, not just make it easier
4 for them to get around, is my point.

5 So, you know, in terms of our working
6 waterfront in Brooklyn and in other parts of the
7 City, I think I would really like to see the same
8 focus on some of these issues towards how we're
9 going to reduce the freight traffic into the City.

10 And I wanted to echo Chair
11 Garodnick's statement about, sort of what
12 constitutes infrastructure, because to me, schools
13 and libraries, as we're seeing more seniors and more
14 children, day care centers are a crucial part of the
15 long-term sustainability of this City. We can't have
16 working families here if they don't have places to
17 send their kids to school or to day care centers.
18 So, I just would echo that.

19 And my last question is really for
20 City Planning, because we have had some discussion
21 about coordination and planning processes. You know,
22 it's really City Planning's job to be looking,
23 whether it's for discretionary approval through the
24 ULURP process or as of right development, to be
25 looking neighborhood-by-neighborhood at what's

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2 happening and whether or not we can support

3 development.

4 So, is City Planning doing that
5 proactively?

6 MR. CULVER: I'll take that answer.
7 I'm Eric Culver. I'm Director of Housing Economic
8 and Infrastructure Planning for the Department for
9 City Planning.

10 And I would say that we certainly
11 make every effort to do that within the limits of
12 our resources, and our Borough Directors and
13 Executive Director and Chair would be happy to
14 expound further on the Department's work program,
15 you know, in another forum.

16 COUNCIL MEMBER LAPPIN: I guess I
17 would add that I see Ms. Ryan here, who I have
18 worked with. You have a great staff, I have enjoyed
19 working with you. I have raised this issue with the
20 Chair, particularly when we're doing large scale
21 rezoning, like the Con Ed site, like Hudson Yards,
22 like Atlantic Yards, you know, why there isn't more
23 real comprehensive planning, not just is it going to
24 be 20 percent affordable or 20 percent affordable or
25 30 percent affordable, which is important, but as I

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2 mentioned, how is it really going to impact, not
3 just energy, but all of the other what I view as
4 core, sort of infrastructure needs. And the Chair
5 was not so welcoming in that discussion, so I would
6 love to, in whatever forum appropriate, discuss how
7 we're really, when we're creating mini neighborhoods
8 instantly, planning thoughtfully for what those
9 neighborhoods are going to cost.

10 Thank you.

11 CHAIRPERSON GARODNICK: Thank you,
12 Council Member Lappin. And thank you, sir, for your
13 willingness to have that conversation at a
14 subsequent forum or hearing. We think that would be
15 very important.

16 Next up is Council Member Vacca.

17 COUNCIL MEMBER VACCA: Thank you.

18 Several questions. I wanted to speak
19 about growth, and Mr. Salvo, some of your comments.
20 I wanted to ask you, what is fueling New York City's
21 population growth? Is it our location? Is it our
22 economy? You did mention immigrants. Are immigrants
23 coming here because family members are here? What is
24 fueling our population growth?

25 MR. SALVO: I'm asked the question a

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2 lot, and usually in the context of why here and not
3 Philadelphia or Boston, and the response I give,
4 first and foremost, it's economic. We think it's
5 economic, that it has to do with the diversity of
6 our economy, with the opportunities afforded here
7 that when people come here there is such a mix of
8 possibilities, those mixes don't exist, even in a
9 City as close as Philadelphia, and that would
10 explain why immigrants keep coming here. But that,
11 of course, interacts very heavily with family
12 networks, which pass the communication back and
13 forth about the opportunities, entrepreneurial
14 activity, which is very high in many immigrant
15 communities, and this all creates a critical mass of
16 energy in this City that continues to be a magnet
17 for immigrants.

18 COUNCIL MEMBER VACCA: When you gave
19 the total population figures before, as we go into
20 2030, did those figures take into account immigrants
21 that may not be documented or are you including
22 those that are here that you've been able to count
23 and anticipate?

24 MR. SALVO: What it includes is an

25 estimate of migration, that is based on whatever

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2 data is available, and in some of those datasets
3 that we used, indeed the influence of undocumented
4 immigration is included.

5 For example, in our birth data,
6 generally in the City it's not possible to hide a
7 birth, and those births occur to all women and they
8 show up, and that's one of the ways we figure out
9 actually the true size of some populations in the
10 City.

11 Another example would be some
12 surveys, for example, that don't distinguish legal
13 status. We, for example, believe, and in the 2000
14 Census outreach in Hispanic communities led to
15 significant numbers of undocumented actually
16 showing up in the census, and a variety of other
17 procedures that we enacted captured the population
18 that was undocumented in the survey.

19 So, to the extent that that occurs,
20 yes, we have included.

21 COUNCIL MEMBER VACCA: I also wanted

22 to touch on the income levels going forth. Do we
23 anticipate certain boroughs having an increase in
24 poverty while other boroughs see a decline in those
25 in poverty? Do we estimate income levels? For

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2 example, will the Bronx have a majority of its
3 residents in poverty or near the poverty level while
4 other boroughs may go up in average family income?

5 MR. SALVO: There is no projection
6 that I know of that can do that. We certainly did
7 not engage in projection based on income level. But
8 if you take a look, for example, in the Bronx,
9 what's happening in the Bronx is when the Puerto
10 Rican population is waning, the African-American
11 population is waning and giving rise to increases in
12 Caribbean immigration, migration across the Harlem
13 River from Northern Manhattan of Dominican
14 population, all along the ridge of West Bronx,
15 combinations of Central Americans, Mexicans, and
16 most recently African population. The Bronx has the
17 most Dominicans of any of the boroughs and is
18 increasing its African population in High Bridge,
19 for example, all of that, all of those groups all

20 have special characteristics and are all different.
21 It would really be a disservice for us to even think
22 about trying to come up with a typical anything. You
23 know, for example, in this case in the Bronx.

24 COUNCIL MEMBER VACCA: I wanted to
25 touch on energy. New energy plants were spoken

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2 about. How many new energy plants will we be needing
3 to accommodate the demand of Con Edison? And would
4 their placement be -- will their placement be
5 dictated by the fair share formula which the City
6 Planning Commission adopted several years ago?

7 MS. MARON: To clarify, in PlaNYC, we
8 identified the need for repowerings, which is
9 upgrading existing powerplants so they're more
10 efficient, cleaner, dedicated new transmission
11 lines, so we could get more electricity from New
12 Jersey, which is part of a larger grid in
13 Pennsylvania, Delaware, Maryland, and for new
14 construction of powerplants. All together we
15 identified two- to three-thousand megawatts of new
16 capacity that's needed, either from repowerings,

17 dedicated transmission lines, or new powerplants.
18 What this two- to three-thousand megawatts would do
19 is a few things.

20 First of all, it's so close between
21 what our supply and our demand is, it would, first
22 of all, bring prices of electricity down for
23 everyone. Second of all, by having additional
24 supply, it won't be so reliant on our really old
25 plants. A lot of our oldest plants, our average

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2 powerplant age is 30 years old. That means on those
3 hot days when those things are on, they're the
4 things that are really impacting our air quality.
5 They're dirty. So, by having new powerplants, we're
6 able to be less reliant and maybe even retire some
7 of those older ones. And finally, because they're
8 more efficient, it would also improve our greenhouse
9 gas emissions, and our air quality overall.

10 So, that's the way we looked at it.
11 We didn't identify specific areas for them. What we
12 did was say, here are three ways we can get cleaner
13 supply so that we can stop being reliant on the old
14 dirty ones that are actually impacting the health of

15 our neighborhoods.

16 A few other things are included, too,
17 which is worth noting. First of all, there is a rule
18 governing New York City powerplants. We're required
19 to have the capacity for 80 percent of our peak
20 demand of electricity to be within the five boroughs
21 of New York City. This comes from the New York State
22 independent system operator, because we're
23 considered a load pocket, which means there is very
24 limited transmission that comes into New York City.
25 So, we have to have that capacity. But something

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2 that we do in PlaNYC that we're pushing really hard
3 for is to expand the amount of clean distributed
4 generation. So, those are when your -- for large
5 commercial buildings or large new developments, you
6 actually have the generation also with heating and
7 cooling actually at the site, so it's actually where
8 the demand is, and these tend to be more efficient
9 and cleaner. And we're pushing to have that increase
10 by about 800 megawatts, and we're proud to say, with
11 coordinated work with the Department of Buildings

12 and the Fire Department, we actually came out with
13 new safe guidelines for microturbines, a type of
14 clean on-site generation in buildings. We're the
15 first large city to have such a group of regulations
16 that would promote clean generation and make sure
17 it's done safely.

18 COUNCIL MEMBER VACCA: My last
19 question is, I heard you speak about housing, and
20 the needs our City is going to have as we go forth
21 for affordable housing for New Yorkers. But I have
22 to state that when you look at demographics, and the
23 reality that people are living to be older, there is
24 no plan for housing specifically for senior
25 citizens. HPD does not have set-asides in their

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2 affordable housing developments for the elderly. We
3 do not have any plan to meet the needs of
4 lower-income seniors, as the years go on for
5 assisted living, to keep them out of nursing homes,
6 out of the most restricted environments, and we
7 don't have any plan to specifically say to elderly
8 people, we know your needs are here and will be
9 increasing and we intend to do this.

10 I think the elderly deserve a
11 recognition of their plight, because it's here. Go
12 look at any waiting list for any senior citizen
13 development anywhere in the City, it takes years.
14 And then beyond that, as people get older, what do
15 they have hope for? We have to include them in our
16 planning.

17 MS. MARON: Absolutely, Council Member
18 Vacca. We agree with you a hundred percent, which is
19 why this interagency effort called the "All Ages
20 Initiative" was launched, and why it was of such
21 importance when the Mayor announced it in the State
22 of the City. You're correct.

23 COUNCIL MEMBER VACCA: I'm correct.
24 Does that mean we're going to do something?

25 MS. MARON: That means we've launched

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2 an interagency effort to --

3 COUNCIL MEMBER VACCA: Interagency
4 effort.

5 MS. MARON: To look at the needs --

6 COUNCIL MEMBER VACCA: I know.

7 MS. MARON: -- Of the aging New
8 Yorkers and to make sure they're taken into account,
9 whether it's how we're planning our infrastructure,
10 or our housing, our other things. So, yes, it's
11 important.

12 COUNCIL MEMBER VACCA: Okay. We will
13 advocate continuously. But thank you.

14 CHAIRPERSON GARODNICK: Next up is
15 Council Member Felder, and we'll just ask that you
16 be sensitive to the next panel. Thank you.

17 COUNCIL MEMBER FELDER: How could I be
18 sensitive to them?

19 Thank you very much, Chair. And thank
20 you all for being here.

21 First, I just wanted to say is that
22 my experiences with City Planning, as some of my
23 colleagues have mentioned, have been extraordinary,
24 and I would say with the limited resources they
25 have, they have done an extraordinary job and sort

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2 of being the task force on their own.

3 I just would say to my colleagues
4 that I think that City Planning needs a lot more

5 money, and the people there have to get paid a lot
6 more money as well. You know, they need more people
7 and they need more money. That's the end story. You
8 can pass by there at night, the lights are on and
9 there are people there working late at night, and
10 it's just not fair.

11 That's not directed at City Planning,
12 that's directed across the hall, that they should do
13 better in funding City Planning with more money.

14 I just apologize to the Chair for not
15 being that sensitive, and I came a little late. So,
16 if I'm going to ask something that you discussed,
17 please stop me.

18 The question is the inventory of the
19 problems, streets in general. When I was here there
20 have been discussions about large projects. The
21 general issues about streets throughout the City,
22 what streets are caving in, for example. In my
23 district there are streets, one in particular, that
24 goes from one end of the district to the other, that
25 has been caved in for five years. I'm talking about

2 a five-block stretch, one area from 13th Avenue to
3 18th Avenue on 50th Street, and then another block
4 for five years. I'm not exaggerating. If you want, I
5 can get you the exact moment when it started caving
6 in.

7 Did you do an inventory on the
8 streets in the City to figure out what the problem
9 is?

10 MS. MARON: Yes. I mean, the problem
11 is a few things. First of all, there are so many
12 roads in the City that I think Department of
13 Transportation estimated that it is at over 300-year
14 replacement rate for roads. Its put more and more
15 money into investing in roads, but still takes a
16 long time and it needs more resources, it needs more
17 money. Money is absolutely the issue.

18 And there is a one-pager I passed
19 out.

20 COUNCIL MEMBER FELDER: Yes.

21 MS. MARON: I don't know if you were
22 there for that.

23 COUNCIL MEMBER FELDER: This?

24 MS. MARON: That lists the amount of
25 money -- no, no. It's a one-page Fact Sheet --

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2 COUNCIL MEMBER FELDER: This?

3 MS. MARON:-- That lists how much
4 money the Administration has put into its roads and
5 how it's close to doubling that investment, but it's
6 still not enough.

7 But that said, the Bloomberg
8 Administration did launch a scout program.

9 COUNCIL MEMBER FELDER: I remember
10 that.

11 MS. MARON: I don't know if you've
12 heard of this program.

13 COUNCIL MEMBER FELDER: Yes.

14 MS. MARON: But there's actually folks
15 on scooters going around with GPS's, it's like a
16 Blackberry, and they're hitting every single road in
17 the City multiple times over, and when they see
18 problems like that, like a big hole in the road,
19 something that needs to be fixed, as opposed to just
20 replacing the road, they're actually tracking it,
21 putting where it is, and we're going to get to the
22 point where the community will actually be able to
23 look on-line and say, okay, here are the complaints,
24 what have you done about it?

25 So, we're trying to improve our

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2 ability to react to such things, such as a hole in
3 your road.

4 COUNCIL MEMBER FELDER: Right.

5 I didn't want to give you an
6 opportunity to talk about the Scout Program, because
7 I like the Scout Program. What in essence I'm
8 saying to you is if I asked you today, do you have
9 an inventory of streets throughout the City, cave-in
10 streets, water tunnel streets problems?

11 MS. MARON: I'm not the Department of
12 Transportation, but we could find out if we have
13 such an inventory.

14 I know they are aware of the needs to
15 improve their road significantly, and --

16 COUNCIL MEMBER FELDER: The only
17 reason I keep on pressuring you is that the first
18 step to solving a problem is figuring out what the
19 problem is.

20 So, I'm not in any way diminishing
21 the wonderful work that you're doing. All I'm saying
22 is that before you get started on creating a
23 wonderful Disney World, and I'm not saying that

24 cynically, in the City, you know, we have to take
25 care of some things that have been a problem for a

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2 long time. You know, that's all.

3 MS. MARON: We agree. I mean, the
4 process of creating our plan, everything starts with
5 the numbers where they are so you can see them. So,
6 I will go back to the Department of Transportation
7 and find out if such a thing exists.

8 COUNCIL MEMBER FELDER: So, when you
9 go back, this is the Fact Sheet? This is my name,
10 53rd Street, between 16th and 17th Avenue. Five
11 years and 45 seconds.

12 The other thing, and this is my last
13 question or comment, is that I think in that
14 inventory, to my knowledge, I know that I don't
15 believe that whoever is taking the inventories have
16 spent any time with the elected officials.

17 Now, I know I don't know everything,
18 but I know the streets in my district, just like my
19 colleagues do, you know, James Vacca knows every
20 house that's having illegal construction, and so on
21 and so forth, I think it would be constructive, not

22 just because I like attention, for the people who
23 are trying to do this inventory to talk to some of
24 the people, whether it's the elected officials or
25 the community boards that hear this stuff day in and

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2 day out to get that inventory.

3 And you don't have to say anything
4 else, because the Chair is looking at me. So, I
5 thank you in advance.

6 CHAIRPERSON JAMES: Thank you, Council
7 Member Felder.

8 Thank you, panel, for your discussion
9 this morning.

10 Our next panel will consist of Mr.
11 Richard Ravitch, the former Chairman of the
12 Metropolitan Transit Authority, and current partner
13 at Ravitch, Rice and Company; Maria Doulis, the
14 Senior Research Associate at the Citizens' Budget
15 Commission; Dr. Allison L.C. De Cereno, the Director
16 of the NYU-Wagner Rudin Center for Transportation
17 Policy and Management; Iris Weinshall, the Vice
18 Chancellor for Facilities, Planning, Construction

19 and Management at CUNY, and a former Commissioner of
20 the New York City Department of Transportation; and
21 lastly, Michael Slattery, the Senior Vice President
22 at the Real Estate Board of New York. I recognize
23 this panel has some time constraints, and as soon as
24 they get situated, you can decide amongst us who
25 will begin. And, again, I would like to urge my

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2 colleagues to limit their comments and questions.

3 Thank you very much.

4 Mr. Ravitch, if you can begin.

5 MR. RAVITCH: Thank you so much for
6 inviting me. I have to say that I am really excited
7 that the Council has embarked on this task force. I
8 think it's a major event. It also makes me feel
9 good, since as Chairman of the Charter Commission I
10 did two things that were relevant: One was to
11 require OMB to inventory all of the capital assets
12 of the City of New York and to chart their useful
13 life, and their replacement cost. And that should,
14 if it's prepared properly, be an important beginning
15 point for your analysis, and the other thing I did
16 was to make sure that the Council had sole authority

17 over the budget, and I think that the financing of
18 our capital needs, which is what I'm going to
19 address my remarks to, is something that requires
20 far more focus on the part of the Council than in
21 fact we have seen in recent years.

22 I think others, I also commend the
23 Administration for its 2030 plan. I think everybody
24 knows the infrastructure needs are enormous,
25 beginning with maintaining what we have in a state

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2 of good repair. To me, the most critical needs,
3 given the growth pattern that has been outlined in
4 the Administration's plan, confirmed by the U.S.
5 Census Bureau projections, which show that there
6 will be 140 million more Americans in 2050 than
7 there are today, and most of that growth is going to
8 take place in the major urban areas, and we are, of
9 course, at the center of the biggest and most
10 exciting of those urban areas, so the growth could
11 be exponential, and we don't have the resources,
12 clearly. And others I'm sure will speak more
13 eloquently than I, but the greatest needs are in

14 public transportation and in education.

15 We are not going to be able to
16 accommodate this growth in population unless we're
17 able to move them to where the job opportunities are
18 going to exist, and we're not going to have the
19 great incubator that our school system, particularly
20 CUNY is, and Ms. Weinshall will talk about that with
21 far more knowledge than I, we're not going to
22 produce the people who are going to keep this
23 economy growing, unless we have the space to do so
24 and to accommodate the inexorable population growth.

25 Having said all of that, what I want

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2 to focus my remarks on are the financing issues.
3 And, obviously, you both, this Committee recognizes
4 very, very well that the available resources are
5 insufficient to meet the needs. What I think has
6 been conspicuous lacking with all respect, is the
7 serious effort to prioritize those needs. That's a
8 tough nut politically for people to run for office.
9 I appreciate that. Particularly because in our
10 political system, people who are elected in the
11 local area have understandably the priorities of

12 serving their own constituencies.

13 However, priorities get set often and
14 are not reviewed in the context of whether or not
15 they actually serve the greater interest. And I want
16 to be clear, when I chaired the Charter Revision
17 Commission, the most powerful argument that was used
18 preserved something like the Board of Estimate, was
19 the argument that it did produce regional log
20 rolling or that was a useful political method for
21 arriving at compromise in the City and assuring that
22 no borough, no matter what the results of the last
23 election were, were to give an undue percentage of
24 capital funding.

25 And that's healthy but that has to be

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2 balanced against the enormity of the need and the
3 fact that often a City administration does not
4 actually prioritize in a way that they should.

5 So, for example, I would suggest, and
6 this doesn't just apply to the City Council, because
7 it's a State, a State issue as well, and some of
8 it's a regional issue. There is, for example, no

9 more important transportation project than the ARC
10 Project (phonetic), which will bring people in from
11 New Jersey to the business district in Central
12 Manhattan. That so far is dramatically under-funded
13 and the City and the State are not making any
14 contribution, it's not just a New Jersey interest.

15 Second, I believe and I've said
16 repeatedly, publicly, that the 7 Line extension in a
17 world of unlimited resources is a great thing to do,
18 but it's not the sinequinnone of the economic
19 development in Manhattan, and it is insignificant
20 compared to the need of completing the Second Avenue
21 Subway and extending it up to the East Bronx where
22 there is an opportunity to provide housing for
23 millions of people.

24 I could go on with those particulars,
25 but I want to focus, if I may, on financing.

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2 We have seen many examples of the
3 fact that the debt limit constitutionally imposed on
4 the City of New York is inadequate to meet our
5 needs. Even if we had the available resources in our
6 expense budget to cover additional debt service,

7 that limit is artificially low. And I would urge
8 this Task Force to address that and hopefully be
9 able to lead the fight to begin the process of
10 changing that debt limit with a Home Rule Message to
11 the Legislature.

12 But in the meantime, given that limit
13 and given the capital budget process, which does
14 afford the Council in the best sense of the word to
15 review these priorities, both are being, if you
16 will, subverted by the growth of the local
17 development corporations which are issuing debt that
18 is not subject to the approval of this Council, but
19 in fact will result in the imposition of potentially
20 enormous expenses or additions to pay debt service
21 on the expense budget of the City, which is, of
22 course, your primary responsibility.

23 And let me use some examples. The
24 Hudson Yards Infrastructure Corporation, which we
25 have been told the bonds will ultimately be paid,

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2 principal and interest, out of the revenues from the
3 pilot payments that would be made, but that assumes

4 that it will all get built as planned, that the
5 market will be there, that all of the major issues
6 that remain unresolved about the West Side
7 development get resolved, and in the interim, the
8 City of New York is paying the interest cost on
9 those funds, which are growing if they proceed with
10 the 7 Line extension, could be as high as two and a
11 half billion dollars, and the interest cost will be
12 paid out of the City budget. And I'd like to explain
13 that you are under no legal compulsion to
14 appropriate the money to pay that interest, and that
15 is very clear in the bond resolution, but it is also
16 equally clear that in the event the City does not
17 appropriate the money for that interest to pay that
18 debt service, that it would have an adverse effect
19 on the City's credit very dramatically, which
20 reminds me, and this says a lot about how old I am,
21 it's to me "deja vu all over again." And if you go
22 back to the sixties and seventies and understand
23 what got the City into the fiscal mess it was in at
24 the time, it was precisely because of the issuance
25 of debt, that did not have the full faith and credit

2 of the City or the State, and, yet, the failure or
3 default on that debt precipitated or contributed to
4 the precipitation of the mere insolvency of the City
5 in 1975. So, it's "deja vu all over again."

6 And I think this requires very, very
7 serious examination, and I understand the same kind
8 of financing is being contemplated for Atlantic
9 Yards, and for the construction of parking garages
10 at Yankee Stadium. And I'm not for the moment
11 commenting on the worthiness of those projects, but
12 it's critically important that you review this.

13 And I have to tell you, there were
14 events yesterday that dramatized how important this
15 is. The Port Authority failed to roll over bonds
16 yesterday. A Long Island school district was unable
17 to get its debt marketed in the marketplace. And
18 then New York State Dormitory Authority paid six and
19 a half interest, that's tax exempted, on a bond
20 issue that came out yesterday. And the market is
21 clearly very, very jittery about these obligations,
22 which are going to force people to examine these
23 issues very seriously.

24 Now, the rating agencies bear a big
25 responsibility here, as they did during the fiscal

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2 crisis in the seventies. And the rating agencies
3 rated the bonds of the Hudson Yard Infrastructure
4 Corporation, of investment grade rating, but did
5 point out with unequivocal clarity that there was no
6 obligation on the part of the City to pay the debt
7 service. And, in fact, if the revenues never
8 materialized, then it could cost the City's expense
9 budget, and this is right out of the Standard and
10 Poors report, between six- and seven-billion
11 dollars. That's a big number. And it's something you
12 ought to think about.

13 I don't know how many other LDCs have
14 been created and how much debt has been issued. I'm
15 not privy to all of that. But I think this task
16 force should examine that very, very carefully, and
17 the use of the mechanism, et cetera.

18 Now, there is another point in all of
19 this, and that is, you know, historically the
20 infrastructure investments made by the City of New
21 York created, and they were all historically tested
22 with this concern, they all led to the private
23 development. The public investment led to an
24 increase in the rateables of the City, to an
25 increase in the real estate tax revenues of the

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2 City, which in turn enabled the City to make further
3 infrastructure investments, but it also enabled the
4 City to pay the incremental expenses associated with
5 large scale development.

6 When you develop something like the
7 West Side of Manhattan, or Atlantic Yards, you are
8 going to have inevitably increased Police, Fire and
9 Sanitation costs. And the increases in real estate
10 taxes that these large private developments are
11 supposed to produce should be paying for or helping
12 to pay for the increase in expense budgets.

13 But if those tax payments are all
14 going to pay for the debt service on the bonds that
15 were sold that maybe benefit the City in the grander
16 sense as well, but for private purposes, then that
17 imposes, if you will, the burden for paying the
18 increase in expenses on everybody else who pays real
19 estate taxes in this town - the homeowner, the small
20 business man who doesn't get the kind of tax
21 abatements that large businesses get in this City,
22 and are proposed to get from some of these large
23 scale developments.

24 So, I think that's a very important
25 issue for you to address. I could go on in detail

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2 but I don't want to deprive my colleagues of more
3 time and be delighted to answer any questions you
4 have.

5 Let me just conclude by saying I
6 think given the state of our infrastructure, the
7 population growth, the deteriorating economy, the
8 fiscal problems that the City and the State faces,
9 that there is nothing more urgent for the City
10 Council to do than address the concerns that you
11 have so wisely undertaken to address.

12 Thanks.

13 CHAIRPERSON JAMES: Thank you.

14 Vice Chancellor.

15 VICE CHANCELLOR WEINSHALL: Good
16 morning. My name is Iris Weinshall, and I am the
17 Vice Chancellor for Facilities Planning,
18 Construction and Management at City University of
19 New York. And I want to thank you for the
20 opportunity to share with you some of the challenges

21 associated with the City's higher education
22 facilities.

23 As I'm sure you know, CUNY is the
24 largest, the nation's largest urban public
25 university, consisting of 23 institutions with 11

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2 senior colleges, six community colleges. Enrollment
3 at CUNY is at its highest level since 1975. We serve
4 more than 450,000 students in our degree and adult
5 and continuing education programs.

6 There are 21 campuses located
7 throughout the five boroughs. Our facilities
8 inventory includes over 26 million gross square feet
9 in 293 buildings. Despite that fact, we're bursting
10 at the seams and our campuses and projections for
11 student enrollment is ever-increasing.

12 As a result, CUNY, the State and the
13 City have to invest in our infrastructure and
14 campuses in general.

15 In particular, I want to speak today
16 about the issues associated with community colleges
17 at CUNY, which the law requires local entities, such
18 as New York City to bear 50 percent of the cost to

16 our allocation of resources for growth and
17 expansion, but ensuring that critical capital
18 maintenance is addressed.

19 I joined the University in April of
20 2007, after seven years as Commissioner of the New
21 York City Department of Transportation, and quickly
22 learned that one of my biggest challenges is
23 addressing deferred maintenance conditions at
24 community colleges throughout the City.

25 During my first week, I learned that

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2 the heating system at Bronx Community College, a
3 portion of which runs underground, across the
4 campus, was leaking.

5 The leaks caused voids in the soil
6 throughout the campus. Soon after I started at CUNY,
7 because of the underground leaks, a sink hole about
8 12 by 15 feet in diameter developed, and a section
9 of sidewalk, roadway and landscape on the campus
10 quad collapsed.

11 The cost to reconstruct the affected
12 areas is approximately \$2.8 million. In addition,
13 because of the same leaky system, temporary boilers

14 are required to provide many buildings with heat and
15 hot water. This represents a very small portion of
16 the infrastructure work required at Bronx Community
17 College. The total estimated cost of the required
18 utility and infrastructure reconstruction is \$68
19 million.

20 One of my first initiatives at CUNY
21 was to perform a condition assessment and analyze
22 what it would take to bring our facilities back to a
23 state of good repair.

24 Fortunately for CUNY, our colleagues
25 at the State University of New York were already in

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2 the process of working on a similar effort.

3 The CUNY State of Good Repair Study
4 began with a partnership with the State University
5 Construction Fund. The study included the use of a
6 SUCF developed building condition assessment survey
7 that allowed our direct line facility staff to
8 articulate in a consistent manner the state of the
9 facilities on our campuses.

10 SUCF trained CUNY staff how to use

11 the tool within a matter of weeks, and we had
12 finalized the database of the conditions of our
13 building and infrastructure system.

14 The results were not all together
15 surprising, considering the average age of the
16 buildings at the CUNY campuses are 57 years old. A
17 substantial amount of our space is more than 30
18 years old, and more than 75 percent of the gross
19 square footage was created before 1970. The data was
20 collected about each of the campuses and was
21 analyzed by the same consultant that worked with
22 SUNY. Here are some of the results.

23 In today's dollars, the CUNY
24 systemwide educational facilities have a total
25 current replacement value of \$15.2 billion that

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2 breaks down to \$14.3 billion for buildings and \$900
3 million for supporting infrastructure.

4 Further, CUNY as a whole currently
5 has 1.7 billion backlog of deferred capital
6 maintenance, including 1.5 billion for building
7 system renovations and 200 million for renewal of
8 supporting infrastructure.

6 which was released last month, recommends \$2.84
7 billion for all of CUNY, of which 260 million was
8 designated for community college facilities.
9 Community college funds cannot be accessed unless
10 the City allocates a similar amount over the next
11 five years.

12 We will be discussing this with our
13 Administration and Council liaisons over the next
14 few months, as the Mayor and the Council work on the
15 Executive and Adopted budgets.

16 We look forward to working with you
17 and your staffs and welcome the opportunity to meet
18 over the next few months to discuss this further.

19 Thank you.

20 CHAIRPERSON JAMES: Thank you, Vice
21 Chancellor.

22 I believe it's Miss Doulis, to the
23 left of Mr. Ravitch. Thank you.

24 MS. DOULIS: Hi. I'm Maria Doulis. I'm
25 a Senior Associate at the Citizens' Budget

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2 Commission, which was founded in 1932 as a

3 non-profit, non-partisan civic organization,

4 dedicated to influencing constructive change in the
5 governments of New York City and New York State.

6 As Councilman Garodnick mentioned, we
7 released a report on the condition of the City's
8 infrastructure, and on its capital planning process
9 in December and so I'm pleased to be with you here
10 today to share some of the findings of that report.

11 As the Council has recognized by
12 creating this task force, infrastructure is a
13 critical element of the City's competitiveness.
14 Planning and properly maintaining these assets are
15 essential to the City's vitality.

16 Recent headlines have shown us the
17 costly and sometimes catastrophic effects of failure
18 to do so. The bridge collapse in Minnesota, the
19 steampipe explosion in Grand Central, the subway
20 standstills from flooding, energy blackouts in
21 Queens. The City has a ten-year capital planning
22 process which is unique among other State and local
23 governments. This ten-year planning process,
24 however, has become inadequate to assess and address
25 the City's infrastructure needs.

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2 The Mayor's new long-range planning
3 initiative, PlaNYC, improves upon some of these
4 weaknesses, but for the most part, PlaNYC
5 initiatives are being executed through the
6 traditional capital planning and budgeting process.

7 Successful implementation of these
8 initiatives, and more importantly, the ability to
9 maintain and improve upon the City's infrastructure,
10 will require confronting the following four
11 challenges:

12 1) Knowing the condition of New York
13 City's infrastructure.

14 2) Getting that infrastructure to the
15 state of good repair.

16 3) Using replacement cycles to impose
17 discipline on capital planning; and

18 Finally, providing greater
19 justification for expansion projects.

20 On the first point, knowing the
21 condition of the City's infrastructure.

22 Effective capital planning in the
23 City is hindered by a lack of important information
24 on the condition of the City's capital assets.

25 Simply put, City officials do not

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2 know the condition of many critical infrastructure
3 components. The City, either directly or through its
4 authorities, owns most of the capital assets within
5 its boundaries, valued in the most current fiscal
6 year at about 60.5 billion.

7 But the City is not the only player
8 in town. The federal government, the private sector,
9 the State and State authorities, like the MTA and
10 the Port Authority, own important capital assets,
11 such as airports, bridges, mass transit system,
12 energy delivery, telecommunication that works in
13 parkland.

14 Planning for the future requires
15 knowledge of the current condition and future use of
16 these assets. But the City does not survey the
17 elements of public infrastructure it does not own or
18 manage.

19 Some of these owners do a better job
20 of assessing, reporting on and maintaining their
21 assets than others. PlaNYC has made an attempt to
22 coordinate the State and authorities, like the MTA,
23 the Port Authority and NYPA. But for the most part,
24 the City's knowledge of the status of non-City-owned
25 assets is limited and capital planning is not well

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2 integrated with that of important other agencies.

3 The City must also do a better job of
4 tracking the condition of its own assets. While the
5 Water Authority and the Departments of
6 Transportation and Education conduct thorough
7 inspections of their capital assets and publish data
8 on their condition, a full Citywide perspective is
9 missing.

10 The City's report on State of Good
11 Repair, the Asset Information Management System, is
12 extremely limited in scope. Major omissions include
13 smaller assets with the replacement costs under 10
14 million, as well as larger systems, such as all
15 housing assets and assets owned by City authorities.

16 On the second point, getting this
17 infrastructure to the state of good repair, as a
18 result of the limitations of AIMS, most agency plans
19 for capital spending in the ten-year capital
20 strategy are not linked to condition assessments, or
21 based on a standard for maintaining the condition of
22 assets.

23 Furthermore, plan spending is not
24 connected to a goal timetable or plan for achieving
25 or maintaining state of good repair. In short, the

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2 City has no plan for bringing assets to a state of
3 good repair.

4 While PlaNYC calls for achieving a
5 state of good repair for transportation and transit
6 by 2030, the same goal has not been applied to other
7 public infrastructure. Neither have meaningful
8 alternatives been established. In fact, most
9 agencies consistently under-fund necessary
10 investments. The most recent assessment published in
11 the AIMS report for Fiscal Year 2008, estimates that
12 about 5.4 billion is required to achieve a state of
13 good repair for the assets covered by the report.

14 The plan spending is less than half
15 the need, leaving a gap of 2.8 billion. This lack of
16 funding indicated there is no clear policy for
17 funding, maintenance and repairs and we're generally
18 for achieving a state of good repair.

19 The initial steps in this direction
20 take in by PlaNYC for transit and transportation, it

21 should be extended to all the City's capital assets.
22 By expanding the AIMS report to cover all capital
23 assets and integrating the condition assessments of
24 major capital asset systems conducted by agencies
25 into a comprehensive reporting structure. Once it

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2 fully assesses the needs of its assets, the City
3 should then develop a systematic plan to eliminate
4 deferred maintenance and bring all of these assets
5 to the State of good repair.

6 Any long-term or short-term capital
7 plan should be tied directly to this plan.

8 Third, using replacement cycles.
9 Capital assets should be properly maintained until
10 the end of their useful lives, at which point they
11 should be placed. Insofar as these useful lives are
12 predictable, assets should be placed on regular
13 replacement schedules.

14 The City's capital spending, however,
15 is not strictly guided by replacement cycles.
16 Instead, assets tend to be repaired when they
17 malfunction or break.

18 This creates disincentives for
19 performing regular maintenance, as agencies forego
20 maintenance from the operating budget until assets
21 deteriorate to the point where they can be replaced
22 with capital funds.

23 Maintaining competitive
24 infrastructure requires proactive, not reactive,
25 capital planning.

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2 The City should place all its capital
3 assets on regular replacement schedules, according
4 to their useful lives. This would impose greater
5 discipline and predictability in capital planning.

6 The City should also allocate funds
7 in its operating budget for regular replacement. The
8 annual allocation should be linked to the yearly
9 depreciation of assets calculated on the basis of
10 replacement cost.

11 This would provide a steady stream to
12 replace assets that covers the cost of their
13 wear-n-tear in each year and would reduce or
14 eliminate the need for a costly borrowing for
15 regular replacement.

16 And on the final point, providing
17 greater justification for expansion projects. A
18 substantial portion of resources for capital
19 improvements are dedicated to expansion projects.
20 These plan expansion projects for the next ten years
21 total 24 billion, but the rationale for pursuing
22 many of these projects is unclear or unstated.

23 With the exception of the \$3 billion
24 investment at Hudson Yards, none of these new
25 capital investments is clearly justified on the

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2 basis of anticipated economic benefits.

3 PlaNYC justifies some of the proposed
4 projects in terms of improving services or
5 accommodating emerging needs, with limited data in
6 some cases. In most others, however, there is no
7 such data.

8 Expansion projects should be clearly
9 explained and justified with data that demonstrates
10 economic and other benefits.

11 New large capital projects should be
12 selected on the basis of clear priorities rooted in

13 the ability to provide higher or more efficient
14 level of service, or in terms of providing a high
15 rate of return on the investment of public funds.

16 Expansion projects should be clearly
17 explained and their benefit should be demonstrated
18 through rigorous economic analysis presented in
19 documents made available to the public.

20 Presenting such analysis would ensure
21 that scarce public resources are allocated in a
22 transparent and beneficial manner.

23 The Council has announced reforms to
24 make the capital budget more transparent and the
25 formation of this task force is also an important

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2 step in improving capital planning, budgeting and
3 management in the City.

4 The task force should focus on
5 getting better information on the City's assets,
6 working to develop a plan for a state of good
7 repair, establishing a fund for regular replacement
8 and demanding greater explanation of expansion
9 projects.

10 Thank you.

11 CHAIRPERSON JAMES: I know some of the
12 panelists who have previously testified -- do you
13 have time constraints?

14 VICE CHANCELLOR WEINSHALL: I do.

15 MS. DOULIS: I also have to --

16 CHAIRPERSON JAMES: Both of you have
17 to --

18 MR. RAVITCH: If you could question us
19 now that might be --

20 CHAIRPERSON JAMES: Okay. So, can we
21 wait until after Dr. De Cerreno, and then we'll
22 question the panelists? Mr. Slattery, I hope you
23 don't mind. I hope you don't mind waiting. Thank
24 you.

25 DR. DE CERRENO: Hi. And I actually

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2 have a presentation, although I also brought the
3 slides, and you have them there. So, rather than
4 wait for it to get set up, we'll just start to move.
5 My name is Allison de Cerreno. I'm
6 the Director of the NYU Wagner Rudin Center for
7 Transportation Policy and Management. And I'd like

8 to thank the Council members for inviting me here to
9 speak today, it's an honor and a pleasure to talk to
10 you.

11 When I was first asked to come down
12 here, I was given a couple of initial questions to
13 think about, and I realized as I was looking at them
14 that a lot of the issues we're heard are absolutely
15 important but what sort of is overlaying all of them
16 are the policy questions and policy decisions that
17 are going to be needed. And, so, I thought I would
18 talk to you a little bit today about the policy
19 impacts of the population growth that we're
20 discussing.

21 So, we've seen the numbers. New York
22 City projections show 8.2 million population today
23 and it's projected to go to 9.1 million people by
24 2030.

25 The New York Metropolitan

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2 Transportation Council region, which includes the
3 two counties on Long Island and the counties north
4 of the City in the mid-Hudson area are expected to
5 grow from 22 million to 26.1 million by that same

6 period.

7 So, we're talking about an 18 percent
8 population increase in the region and an 11 percent
9 increase in New York City alone, and, of course,
10 that doesn't include New Jersey.

11 The forecasts, as I was hearing
12 earlier, show that Manhattan will still remain the
13 key employment center, but other City centers are
14 beginning to narrow that lead. And those City
15 centers, some of them are actually in the boroughs,
16 and some are outside New York City entirely.

17 Also, the population will vary across
18 the borough's growth and across the county's of the
19 larger Metropolitan area, which you can see here.
20 And as I mentioned earlier, Queens, and Brooklyn in
21 particular, and then to a lesser degree some of the
22 others.

23 In terms of transportation, this is
24 likely to lead to changes in the travel patterns
25 that we're currently seeing, both for people moving

3 So, what does this mean for
4 transportation? Well, first and foremost, and the
5 thing that's in everyone's mind is more congestion.

6 We've all heard about the congestion
7 on the roads, it's estimated to cost our
8 metropolitan region over \$26 million a year in
9 energy and lost time, and it's forecasted to grow to
10 over \$30 million a year by 2030.

11 What I wanted to show you here is
12 that this is the current situation, not just in the
13 New York area but actually up and down the East
14 Coast. And it's important because we're going to
15 come back to the goods movement issue. There are
16 things here that we need to deal with that actually
17 extend well beyond New York City's boundaries, but
18 are absolutely critical for us.

19 And as you can see, congestion is
20 particularly worrisome, given that these are the
21 pictures that were already in. The red in the middle
22 is actually 2005, and if you look on the far right
23 in particular, those are the bottleneck areas,
24 along, especially the northeast corridor, and you
25 can see New York is one of those biggest bottleneck

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2 areas.

3 Next.

4 So, congestion. And it's not just on
5 the roadways. We also have congestion on our transit
6 system, which you can see any day, just taking the
7 4, 5 or 6 down here. We have congestion on our
8 inter-City rail system, which is critical to New
9 York City.

10 We have congestion running along our
11 commuter system and our airports.

12 In fact, in terms of our airports,
13 just a moment, in improvements for John F. Kennedy
14 International are expected to increase by 9.16
15 percent by 2025, and even if all the current planned
16 improvements that the Port Authority has envisioned
17 are made at JFK, it will still need more capacity by
18 2025, according to the FAA.

19 The next thing we're talking about in
20 terms of what this means for transportation is more
21 emissions.

22 In 2006 the Transportation sector
23 contributed roughly one-third of all carbon dioxide
24 emissions and the New York City metro area is still
25 in a non-attainment for ozone, as well as a number

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2 of other issues.

3 We also have, in terms of
4 transportation, nitrous oxide involatile organic
5 compounds. So, we're not just talking environment
6 per se in the larger sense, but also in terms of the
7 health effects on the residents of the City and the
8 region.

9 And, finally, more goods will be
10 needed. Three-hundred million tons of freight move
11 into, through and out of this region every day.
12 Excuse me, every year. By 2025, the volume is
13 expected to increase by 47 percent. And right now
14 the vast majority of these goods are moved by truck
15 on the roads.

16 So, the key issues affecting our
17 ability to respond to this growth, first, our system
18 is at or near capacity already. So, while we're
19 projecting, and we all know that the projections on
20 population, they may be correct, they're also often
21 not correct. But irrespective of that, we already
22 have significant problems here.

23 Congestion occurs for various
24 reasons, but in our region, roughly 40 percent of

25 the roadway congestion is actually the result of

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2 capacity, constraints and bottleneck, as opposed to
3 weather or accidents or incidents.

4 We've seen the Mayor's pictures
5 already in PlaNYC of the transit system, and again,
6 as I mentioned, we only need to ride them during the
7 peak period to see the problem.

8 The second issue is our aging and
9 outdated infrastructure.

10 We're working with systems in
11 transportation that are either close to or well over
12 100 years old. Not only is the infrastructure itself
13 antiquated, but the routes they serve don't
14 necessarily meet today's needs, let alone those of
15 tomorrow.

16 We also have a politically complex
17 environment. As was mentioned earlier, it's not just
18 the City. It's the City, it is the different
19 agencies in the City, it is the authorities that
20 have transportation that relate to the City. And
21 they're not necessarily all known for having worked
22 easily and efficiently together historically.

23 And, finally, not finally, but final
24 for this slide, our needs are outpacing money. There
25 is a crisis in transportation across the country.

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2 It's not just in the City. But the City is one
3 example where it's particularly obvious, given the
4 other issues I've just mentioned.

5 And then, finally, we have new
6 challenges. We have issues of security, which have
7 always been there but are really now in the
8 forefront.

9 We have issues of the aging
10 population, which were mentioned before. We have our
11 emissions, where they've been there, we're worried
12 about them, but now we're really talking about the
13 possibility of truly needing to reduce our global
14 greenhouse gas emissions, and we have rising
15 petroleum prices.

16 The risks of addressing these, I
17 think you all know. Risks, poor air and water
18 quality, poorer quality of life overall, and the
19 inability to compete economically with other

20 national and international gateways, which for New
21 York is of particular importance.

22 We've already seen London moving up
23 in the financial sector. If you saw, I guess it was
24 about two, three weeks ago now, the issue in the New
25 York Times in the magazine section where they had

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2 the little pictures of the United States that
3 reminded us of the shrinky-dinks from the 1970s. New
4 York is very much in that situation.

5 So, looking forward in terms of our
6 challenge, and in terms of your challenge, first and
7 absolutely foremost, we need to maintain a state of
8 good repair. We cannot afford to go back to the
9 seventies. I know it has been said before, but it
10 bears repeating again, the system is near total
11 collapse. We had derailments, car fires, crime,
12 graffiti, on the trains and subways. The roads and
13 bridges weren't much better. And I think the past
14 two and a half decades have demonstrated the
15 importance of both having a capital program for the
16 MTA and for our roadways and bridges, and for the
17 investments that have been made in them.

18 We've made significant strides since
19 the early 1980s. In 1973, 20,000 miles was the
20 number for our mean distance between failures on the
21 subways. That means every 20,000 miles something is
22 failing, which obviously relates to reliability.

23 In 2006 we actually were all the way
24 up to 150,800 miles between failures, which is
25 absolutely significant. And of concern, we're

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2 already seeing that slip, all right? In 2007, it was
3 actually lower again, after 18 years of increasing.

4 Overall on-time performance for our
5 subway systems increased by roughly 71 percent in
6 1983 -- excuse me, increased from 71 percent in
7 1983, to almost 97 percent by 2003, and, again,
8 we've seen slippage back down to about 92 percent in
9 2007.

10 And on the roads, we've seen New York
11 City controlled bridges that were rated poor, has
12 fallen from 92.5 percent -- excuse me -- has fallen
13 by 92.5 percent from 40 in 1997 to only three in
14 2006, again because of significant investments.

15 But we can't become complacent.
16 Challenges remain, and one of the difficult things
17 in terms of finding funding and of finding support
18 is that when it's not obviously a crisis, when you
19 don't see things literally falling down, it's hard
20 to get people on board. But if you wait for them to
21 fall down, you're already way too late.

22 The next thing I'd like to suggest is
23 that we need a regional approach to planning. And,
24 again, I recognize and I respect the fact that I'm
25 actually talking to the City Council this morning,

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2 or this afternoon at this point. However, our
3 transportation challenges extend way beyond the
4 boundaries of the City. One of the key difficulties
5 in this region, as I mentioned before, is the
6 existence of multiple jurisdictions that aren't
7 always able or willing to work together. Addressing
8 environmental issues, addressing congestion,
9 addressing freight movement in and out of the City
10 that brings the goods that we need to do what we
11 need to do and what we want to do, and addressing
12 congestion in the longer term is likely to require

13 jurisdictional coordination and cooperation well
14 beyond the boundaries of the City, and it will take
15 some serious leadership to make that happen.

16 Indeed, if we look toward
17 reauthorization, this is a critical time. We have
18 the reauthorization of the federal surface
19 transportation monies coming up, and if we continue
20 to have the approach we've had in the past, which is
21 basically everybody out for themselves, and each of
22 the City and the different agencies going and
23 talking to the different people themselves, it's not
24 going to get what we need. Our needs are too great.
25 We need a planned approach, and we need a way of not

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2 undercutting each other in terms of making sure we
3 get our fair share. And I would like to point out
4 that the regional NPO, NYMTIC, is actually trying to
5 do that with the member agencies and with the City
6 at this point.

7 But in addition to federal money, we
8 need additional sources of revenue. The federal
9 monies won't be enough to close the gaps that you've

10 been hearing about in our transportation
11 infrastructure and operations.

12 We also need to be willing to show
13 the federal level that we are willing to bear a part
14 of the burden. I think part of the difficulty is
15 when New York comes, we're already looked at as, oh,
16 it's New York from the rest of the country. And New
17 York is different. New York is fundamentally
18 different and New York should be different. We're a
19 global gateway. We effect the rest of the nation.
20 But at the same time, we need to show that we're
21 also willing to do something here.

22 And, so, in terms of looking for
23 that, we need to be looking at the different types
24 of sources. Congestion pricing is an absolutely good
25 start. We need to look at other user fees as well.

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2 We need to reexamine how we do with real estate that
3 benefits from the transportation system near which
4 it's located.

5 We need to look at public/private
6 partnerships. And while I'm not advocating any one
7 of them, I think they all bear looking at very

8 closely to looking at both the pros and the cons.

9 We also need to identify additional
10 means for reducing congestion. Congestion pricing
11 again is an excellent start, but there are many more
12 things that will have to happen. We need to look at
13 off-peak deliveries. We need to look at the ways to
14 do that, not just saying we're going to charge extra
15 for the carriers, because the carriers don't have
16 much choice in that. It has to be the receivers who
17 are getting the goods.

18 We need to look at parking pricing,
19 and we need to look at Land Use changes, and as you
20 heard earlier, transit-oriented development. All of
21 these are going to be critical. And we need to view
22 the system as a system, which means all modes at the
23 same time as well as passenger and freight.

24 One of the tendencies we have is to
25 look at, and it's exacerbated by our division of

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2 jurisdictional authority, is we look at, okay, we
3 need to deal with congestion, look at what's on the
4 roads. But actually congestion requires looking at

5 transit also, and the congestion requires looking
6 beyond New York at also what we do to our rail, to
7 our air, to high-speed rail, to various modes. And,
8 again, as I mentioned, we need to look at freight as
9 well.

10 We can't just say getting the cars
11 off the roads will leave more room for freight. We
12 need to also figure out how to address that and
13 whether some freight should be better, would be
14 better served being on either rail or water. We keep
15 forgetting water, but water is a huge component of
16 our system, and one particularly important for New
17 York since we exist on a bunch of islands.

18 And, finally, it was said earlier,
19 and we did not actually talk to each other in
20 advance, we absolutely must prioritize. The needs
21 are so great, and the needs are so great, not just
22 in the City but within the region, that we need to
23 really be thinking about what are our goals and
24 what's the rational and efficient way to make our
25 investments.

3 CHAIRPERSON JAMES: Thank you. I have
4 two questions because I recognize some of the
5 panelists have time constraints, and my question
6 basically comes down to this: As was mentioned
7 before, in the Asset Information Management System,
8 that was published in 2008, it estimates that \$5.4
9 billion is required to achieve a state of good
10 repair, only half of that was funded, leaving a gap
11 of only \$2.8 billion. So, my question is, a
12 dedicated stream of revenue, can we identify that?
13 Do the panelists agree with Mr. Ravitch that our
14 debt limit is artificially low? Should we increase
15 our debt limit?

16 I recognize that someone had
17 suggested that we look to other levels of
18 government. Obviously we can all agree upon that,
19 but basically it comes down to dollars and cents.
20 Any ideas on creating a dedicated revenue stream?

21 MR. RAVITCH: When I was Chairman of
22 the MTA, I was able to persuade the Legislature to
23 enact what people would call a carbon tax today, a
24 tax on oil and gas. It was dedicated to the MTA. I
25 hope that the Council, in all of its wisdom, if it

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2 approves the congestion pricing plan, will in their
3 Home Rule Message, make it absolutely a condition
4 that that money be used for transportation purposes,
5 and not be available to the State or City government
6 for any other purposes, and I know that's a
7 difficult issue, and that the Mayor is not on-board
8 on that view.

9 CHAIRPERSON JAMES: A lock box isn't
10 always a lock box.

11 MR. RAVITCH: But I believe that there
12 are plenty of ways of increasing funding capacity,
13 and certainly the use of revenue streams where they
14 are specifically hypothecated to the bonds issued
15 for a specific purpose is one of them. And there are
16 many possible sources of taxation. The Legislature
17 created the Mortgage Recording Tax for the purpose
18 of providing a revenue stream to the MTA in 1981 or
19 '2, if I recall correctly.

20 And I will tell you furthermore that
21 I think that the public is willing to accept, I
22 think, polls and politics demonstrate that the
23 public is willing to accept whether you call it a
24 user charge or a tax, if they know the money is
25 being used and dedicated to a purpose which they

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2 believe government has to fulfill.

3 The public's opposition to taxes is
4 understandable at one level, but also is a general
5 expression of their frustration, the government
6 isn't solving all their problems, why should they
7 give this big government which gulps down so many
8 taxes every year more money? But when there is a
9 specific link, legal link between the imposition of
10 a charge and the production of a facility, that
11 makes a big difference.

12 Also, if I may? One thing I didn't
13 mention in my testimony, which I would like to, is
14 that one of the problems with infrastructure is that
15 the gestation period of any infrastructure project
16 generally out-distances or out-lasts the term of
17 office, and many people who were elected to public
18 office, and the utter absurdity of term limits is a
19 severe impediment to a solid infrastructure program
20 where you need people with long-term interests,
21 whether just in the neighborhoods or in the City as
22 a whole.

23 And I would certainly hope at some
24 point that the political leadership of this City and

25 State would recognize that.

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2 MS. DOULIS: Yes, I just have one
3 point I want to stress, which is that, you know,
4 assets fall to disrepair because they're not
5 maintained and repaired when they should be and then
6 that gets funded from the capital budget. So, a
7 small piece of this is making the commitment to
8 maintenance from your operating budget to make sure
9 that assets are taken care of properly during the
10 course of their useful life. And, you know, that's a
11 bit tough because it competes with other priorities
12 in the operating budget, and it's often the first
13 one to get cut, you know, when times get rough, but
14 there should be more stress placed on properly
15 funding this maintenance, you know, from the
16 operating budget during the course of the useful
17 life.

18 CHAIRPERSON JAMES: Ms. Doulis, have
19 you heard from the Administration with respect to
20 the limitations related to the AIMS, the Asset
21 Information Management Systems analysis.

22 MS. DOULIS: In what sense?

23 CHAIRPERSON JAMES: Have you presented
24 it to them? Have you heard from their office? Are
25 they interested in perhaps expanding their report to

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2 make it more comprehensive, as you indicated in your
3 testimony?

4 MS. DOULIS: The two major, major
5 exemptions from AIMS are the East River Bridges,
6 which are sort of on their own capital program, and
7 assets maintained by authorities. The big one there
8 being the water and sewer system, which also has its
9 own sort of review process. So, you know, I think
10 the feeling there is those are reviewed in separate
11 processes from AIMS that means that they're
12 essentially taken care of. But, you know, our
13 feeling is that this all needs to be integrated
14 together so we can get a comprehensive look at
15 what's going on.

16 CHAIRPERSON JAMES: And my last
17 question to Mr. Ravitch, I find fascinating your
18 argument that these local development corporations
19 constitute back-door borrowing and are in fact

20 illegal and unconstitutional since they were not --

21 MR. RAVITCH: Well, I don't think they
22 were illegal, Councilwoman James. I didn't suggest
23 that, or unconstitutional. I would say that they had
24 the effect, as the moral obligation bond did in the
25 1960s, of creating a method of financing that was

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2 perfectly legal but that ultimately is going to come
3 back and bite you, and has other unintended
4 consequences. And I think that the creation of LDCs
5 and their ability to issue debt are to be subject to
6 the Council approval and be subject to the capital
7 budget process of the City of New York.

8 CHAIRPERSON JAMES: But the fact that
9 they are not subject to the approval of the City
10 Council, and I guess the word that you use there is
11 we are subverted, does that raise some
12 constitutional questions in your mind?

13 MR. RAVITCH: I don't think so. I
14 believe that bond counsel for these various LDCs
15 believes that there is full statutory power to do it
16 under existing laws, so I don't think it's a

17 constitutional question.

18 CHAIRPERSON JAMES: Do you think that
19 the City Council should have the authority to
20 approve these Local Development Corporations?

21 MR. RAVITCH: I certainly think it
22 ought to have the power to approve the issuance of
23 debt. When the debt service obligation, contingent
24 as it may be, will ultimately fall upon the expense
25 budget of the City or upon the real estate tax

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2 revenues of the City and those are the precious
3 things which you are equal to the Executive Branch
4 of government and having a fiduciary responsibility
5 for.

6 CHAIRPERSON JAMES: And would the
7 Local Development Corporation set up to avoid the
8 politics of the City of New York and the politics of
9 the City Council?

10 MR. RAVITCH: You're asking me a
11 question on which I have a strong opinion, and that
12 is I believe legislatures are co-equal branches of
13 government, and I don't think politics is a bad
14 thing. I don't know how else decisions get made in a

15 democratic society.

16 CHAIRPERSON JAMES: Thank you.

17 Mr. Co-Chair.

18 CHAIRPERSON GARODNICK: Thank you.

19 Let me just first start off by saying
20 that, Mr. Ravitch, I completely agree with you that
21 I think when we talk about revenue streams related
22 to transportation and congestion pricing, that there
23 would only be an appetite for such a charge if it
24 were dedicated strictly and unequivocally to mass
25 transit improvements, and I think that that is

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2 absolutely right.

3 I wanted to just follow-up on what
4 Council Member James was just asking. On the LDCs,
5 from your estimation, what is the total liability of
6 the City today, as a result of LDC issued debt for
7 which we may have to support down the line; do you
8 have a sense of that?

9 MR. RAVITCH: I have no statistical
10 knowledge of that at all. I only have familiarity
11 with Hudson Yard's financing, because I've read both

12 the bond indenture and the rating agencies' reports
13 on that, and I know what the exposure is there, and
14 it's, as I said, if you look at the rating agencies'
15 reports, you'll see it in clear black and white.

16 CHAIRPERSON GARODNICK: I think it's
17 certainly an issue which we appreciate --

18 MR. RAVITCH: I don't know what else.
19 I do know that the plan is that the arena in
20 Atlantic Yards, and, again, whether that's a good
21 thing or a bad thing, is a separate issue, but
22 that's supposed to be financed by LDC. I have seen
23 no financial information on what the backing for
24 those bonds are going to be. I assume it's going to
25 be the PILOT payments that would be made. I'm not

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2 privy to all the information.

3 CHAIRPERSON GARODNICK: Okay. We
4 appreciate that, and thank you for putting this on
5 our agenda and the work of this Task Force.

6 Let me just follow-up with you on a
7 couple of questions here and then I have one or two
8 for some of the other panelists.

9 The first was, with the first panel

10 we were discussing some of the issues about
11 infrastructure needs relating to private
12 development, and authority development and the
13 City's planning process in general. You wrote a
14 forward to a report written by Hope Cohen, who has
15 actually joined us today, called "Rethinking
16 Environmental Review." And in that piece you had
17 noted that the environmental review process had lost
18 its connection to good planning and instead is, and
19 I'm quoting you know, "...has become an expensive
20 and time-consuming annoyance to large projects, and
21 a potentially project-ending burden to small ones."

22 I wanted to see if you could just
23 comment on that a little bit, because when we think
24 about the obligations of a developer to the City in
25 considering the infrastructure needs, an obvious

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2 route there is to say, well, what's the impact going
3 to be and how are you going to deal with it?

4 But from your comments in the
5 forward, it sounds like you view the environmental
6 review process as one which has lost its way. I want

7 to see if you could actually help us consider
8 whether that still has the same importance or if
9 there are ways that we could actually make that
10 stronger?

11 MR. RAVITCH: Well, you know, anyone
12 who has the responsibility for getting something
13 built in this political system that we have is
14 looking for ways to simplify that decision-making
15 process, and when I was Chairman of the MTA, I asked
16 the Legislature to exempt the MTA from the CEQR
17 process, otherwise it would have taken years more to
18 rebuild a power generation, power substations,
19 stations and maintenance facilities. But I think
20 what struck me the most was the fact that if one is
21 building affordable housing, i.e., housing that has
22 some form of public subsidy, you are required to
23 subject yourself to a degree of environmental review
24 that you do not have to go through if you build
25 luxury housing. And that seemed to me to be a sort

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2 of upside down priority for the City of New York.
3 And the reason that I chose to comment publicly on
4 that was simply because I believe that there is no

5 sort of fundamental environmental issue that affects
6 the major issues of the air we breathe or the water
7 we drink, when somebody who wants to build 30 units
8 of affordable housing, a non-profit organization,
9 which barely has the capital to engage architectural
10 and engineering services, has to go through a year
11 of the CEQR process. So, that's why I suggested, and
12 I think the Mayor could do it with a stroke of the
13 pen. Certainly the City Council could do it
14 legislatively.

15 CHAIRPERSON GARODNICK: Thank you.

16 Thank you for that.

17 Let me just go to Ms. Weinshall for a
18 minute. I wanted to get her reaction to something
19 that was said. First of all, welcome back. It's nice
20 to have you here in your new capacity.

21 You heard what the Citizens' Budget
22 Commissioner said about regular replacement cycles
23 and funding replacement with operating revenues. And
24 just to say that replacements should not come from
25 the capital budget.

2 I wanted to know in your current, or
3 even wearing whatever hat as a former DOT
4 Commissioner, if you could just comment on that, the
5 practicality of that, or whether that would prove to
6 be a realistic or too difficult thing to accomplish.

7 VICE CHANCELLOR WEINSHALL: Well, in
8 my previous hat, I can only tell you that the
9 infrastructure, as everybody in this room knows, is
10 very costly and very expensive. I mean, one only has
11 to look at the price that came in for the
12 replacement of the new Willis Avenue Bridge, which
13 came in at something like over \$600 million, and
14 that's in today's dollars without any change order.
15 So, the cost of infrastructure replacement is
16 extremely costly.

17 When you look at what the City did
18 over the past ten, 20 years, yes we did have a
19 crisis on our bridge program, as a result of
20 deferred maintenance, not maintaining our bridges,
21 and but for the federal government, I don't think
22 the City could have afforded to do the type of
23 maintenance that they needed to do both on the East
24 River Bridges, and that they're doing now on the
25 Harlem River Bridges.

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2 So, the cost is truly astronomical.

3 I think that, you know, if you look
4 at the operating budget, this is the capital budget,
5 there really isn't enough money available on the
6 operating side to be able to do that type of work
7 that you need to do, and therefore, I know it's not
8 the most advantageous way of doing it, because
9 you're bonding out into the future, you're basically
10 taking debt into the future for something that has
11 to be repaired today, but I just think that, again,
12 looking at the cost and looking at the practicality
13 of doing this, no municipality really has any
14 recourse here.

15 I just want to say one other thing
16 about the bridges in the City of New York. Every
17 year DOT does a study of the health of the bridges,
18 and that study is put up on DOT's website. And you
19 know, in terms of, I know that DOT and the bridges
20 are not part of this AIMS study, but, you know, the
21 public should be aware that bridges are constantly
22 inspected and looked at and reviews are made in
23 conjunction with the State. The State is part of
24 that inspection system and there is a term call,
25 which is if there is a violation, if there's a flag

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2 on a bridge, and that flag has to be repaired within
3 a certain amount of time.

4 So, there is a tremendous amount of
5 work being done in the City. I can only speak for
6 DOT, although I did work at DEP for six years. At
7 DOT there is a lot of work being done in terms of
8 looking at the maintenance and the health of the
9 bridges.

10 But to get to your direct question, I
11 think I answered it.

12 CHAIRPERSON GARODNICK: I think you
13 did. Let me just go to your second point, though.
14 While it is true that all of the inspections and
15 ongoing review of state of good repair of bridges is
16 ongoing, is there any reason why that should not be
17 included in the Asset Information Management System.
18 That's just a data point. I mean, we're looking at
19 full realm of things that the City needs to
20 accomplish to ensure state of good repair for all of
21 its assets.

22 I mean, it's being done already. Is
23 there any reason why it should not be included in

24 that?

25 VICE CHANCELLOR WEINSHALL: You know,

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2 I can't think of a reason why. I'm sure people at
3 DOT have a reason why, but I can't think of a reason
4 why it shouldn't be included. And maybe OMB has a
5 reason why it's not included, I don't know. But all
6 that good work is there, all that information is
7 there, and it's not as if the City is not doing it,
8 but the information is there.

9 CHAIRPERSON GARODNICK: Right. Thank
10 you.

11 And then Ms. Doulis, just a follow-up
12 question for you. You made the point that there is a
13 planned capital expansion for the next ten years,
14 totalling, I think it was \$23- or \$24 billion, but
15 that few of the projects in the view of the
16 Citizens' Budget Commission were rationalized in
17 terms of greater service or anticipated benefits
18 there.

19 One, I wanted to just see what was
20 making up the 23- or 24 billion dollars that you had
21 pointed out, and also how you think the City should

22 perform an economic analysis to be able to decide
23 and prioritize, and we heard that point also from
24 the academic community as well. So, help us
25 understand where that number came from and also what

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2 analysis you think would be the appropriate one?

3 MS. DOULIS: Sure. It's 24 billion, 3
4 billion that we put in that is not in the capital
5 plan is Hudson Yards. We put it in because we think
6 it should be in there, but it's not, so just that
7 disclaimer.

8 So, 3 billion is this Hudson Yards.
9 It's new school construction plan. That's a big
10 piece. Another big piece is expansion of the water
11 and sewer system under the Water Authority. And then
12 the Housing Program also has a big smashing piece,
13 and a few other things.

14 But the two, the two big ones are new
15 school construction and the water and sewer.

16 CHAIRPERSON GARODNICK: No, wait. Just
17 to understand, those were in the category of the
18 billions of dollars that were planned but that were

19 not rationalized in terms of anticipated benefits?

20 MS. DOULIS: Well, no.

21 CHAIRPERSON GARODNICK: Then explain
22 what you mean. Because I'm not understanding.

23 MS. DOULIS: Well, there are some
24 development projects that are currently in the plan
25 that you get very little description of, in terms of

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2 what they are or what the projects will be. And this
3 is, you know, under small business services, it
4 jumps to mind where you see industrial development,
5 marketplace neighborhood, and you get maybe a line
6 or two on what these things are, but you have no
7 idea really what the money will be going to and what
8 the benefits will be from these projects.

9 For the larger programs, school
10 construction, for example, obviously DOE has a
11 separate capital program, and, you know, it's
12 building these new seats because it finds need to do
13 that.

14 Though what's questionable there sort
15 of is that there is a projected decline in
16 enrollment based on Griers' projection (phonetic)

17 that's done to assess capacity for schools, and yet
18 we have this new school construction.

19 So, there is an explanation there,
20 and that's fine, but maybe there needs to be a
21 little bit more.

22 I think the water and sewer system,
23 those expansions are very clearly justified, in
24 terms of, you know, redundancy in the system and
25 expanding capacity that I think we can all agree is

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2 needed.

3 So, it's just fleshing out a little
4 bit more detail on some cases about how service will
5 be improved by building that new hospital or, you
6 know, a new building, you know, something like that.
7 But for development projects it's really showing,
8 okay, what can the public get back from this
9 investment that it's going to make, in terms of rate
10 of return.

11 CHAIRPERSON GARODNICK: Thank you. And
12 I think that goes back to Mr. Ravitch's point as
13 well.

14 Well, listen, I know that there is
15 some sensitivity on time, so I'm going to leave it
16 there, unless Council Member Tish has other
17 questions, Council Member Tish James has other
18 questions, then we're going to go on to REBNY and I
19 guess the next panel. But we want to thank you all
20 very much for your participation today, and we'll
21 look forward to calling on you for your expertise
22 down the line as we go forward.

23 Mr. Slattery, please come join us. We
24 apologize to you. And we're going to leave you by
25 yourself for now and then we'll call our next panel.

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2 MR. SLATTERY: Yes, let me try to be
3 brief, and just pick up on a couple of points that
4 were raised. Regarding the example Mr. Ravitch gave
5 about affordable housing and environmental review,
6 what's even more telling about that is that the
7 reason why those projects are undergoing
8 environmental review is typically because they got
9 public money, so that there isn't an as-of-right
10 project, there is no other environmental issues and
11 no change in zoning, it's because of the inclusion

12 of public money that that's subject to a CEQR and
13 environmental review. So, in a kind of a general
14 sense, kind of getting financing out of that process
15 I think would be helpful.

16 The other way of treating that issue
17 would be to identify projects by size and put them
18 below a certain threshold to eliminate them.

19 The other thing, there was a lot of
20 talk here about the new revenue sources. I think
21 before we kind of move on to new revenue sources, I
22 think we've got to look at the revenue sources we
23 have and the benefits that we've kind of built into
24 our tax structure.

25 For example, we have been regularly

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2 been given more recently \$250 million in homeowner
3 rebates, and homeowners pay approximately 15 percent
4 of the property tax and they have 50 percent of the
5 value, so we have a system there that basically
6 favors a certain tax-paying constituency, and all
7 we're suggesting is that that be looked at.

8 The other, and I'd be remiss if I

9 didn't try to defend the real estate industry in
10 terms of what its contribution, Mr. Ravitch talked
11 about mortgage recording tax. The mortgage recording
12 tax and transfer tax, which are real estate related
13 taxes, we're going to pay three-and-a-half billion
14 dollars this year. The commercial rent tax, which is
15 imposed on office tenants will create another \$500
16 million, so we've got that alone creating \$4 billion
17 in revenue from real estate loan, leaving aside the
18 \$12 billion that come from what we call
19 income-reducing properties and the property tax.

20 Let me just try to put some flesh on
21 the bones that Joe Salvo mentioned in terms of the
22 demographics and what that means.

23 And I say that because too often, you
24 know, projects, particularly real estate housing
25 projects come through a process and they're being

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2 kind of criticized because they are in some ways the
3 cause of the problems in the neighborhood or they
4 are being contributing to the shortfall in terms of
5 infrastructure, in terms of its demand on
6 infrastructure. And I think what Mr. Salvo kind of

7 pointed out was how these demographic changes are in
8 some ways unpredictable, but also what really drives
9 our activity and our economic activity and our
10 population and where it comes from.

11 And I say that because we had been,
12 for a good period of time on the Upper East Side,
13 with all the development going on, it was always
14 being accused that the new development was causing
15 the overcrowding in the neighborhood, that was a
16 real problem going on there, and we really have to
17 stop development up there.

18 So, after hearing all of this we went
19 back and looked at some of the demographic
20 information, and I thought it was rather telling
21 because, he used, Mr. Salvo's period of time, like
22 1950 to 2000, the population on the Upper East Side
23 was, in 1950 was 232,000 people, and they had
24 roughly 88,000 housing units.

25 In 2000, the housing units jumped up

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2 dramatically. It went from 88,000 to 135,000. The
3 population went to 207,000, so we lost population in

4 that period of time while we increased housing by a
5 significant amount.

6 And I think the question about the
7 sense of overcrowding, which may be real, I think is
8 as a result of a number of other factors, one is we
9 lost the Third Avenue L up there, it was taken down.
10 Secondly, the income for that community, in 1950 the
11 median income was below the City average. At the
12 time the City average was, you know, \$3,000, the
13 Upper East Side was \$2,000.

14 In 2000, the median City income was
15 \$38,000 and the Upper East Side income is 74,000.
16 So, we have a demographic change, in terms of income
17 and socioeconomics, and that probably means fewer
18 people but more workers, people out on the street,
19 and that there is a kind of change going on there
20 that is not driven by the development, but really is
21 perpetuated, moving forward by the development.

22 And I think that's also true, when
23 you look at, in your district, Councilman Garodnick,
24 Stuyvesant Town. In 1950, Stuyvesant Town had a
25 population of about 30,000. Today it has a

2 population of roughly 20,000. So, there has been a
3 decline in population, no decline in units, and I
4 think what was not talked a little bit about was the
5 change in household size and that's kind of being
6 driven by a demographic that we need to be mindful
7 of. And I say that because I think we need to
8 recognize that some of the changes that are going on
9 in our neighborhoods are kind of not driven by the
10 real estate activity, but in some ways the real
11 estate activity is trying to follow that trend and
12 moving forward.

13 As you point out, the new buildings
14 in your district, well, it's in part because the
15 district has been increasing in population, even
16 though Stuyvesant Town maybe is diminishing its
17 population, the District has been increasing, and
18 that demand for population had increased demand for
19 schools, housing and the like.

20 I can't speak to the public
21 infrastructure issues, but, you know, you did talk a
22 little bit about private housing, and I know the
23 PlaNYC 2030 people did talk about, you know, their
24 plans for it. I think they can be more specific, and
25 I think that's a proposal that we would throw out to

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2 address some of that issue.

3 I think we don't need 250,000 units,
4 that may be enough to accommodate that population,
5 but we certainly need more to create more vacancy to
6 more opportunities and to create the economic
7 competitiveness in housing that they allude to.

8 I think we need to have plans where
9 we can have 500,000 of units of housing built and
10 know where they go, and we would suggest that what
11 needs to be done is with the demographic
12 information, try to identify each borough, if you
13 will, its allocation, and then let those boroughs
14 decide within themselves where that allocation
15 should be, what neighborhoods, what community
16 boards, and do it in a realistic way.

17 For example, I know one of the
18 proposals that is in the PlaNYC 2030 is to talk
19 about building over Sunnyside Yards or building over
20 the Brooklyn/Queens Expressway. Those are kind of
21 realistic, if you've got a lot of money. And the
22 question is, is that the best place to put, you
23 know, public money? And if you're going to put
24 private money into those kinds of developments,
25 you're going to end up with high-income housing,

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2 because you can't, you know, subsidize the cost,
3 that you have to pay for those costs.

4 I think that we need to, kind of,
5 one, recognize that the demographic changes are
6 really directing that; and, two, that we kind of
7 establish a plan, it's never going to be perfect,
8 it's going to need updating, but we need to find
9 some way to kind of incorporate communities so that
10 as developers go forward with housing projects,
11 they're not going to be continually criticized as
12 being the source of this problem or not dealing with
13 the infrastructure.

14 And one kind of cautionary note about
15 planning, in 1961 the new zoning resolution planned
16 for the growth in manufacturing and it created more
17 manufacturing districts than it did residential
18 districts, and in fact, in some parts of Long Island
19 City, it actually overlaid manufacturing on housing
20 and basically precluded housing from those
21 locations.

22 Unfortunately, as we know,
23 manufacturing went from a million people today to

24 100,000 jobs, and so planning in and of itself may
25 not be the answer to those kind of larger

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2 demographic changes, and I would just caution that
3 even as we have a plan, it may not be perfect and it
4 may need to be continually revisited. But I think we
5 need to start somewhere. Thank you.

6 CHAIRPERSON GARODNICK: Thank you very
7 much.

8 Let me just follow-up on one
9 question, and it goes back to the same issue we
10 started with, and we've asked all of the panels
11 about so far, which is the issue of the
12 infrastructure that you need to be able to support
13 the development that is not inevitable but certainly
14 we have seen all around the City. And the question
15 for you is, I mean, we have private development and
16 we can focus on private development here for a
17 moment, presumably it is in the interest of a
18 developer to ensure that there is infrastructure to
19 support whatever is being built, and I include in
20 that infrastructure a concern, the idea of schools

21 that can accommodate the kids who live in the
22 various buildings.

23 MR. SLATTERY: Mm-hmm.

24 CHAIRPERSON GARODNICK: I would
25 include mass transit, that could move people around

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2 and not get an entire community mired in congestion.

3 MR. SLATTERY: Mm-hmm.

4 CHAIRPERSON GARODNICK: What do you
5 think the requirements should be on private
6 developers to take those elements either into
7 consideration or the obligations on private
8 developers to consider those facts when they're
9 building, if any?

10 You may be of the view that really
11 it's the City's responsibility to consider it and
12 respond to it, but just help us understand from your
13 perspective what you think should be the
14 responsibility of private developers in that
15 context.

16 MR. SLATTERY: I think there was a
17 clear law between private activity and public
18 activity, and pretty much public activity kind of

19 went, you know, through the streets and up to the
20 property line, and what was on the property was, you
21 know, private activity. That division has kind of
22 been poorest at best.

23 In terms of the proposal about trying
24 to create a plan for housing and where it should go,
25 I think the critical part of that suggestion would

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2 be that communities that take large amounts of
3 development should also be rewarded with large
4 amounts of infrastructure investment, whether it's
5 schools, whether it's roads, whatever is necessary
6 to accommodate that development. You know, there
7 should be some benefits for those communities who
8 absorb those kinds of projects.

9 The question about the private
10 developer, clearly those are, you know, they're
11 victims of the process. They are committing to do
12 that, because they are coming through a public
13 process and which without those commitments they are
14 not going to have their project proceed.

15 And to the extent that those projects

16 can continue to absorb them, they will continue to
17 make those commitments. But that's not a way to
18 proceed. It makes development in New York difficult.
19 And I think it's not a way for us to address the
20 kind of housing numbers that we need, that I think
21 we need to do this in a more organized, as of right
22 fashion, with a clear commitment that there is going
23 to be capacity and infrastructure there.

24 We got involved a few years back, 20
25 years back with trying to build housing up in

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2 Riverdale, and it was going to be 100 percent
3 affordable units for 1,000 units on a vacant site.

4 Unfortunately, the school district
5 was overcrowded, and as we went through that process
6 of trying to build affordable housing, that became
7 the issue. It wasn't a question of affordable
8 housing, it was a question of the capacity of the
9 school district. By the end of the day, because of
10 market forces the housing didn't happen, the schools
11 did, which is probably good for the community, but
12 that's not a process that we should recommend to
13 anyone or hold up as being the model way of doing

14 development anywhere.

15 CHAIRPERSON JAMES: Mr. Slattery,
16 earlier you mentioned all of the taxes that were
17 being imposed to finance some of our infrastructure
18 needs in the City of New York, but as was indicated
19 before, we have certain needs but yet the financing
20 in the AIMS document, only half of those needs will
21 be met. I believe the estimate was 5.2 and we only
22 financed perhaps half.

23 And, so, clearly despite all the
24 taxes and charges that we have, it's clearly
25 inadequate.

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2 My question to you is, someone
3 mentioned earlier the federal government in the past
4 had provided a significant amount of resources for
5 this effort; has the federal government basically
6 receded or provided less funding for these needs?

7 MR. SLATTERY: Again, I'm not an
8 expert here, but certainly the federal government
9 has certainly pulled back in terms of housing, you
10 know, for the eighties on we've had very little new,

11 you know, federal funding for new housing. I think
12 that's, you know, why we are not seeing the kinds of
13 large scale public projects that we saw perhaps in
14 the seventies and the early eighties.

15 We've made small strides to try to
16 have Washington increase the amount of private
17 activity bonds that are available that are used for
18 housing.

19 I can tell you that that is a
20 difficult process because Washington faces the issue
21 that the City does. You know, we're not going to
22 give you more money unless you could tell how we're
23 going to pay for it. You know, whether it's going to
24 be a cut in our budget or if there is a new source
25 of revenue to kind of cover that.

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2 We're prepared to do that. We've
3 tried to do that. We've tried to do that for the \$2
4 billion trade-in from 9/11 money to create a tunnel
5 for Lower Manhattan. So, we've worked on those
6 efforts but they are long in coming and will not
7 provide, at least in one sense, the complete amount
8 of money needed, but it's an avenue we need to

9 pursue.

10 CHAIRPERSON JAMES: And as you know,
11 most of our capital projects are funded through the
12 issuance of bonds. Mr. Ravitch indicated that our
13 debt limit is artificially low, do you agree with
14 that statement?

15 MR. SLATTERY: I can't say. I don't
16 know.

17 CHAIRPERSON JAMES: Okay. And, lastly,
18 you talked about the funding related to any proposed
19 construction at Sunnyside Yards, as well as under
20 the Prospect Park Expressway. And as you know, in my
21 district they're proposing decking over the rail
22 yards at Atlantic Yards, and you also talked about
23 to finance the decking over of these yards would
24 result in some high-end housing? And obviously that
25 is a discussion in Brooklyn, a very emotional

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2 discussion in the Borough of Brooklyn, because,
3 again, we support the housing but a number of us
4 have questioned the public financing of a 20,000
5 seat arena. Any thoughts?

6 MR. SLATTERY: Again, you know, I
7 don't know the details of that project. I know it's
8 controversial. I know that you're one the side,
9 other than one of our members, on that issue. But,
10 again, trying to look at this issue in that context,
11 I mean there is I guess a hope that some of those
12 projects can cross-subsidize themselves. I think at
13 least a little I understand that some market rate
14 housing is an attempt to try to cross subsidize some
15 of the affordable housing. And I know that's
16 certainly the model that is working 80/20s.

17 The problem, as we see, even with the
18 80/20 housing is that for the most part, it's only
19 been built in Manhattan, and I think the primary
20 reason for that is that the revenue in Manhattan is
21 sufficient to help cover the cost for creating that
22 20 percent affordable.

23 On the question of the bonding
24 capacity, one thing I would point out, and it does
25 make me a little bit nervous, is that the City's

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2 property tax is basically unlimited when it comes to
3 having to pay for City debt so that the question of

4 more debt is certainly at some point going to put
5 more burden on the property tax, and given the
6 current structure of the property tax, which heavily
7 places the burden on businesses as opposed to
8 single-family homeowners, that certainly would make
9 me a little nervous.

10 CHAIRPERSON JAMES: And do you also
11 share the argument that there are limitations
12 related to the Asset Information Management System
13 with respect to the planning and financing of
14 projects in the City of New York?

15 MR. SLATTERY: I'm not sure.

16 CHAIRPERSON JAMES: I'm sorry?

17 MR. SLATTERY: I'm not sure of that.

18 CHAIRPERSON JAMES: Okay. Thank you,
19 Mr. Slattery.

20 MR. SLATTERY: You're welcome.

21 CHAIRPERSON GARODNICK: Thank you very
22 much.

23 We appreciate your patience and being
24 with us today.

25 MR. SLATTERY: Thank you.

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2 CHAIRPERSON GARODNICK: And we're now
3 going to call our next panel, which is Dr. Andrew
4 Beveridge, Professor of Sociology at Queens College;
5 Moshe Adler, Professor of Urban Planning at
6 Columbia; and I'm going to apologize in advance,
7 Andrew Haughwout? I did it. Assistant Vice President
8 and Research Economist at Federal Reserve Bank of
9 New York; and Ramon Cruz, Senior Policy Analyst at
10 Environmental Defense. So, if you could all just
11 come and join us over here at the table, you can
12 give it right there to the Sergeant-At-Arms.

13 Let's do it in the order I called
14 you.

15 Dr. Beveridge, why don't you get
16 started when you're ready?

17 DR. BEVERIDGE: Do I push the button
18 right here?

19 CHAIRPERSON GARODNICK: Yes.

20 DR. BEVERIDGE: Does it work now?

21 CHAIRPERSON GARODNICK: Working now.
22 Perfect.

23 DR. BEVERIDGE: I very much appreciate
24 being here. In complete candor, and I guess in an
25 effort to be clear where, you know, who I report to,

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2 because actually I don't report to anyone at all,
3 I'm an academic. I also do write a column for the
4 Gotham Gazette of Demographic Trends. In fact, I
5 wrote a column on "Stuyvesant Town Then and Now,"
6 which you might find interesting. It does really
7 show the kind of shift in family structure, at least
8 in Stuyvesant Town, that Mr. Slattery was talking
9 about before. And I also am a consultant with the
10 New York Times for Demographics, and finally, I
11 guess this would be in full disclosure, I've done a
12 lot of litigation in the housing area. The housing
13 field usually in the area of civil rights
14 litigation, where I often am hired by the Plaintiff
15 in demolition cases, sometimes in cases where
16 developers were not able to develop affordable
17 housing. So, that's really where I come from. What
18 I'm going to do, I have a handout where I've given
19 out, and to some extent it mirrors what Joe Salvo
20 said, to some extent Joe and I have some
21 differences, and so I'm not going to go really
22 through it, I want to just try to make three or four
23 points. Some of the materials that I do have do
24 touch on some of the questions that have been asked,
25 for example, about affordable housing, about income

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2 distribution, about distribution of population. Some
3 of the things that I do touch on do in effect repeat
4 some of the things that Joe said.

5 So, if you go to the first slide? The
6 first point I want to make, this is actually a
7 reconstruction of the subways then and the
8 populations then, and then, and this case is 1905,
9 the subways then and the population then and now and
10 the now here is 1940, and the reason I brought this
11 slide along is to make a very simple point, and the
12 point is that infrastructure often drives population
13 change. So, in other words, if you build subways,
14 the real estate will follow, and it does change the
15 value of property.

16 Obviously, if you have property next
17 to a subway station that wasn't there, you might
18 suddenly have a tremendous windfall, and I think you
19 should keep that in mind as you do infrastructure,
20 because often times infrastructure, aside from
21 benefitting, you know, the many people that build it
22 will benefit people who get the use of it, and the

23 idea that you don't capture some of that benefit,
24 and, you know, a/k/a tax it, is troubling to me
25 personally, because it seems to me, if you build

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2 infrastructure, for say a development and then the
3 development also gets a massive tax abatement, you
4 know, where is the public benefit for that? So,
5 that's one of the reasons I wanted to put this up,
6 because, you know, your transportation
7 infrastructure particularly I think drives
8 development. So that's my first point.

9 I don't have as much detailed
10 knowledge, I really had not -- I read through
11 PlaNYC, I think I have a better grasp of what it's
12 about after listening to the first panel. To me it
13 was very interesting. I may learn more today than
14 you will learn from me, I suspect.

15 So, why don't you go on to the second
16 thing?

17 This is, once again, sort of back to
18 the past. This is what the population growth was
19 over the years from 2000-2005, based on census
20 numbers, and as you can see, you know, .718, it's

21 not a clear trend, for '04 to '05, there was
22 actually a slight population decline. Maybe go on to
23 the next slide.

24 If you look at this, though, I think
25 it gives you a better thrust. You see there is a

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2 huge population increase from ten to 20, 20 to 30,
3 30 to 40, but from 40 on it's been a much more mixed
4 bag. And if you take the annual population growth,
5 from 1940 when the place was built out, until 2000,
6 and I think one of the things that has to be said
7 about the population growth in New York from 90 to
8 2000, there was a massive growth in population,
9 nominal massive growth in population in New York
10 from '90 and 2000, we processed the census data for
11 the times on deadline, we had a pool about how large
12 would the population be in 2000, you know, right
13 before it came out. No one took above 8 million. Not
14 a single person. No one believed that of all of the
15 people that were working on this, that the
16 population would turn out to be more than 8 million.
17 The estimates had been wrong all

18 throughout the nineties, and so then when the
19 population came out and it was 8 million, this was
20 really the first time that there were 8 million
21 stories in the naked City, because we had never
22 gotten to that before. And, so, I think -- so then
23 the question is, why had the population grown so
24 much between 1990 and 2000, and one of the
25 selections from my Gotham Gazette columns that I've

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2 given you here discusses this, but basically it's
3 because of Joe Salvo.

4 Joe Salvo found a tremendous number
5 of households in New York that had been overlooked
6 in 1990. So, if you take the actual growth
7 population, not the nominal growth, it probably was
8 much lower.

9 Now, the Census Bureau had New York
10 growing about 10,000 people a year all throughout
11 the nineties, when the numbers came in it looked
12 more like 70,000 a year all throughout the nineties.
13 You know, it's a lot more, so like big, big, big
14 air. But if you take into account the fact that
15 about half that growth had to do with families or

16 households that Joe found, and I really mean this
17 seriously, you know, the technicalities are
18 explained in the article to some extent and on an
19 on-line thing that we put up. But basically given
20 that, New York population probably grew three-,
21 four-hundred thousand in the nineties, not as fast
22 as many people say.

23 Well, now, why does that matter for
24 projecting forward? The answer is there is a very
25 simple reason. Because if the population really

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2 wasn't growing as fast in the nineties, and
3 demographers are very good, and Joe was very
4 careful, he talked about the assumptions that he
5 took for this growth, but if some of that population
6 is actually counting people that were already there
7 as growth, then the actual growth was lower, and,
8 therefore, and this is really my -- this will
9 probably be the takeaway point, because, frankly, I
10 am a growth skeptic in New York. You know, PlaNYC
11 has this 9 million growth pattern. Go to the next
12 slide. But if you take historical growth, we're

13 almost where we'll be in 2030. In other words, what
14 if we had a population decline? What if, if you go
15 back to Joe's bars, I mean he had the domestic out
16 migration was very big bar, it was off-set by
17 domestic -- by international migration.

18 Now, Rudolph Giuliani, who you all
19 may remember, before he was running for Republican
20 presidential candidate, had once made a statement
21 that he loved all immigrants, legal or illegal in
22 New York. And in fact, New York has been very, very
23 immigrant friendly, but there is very good evidence
24 that since 1997 there has been a decline in new
25 migration into the US and into New York City. And

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2 it's not surprising, the Patriot Act does not make
3 immigration as very friendly. I remember when all
4 the illegal immigrants could get drivers licenses
5 without any problem. You know, started out as a
6 California issue. I mean, people used to get drivers
7 licenses, they didn't look that hard. And, so, if
8 there is a slowing of immigration, or slowing of the
9 increase in the foreign born, which is actually
10 what's technically it is, and there does seem to be

11 some evidence of that, then it could be the case
12 that the growth, the very optimistic growth pattern
13 that seems to be, you know, at the bottom of the
14 PlaNYC 2030 may actually not happen.

15 So, anyway, so if you look at this,
16 back up quickly here. If you look at this,
17 historical growth we'd end up with 8.3. If we have
18 the growth that we've had since 2000, we would end
19 up with 8.9, which is pretty close. If we have the
20 growth projections from urbanomics, which I would
21 love to complain about because they brought this, I
22 think it was for the power companies who wanted to
23 build a lot of plants, their growth ended up at 9.5,
24 what the Census Bureau does, when they estimate
25 population growth, they have a high, medium and low,

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2 and so one of the things that you might suggest to
3 City Planning, and I'm sure they'd be quite willing
4 and capable of doing it, will be to come up with a
5 high, medium and low growth assumption. You know,
6 the high would probably be PlaNYC level, low would
7 be, my God it could decline. You know, some people

8 think New York is kind of a one-crop economy, you
9 know, finance. If the gas goes out of that bag then
10 what do you do? You kind of have a medium growth
11 plan.

12 Now, whether or not this has that
13 much to do with infrastructure, I'm actually quite
14 convinced listening to the morning panel that
15 infrastructure and growth aren't that -- I mean,
16 what New York will have to spend on infrastructure
17 is probably not that related to growth, because as
18 everyone admits, we have tremendous gaps in our
19 infrastructure needs, you know, both in maintenance
20 and in terms of infrastructure that you would need.

21 So, whether or not we need to
22 accommodate a half a million new New Yorkers or a
23 million new New Yorkers, that's really a very -- and
24 Joe actually made that point. He said, well, most of
25 the population growth has already occurred, when he

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2 was presenting his thing.

3 You need infrastructure, obviously,
4 to accommodate the people who live in New York, but
5 whether or not we need, you know, how much that is

6 driven by growth, except say specific, like schools
7 and schools over by your district or whatever, is
8 not, you know, all together clear to me. I mean, you
9 know, listening to the presentations this morning.

10 Now, I want to flip quickly through
11 this -- just flip quickly through, I have some maps
12 and I really don't want to torture you with this.
13 Keep going. Are you going forward, or backward? Go
14 forward.

15 All right, so, this shows change from
16 '90 to '05 just in population, and sticking out
17 like a sore thumb is Jackson Heights. I mean, it has
18 had massive growth. I don't it's had a lot of
19 infrastructure, but it's had massive growth, I mean
20 new infrastructure. And I know the schools are
21 filled, but keep going on through.

22 This just shows a distribution and
23 Hispanic population, just flip the chart, blacks,
24 Asian, and white, and then New York, this shows you
25 the racial composition. It's in your chart. But

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2 there is a decline in white. So, the decline in

3 white seems to have stopped. There is an increase in
4 Hispanics, but actually during the last year it
5 appears that the increase in Hispanics may have
6 actually come to sort of a halt. There is now a
7 decline in the black population in New York, and
8 obviously there is still growth in the Asian and
9 Hispanic population. And you can go on forward from
10 there.

11 This is the kids. The interesting
12 thing there is a big bump up in the non-Hispanic
13 white population of kids, and we're looking at this
14 some more, and it appears that it's actually spread
15 beyond Manhattan. Keep going.

16 That's five to ten. Go on. And this
17 is the older folks. You see the white population,
18 old whites are declining, young whites are growing
19 kind of a -- sort of a surprising finding actually.

20 Blacks are even, Hispanics are
21 growing. Keep going. So, this, now I'm a bad person
22 because I look at New York, I know that we're
23 supposed to be one City, but I have a tendency to do
24 demographic analysis so we don't have to look at all
25 the boroughs, as do Manhattan versus the rest, as a

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2 contrast. Because Manhattan is so different than
3 most other counties.

4 If you look at some of my Gotham
5 Gazette columns, you'll see that I do this. I do
6 Manhattan versus the outer boroughs, and this is,
7 you know, if you look at the non-Hispanic white
8 populations bumped up in Manhattan, black population
9 is declining, but you can see it has different
10 patterns out in the outerboroughs.

11 So, like the left is Manhattan, the
12 right are the outer boroughs for this chart.

13 Go ahead. And this is changed in
14 Hispanics. Go to the next. Change in the black
15 composition. The black population is still
16 consolidating in Southeast Queens, the area of quite
17 affluent and wealthy blacks, Reverend Flakes Church,
18 among other things. Asian population, been a massive
19 increase in Bayside, in Asian population. And in
20 fact, it started, we noticed it right after when
21 they were going to take over Hong Kong, the number
22 of Asian showed up and bought houses, you know, to
23 have another house to go to, I guess.

24 Go to the next. And then whites are
25 invading Harlem and Brooklyn, to some extent, you

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2 know.

3 I mean, these are areas that I
4 jokingly call Manhattanesque, you know, like
5 Williamsburg, Greenpoint and then, you know, Queens,
6 it doesn't show up very well here but Astoria, those
7 kinds of places.

8 Go on. And this is the age
9 distribution change in Manhattan and elsewhere, but
10 you could see there's a massive increase in kids in
11 Manhattan, not so much in the outer boroughs. This
12 is from '80 to 2005. There's a decline there of the
13 other population groups. Keep going. And this is
14 kids. And flip to the next. That's a change in kids.

15 Do you see the people in Manhattan
16 having all these kids, and they're in the rich parts
17 of Manhattan. That is actually a new trend.

18 Then this is median household income
19 by group. You could see we have Manhattan towering
20 above, once again, and particularly non-Hispanic
21 whites in Manhattan, but in Manhattan in general I'm
22 talking about.

23 Go on. And you can see where the mean
24 household is in 2005, Manhattan, and then southern

25 Staten Island, which of course includes the famous

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2 neighborhood of Todt Hill, which is the most
3 republican neighborhood in New York City. It has the
4 one election district that I think is near 60
5 percent republican registration. Go to the next. And
6 then this is change in household income and you can
7 see, money begets money according to this. I mean,
8 according to Manhattan, you largely had an uptick,
9 and then the Manhattanesque places that are kind of
10 invading Brooklyn, I guess invading Brooklyn you
11 could say, and then on up.

12 Go to the next. Okay, here is median
13 house value by a group in all, and once again it's
14 Manhattan versus the rest. Once again Manhattan is
15 towering above.

16 Next. And that's where the median
17 house value is.

18 Go to the next slide. And that's
19 change in house value and it looks like it's very
20 good to live in either the Upper West Side or the
21 Lower East Side in the last, if you owned your
22 house, beginning.

23 I should just mention that if you
24 look at median household value, as reported in
25 census manner, it went up 91 percent in all of New

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2 York City from 2000 to 2006. And most of that gain
3 was from 2005. And median household income has
4 barely moved at all, so you have this incredible
5 gap. So, when people talk loosely about affordable
6 housing, you know, the reality is that I think
7 one-third of all households in New York City live in
8 unaffordable housing, by a definition of a third or
9 more of your income on housing. So, ironically some
10 people subsidize housing, and they have an article
11 today about a poet who got a condo in Manhattan, who
12 makes \$14,000. He got it from one of these
13 lotteries, but ironically, the people living in
14 non-subsidized housing, often times they are new
15 immigrants, other people new to the City face really
16 unaffordable housing burdens.

17 Go, next. And then this is income
18 paid for housing costs. This is a percent of the
19 income paid for housing costs, homeowners with a

20 mortgage by group, and I did this to look at see
21 where the subprime thing would bite most. And if you
22 look at the top quarter. Some of these numbers are
23 incredible, but according to, you know, the top
24 quarter Hispanics, you know, 25 percent of Hispanics
25 pay more than 80 percent of their income on housing

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2 costs, 70 percent of the blacks. I mean, there is a
3 reason we were having the subprime mortgage crisis
4 in New York. You can go to the next slide.

5 And then this is the median income by
6 affordability. If you make 120,000, you're much more
7 likely to be in affordable housing. If you make 30
8 -- if you pay less than 30 percent, you have a
9 median income of 120, 30 to 50 at 75, but if you're
10 paying over 50 percent, your median income is 40
11 percent.

12 So, these charts kind of show how
13 serious housing affordability issues are in New
14 York. So, when I hear loose talk about, you know,
15 land value is going to go down, I mean what you hit
16 if you don't subsidize it, is a square foot
17 construction cost. So, you know, land values going

18 down will have, I would suspect, a marginal impact,
19 if any, on housing costs.

20 And this is percent of homeowners
21 that have affordable housing. Whites much more
22 likely than the other groups.

23 Keep going. And then this is median
24 percent of income spent on housing costs,
25 owner/occupied by PUMA, and you can see that they

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2 are concentrated in Queens and Brooklyn. So, you
3 have a situation of very, very high unaffordability
4 for homeowners.

5 This is household income. This is a
6 finding we had in the Times. The median household
7 income, non-Hispanic white taught babies or taught
8 toddlers. The households non-Hispanic white, zero to
9 four, 2005 and we have a replica of the 2006 data,
10 \$285,000 a year.

11 So, there's incredible income gulfs
12 in New York, and I think you have to think about
13 that when you think about affordability as well.

14 I think I'm almost done. Yes, this is

15 where the rich kids live, in Manhattan, but we know
16 that.

17 Keep going. And this is contact
18 information for me, and, you know, I'm willing to
19 answer any questions, even some Joe probably
20 wouldn't answer.

21 CHAIRPERSON GARODNICK: Thank you for
22 that. We appreciate the thoughtful and detailed
23 presentation.

24 Let's go on to our next panelist. Go
25 ahead.

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2 MR. HAUGHWOUT: Thank you very much
3 for the opportunity to speak to you on the important
4 topic of infrastructure investment in America's
5 preeminent city. I'm Andy Haughwout, the Federal
6 Reserve Bank of New York, and today I will be
7 discussing research on public investment and its
8 relationship to economic growth and well-being.

9 All of the views I will express are
10 my own, and of course not those of the Federal
11 Reserve Bank of New York or the Federal Reserve
12 System.

13 Physical public capital, what most of
14 us will refer to as "infrastructure," is the
15 dominant component of the nation's and New York
16 City's publicly owned wealth, and it is that kind of
17 investment that my own research has focused on.

18 This infrastructure consists of
19 transportation systems, buildings like schools,
20 stadiums and City Halls, and sewers and water
21 systems.

22 The flow of new public investments
23 and physical capital was about \$430 billion in 2006,
24 an amount that was added to a stock of publicly
25 owned physical capital that would have cost nearly

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2 \$8 trillion to replace in 2005.

3 Public capital represents about
4 one-fifth of total public and private, non-defense
5 fixed assets in the United States.

6 About 90 percent of the stock of
7 non-defense public assets is owned by State and
8 local governments.

9 So, the decisions that State and

10 local governments make about infrastructure are
11 crucial for determining the accumulation of wealth
12 and the course of economic activity in the nation.

13 It's worth noting that New York's
14 situation is unusual among American cities, in that
15 New York has both a very rich infrastructure stock,
16 and a growing population.

17 In aggregate, New York is head and
18 shoulders above the crowd. In 2003, we estimate that
19 the City's infrastructure stock would have cost over
20 \$300 billion to replace.

21 Yet, when population is taken into
22 account, New York is much closer to the middle of
23 the pack of America's largest cities.

24 And while the City's stock of public
25 capital has grown in aggregate since the 1990s, so

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2 has population, as we've seen, and New York has
3 lagged the growth in infrastructure per capita that
4 some other cities have achieved.

5 Since 1993, the City's ranking and
6 infrastructure has fallen from seventh to tenth
7 among my sample of 36 large US cities. In all the

8 highly ranked cities, infrastructure grew in
9 aggregate. In three, San Francisco, Atlanta and
10 Denver, the aggregate grew faster than in New York.

11 In cities like Cleveland, St. Louis
12 and New Orleans, slow growth and infrastructure,
13 combined with population losses to raise the per
14 capita figures.

15 Now, having a large stock of capital
16 like New York does is certainly a benefit to the
17 City, but it's also costly. Simply accounting for
18 the annual depreciation of the City's infrastructure
19 can be expected to cost hundreds of millions or even
20 billions of dollars a year, and this amount is over
21 and above the ordinary maintenance expenses that the
22 City also incurs to keep the existing stock
23 operating efficiently.

24 If expected future population growth
25 materializes, and there has been a lot of discussion

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2 about that already, the City will need to invest
3 heavily to maintain its position as a national
4 leader in the provision of infrastructure services.

5 Of course, population growth does not
6 occur in a vacuum, and the question of what role
7 services play in growth is a crucial one to which I
8 now turn.

9 The ultimate goal of the large amount
10 of resources devoted to public investment is
11 improvement in the welfare of the American people.
12 At the local level, infrastructure is a key
13 dimension of the package that cities offer in the
14 competition for firms and households.

15 Perhaps not surprisingly, economist
16 research on the effects of infrastructure has
17 focused on income growth. Income and firm activity
18 are relatively easy to measure, since statistics on
19 income, output and employment are carefully
20 collected and widely available.

21 Household well-being, another hugely
22 important issue, is a much more elusive and
23 difficult-to-measure concept.

24 So, the majority of economic research
25 on infrastructure has asked the question, what

3 have on the growth of firm productivity, output and
4 employment.

5 There have been many studies over the
6 last 20 years that were designed to answer this
7 question. This research is based on the fact that
8 private companies are users of infrastructure
9 systems, like highways, water and sewer systems, et
10 cetera.

11 When these infrastructure systems are
12 expanded, companies can become more efficient, and
13 the benefits show up as more jobs in investment,
14 higher wages and higher returns on capital.

15 There is no doubt that
16 well-functioning infrastructure systems are crucial
17 to a well-functioning economy, especially in central
18 cities, but it's also clear that the US and New York
19 already has extensive public infrastructure.

20 The evidence we currently have points
21 to a conclusion that additional infrastructure
22 investments have positive effects on firms.

23 Unfortunately, it is also fair to say
24 that no consensus has emerged on the crucial issue
25 of the magnitude of these effects.

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2 Early estimates from the 1980s had
3 indicated that infrastructure's contribution to
4 firms output was approximately twice as large as
5 that of private capital, which led to concerns of a
6 severe infrastructure shortfall.

7 More recent research has resulted in
8 significantly lower estimates of the productivity of
9 infrastructure, and most economists now agree that
10 the earlier estimates were too high.

11 Studies of productivity in central
12 cities point to a conclusion that while
13 infrastructure is clearly productive, its positive
14 effects at the very local level are more than offset
15 by the cost of providing it.

16 But it is important to note that the
17 data for these studies, including my own, are often
18 dominated by declining cities, where congestion is
19 not a crucial issue. This is clearly not the case in
20 21st century New York.

21 The social barrier of infrastructure
22 as a direct contributor to household welfare has
23 received relatively little research attention, in
24 part because the quality of life is very difficult
25 to measure.

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2 But the consumption benefits of
3 public investment are likely to be very important
4 because households, just like private firms, are
5 heavy users of public infrastructure systems.

6 An example may clarify the difference
7 between productivity studies that currently dominate
8 much of the economics literature, and a more
9 comprehensive accounting of infrastructures
10 benefits.

11 Imagine that the City builds a new
12 subway line from your home to your place of work
13 that cuts your commuting time by 15 minutes each
14 way. We will arrive earlier at work each day or
15 sleep later.

16 The way economists have traditionally
17 thought about infrastructure implies that all
18 employees, all employees will chose to arrive early
19 at work, increasing the output they produce.

20 But at least some workers, maybe
21 myself included, would probably sleep a little later
22 or read the paper longer each morning.

23 This potential for increased leisure
24 will not be accurately measured in standard studies

25 of income or productivity, but still a real benefit,

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2 since it improves the well being of the individuals
3 whose homes are newly accessible.

4 Accounting for the consumption value
5 of public works is thus an important, but difficult
6 task. Few studies have undertaken the measure of
7 these consumption benefits of public investments on
8 a large scale, but some evidence is available.

9 In my own work I have estimated the
10 aggregate value that households put on public
11 investments in central cities in metropolitan areas.

12 I estimated that the present value to
13 households of increases in central city
14 infrastructure is considerably higher than the
15 comparable benefit to firms.

16 As cities, including New York, become
17 more focused on attracting a skilled and productive
18 workforce, they must recognize that infrastructure
19 services are an important part of how households
20 evaluate their options for locations.

21 While it is one thing to emphasize

22 the importance of infrastructure, it is another
23 thing to recognize that it needs to be paid for.

24 Public finance teaches us that a good
25 system of financing public goods will have three key

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2 features, many of which have been mentioned in
3 various ways already today. Those three are
4 efficiency, equity and transparency.

5 Transparency almost speaks for
6 itself. It should be easy for citizens to calculate
7 their share of the costs of public goods, and clear
8 to them what their money is going for.

9 Equity raises important issues that
10 are beyond my expertise, but I would simply
11 emphasize that there are at least two dimensions to
12 an equitable finance system: vertical, that is
13 across income and wealth groups; and horizontal,
14 that is making sure that equals are treated equally.
15 But I do have a few suggestions about efficiency.

16 An efficient public finance system
17 will ensure that those who benefit from new
18 investments will be the ones paying for it.

19 Since infrastructure goods remain in

20 place for a long time, this means that debt finance
21 is often, perhaps even usually an appropriate tool
22 for financing new capital investments.

23 This is especially important at the
24 local level, with its rapid turnover of population
25 that we've seen some evidence of today.

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2 Debt finance can help to ensure that
3 the cost of new infrastructure are not entirely
4 borne by today's taxpayers, while future generations
5 will continue to benefit from the investments.

6 That said, practical considerations
7 must also play a role, of course. For example, when
8 debt becomes very expensive, some use of
9 pay-as-you-go financing is appropriate.

10 What taxes should be used in
11 servicing this debt? Economists have long argued
12 that a land value tax offers benefits over
13 traditional forms of local taxation. And I have
14 argued that New York in particular would benefit
15 from using such a tax.

16 In addition, taxes that correct

17 another problem, for example, of reducing
18 congestion, are all attractive if they are possible
19 to implement.

20 Nonetheless, among the instruments
21 currently available, the property tax is the closest
22 match in that in the fixity and the long life of the
23 base are similar to that of public capital.

24 A final dimension of efficiency that
25 I'd like to mention is more politically difficult.

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2 An increasingly large body of
3 literature and economics indicates that central
4 cities are the engines of metropolitan growth.

5 This means that when the central city
6 does well, the tenancy is for its suburbs to prosper
7 as well, and when the City falters, suburbanites
8 also suffer.

9 Further, there is evidence that
10 infrastructure provided in central cities provides
11 benefits that spill out across jurisdictional lines
12 and into the suburbs.

13 This indicates an important role for
14 regional finance of infrastructure systems,

15 particularly those in the core of metropolitan
16 regions.

17 Even some goods which may appear
18 purely local, may be more efficiently provided
19 regionally, if they augment the efficiency of this
20 City economy.

21 Thank you again for the opportunity
22 to address you as you contemplate these important
23 issues, and I look forward to your questions.

24 MR. CRUZ: Good afternoon, already.
25 I'm Ramon Cruz from Environmental Defense Fund. I

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2 will try to be very brief and just give a summary
3 since we are probably tired, and also I have to
4 catch a train in an hour to Albany.
5 I'll just give a brief summary of
6 paper data that we released last fall with the
7 Michael Singer Studio and was presented at the Van
8 Allen Institute last November. It originated during
9 what we call the solid waste wars with its different
10 episodes, and basically the problem was the City
11 needed to desperately solve the solid waste transfer

12 crisis affecting over-burdened communities, mostly
13 in the South Bronx and Northern Brooklyn, and as you
14 remember, many neighborhoods opposed to have their
15 fair share of these facilities in what we perceive
16 as a not in my back yard syndrome or NIMBY. So, we
17 wanted to change this mentality, but given the
18 current aspect of our infrastructure, NIMBY is
19 understood. You know, nobody really wants to leave
20 by these kind of facilities.

21 And if we go back 100, 150 years ago,
22 there wasn't a sense of pride and what
23 infrastructure meant, it was a sign of progress and
24 the services that they provided were not taken for
25 granted.

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2 Now these days people take for
3 granted these facilities and also oppose, these
4 services and also oppose the facilities anywhere
5 near them, and, you know, they produce garbage but
6 they don't want to see, you know, beyond the
7 curbside.

8 So, we started some current
9 contemporary precedents of these new designs and

10 good facilities, but this is far from being the
11 norm. So, the question and the challenge is how can
12 we build these facilities beyond its primary
13 functions. How can we be creative and go beyond the
14 big bucks, and how can we make them tolerable
15 neighbors.

16 And we go in the paper through what
17 is understood, the community benefits agreement,
18 that New York City is starting to flirt with the
19 idea, there's a couple of examples, but we have a
20 lot to learn from other places and we could be way
21 more effective, as far as community benefits
22 agreements go, and also in terms of involving the
23 community.

24 And also, here we go very briefly
25 into what kind of -- how we should look at

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2 infrastructure and to take advantage of the
3 efficiency benefits, the environmental benefits and
4 social and educational benefits that we have with
5 each project. And basically we studied
6 infrastructure projects through the country and in

7 New York and I go through five different areas of
8 study. The first one, site context, looking at where
9 places are built and taking advantage of the
10 surrounding, and in each one of them we have a
11 diagram of the facilities and looking at
12 opportunities on how to improve this.

13 Then we look at energy, at how the
14 facilities use them, then public access and how to
15 interact with communities better, often again we
16 close these facilities to the public instead of
17 using them and exploiting the educational value that
18 they have.

19 Then also how they use water, a lot
20 of them water dependent. Again, now that the City is
21 going through revitalization of the waterfront, we
22 still need these municipal facilities, and so the
23 challenge is how can we still have recreational
24 facilities and mixed use areas where we can still
25 have some municipal volume, municipal uses. And

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2 finally, we also touch on architecture and
3 aesthetics. You know, there is no need for these
4 facilities to be ugly, but there is a need to,

5 again, make them better neighbors.

6 That is very short summary of the
7 paper, but you received some copies and just coming
8 from the Environmental Defense Fund, we have
9 invested a lot of time and resources pushing for
10 congestion pricing, so I cannot leave a hearing on
11 infrastructure just saying a brief note, but it has
12 been said before and through the panels, but we
13 believe that this is the only way we can ensure a
14 constant source of revenue for big infrastructure
15 projects and transportation. So, we hope that the
16 City Council acts in support of it. Thank you.

17 CHAIRPERSON GARODNICK: Thank you. And
18 thank you for this comprehensive report that you
19 also shared with us.

20 Dr. Adler. Thank you.

21 DR. ADLER: I would like to first
22 thank the Council and the members of the Task Force
23 for giving me the opportunity to appear here. Mayor
24 Bloomberg and the Department of City Planning
25 projected that in the Year 2030, New York City will

2 have 9.1 million people. This projection caught
3 attention of the media and also laypeople who are
4 now concerned about what will happen to the City if
5 it grows by nearly 1 million people.

6 I am here to tell you that when it
7 comes to physical shape of the City, the challenges
8 ahead are small. According to the US Census, and
9 this was corroborated before, basically the City
10 grew between the years 1990 to 2006 by more than the
11 projected growth. I'm sorry, I need --

12 CHAIRPERSON GARODNICK: You need help
13 with the projector here?

14 Okay, give us one second. Give us a
15 minute. Let's just take a --

16 DR. ADLER: The City grew more between
17 1990 and 2006 than since then. I must have the next
18 slide.

19 CHAIRPERSON GARODNICK: Okay. Why
20 don't you just take a break for a moment and we'll
21 have somebody help you out. Just give us a sec. Is
22 it just a matter of hitting the button on the slide?

23 DR. ADLER: Yes.

24 CHAIRPERSON GARODNICK: Okay. We're
25 going to -- Arthur Schiff is going to help you out.

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2 Just give him whatever direction he needs to have
3 here. Excellent.

4 DR. ADLER: So, as you can see, the
5 growth that we had between 1990 and 2006 is actually
6 larger than the one that is projected.

7 Three types of labor are necessary in
8 order to accommodate population growth, construction
9 workers to build the housing and infrastructure
10 required, education and health workers to provide
11 necessary services, and government workers to
12 provide the needed governmental services.

13 Next slide, please.

14 The employment indices in the figure
15 below show the changes in the labor force during the
16 Year 1990 to 2007. It is clear that the labor force
17 is flexible.

18 Between 1993 and 2007, the number of
19 construction workers increased by 46 percent. In
20 three years alone, from 1997 to 2000, the
21 construction labor force increased by 29 percent.
22 During that period 1999 and 2007, the number of
23 education and health workers increased by 50
24 percent, far exceeding the population growth of 12
25 percent and reflecting the movement of families and

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2 children into the City.

3 Only the number of government workers
4 has decreased, perhaps due to the privatization of
5 government that we see all around us.

6 You don't need to see any numbers to
7 see that the brick and mortars of New York City has
8 weathered the population growth well. The buildings
9 have wear, the parks in wealthy neighborhoods are
10 sparkling and the streets and neighborhoods that can
11 afford to pay for expensive business improvement
12 districts sparkle, too.

13 Concern about transportation is on
14 the forefront of the Mayor's agenda, and he also
15 wants to increase the number of parks in the City.
16 It is likely that future Mayors will adopt this
17 agenda as their own.

18 But the human shape of the City is a
19 different method all together. One of the questions
20 that you are discussing today is the availability of
21 a construction labor force.

22 There is little doubt that the
23 efficient construction labor force will be

24 available, and there is therefore little need for
25 the City Council to concern itself with this issue.

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2 But a lot of work is going to be necessary in order
3 to ensure that the workers who build the City are
4 able to live. I don't mean live in the City, I mean
5 live.

6 A week and a half ago Jose Palacios,
7 a 42-year-old construction worker, fell to his death
8 from a scaffold in Brooklyn. How much was he paid
9 for working on the scaffold 12 stories high?
10 Fifteen-hundred dollars a month. A man 40 years old
11 who was making \$1,500 a month cannot even support
12 himself. But Mr. Palacios has a family. As the table
13 below shows, the late Mr. Palacios's pay was not an
14 exception. The median wage of construction laborer
15 is just \$13.16 and the fact that it is the median
16 means half the workers are making less than that.

17 While history shows that the physical
18 planning of the City is a relatively easy task,
19 history also shows that setting the legal
20 infrastructure that will assure that the workers who
21 build the City can also afford to live decent lives

22 is far more difficult.

23 The legal structure of the
24 government's construction work is anti-worker and
25 highly resistant to change. Nearly one-quarter of

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2 construction output in the United States is
3 purchased by governments of all levels, federal,
4 state and local. As a result, almost one in four
5 construction workers work on projects that are
6 purchased directly by government entities.

7 These different government entities
8 also finance projects that they do not own, such as
9 low-income housing or economic development projects.

10 The proportion of construction
11 workers who work either for the government or in
12 government-financed projects is therefore higher
13 than one in four.

14 Surely, the government has a
15 responsibility to make sure the construction workers
16 who perform jobs that involve taxpayers' funds earn
17 a decent wage. By federal law, workers who work on
18 construction projects that receive U.S. government

19 funds must be paid a prevailing wage for the work.

20 It is important to know that the
21 applicability of the federal prevailing wage law is
22 determined by who funds it. A project is subject to
23 the law if it receives federal financial assistance.
24 This is very different from the way that New York
25 State, and therefore, New York City determined the

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2 applicability of the State prevailing wage law.

3 According to the relevance section of
4 the New York State law, "all laborers, workmen or
5 mechanics employed pursuant to a public works
6 contract, a contract to which the State or a public
7 benefit corporation or a municipal corporation or a
8 commission appointed pursuant to law is a party" are
9 supposed to earn the prevailing wage. But the New
10 York State Appellate Court disagreed.

11 In 1988, 20 years ago, a developer of
12 a housing project that received government subsidies
13 decided he should be exempt from paying the
14 prevailing wage.

15 The New York State Appellate Division
16 agreed with him. It explained that the test for

17 whether the law applied should be not whether the
18 project benefitted from public funds, but whether
19 the project should be owned by the government. The
20 cost logic defies common sense. The State law was
21 modeled after the federal law and in order to
22 determine what the New York Legislature intended,
23 all the court had to do is observe how the federal
24 government applies the federal law.

25 It is wrong for the court to have the

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2 last word on this issue. Twenty years after this
3 decision, the time has come to pass a new law that
4 requires that projects that receive public
5 subsidies, public land or the right to use eminent
6 domain pay the workers who bill them the prevailing
7 wage. The City Council doesn't need, by the way, the
8 law, the State law, you just have to say that that's
9 what you want.

10 But even workers on projects that are
11 subject to the prevailing wage law many times do not
12 receive the prevailing wage. This is because the
13 City does not enforce the Prevailing Wage Law. The

14 only enforcement that occurs is complaint-driven. If
15 a worker files a complaint, the Comptroller, who is
16 in charge of enforcing the law, will investigate it,
17 but the Comptroller does not have the budget or
18 staff to initiate random inspections.

19 How many inspections do they conduct?

20 Zero. It is not surprising then that the contractors
21 fail to pay their workers what they are owed.

22 Perhaps the biggest case of underpayment under the
23 prevailing wage law that has yet been uncovered in
24 New York City was in the contract for the Housing
25 Authority. This lasted between 2000 and 2004, over a

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2 period of five years, workers were underpaid by six
3 and a half million dollars. This violation was
4 discovered not by NYCHA or the Comptroller but by
5 two unions and their respective contractors. The
6 fact that the violation festered for so long is a
7 direct result of the lack of inspections.

8 As early as 2001, the newsletter of
9 the tenants of the NYCHA warned that because NYCHA
10 does not investigate compliance with the prevailing
11 wage law on the site, violations can go undetected.

12 While there is no way of knowing
13 precisely how often eligible workers are not paid
14 the prevailing wage, there is evidence that the
15 abuse is widespread.

16 The table below shows wages in the
17 construction industry as reported by workers and as
18 reported by their employers. The gap between what
19 workers are getting paid and what employers say they
20 pay them is large.

21 One reason for the gap is probably
22 that employers were subject to the Prevailing Wage
23 Law overstate the wages they pay. They have an
24 incentive to do so to appear in compliance with the
25 law.

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2 In conclusion, the government is a
3 major funder of the construction industry and it is
4 its duty to assure that developers who receive
5 public funds do not exploit their workers. To
6 achieve these goals, first New York State law should
7 require that any developer who receives government
8 money pay her workers the prevailing wage.

9 Enforcement is equally important.

10 Recommendations of how to do that are
11 contained in a study that I'll be happy to
12 distribute. I have it with me.

13 I just want to say one comment that I
14 didn't say here. I mean, the Council is free to put
15 its own requirement on HPD and any other City agency
16 that quotes construction jobs and demand a
17 prevailing wage, you don't have to wait for the
18 State law.

19 CHAIRPERSON GARODNICK: Thank you.
20 Thank you, Dr. Adler.

21 Just one comment, and observation
22 from this panel, and then I think we are going to
23 defer our questions because of the late hour of the
24 day. We have one or two more people who wish to
25 offer testimony today. It was interesting to hear

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2 the comments from a couple of you; one, that our
3 infrastructure concerns are not necessarily --, they
4 don't need to necessarily focus on the fact that
5 we're having the population growth, because the
6 infrastructure concerns are there regardless, and I

4 questions on these, and we just want to thank you
5 for your testimony today, all of you, and appreciate
6 your being here.

7 And, so, with that, we're going to go
8 to our next and final panel, which is Roland Lewis
9 of the Metropolitan Waterfront Alliance, who it
10 appears has left, and Hope Cohen of the Manhattan
11 Institute Center for Rethinking Development.

12 So, Ms. Cohen, if you could just join
13 us, and you will be the final word today, and of
14 course, Ms. Cohen is the author of the report that
15 we referenced earlier today on the subject of
16 environmental impact statements and review.

17 So, Ms. Cohen, please go right ahead.

18 MS. COHEN: I wasn't on the agenda and
19 so I appreciate you making time for me. I will be
20 very brief. As you note, my Handbook on
21 Environmental Review is mentioned by an earlier
22 panel with regard to affordable housing, and I'll
23 say something about that in a moment. But I wanted
24 to step back a level and talk about zoning and
25 planning for infrastructure in general, because I

2 don't think anybody today has done that.

3 Most of New York City's zoning still
4 dates back to 1961, the last great overhaul of the
5 zoning resolution. The Bloomberg Administration has
6 done more rezoning than all other -- any other
7 single Mayoral Administrations, they've rezoned
8 one-sixth of the City's land mass, but that still
9 leaves five-sixths that essentially dates back to
10 1961.

11 When the government has a project, or
12 when -- any project, or when government funds are
13 used, or as we'll say in a moment, when there is a
14 private project that requires discretionary
15 approvals by the government, environmental review
16 requirements are kicked off. So, that, for the major
17 rezoning that we've seen during the Bloomberg
18 Administration, there have been environmental
19 reviews that include planning for infrastructure
20 needs within the area of that zone.

21 However, keep in mind that
22 five-sixths of the City's land mass has not been
23 rezoned during this period, and there was no similar
24 requirement back in 1961. So, the existing
25 underlying zoning for most of the City still has

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2 never actually gone through this process.

3 So, I think it's worth asking,
4 because it goes to your, I think underlying question
5 for the task force about as-of-right development. It
6 is worth asking whether some kind of comprehensive
7 City-led planning for essentially five-sixths of the
8 City's land mass is long overdue.

9 That's not to say that individual
10 developers doing as of right should do that. That's
11 to say that it should be a Citywide responsibility
12 as we look at what our infrastructure is, and
13 whether there is population growth or not, and it
14 still needs to be examined. Our stuff is crumbling,
15 and even in the case that it's not crumbling, our
16 use patterns are different today than they were in
17 the past.

18 For example, power is the most
19 extreme example that we use in our regular lives and
20 office lives, much more power than we used to. Even
21 without population growth.

22 So, I would submit that, that there
23 is something about the overall planning for the rest
24 of the City, that hasn't had to go through any
25 change that's worth doing.

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2 The second thing I would say is that
3 relates to that is that as of right is as of right.
4 Private developers should have an expectation that
5 when they're doing something that is according to
6 something that has been already put in place as
7 underlying zoning, that their costs should be
8 predictable and so forth and so on and they
9 shouldn't have this added burden. But we have to
10 understand what the implications existing as of
11 right are.

12 The Environmental Review Handbook
13 puts out some suggestions, recommendations for
14 streamlining and refocusing the City's
15 implementation of the State Environmental Quality
16 Review Act. That's the CEQR the City's version. The
17 implementation is called CEQR. It adds a number of
18 additional burdens in certain ways to the State
19 requirements.

20 It was put in place basically through
21 an executive order of 1977 and also through City
22 Planning, the CEQR Technical Manual, as a kind of
23 set of regulations and guidelines, written as

24 comprehensively as possible, and, frankly, actually
25 written by what is now the leading consultant,

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2 environmental review consultant Citywide. Actually,
3 we did that as a contract to the City Planning
4 Department.

5 So, it is written to make it as
6 comprehensive as possible. My recommendations are to
7 filter a number of small things out of the process,
8 in part because it delays them and adds extra
9 expense, also in part to relieve some of the
10 resource constraints at the Department of City
11 Planning and other agencies that have to review
12 these documents so that we could then redirect those
13 resources to projects that actually need that kind
14 of attention.

15 Finally, it recommends that we do
16 something about enforcing the mitigation proposals
17 that are made and approved during that process.

18 Basically, the environmental review
19 process is a disclosure process only. That's the
20 legal requirement and that's the basis on which

21 lawsuits are filed and defended with the result that
22 we have kind of an arms race between the proponents
23 of a project and the opponents to make the biggest
24 possible environmental review that encompasses
25 everything so that you won't be caught up on not

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2 including something and get sued, but on the other
3 hand, it will also mean that it's harder and harder
4 to find that needle in the haystack that's really
5 important to the community. So, it's something that
6 does need to be mitigated.

7 The second part of that environmental
8 review is that when a negative impact is identified,
9 the proponent, the applicant needs to recommend a
10 mitigation for that, some way to offset that
11 negative impact on the environment, and the classic
12 example is traffic signal retimings, but it could be
13 anything from adding a subway stair to building
14 school classrooms and so forth.

15 Those are recommendations. The key
16 thing to know there is that there is actually no
17 requirement either on the applicant or on any level
18 of government to deliver those mitigations, and I

19 think that that is a key challenge for I hope this
20 task force, to figure out what that mechanism needs
21 to be.

22 Because right now we have a set of
23 recommendations and actually nothing coming out of
24 it. And I just wanted to point out environmental
25 review as right now a burdensome and pointless, in

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2 some ways, exercise, but one that could be
3 redirected to be actually a useful tool and one I
4 think useful in this forum.

5 I just wanted to add one more thing.
6 It's about that affordable housing question, because
7 that specifically was mentioned before.

8 There are a couple of instances. This
9 is the most dramatic of kind of counterproductive,
10 unintended consequences of the Environmental Review
11 Law, and that is that, remember, one of the triggers
12 for environmental review is the use of government
13 funds so that the same project in terms of density
14 and size and so forth and so on, if it fits and it's
15 as of right and it does not have government funds is

16 market rate will not trigger the environmental
17 review project.

18 The very same project, if it receives
19 government funds, triggers that environmental review
20 process, which adds time and expense and therefore,
21 you know, encourages developers to go the market,
22 yet another encouragement for developers to go a
23 market rate, rather than a subsidized route.

24 I would note that in municipalities
25 outside New York City, in Westchester, for example,

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2 this is often used by neighbors in kind of
3 NIMBY-esque ways to keep out subsidized housing.
4 They actually used the environmental review to do
5 that.

6 To do this most effectively, that
7 would be a change in State Law, because most of the
8 subsidies come at a State level, but there are some
9 subsidies that are at a City level, and anything at
10 a City level is within the City's jurisdiction to
11 fix.

12 CHAIRPERSON GARODNICK: Thank you. We
13 appreciate that. And it was a perfect last word for

14 us today, because as we pointed out throughout the
15 course of the hearing today, obviously we're
16 familiar with what you wrote on the subject of
17 environmental review, and it also does permeate
18 everything that we're talking about, which is how do
19 you deal with all of the things that are going up
20 out there, and as you correctly pointed out, the
21 environmental review process requires disclosure,
22 and while it requires proposed steps, nothing
23 actually needs to happen as a result of any of that,
24 and the question of whether the City is sustainable
25 when that is the case, the environmental review

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2 process doesn't specifically require anybody to do
3 anything, is a real question, and one which I think
4 we will want to pursue with you further down the
5 line.

6 So, we thank you for your presence
7 here today. Did you have any final words here?

8 CHAIRPERSON JAMES: No, I just would
9 like to have a private discussion with you. You
10 raise some very serious issues with regards to the

11 failure to deliver mitigation and environmental
12 review statements. And, so, I know time is against
13 us, and so we'll talk later.

14 MS. COHEN: Okay, I look forward to
15 it.

16 CHAIRPERSON GARODNICK: Thank you. And
17 let me just recognize there is a whole lot of staff
18 members, who I will not name individually, but who
19 participated in this, in the preparation for this
20 hearing. We want to thank them for everything that
21 they did to make this happen.

22 We also were joined by Council Member
23 Monserrate and Council Member Nelson, as
24 participants today, and we wanted to recognize their
25 being here. And with that, we are going to conclude

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2 this very first forum of the infrastructure task
3 force of the New York City Council.

4 Thank you, everybody.

5 (Hearing concluded at 2:00 p.m.)

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CERTIFICATION

STATE OF NEW YORK)

6 COUNTY OF NEW YORK)

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9 I, CINDY MILLELOT, a Certified
10 Shorthand Reporter, do hereby certify that the
11 foregoing is a true and accurate transcript of the
12 within proceeding.

13 I further certify that I am not
14 related to any of the parties to this action by
15 blood or marriage, and that I am in no way
16 interested in the outcome of this matter.

17 IN WITNESS WHEREOF, I have hereunto
18 set my hand this 15th day of February 2008.

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CINDY MILLELOT, CSR.

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C E R T I F I C A T I O N

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I, CINDY MILLELOT, a Certified Shorthand
Reporter and a Notary Public in and for the State of
New York, do hereby certify the aforesaid to be a
true and accurate copy of the transcription of the
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