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The Voice of Long Island's Highway & Infrastructure Professionals

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**Testimony before the State of the New York Division of the Budget
Regarding the 2008-09 Budget
H. Lee Dennison County Office Building
100 Veterans Memorial Highway
Hauppauge, NY 11788
Friday, November 30, 2007, 10:00am**

Good morning, Director Francis and members of the panel. My name is Marc Herbst. I am the executive director of the Long Island Contractors' Association, Inc. (LICA). LICA is pleased to offer our testimony regarding the State of New York's 2008-09 fiscal budget concerns.

The Long Island Contractors' Association, Inc. (LICA) applauds your efforts to develop a 2008-2009 New York State Budget that sets realistic fiscal and policy priorities to improve our state's economic stability. Your staff has identified a projected budget gap in the upcoming fiscal cycle. We support your determination to identify responsible ways to enact fiscal controls to address this pending situation. LICA is pleased that your approach includes a review of fiscal investments that will help spur the economic growth throughout the state.

As you know, LICA represents the interests of over a hundred of Long Island's premier heavy construction general contractors, subcontractors, suppliers and industry supporters. Focused primarily in the transportation infrastructure construction industry, such as highways, bridges, sewers and other public works, LICA's member companies play a significant role in the economic vitality of Nassau and Suffolk Counties.

LICA firmly believes that the movement of goods, services and people serves as the foundation of our economic prosperity. Throughout history, a safe, reliable, efficient infrastructure has indeed been the foundation of all successful economies. This fact was recognized by ancient leaders of great dynasties in places like China and Rome. This truth remains today. In Minnesota, California and Louisiana and Mississippi we have recently seen the catastrophic impact on regional economies when public infrastructure is disrupted. We cannot lose sight of this important fact and we ask that you keep this matter in the forefront as you continue to deliberate the state's fiscal plan.

Here on Long Island the economic impact of the highway and infrastructure industry is \$3.8 billion. Our industry is among the region's largest, one which accounts for more than 3.5% of Long Island's \$110 billion Gross Regional Product.

Nonetheless, while our industry serves as the foundation and a significant economic engine, the State's annual commitment to the Long Island economy and our industry has decreased. The state's Department of Transportation's average annual Capital Program spending in our region has dropped to \$224 million — \$23 million less than the previous Capital Program provided. Compounding this reduction, our industry has faced exorbitant inflationary cost increases for materials. While you can't control the cost of raw materials, you can restore Long Island's rightful share of the Capital Program.

We contend that the reduction of infrastructure investment was sparked partially when the New York Department of Transportation (DOT), as the DOT Commissioner has recently testified before your panel, abandoned its traditional 12-year highway re-paving cycle, thereby dropping New York to 48th in ranking among all states in smooth pavement conditions, according to the Federal Highway Administration. This change of policy has contributed to DOT no longer holding the largest highway and infrastructure market share on Long Island, as the department had prior to 1998. The department's market position has dropped to third, behind the counties and towns. This must change.

In addition to maintaining and enhancing the highway, transit and bridge infrastructure, Long Island's economic well-being requires significant resources dedicated to the region's most pressing needs – affordable housing, downtown revitalization and environmental protection.

The State can play an important role in solving these problems by increasing its contribution to upgrading and expanding local and regional wastewater treatment systems.

As you develop your new budget, we hope you will send a strong and clear signal to the people of New York State that you will use your influence to protect individuals and communities by increasing funding for transportation infrastructure and sewer funding.

Thank you for your continued commitment to Long Island's pressing economic needs. We look forward to continuing our support of your efforts.



The Voice of Long Island's Highway & Infrastructure Professionals



Marc Herbst was appointed as the Executive Director of the Long Island Contractors' Association, Inc. (LICA) in September 2006. As the association's chief executive officer he is responsible for the daily administration of programs and services offered to its members and the public. Mr. Herbst also serves as Vice President of the New York Roadway Improvement Coalition (NYRIC) and a member of Council of State Executives for the American Road and Transportation Builders Association (ARTBA).

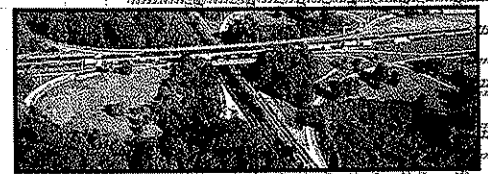
Mr. Herbst joined the association after serving the New York State Thruway Authority as its Director of Transportation Planning and Environmental Services. In that position he also served as the Executive Project Manager for a planning study to replace the Tappan Zee Bridge between Rockland and Westchester Counties, immediately north of New York City.

While representing part of Long Island in the New York State Legislature for five terms, former Assemblyman Herbst concentrated his efforts in his field of expertise, serving as the ranking member of the Assembly Transportation Committee. He also served as a member of the Metropolitan Transportation Authority's Capital Review Board and as a member of the Long Island Commission on Critical Transportation Choices. During his public service, he worked tirelessly to ensure the need for a safe and economically viable infrastructure to assist our communities.

Herbst, who holds a Master's of Science degree in Transportation Planning and Engineering from Polytechnic University, Brooklyn, began his career working in the highway construction and maintenance field.

LICA NEWS

Long Island Contractors' Association



OCT./NOV.
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The Voice of Long Island's
Highway & Infrastructure Professionals

The Long Island Contractors' Association, Inc. (LICA) represents more than 100 of our region's heavy construction general contractors, subcontractors, suppliers and industry supporters. Focused primarily on the outdoor construction industry such as highways and other public works, LICA members play a significant role in Long Island's economic vitality.

LICA's services include:

- ◆ Maintaining industry standards
- ◆ Supporting ethical conduct
- ◆ Promoting safety on the job
- ◆ Advocating for increased funding of public infrastructure projects
- ◆ Engaging in labor negotiations and contract enforcement
- ◆ Monitoring state and local regulatory actions
- ◆ Performing legislative lobbying
- ◆ Arranging and administering safety training programs
- ◆ Coordinating industry networking opportunities
- ◆ Interacting with other industry and business organizations
- ◆ Providing timely industry news and information

Economic Study Shows Contracting Industry Strong but Governments Lagging in Funding Safe Roads

An in-depth economic study commissioned by the Long Island Contractors' Association shows that the highway and infrastructure industry is one of Long Island's largest, with an annual impact of \$3.8 billion and generating 25,800 direct and indirect jobs.

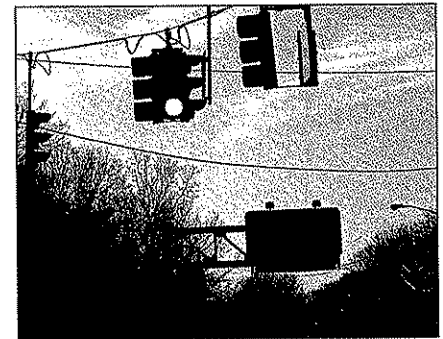
But the study also analyzed state and local government spending and found that most governments were spending less on roads in 2005 than they were in 1998, after adjustment for inflation and usage.

LICA Chairman Jim Pratt said, "The members of the Long Island Contractors' Association play a vital role in two major areas on Long Island: advocating for safer roads and bridges for our citizens and serving as an engine of economic growth for our regional economy. This study by Dr. Thomas Conoscenti, an economist at New York University, provides a blueprint for growth within our industry and in working with our governmental partners."

To provide an "apples to apples" comparison, Dr. Conoscenti identified the number of lane-miles of road in each jurisdiction and computed how much each government was spending per lane-mile. (A lane-mile is one mile of road multiplied by the number of lanes it contains.)

Since spending per lane-mile of road would obviously vary depending on usage, the number of motor vehicle registrations in each jurisdiction, along with inflation, was used to calculate the real spending per mile.

Using this yardstick, New York State roadways on Long Island were the most seriously under-funded — 58 percent less than what was spent in 1998. In 1998 the state spent \$55,193 per lane-mile, dropping to just \$22,975 in 2005.



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In Nassau County, the County, the City of Long Beach and every town spent less at the end of the seven-year period. Only the City of Glen Cove was in the positive column, with an increase of 24 percent. The biggest declines were Nassau County, down 22 percent; North Hempstead Town, down 50 percent; Hempstead Town, down 40 percent; and Long Beach, down 60 percent.

Suffolk County's governments fared somewhat better with five towns showing slight increases and five showing declines. Suffolk County spent 5 percent less at the end of the period, and the towns of East Hampton, Islip, Huntington, Riverhead and Smithtown all showed drop-offs in spending. The town that invested the most in safe roads was the Town of Babylon, with a 37 percent increase, the highest on Long Island.

Marc Herbst, LICA executive director, said, "These numbers represent a grim reality: Our state, our counties and most of our towns need to do more to ensure that the residents have safe roads to drive on. These governments are failing to live up to one of the most important precepts of government: to protect the health and safety of its residents."

"Investing in safer roads and bridges not only provides better conditions for motorists, it also serves to give the regional economy a significant boost," said Paul Farino, LICA treasurer. "Annual spending of \$3.8 billion represents more than 3.5 percent of Long Island's \$110-billion Gross Regional Product."

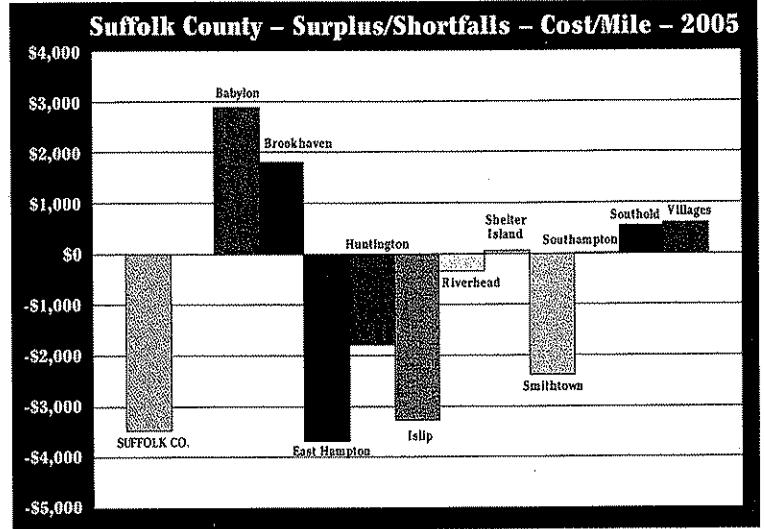
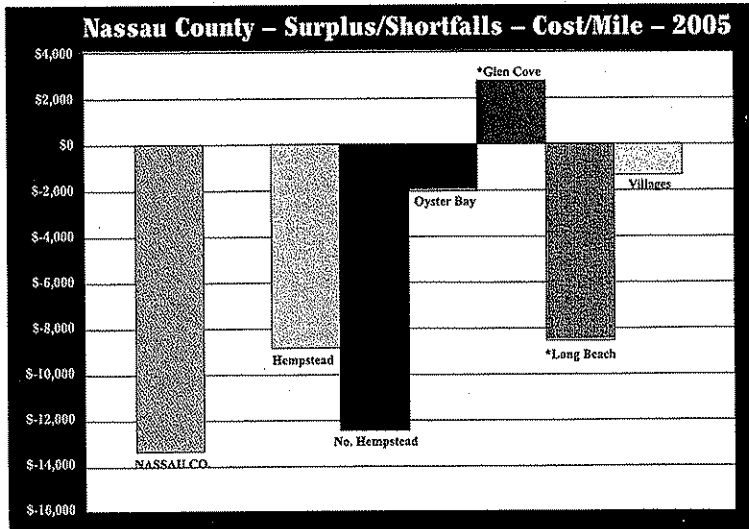
Spending per Mile, Adjusted for Inflation and Usage — 1998 vs. 2005

	\$/Mile		% Ch.	Inflation ADJ.		% Ch.	Total ADJ.	% Ch.	+/- \$ over 1998
	1998	2005		1998	2005				
NYS	55,193	40,280	-27.0	55,193	29,837	-45.9	\$22,975	-58.4	-32,219
Nassau Co	59,177	80,361	35.8	59,177	59,527	0.6	\$45,836	-22.5	-13,342
Hempstead	21,594	22,371	3.6	21,594	16,571	-23.3	\$12,760	-40.9	-8,834
No. Hempstead	24,535	21,215	-13.5	24,535	15,715	-36.0	\$12,100	-50.7	-12,435
Oyster Bay	16,618	25,564	53.8	16,618	18,937	14.0	\$14,581	-12.3	-2,037
*Glen Cove	11,079	24,222	118.6	11,079	17,942	61.9	\$13,816	24.7	2,736
*Long Beach	14,033	9,640	-31.3	14,033	7,141	-49.1	\$ 5,499	-60.8	-8,535
Villages	13,337	21,032	57.7	13,337	15,579	16.8	\$11,996	-10.1	-1,341
Suffolk Co.	63,711	105,611	65.8	63,711	78,231	22.8	\$60,238	-5.5	-3,473
Babylon	7,740	18,619	140.6	7,740	13,792	78.2	\$10,620	37.2	2,880
Brookhaven	8,907	18,775	110.8	8,907	13,908	56.1	\$10,709	20.2	1,802
East Hampton	11,025	12,866	16.7	11,025	9,531	-13.6	\$ 7,339	-33.4	-3,686
Huntington	12,825	19,356	50.9	12,825	14,338	11.8	\$11,040	-13.9	-1,785
Islip	13,425	17,819	32.7	13,425	13,199	-1.7	\$10,163	-24.3	-3,262
Riverhead	9,439	15,956	69.0	9,439	11,819	25.2	\$ 9,101	-3.6	-338
Shelter Island	8,149	14,405	76.8	8,149	10,670	30.9	\$ 8,216	0.8	67
Smithtown	14,392	21,059	46.3	14,392	15,599	8.4	\$12,011	-16.5	-2,381
Southampton	7,325	12,871	75.7	7,325	9,534	30.2	\$ 7,341	0.2	16
Southold	11,197	20,584	83.8	11,197	15,247	36.2	\$11,741	4.9	543
Villages	9,233	17,259	86.9	9,233	12,784	38.5	\$ 9,844	6.6	611

He added, "That spending not only maintains about 28,000 lane-miles of road in Nassau and Suffolk counties, it also means direct employment of about 7,000 people with an average wage of \$55,000 and the creation of about 25,000 jobs in combined direct and indirect employment.

"With a recession looming next year, investing in safe highways and roads may just be the best thing state and local governments can do to help stave off the worst part of a recession: unemployment."

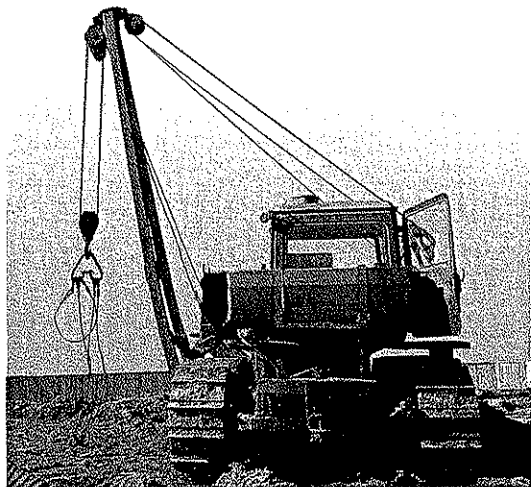
"Good highways and safe highways are good government," said Pratt. "And LICA will be working closely with state and local governments to ensure that they understand that and act to protect their citizens." ♦♦♦



New LICA Intern



Jessica Marino, a student at Dowling College where she is majoring in Communications Arts and Media Services, has been selected for an internship with LICA. She will be working out of the LICA office until she graduates in December. She is receiving practical experience designing and producing LICA's 2008 Membership Guide and Resource Directory.



Long Island Contractors' Association, Inc. 2007-2008 CALENDAR OF EVENTS		
Mon. November 12 th		Veteran's Day — holiday*
Thurs. November 22 nd		Thanksgiving Day — holiday*
Fri. November 23 rd		Office Closed*
* Thurs. November 29th	8 a.m. - 9:30 a.m.	LICA Executive Breakfast Briefing by LIRR President Helena Williams on Third Track Project, The Carlton at Eisenhower Park, East Meadow
* Tues. December 6th	6 p.m. - 11 p.m.	Holiday Party, Babylon Carriage House
Thurs. December 20 th	10 a.m. - 12 p.m.	LICA Board of Directors
Tues. December 25 th		Christmas Day — holiday*
Tues. January 1 st		New Year's Day — holiday*
Thurs. January 17 th	8 a.m. - 4 p.m.	LICA Safety Seminar, Marriott Residence Inn, Plainview
Mon. January 21 st		Martin Luther King, Jr. Day — holiday*
Tues. January 22 nd	6 p.m. - 8 p.m.	NYRIC State Legislative Reception LeSerre Restaurant, Albany
Tues. February 12 th		Lincoln's Birthday — holiday*
Mon. February 18 th		President's Day — holiday*
Thurs. February 21 st	10 a.m. - 12 p.m.	LICA Board of Directors
Thurs. February 28 th	8 a.m. - 10 a.m.	LICA Suffolk Governments Breakfast Radisson Hotel, Holtsville
Thurs. March 6 th	6 p.m. - 10 p.m.	LICA Annual Meeting Fox Hollow Restaurant, Woodbury
Sun. March 9 th — Sat. March 15 th		LICA Winter Conference and CONEXPO-CON/AGG 2008 with LICA Reception, Las Vegas, NV
Fri. March 21 st		Good Friday — holiday*
Sun. March 23 rd		Easter — holiday*
Tues. April 15 th	6 p.m. - 8 p.m.	NYRIC Federal Legislative Reception, Washington, DC
Thurs. April 17 th	8 a.m. - 10 a.m.	LICA Nassau Governments Breakfast Marriott Hotel, Uniondale
Thurs. April 17 th	10 a.m. - 12 p.m.	LICA Board of Directors
Tues. May 13 th	8 a.m. - 9 p.m.	LICA Annual Golf Outing Oyster Bay GC, Woodbury & Huntington CC
Mon. May 19 th — Wed. May 21 st		ARTBA/Trans. Construction Coalition Fly-in Hyatt Regency Washington, Washington, DC
Mon. May 26 th		Memorial Day — holiday*

**Please refer to labor agreements for applicable rules and regulations*



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Suffolk to Spend \$36 Million to Improve Roads, Bridges



Suffolk County Executive Steve Levy recently signed legislation from the Suffolk County Legislature that would authorize spending approximately \$36 million for roads and bridges in the towns of Babylon, Brookhaven, Islip, Smithtown and Southampton.

The projects include improvements to the Wellwood Avenue Bridge over the Southern State Parkway in Babylon; Bay Shore Road from Sunrise Highway to Route 231; Smithtown Boulevard at Rosevale Avenue; Nicolls Road; Patchogue-Mount Sinai Road; Montauk Highway in East Patchogue between Route 112 and Sills Road; and Montauk Highway in Brookhaven and Southampton.

LICA Chairman Jim Pratt said, "We welcome these sound investments in the safety of our roads and in the well-being of future generations and hope that they continue until the day that Suffolk County boasts of the best and safest roads in New York State."



SEN. FLANAGAN VISITS --
Sen. John Flanagan (R-East Northport) recently visited the Kings Park Industries site in Kings Park to become more familiar with the operations and the role they play in helping government and the heavy construction industry build reliable and safe roads and bridges. L-R: Marc Herbst, LICA executive director; Paul Farino, LICA secretary/treasurer; Flanagan and Jack Farino, vice president of Kings Park Industries.

(Photo by Edward T. Cox)