

Governor Hochul issued her first State of the State address in the Assembly Chamber on January 6th. After listening to the speech, and reviewing the Governor’s briefing book, ECA’s legislative consultant, Park Strategies, has identified proposals of interest to the construction industry and pulled the following sections from the Governor’s briefing book for ease of review and use.

SPECIFIC CONSTRUCTION PROJECTS:

Complete the Albany Skyway

Consistent with the Governor’s priority to revitalize downtowns, reconnect communities, and enhance mobility alternatives, the NYSDOT has completed construction of the Albany Skyway. The Albany Skyway converted an underutilized interstate exit ramp (I-787 to Clinton Street) into an iconic linear park with a landscape promenade, event spaces, and an accessible shared-use path. The new Albany Skyway provides critical connections between Downtown Albany, the Arbor Hill and Sheridan Hollow neighborhoods, Albany’s warehouse district, and Albany Riverfront Park at the Corning Preserve.

Replace the Livingston Avenue Railroad Bridge in Albany

The Livingston Avenue Bridge provides a critical link for passenger rail service from the Northeast Corridor to Albany-Rensselaer. The rail bridge has deteriorated to the point where the current structure limits trains crossing to one at a time and at speeds of 15 miles per hour. The movable swing bridge mechanisms are failing, and the structure has not been closing properly. The project will replace the existing, Civil War-era bridge with a new, modern structure capable of supporting higher-speed passenger rail, freight rail, maritime transport, and bicycle-pedestrian access.

Renew and Modernize Our State’s Roads and Bridges

The primary objectives of our state’s integrated network of roads and bridges are to support and enhance safety, mobility, and economic competitiveness. In recent years, our transportation infrastructure has been subject to the increasing frequency of extreme weather conditions, caused by climate change, that have resulted in closures, damages, and destruction to the system. To mitigate the impacts of climate change and the increased intensity and frequency of extreme weather on our roads and bridges, the State will prioritize investments in infrastructure resilience.

Governor Hochul is enhancing the funding for the state and local “PAVE NY” programs by an additional \$1 billion, and is directing that actions be taken to reduce embedded carbon through project delivery. The Governor will also increase the statewide “Bridge NY” program by an additional \$1 billion in the next five-year capital plan, which will serve to rehabilitate or replace structures that are susceptible to recurring flooding or foundation scour.

Rebuild the Wadsworth Center in Albany into a World-Class Campus

The Wadsworth Center in Albany, a public health research laboratory of the New York State Department of Health (DOH), played an essential role in helping New York battle COVID-19. New York State is committed to supporting the rebuilding of this Center, ensuring that these vital DOH facilities can prepare to fight future public health challenges on behalf of New Yorkers. The Dormitory Authority of the State of New York (DASNY) is currently updating the plans to reflect lessons learned from the COVID-19 pandemic.

LABOR PROVISIONS:

Protect and Strengthen Workers’ Rights

To ensure that our state’s economic growth and recovery lifts up all workers, Governor Hochul has an action plan to protect working New Yorkers:

• Ban Agreements That Limit Workers’ Ability to Move and Work Freely:

Governor Hochul will propose legislation to eliminate non-compete agreements for workers making below the median wage in New York State and to explicitly ban all “no-poach” agreements under State antitrust law.

• Increase Criminal Penalties for Employers Who Commit Wage Theft: Governor Hochul will propose legislation to increase criminal penalties for employers who knowingly or intentionally commit wage theft violations to more closely align with penalties for other forms of theft — because wage theft is theft.

- **Modernize How Workers File Labor Law Claims to Be More Accessible to Today's Workforce:** DOL will improve the process for workers to make complaints about unpaid wages, discrimination, failure to provide State[1]mandated leave, and other violations of the labor law.

MWBE PROVISIONS

Invest in Faster MWBE Certifications and Address the Backlog in Pending Certifications

Due to a lack of resources and investment in the MWBE Program, for years the program has consistently received more applications than it was able to process, resulting in increased wait times for certification applicants. As a result, MWBEs awaiting certification miss out on opportunities in the awarding of ongoing state contracts and major new state projects. To address this problem, Governor Hochul will fund and direct Empire State Development (ESD) to expand its MWBE Division workforce dedicated to processing new and renewal applications, ensuring an adequate number of staff to both handle new incoming applications and prevent an additional backlog of applications from accruing. In addition, to address the backlog of existing applications, ESD will secure a third party to help the MWBE Division more rapidly address older applications, and ensure all pending applications are responded to efficiently. Going forward, these new investments — alongside upgrades to certification technology already underway — will result in decreasing applicant wait times and certifying qualified businesses in a timely manner.

Establish a Faster, Dedicated MWBE Appeals Unit to Address the Backlog in Appeals

In conjunction with the efforts to streamline and support the certification process, ESD will also establish a new unit dedicated exclusively to processing administrative appeals, including challenges to the denial of MWBE certification. This action will allocate staff and resources to clear the existing backlog of pending administrative appeals, while also retaining sufficient staff to handle incoming appeals in a more timely manner.

Promote Equal Access to Reduced-Rate Loans for MWBE Businesses

The Linked Deposit Program helps existing New York State firms obtain reduced rate financing to make borrowing less expensive. Eligible businesses can obtain loans from commercial banks, savings banks, savings and loan associations, farm credit institutions, and Pursuit (formerly the New York Business Development Corporation). But while Linked Deposit is an essential economic development tool that has supported thousands of New York State businesses, there is a troubling lack of MWBE participation within the program. Of the \$2 billion in Linked Deposit participation, only \$116.5 million — or less than 6 percent¹⁸³ — has gone to MWBEs in New York State. Governor Hochul will expand eligibility under the existing Linked Deposit program to include Community Development Financial Institutions (CDFIs), increasing access to reduced-rate loans for small businesses, including MWBEs. This new action will enable more small businesses such as MWBEs, who often bank with CDFIs, to access the Linked Deposit Program funding that has helped so many other New York businesses expand their markets and develop new products.

WORKFORCE PROVISIONS:

Overhaul the State's Workforce Development Efforts to Focus on Region-Specific Employment Needs

To meet the needs of workers and businesses, Governor Hochul will create the Office of Workforce and Economic Development to drive workforce development across the state. This effort will be managed by ESD and run through the State's REDCs, in conjunction with DOL, SUNY, and CUNY. The new Office will leverage ESD's relationships with employers throughout the state, and leverage ESD's standing as a trusted partner in the business community to help identify employer needs early and train New Yorkers to meet these needs.

Enable Voluntary, Private-Sector, In-Prison Employment Opportunities that Pay a Good Wage

Governor Hochul will propose to amend the New York State Constitution to allow public-private partnerships that would enable hybrid work-release programs within prisons, creating private-sector engagements that provide critical job skills to incarcerated individuals, making re-entry more successful and expanding job opportunities. All in-prison work opportunities arising from these partnerships would be voluntary and all work would pay good wages. DOCCS will explore programs to encourage savings and financial literacy in conjunction with these opportunities.

Expand Vocational, Job Readiness, and Re-Entry Programs

To strengthen existing career programs, Governor Hochul will direct DOCCS to assess current vocational programming to determine appropriate standards and ensure that offerings equip incarcerated individuals with the

skills they need to meet the demands of the current job market when they return to the community. Furthermore, building on the success of a vocational program for automotive technicians, Governor Hochul will also direct DOCCS to launch a vocational program to train incarcerated individuals to obtain commercial driver's licenses. Finally, Governor Hochul will take further steps to expand job-readiness and re-entry support, including expanding the Re-entry Computer Lab pilot to an additional five work-release facilities, and expanding the Work for Success Initiative — a collaboration between DOCCS and DOL — to provide formerly incarcerated individuals with job training and referrals.

ECONOMIC DEVELOPMENT PROVISIONS:

Revitalize and Spur Economic Growth Across Downtowns

Governor Hochul is committed to reviving New York State's downtowns, large and small, and recognizes that the strength of the State lies in its partnerships with local governments. By working together to create economically, socially, and environmentally healthy community centers through downtown revitalization, we can make life better for New Yorkers and help secure the long-term well-being of the state. To further revitalize our communities, Governor Hochul is proposing a sixth round of the Downtown Revitalization Initiative (DRI), a cornerstone of the State's economic development policy, which transforms downtown neighborhoods into vibrant centers of activity that offer a high quality of life and attract redevelopment, businesses, jobs, and economic and housing diversity. To support efficient execution of these projects, the communities will have the option to utilize DASNY's planning, design, procurement, construction, and closeout management services.

Revitalize and Spur Economic Growth Across Small Rural Communities

Governor Hochul knows the value of hamlets and villages as the connection that ties our rural communities together. The successful DRI demonstrates that New York State's plan-then-build approach to downtown revitalization works, but more needs to be done to revitalize the burgeoning hamlets and villages of the state. To support a more equitable recovery across New York's rural communities, the State will create and invest in the NY Forward program, designed to advance the renaissance of our smaller downtowns. New York's hamlets and villages serve as commercial and social centers, and support our agricultural, recreational, and tourism economies. They too have suffered from the remnants of obsolete industries and aging infrastructure, failed urban renewal, and a lack of modern housing. Recognizing the distinct needs of smaller communities and their niche historical and cultural assets, NY Forward will provide a streamlined plan-to-implement process tailored to more rural and smaller communities. Like the DRI program, NY Forward communities will be selected in partnership with the Regional Economic Development Councils (REDCs), and the Department of State (DOS) will lead the community through an abbreviated planning process to develop a slate of readily implementable projects. The State's investment in shovel-ready projects that demonstrate their ability to accelerate revitalization will strengthen the competitiveness of future community projects, overcoming barriers and closing the gap between the trajectory of New York State's small communities and larger urban centers.

Make Strategic Shovel-Ready Investments for High-Growth Tech Sites

New York State has been successful in attracting large private-sector employers, such as GLOBALFOUNDRIES, Wolfspeed (Cree), Alstom, Barilla, Regeneron Pharmaceuticals, and Plug Power, thanks to investments in long-term infrastructure and site-readiness. But more investment is needed to maintain job-creating, business-expansion opportunities. Additionally, there is a shortage of shovel-ready sites around the country, making the need for New York to invest in sites greater than ever, with billions of dollars in federal infrastructure investment in the pipeline. To jumpstart New York's shovel-readiness and increase the state's attractiveness to large employers, ESD will allocate funding to develop sites that will attract high-tech manufacturing, particularly semiconductor manufacturing, warehousing, distribution and logistics businesses to the state. These investments will develop sites to make New York State a more competitive place to locate and expand a business, helping New York usher in a new era of market-ready infrastructure.

ENERGY/ ENVIRONMENT PROVISIONS:

Create High-Quality Solar Jobs for More New Yorkers

Previously, solar projects in New York were only subject to prevailing wage requirements or project labor agreements if they were 5 megawatts or more. To create more good-paying green jobs for more New Yorkers, NYSERDA and DPS announced in December 2021 a plan to lower this threshold to solar projects as low as 1 megawatt, as part of the State's Solar Roadmap to achieve Governor Hochul's expanded distributed solar target of 10 gigawatts by 2030.

Decarbonize New York's Buildings

Buildings cause more than a third of New York's climate pollution. The state's 7.3 million households and 370,000 commercial and institutional buildings overwhelmingly still burn fossil fuels for heating, cooling, hot water, and other uses. The speed and scale of building efficiency upgrades and electrification must accelerate dramatically to achieve New York's goals set out in the Climate Act. Governor Hochul will propose a set of actions designed to decarbonize New York's building stock, anchored by a plan to achieve 2 million climate-friendly electrified or electrification-ready homes by 2030 as well as legislation to ensure that all new building construction is zero-emissions by 2027. These actions will prioritize access for all New Yorkers, recognizing the disproportionate impact of pollution on historically disadvantaged communities.

Achieve 2 Million Electrified or Electrification-Ready Homes by 2030

Building electrification and related upgrades improve interior comfort, reduce exposure to air pollution, and support local jobs. But right now, only about 20,000 New York homes install modern heat pumps for heating and cooling each year. While New York is making progress through programs like NYS Clean Heat, more must be done to cut emissions in our buildings. To accelerate green buildings in New York, Governor Hochul is setting an unprecedented commitment of a minimum 1 million electrified homes and up to 1 million electrification-ready homes by 2030, and ensuring that more than 800,000 of these homes will be low- to moderate-income households.

This target will be anchored by a robust legislative and policy agenda, including:

- Raising the current rate of electrification of approximately 20,000 homes per year more than tenfold by the end of the decade.
- Electrifying low-income homes supported through the housing capital plan.
- ***Requiring zero on-site greenhouse gas emissions for new construction no later than 2027***
- Upgrading New York's appliance efficiency standards, reducing energy use while saving New Yorkers billions of dollars in utility costs.
- Mandating energy benchmarking for large buildings, making it easier to track energy-efficiency improvements over time.
- Convening the finance, mortgage and banking industries to help align private capital with this important housing sustainability goal.
- Providing the training programs necessary to ensure that New York has a skilled workforce to deliver these services.
- Proposing legislation to level the playing field for clean energy alternatives and end the obligation to serve customers with natural gas that currently exists in state law, tailored to maintain affordability for New York's most vulnerable customers.
- Directing NYSERDA, Housing and Community Renewal (HCR), DPS, and DOS to deliver an executable plan in 2022, with a funding proposal and strategies to leverage private capital.

Commit to Zero On-Site Greenhouse Gas Emissions for New Construction No Later Than 2027 and Enact Nation-Leading Building Codes Legislation

Governor Hochul will put forward a nation-leading legislative proposal for new construction building codes that will:

- Require new construction statewide to have zero on-site greenhouse gas emissions no later than 2027, consistent with the Climate Act.
- Incorporate achievement of New York State's greenhouse gas reduction objectives in developing the new construction code. • Update building code cost-effectiveness criteria to account for the full lifetime of installed equipment.
- Expand the New York State Fire Prevention and Building Code Council to include the President and CEO of NYSERDA and the DEC Commissioner.

With this innovative legislative package, New York State will adopt an energy code at the forefront of climate change mitigation, building efficiency, and energy savings. The new 2027 zero on-site emission target for new construction sends an unmistakable signal to the New York market, the nation, and the world that the future of buildings must be decarbonized. To help the market get ready for this change, Governor Hochul announced a \$30 million program in December to accelerate the development of decarbonized all electric homes and

neighborhoods. This supplements New York's pioneering efforts through Buildings of Excellence, which is supporting the development of new carbon-neutral multifamily buildings and has more than three dozen multifamily buildings under development and construction across the state.

Bring Green Energy Solutions to Over 1,000 Public Schools

During Climate Week in 2021, Governor Hochul announced a \$59 million Clean Green Schools initiative designed to bring environmental sustainability into some 500 to 600 schools, benefitting more than 360,000 students. To build on that momentum, Governor Hochul will announce an expansion of this Clean Green Schools program to reach every public school located in a disadvantaged community, as defined by the Climate Act and Climate Justice Working Group. Through investment of "Clean Water, Clean Air and Green Jobs Environmental Bond Act" funding, the enhanced Clean Green Schools initiative will serve more than 1,000 public schools, benefitting nearly 1 million students. The program will drive significant infrastructure upgrades, such as geothermal heating and cooling, solar, green roofs, indoor air quality/ventilation, electric school bus charging, and more, creating thousands of high-quality green jobs across more than 200 school construction projects. This vital investment will not only boost the state's economy but advance climate justice by bringing clean energy and a healthier indoor environment to under-resourced public schools