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Opinion

On the Road To Ruin

By ROSS SANDLER DEC. 11, 1996

There is always an excuse to defer caring for New York City's bridges, highways, school buildings and other public structures. The reason this time is a 19th century restriction found in the state Constitution.

Under this provision, the city can borrow no more than 10 percent of the market value of its taxable real property, a sensible limit when the city's revenue mainly came from real estate taxes. But most revenue the city uses to pay off its bonds today comes from other sources, like sales and income taxes. It is as if a mortgage banker only looked at the husband's salary, and ignored the wife's.

As real estate values declined during the early 1990's, so did the ceiling on borrowing. While property values are now going back up, the borrowing limit is pegged to the lower property values of the previous five years. The problem is not that the city has been issuing too many bonds. It's that the limit on borrowing has dropped too low. And that low ceiling will prevent the city from financing much of its capital program in 1997.

An amendment to the state Constitution to update the borrowing limit might have been possible, but it's too late for that now; the amendment process takes too long. So the Giuliani administration, with the support of Comptroller Alan Hevesi and City Council Speaker Peter Vallone, proposed a well-tested legal end run: a new capital financing authority that would issue non-city bonds and turn the proceeds over to the city. The city would pay off those bonds with personal income tax revenues earmarked for that purpose.

But state legislators, who would need to approve the plan, seem more interested in letting Mr. Giuliani sweat it out than in saving bridges, libraries, schools and highways. The Mayor can accurately say he did not cause this crisis, but the Legislature may prefer to let him take the heat.

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The Legislature's lack of action jeopardizes needed repair and maintenance of the city's buildings and roadways. Those kinds of delays create larger problems: a million children were shut out of school in 1993 because of a long-neglected asbestos problem; water mains burst regularly, closing streets and stalling subways; 100,000 vehicles are detoured daily on the Gowanus Expressway in Brooklyn.

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Fifteen years ago, when the subways were in their most dangerous and dilapidated condition, the Metropolitan Transportation Authority announced that it would no longer "defer" maintenance. The M.T.A.'s revelation of governmental neglect embarrassed the State Legislature into approving the authority's first five-year capital program.

Mayor Giuliani will soon have to make his own dramatic announcement: the delay of as much as \$1.3 billion of capital projects planned for 1997. Then, predictably, the Legislature will ride to the rescue. But for some deferred projects, the rescue effort may come too late.

In April 1988, the city closed the Williamsburg Bridge for three months because it had become so rusty and weak that engineers would no longer say it was safe. When I announced that decision, the media wanted to know who was to blame. They wanted a scalp, not a lecture on bridge engineering, maintenance procedures and the ins and outs of capital programs. The city learned its lesson. Bridges get special budget allocations, even in the hardest of times.

But other projects -- from reconstruction of streets in the Hunts Point area of the Bronx to rebuilding a senior center in New Dorp in Staten Island -- are at risk of being delayed or canceled. And when that happens in the coming year, we'll know the cause: an archaic constitutional restriction and an unresponsive Legislature that might have avoided the crisis but did not.

Ross Sandler