



## MTA Press Releases

Press Release

July 23, 2015

[MTA Headquarters](#)

IMMEDIATE

### MTA Chairman Suggests Resolution For Capital Program Funding

#### *Commits To Reducing Costs Of Program With New Efficiencies*

Metropolitan Transportation Authority (MTA) Chairman and CEO Thomas F. Prendergast today sent the following letter to New York State Budget Director Mary Beth Labate and New York City First Deputy Mayor Anthony Shorris:

Dear Director Labate and First Deputy Mayor Shorris:

I am in receipt of Mary Beth's letter dated July 20, 2015 suggesting a reevaluation of MTA Capital Program costs that would include greater use of design-build contracting, commitments of additional funding sources and adjustments of spending rates. I am also in receipt of Tony's letter dated July 21, 2015 urging a resolution to the 2015-19 MTA Capital Program and offering the City's financial assistance. I have discussed these issues with the MTA Board and have the following suggestions.

The MTA will incorporate the State's suggestions to use alternative delivery methods such as design-build and public-private partnerships, streamlined procurement processes and a negotiated procurement process in non-traditional areas. Our preliminary review suggests we can reduce the cost of the Capital Program by roughly 6% to 8% by adopting these State suggestions. That would reduce the Capital Program Review Board (CPRB) component of the Capital Program from \$29 billion to \$26.8 billion. We can also work with the State on the timing of spending, given the current pace of capital spending as pointed out by Mary Beth, and we understand the State is continuing its review.

Governor Cuomo has made it clear that he believes we must solve this problem without raising fares beyond the scheduled increases. The MTA has taken this challenge seriously. Of the CPRB capital budget of \$26.8 billion, the MTA can cover approximately \$17 billion from its currently available resources (principally Federal aid, previously committed State and New York City aid, and MTA cash and bonding capacity). This includes \$2.4 billion of funding in our new Financial Plan thanks to unanticipated revenues, aggressive cost-cutting and more efficient operations. This leaves an approximately \$9.8 billion gap which must be filled by State and City funds.

City funding of the MTA's operating and capital finance needs has been seriously deficient for many years despite the fact that more than 90 percent of the MTA's daily customers are on MTA New York City Transit (NYCT) subway and bus services, and 80 percent of the MTA's physical infrastructure is in New York City. The lower City funding was due to the fact that for years New York City was in dire financial condition. However, over the past decade the City's finances have greatly improved and today the City has greater revenue surpluses than the State.

With that in mind, we suggest the City fund an additional \$200 million per year for five years (supplementing the City's base contribution of \$657 million over that period) as well as the non-Federal share of \$1.5 billion to begin building the next phase of the Second Avenue Subway. Should the City offer this assistance, the remaining \$7.3 billion gap would need to be covered by State resources (supplementing the State's \$1 billion base contribution). Therefore the City would contribute a total of \$3.2 billion. The State, in turn, would contribute a total of \$8.3 billion. We believe this split is more than equitable to the City, particularly given that \$22 billion of the \$26.8 billion Capital Program is for projects in New York City.

Everyone agrees the Capital Program is vital to the future of the City and the State. We know that the Governor is anxious to resolve this matter. Our revisions to the plan will maximize its efficiency, and we believe they form a more than reasonable request. The MTA respectfully awaits your response.

Sincerely,

Thomas F. Prendergast