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Press Release

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IMMEDIATE

MTA Board Approves Transformation Plan – Agency to Be Reorganized for First Time Since Its Creation Half Century Ago

MTA Announces Targeted Deadlines and Milestones for Major Agency Priorities and Reorganization

Recommendations to build on the Success of Subway Action Plan, Allowing MTA to Provide Customers with the Modern, Efficient System They Deserve

Report Outlines Means and Methods for MTA to Improve Service, End Cost Overruns and Project Delays, Reduce Waste and Duplication

The Metropolitan Transportation Authority (MTA) Board today approved a reorganization plan with consulting services by AlixPartners. The recommendations for this historic reorganization – the first in the MTA’s 51-year history – were made following an extensive evaluation process conducted by AlixPartners, and will prepare the agency to dramatically improve service, end project delays and cost overruns, and finally establish the modern system customers deserve.

The MTA also released critical deadlines and milestones for several of the major initiatives to make the reorganization plan a reality, as detailed below.

In short, this report will institutionalize the enormous success of the Subway Action Plan, which has proven to be working and has increased on-time performance to 81.5%, marking the first time it has crossed the 80% threshold in six years.

"Now that the Board has approved these recommendations, the work of transforming the MTA into a world-class organization that provides its customers with the service they deserve begins," said **MTA Chairman and CEO Patrick J. Foye**. "It's a new day at the MTA, our customers have demanded change, and we're going to deliver it for the first time in nearly 50 years."

Key deadlines and milestones:

TODAY - The MTA announced a Homeless Plan/Task Force with the New York State Office of Temporary and Disability Assistance (OTDA) Commissioner, the New York City Police Department (NYPD), the MTA Police Chief and the MTA Chief Safety Officer to assist homeless individuals on MTA property. The Plan will include any additional MTA police officers necessary to assist the effort and an assessment of the effectiveness of the human service agencies currently employed by the MTA.

TODAY - The MTA commenced the Safety and Speed Task Force to review train speed limits and recalibrate signals to proper speed detection and improve speed in a safe manner throughout the system. TWU officials will be on the Task Force. The Task Force will recommend new limits and agree that all relevant speed signals will be properly calibrated.

The MTA and its workforce will implement task force recommendations. The MTA and Task Force members will agree that trains will operate at the new speed limits upon completion of the recalibration, subject to track and other conditions in the interest of safety.

TODAY – The MTA will send a letter to MTA Bridges & Tunnels, Long Island Rail Road, Metro-North Railroad, New York City Transit, their agency heads and procurement officials notifying them of the law and emergency regulation pertaining to debarment that has been promulgated and their legal responsibility and requirement to immediately begin enforcement of said law.

TODAY - The MTA Board, pursuant to law, approved a Reorganization Plan, and the Board will include specific timelines for accomplishment of each of the items contained therein.

August 1, 2019 – Implement the Fare Evasion and Worker Safety Task Force, including the NYPD's 200 additional police officers, the reassignment of existing MTA Police officers and retraining of the Bridge and Tunnels Officers to be deployed for fare evasion and worker safety protection.

August 5, 2019 - The Chairman, on behalf of the MTA, to review the execution of the Subway Action Plan and assess the impact of related work rules. The Chairman to assess the means and methods used by independent contractors for successful execution. The Chairman will report to the Board on the same and he will determine whether collective bargaining will allow for the use of the necessary means and methods, or, if not, continue use of the independent contractors. Union negotiations are already underway.

August 15, 2019 – The MTA will announce the Major Construction Review Unit.

August 15, 2019 - The MTA will prepare a Preliminary After Action Report on the Subway Action Plan, including a description of the means and methods used to execute the plan and a plan to continue these means and methods using future available funding, either through independent contractors or union employees.

August 15, 2019 - Network Rail will review work rules to understand comparisons among other major industry organizations.

September 3, 2019 – The Homelessness Task Force will announce a detailed action plan.

September 2019 - The MTA will complete installation of all time and attendance biometric time clocks.

October 1, 2019 – The first progress report is due from the Fare Evasion and Workers' Safety Task Force, with progress indicators.

September/October 2019 - The MTA will work with Cornell University and Technion University, in partnership with Empire State Development Corporation, to organize a conference to explore new technology for train navigation and new vendors for the MTA. The conference is to be held at Cornell Tech campus on Roosevelt Island.

October 15, 2019 - The MTA will hire and have in place a Chief Transformation Officer and establish the Office of Transformation Management, as well as complete a detailed Reorganization Implementation Plan.

November 1, 2019 – A Chief Engineering Officer, Chief Operating Officer, Counsel to the Board, Director of Research and Development, Chief Procurement Officer, Director of Quality Assurance, Chief People Officer, Disability Advisor, Chief Technology Officer, 15 critical new management staff, will be interviewed and secured over the next four months.

December 1, 2019 – Fare Evasion Task Force to release second progress report.

December 1, 2019 - Complete hiring of additional 30 critical new management staff.

December 31, 2019 – Complete forensic audit required pursuant to statute, enacted in April.

January 15, 2020 - Complete the Subway Action Plan, including the current operations for all station and car cleaning and release final After Action Report.

January 15, 2020 - All agency personnel will use biometric time clocks, including a system of quality assurance.

February 1, 2020 - Additional critical management staff will be hired and in place.

The transformation plan contains the following key recommendations:

1. **Recommendation: The MTA should refocus agencies on service delivery, core safety, operations and maintenance activities, and centralize all support functions.** In the new organization, the agencies should focus exclusively on service delivery, safety, day-to-day operations and maintenance, rather than general support functions. The agencies will have reporting lines to a Chief Operating Officer. All other services will be merged and coordinated centrally with a goal of driving a higher level of services at lower costs. This would result in consolidation of more than 40 functional groups within the existing MTA agencies to six departments in the new MTA organization. Furthermore, the Transformation Plan calls for changes to the fundamental ways the MTA does business in order to achieve more effective and efficient performance.
2. **Recommendation: MTA should centralize all capital-related functions across MTA into a new central group responsible for planning, development, and delivery of a Capital Program that improves service, the customer experience and accountability.** To address slow, costly, and bureaucratic processes and to

create accountability, all Capital-related functions and significant construction projects across the MTA should be merged into a central group. This new capital group will be accountable for planning, development, and delivery of the Capital Program. This group would identify optimal project delivery (groupings, timing, delivery), increase competition in a historically constrained supplier market, and complete important capital projects that improve service and customer experience quicker.

3. **Recommendation: MTA should create a new central engineering function reporting to a new Chief Engineering Officer to set standards, ensure quality and sustainability of infrastructure.** To address inconsistent engineering methods across agencies and eliminate the duplication of processes and standards and ensure quality and sustainability of infrastructure, a new central engineering group reporting to a Chief Engineering Officer will establish clear engineering and maintenance standards to be executed consistently across all agencies. This will provide consistent standards and specifications and eliminate unnecessary complexity and duplication.
4. **Recommendation: MTA should create a new central customer communication function to provide high quality and consistent customer engagement led by communications specialists.** To address many existing differing communication types (i.e., service updates, timetables, customer feedback, etc.) from several different agencies, MTA should centralize communications to clearly and consistently manage the message, medium and content.
5. **Recommendation: MTA should centralize all operating support functions (i.e., operating standards, maintenance, repair, and service design) focusing agencies on service delivery.** To eliminate silos and enable multimodal network design optimization, the MTA should centralize operating standards and service design. Currently each MTA agency has its own internal operations standards and service design capabilities, which would be better managed under one integrated function serving all agencies.
6. **Recommendation: MTA should centralize all human resource functions to reduce redundancies (such as differing organizational structures and too many layers across agencies) and drive clearer lines of accountability.** The MTA should create a centralized human resources department focused on attracting, developing, and retaining the talent required to improve MTA performance and service delivery. This new entity will be tasked with clearly articulating a new talent strategy. This will help to resolve issues of duplication and improve analytics, data consistency, and data integrity.
7. To drive the transformation, the MTA will require a selection of new leadership roles and capabilities:

Recommendation: MTA should appoint a Chief Operating Officer reporting to the Managing Director, and the Managing Director will report to the Board as well as the CEO. The COO should lead the team of agency leaders including subway, commuter rail, bus, and bridge/tunnel transportation systems to deliver safe, reliable, and cost-effective transportation services. The COO will shape operations with a regional, multimodal view of service design and delivery. Critically, the COO will create a culture of accountability that permeates through all levels of the MTA, across agencies.

Recommendation: MTA should appoint a Chief Transformation Officer reporting directly to the Board, as required by state law. A Chief Transformation Officer is responsible for leading the execution of all transformation efforts across the \$18 billion enterprise. These efforts will include reorganization, development of strong center-led business functions, streamlining business processes, quality assurance and establishing internal controls. The Chief Transformation Officer will focus on building and embedding cross-functional capabilities that ensure intended results from vendors and suppliers including on-time performance and accountability, which are pivotal to efficiency and customer service. The Chief Transformation Officer will be responsible for implementing the Reorganization plan and hire a Director of Quality Assurance. Waste, fraud, abuse and possible legal violations remain the jurisdiction of the MTA Inspector General (IG). However, the two offices could work collaboratively. This Chief Transformation Officer will report directly to the MTA Board and work closely with the MTA Chief Executive Officer and Managing Director to drive achievement of transformation goals.

Recommendation: The MTA should appoint an MTA Accessibility Officer reporting directly to the Chief Executive Officer. While the MTA believes it has made progress in increasing accessibility to Subways, Buses, LIRR and Metro-North in recent years, much more remains to be done to make the transit system accessible to all customers. To accelerate the creation of a fully accessible transit system, the MTA should hire the first-ever network-wide MTA Accessibility Officer reporting to the Chief Executive Officer.

These recommendations could result in the potential reduction of 1,900 to 2,700 positions, with the first priority being vacancy elimination and attrition. The agency today said that final number would depend upon further analysis, as well as its ability to incorporate newly learned means and methods – through the Subway Action Plan – into every day operations.

New York City Transit President Andy Byford said: "This reorganization builds upon the progress made and will transform every aspect of our service and deliver modern, fully accessible transit to riders."

Long Island Rail Road President Phillip Eng said: "Long Island Rail Road employees are at the heart of delivering on our mission to provide exceptional service for the customers of today and the future. As they continue this work to ensure reliable service, increased communication, and a robust capital program that's expanding and modernizing the railroad, we owe it to the public we serve to use funding both appropriately and in the most cost-effective manner. I am encouraged that a fresh approach to MTA operations will help ensure that, as we embark on a truly

transformational era in public transportation, that we are efficient and consistent with shared best practices, which will further our mission to give customers the service they deserve.”

Metro-North Railroad President Catherine Rinaldi said: “The AlixPartners plan will create new opportunities for the sharing of best practices and new technologies across all of the MTA agencies with the goal of improving customer and employee safety, the reliability of service, and the overall customer experience.”

Background: On June 29, 2017, Governor Andrew M. Cuomo declared the NYC Subway system in a state of emergency and tasked the MTA with hiring consultants to analyze the problems and chart a path forward. The State mandated the MTA develop a turnaround plan and was an active partner in its creation and implementation. The result was the Subway Action Plan (SAP) of 2017. The SAP provided \$836 million in funding, approved additional resources through independent contractors to catch up on overdue maintenance and other service improvement activities and the SAP implementation was supported by thousands of hours of extra assistance and partnership from other advisers.

The initial funding of the Subway Action Plan is ending, providing the MTA with a new challenge: institutionalizing the progress and approach of the Subway Action Plan without further extraordinary and funding infusions outside of the Capital Plan cycle. This can only be successful if the MTA fundamentally transforms from an entity that, for generations, has not functioned efficiently into the cost effective, high-performance agency the riders and taxpayers demand and deserve.

As a result, the New York State Legislature passed legislation, signed by the Governor, that tasked the MTA with developing a personnel and reorganization plan by June 30, 2019, and requires that the plan be approved by the board by July 30, 2019. In addition, the State Legislature mandated reforms to end waste, fraud, and abuse. In response to this mandate, the MTA Board employed AlixPartners as a consultant to aid them in the process. This preliminary report summarizes the proposed MTA Transformation Plan and makes recommendations for MTA-wide reorganization activities and business processes, and other cost reduction opportunities.

To support the findings and recommendations, AlixPartners interviewed more than 100 MTA employees representing all agencies and functions, reviewed MTA historical performance, financial and operational records and analyzed peer data published by the Federal Transit Administration and other resources. These identified improvement opportunities and recommendations, summarized in this preliminary report, will serve as a critical component of the MTA's plan to address budget deficits and improve customer service. As outlined, the magnitude and scale of the proposed transformation would be unprecedented in the MTA's history.

To view the full MTA transformation recommendations, click here: <https://new.mta.info/transformation>