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Testimony: MTA Chairman & CEO Foye at State Legislature Hearing on MTA Capital Program

Following is the testimony, as prepared for delivery, of MTA Chairman & CEO Patrick J. Foye at today's State Legislature hearing on the MTA's 2020-2024 Capital Program:

Good morning, and thank you for having us here today, particularly Chair Comrie, Chair Kennedy and Chair Paulin for your leadership and for the invitation. I'm Patrick Foye, MTA Chairman and CEO. I'm joined today by Bob Foran, our Chief Financial Officer, and Janno Lieber, who leads Construction and Development for the MTA and who will be responsible for delivering the proposed 2020-2024 Capital Plan.

These are exciting and challenging times at the MTA. As always, we are focused on safety, reliability and service, and our core, daily mission of keeping this region moving. Each Agency President – Andy Byford, Craig Cipriano, Phil Eng, Cathy Rinaldi and Danny DeCrescenzo – is working to deliver strong service and improve customer experience for New Yorkers. (As you may know, today is the first day of our monthly MTA Board meeting. The agency presidents are leading their Committee meetings this morning and unable to join us here this morning.)

While we maintain a laser-sharp focus on daily service, we are also working on longer-term initiatives – including delivering on a series of legislative reforms enacted earlier this year. One of our top priorities is Transformation – reimagining how the MTA as an organization is structured to change how we do business and truly transform the MTA into the 21st century transportation organization New Yorkers deserve. We are also looking ahead and planning for the future, with the proposed 2020-2024 Capital Program – an historic, transformational and ambitious program that provides unprecedented levels of investment across all our agencies.

This proposed Capital Program is the key to growing and maintaining the capacity of our system, a system which remains the lifeblood of the entire state's economy. It remains vital to the everyday lives of New Yorkers—including those outside of our service area whose innovation, manufacturing skill, and labor will play critical roles in delivering the investments outlined in the Capital Plan.

Before I begin, I want to take a moment to thank both the Governor and the members of the State Legislature for your leadership and support, in helping secure a historic, first-in-the-nation Central Business District Tolling program and for funding this Capital Program last session— especially many of you here today, including Majority Leader Andrea Stewart-Cousins, Speaker Carl Heastie, as well as Chair Kennedy, Chair Comrie, Chair Krueger, Chair Paulin, and Chair Magnarelli. Critically, Central Business District Tolling will not only provide \$15 billion in funding for the proposed 2020-2024 Capital Program – allowing us to invest in and improve our transportation system for years to come – but also contribute to a more environmentally sustainable and economically vibrant New York.

We understand that this is an important matter for your constituents. When they ask what's in it for them, here are the facts. The plan is forecasted to generate 350,000 jobs statewide, 25% of which are outside New York City and for the state. For example, our partner Kawasaki employs hundreds of New Yorkers at its manufacturing facility in Yonkers. Prevost delivers buses that are assembled at its facility in Plattsburgh. And Cubic, the company in charge of replacing the MetroCard system, has opened a new customer call center in Buffalo. 89% of the money involved in the Capital Plan is expected to be spent within New York State, among diverse businesses. New York ranks first in the nation for using Minority and Women-Owned Businesses for state contracts, at a rate of 29%.

As for our service region, we're already seeing real improvements that we expect to build upon with the Capital Plan. On the 7 and L lines, we've implemented signal upgrades like Communications Based Train Control and Automatic Train Operation. On the 7 line this year, that allowed us to increase the number of trains per hour in the morning and evening rush to 29, from 25-27. On Time Performance also skyrocketed from 75% to over 90% within four months. It's frustrating for commuters to deal with station closures while work is ongoing, but the payoff is significant. That's why the new Capital Plan includes \$5.3 billion for resigalling. Similar tangible benefits will occur on our buses, paratransit, LIRR and MNR.

Now, I'd like to spend a minute on how we got to where we are today.

In the summer of 2017, following a declaration of a state of emergency for the transit system, the Governor secured over \$800 million in funding for the Subway Action Plan to dramatically expedite essential maintenance work throughout the subway system. The system was suffering from years of neglect and insufficient capital investment, and this funding was critical to get our core infrastructure back to where it needed it to be, to provide improved and acceptable levels of service.

This incredible effort brought the system back to a state of good repair. But the investment and focus on improving our system hasn't stopped there. The more recent work of the Train Speed and Safety Task Force, coupled with Andy Byford and his team at New York City Transit's Save Safe Seconds initiative, has identified ways in which we can run trains safer, faster and more effectively, to ensure we keep the region moving.

Our weekday on-time performance continues to improve, going up to nearly 83% in September 2019. And I come today with good news: preliminary data shows that October will continue that positive trend with subway on time performance of 81.5% - up nearly 16% since October 2018, and remaining

above 80% for the fifth month in a row.

We're not the only ones noting this improvement in performance – our riders are, too. We're seeing increases in ridership across all agencies. In September, the average weekday ridership on the subway climbed to 5.77 million people. This shows a complete turnaround from 2018 – where that number hovered around 5.43 million. That was the lowest figure in the last five years. To put that in perspective, the subway system is carrying nearly 250,000 more trips each weekday than it was a year earlier. Buses are carrying 34,000 more trips per weekday, and the commuter railroads together have carried nearly 2 million more people so far in 2019 compared to the same period last year. The increase shows we're steadily rebuilding the public's trust.

Our focus on operations isn't limited to just daily service or to the subways – we're thinking big picture about what we're doing across the system on all our modes. Buses are often a key lifeline for people in the outer boroughs, serving more than 1.8 million people per day. Our bus team, led by Craig Cipriano, has moved full speed ahead with borough-by-borough Bus Network Redesigns – which take a completely fresh and thoughtfully holistic look at bus service in each borough, ensuring our services match where New Yorkers live, work and play. Throughout the City, many of these bus routes haven't changed in decades – and haven't kept pace with changes in the boroughs, including new housing or new job centers that our customers are now traveling to. These redesigns look at both qualitative and quantitative data to update these routes to better fit our customer needs, in a process that includes close collaboration with our partners at NYC DOT and includes a robust opportunity for community input. We've recently released a final proposal for the Bronx redesign, are well underway with this work in Queens, and just kicked off the process in Brooklyn. Staten Island Express bus riders are already seeing 12% faster travel times after that redesign was completed last fall.

Our commuter railroads, led by Cathy Rinaldi at Metro-North Railroad and Phil Eng at Long Island Rail Road, have similarly remained laser focused on delivering safe, reliable service to their customers throughout our service territory. LIRR saw a 2 percent increase in ridership through the end of September, putting the railroad on pace to set another modern-day record. Ridership on Metro-North also rose 1%. This echoes what we're seeing on the subway; that we're starting to regain the confidence of our customers. We've managed to accomplish this on both railroads by improving On Time Performance. 92.6% of LIRR trains ran on time in September, and 94.3% for Metro-North.

We owe a great deal of these performance improvements to our partners in labor, the hardworking women and men on the front lines of delivering service every day, and to the management teams throughout the MTA. They've done a tremendous job in helping to stabilize and improve the system.

But to maintain these gains in performance and truly make world-class 21st century transit a reality, we need to invest in maintaining the system itself. And this is the vision the MTA's ambitious 2020-2024 proposed Capital Program lays out – for our agency, for the region and for the State.

The reality is that capital investment in the transit system has not kept up with demand. Just as we've seen a 50% increase in ridership system-wide over the last two decades, we've actually seen an 8% decline in the annualized rate of capital investment during that same time period. That's had major economic consequences to the region. Our teams deserve immense credit for getting the system to a more reliable place, but we must take decisive action to make sure our system can perform in the long-term, so that we remain a driver of the region's growth.

The \$51.5 billion proposed Capital Program – with an additional \$3.5 billion for TBTA – sets forward a bold vision for transit investment, outlining what this system needs. Fully a 70% increase over the current 2015-2019 program, it represents an unprecedented investment in the region's future. It includes some \$40 billion for New York City Transit – larger than the entire current Capital Program – for priority projects, including:

- Signal modernization on six line segments, including Lexington Avenue.
- We're also buying 1,900 new subway cars. Together with signaling updates, this will deliver faster, more reliable and more frequent service.
- The plan also includes continued investments in accessibility, with 70 new ADA stations – more than fulfilling our commitment to ensure that no rider will be more than two stations away from an accessible station, and providing accessibility upgrades to stations serving more than 60% of our ridership.
- It advances our commitment to a cleaner, greener bus fleet, with the purchase of 2,400 new buses, of which 500 buses will be All Electric, kicking off our transition to a zero-emission fleet throughout the network by 2040. After 2029, all bus purchases will be electric buses. Having a younger fleet of buses will increase the distance they can go between failures. That means more reliability and more service for riders.

On Long Island, customers will benefit from the construction of a third track on 10 miles of the Mainline Corridor, which serves 40% of customers. We're also completing East Side Access in this program, extending LIRR service to Grand Central Terminal. Together with Jamaica capacity improvements, this will enable a 50 percent increase in peak service between Manhattan and Long Island.

As for Metro North, we will be funding Penn Station Access, bringing four new Metro North stations to the Bronx. This route will carry up to 50,000 passengers to Penn Station every day. We are also investing nearly \$900 million in the Park Avenue Tunnel and Viaduct, and Grand Central Trainshed, the backbone of the Metro-North system that carries over 80% of riders in over 700 trains every day.

Both railroads are sticking to an aggressive schedule to install Positive Train Control across their entire networks. On the LIRR, 65 route miles are in PTC operation. That's nearly a quarter of the LIRR's PTC system. On Metro North, this technology is already operational on four segments, most recently including the Harlem and Hudson lines. Full PTC functionality is expected for Metro North by the third quarter of 2020. And LIRR is on pace to meet the federal deadline of December 2020 for complete installation.

Funding for this program comes relies on a range of sources. Central Business District Tolling will help dramatically modernize our system by providing an estimated \$15 billion dollars toward this proposed Capital Program. Another \$10 billion will come from new revenue streams like the Progressive Mansion Tax and the elimination of the Internet Tax Advantage, and \$10 billion from federal funding. The MTA is also contributing with another \$9.8 billion in MTA funds. But it's crucial to note that this will not be enough to completely fund our bold vision. To bring about a future system that is more reliable, more efficient and more environmentally sustainable we require additional investment: including \$3 billion dollars from the state, and \$3 billion dollars from the city.

In shaping this Program, we worked with legislators, advocates and the public to gather input and hear their perspective on what the system needs, and what the priorities should be. From there, we will hit the ground running and begin embarking on the core work necessary to deliver on these projects.

These benefits will not only accrue to the MTA service region. As I mentioned earlier, 25% of the 350,000 jobs expected generated by the Capital Plan are outside of New York City. The Upstate regions will benefit from MTA investment. And out of 97 New York state agencies and public authorities, MTA ranks number one in contracts awarded to minority and women-owned businesses. We awarded contracts totaling more \$735 million in the last fiscal year. That total represents 25% of all dollars paid to certified MWBEs statewide.

We are proud to play such an active role in sustaining the dynamism of the entire state's economy, but we cannot rest on our laurels. Our operating budgets remain strained to the bone. It's important to note that our operating budget is completely distinct from the Capital budget. We anticipate shortfalls beginning in 2021, and are taking drastic measures to ensure our budget is balanced, per legislative requirements.

To that end, our mandate and our priority is to transform the way we do business.

As part of the legislation that enabled Central Business District Tolling, the MTA was required to develop a reorganization plan that will result in a more efficient and effective organization. The MTA Transformation Plan was developed and approved by the Board earlier this year, outlining what the future MTA could look like. That vision would see the MTA become a single unified capital group, with consolidated back office functions across all agencies. This way we can refocus on service delivery and core safety. We are close to engaging a Chief Transformation Officer to lead this process – which we will announce soon – along with other critical senior leadership officials.

The most notable part of how this transformation will change the MTA at its core is with respect to how we deliver on capital projects. Under the new Construction and Development division, Janno Lieber will oversee Capital Construction work across the MTA. This group will be the single, central point for capital project planning, development and delivery. Some of these reforms are already underway, as Janno's team has implemented reforms to how we approach construction to ensure this agency brings projects in on time and on budget.

As you know, a forensic audit is underway to review the MTA's capital planning process, as required by last year's legislation. The audit reviews the capital program, how we assess the condition of our assets and build the capital program, and will provide recommendations to ensure the MTA planning process is in line with best practices of our peers. It is currently on schedule, and we are focused on accelerating the results as requested.

Thank you again for your time today, and your interest in the proposed 2020-2024 Capital Program. We are happy to take your questions.