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Press Release

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MTA Headquarters

IMMEDIATE

MTA Releases AlixPartners' Preliminary Transformation Recommendations – Agency Will Be Reorganized for First Time Since Its Creation 50 Years Ago

Transformation Will Build on the Success of Subway Action Plan, Allowing MTA to Provide Customers with the Modern, Efficient System Customers Deserve

Reorganization Mandated as Part of FY2020 State Budget and Ensures MTA Is Prepared to Effectively Use New Revenue Generated by Central Business District Tolling and Other New Revenue Sources

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) today released a preliminary report of its transformation plan as part of widespread reforms passed in the State Budget in April. 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. This report builds on the enormous success of the Subway Action Plan which, based on recent sustained performance gains, has proven to be working. Yesterday, the MTA announced subway on-time performance was 81.5%, marking the first time it had crossed the 80% threshold in six years. MTA leadership will be briefing the MTA Board on the recommendation in the report in the coming days, with the Board set to vote on the final report at its July meeting. The Subway Action Plan, along with the Save Safe Seconds campaign, has led to historic improvements in subway service.

In order to continue the progress that has recently been achieved, 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 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 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:**

A. Recommendation: MTA should appoint a Chief Operating Officer reporting to the Chief Executive Officer and if the Board chooses, to the Board. A Chief Operating Officer 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.

B. 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 on-going and new initiatives 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 play a crucial role in quality assurance and should 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. 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 COO to drive achievement of transformation goals.

C. 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.

"Today is the beginning of a new, modern MTA – one that delivers better service, completes projects on time and on budget, and uses its resources effectively and efficiently," said **MTA Chairman and CEO Patrick J. Foye**. "Make no mistake about it, this transformation will allow us to finally give our customers the system they deserve, and prepares us to execute on what is likely to be the biggest capital plan in MTA history."

New York City Transit President Andy Byford said: "This reorganization builds upon the progress made by the Subway Action Plan, Fast Forward, and Save Safe Seconds to transform every aspect of our service and deliver modern, fully accessible transit to riders. It will enable us to build on our work over the last year, which has led to a historic turnaround in subway performance."

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."

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 preliminary MTA transformation recommendations, click here:
<https://new.mta.info/transformation>