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IMMEDIATE

### Transcript: MTA Chairman & CEO on NY1's Inside City Hall

Following is a transcript of MTA Chairman and CEO Patrick J. Foye's appearance on NY1's Inside City Hall this evening, Dec. 5, 2019.

Errol Louis:

Welcome back to inside City Hall, we told you earlier about the contract deal between the MTA and the tens of thousands of workers who keep the transit system running. So what comes next? And what does it mean for you and your commute? Joining me to talk more about this is the chairman and CEO of the MTA, Pat Foye. Thank you for being here and I guess congratulations -- I know it was a sort of a big hurdle to get over. Look, based on our reporting, it looks like the good news is that you're saving \$44 million a year. The less good news is that it's going to cost \$350 million over a four year period. This is additional financial strain on the, on the system, right?

Chairman Foye:

Well, it's \$44 million a year, Errol, one -- first of all, the great news is we made a deal. It's a fair deal for our riders, the MTA New York City Transit, and the 30 plus thousand transit workers who every day keep the subways and buses running. That's a good thing. It allows us to build on the progress of the Subway Action Plan. On-time performance on the subways, daytime, has gone up, thanks to Andy Byford and Sally Librera and their and their team. From 60s to 81% -- the last five months have been north of 85% -- it's been a long time since that was the case. Performance on buses is also increasing. We got Central Business District Tolling thanks to the governor and the legislature passed the last legislative session. And our board in September approved a record capital plan of 51 and a half billion dollars, all extraordinary things. The agreement, tentative agreement, that was reached and obviously it's subject to the Transit Workers Union membership and ultimately the MTA Board of, Board of Commissioners -- The tentative deal we reached I think is a fair one. It enables us to build on the successes of the past. We do have some significant cost saving reduction in there, about \$27 million comes from drug and health. That's an annual recurring number; it will grow. About \$17 million will come from relief on overtime and what we call availability, which is the flip-side of overtime, that's \$44 million a year. One wage point is about \$36 million, so that's a significant amount and that \$44 million will build. In addition, we established in a significant way for really the first time with a transit workers contract the principle of gainsharing, which is sharing some of the productivity enhancements and I'll give you one example. The \$17 million that I mentioned on overtime and availability, the first day of availability, an additional day of availability, is good for management. The MTA is going to get 100% of that. Beyond that it will be shared between the TWU and the MTA and that aligns our interests with those of our customers. So on balance, it's an important deal, it's an important agreement and it's a fair one for everybody concerned.

Errol Louis:

I see so the average is a day and a half; you're saying the first day is pure savings for the MTA.

Chairman Foye:

First day is about \$14 million to us. The next day will split with the TWU and the MTA.

Errol Louis:

Very interesting. Well, since we're on the budget, let's keep going -- beyond next year, it looks like the red ink starts to flow, right? I mean, there are projections that call for nearly a half-billion dollar deficit by 2023, right?

Chairman Foye:

So that's true, but let me make two points. One is that is a deficit that we currently face, it is not a deficit as a result of this agreement.

Errol Louis:

Understood.

Chairman Foye:

This agreement, importantly, is being done within the bounds of the 2020 budget that was presented to our board in draft form in November and will be considered for final approval this year, this month, rather. And in addition, the 2020-23 financial plan which we also presented, this agreement is being done within the envelope of both of those. That's important. The deficit you described it as an existing one, we've taken significant steps to reduce it, to reduce the deficit. And we're in the midst of a transformation, which I think will over a period of four or five years, reduce the MTA's costs by about \$1.6 billion. We're committed to doing that. I believe we can do it.

Errol Louis:

Some of that involves some of the attrition, right? There are a few thousand jobs that you're saying you're not going to fill.

Chairman Foye:

Twenty-seven hundred positions, attrition and vacancies will be the first order of business. And that is a significant part of the transformation savings yes.

Errol Louis:

You used to run the Port Authority, and you know about this stuff. When I read that 6% of the operating budget is going to paying off debt and that percentage is likely to increase, where does that, where does that fit? Is that a big number? Is that a small number?

Chairman Foye:

What was the number you cited?

Errol Louis:

6%?

Chairman Foye:

No, it's about 16. Sixteen is a number that we're comfortable with -- the capital plan involves about 10 -- the new capital plan, 2020-24, \$51 and a half billion in total, involves the MTA borrowing slightly under \$10 billion. We proposed to the state and the city that the MTA borrowing comes at the end of the process. We expect that our debt service as a percentage of revenue will remain below 20%. We've had discussions with the credit rating agencies; we're very focused on obviously that number being managed. Our CFO, who's an incredibly talented executive named Bob Foran, has done an extraordinary job in taking costs out of the MTA. He and his team with the agency presidents have taken literally \$2 billion out of annual recurring expense. We've got some more cost cutting and efficiency to do -- we'll get it done.

Errol Louis:

Okay, so now, for a lot of my viewers, at the same time as all of this is going on, there's this talk of getting 500 new officers for the police force at a cost of about \$250 million over four years. The immediate reply is that, look, if you're doing attrition, you're doing this, you're doing all of these cutbacks, these efficiencies, these savings, these contract negotiations -- why spend a quarter of a billion dollars on new cops?

Chairman Foye:

Well, a couple of thoughts. One is I don't see us being in the transit, transportation business, and policing and safety and security of our customers and employees as being something else. It's not an add-on. It's not a luxury. It's not an extra. Right. Millions of people travel on the subways and buses every day. We've got 37,000 transit workers. It is very troubling, the TWU has reported a significant increase in assaults on its workers on subways and buses. The subways are safe. The governor has noted that the subways in some ways are a canary in the minefield, in the mine, in terms of, you know, anticipating changes. Point two is that of the 500 police, about 80 of them will fill vacancies, attrition and unfilled positions. Point one. Point two, some number of those police will go to Long Island Rail Road and Metro-North where we've got significant needs. In the context of the size of the subway system and the size of the bus system, Metro-North and the Long Island Rail Road, we think this is an investment in maintaining a safe and secure environment for our customers and employees, which is a fundamental responsibility we've got.

Errol Louis:

So I mean, when we see that assaults against workers spiked to, spiked by 39% in the first eight months of the year--

Chairman Foye:

Based on TWU data, that's right.

Errol Louis:

So I mean, do we know what accounts for it? You know, because if we're not sure where it's coming from, cops may not be the right response, right?

Chairman Foye:

Well look, having police on scene when a transit worker is assaulted, whether it's on a train, on a bus, on a subway platform, is critical. Obviously, the police can't be on every subway platform and every train car, but having an intelligently deployed police presence will better protect our customers, better protect transit workers, and create the safe and secure environment that's a fundamental part of providing transit and transportation.

Errol Louis:

I got a governance question for you.

Chairman Foye:

Sure.

Errol Louis:

MTA hired an independent attorney to represent the MTA board. I can understand why they might want to talk to somebody about, you know, get some independent legal advice. But the counsel who was selected, John Curran, is, you know, a competent attorney, married to Nassau County Executive Laura Curran. Doesn't that interfere with the, I guess, the independent, well, the requirement of independence, both by the board and by all of the constituent governments that make up the MTA region?

Chairman Foye:

I don't think so. I think Mr. Curran is a former member of the FBI, a former assistant US attorney, worked at a cyber firm and a risk management firm. He's extraordinarily qualified. There was no board vote required for this. Had there been, the Nassau County representative would have abstained. I think that the Board having an independent counsel to go to, whether for governance questions or questions of conflict, is absolutely appropriate.

Errol Louis:

I mean, is he truly independent?

Chairman Foye:

Yeah, I think he's totally independent. Absolutely.

Errol Louis:

I mean, a question about Nassau County comes up. This is not going to be somebody who's gonna just--

Chairman Foye:

I have every reason to believe that if there's a conflict and an abstention issue, he'll do the right thing, whatever it is in the circumstance.

Errol Louis:

Okay, we'll leave it there for now. We've always got more questions, but we have run out of time. Thanks so much for coming by. What happened to your arm, by the way? I know our viewers are wondering about this.

Chairman Foye:

I got into a fight with the MTA contractor over a change order.

Errol Louis:

Okay, all right. That's the joke you told me, that's not what actually happened. But I'm glad it's not all that serious and I hope you'll get better soon.

Chairman Foye:

Thank you Errol.