

1 JOINT HEARING BEFORE THE NEW YORK STATE  
2 SENATE STANDING COMMITTEE ON TRANSPORTATION  
3 AND  
4 SENATE STANDING COMMITTEE ON INFRASTRUCTURE AND  
5 CAPITAL INVESTMENT

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6 PUBLIC HEARING:

7 METROPOLITAN TRANSPORTATION AUTHORITY (MTA)  
8 BUDGET AND FINANCES

9 TO EXAMINE THE CHANGES NECESSARY TO PREVENT ANNUAL  
10 OPERATING DEFICITS, STOP THE CONTINUING CYCLE OF  
11 INCREASED FARES AND DECREASED SERVICES, AND DISCUSS  
12 FUNDING OPTIONS FOR THE CAPITAL PLAN

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13 Legislative Office Building  
14 Hearing Room A  
15 181 State Street  
16 Albany, New York 12247

17 March 2, 2015  
18 10:30 a.m. to 1:30 p.m.

19 PRESIDING:

20 Senator Joseph E. Robach, Chairman  
21 NYS Senate Standing Committee on Transportation

22 Senator Carl L. Marcellino  
23 Chairman, NYS Standing Committee on Infrastructure  
24 and Capital Investment;  
25 Vice Chairman, NYS Senate Standing Committee  
on Transportation

PRESENT:

Senator John J. Bonacic

Senator Thomas Croci

Senator Martin Malavé Dilan

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PRESENT (continued):

- Senator Simcha Felder
- Senator Martin J. Golden
- Senator Brad Hoylman
- Senator Jack Martins
- Senator Terrence P. Murphy
- Senator Bill Perkins
- Senator Daniel L. Squadron

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| 4  | Robert Foran                          |      |           |
| 5  | Chief Financial Officer               |      |           |
| 6  | Craig Stewart                         |      |           |
| 7  | Senior Director for Capital Programs  |      |           |
| 8  | Metropolitan Transportation Authority |      |           |
| 9  | Carman Bianco                         | 10   | 24        |
| 10 | President                             |      |           |
| 11 | MTA - New York City Transit           |      |           |
| 12 | Darryl Irick                          | 10   | 24        |
| 13 | President                             |      |           |
| 14 | MTA - Bus Company                     |      |           |
| 15 | Joseph Giuliatti                      | 10   | 24        |
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Nadine Lemmon  
NY and Federal Policy Coordinator  
Tri-State Transportation Campaign

Alex Matthiessen  
Campaign Director  
Move NY

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1           SENATOR MARCELLINO: I'm just going to give  
2 the members about two minutes more because travel is  
3 somewhat delayed.

4           We will be on hold for two more minutes, and  
5 then we'll start.

6           [Pause in the proceeding.]

7           SENATOR MARCELLINO: Thank you.

8           This is a hearing of the Senate  
9 Infrastructure and Capital Investment, and the  
10 Transportation, Committee.

11           I'm Chair of the Infrastructure Committee.

12           Senator Robach is Chair of the Transportation  
13 Committee. I am his Vice Chair.

14           The purposes of this hearing is to examine  
15 changes, any changes, that may be necessary to  
16 prevent annual operating deficits in the MTA and  
17 stop the continuing cycle of increased fares and  
18 decreased services.

19           The MTA provides public transportation in and  
20 around the New York City area, stretching into  
21 seven counties in New York State and two counties in  
22 Connecticut.

23           The system includes the Long Island Railroad,  
24 the Metro-North Railroad, Staten Island Railway, the  
25 Long Island Bus, MTA Bus, New York City Transit, and

1 the bridges and tunnels into New York City.

2 The MTA has an operating budget of about  
3 14.4 billion.

4 In deference to "Mr. Spock" passing away, I'm  
5 going to say, 14.467.92, approximately.

6 We won't do that.

7 But, with over 69,000 employees for 2015,  
8 with a predicted operating-budget deficit of  
9 322 million in 2018.

10 Chairman Prendergast, if you would correct me  
11 if I'm wrong, when you -- in your comments, if I've  
12 made any errors in the numbers.

13 The proposed 32.1 billion capital program for  
14 2015 to 2019 has a projected funding gap of  
15 15.2 billion, almost half of the total costs.

16 This hearing is to get some answers as to  
17 what steps will be needed to take to have a fiscally  
18 strong and in-the-black MTA.

19 One of the things that our Conference in  
20 the -- I'm sure the Senate as a whole, but,  
21 specifically, I'll speak for the Republican  
22 Conference in the Senate, is we are about to get rid  
23 of the MTA payroll tax.

24 We've done away with a good portion of it.  
25 We want to do away with the rest of it.

1           So we're going to ask for a plan that you may  
2           come up with that would help us to accomplish that  
3           task and keep, and I stress, keep the MTA on solid  
4           fiscal footing.

5           As fees and fares are increased, it is  
6           imperative that the funds support improvements to  
7           the transportation network where the fares and fees  
8           are raised.

9           Fare increases on the Long Island Railroad,  
10          for example, should not, and I stress the word "not"  
11          support the rest of the MTA system.

12          Where possible they should support  
13          themselves, if this is possible.

14          If it's not, we'd love to know why, and an  
15          explanation, and maybe we can work something out.

16          This hearing is being broadcast on the  
17          NewYorkSenate.gov website, and will be archived on  
18          the Transportation Committee page.

19          I am joined this morning by, to my left,  
20          Senator Martins; to the far right, Senator Dilan,  
21          past chairman of the Transportation Committee; next  
22          to him, Senator Bonacic, Senator Croci, and  
23          Senator Golden.

24          I'm going to step back a second, instead of  
25          leading the questions, because Senator Bonacic has a

1 press conference that he's going to have to deal  
2 with this morning.

3 It was on, John.

4 SENATOR BONACIC: Yes.

5 SENATOR MARCELLINO: They're all on. You  
6 don't have to push it.

7 SENATOR BONACIC: Excellent. Thank you,  
8 Mr. Chairman.

9 SENATOR MARCELLINO: Let him ask questions  
10 before opening, gentlemen, because he's got to move.

11 Okay?

12 Thank you.

13 SENATOR BONACIC: First of all, good morning.  
14 Quite an impressive table of representatives.  
15 Thank you for the job that you do.

16 SENATOR MARCELLINO: Debbie, can he be heard?

17 SENATOR BONACIC: It's not an easy job.

18 SENATOR MARCELLINO: Sean [ph.], can you push  
19 that button?

20 Just push it once.

21 That's it.

22 SENATOR BONACIC: I'm going to be quick.

23 I represent, predominantly, Orange County.

24 I think, quite frankly, they get the least  
25 back, in terms of services, for the money that they

1 generate.

2 I'm going to ask you -- I'm going to give you  
3 some numbers and then ask you the question.

4 If my numbers are wrong, I'd like you to tell  
5 me.

6 I show that the current MTA capital plan for  
7 the Long Island Railroad is 3.1 billion, for  
8 Metro-North it's 2.6 billion.

9 The ridership is pretty much equal. Close.  
10 There's parity there.

11 The revenue generated from Metro-North is  
12 about 717 million.

13 That from Long Island ridership is 702.

14 These are the numbers that I pulled from your  
15 report.

16 So, I would ask you to give consideration to  
17 some parity of investment in Orange County so we can  
18 have more service.

19 And what am I talking about?

20 I'm talking about, number one, to establish a  
21 rail yard in Orange County, where we could have more  
22 trains and a rail yard that would allow for more  
23 service and passing sightings.

24 Roughly, about 100 million apiece, I'd ask  
25 you to give consideration to that.

1           And I thank you for being here.

2           Thank you, Mr. Chairman.

3           SENATOR MARCELLINO: Thank you, Senator.

4           I'd ask -- for normal procedure, we've got  
5 opening statements.

6           I would ask that people who are testifying,  
7 you don't necessarily have to read every word to  
8 your presentation. We have copies.

9           The faster we go through that, the quicker we  
10 can get to questions, and then we can move on to  
11 resolving the problem.

12           We've been joined by Senator Murphy, to my  
13 left.

14           SENATOR MURPHY: Good morning.

15           SENATOR MARCELLINO: Mr. Prendergast.

16           THOMAS F. PRENDERGAST: Good morning,  
17 Chairmen Marcellino and Robach, and other members of  
18 the committees.

19           Thank you for holding this hearing and asking  
20 me to testify.

21           I'm joined by all the MTA's agency  
22 presidents, with the exception of Pat Nowakowski who  
23 was unable to attend due to personal issues at home.

24           Carmen Bianco is seated to my right,  
25 president of New York City Transit;

1           Darryl Irick is seated to my left, president  
2 of MTA Bus;

3           Joe Giuliatti is seated, too, to my left,  
4 president of Metro-North Railroad;

5           And, Jim Ferrera, president of Bridges and  
6 Tunnels, to the city, to my right;

7           Our chief financial officer is Bob Foran, at  
8 the far end of the table to my right;

9           And, Craig Stewart is the senior director of  
10 Capital Programs, at the end of the table to my  
11 left.

12           In the broadest terms, Senators, and all of  
13 us, you and we, are here today because the MTA is  
14 essential, not only to the 8.7 million customers we  
15 serve every day, but also to New York's daily life  
16 and the statewide economy and growth, so investing  
17 in this operation and its capital needs is  
18 essential.

19           Governor Cuomo recently released the proposed  
20 2015-16 executive budget, and we're pleased that we  
21 once again see increased State aid.

22           Total funding for the MTA increased by almost  
23 141 million over the State's 2014-15 enacted budget.

24           This increase includes an almost \$37 million  
25 boost to our operating budget, and more than

1 104 million being transferred to the  
2 MTA capital program.

3 It also provides more than 1 billion in new  
4 funding for the 2015-19 capital program.

5 In addition, the MTA's 2015 budget and  
6 financial plan, approved by our board in January,  
7 presents a fully transparent view of our current and  
8 4-year financial outlook.

9 This strongly reaffirms our organization-wide  
10 commitment to cost-cutting, and it shows that we've  
11 already cut more than \$1 billion out of our annual  
12 operating budget.

13 Here are just two examples.

14 We've consolidated all of our headquarters  
15 into 2 Broadway in Lower Manhattan, and through this  
16 move we not only reduced operating costs, but we  
17 will monetize the former headquarters at 341, 345,  
18 347 Madison Avenue and generate hundreds of millions  
19 of dollars for our capital program.

20 We also issued 479 million of refunding  
21 bonds, and completed associated restructurings of  
22 existing escrows, for a total savings of over  
23 110 million.

24 But when it comes to running more efficiently  
25 we're not finished.

1           New savings initiatives are being identified  
2           in the areas of prompt-payment discounts,  
3           workers' comp, energy-management consolidations,  
4           purchasing, inventory, and employee benefits.

5           These initiatives will raise our total annual  
6           savings target to 1.6 billion a year by 2018.

7           This is an effort we started after the  
8           financial crisis in 2009 and we continue to maintain  
9           it.

10           It's the most aggressive cost-cutting in the  
11           MTA's history, and we're realizing savings through  
12           improved operations in three critical and important  
13           ways:

14           First of all, without these savings, we could  
15           not have reduced our projected fare and toll  
16           increases from about 7.5 percent every other year,  
17           to 4 percent every other year; or, roughly,  
18           2 percent a year.

19           Secondly, these savings have allowed us to  
20           add 157 million back into service and quality  
21           enhancements since 2002; services that were cut, and  
22           services restored, and additional quality  
23           enhancements made for our customers.

24           They have helped us to put \$290 million a  
25           year into a pay-as-you-go capital account that will

1 generate up to 5.4 billion for the 2015-19 program,  
2 which, for the MTA, is the most important topic  
3 today.

4 The capital program, as you know, is a series  
5 of 5-year investments, beginning in 1982, that allow  
6 us to renew, enhance, and expand our  
7 5,000-square-mile network.

8 And over the past 30 years, we have invested  
9 some 150 billion through that program in the vital  
10 infrastructure that keeps New York moving, and we  
11 could not have done that without the State  
12 Legislature and their support.

13 Yet, these investments have revitalized and  
14 maintained our transit system, and they have  
15 revitalized our region, enabling improvements that  
16 have brought customers back to our system in droves,  
17 while creating jobs in the thousands.

18 Today's ridership is at all-time-high levels.

19 Before October 2013, we had never recorded  
20 6 million subway riders in a day. But we exceeded  
21 that number on 29 days in the last four months of  
22 last year and set an all-time high for monthly  
23 subway ridership last October.

24 Metro-North's ridership has almost doubled  
25 since its founding in 1983, to 83 million last year,

1 and the Long Island Railroad's ridership of more  
2 than 83 million, make them the two most heavily  
3 traveled commuter railroads in the country.

4           Until recently, most of the ridership growth  
5 was from reverse commutes traveled between suburban  
6 destinations and during off-peak hours, evenings,  
7 and weekends.

8           But, today, we're seeing that ridership  
9 growth in all of these areas; and more importantly,  
10 during peak hours.

11           We're seeing more and more customers who need  
12 to wait two, three, and even four trains before they  
13 can board during rush hours.

14           Our network is stretched almost to its  
15 capacity.

16           Trains are more crowded than ever and  
17 commutes are more difficult. A minor delay on one  
18 train at rush hour can have a massive ripple effect,  
19 leading to overcrowding on the platform, doors being  
20 held open at every station, and spiraling delays for  
21 every train that follows.

22           If that happened on a regular basis, the  
23 impact would be severe for millions of riders, their  
24 employers, and the region's economy.

25           These ridership trends show no signs of

1 abating in the foreseeable future, and with the  
2 future in mind, we convened a panel of experts to  
3 inform the development of our current capital  
4 program, especially with respect to two important  
5 areas: climate change and changing demographics.

6 This transportation-reinvention commission  
7 stated some very simple truths in their report:

8 More than 2 million additional people are  
9 expected to live in the MTA region by 2040, putting  
10 increasing pressure on a system that's already  
11 largely at capacity;

12 Demographic shifts are driving new and  
13 evolving customer expectations, service needs, and  
14 accessibility requirements, and the current system  
15 is simply not fully equipped to meet these changing  
16 needs.

17 With these challenges in mind, the MTA board  
18 this fall approved the proposed 2015-19 capital  
19 program that will allow us to build capacity, meet  
20 growing needs and those expectations, and, most  
21 importantly, renew our system to keep it safe and  
22 reliable, because capacity is by no means our only  
23 challenge.

24 Maintaining a system as large and as old as  
25 ours is unavoidably expensive.

1           If we want the system to continue operating  
2 safely and reliably, we must continue to invest  
3 heavily in what we call "a state of good repair."

4           Senators, I ask you to keep this fact in  
5 mind.

6           Safety and reliability projects, including  
7 track replacement, structural repairs, signal-system  
8 improvements, and replacement fleets, comprise fully  
9 two-thirds of the annexed capital program.

10          These expenditures are not for anything  
11 fancy. They are simply essential, and the reason  
12 why is simple: safe and reliable service is our  
13 number-one job every day.

14          Here are a few examples of the kinds of  
15 maintenance and good-repair spending we must not  
16 postpone:

17                 196 million to complete the installation of  
18 positive train control.

19          The best and safest commuter-railroad system  
20 in -- of around in -- at both Metro-North and  
21 Long Island Railroad, for a total cost of just under  
22 a billion dollars.

23                 We'll also begin modern new signal system on  
24 the E, F, M, and R lines in Queens, and the B, F,  
25 M lines in Manhattan.

1           This system, which is fully in place on the  
2 L Line, and under construction on the 7, allows us  
3 to run more trains, move more people, ease crowding,  
4 and provide better, safer service. It will allow us  
5 to replace signals from the 1930s that could  
6 jeopardize safety and reliability if they remain in  
7 our system much longer.

8           And remember, the foundation of our subway  
9 system was built more than 110 years ago, making  
10 modern signals the best and only way we can  
11 significantly add capacity.

12           We'll replace 86 miles of subway track, and  
13 we'll continue to invest 1,000 signal components,  
14 most of our components you'll never see: electrical  
15 substations, pumps, and tunnel lighting.

16           These projects may not be glamorous, but  
17 together with normal replacement of our trains and  
18 buses, they are key to moving our people safely and  
19 reliably.

20           The 2015-19 program will allow us to expand  
21 our systems to better accommodate current ridership  
22 levels, and prepare for the even more growth that  
23 we're already seeing in the system.

24           And in a region with new understanding of  
25 natural hazards, the system expansion will protect

1 us from making our transit system and network ever  
2 more redundant.

3 We will finish phase one of the Second Avenue  
4 subway to build capacity and ease congestion on the  
5 most crowded line in the country, the  
6 Lexington Avenue Line.

7 And, through the 2015-19 program, we will  
8 begin construction on the second phase of the  
9 Second Avenue subway, from the Upper East Side into  
10 East Harlem.

11 We will continue to advance the East Side  
12 access project, easing the commute of some  
13 160,000 Long Island Railroad customers every day.

14 We will complete the Long Island Railroad  
15 double-track project, which will improve service and  
16 reliability by adding a second track to the  
17 railroad's Ronkonkoma branch, or, main line.

18 And, we will begin development of Penn  
19 Access, a project that will add four new Metro-North  
20 stations in the Bronx, and open a new Metro  
21 [unintelligible] point directly into Penn Station.

22 Through this project we will provide critical  
23 system resiliency to the over 270,000 Metro-North  
24 riders. And for the first time ever, customers in  
25 Co-Op City, Morris Park, Parkchester, and

1 Hunts Point will have a one-seat rail ride directly  
2 to the heart of Manhattan.

3 Dramatically improving our transit network is  
4 hardly the benefit of a fully funded 2015-19  
5 program.

6 The MTA's capital program and the jobs it  
7 creates are an integral part of our region's economy  
8 and economic growth.

9 Just last month, the Urban Land Institute of  
10 New York and the Permanent Citizens Advisory  
11 Committee to the MTA published a report, examining  
12 the intrinsic connection between a healthy transit  
13 system and a healthy, vibrant economy.

14 According to this report, since 1982, the MTA  
15 capital program has transformed the region's public  
16 economic -- transportation system into a truly  
17 economic -- crucial economic asset, helping New York  
18 achieve global economic preeminence that few could  
19 have imagined in the economic crises of the '70s.

20 Investments in the MTA have generated  
21 economic benefits for communities across  
22 New York State, with major vendors opening plants to  
23 both fulfill the transportation needs locally and  
24 across North America.

25 Indeed, the capital-program investments

1 create hundreds of thousands of jobs throughout  
2 New York State and nationally, and a new study by  
3 KPMG proves it.

4 We commissioned KPMG to look at how many jobs  
5 will be created by the 2015-19 capital program, and  
6 the results also published last month are  
7 staggering.

8 KPMG found that, in the tradition of the  
9 MTA's previous capital program, a fully funded  
10 2015-19 program will create more than  
11 400,000 New York State jobs and generate nearly  
12 52 billion in economic output. These jobs, the  
13 study found, will be created in every corner of  
14 New York State.

15 In 2013, our board approved a nearly  
16 \$2 billion contract with Kawasaki to build new  
17 rail -- commuter rail trains. This order alone is  
18 expected to generate 1500 jobs at the Kawasaki plant  
19 in Yonkers and to suppliers upstate.

20 The plant makes railcars and parts for the  
21 transit systems around the world, in Boston,  
22 Virginia, Maryland, and Taipei, while creating  
23 high-tech-paying jobs.

24 But you can bet it wouldn't be in Yonkers,  
25 New York, without the MTA.

1           We've already also purchased more than 2,000  
2 of the 3,000 railcars built at Bombardier's  
3 100,000-square-foot facility in Plattsburgh,  
4 including a new rail fleet for MTA commuter  
5 railroads in 2007.

6           In October we submitted the 2015-19 capital  
7 program to the capital-program review board so we  
8 could begin a dialogue.

9           One concern shared by all parties is the  
10 funding.

11           We have identified sources for half of the  
12 money needed to fund the program.

13           All three levels government must understand  
14 the importance of the system, the necessity of  
15 capital investment in infrastructure, and, if  
16 necessary, new sources of that support.

17           All of us have a stake in ensuring that  
18 New York's economic engine continues at full  
19 strength.

20           We must keep a critically important fact in  
21 mind: If we are to build the MTA's network of  
22 trains, buses, bridges, and millions of other assets  
23 today, it would cost nearly \$1 trillion.

24           \$1 trillion.

25           It takes 11-1/2 days to get 1 million

1 seconds.

2 It takes 32 years to get a billion seconds.

3 It takes 32,000 years to get a trillion  
4 seconds.

5 A trillion dollars is a large asset.

6 That means our previous \$24 billion capital  
7 program represented a reinvestment back into our  
8 system of less than 1/2 percent of the system's  
9 total value.

10 We can talk about the strengths and  
11 challenges of upstate and downstate, Senators, but  
12 I think the state of New York has one economy, and  
13 the MTA's 12-county regional transportation system  
14 is essential to that economy.

15 It makes a huge pool of employees available  
16 to New York businesses.

17 It allows our region to comfortably  
18 accommodate millions more people.

19 It makes it possible for people to live  
20 wherever they want within our region regardless of  
21 where they work.

22 It allows employees to bring home paychecks  
23 that support local schools and government services  
24 and consumer spending, creating jobs wherever they  
25 live.

1           It enables and supports job development  
2 across our entire region, giving employers a system  
3 that employees can count on in creating 400,000 jobs  
4 into vendor companies that deliver the capital  
5 improvements.

6           Every major world city today -- London,  
7 Paris, Hong Kong, and others -- is investing in  
8 transit to improve the quality of life for their  
9 residents, to maintain their status as a global  
10 financial and business center, and to make them even  
11 more competitive in the world economy.

12           New York must do the same because the past is  
13 not prologued. We must continue to invest.

14           Chairmen Marcellino and Robach, we appreciate  
15 the support you've given the MTA in the past, and  
16 your continuing support, and look forward to working  
17 with you to continue the MTA's improved efficiency,  
18 safety, reliability, and growth.

19           Thank you for your time today, and now we're  
20 happy to answer any questions you might have for us.

21           SENATOR MARCELLINO: Thank you,  
22 Chairman Prendergast.

23           Let me just clarify what we will be doing for  
24 the rest of the hearing.

25           We will, in the interests of time and moving

1 the process along, because we have a number of  
2 people here --

3 And Senator Brad Hoylman has joined us, and  
4 Senator Bill Perkins has joined us as well.

5 -- we're going to allow two questions per  
6 Senator, to start.

7 We'll move on to the next Senator after  
8 two questions, and then we'll get another round if  
9 we have to, in going around.

10 This way, we can move things along and keep  
11 things going.

12 I just have one to start, and that's about  
13 safety.

14 I talk to a lot of people, Syosset, where  
15 I live; Huntington, which I also represent; two  
16 major areas for Long Island Railroad stations, big  
17 commuter systems, big commuter use.

18 People are scared, to a certain extent.

19 They have been reading in the papers recently  
20 about serious accidents that have occurred on the  
21 railroads.

22 [Unintelligible] with the curve and going a  
23 little too quick. [Unintelligible], we don't know  
24 for sure. There might be a question about whether  
25 the operator was fully awake and alert at the time.

1           We have a recent one, where the lady was  
2 caught on the track, the train hit her.

3           Tragic accident. Fire, flame, third rail  
4 entering and penetrating the cars.

5           400 -- I believe something like 400 feet of  
6 third rail was taken up at that time.

7           I had never heard of that before.

8           We've had a couple of incidents of crossing  
9 accidents. Again, beyond that, not as serious, but  
10 more.

11           Gentlemen, what are we doing to alleviate the  
12 concerns of the riding public?

13           I have never heard the kind of concern before  
14 that I'm hearing now from my constituents about the  
15 safety of the Long Island Railroad and the MTA  
16 system.

17           What are we doing to alleviate their  
18 concerns, and to make sure these kinds of accidents,  
19 broken rails, don't occur?

20           THOMAS F. PRENDERGAST: Safety is our highest  
21 priority; safety and reliability of the system.  
22 Those are the underpinnings of the capital program.

23           Metro-North had a series of problems starting  
24 over two years ago.

25           They had the derailment at Bridgeport. They

1 had another one near Spuyten Duyvil. And then they  
2 had the derailment at Spuyten Duyvil.

3 The derailment at Spuyten Duyvil was an  
4 overspeed condition, that's clear. And it's also  
5 pretty clear, although we need to do more, the  
6 locomotive engineer had a condition: sleep apnea.

7 We've got a pilot program underway at  
8 Metro-North, that we're going to share the results  
9 with across all the agencies, not just Long Island  
10 Railroad, but New York City Transit as well, in  
11 terms of the importance of us being able to identify  
12 employees who have conditions like that, because so  
13 much, in terms of the operation of our bus and rail  
14 system, is dependent upon a person who is fully  
15 cognizant, fully awake, and fully capable of  
16 carrying out their duties.

17 In the area of Bridgeport where we had a  
18 derailment, it was very clear that we had a series  
19 of maintenance activities that weren't being  
20 performed properly.

21 We brought in -- in addition to the NTSB  
22 coming in and investigating that incident, we  
23 brought in outside experts from the Association of  
24 American Railroads to review the track programs and  
25 the maintenance programs. And we've got efforts

1       underway to deal with all of those.

2               We've actually shared that information across  
3 all three agencies.

4               You will see in the capital program for  
5 2015-19, very large commitments of money for the  
6 maintenance and upkeep of the track infrastructure  
7 on the railroads. Probably one of the largest asset  
8 categories. Over a billion dollars in New York City  
9 Transit, Long Island Railroad, and I think a little  
10 over half a billion dollars at Metro-North.

11              In terms of grade-crossing safety, the two  
12 largest railroads in the country are Metro-North and  
13 Long Island Railroad.

14              Long Island has just under 300 grade  
15 crossings. Metro-North has about 150, I believe.  
16 And they are one of the highest hazard-exposure  
17 categories we have.

18              We have instituted, along with New York State  
19 DOT, some of the highest levels of protection at  
20 those grade crossings, in the forms of flashing  
21 lights and gates and sound alarms.

22              And where possible, we've also expended money  
23 to eliminate those grade crossings: one at  
24 Herricks Road on Long Island Railroad, and  
25 New Hyde Park Road.

1           And those are very costly, but where you have  
2 a very high frequency of high-speed train movement  
3 and traffic movement, those are the type of  
4 expenditures you need to make.

5           We're going to launch an outreach effort to  
6 try to raise the level of awareness of all the  
7 people who traverse over grade crossings, in the  
8 form of motorists, to make sure they're aware of the  
9 hazards associated with driving upon and over a  
10 grade crossing.

11           It will be an ongoing effort.

12           We understand the importance of making sure  
13 that our actual safety numbers are not only right,  
14 but the perception of the public is the safety that  
15 we're providing on all of the systems we operate as  
16 high.

17           And so I take those comments very seriously  
18 because, if people start to doubt the safety of the  
19 system, we've already started to lose ground.

20           And we need to do whatever we can to, as  
21 I said, address the actual issue of safety, but also  
22 the perceptual issues of safety.

23           SENATOR MARCELLINO: The gates that drop  
24 down, I see the crossings. In Syosset, there's one  
25 by Robbins Lane. There's another one in several

1 different places throughout the system.

2 To my mind, it's just too easy to go between  
3 and around them.

4 Is there a possibility of perhaps making  
5 those gates longer, physically, so that there is --  
6 you just can't go a quick turn and out? Because  
7 right now you can.

8 Making it more difficult to go around them?

9 Because you, literally, almost have to go on  
10 the track.

11 We don't want them to do that, obviously, but  
12 to discourage that kind of crossing capability?

13 THOMAS F. PRENDERGAST: There are standards  
14 that we follow that are standards developed on a  
15 national level, so that when people approach grade  
16 crossings, what they see in one state is similar to  
17 what they see in another state.

18 And we need to remain within those standards.

19 Where there are locations where there is a  
20 high frequency of people driving around gates,  
21 normally, the decision is made to put in what they  
22 call "four-quad gates."

23 And, so, instead of just a gate on the  
24 leading edge of the lane approaching, you would also  
25 have them on the opposite lane to make sure people

1       couldn't drive around the gate.

2               They're also used when you want to go into  
3       a -- when somebody's asking for a grade crossing  
4       without having the locomotive engineering sound the  
5       train horn, but you have to go through an elaborate  
6       process.

7               And so, generally, those are the types of  
8       approaches that are used for people at locations  
9       where people are driving around gates.

10              And in addition to that, we can use the local  
11      police jurisdiction or the MTA police to be able to  
12      have a higher level of enforcement to make sure  
13      people don't do that.

14              SENATOR MARCELLINO: Thank you, Tom.

15              It's not an easy topic, I understand.

16              THOMAS F. PRENDERGAST: No.

17              SENATOR MARCELLINO: This is difficult.

18      People are going to make efforts to do that.

19              We've been joined by Senator Dan Squadron,  
20      and by Chairman of the Transportation Committee,  
21      Senator Robach.

22              In deference to Senator Robach, who I know  
23      has another --

24              SENATOR ROBACH: I'm good.

25              SENATOR MARCELLINO: You're good? Okay.

1 I'd like to move to Senator Golden.

2 SENATOR GOLDEN: Thank you, Mr. Chairman.

3 Thank you, MTA, for being here today, and all  
4 the different heads of the different agencies.

5 The -- since we're limited in questions that  
6 we're going to ask, I'm not going to get into the  
7 \$15 billion budget that's -- capital budget at this  
8 point, but we will, obviously, if the meeting  
9 continues.

10 But I'm going to be very local in my approach  
11 here, and I'm going to start with buses, and then  
12 I'm going to back up to the second question which  
13 will be on trains.

14 But on the buses, the X27 headways or  
15 disaster, you guys are going to do a study. We --  
16 I don't know if you did that study.

17 I know you said you did reinvestment into  
18 services.

19 And I'd look to know where we are with the  
20 27, the X28 on the weekends, and the -- the X37 --  
21 not the X37 --

22 THOMAS F. PRENDERGAST: B37.

23 SENATOR GOLDEN: -- the B37, getting into  
24 Court Street, because of the senior population that  
25 we have in our community.

1           And, we still have no elevator at  
2           86th Street for the seniors to be able to access  
3           the train system.

4           So that's the basic question on the buses.

5           And, how does Vision Zero play into this?

6           THOMAS F. PRENDERGAST: Well, B37, I believe  
7           the transit authority committed to continue looking  
8           at the issue of the extension into downtown  
9           Brooklyn.

10          I don't know the status of the further  
11          studies on the X27 or 28.

12          Do you know, Darryl?

13          DARRYL IRICK: No.

14          Currently, right now, you know, as a matter  
15          of course, operations planning will -- as always, is  
16          looking at all of our routes, particularly on the  
17          express side.

18          As you may be aware, the X17 comes into  
19          Brooklyn from Staten Island to -- as a supplemental  
20          replacement service.

21          So we continuously look at that.

22          We have no updates in terms of, you know,  
23          what we're going to do different in that particular  
24          part of Brooklyn at this point.

25          SENATOR GOLDEN: Well, it's the furthest

1 point in Brooklyn, so you've got to look at it.

2 And we have to -- I know you guys were  
3 underway in a study, and I wanted to know what  
4 happened to that study as to the headways, and the  
5 reinvestments into the buses, and the Vision Zero.

6 How's Vision Zero playing into this?

7 DARRYL IRICK: I'll take it.

8 So we work very closely, we align ourselves  
9 very closely, with Vision Zero.

10 Vision Zero is sort symbiotic with our safety  
11 culture at Buses.

12 So, currently, right now, on a number of  
13 initiatives, we're working with the City, in terms  
14 of crosswalks, in terms of speed -- bus speeds, and  
15 a number of issues, inclusive of technology,  
16 inclusive of making our bus operators more aware of  
17 pedestrian behavior and conditions on the road.

18 So we're very closely aligned with  
19 Vision Zero.

20 SENATOR GOLDEN: Locking up bus drivers, do  
21 you think that's a little step too far?

22 THOMAS F. PRENDERGAST: A decision was made,  
23 and a resolution was passed by the city council, in  
24 support of Vision Zero, that they were going to  
25 place a higher priority on incidents involving a

1 motor vehicle striking someone in the crosswalk.

2 And in the course of that discussion, a  
3 decision was made that they would arrest, with the  
4 exception, I think, people who were driving City  
5 vehicles.

6 So, so far, since the implementation of that  
7 program, there have been a number of bus drivers  
8 that have been arrested.

9 What I can assure you is that,  
10 John Samuelson, the president of the Transport  
11 Workers Union, myself, and Polly Trottenberg, the  
12 commissioner of the DOT, are committed to the goals  
13 of Vision Zero, which is trying to reduce --  
14 significantly reduce or eliminate those collisions  
15 that strike people in crosswalks. And that's where  
16 the focus needs to be.

17 We do have a dialogue, and in terms of, to  
18 what extent it makes sense to arrest bus operators.  
19 But I want to get it to the level where we're  
20 focused on the issue at hand, which is trying to  
21 reduce.

22 In some cases, we may need to change the  
23 location of the turning of the bus, right or left,  
24 to a different location where there's less  
25 likelihood of striking somebody.

1           Or change the location of the crosswalk to a  
2 mid-block crossing.

3           I --

4           SENATOR GOLDEN: Which makes all the sense in  
5 the world.

6           THOMAS F. PRENDERGAST: I drove a bus for  
7 30 days, only 30 days.

8           Darryl drove a lot longer than that.

9           But I can tell you, a left turn or a right  
10 turn, where the radius of the turn is 25 feet behind  
11 you, is problematic, because you need to be able  
12 to -- you need to be able to keep track of what's  
13 going on in front of you at the same time with the  
14 sweep of the bus.

15           And if somebody runs to catch up to --  
16 they're not really running to catch up to the bus.  
17 They're running across the intersection, and they  
18 run into the action of the bus turning.

19           It's an extremely difficult situation for the  
20 bus operator to see.

21           SENATOR GOLDEN: You're not the only one.

22           DOT, sanitation, all these people being  
23 arrested, I think it's absurd. I think that's up to  
24 the -- we have to do something about that. And,  
25 hopefully, in the near future we do address that

1 situation.

2 It's up to the police department to make  
3 reports.

4 It's up to the police department to make  
5 arrests if the person is faulted, and drugs,  
6 alcohol.

7 But to make decisions at the scene, and to  
8 make arrests of City workers, or, anybody, as a  
9 matter of fact, I think is -- if the guy acted  
10 inappropriately and he was reckless, the answer is,  
11 yes. But the -- they have to prove recklessness.

12 I mean, that's the summons. It's not an  
13 arrestable situation. They give them a summons.  
14 They don't arrest them at the scene.

15 Last question: The trains.

16 I have, obviously, the same situation of the  
17 train; the headways to the R train.

18 We are at the further point out by the  
19 Verrazano Bridge in the southeast and southwest  
20 parts of Brooklyn.

21 We have no opportunities, except for the  
22 express buses and those trains, to get us into  
23 Manhattan and keep the clientele and the people  
24 working, and the constituency working, in the city  
25 of New York.

1           We have terrible headways when it comes to  
2 our R train.

3           We need an additional double R, or something,  
4 to help us with this R train.

5           And, we need that handicapped-accessible  
6 train on the R train to get the people in and out of  
7 Manhattan. And that's just one line.

8           I have the N, the D, the F...you name it,  
9 I've got them all.

10          So I need -- that's my biggest headache, is  
11 the R train.

12          THOMAS F. PRENDERGAST: One of the things  
13 I noted in my testimony is the million more people  
14 we're going to see in the city by 2035.

15          We're already starting to see it along the  
16 Fourth Avenue in Brooklyn, from downtown Brooklyn,  
17 all the way out to Bay Ridge, and locations in and  
18 around stations where buildings are being taken down  
19 and replaced, a 2-unit building is being replaced  
20 with a 6- or a 12-unit building.

21          So we're seeing ridership grow in advance of  
22 that million that we're going to see by 2035.

23          And, so -- and the R train, once we rebuilt  
24 the Montague Street 2, people have come back, you  
25 know, in droves, as is happening in other places in

1 the system.

2 So the issue of going -- doing constant  
3 ridership checks and trying to balance the delivery  
4 of service with the demand created by customers is  
5 one that's ongoing. And that's one of the areas  
6 we're looking at, Senator.

7 SENATOR GOLDEN: Thank you very much.

8 SENATOR MARCELLINO: Senator Martins.

9 SENATOR MARTINS: Thank you.

10 My question is with respect to the capital  
11 plan, and the \$32 billion reflected therein.

12 I know there's a portion there that deals  
13 with bridges and tunnels.

14 But just the scope of the plan itself, is the  
15 a plan, that all \$32 billion be borrowed?

16 THOMAS F. PRENDERGAST: No. And I'll let Bob  
17 go through the details of it, but -- and we'll break  
18 it down into details.

19 And, you're right, Senator, the -- 3 billion  
20 is for bridges and tunnels, and their capital needs.  
21 And in some ways, that is self-funded out their own  
22 revenue that they collect.

23 And the remainder of the money is spread  
24 across the remainder of the agencies. Order of  
25 magnitude: \$22 billion for state of good repair.

1 About 4, 4 1/2 million for what we call "enhanced."  
2 And the remainder for expansion.

3 Bob, if you go would go through the...

4 ROBERT FORAN: Thank you.

5 The current financial plan on the table has  
6 about \$6.2 billion that comes from federal funds.

7 Then it does have MTA bonds for the commuter  
8 and transit program, of about 3.9 billion.

9 It also includes 2.3 billion for bridges and  
10 tunnels that are there, but it still has a  
11 significant amount of pay-as-you-go capital;  
12 together, about 1.6, 1.7.

13 Asset sales and leases, the disposition of  
14 our headquarters buildings, and also excess real  
15 estate, generates about 600 million.

16 City of New York capital funds, we have about  
17 \$650 million in the budget.

18 Federal new-start funds, we're estimating  
19 could be north of 500 million.

20 Private-developer contributions of about  
21 200 million.

22 And then other MTA sources, about  
23 760 million.

24 So the total amount of bonding, out of the  
25 \$32 billion that we're talking about, is around

1       \$7 billion.

2               SENATOR MARTINS: 7 billion?

3               ROBERT FORAN: Yes.

4               SENATOR MARTINS: With respect to the types  
5 of projects that are included in this capital plan,  
6 a lot of it is for what is, apparently, maintenance.  
7 Day-to-day operations maintenance. You used the  
8 term "state of good repair."

9               What portion of the MTA's significant annual  
10 budget goes towards these items already?

11              And why is it necessary to borrow and bond  
12 for these?

13              Wouldn't that be better covered under your  
14 annual operating budget?

15              THOMAS F. PRENDERGAST: There are specific  
16 definitions for what is called "out-of-face  
17 replacement" of an asset, and it would be  
18 capitalized, versus the maintenance and repair of an  
19 asset to keep it useful during its useful life.

20              Useful life of a current is now 40 years?

21              UNKNOWN SPEAKER: [No video pan.]

22              Yes.

23              THOMAS F. PRENDERGAST: It used to be 35, but  
24 we have been able to stretch it to 40 years because  
25 of stainless-steel car bodies and wise decisions in

1 terms of the manufacturer.

2 As that product reaches the end of its useful  
3 life, the car-body structure is starting to fail,  
4 the major assemblies and components are failing.  
5 And if you were to do it on a maintenance level, you  
6 were to do it actually replacing component by  
7 component, it would cost you more.

8 So according to accounting principles, what  
9 you do is, you basically replace that asset with one  
10 that's new and you start that useful life over  
11 again.

12 And the idea is, asset-by-asset category --  
13 cars, signals, track, line equipment, line  
14 structures -- you try to squeeze the useful life out  
15 of the asset.

16 A curved track, probably 20 years or less,  
17 depending on the radius of the curve.

18 Tangent track, probably 30 years.

19 Track in and around what we call "special  
20 work" with switches, et cetera, even less than that.

21 And so you actually have to replace the  
22 asset.

23 The asset has got so much wear on it you can  
24 no longer do maintenance on it.

25 Side-rail wear, the wear of the rail itself,

1 the wear of the rail flange itself, it gets to a  
2 point where you have to replace it.

3 And so, historically, from an accounting  
4 standpoint, even the Class 1 railroads capitalize  
5 those replacement costs, rather than put them in the  
6 operating budget, in terms of maintenance.

7 And that's what we do.

8 SENATOR MARTINS: No, I appreciate that, but,  
9 are you borrowing for that for the useful period?

10 For example, are we paying for a switch that  
11 may have a useful life of, I guess you just said,  
12 about 10 years, or 20 years, or so; right?

13 THOMAS F. PRENDERGAST: Depending upon the  
14 switch.

15 SENATOR MARTINS: Are we paying that over a  
16 longer period of time? Or are there controls that  
17 make sure that we're not bonding for something well  
18 beyond its useful life?

19 ROBERT FORAN: In fact, we are bonding  
20 significantly less than the economic useful life of  
21 most of our assets.

22 I would give as an example, what we're doing  
23 for East Side access, or what we might be doing for  
24 Second Avenue, or some of these other projects,  
25 those are projects that, frankly, are

1 7500-year-lived assets, but we've been borrowing at  
2 a 30-year bonding, which has an average life of  
3 about 20 years.

4 So we are borrowing with an average life of  
5 20 years, which effectively says that's how we're  
6 paying it off; and, yet, we're doing that for some  
7 7-year assets, we're doing it for some 10-year  
8 assets, we're doing it for 20-year, 30-year,  
9 50-year, 75-, 100-year assets.

10 So I think we're very prudent right now in  
11 how we are bonding. We are not bonding at a level  
12 that is really inappropriate and mismatching asset  
13 and liabilities.

14 SENATOR MARTINS: And just to clarify: Out  
15 of the 32 billion, 3 billion are for bridges and  
16 tunnels, leaving about 28 or 29 billion dollars  
17 specifically for MTA-related state of good repair,  
18 purchasing of new equipment, cars, as well as  
19 expansion of the Second Avenue subway and East Side  
20 access.

21 And out of all of that, the MTA will be  
22 paying for approximately 21 out of the  
23 28 billion dollars on a pay-as-you-go basis, through  
24 capital, reserves, or whatnot, or sale of assets,  
25 and bonding for only \$7 billion.

1           Is that what I heard?

2           ROBERT FORAN: Including federal monies,  
3 including city money.

4           SENATOR MARTINS: Sure.

5           ROBERT FORAN: Yeah.

6           SENATOR MARTINS: Okay, thank you.

7           THOMAS F. PRENDERGAST: And one of the points  
8 we want to make is, is that the Legislature been  
9 great to the MTA since 1992.

10           In order to get this gap funded, we need  
11 support from four parties, because people quickly  
12 say, What about Albany? What about the Governor?  
13 What about the Legislature?

14           We need support from the federal government.

15           We need support from the city government,  
16 state.

17           And, also, direct and indirect benefifers of  
18 the system, like the real-estate industry.

19           The funding of the Number 7 Line through  
20 real-estate taxes, to be approved over a period of  
21 time, is another way you can fund expansions.

22           SENATOR MARTINS: No, I appreciate it.

23           I do have more questions. I'll be back on  
24 the second turnaround.

25           SENATOR MARCELLINO: On the second round.

1           Senator Croci, please.

2           SENATOR CROCI: Thank you, Mr. Chairman.

3           Chairman, thank you for being here today.

4           Just a quick -- couple of quick questions  
5 with regard to service on Long Island Railroad.

6           I look forward to meeting with  
7 President Nowakowski when he has the opportunity.

8           I agree with you, safety has to be paramount,  
9 and I appreciate your words to that regard.

10          In that vein, two projects I know LIRR is  
11 working on; one in Ronkonkoma, with the expansion of  
12 the rail yard. And I some see familiar faces here  
13 in the community who have been doing a lot of work  
14 in that regard.

15          I think what the community is really looking  
16 for there is a commitment to some of the safety  
17 improvements that they would like to see, some of  
18 the quality-of-life improvements that they would  
19 like to see, as this project goes forward.

20          It's, I think, a small investment,  
21 particularly with, as you said, a \$1 trillion asset,  
22 to make sure that, with this improved service, with  
23 this expanded capability, that we're not losing the  
24 quality and character of the community, and to  
25 ensure that pedestrians have the ability to travel

1 safely by foot and other means around the  
2 improvements.

3 So I'd like to just get your quick thoughts  
4 on that, as well as, I saw you mentioned natural  
5 hazards.

6 I looked to the system as critical  
7 infrastructure, and I look at it in an all-hazard  
8 approach to our security. So that includes both  
9 natural hazards, as well as terrorist threats, and  
10 that kind of security.

11 So, with the natural-hazard area, I think  
12 that the eastern end of my district, on the  
13 William Floyd Parkway, there is only one crossing  
14 from the Shirley Mastic Beach area at grade.

15 In the case of a "Superstorm Sandy" and a  
16 mass evacuation, that would be a very big problem.

17 I'd like to hear your thoughts on that one as  
18 well, sir.

19 THOMAS F. PRENDERGAST: As you know, I was  
20 president of the railroad for a little bit under  
21 six years in the '90s, '94 through 2000.

22 And whenever we do work, I mean, we're a part  
23 of the community.

24 The railroad may have been there first.

25 It doesn't make sense arguing who was there

1 first.

2 We are part of the community; an integral  
3 part of the community.

4 When we did construction projects, when we  
5 raised all the platforms and created the new diesel  
6 yards, you know, we learned from some of those.

7 Some of those went very well, some of those  
8 didn't go very well. High-mast lighting, and things  
9 of that nature.

10 The ability for the yard to be located in a  
11 place to have minimum impact, the ability for it to  
12 be part of the community.

13 And, so, those are lessons learned that we  
14 have carried forward through just about everything  
15 we do at the Long Island Railroad.

16 And I know that people that are here today  
17 could give you examples of that.

18 In terms of the importance of addressing,  
19 I like to define "safety" as freedom from accidental  
20 injury or hazard, and, "security freedom" from  
21 deliberate injury.

22 The approaches to each one of those, while  
23 they're both important, the approaches to each one  
24 of those are different, because what you have to do,  
25 where you have to spend your money, and what you

1 need to protect against are different.

2 And we do have commitments to what we do in  
3 the area of security, because we consider ourselves  
4 to be a high-level target. And we go through the  
5 entire system and do a-threat level assessment from  
6 a standpoint, is what's the likelihood of someone  
7 choosing that to be a target? And then we address  
8 its hazards.

9 And that's the approach we take.

10 So it's a commitment we have always had, it's  
11 a commitment we will maintain, and we'll carry it  
12 forward.

13 SENATOR CROCI: Thank you.

14 And with those specific projects mentioned,  
15 both the Ronkonkoma expansion of the yard and the  
16 double track, as well as Shirley, the crossing,  
17 if -- I look forward to my conversations with  
18 President Nowakowski about it, and, hopefully, we  
19 can get some commitment, so that we can relay that  
20 to the community that, you know, the partnership  
21 continues.

22 THOMAS F. PRENDERGAST: I mean, I'm trying to  
23 visualize Mastic Shirley [sic], and I think I can,  
24 but I haven't been out there in a while, but, as the  
25 traffic on the railroad increases and goes further

1 east, as the highway traffic increases, from a  
2 vehicular standpoint, we do, at times, have to come  
3 back and add additional protection at crossings and  
4 treat it more as a true highway crossing, rather  
5 than as a local residential street.

6 So, certainly, as the railroad continues to  
7 grow further east and population increases, the  
8 issue of what we need to do in terms of  
9 grade-crossing safety is something we will address.

10 SENATOR CROCI: And there are additional  
11 venues at which an additional crossing would be  
12 possible.

13 That's something that the team may want to  
14 consider: Instead of that one crossing and one  
15 narrow choke point, in the event of an evacuation,  
16 perhaps an additional crossing.

17 But that's -- I leave it to the team to come  
18 back to us with your suggestions.

19 THOMAS F. PRENDERGAST: Okay.

20 Thank you.

21 SENATOR CROCI: Thank you very much.

22 SENATOR MARCELLINO: Thank you.

23 Senator Murphy.

24 SENATOR PERKINS: Thank you.

25 SENATOR MURPHY: Thank you.

1           SENATOR PERKINS: Did you say Perkins?

2           SENATOR MARCELLINO: No, I said Murphy.

3           SENATOR PERKINS: Oh, Murphy.

4           SENATOR MARCELLINO: They're so close to each  
5 other.

6                         [Laughter.]

7           SENATOR MURPHY: Thank you, Mr. Chairman.

8           SENATOR MARCELLINO: In case somebody hadn't  
9 noticed, I'm going from one side to the other. I'm  
10 just looking and going down in sequence.

11                         That's all.

12           SENATOR MURPHY: You know, unfortunately,  
13 like the Chairman said, it's a sensitive topic.

14                         We've had the worst tragedy in history on the  
15 Harlem Line that, literally, runs right through the  
16 heart of my district.

17                         And, you know, security has been brought up  
18 here.

19                         I know you just said in the hearings today,  
20 you've identified 150 crossings, roughly, up on the  
21 Metro-North, Joe.

22                         Are we doing anything to identify those  
23 crossings as a primary, secondary, and tertiary  
24 possibility of fixing these crossings at all?

25           THOMAS F. PRENDERGAST: I believe that the

1 federal government actually rates the crossings in  
2 terms of hazard severity, and then puts a value with  
3 it.

4 And we take note of that, and we make sure  
5 that we're meeting more than just the minimum  
6 standard required at those crossings.

7 Do you want to take it further, Joe, in terms  
8 of what we may be doing in the future?

9 JOSEPH GIULIETTI: The only thing I would say  
10 is, that you've heard the chairman already talk  
11 about what we're going to do with  
12 Operation Lifesaver, which will be awareness, which  
13 has to be the number-one priority in terms of making  
14 people aware of what a crossing is and what they  
15 should be doing at it, because it seems that our  
16 biggest problem is, that a flashing red light, which  
17 is a stop signal, and for people not to go through.

18 Those are the types of things we have to look  
19 at. And, also, taking a full evaluation of that  
20 crossing.

21 You know, you've heard already other systems  
22 that are in place, like four-quadrant gate.

23 We're looking at all of that as we're going  
24 through it right now.

25 SENATOR MURPHY: All right, if you need any

1 assistance from me, please chirp up.

2 Secondly, you've indicated that, this year,  
3 in four months, you've had 6 million riders in one  
4 day. Correct?

5 THOMAS F. PRENDERGAST: On the subway system,  
6 yes.

7 SENATOR MURPHY: Yeah, that's pretty  
8 incredible.

9 And you expect, in 2031, an additional  
10 1 million riders, possibly.

11 THOMAS F. PRENDERGAST: In my testimony,  
12 I talked about a million more residents in  
13 New York City by 2035, and an additional million in  
14 the region by 2035, so some fraction thereof would  
15 use our network, so the number would grow.

16 But the growth in the New York City subway is  
17 even above that.

18 So, we had never before recorded 6 million  
19 people a day until October 24, 2013, and we had  
20 29 days in 2014.

21 The growth we had thought was primarily due  
22 to metro card and value pricing, people riding in  
23 the middle of the day, weekends, and nights.

24 Now we're seeing increased ridership during  
25 rush hour, and that's why it's taking people three,

1 four trains to get on before they can get to their  
2 destination.

3 It used to be the first or second train they  
4 could get on.

5 SENATOR MURPHY: So it would be an awful lot  
6 of riders?

7 THOMAS F. PRENDERGAST: Absolutely.

8 SENATOR MURPHY: So, does there come a point  
9 at any time during this that you guys actually make  
10 a profit --

11 THOMAS F. PRENDERGAST: No.

12 SENATOR MURPHY: -- as a small -- so you will  
13 never make a profit?

14 THOMAS F. PRENDERGAST: I've been in this  
15 business my whole career.

16 I graduated the University of Illinois in  
17 1974.

18 And, no, we've never been in --

19 SENATOR MURPHY: So if you had 10 million  
20 riders, you would still not make a profit?

21 THOMAS F. PRENDERGAST: Well, at some point  
22 maybe you would, but you'd have loading standards  
23 far in excess of what -- every one of our services  
24 is subsidized.

25 The lowest subsidized ride in the MTA network

1 is New York City subway.

2 We call "fare-box recovery ratio," for every  
3 dollar it costs to operate, how much comes out of  
4 fare box?

5 It's 70 percent for New York City Transit  
6 Subway;

7 It's about 40 percent for New York City Bus;

8 It's about 60 percent for Metro-North;

9 And about 50 percent for Long Island  
10 Railroad.

11 So, no, they're all heavily subsidized to  
12 enable people to be able to afford riding public  
13 transportation, and, the tremendous -- I mean, the  
14 most sustainable system in the country in terms of  
15 measured carbon footprint.

16 People think of the Pacific Northwest and how  
17 green it is, or whatever.

18 The lowest carbon footprint per capita is  
19 right here in New York City, because more people use  
20 public transit.

21 SENATOR MURPHY: Public transportation.

22 So, no matter how many riders, it would never  
23 kind of facilitate and sustain itself?

24 THOMAS F. PRENDERGAST: If you raised the  
25 fare to the cost of what the fare would be, yes.

1 But, no, generally not.

2 SENATOR MURPHY: All right, I just -- I'm  
3 done.

4 Thank you.

5 SENATOR MARCELLINO: Senator Dilan.

6 SENATOR DILAN: Yes, good morning.

7 Your November financial plan proposes to  
8 realize a \$500 million savings up to the year 2018.

9 Where will these cuts come from?

10 Will it be from service cuts, or will you  
11 have to let employees go?

12 ROBERT FORAN: The -- we are not anticipating  
13 any service cuts.

14 I think it's been very clear by the board,  
15 that it was so painful when we did the service cuts  
16 in 2010, that no one wants to address those again.

17 So what we're trying to do is figure out how  
18 to reduce our costs in areas that, frankly, in the  
19 past, were considered uncontrollable costs. And  
20 with that I mean, things like pensions and  
21 health care that were growing at a very, very rapid  
22 rate.

23 We are trying to reduce our unfunded  
24 liabilities on some of our pension plans when we  
25 receive a one-shot windfall from things like

1 real-estate revenues.

2 We do not want to put ourselves back in a  
3 situation where we were building a budget based upon  
4 real estate one-time transactional revenues that  
5 came in.

6 You all recall that's really how we got in  
7 trouble back in 2009, when we had seen real-estate  
8 revenues go from a billion seven, down to less than  
9 \$400 million in two years.

10 And that was the reason that we were  
11 presented with and we accepted the PMT.

12 So what we're trying to do is figure out, how  
13 do we take one-shot revenues and apply them to  
14 reduce ongoing costs?

15 We're doing that in health care. We're doing  
16 that in our pensions.

17 We've also gone through and reduced  
18 administrative headcount.

19 If you recall, we did a 15 percent reduction  
20 of administrative headcount throughout the agencies.  
21 We did a 20 percent reduction at headquarters.

22 We went four years without any cost-of-living  
23 raises at headquarters, and that saved us about  
24 \$60 million.

25 Between the two of them, about \$160 million.

1           We're trying to be more efficient in terms of  
2 our procurement.

3           We're looking at our energy management.

4           We're looking at our workers' compensation.

5           We're consolidating.

6           We have just consolidated our information  
7 technology from all of the agencies, now, two  
8 headquarters.

9           We're consolidating treasury.

10          We're consolidating certain procurement  
11 functions.

12          You are well aware that we have our business  
13 service center where we've reduced our costs.

14          So, that's what we're trying to do.

15          Also, in para-transit, we feel that we have a  
16 commitment in para-transit to meet, you know, the  
17 requirements of the law to provide for those of our  
18 customers who need it, but we're trying to reduce  
19 unit costs by being smarter. And we have done a  
20 significant job of reducing unit cost.

21          So, that's the way that we plan on hitting  
22 this \$1.6 billion annually-recurring savings target  
23 by 2018, not through service reductions.

24          SENATOR DILAN: Okay --

25          THOMAS F. PRENDERGAST: For the past

1 two years, I'll just add on, we showed the budget to  
2 the board in November. We vote on it in December.  
3 And then at the mid-year mark, in July, we take a  
4 look at how well we're performing against budget.

5 And for, I think, each of the last  
6 three years, we've had some money that we've been  
7 able to put into either new services or restoration  
8 of services that were cut.

9 SENATOR DILAN: Okay, thank you.

10 With regard to your capital budget, you  
11 proposed a \$32 billion-plus budget, and, apparently,  
12 there's a \$15 billion gap there.

13 What do you expect the ultimate number to be  
14 once a final plan is put together?

15 And also in your testimony, you did provide  
16 some economic information in terms of the number of  
17 jobs that it creates in the entire system.

18 Could you also perhaps, maybe later on, give  
19 us more specifics in terms of, regionally, how many  
20 jobs it creates statewide; and, especially, outside  
21 of the MTA network area?

22 THOMAS F. PRENDERGAST: Yes.

23 I think we started with the last program,  
24 Senator, where we showed where the money that flowed  
25 into the program flowed back into the state in other

1 parts, and much of it outside the service area  
2 itself.

3 I mean, the North Country, in terms of  
4 Bombardier and bus making -- bus manufacturing  
5 facilities, get a significant portion of that money.

6 But we can share that information with you.

7 SENATOR DILAN: Okay, thank you.

8 I'll have questions in the second round.

9 SENATOR MARCELLINO: Thank you.

10 Senator Perkins.

11 SENATOR PERKINS: Thank you very much.

12 Good morning.

13 So, I have a few questions that -- first  
14 I want to -- you know, you've -- we've closed down  
15 some stations, so to speak, where we -- I don't want  
16 to say closed them down, but we took out the --

17 THOMAS F. PRENDERGAST: Token-booth clerks.

18 SENATOR PERKINS: The, what?

19 THOMAS F. PRENDERGAST: Token-booth clerks.  
20 Station agents.

21 SENATOR PERKINS: -- token-booth clerks,  
22 yeah.

23 And -- so now they're abandoned, and they are  
24 hazardous to people, because there are folks who  
25 hang out in them, and who, I guess, do things that

1 are illegal. And they -- they're there during the  
2 rush hour when folks are going to work, and they're  
3 there in the evening when folks are coming home from  
4 work.

5 And, so, I don't know how that impacts the  
6 capital budget, by turning -- by taking out the  
7 token-booth clerks, or whatever impacts it has on  
8 the capital budget.

9 Can you explain why that is happening, and  
10 how that has improved the situation?

11 THOMAS F. PRENDERGAST: I'll start, and then  
12 I'll let Carmen take it further.

13 Back in 2009, when we found ourselves in the  
14 situation we were, where we had some serious  
15 financial problems, one of the areas we looked at  
16 was the issue of closing token booths where the  
17 selling of fare media was exceptionally low.

18 The original reason a token-booth clerk was  
19 created back in the turn of the nineteenth to the  
20 twentieth century was to be able to sell tokens for  
21 people to gain entrance to the system.

22 And then there were money-handling  
23 situations, with respect to, they needed to be  
24 secure and stay inside that booth.

25 So, we closed those booths because of the

1 fact that there were other means for people to buy  
2 the fare media.

3 What we're trying to do, Senator, is move to  
4 a day where we actually are utilizing employees in  
5 ways that are rewarding for them, in terms of having  
6 more value, in their mind, in terms of what they can  
7 do; but, also, provide a more needed service for us  
8 in the form of a customer-service agent that would  
9 be able to be out and about the station.

10 We do not want customer-service agents or  
11 token-booth clerks to provide security. That's the  
12 responsibility of the transit bureau or the  
13 New York City Police Department.

14 But, certainly, I think we all could  
15 understand and agree that a visible presence of  
16 someone on the platform, observing and seeing  
17 something going on and reporting on it, is of value  
18 to the system.

19 And that's the direction we'd like to move.

20 Carmen, do you want to add more to that?

21 CARMEN BIANCO: The only other thing I would  
22 add to that, Senator, is that, back in the time  
23 frame of 2010, we did, in fact, remove a number of  
24 those vacant booths so that they would not become a  
25 security issue.

1           The booths that we have, that we have at  
2           least one full-time booth in every single station,  
3           there may be others out there that will open on  
4           special occasions, but, those booths are monitored.

5           The employees that work in those booths have  
6           the ability to stay in -- 100 percent in touch with  
7           our control center, so they have immediate -- if  
8           there's an immediate need for assistance, they  
9           can -- they could respond, or have NYPD respond.

10           SENATOR PERKINS: You know, that's really  
11           kind of ridiculous because, generally, what's  
12           happening is, that one person is either on the  
13           downtown side in the booth or the uptown side, so  
14           they're seeing from across the tracks, if anything  
15           at all, what's going on.

16           So that side where that person is not, is,  
17           for all intents and purposes, a very serious danger  
18           zone for your customers.

19           You know, we love your workers. We want them  
20           to be safe and secure and well-paid, et al., but our  
21           wives and our children and our neighbors deserve to  
22           be better treated than that.

23           To have those places abandoned so that the  
24           vagrants can sell rides with their metro cards, or  
25           bag, or intimidate, I don't think that's a safe,

1 right way to run the system, especially in my  
2 neighborhood, and other neighborhoods as well.

3 So, I think we have to rethink that.

4 I use the system as much, if not more, than  
5 most of your customers. And I think that, when you  
6 subject our neighbors, especially the females, to  
7 that kind of environment, you're not serving your  
8 purpose.

9 It's a very bad decision that was made.

10 There's no security there.

11 And those who prey know that, and they take  
12 advantage of that, and it intimidates folks.

13 It makes people feel as if they're not  
14 respected.

15 We have nobody down here, they say. Why is  
16 that?

17 Has your wife -- do your wives go to these  
18 stations?

19 Would you want your wife to have to go  
20 through that kind of a situation? Your daughters?  
21 Your children?

22 I don't think so.

23 How much are we saving?

24 Did you quantify the amount that we're saving  
25 [unintelligible] --

1 THOMAS F. PRENDERGAST: We'll get you the  
2 numbers.

3 SENATOR PERKINS: -- by doing that?

4 THOMAS F. PRENDERGAST: The focus -- the  
5 crime in the subway is at its lowest level ever,  
6 from the transit bureau.

7 SENATOR PERKINS: I'm not asking you about  
8 the crime in the system.

9 I'm telling you about very specific areas  
10 where you have taken --

11 THOMAS F. PRENDERGAST: If we had infinite  
12 resources, we could deploy resources that way. But  
13 we don't, I'm sorry.

14 SENATOR PERKINS: So how much are you saving?  
15 is what I'm asking.

16 THOMAS F. PRENDERGAST: I'll get you the  
17 number. I don't know the number off the top of my  
18 head.

19 But in order to deal with the problems we had  
20 in 2009, in order to deal with the fiscal problems  
21 we had, we had to make decisions [unintelligible] --

22 SENATOR PERKINS: Are you telling me that  
23 those stations are safe?

24 THOMAS F. PRENDERGAST: Yes, they're safe.

25 SENATOR PERKINS: They're not safe.

1           How can you have addicts in the station, with  
2 no security, no police, during rush hour and  
3 throughout the day, and consider that people -- how  
4 do you say that's safe?

5           What is your definition of "safe"?

6           THOMAS F. PRENDERGAST: Well, I guess we  
7 probably should have started there, because I can  
8 find similar conditions on the street, I can find  
9 similar conditions --

10          SENATOR PERKINS: You don't patrol the  
11 street. That's not your job.

12          I'm talking about your job, which is in the  
13 subway system.

14          THOMAS F. PRENDERGAST: Responsibility for  
15 safety and -- responsibility for security in the  
16 New York City subway is the transit bureau and  
17 New York City Police Department's responsibility.

18          SENATOR PERKINS: But I'm telling you there's  
19 no safety in those places.

20          Now, what are you going to do to fix that?

21          THOMAS F. PRENDERGAST: We focus our efforts  
22 through the use of the transit bureau and the  
23 New York City Police Department.

24          SENATOR PERKINS: You're not going to do  
25 anything, is what you're telling me?

1           THOMAS F. PRENDERGAST: I'm not going to put  
2 employees in harm's way to perform police work.

3           SENATOR PERKINS: What about my constituents  
4 in harm's way?

5           What about our children in harm's way?

6           What about our families in harm's way?

7           UNKNOWN SPEAKER: [No video pan.]

8           Senator, there's --

9           SENATOR PERKINS: Your employees get paid to  
10 run the system and protect the system.

11           How come there are no employees in those  
12 stations protecting those customers?

13           Why should people feel they have to go to  
14 work, do whatever they do with the system, under  
15 those kind of conditions?

16           SENATOR MARCELLINO: Senator, I couldn't  
17 agree with you more, that leaving the system --  
18 leaving the thing unprotected or without staff could  
19 create, and probably does create, a serious problem.

20           I think you have made your point.

21           SENATOR PERKINS: The most important aspect  
22 of that problem is the emotional, psychological  
23 [unintelligible] --

24           SENATOR MARCELLINO: I hear you.

25           SENATOR PERKINS: -- that people have about

1 the system.

2 SENATOR MARCELLINO: I hear you.

3 That's a subject that we will bring up  
4 further, because what you're talking about I think  
5 relates, as Chairman Prendergast points out, with  
6 the New York City Police Department as well, and  
7 that's an issue that we're going to have to take  
8 issue with, because I agree with you, there is a  
9 safety concern there.

10 I don't know that a token-booth operator  
11 assigned to an individual station, sitting in a  
12 booth, is going to provide the kind of safety you're  
13 looking for.

14 SENATOR PERKINS: They have a phone.

15 If things go on, they report it to the  
16 police.

17 Now it's totally abandoned.

18 I don't want to go any further. I think  
19 I made my point.

20 SENATOR MARCELLINO: Yes, I believe you did.

21 SENATOR PERKINS: And we need to revisit that  
22 decision. It's a bad decision.

23 And if we have to prove it, in terms of  
24 bringing people to your office, and help you  
25 understand what their concerns are, we'll do that.

1           But I don't think you want your wife going  
2 down there. I don't think you want your children  
3 going down there.

4           SENATOR MARCELLINO: Do you have another  
5 question, Bill?

6           SENATOR PERKINS: Yeah, I do.

7           You know, when the system goes down, like,  
8 you're not going to have any service, how do we get  
9 to know that that's happening?

10          CARMEN BIANCO: You know, Senator, there are  
11 a number of ways that we do that.

12          One is, that we -- within our control center,  
13 we have direct access to the media outlets. We have  
14 direct access to Transcom, which is a regional  
15 system that puts out messages via the radio.

16          We also, internally, will immediately post  
17 that on our website. If our customers are signed up  
18 for text messages, they will get text messages that  
19 there's a situation, and what lines are not running.

20          So what we try to do is to be immediate, to  
21 be very accurate, to get this information out  
22 through as many outlets as we possibly can.

23          To make station announcements on the  
24 platforms so that we can, you know, really direct  
25 messages on the platform, so that we can help our

1 customers understand what the problem is, and how  
2 they could best get around that situation.

3 SENATOR PERKINS: Well, my experience is,  
4 that some of that is being done very often. Folks  
5 are bewildered about what's going on.

6 Have you ever -- have you noticed that at  
7 all?

8 Have you been informed about that type of  
9 bewilderment, that type of concern, that your  
10 customers have?

11 CARMEN BIANCO: No, Senator.

12 All I would add to your comment is that, our  
13 transit system is very large.

14 As our chairman's mentioned, we've had days  
15 now where we experience 6 million customers.

16 We operate just under 8,000 trains a day on a  
17 24-hour, 365-day basis.

18 So when you have that kind of complexity --  
19 and we have strategic teams all over the entire  
20 system, so that as a problem's encountered, we're  
21 able to immediately address it.

22 Whether that problem's a customer that's  
23 sick, whether that problem is an equipment problem,  
24 whether it's a police issue...whatever it is, we  
25 spend an awful lot of time trying to understand how

1 to deal with issues like that, and in terms of what  
2 is the mitigation level that we need to put in place  
3 immediately to fix that problem.

4 So, this is not something we look for an  
5 incident to occur.

6 We -- we -- you know, again, very old system,  
7 lots of activity all day long, but we try to stay  
8 every bit ahead of these situations so we can  
9 immediately get into action as the problem arises.

10 SENATOR PERKINS: So, two other quick  
11 concerns.

12 One is rodents, and rats all over the system  
13 still.

14 Does this capital money translate into any  
15 rodent-abatement-type programs?

16 UNKNOWN SPEAKER: [No video pan.]

17 Not capital program.

18 That would be covered off in the operating  
19 budget.

20 Do you want to talk about the program?

21 CARMEN BIANCO: That is covered off under the  
22 operating program.

23 And in our normal operations, we bait all the  
24 time on the system.

25 We do our level best to remove rubbish on the

1 platforms, rubbish that is generated in the station.

2 As a matter of fact, we will remove  
3 approximately 40 tons of refuse each and every day,  
4 and we do that in the middle of the night when most  
5 of our customers are not on the system.

6 We have trains and/or trucks that go to each  
7 station.

8 But as that material is gathered during the  
9 day, it's put in a secure room. That room is built  
10 so that rodents can't penetrate it, to the extent we  
11 can.

12 And, so, that's one program that we have.

13 And we do bait on an ongoing regular basis  
14 throughout the system.

15 We are also, as you're aware, involved in  
16 another situation.

17 I'm trying to think of the name of the  
18 organization, but, it was that project, or the  
19 research, to actually take and sterilize the female  
20 rat population so that they could no longer produce.  
21 And that is still ongoing.

22 SENATOR PERKINS: Thank you very much.

23 The sterilization must not be working,  
24 because they seem to be exploding.

25 I appreciate the opportunity you've given me

1 to say something, but I want to make sure that you  
2 understand that we have a rodent problem, a very  
3 serious rodent problem, that is more visible to me  
4 than ever before.

5 SENATOR MARCELLINO: Thank you.

6 Chairman Prendergast, you mentioned before,  
7 reports that are coming, that -- studies that are  
8 being done on various issues.

9 Would it be possible for us to get copies of  
10 these reports as they come to you --

11 THOMAS F. PRENDERGAST: Sure.

12 SENATOR MARCELLINO: -- for the Committee, so  
13 we can make a file?

14 THOMAS F. PRENDERGAST: Absolutely.

15 We'll make them available to you, sir.

16 SENATOR MARCELLINO: I appreciate that.

17 Senator Hoylman.

18 SENATOR HOYLMAN: Thank you, Mr. Chair, for  
19 organizing this.

20 And thank you to the MTA for being here  
21 today.

22 You know, I echo some of Senator Perkins'  
23 concerns, which I think go to the issue of returning  
24 the state to its legacy of support for the MTA,  
25 which is -- one of our transportation-advocate

1 organizations is going to be saying later, and  
2 really not putting as much pressure on fares and  
3 tolls. And I know that's what you're trying to  
4 accomplish, and I know you've got a \$15 billion gap  
5 to close.

6 In that respect, I'm concerned that we are  
7 not exploring all of the revenue options that we  
8 could be in order to close that gap.

9 And, I'm also concerned that, in terms of our  
10 state's, you know, one-shot budget surplus that we  
11 have this year, that you're not getting enough of  
12 it.

13 And I think -- I think the MTA's reporting  
14 that you're getting 37 million, is that correct, out  
15 of the -- out of the \$104 million surplus in  
16 operating revenue toward capital projects?

17 THOMAS F. PRENDERGAST: There's money we're  
18 getting in the operating budget, and there's money  
19 we may be getting out of the 5 billion.

20 Bob?

21 ROBERT FORAN: Yes, with the 104 that you  
22 referred to, that's actually going to capital.

23 It's 37 more in total than we were expecting  
24 to get.

25 So, effectively, that 37 will be additive.

1 We will get an additional capital program.

2 The rest will just be replacement monies for  
3 what would otherwise have been operating.

4 However, in the Governor's budget -- proposed  
5 budget, he has \$750 million for our core program,  
6 and then there's \$250 million for Penn Access.

7 So, there's a billion dollars in that  
8 proposal.

9 And of the billion dollars, there's also,  
10 250 of that, the Penn Access, is money from the  
11 strategic fund, which is, I believe, using some of  
12 the one-shot monies. And then there's 150 for  
13 certain transit-oriented development projects.

14 SENATOR HOYLMAN: So in terms of the  
15 bank-settlement funds, I've been reading here that  
16 there's about \$850 million of those funds  
17 unallocated.

18 Any chance or any suggestion that the MTA  
19 will try to acquire some of those funds?

20 THOMAS F. PRENDERGAST: I'm sure we'll be  
21 part of the dialogue.

22 I mean, the first thing we wanted to do when  
23 we presented the capital program is make sure people  
24 understood the 32 billion: 32 billion, with  
25 3 billion for bridges and tunnels, and the remainder

1 for the other agencies.

2 I think it's essential that we have a  
3 discussion with respect to the size of that program,  
4 and then you define what the gap is.

5 That's the board's recommendation, strong  
6 recommendation.

7 That's what we feel we need to not only  
8 address state of good repair, but enhance, in terms  
9 of the level and quality of service, and provide for  
10 expansion to meet those 2 million more people that  
11 are going to be in the region by 2035.

12 So, we have always thought, from the time we  
13 submitted the plan, it was essential that we had a  
14 dialogue about the size of the ask, because some  
15 people may say you're faced -- the Legislature is  
16 faced with issues that are beyond us, in terms of a  
17 lot of needs and confined resources.

18 So if someone -- we need to have a dialogue  
19 in terms of the size of that ask.

20 And once that's defined, then we start to  
21 decide, what are the different funding alternatives  
22 we need to have from the federal, state, local  
23 governments, and the people that benefit directly  
24 and indirectly from the system, to identify the  
25 means to resolve that gap?

1           So we would be part of that dialogue, in  
2           answer to your question.

3           SENATOR HOYLMAN: So, an issue's come to  
4           light about the surcharge placed on taxi rides.  
5           I think it's 50 cents per ride that is dedicated to  
6           the MTA.

7           And, in recent months, and years, we've seen  
8           a drop in taxi ridership, mostly due to car-sharing  
9           services, like Uber and Lift, and others.

10          These car-share services don't have that  
11          dedicated surcharge.

12          Has that impacted your bottom line?

13          ROBERT FORAN: I think we're still  
14          anticipating receiving about \$90 million on the  
15          50-cent surcharge.

16          The only time we're getting money from Uber  
17          or Lift is if the Uber or Lift driver happens to be  
18          a medallion driver. In that case, they have the  
19          mechanism to collect.

20          Again, it will be up to our legislative  
21          leaders to determine what, you know, could be  
22          applied to liberty-car services, black-car services,  
23          to non-medallion Uber or Lift or sharing services.

24          Certainly, there's an argument that could be  
25          made for equity, but we would leave it to, you know,

1 those who legislate to come up with the appropriate,  
2 fair approach.

3 But as of right now, we're still planning on  
4 about \$90 million, I think, coming in.

5 SENATOR HOYLMAN: So you're not advocating a  
6 position on that?

7 ROBERT FORAN: We'll leave that for the  
8 discussion.

9 SENATOR HOYLMAN: Now, if I could just zero  
10 in on a more local issue, I represent the west and  
11 east side of Manhattan, Grand Central Station, and  
12 the neighborhood around Penn Station.

13 I have a small business owner in  
14 Grand Central Station, a wine retailer, who's been  
15 there for about, I think, over 15 years, called  
16 "Grand Harvest Wines."

17 Are you familiar with it?

18 ROBERT FORAN: Yes.

19 SENATOR HOYLMAN: And the gentleman -- it's a  
20 family-owned business, very successful. I think  
21 something like 400 transactions a day. Really has  
22 established itself as a high-end retailer and a  
23 go-to place for commuters, but also locals alike.

24 They are in a Kafkaesque situation with the  
25 MTA, in terms of their bidding to renew their lease.

1           As I understand it, they won two RFPs, but  
2 then were told, after the second, that a new RFP was  
3 going to be issued, which they subsequently lost to  
4 another bidder who hadn't bid on the first two; in  
5 that, they were willing to pay something like  
6 40 percent more than their current lease.

7           And I just want to raise that to your  
8 attention because, you know, we think of  
9 Grand Central as, certainly, the crossroads for the  
10 city, and the world, but there are a lot of small  
11 businesses there that the local community relies on.

12           And I would urge you to look at this matter  
13 closely, and consider; consider the service that  
14 this business has brought, the success, and the  
15 family-owned nature and independence of it, when you  
16 move forward with this RFP.

17           SENATOR MARCELLINO: Senator Squadron.

18           SENATOR SQUADRON: Thank you very much.

19           And thank you all.

20           Thank you, to both Chairs, for this, and  
21 we're represented by the entire MTA region  
22 [unintelligible] centers, which I think says a lot.

23           Thank you.

24           And I actually was becoming a little bit  
25 confused, just listening to some of the most recent

1 answers.

2 I just want to be clear here.

3 I'm a subway rider myself.

4 Certainly, my district is massively dependent  
5 on it.

6 But, really, my city, and my region, is  
7 massively dependent on it, as the Chair said.

8 And it seems to me that we have a \$15 billion  
9 funding gap, and we've got a lot going on in this  
10 legislative session, and a lot that's important.

11 But, I feel like I might be the most nervous  
12 person in this room about the \$15 billion funding  
13 gap.

14 I just want to make sure that my  
15 understanding of this policy concern and yours are  
16 aligned.

17 That's a big problem; right?

18 THOMAS F. PRENDERGAST: Absolutely.

19 I've been 40 years in the business.

20 Absolutely, sir. And I say that  
21 respectfully.

22 SENATOR SQUADRON: Oh, good, so we share it.

23 What are the consequences if we don't fund  
24 it?

25 THOMAS F. PRENDERGAST: Well, first, I'll

1 start with external parties.

2 I'll start with the reinvention commission,  
3 the Urban Land Institute; people who have looked at  
4 the worth and value of the MTA network to the  
5 economy.

6 This is the second-largest economy in the  
7 world, second only to Tokyo.

8 It has been an historic part of New York's  
9 growth from World War II.

10 We're seeing record ridership levels.

11 You have things here that no other system in  
12 the world has.

13 Nobody has 468 stations.

14 You know, 71 percent of the city's population  
15 lives within one-half mile of a subway station.

16 I think it's 61 percent of the Long Island  
17 Railroad customer lives within two miles of a  
18 station.

19 51 percent of a Metro-North customer lives  
20 within two miles of a station.

21 SENATOR SQUADRON: And with due respect, and  
22 out of respect for time I have, the importance of  
23 the system is clear.

24 What are the consequences if we don't find  
25 it?

1           Because, you know, I've got to tell you, I'm  
2           in Albany. Sometimes my wife gets home late for the  
3           babysitter, on that F Train, and that's a  
4           consequence.

5           And that's a much smaller consequence in my  
6           life and many of my constituents' lives.

7           Tell me the consequences if we don't fund  
8           this thing, for riders.

9           THOMAS F. PRENDERGAST: If you start at the  
10          32 billion, take off 3 billion for bridges and  
11          tunnels, you're down to 29 billion, as we start to  
12          lose dollars off that.

13          If the consensus of the region and the  
14          decision-makers at large say, "We can't afford  
15          \$29 billion," it will first come out of expansion.  
16          Second Avenue subway, the next phase, would be the  
17          first.

18          It will then -- it's arguable as to what  
19          extent it would affect East Side access because, if  
20          you stall that project, you may have to refund  
21          money.

22          Then you go into what we call "enhanced."

23          So things like countdown clocks, things like  
24          features and elements of the system that maybe the  
25          millennials depend on and consider to be

1 entitlements would have to be sacrificed.

2 SENATOR SQUADRON: So let me ask you this --

3 THOMAS F. PRENDERGAST: Before we have to  
4 protect a state of good repair.

5 SENATOR SQUADRON: -- I get a lot of angry  
6 calls about the countdown clocks on the lettered  
7 lines, because they're not there.

8 THOMAS F. PRENDERGAST: They're not there.

9 SENATOR SQUADRON: We're not going to get  
10 them if we don't fund this thing?

11 SENATOR MARCELLINO: At some point you have  
12 to get an alignment between the money we have to  
13 fund the program and the projects that get funded  
14 with that level.

15 And so, in a hierarchal fashion, the thing  
16 we're going protect is state of good repair.

17 It may not be that interesting to somebody if  
18 they don't see a substation or they don't see cables  
19 going to a third rail, but if we don't maintain  
20 that, and that's a safety and reliability issue,  
21 then we could have a safety and reliability problem  
22 so.

23 And, so, we have to protect that core of  
24 \$22 billion.

25 SENATOR SQUADRON: Let me ask you about that,

1 because I was just on a B Train that, from  
2 34th Street to West 4th Street, got beaten by two  
3 F trains, shockingly. The express was not just  
4 slow. It was like slow and [unintelligible].

5 It seemed that the cars on the B were older,  
6 the ones on the F were newer.

7 I was proud with the MTA to create the  
8 full-line reviews a few years ago, that have been  
9 very effective. In fact, the first one was on the  
10 F Line.

11 One of the things it recommended was, that  
12 there should be sort of an alignment of cars, and  
13 actually newer cars for the F Line.

14 I notice we're not seeing that with the same  
15 consistency we used to.

16 I also notice that it seems that the delays  
17 on the F Line have picked up.

18 I want to ask, is there a relationship  
19 between how new the cars are, whether there are  
20 consistent cars on each line, and delays on that  
21 line?

22 And is that something that's impacted by the  
23 capital plan?

24 THOMAS F. PRENDERGAST: There's some  
25 relationship, but the overall level of mean distance

1 between failure, feet-wide and car-class-wide, has  
2 gotten to the point where it's not necessarily an  
3 issue of car reliability.

4 There may be other factors that affect the  
5 performance of a line.

6 And that's the importance of doing a line  
7 review, so you can identify what those factors are,  
8 and apply resources -- dollars, personnel,  
9 et cetera -- to try to address those.

10 SENATOR SQUADRON: What's the dollar  
11 amount --

12 SENATOR MARCELLINO: Senator Squadron --

13 SENATOR SQUADRON: Just very briefly --

14 SENATOR MARCELLINO: -- one more question,  
15 that's it --

16 SENATOR SQUADRON: Thank you.

17 SENATOR MARCELLINO: -- okay? Because we  
18 have to move on.

19 SENATOR SQUADRON: One question, two parts.

20 What's the dollar amount that we need --

21 [Laughter.]

22 SENATOR SQUADRON: And please let me complete  
23 it.

24 What's the dollar amount that we need to  
25 maintain a state of good repair, which means we're

1 not going to see anymore delays; which means,  
2 whether it's my wife or any rider who depends on the  
3 on-time train for their job, doesn't have to wait  
4 four trains to get on?

5 What is the dollar amount under which we are  
6 in crisis?

7 And, secondly, one of the full-line reviews  
8 going on right now, the C Line, we're very excited  
9 for it.

10 When is that going to be completed?

11 And, can we count on the fact that, as you  
12 committed at your nomination, they're going to  
13 continue throughout the system?

14 THOMAS F. PRENDERGAST: We saved \$22 billion  
15 for state of good repair, but it's not a firm line  
16 of demarcation, and I'll explain to you why.

17 A communication-based train-control system  
18 replaces an out-of-date or end-of-useful-life  
19 wayside block-signal system, so that's state of good  
20 repair; but it provides an increased level of safety  
21 and reliability, so it's an enhancement.

22 So it's an order-of-magnitude cost of  
23 \$22 billion.

24 But, there are favorite projects in the  
25 enhancement portion that wouldn't get funded if you

1 dropped as low as \$22 billion.

2 When is the line review for the C done,  
3 Carmen? I'm sorry.

4 CARMEN BIANCO: Yeah, the C Line, I'm hoping  
5 to see that data come to me within the next month.

6 We will share that with the chairman, and  
7 then certainly share that with --

8 Oh, I'm sorry.

9 The C is the end of the year, that's right.

10 SENATOR SQUADRON: I liked your first answer  
11 better.

12 [Laughter.]

13 CARMEN BIANCO: But the C will be later on in  
14 the year.

15 SENATOR SQUADRON: Well, right, a little more  
16 depth on that would be great, but I'll give time  
17 back to the Chair.

18 Thank you.

19 SENATOR GOLDEN: One quick question, because  
20 I have to get going.

21 SENATOR MARCELLINO: Senator Golden, quickly.

22 SENATOR GOLDEN: Thank you, Mr. Chairman.

23 According to the -- Senator Murphy, missed  
24 it, the -- we put the lockbox into place.

25 If they didn't put the lockbox into place,

1 they'd just keep on sweeping the funds. We still  
2 don't have a complete lockbox that -- to stop  
3 sweeping the funds so that you can continue to keep  
4 that money in the system.

5 We're going to continue to work with that.

6 I didn't get an answer on the last  
7 question -- my first question about the study on the  
8 express buses and the R Train.

9 THOMAS F. PRENDERGAST: I don't think we  
10 committed to a study, but we'll take a look at that.

11 SENATOR GOLDEN: You did, you did, you did.

12 THOMAS F. PRENDERGAST: We'll take a look at  
13 it and we'll get you an answer.

14 SENATOR GOLDEN: Okay.

15 The New York City Mayor, did they cut their  
16 funding to the capital program?

17 THOMAS F. PRENDERGAST: Historically -- I'll  
18 let Bob answer that question.

19 Bob?

20 ROBERT FORAN: The level of funding that they  
21 have in the current budget is \$40 million a year.

22 We expect that there could be continued  
23 discussions with them, but that is lower than what  
24 they had in the last --

25 SENATOR GOLDEN: What did they give, 136

1 last -- what was last year's?

2 ROBERT FORAN: Last year was, like,  
3 \$100 million, excluding the Number 7 extension.

4 I should point that out.

5 So just the regular recurring, it was around  
6 \$100 million.

7 THOMAS F. PRENDERGAST: In our plan, we're  
8 proposing 125.

9 ROBERT FORAN: 125.

10 SENATOR GOLDEN: You're asking my colleagues  
11 here to put money in.

12 You've got to make sure the City of New York  
13 is putting its fair share --

14 THOMAS F. PRENDERGAST: That's why I said  
15 "four."

16 It's federal, state, local, and also people  
17 who benefit directly and indirectly.

18 SENATOR GOLDEN: I think my colleagues were a  
19 little shocked to hear it's only \$36 million.

20 The change that you're going to make with  
21 the -- on the buses -- the express buses, or  
22 anticipated changes, are they going to be  
23 community-board approval? Or, because of safety,  
24 are they -- as of right, on the changing the  
25 crosswalks and putting the --

1           THOMAS F. PRENDERGAST: We normally go  
2 through a community-board process, along with  
3 New York City DOT, especially for SBS routes, but  
4 other routes as well, and we try to get their  
5 approval.

6           We don't always get their approval.

7           SENATOR GOLDEN: No, but then you're going to  
8 go through the community board --

9           THOMAS F. PRENDERGAST: Yes.

10          SENATOR GOLDEN: -- you anticipate.

11          THOMAS F. PRENDERGAST: Yes.

12          SENATOR GOLDEN: So there's a study underway  
13 for these crosswalk changes and removal of the  
14 crosswalks, and you're going to come back very  
15 shortly with a plan.

16          Yes? No?

17          THOMAS F. PRENDERGAST: I'm not sure where  
18 that's coming from, but --

19          SENATOR GOLDEN: Well, I'm asking.

20          You said you were going to change the  
21 crosswalks --

22          THOMAS F. PRENDERGAST: No, no.

23          I said, where there's agreement between the  
24 commissioner of DOT, John Samuelson, and myself,  
25 we're going to look at issues where there's a high

1 likelihood or frequency of turning accidents where  
2 someone gets struck in a crosswalk.

3 The first thing is, what can we do to  
4 eliminate the turn at that location?

5 If we can't, then we'll talk about the idea  
6 of moving the crosswalk away from the intersection  
7 where it's a safer location where there are no  
8 turns.

9 SENATOR GOLDEN: Okay, last question,  
10 Mr. Chairman.

11 The -- no, I thank you for being here, all of  
12 you, again.

13 I have to go to another meeting with the  
14 Governor, and that's why I'm going to have to leave,  
15 but, this question is important. It goes to the  
16 tolls on the Verrazano Bridge, and others: \$16.

17 At this rate, in the next few years, it will  
18 be over \$20.

19 People can't afford, and I perfectly  
20 understand Staten Island can't get off of that  
21 island, so I understand their issues. And they  
22 deserve the fairness that they do get from the MTA  
23 and from the City and State, but, we, too, can't get  
24 on that island.

25 So we have another issue going, and we need

1 to be able to get relief on that.

2 Port Authority obviously has a program that  
3 works, where they give it, if you're over that  
4 bridge three times, it's a 58 percent reduction.

5 Obviously, I would strongly suggest that the  
6 MTA look at that as well, for the people that work  
7 and live and do business on Staten Island, so that  
8 we can not impact a family.

9 It's a -- what do you call it? Pass --  
10 EZ-Pass.

11 It's \$16.

12 If you are on EZ-Pass, it's \$10.66.

13 A 58 percent reduction would bring it down to  
14 \$6.70, and that's, you know, not interrupting the  
15 \$5 charge that the Staten Islanders get for their  
16 benefits, which we believe they are entitled to,  
17 which we keep.

18 But that's something I'd like to see happen,  
19 going forward.

20 THOMAS F. PRENDERGAST: I understand.

21 SENATOR GOLDEN: Thank you.

22 SENATOR MARCELLINO: Just one quick question  
23 from me.

24 We talk a lot -- this is almost a follow-up  
25 on what Senator Golden was talking about -- there

1 are some bridges that are not tolled at this point  
2 in time. The 59th Street Bridge, for example.

3 If these untolled bridges were tolled, could  
4 we reduce the toll on the other bridges, overall, so  
5 that there's no net loss, and not necessarily just  
6 to increase funding, but just to stop  
7 bridge-shopping, so to speak, which a lot of people  
8 do?

9 It creates congestion in certain areas.

10 And we might be able to lower the tolls on  
11 some of these other bridges if we tolled, and  
12 figured out so that you're held harmless, so to  
13 speak, with the money.

14 THOMAS F. PRENDERGAST: That's certainly what  
15 Move NY says is the case.

16 I think we need to review the details to make  
17 sure that the net impact is what you say it is,  
18 which is neutral, but that's the proposal they have.

19 SENATOR MARCELLINO: What is your  
20 consideration?

21 Have you considered this? Are you looking at  
22 this?

23 THOMAS F. PRENDERGAST: We have been in  
24 dialogue with them throughout the entire process.

25 We're concerned about the issue of whether or

1 not the net impact is neutral or generates the  
2 revenue they say it does.

3 We need to look at it from a standpoint of  
4 just due diligence.

5 The issue of how much is set aside to  
6 maintain the bridges that are currently maintained  
7 by somebody else is key.

8 I think when anybody inherits the  
9 responsibility of maintenance of an asset, you've  
10 got to know exactly what the nature of that asset  
11 is.

12 We know what our assets are that Bridges and  
13 Tunnels owns, and we don't give a dollar away and  
14 fund other parts of the system as we do until we are  
15 assured that that asset is fully maintained, and  
16 it's being replaced, and its assets are being  
17 replaced.

18 Right now, we're making hundreds of millions  
19 of dollars of expenditures to extend the useful life  
20 of the Verrazano-Narrows Bridge for another  
21 50 years, I believe.

22 And, Jimmy, did you want to add?

23 JAMES FERRARA: That is correct, Senator.

24 One thing, we're secure in our knowledge, the  
25 assets that we maintain and control are in a very,

1 very good state of good repair.

2 And most importantly, to support mass transit  
3 over the last 2 years, funding from collection of  
4 tolls totaled about \$2 billion.

5 So we know what our assets are. We know the  
6 condition they're in. We know the revenue  
7 collected, and where the revenue goes.

8 When you start discussing, potentially,  
9 tolling East River bridges, there are many  
10 situations that have to be vetted, to determine what  
11 the asset will give you back in return, minus costs:  
12 minus repair, minus operating costs and capital  
13 costs.

14 There are many things to be discussed --

15 SENATOR MARCELLINO: What I'm suggesting is,  
16 discuss them.

17 Let's not just talk about it. Let's do it.

18 I mean, if there's a potential out there to  
19 ease this --

20 THOMAS F. PRENDERGAST: We've had discussions  
21 with them, and we will continue the discussions.

22 SENATOR MARCELLINO: I know, but, I mean,  
23 it's got to come to a conclusion.

24 I understand discussions, but it's got to  
25 come to a conclusion at some point in time, that we

1 do this.

2 I do know people do shop for -- a lot of  
3 people will come to an area where it's not tolled.  
4 They want to save the 15, 16 dollars.

5 I don't blame them.

6 But that adds to traffic congestion in those  
7 neighborhoods and air pollution in those  
8 neighborhoods, and a whole bunch of other things  
9 that happen in those areas, that might be alleviated  
10 if we moved along.

11 I understand there's additional costs that  
12 has to be taken into consideration.

13 I understand all that.

14 And I understand repair and maintenance, and  
15 subtracting costs, with potential [unintelligible].

16 But let's get those studies done.

17 How much time does it take to do a study on  
18 numbers?

19 Let's work it out, okay, gentlemen?

20 Second round, last round, with this Panel,  
21 please, because we have a time problem, and we have  
22 three other panels.

23 Senator Martins, and then Senator Dilan.

24 SENATOR MARTINS: Thank you.

25 Let's take up where we left off, shall we?

1           \$32 billion in this 5-year capital plan:  
2           3 billion for bridges and tunnels, for \$29 billion.

3           You said \$7 billion would be what we were  
4 going to borrow, but we have a \$15 billion  
5 shortfall, don't we?

6           ROBERT FORAN: Yes.

7           SENATOR MARTINS: So how does that get made  
8 up, and how does that factor into your "\$7 billion"  
9 figure?

10          ROBERT FORAN: Well, as I said, the current  
11 financial plan, which is the one that we presented,  
12 is \$15 billion short.

13          So of the funding that we have for you,  
14 \$16 billion, \$7 billion of that was bonding.

15          It's an ongoing discussion that you clearly  
16 will be very much a part of, in terms of coming up  
17 with how we're going to close that.

18          To the extent that the State came up with  
19 more money, that would reduce the net deficit.

20          To the extent the feds came up with more  
21 money, that's going to reduce the deficit.

22          To the extent that the City, that will reduce  
23 the deficit.

24          We're also, again, pushing very hard to see  
25 what we can get from the private sector.

1           So all I know right now, is the deficit looks  
2 to be about \$15 billion.

3           How that's made up with, I don't know, but we  
4 did not put additional bonding on the table.

5           SENATOR MARTINS: I understand.

6           So, \$7 billion, plus the \$15 billion, for a  
7 total of 22 billion, right now, since there doesn't  
8 appear to be another funding source until we're able  
9 to reach consensus on something.

10          What is the current level of the MTA  
11 outstanding debt?

12          ROBERT FORAN: 34 billion.

13          SENATOR MARTINS: 34 billion.

14          In the history of the MTA, it's 34 billion,  
15 and you're conceptually asking for 22 billion for  
16 the next 5 years?

17          ROBERT FORAN: I'm not asking for 22.

18          SENATOR MARTINS: Okay.

19          You've got 7 billion against the \$29 billion  
20 proposal --

21          ROBERT FORAN: Right.

22          SENATOR MARTINS: -- so there's a \$22 billion  
23 gap.

24          ROBERT FORAN: There is a \$15 billion gap.

25          There's \$22 billion -- it's 15 gap, and we

1 have 7, that was your 22.

2 SENATOR MARTINS: That's my point.

3 ROBERT FORAN: I'm just saying that there's a  
4 \$15 billion gap.

5 SENATOR MARTINS: Plus the 7 billion that  
6 you're already borrowing as against the other --

7 ROBERT FORAN: The amount of money that we  
8 have put into this plan for borrowing, the  
9 7 billion, that's -- a significant portion of that  
10 we've already set monies aside for.

11 You heard us talk earlier about the  
12 pay-as-you go?

13 Every time we did a refunding, and we have  
14 probably generated, on a present-value basis, the  
15 amount of money that we've saved with refundings  
16 over the last 4 years is about, I'd say, close to  
17 a billion three.

18 Every time we saved money on our refundings,  
19 when interest rates were lower and we replaced  
20 high-interest debt with low-interest debt, we have  
21 been banking that money for this capital program of  
22 '15 to '19.

23 When we've saved money by reducing costs, we  
24 either put it to reducing the fares or we also set  
25 it aside for the debt service.

1           So, effectively, we think that this  
2     \$290 million that we still have set aside every  
3     year, beginning this year, 2015, will support about  
4     \$5.4 billion of either debt and pay-as-you-go.

5           So the commitment we're making, is every time  
6     we can save money, we're trying to figure out, if it  
7     was capital, capitally derived, can we put it aside  
8     for the next capital program?

9           And that's what we're trying to do.

10          SENATOR MARTINS: No, I understand.

11          This is the equivalent of somebody  
12     refinancing their house, saving a portion of that  
13     money, and then deciding, with that portion that  
14     they saved in their monthly mortgage payment, that  
15     they can then take out an equity loan and afford a  
16     certain amount as against that.

17          ROBERT FORAN: Yeah, if they were going to --  
18     it would make perfect sense if you're going to use  
19     that for a needed addition on your house or to  
20     reroof it.

21          So that's what we're doing.

22          SENATOR MARTINS: Two more questions,  
23     Mr. Chairman.

24          One is, very quickly, MTA payroll tax.

25          Back when it was passed, I understood that

1       there was a downturn in the economy, and significant  
2       losses in revenues to the MTA that came through  
3       things like mortgage tax, the real-estate industry  
4       was in a different place.

5               But, can you speak to those revenue streams,  
6       and how they have come back over the last five,  
7       six years, and whether or not we're back in a  
8       position where those funding streams are restored  
9       such that the MTA payroll tax is redundant?

10              ROBERT FORAN:  At its height, we were about  
11       a billion seven.  That was the total amount of  
12       real-estate revenues that we received.

13              I think we have something -- if you hold one  
14       second, I'll tell you what we have coming in.

15              In the 2015 budget, we're talking about the  
16       urban tax, which is a real-estate tax; it's some  
17       mortgage recording; and it's also the real-property  
18       transfer.  It's 675 million.

19              And our mortgage-recording tax -- excuse me.

20              And the mortgage-recording tax is about  
21       365 million.

22              So we're a little bit over a billion dollars.

23              So we're still 600, 700 million dollars short  
24       of where we were at the peak.

25              And during that time our costs have continued

1 to go.

2 SENATOR MARTINS: Sure.

3 And just to highlight, or to piggyback on a  
4 point that Senator Golden and Senator Marcellino  
5 made, I understand, and I see this figure a lot,  
6 this \$1 trillion asset that we have that is the MTA,  
7 and I appreciate it. I truly do.

8 You know, I thank God that this was done  
9 100-plus years ago, where we didn't to have pay for  
10 it today, and we, literally, have the benefit of  
11 this great investment that was made privately over  
12 100 years ago.

13 But when you come right down to it, it comes  
14 down to people's ability to use mass transit.

15 And, so, if a peaked ticket from Mineola to  
16 Penn Station cost me \$20, if I don't -- if I buy it  
17 on the train, at some point there's a cost that is  
18 just -- it's impractical for a family to travel  
19 using the train, and we're being pushed into cars.

20 And, so, when we consider the trillion-dollar  
21 figure, I get it, but, we also have to make sure  
22 that people can continue to use these trains. And  
23 it's becoming evermore expensive.

24 And, certainly, we've discussed this in the  
25 past. These fare increases on top of fare increases

1 are significant.

2 And though we have to maintain it, and  
3 maintain this system, I would just encourage you to  
4 take into consideration the actual cost to the users  
5 today.

6 Not everybody's going into the city to work.

7 Other people need to get into the city  
8 sporadically.

9 They don't have the opportunity to buy these  
10 monthly passes.

11 The idea is, mass transit should be cheaper  
12 than the alternative. And when it's not, there's a  
13 real problem.

14 And, folks, I would suggest to you that we're  
15 reaching the point where it's no longer  
16 cost-effective for a family to travel using mass  
17 transit into the city.

18 Thank you.

19 SENATOR MARCELLINO: Thank you.

20 Senator Dilan.

21 SENATOR DILAN: Yes.

22 This year's executive budget proposes to  
23 repropose \$104 million of surplus operating revenues  
24 into capital projects; however, the executive also  
25 reports that you will only realize \$37 million this

1 year.

2 Where did the other \$67 million go?

3 Is it being swept?

4 ROBERT FORAN: No. No, that's not a sweep.

5 What they did is, of the monies that we  
6 received from the Metropolitan Mass Transit  
7 operating assistance account, we call it "MTOA,"  
8 \$104 million is being recharacterized as capital for  
9 us.

10 We were expecting about \$68 million of that  
11 to come to us as operating.

12 There was actually \$37 million more than we  
13 had anticipated receiving.

14 So in one sense, we already had pay-as-you-go  
15 capital in our budget. So, the \$68 million that  
16 they have identified for capital, we'll just reduce  
17 our pay-as-you-go capital by that amount so that  
18 that money can go for operations.

19 But the net effect of it is, they are giving  
20 us \$37 million more than we had expected, and that's  
21 been earmarked, designated, for capital.

22 SENATOR DILAN: Okay. Thank you.

23 Since safety has also been an issue here  
24 today, I know the costs, for many years, subway  
25 entrances throughout the New York City subway system

1 have been closed.

2 Can you get us a list of those closed  
3 entrances?

4 And, for example, in my district, we have at  
5 least 10 stations that are closed.

6 And, in view of the increased ridership,  
7 would it be appropriate to reevaluate those closed  
8 entrances?

9 And it's something I would like to work with  
10 you on.

11 THOMAS F. PRENDERGAST: We'll get you a list  
12 of the closures, and we'll take a look at them in  
13 terms of reevaluation in terms of their opening.

14 SENATOR DILAN: So we'll follow up?

15 THOMAS F. PRENDERGAST: Yes.

16 SENATOR DILAN: Thank you.

17 SENATOR MARCELLINO: Senator Hoylman.

18 Thank you, Senator.

19 SENATOR SQUADRON: Senator Hoylman's not  
20 here.

21 I'll take the second round.

22 SENATOR MARCELLINO: Senator Squadron.

23 SENATOR SQUADRON: Thank you.

24 Let me come at this just slightly  
25 differently.

1           We know the absolute minimum before the  
2 system starts to really fall apart, and we know that  
3 that'll happen quickly if it does.

4           \$32 billion was passed by the board, as you  
5 pointed out.

6           In that \$32 billion, do you see any wasted  
7 expenditures?

8           THOMAS F. PRENDERGAST: No.

9           SENATOR SQUADRON: None?

10          THOMAS F. PRENDERGAST: Not at all.

11          If you take a look at the Urban Land  
12 Institute report, and you take a look at others that  
13 are third parties, compare it against a  
14 trillion-dollar asset, the size of the ask should be  
15 closer to \$40 billion.

16          There's a limit with respect to how much we  
17 could ramp up.

18          "\$32 billion" is a number that the board  
19 agreed upon, as submitted by the staff, in terms of  
20 this balanced approach to state of good repair,  
21 enhance, and expand.

22          SENATOR SQUADRON: Great.

23          And so -- and when we hear about expand,  
24 we're talking not talking about some skyway to, you  
25 know, I don't even know.

1           We're talking about Second Avenue subway that  
2 we've already invested a huge amount in, East Side  
3 access, 7 Train extension --

4           THOMAS F. PRENDERGAST: 7 Train extension is  
5 already funded.

6           It's Penn Access for Metro-North.

7           SENATOR SQUADRON: So we're talking --  
8 okay --

9           THOMAS F. PRENDERGAST: Yes.

10          SENATOR SQUADRON: -- for Metro-North?

11          THOMAS F. PRENDERGAST: Yes.

12          SENATOR SQUADRON: And we're talking things  
13 like about countdown clocks, so that people can make  
14 smart, informed decisions about which subway to get  
15 on?

16          THOMAS F. PRENDERGAST: That's more in the  
17 enhanced part of the program: improve the level and  
18 quality of service.

19          SENATOR SQUADRON: Great.

20          And, we're talking making sure that we don't  
21 have cars and switches and third rails that break  
22 down? That's something that --

23          THOMAS F. PRENDERGAST: That's in the state  
24 of good repair.

25          SENATOR SQUADRON: Great.

1           So I just want to be very clear: We cut that  
2           \$32 billion, we're going to be cutting something  
3           that, in your 40-year experience, you think is  
4           valuable and important for the system?

5           THOMAS F. PRENDERGAST: Yes.

6           SENATOR SQUADRON: Thank you very much.

7           I also just want to say, briefly, I think we  
8           all know that, as the Chair talked about,  
9           route-shopping is going on like crazy.

10          It goes on across my district. And  
11          Broome Street goes on through my district in  
12          Brooklyn Heights. And so I think we do know that's  
13          a huge problem that we need to --

14          THOMAS F. PRENDERGAST: Route-shopping, or  
15          bridge-shopping?

16          SENATOR SQUADRON: Bridge-shopping.

17          THOMAS F. PRENDERGAST: Okay.

18          SENATOR SQUADRON: Thank you.

19          SENATOR GOLDEN: Thank you, gentlemen.

20          SENATOR MARCELLINO: Gentlemen, I appreciate  
21          your time.

22          That's last question for this Panel, and  
23          thank you very much for coming.

24          Tom, look forward to hearing from those --  
25          those reports, if you could send them to us, we

1 would appreciate that.

2 THOMAS F. PRENDERGAST: Yes.

3 And we'll bring Pat out to meet with you.

4 SENATOR MARCELLINO: Thank you.

5 THOMAS F. PRENDERGAST: He really wanted to  
6 be here today.

7 SENATOR MARCELLINO: Send him our best  
8 wishes.

9 The next panel is William Henderson and  
10 Ellyn Shannon.

11 Thank you very much for your willingness to  
12 attend.

13 You are part of the Public Citizen Advisory  
14 Council [sic]. And your mission, I guess, is to --  
15 and if I'm incorrect in this, you can correct me,  
16 please -- is to provide uses of the MTA subway, bus,  
17 and commuter-rail services, and give a voice in the  
18 formulation and implementation of MTA policy, and  
19 hold the MTA board and the MTA management  
20 accountable to the riders?

21 WILLIAM HENDERSON: That's essentially  
22 correct, Senator.

23 SENATOR MARCELLINO: Okay.

24 You're on.

25 WILLIAM HENDERSON: Okay, we appreciate the

1 opportunity to testify this morning.

2 The last eight years have been a difficult  
3 period for the MTA.

4 It's hard to conceive that riding high in the  
5 revenue is from dedicated real-estate taxes.

6 The MTA, in 2005 and 2006, was able to offer  
7 riders a holiday bonus that included half fare on  
8 weekends, bonus days, metro cards, free off-peak  
9 tickets on commuter rail -- and free off-peak  
10 tickets on commuter railroads.

11 Soon after, the economy crashed, and the good  
12 times ended.

13 Since 2008, MTA has struggled mightily.

14 The MTA's efforts to budget the balance have  
15 been outlined by the chairman, including  
16 \$1.1 billion in annual cost-saving measures.

17 Unfortunately, they also included a package  
18 of service cuts approved in 2010 that produced a  
19 great deal of hardship for many riders.

20 Improvements in the general economy have  
21 allowed the MTA to put back some of the those  
22 service cuts and improve service, starting in 2012,  
23 but fare increases agreed upon in connection with  
24 the MTA rescue package have really taken their toll  
25 on riders.

1           A series of fare increases that were put in  
2 effect since 2009 have severely impacted household  
3 budgets; at the same time, many riders are coping  
4 with stagnant or falling incomes.

5           As a result of the upcoming fare increase, a  
6 family of two commuters from Wassaic on  
7 Metro-North's Harlem Line, who use New York City  
8 transit to complete their journeys, will pay over  
9 \$1250 per month in monthly commuting costs, and  
10 that's before taking into account the additional  
11 cost of transportation to their home station.

12           This is an extreme example, but it's not an  
13 isolated one.

14           The situation is the same on Long Island.

15           The situation is the same in the northern  
16 parts of the Metro-North area.

17           People are hurting because of commuting  
18 costs.

19           The PCAC and its councils don't believe  
20 riders should be held harmless from increasing costs  
21 that the MTA faces.

22           It's long been our position that riders, like  
23 all who benefit from the system, must pay their fair  
24 share of the cost of operating the system.

25           Our concern, is that MTA riders already pay

1 the highest percentage of operating expenditures of  
2 any public-transit users in the nation.

3 In 2012, this figure was 53.2 percent,  
4 compared with 33.2 percent for systems nationally.

5 Subway and bus riders pay 52.6 percent of  
6 expenditures.

7 Subway riders alone pay 73.2 percent.

8 The fare hikes in 2013 and 2015 have the  
9 effect of increasing the proportional costs that's  
10 borne by riders.

11 The primary factor exerting pressure on MTA's  
12 finances, and, consequently, on the fare, is the  
13 authority's immense bond obligation for capital  
14 expenditures.

15 We continue to be concerned about the MTA's  
16 debt load, which, as of the end of last year, as the  
17 chairman said, tops \$34 billion.

18 The MTA expects its annual debt-service  
19 expenses to rise, from 2.3 billion in 2014, to  
20 2.9 billion in 2018.

21 To put in it perspective, the 2018 debt  
22 service that the MTA has to pay will amount to over  
23 49 percent of the fares that it collects.

24 Increasing the burden without new revenues to  
25 meet debt-service needs is not a viable option.

1           The challenges facing the MTA system demand a  
2 balanced approach, but one thing that's out of  
3 balance is the authority's spending on capital  
4 investments.

5           The MTA's spending on capital investments is  
6 programmed through a series of 5-year capital  
7 programs.

8           The system has been in place since 1982 and  
9 it served the MTA system well.

10          It's directed about \$150 billion, in  
11 2014 dollars, to maintenance, improvement, and  
12 expansion, and it's enabled dramatic increases in  
13 service quality and quantity.

14          Unfortunately, as you know, there's no  
15 approved capital program in place.

16          The need for capital investment is ongoing,  
17 and we believe that the State has a responsibility  
18 to adequately provide for the MTA's capital needs so  
19 that vital work to maintain and improve bus,  
20 commuter rail, and subway service will not be  
21 delayed.

22          There's a lot to do.

23          Although infrastructure has been stabilized  
24 and reliability has improved greatly from the  
25 '70s and '80s, the MTA system requires constant

1       infrastructural replacement and renewal and  
2       maintenance to support this improved service.

3               Rails and stations have to be renewed. New  
4       buses, railcars, and locomotives must be purchased,  
5       and signal systems must be replaced and updated.

6               The capital needs of the MTA go beyond  
7       maintaining the system in a state of good repair.

8               This region faces great challenges in  
9       adapting to new weather patterns, and the MTA's  
10      assets must be hardened against more frequent and  
11      severe storms.

12              Further, the ridership of the system is  
13      changing and expanding, as the chairman noted.

14              We're seeing increasing demands on the MTA  
15      service. Ridership is at levels not seen since the  
16      '40s and '50s, and not recorded at all.

17              There has to be more capacity in the system  
18      to provide for these demands.

19              The MTA needs modernized signal systems that  
20      include more trains to travel over the same tracks,  
21      and new fare systems that allow it to efficiently  
22      collect fares and speed bus boarding.

23              It has to continue with development of better  
24      information systems, like the countdown clocks, the  
25      bus-time information system, help-point intercoms,

1 and these make travel more secure and efficient.

2 The MTA has to follow through on the  
3 commitment that it and the City made to providing  
4 Rapid Bus service, and expanding and improving the  
5 bus network.

6 It needs to provide new commuter-rail  
7 facilities and equipment to respond to changing  
8 population and development patterns on Long Island  
9 and the five MTA counties north of New York City,  
10 and to ensure that the ally RR and Metro-North  
11 service meets federal mandates and is as safe as  
12 possible.

13 This isn't possible without a robust MTA  
14 capital program and the funding to carry that out.

15 As the chairman noted, the PCAC, in  
16 cooperation with the Urban Land Institute of  
17 New York, recently released a study of the impact of  
18 investment in the MTA's capital stock on the economy  
19 of the area, and we have seen some notable  
20 conclusions from that.

21 The findings are available online at  
22 [KeepNYontrack.org](http://KeepNYontrack.org), and we encourage people to take a  
23 look at those.

24 For all the good that the capital program has  
25 done and all the promise it holds for the future,

1       there remain some serious issues in addition to the  
2       lack of a program.

3               The first, is that the MTA investment and its  
4       capital assets is stunningly low.

5               And you might think \$32 billion is an awful  
6       lot of money, but the replacement value of the MTA's  
7       asset base is about a trillion dollars, as the  
8       chairman again noted.

9               A more conservative figure that considers  
10       depreciation and other factors in a way consistent  
11       with the financials of major corporations is  
12       \$485 billion.

13               Even if we look at this lower figure, the MTA  
14       invests in its capital assets at a rate of  
15       1.1 percent per year, which is dramatically lower  
16       than private freight railroads that invest at rates  
17       between 6 and 7 percent.

18               The MTA's relative investment rates is even  
19       lower when compared to regional utility companies  
20       and other firms in the transportation industry, like  
21       UPS and FedEx.

22               Planning for investment in the MTA's asset  
23       base means nothing if the resources available are --  
24       necessary to achieve plans are unavailable.

25               And the MTA, and -- the MTA program -- in

1 terms of the MTA program, the PCAC remains  
2 apprehensive that the resources available will not  
3 be -- the resources necessary will not be there to  
4 make the transportation investments that are needed.

5 Even at the relatively low reinvestment rate  
6 that the MTA has proposed, only about one-half of  
7 the funding is there to make these investments.

8 The MTA's proposed capital program has a big  
9 funding gap of \$15.2 billion, and that assumes that  
10 federal support is going to be maintained as it has  
11 in the past.

12 Recent history does little to quell our fears  
13 of getting an adequate capital program approved.

14 In 2009, to 2014, the capital program was  
15 fully funded when it was initially adopted. It was  
16 reduced to meet available funding, and was largely  
17 financed through increased debt backed by funding  
18 originally intended to provide capital funds on a  
19 pay-as-you-go basis.

20 The outlook this time around is, if anything,  
21 worse.

22 This year's executive-budget proposal is not  
23 encouraging.

24 While the capital program is the MTA's most  
25 critical need for the future, the executive budget

1 does not address MTA's capital-resource needs.

2 MTA is now unable to make substantial  
3 long-term commitments to capital spending,  
4 threatening the state's construction and industrial  
5 sectors and the thousands of jobs that depend upon  
6 them.

7 We continue to be concerned that the -- by  
8 the ongoing diversion of revenues from dedicated  
9 transit funds to uses other than those for which  
10 they were originally intended.

11 We've heard about the executive budget taking  
12 \$121.5 million in transit revenues from the  
13 MTOA fund and using it to fund new capital  
14 expenditures.

15 We also have heard last year about a  
16 diversion of dedicated funds. Use it -- found that  
17 in -- use of \$20 million per year of MTOA funds to  
18 pay off state service-contract debt. And this is  
19 scheduled to be repeated every year through 2019.

20 An improving economy is strengthening the  
21 MTA's financial position, but this positive  
22 development could be short-lived without adequate  
23 financial support from the State.

24 The system is simply not in a position where  
25 it can afford to lose revenue sources without some

1 kind of replacement revenue.

2 The MTA's adopted budget projects a closing  
3 cash balance of only \$64 million for 2015.

4 That's a lot of money, but it's a razor-thin  
5 margin for an organization with an annual budget of  
6 over \$13 billion, and it's less than 1/2 of  
7 1 percent of the MTA's total expenditures.

8 Because the budget is so precarious, funding  
9 stability is critical.

10 The PCAC has, for many years, called upon our  
11 elected officials to provide the MTA with a balanced  
12 package of funding sources that, taken as a whole,  
13 are stable, reliable, and able to grow in line with  
14 the increased cost of providing the transportation  
15 sources and services that are needed.

16 We continue to believe that safeguards, such  
17 as a meaningful lockbox for dedicated funds, should  
18 be in place to prevent raids on MTA funding.

19 While there's reasons to be cautiously  
20 optimistic, changes can be quick.

21 Many of us remember that -- as I said before,  
22 that the MTA, in 2005-2006 had plenty of money, and  
23 that evaporated very quickly in the financial crises  
24 of 2009, and service cuts and funding cuts in 2010.

25 Without new debt -- without new funding, the

1       only way to fund the capital program will be more  
2       bonding against additional revenues.

3               But it's not reasonable to ask an entity that  
4       can't meet its full operating costs through the fare  
5       box, and can only, with great difficulty, produce a  
6       self sustaining-budget, to fund capital expenditures  
7       through bonds.

8               This strategy will only increase the MTA's  
9       debt load of \$34 billion, and further increase the  
10      annual debt service projected to reach 2.9 billion  
11      in 2018, and amount to over 49 percent of fares  
12      collected.

13              We believe that the State must return to its  
14      legacy of support for the MTA, and ensure that  
15      funding for the 2015-2019 capital program will not  
16      put pressure on the MTA's operating budget or on its  
17      fares and tolls.

18              Along with riders, those who receive  
19      advantages from the MTA system also include  
20      motorists, business, and real-estate interests, and  
21      all who depend on the economic viability made  
22      possible by the MTA system.

23              These persons and entities have traditionally  
24      paid their share of the cost of operating the MTA  
25      through a series of dedicated taxes and state

1 general-fund appropriation, and the State must now  
2 take a fresh look at funding sources that are tied  
3 to benefits that the system generates.

4 Creating a strong and equitable funding  
5 structure for the MTA may include consideration  
6 measures such as a rationalization of bridge and  
7 tunnel crossing charges to generate additional toll  
8 revenue, while reducing the negative impacts of  
9 bridge shopping on neighboring communities.

10 And you'll hear more about this, I'm sure, in  
11 Mr. Matthiessen's presentation.

12 Revenues could also be increases -- increased  
13 through adjustments to some of the existing revenue  
14 sources, uncapping some of the revenue sources that  
15 are currently capped.

16 Another possibility is capturable portion of  
17 the value created through the construction or  
18 improvement of transit system -- transit facilities  
19 through special-assessment districts or other means.

20 The State once before rose to the challenge  
21 of rescuing the MTA from its financial crises, and  
22 we again ask for you to rise to this challenge and  
23 create a more useable and efficient system.

24 The downstate region in our state would not  
25 exist in their present form without public

1 transportation service provided by the MTA and its  
2 operating agencies.

3 It's only proper that those that are  
4 benefited by the system provide for its support.

5 We ask our elected officials to initiate and  
6 guide a broad public discussion of the funding  
7 structure that assures long-term success of the  
8 MTA system.

9 Thank you.

10 SENATOR MARCELLINO: Thank you.

11 Question: Does the PCAC support the MTA's  
12 policy of increasing fares and tolls every  
13 two years?

14 WILLIAM HENDERSON: We support the policy of  
15 the riders being one of many funding sources that  
16 meet increasing costs.

17 We -- what we don't like is that the riders  
18 are being asked to pay an ever-increasing proportion  
19 of costs of providing service.

20 Whether it's -- you know, there is some merit  
21 in doing fare increases every two years, I won't  
22 deny that.

23 It's better than the system that prevails,  
24 say, in New Jersey, where you don't have any fare  
25 increases for 10 years, and then you have a whopper.

1 A 25 percent increase, I think, the last time they  
2 did it.

3 That's really tough on a budget.

4 If your subway fares have gone up a quarter  
5 every two years, and maybe every four years, because  
6 you're alternating the passes and the cash fare,  
7 that's a little bit easier to handle on the  
8 budgetary side.

9 I mean, somebody's got to pay for this,  
10 Senator. And we don't think that riders ought to be  
11 exempt, but riders should -- by the same token,  
12 riders shouldn't be taken advantage of. Riders  
13 shouldn't continue to bear more and more of the  
14 cost.

15 SENATOR MARCELLINO: Well, the reason I raise  
16 it is because the fares and tolls, as you know, will  
17 be going up an average of 4 percent in -- which is,  
18 you know, 2 percent annually, later this month.

19 The previous increase took place in 2013 at  
20 7 1/2 percent.

21 And the next increase is scheduled for  
22 March 2017, 4 percent.

23 And until the current increase, the MTA fare  
24 and toll increases over the past several years have  
25 significantly exceeded the inflation rate.

1 WILLIAM HENDERSON: That's correct.

2 SENATOR MARCELLINO: So, by that, is the --  
3 in your opinion, is the MTA doing a good job?

4 WILLIAM HENDERSON: I think the MTA is doing  
5 what it has to do.

6 Unfortunately, there's only -- there's  
7 basically only two things that the board can do to  
8 improve its financial position.

9 One is increase fares and tolls; the other is  
10 cut services.

11 In the absence of other funding -- in the  
12 absence of other funding --

13 SENATOR MARCELLINO: Do we reach a point  
14 where we drive people out who need the service?

15 WILLIAM HENDERSON: Yes.

16 SENATOR MARCELLINO: And do we reach a point  
17 where, if we keep cutting and cutting and cutting,  
18 we will drive people out --

19 WILLIAM HENDERSON: Yes, we do.

20 SENATOR MARCELLINO: -- and put them -- we  
21 don't want them back in their cars.

22 WILLIAM HENDERSON: Yes, we do. And I think  
23 we drive people out who are -- you know, like you  
24 say, the household that's paying \$1250 a month to  
25 commute, you're driving those people out.

1           You are saying, you know, don't work in the  
2 city anymore because you've got to generate a  
3 \$15,000 nut, after taxed income, just to pay your  
4 commuting costs before you get dollar one to put in  
5 your family's needs.

6           SENATOR MARCELLINO: Where I live, the  
7 average income -- and then I'll move on to another  
8 question -- but the average income is about  
9 \$60,000 a year.

10           Use of the Long Island Railroad to the city,  
11 and then with a subway card, because they're going  
12 to need one after that, maybe a cab, puts it over  
13 about \$5,000 annually.

14           WILLIAM HENDERSON: Yeah.

15           SENATOR MARCELLINO: That's a pretty big  
16 chunk of your money, and then you're living on the  
17 rest.

18           That doesn't even get to food and fuel, and  
19 heat, which is, by the way, absent in this room.

20           WILLIAM HENDERSON: Yeah.

21                           [Laughter.]

22           WILLIAM HENDERSON: It makes it very  
23 difficult. And, you know, it's compounded by the  
24 fact that folks tend to move out farther to get more  
25 housing value for their money --

1           SENATOR MARCELLINO: Absolutely.

2           WILLIAM HENDERSON: -- which increases their  
3 transportation costs. So things that are --

4           SENATOR MARCELLINO: I use -- I use where  
5 I live, because it's Centre Island, basically.

6           WILLIAM HENDERSON: Yeah, I mean, folks who  
7 are living out in Smithtown probably are -- you  
8 know, they may enjoy the area, but they may also  
9 enjoy the fact that they can actually buy a house  
10 that they can afford out there, rather than a little  
11 bit closer in.

12          SENATOR MARCELLINO: I hear you.

13          Senator Martins.

14          And we've been joined by Senator Felder, and  
15 he can prepare his questions.

16          SENATOR MARTINS: Thank you both for being  
17 here.

18          One of the concerns I have is, as we go  
19 through this process of capital reinvestment in the  
20 MTA, and we all understand how important the MTA is  
21 as an asset and economic engine, but I always get  
22 the sense that these reinvestments, rather than just  
23 being maintenance, are upgrades.

24          And although upgrades are fine, if we can  
25 afford them, that, oftentimes, the same thing can be

1 done for far less if we're just talking about  
2 maintaining a system as it currently stands.

3 And we understand that people can't afford to  
4 continue to pay ever-increasing costs.

5 I don't live out in Smithtown.

6 I'm from Mineola; and, so, you know, the cost  
7 of someone traveling to the city during peak hours  
8 is significant. It is significant.

9 And if you add a number of people, and if a  
10 family goes in, and I made the point before, it  
11 becomes prohibitive.

12 So do you, as part of the PCAC, evaluate, not  
13 only the investment in infrastructure, but also,  
14 qualitatively, what types of investment they're  
15 making, and whether or not it is justified or  
16 reasonable to do it at this point?

17 ELLYN SHANNON: In this report that we  
18 partnered with the Urban Land Institute on, we  
19 looked at the global competitiveness.

20 So, what are other systems doing?

21 We also looked at the sustainability.

22 And particularly after "Sandy," the need for  
23 upgrades has become that much more important to try  
24 and make the system a much more resilient system.

25 And so, in light of those two things, and

1       then there's the third factor that they need to  
2       accommodate, is it gets very hard getting  
3       replacement parts and doing it the way it used to be  
4       done; whether you're upgrading your switches, which  
5       is a major need right now on a 100-year-old system.

6               And, so, those three factors make it so  
7       they're not really luxury items. They're items that  
8       are necessary in order to keep up and make it a  
9       system that functions as well as possible.

10              WILLIAM HENDERSON: I think I would add to  
11       that, some of these upgrades are necessary for the  
12       demands that are being put on the system. And  
13       I mean that in terms of quantity and in terms of  
14       quality.

15              The signalization improvements that the MTA  
16       is moving forward on are absolutely critical in  
17       putting more trains out on the same amount of track.

18              We're not going to -- in -- with some limited  
19       exceptions, we're not going to be building many new  
20       subways.

21              We have to put more -- move more people  
22       through the existing subways, and the only way you  
23       can do that is by improving signalization. You  
24       know, basically, getting more trains on that same  
25       piece of track.

1           The other thing is, people are conditioned to  
2 want more information.

3           So, you know, it used to be okay to lean over  
4 the track and look for the light down -- you know,  
5 down three or four stations down the track.

6           Now people want to know when the next train  
7 is coming. "How many minutes am I going have to  
8 wait?"

9           You know, a lot of that has to do with, you  
10 know, the information age.

11           But, if you look at the reaction people have  
12 had to the countdown-clock technology, it has been  
13 overwhelmingly positive, and, actually, has been one  
14 of the things that I think has improved people's  
15 view of the transit system more than any other  
16 element.

17           What has happened -- what happened with those  
18 countdown clocks and -- is that they were,  
19 basically, an add-on to a system of train control.

20           The countdown clocks, if you look at what --  
21 if you wanted to say, What would it cost us to put  
22 countdown clocks on the system, working from whole  
23 cloth? it would be a very high figure.

24           If you said, What does it cost us to add on  
25 countdown clocks under the system where we're

1 already putting in fiber optics and train control?  
2 it wasn't all that expensive, and it's had big  
3 dividends.

4           So I think it's -- it's not -- it's not a  
5 matter of -- in a sense, it's not a matter of being  
6 cheap. It's a matter of looking for value. And  
7 it's a matter of getting -- you know, if you can get  
8 something that improves people's experience, and do  
9 it in a way that's an acceptable value, you do it.

10           And I think they've made -- you know, they've  
11 made the right decision there.

12           SENATOR MARTINS: No, I understand, but, you  
13 know, in the abstract, we can all sit here and agree  
14 that we need all of these upgrades, and we need to  
15 spend this money on capital improvements. And then  
16 we sit back and we realize that it means borrowing,  
17 you know, an unimaginable amount of money.

18           And, we also have to consider the  
19 consequences of authorizing borrowing that kind of  
20 money on future expenses, because they have to  
21 maintain that system as well, and the complexity of  
22 the new systems that are being placed in service; as  
23 well as, you know, what's it going to cost the  
24 average rider, whether on the Long Island Railroad,  
25 Metro-North, buses, or the subway system?

1           How much is it going to cost at a time when  
2 people just can't afford it?

3           And, so, we can advocate for more, in the  
4 abstract, but, how much is it going to cost,  
5 ultimately, to put all this in place when there  
6 isn't a system to sort of absorb that cost right  
7 now?

8           How do we do it?

9           WILLIAM HENDERSON: Well, as I said before,  
10 somebody's got to pay for this, and that's -- you  
11 know, that's the bottom line.

12           And if the money isn't there to pay for this,  
13 you can't do it.

14           However, there are some -- however, a lot --  
15 a lot of the money that's in the capital program is  
16 absolutely necessary for the system to operate. If  
17 you don't spend it, the system will begin to break  
18 down, and begin to break down fairly quickly.

19           You know, people look at the -- people look  
20 at what they call the "mega projects." They look at  
21 East Side access and the Second Avenue subway.

22           They really make up a fairly small portion of  
23 the capital program.

24           SENATOR MARTINS: Very small portion.

25           WILLIAM HENDERSON: Yeah.

1           Most of the money that's going in is going  
2 into maintenance, repair.

3           And a lot of the money that's going in, in  
4 upgrades, or in the "enhanced" portion of the  
5 capital program, as the MTA calls it, is -- is a --  
6 expenditures on replacing things that are not  
7 available anymore.

8           You can't go out -- you can't go out and buy  
9 the signal system that is in place now.

10          At one time, the MTA had people working,  
11 rewinding relays by hand, because you can't buy the  
12 relays anymore.

13          You have to move forward.

14          It's like trying to -- you know, trying to  
15 work on a tube-type television. It's almost more  
16 expensive to try to recreate what's there than it is  
17 to move on to the next technology.

18          SENATOR MARTINS: Which begs the next  
19 question: How did we get here?

20          I mean, how did we get to such a state of  
21 disrepair when we want to reach a state of good  
22 repair?

23          How did we get to such a state of disrepair,  
24 where we're looking at the potential of borrowing  
25 that much money, literally, doubling the amount of

1 outstanding debt for the MTA that they've acquired  
2 over their entire history; doubling it in the next  
3 five years?

4 And has there been a lack of attention to  
5 these details over the history of the MTA, that now  
6 places it more in focus for this next 5-year plan?

7 WILLIAM HENDERSON: Well, one thing  
8 I would say, is the quality of the system has been  
9 improving, from the beginning of the capital  
10 programs, up through the present time.

11 That doesn't change the fact that it is  
12 incredibly expensive to maintain that system.

13 I mean, it's -- you know, we're talking about  
14 a huge asset. A trillion -- if you want to take the  
15 chairman's view of it, a trillion dollars.

16 If you want to take an accountant's view of  
17 it, it's \$482 billion; half a trillion dollars.

18 It's still huge.

19 And what we're investing in maintaining that  
20 system is, at the lower number, about 1 percent of  
21 the -- about 1 percent of its value.

22 What the freight railroads, the Class 1's,  
23 the Union Pacific, the Norfolk Southern, their  
24 investment is 6 to 7 percent of the value of their  
25 assets.

1           Now, it's not, strictly speaking, comparable.  
2       There are differences.

3           But you look at FedEx and UPS, they're  
4       investing upwards -- close to double-digits of the  
5       value of their assets in maintenance, repair, and  
6       improvement.

7           ELLYN SHANNON: I think one other area, if  
8       you want to look at it over the 30-year period and  
9       what the investment money has done so far, it has  
10      increased the capacity of the system for a million  
11      riders -- a million more riders.

12           And now they're expecting a million more on  
13      top of that.

14           The complexity that's being faced right now  
15      is, ridership patterns are changing, and, you have  
16      times of day changing too.

17           So where, on Long Island, you have a majority  
18      of a two-track system, and sometimes a one-track  
19      system, you have to find ways of, you know, getting  
20      more capacity out of your tracks. And the same with  
21      the subway system.

22           The subway system, really, on a signaling  
23      basis, the A Division has been done.

24           The B Division is substantially bigger, and  
25      it hasn't even -- you know, they haven't gotten to

1 that.

2 So I don't think it's a matter of that it's  
3 fallen down over the 30 years.

4 It's that recovering from all those years of  
5 disinvestment on a 100-year-old system is taking a  
6 long time and it costs a lot of money.

7 WILLIAM HENDERSON: I mean, if you look at  
8 the -- look at it this way: If the average life of  
9 an asset is 33 years, that means, to keep it up, you  
10 have to spend 3 percent every year on that asset.  
11 Either put it in a sinking fund so it can go and  
12 replace the asset, or, put it in periodic  
13 maintenance, improvement, renewal, so, you know, you  
14 spend it over the life.

15 They're not doing that right now, you know,  
16 and we're concerned about that.

17 We're very concerned that there is adequate  
18 money on the capital side to address the needs that  
19 are out there.

20 Yeah, it's a lot of money, it's a big number,  
21 but, you know, so is the value of the system.

22 SENATOR MARTINS: Of course, and someone's  
23 got to pay for it in the end.

24 The only other thing I'll leave, and it's  
25 more of a rhetorical point than anything else:

1           If there's going to be a \$30 billion  
2 investment over the next 5 years, and then we can  
3 prepare for another \$30 billion investment the  
4 5 years after that, this is not a cure-all or a  
5 fix-all. This is just another step along the way.

6           And, so, the commitment that needs to be made  
7 for this 5-year plan also has to be made in the  
8 context of the next 5-year plan, and the one after  
9 that, and the one after that.

10          And if we're in a position where we're going  
11 to be borrowing tens of billions of dollars every  
12 five years, how much can the system sustain in terms  
13 of debt load, and how much can we expect our riders  
14 to have to pick up?

15          If we consider that, if we make this  
16 investment, then we have to make the next one. And  
17 if we make this one, then we can't afford not to  
18 make the next one.

19          And it is just a self-perpetuating --  
20 frankly, self-perpetuating reality that it's going  
21 to add cost to the bottom line and increase fares to  
22 a level that is unsustainable.

23          And I'm concerned about that because we're  
24 only talking about the next five years.

25          But, inherent in our discussion is a much

1 longer commitment and much more expensive  
2 commitment.

3 WILLIAM HENDERSON: I absolutely agree with  
4 that.

5 SENATOR MARCELLINO: We are going to have to  
6 leave that as a rhetorical question.

7 We're running out of time.

8 Senator Felder?

9 SENATOR FELDER: No, I --

10 SENATOR MARCELLINO: No, you don't have to  
11 push that.

12 SENATOR FELDER: No, I know I don't have to.

13 I just wanted to say that I apologize for not  
14 getting here earlier.

15 It's such an important issue, I want to thank  
16 you both for all the work you are doing on this  
17 issue.

18 SENATOR MARCELLINO: Thank you, Simcha.

19 I just have one quick question, and I'm not  
20 looking for a lengthy answer on this. A yes or no  
21 would be great.

22 Should the City increase its contribution,  
23 from \$100 million, to \$125 million as has been  
24 proposed?

25 WILLIAM HENDERSON: Yes.

1           The City was contributing much more in the  
2 past, and should return to a pattern that reflects  
3 that reality.

4           SENATOR MARCELLINO: Thank you very much for  
5 your time. Appreciate it.

6           WILLIAM HENDERSON: Thank you.

7           SENATOR MARCELLINO: The next group is  
8 LaTonya Crisp-Sauray, from the Transit [sic] Workers  
9 Union; Dr. James Melius, of the New York State  
10 Laborers; and, George Trickio, from the New York  
11 State Laborers, Local 1298.

12          LATONYA CRISP-SAURAY: Thank you.

13          Good morning.

14          My name is LaTonya Crisp-Sauray. I am the  
15 recording secretary of Transport Workers Union,  
16 Local 100, the largest transportation union in the  
17 nation, which represents 40,000 bus, subway, and  
18 bike-share workers throughout New York City and  
19 Westchester County.

20          I want to thank Senator Marcellino and  
21 Senator Robach for giving me the opportunity to  
22 provide testimony on the Metropolitan Transportation  
23 Authority's budget and capital program.

24          The purpose of my testimony is to encourage  
25 the full funding of the MTA's 32 billion capital

1 plan.

2 As a bus operator, I have firsthand knowledge  
3 about the need for the government's full financial  
4 backing of the MTA capital program.

5 As you all know, it is imperative that we  
6 keep New York's economy moving forward.

7 Citizens rely on the MTA to get to their  
8 destinations, work, medical appointments, and places  
9 of worship.

10 Businesses depend on the transit system for  
11 customers, and to allow their employees to get back  
12 and forth to work safely, quickly, and efficiently.

13 Students rely on the MTA to get to school to  
14 further their education, and strengthen our city and  
15 state.

16 Let's talk about public transportation and  
17 why it's important.

18 The MTA's 4-year 32 billion capital plan  
19 entails critical investments to maintain 1 trillion  
20 in assets and to expand the system.

21 This plan will meet the needs of New York's  
22 vibrant, growing economy.

23 More than half of the capital program, or,  
24 approximately 17 billion, is allocated for the  
25 New York City Transit Authority and the MTA bus

1 company.

2           These two agencies alone served more than  
3 2.4 billion passengers in 2014, accounting for more  
4 than twice the ridership of the top 14 transit  
5 agencies in the United States.

6           These figures clearly demonstrate the transit  
7 system's importance in New York's economic health.

8           The importance of state of good repair:

9           First, we must invest in maintaining a state  
10 of good repair.

11           Our transit system is over 100 years old and  
12 regularly encounters problems due to infrastructure  
13 deterioration.

14           7 major asset categories are more than  
15 20 percent backlogged in state-of good-repair  
16 investments.

17           These include stations, main-line signals,  
18 communications, tunnel lighting, power, ventilation,  
19 and subway shops.

20           As a bus operator, I know firsthand that  
21 failing to properly monitor and rehabilitate  
22 structures, equipment, and vehicles results in  
23 frustration, and often in dangerous conditions, for  
24 all.

25           Injuries and delays in service costs millions

1 of dollars in lost productivity.

2 Investing in a state of good repair allows us  
3 to avoid preventable breakdowns that curb economic  
4 activity and pose risks to public safety.

5 The role of public transportation is  
6 supporting job growth.

7 We must invest in system expansions in order  
8 to adapt to population shifts and ridership trends.

9 Workers require reliable transportation for  
10 their daily commutes.

11 In Sunset Park in Brooklyn, and Hunts Point,  
12 recent government funding have invested into  
13 building the waterfronts and marine terminals.

14 The revitalization of these projects have  
15 contributed to new emerging jobs.

16 Neighborhoods, such as Sunset Park in  
17 Brooklyn and Hunts Point in the Bronx are adding  
18 thousands of jobs to the economy; yet, these  
19 communities lack adequate public-transit services  
20 that help residents get to work within 40 minutes.

21 Proposals for bus rapid transit:

22 Bus rapid transit is an ideal solution to  
23 this problem.

24 At a fraction of the cost of new subway  
25 construction, bus rapid transit offers flexible and

1 fast surface transportation. The incorporation of  
2 bus-rapid-transit elements, such as dedicated lanes,  
3 priority signaling, and real-time travel  
4 information, will produce greater travel speeds,  
5 frequency of service, and capacity.

6 Full-featured bus rapid transit will provide  
7 New Yorkers with direct and accessible connection to  
8 subway services.

9 BRT enhancement access to jobs for lower-wage  
10 workers throughout the entire city, to health care  
11 for people with disabilities, and seniors, and to  
12 greater educational opportunities.

13 A true BRT network will also reduce citizens'  
14 reliance on cars, fossil fuels, and enable the city  
15 to shrink its carbon footprint.

16 In view of these benefits, I propose that the  
17 State support investments in brand-new  
18 bus-rapid-transit routes in the Bronx and Brooklyn.

19 The routes in the Bronx will connect  
20 Pelham Bay and East Chester to East Harlem,  
21 servicing Co-Op City, Baychester, Pelham Gardens,  
22 Morris Park, Port Chester, Sound View, Clason Point,  
23 Hunts Point, Port Morris, and Mott Haven.

24 At its southern-most terminus, this route  
25 will serve passengers using the future Second Avenue

1 subway at 125th Street.

2 The route in Brooklyn will connect  
3 Sunset Park with John F. Kennedy International  
4 Airport, servicing Borough Park, Windsor Terrace,  
5 Prospect Park, Lefferts Gardens, Flatbush Ditmas  
6 Park, East Flatbush, Brownsville, East New York,  
7 Lindenwood, and Howard Beach.

8 Both of these routes would [unintelligible]  
9 residents in transit-underserved communities to  
10 major hospitals such as Jacoby Medical Center and  
11 Kings County Hospital which are key centers of  
12 employment in the health-care sector.

13 Bus rapid transit will significantly improve  
14 the quality of life and broaden economic  
15 opportunities for 660,000 residents living within a  
16 half mile of these routes.

17 Compared with local bus service, bus rapid  
18 transit in these communities will connect 27 percent  
19 more workers to jobs within a 40-minute commute,  
20 and, on average, each worker will have access to  
21 30,000 jobs.

22 It should be noted that more than 60 percent  
23 of the workers who live along the proposed BRT  
24 routes earn less than \$37,000 a year.

25 However, enhanced funding for the BRT would

1 allow the average low-income worker traveling to  
2 over 20,000 jobs for which they qualify.

3 A good return on investment:

4 Together, these two bus-rapid-transit routes  
5 will cost 120 million in initial capital  
6 construction; yet, these projects will offer good  
7 return on the public's investment. The routes will  
8 create 382 new jobs, including direct jobs for  
9 downstate transit workers and upstate  
10 bus-manufacturing positions.

11 Also, bus rapid transit will add  
12 approximately 20 million in value to the state  
13 economy, produce over 50 million in industry  
14 activity, and result in a 2 million increase in  
15 state and local tax revenues during the year of  
16 construction.

17 Once the routes are operating, they will  
18 directly employ 234 transit workers, supporting  
19 another 60 jobs throughout the economy, produce  
20 almost 10 million in industry activity, and result  
21 in an 800,000 increase in state and local tax  
22 revenues.

23 Every dollar invested in these two projects  
24 will stimulate 1.68 in economic activity for the  
25 entire state.

1 Government financing of the MTA:

2 Adequate funding is vital to ensuring  
3 quality, affordable, safe, and accessible public  
4 transportation for the present and for the future.

5 Government financing of the MTA preserves the  
6 payroll mobility tax, payroll mobility tax  
7 replacement funds, and MTA to forestall fare hikes  
8 or service cuts.

9 Consider requiring for-hire car-sharing  
10 companies to pay a 50-cent surcharge, like  
11 Yellow taxicabs.

12 For example, in 2013, since Uber provided  
13 over 100,000 rides per week in New York City, a  
14 50-cent fee on those rides would have resulted in at  
15 least 2.6 million annually.

16 The revenue from such a project would  
17 increase yearly.

18 The bottom line, is that New York can't  
19 afford to delay investments in public  
20 transportation.

21 Failing to act now will cost us millions in  
22 growth potential for our economy, and hundreds, if  
23 not thousands, of jobs around the state.

24 We must fully invest now, and sustain our  
25 commitments to continue strengthening our economy.

1 Thank you.

2 SENATOR MARTINS: Well said.

3 Thank you.

4 DR. JAMES MELIUS: Yes, good morning.

5 My name is --

6 SENATOR MARCELLINO: I just would -- I'm  
7 looking at your lengthy --

8 DR. JAMES MELIUS: I am going to summarize.

9 SENATOR MARCELLINO: Summarize.

10 DR. JAMES MELIUS: Definitely.

11 SENATOR MARCELLINO: Bless you.

12 DR. JAMES MELIUS: Okay.

13 That's what I was doing here, while I was  
14 sitting, just underlining certain sections.

15 First of all, thank you both.

16 I have with me, George Trickio, from our  
17 Local 1298 on Long Island.

18 I knew that there would be two Long Island  
19 Senators still here this afternoon when I testified,  
20 so I foresaw that and brought George with me.

21 And George also is in charge of our political  
22 action committee.

23 Our union represents over 40,000 construction  
24 workers in the state, most of them living within and  
25 working within the area covered by the MTA.

1           We do have -- well, actually, probably, at  
2           the present time, several thousand of them working  
3           on MTA projects.

4           We also are MTA customers.

5           They and their families rely on the MTA to  
6           get to work.

7           They rely on it functioning 24 hours a day  
8           because many of our members work evenings and night  
9           shifts, in some ways, to make sure that traffic  
10          keeps moving, and that projects can get done in a  
11          timely fashion.

12          We are very supportive, obviously, of the  
13          need for an MTA capital plan. And we think that  
14          what's contained in the current capital plan is both  
15          reasonable and appropriate, given the great needs of  
16          the MTA for increased investment.

17          As we've already heard, many years of  
18          inadequate funding have left a large backlog of  
19          work. And we can't go back and undo what's happened  
20          before, but we certainly need to maintain investment  
21          and maintain the growth.

22          And, you know, the importance of that system  
23          means that we need to continue investing in a  
24          capital plan, as well as into the operational side  
25          of the program.

1           Right now we're at a stage where I think, in  
2           the last several years, our citizens and people  
3           throughout the state and the country understand the  
4           need for more capital investment, and for -- in our  
5           infrastructure; however, we've not really come up  
6           with an agreement and a consensus on how we're going  
7           to fund that.

8           I think for the past few years, we've had the  
9           recession, and that sort of held us up in terms of  
10          being able to invest in infrastructure.

11          But I think that we're, hopefully, past that,  
12          and we're, hopefully, at a time where we will have  
13          additional budget funding available to support this  
14          plan.

15          I would like to make just four key points  
16          I think that need to be considered in looking at the  
17          funding of this plan, as well as addressing the gap.

18          First, I think long-term funding is extremely  
19          important.

20          It's important not only in terms of  
21          maintaining the system over a long period of time,  
22          as we've already heard, but it's also true for  
23          within the construction industry, to maintain a good  
24          base of contractors and trained workers for being  
25          able to conduct that work and do that work

1       efficiently and appropriately.

2               And, so, we think it's important that that  
3       funding be maintained, and that 5-year plans and  
4       even longer-term plans are important.

5               Secondly, we know that federal funding is a  
6       key part of the investment in our system.

7               That's been very sporadic over the last few  
8       years in terms of the plan.

9               We eventually have gotten the money, but it's  
10       been through a series of short-term fixes to the  
11       federal budget and not really long-term funding.

12              So, I think one thing that we need to do as a  
13       state, and you as a legislator -- the Legislature,  
14       is to make sure that we are working hard down in  
15       Washington to get our fair share, and to continue to  
16       get long-term federal funding, because I think  
17       that's going to be key to helping us address this  
18       gap, as well as some of our other  
19       transportation-infrastructure gaps.

20              Second -- thirdly, we need a balanced  
21       long-term approach.

22              There's no single source of funding that  
23       I think is going to fill the gap or address the gap  
24       completely.

25              The 5.1 billion wouldn't do that, what was

1 left from the bank settlements doing that, nor  
2 would, you know, increasing the payroll tax or  
3 increasing the fare, or any single area of source of  
4 funding for this system.

5 We need to come up with a balanced approach.

6 It's not easy to do.

7 There are different priorities for different  
8 users, but I think that now is the time that we can  
9 address that.

10 You'll hear later about the Move NY plan,  
11 which I think has a lot of good components to it.

12 It also is still a work-in-progress, and it  
13 needs a lot of oversight and a lot of input,  
14 I think, from the Legislature, as well as other  
15 interest groups, in terms of what needs to be done.

16 Our union did not support the original  
17 congestion pricing plan, because of concern of what  
18 that plan would do for our members that work in  
19 Manhattan, but, particularly, live outside of that  
20 area.

21 And, people that live in Long Island,  
22 Brooklyn, Queens, and the Bronx, who would suddenly  
23 be paying much greater tolls to get into the city  
24 for their work, and it would take a significant  
25 amount out of their income.

1           Finally, I would just add one more concern;  
2 and that is, that there's the need for equity.

3           We have other infrastructure needs.

4           Our roads and bridges need more investment.

5           Our water infrastructure, sewage treatment,  
6 we have aging utility gas pipelines, electrical  
7 systems, and so forth, that also need a significant  
8 amount of investment.

9           That investment is in many billions of  
10 dollars.

11           It's not going to be, you know, obtained  
12 overnight, but we need to balance what we do for the  
13 MTA, what we can do for roads and bridges, and what  
14 we can do for these other infrastructure needs.

15           And let me end there, and I'll be glad to  
16 answer any questions.

17           Thank you.

18           SENATOR MARCELLINO: Jack, any questions?

19           SENATOR MARTINS: No. I think your point is  
20 well made.

21           The MTA's critically important, but so are  
22 roads, bridges, and the need to continue to maintain  
23 the infrastructure that currently exist.

24           And balance; balance is extraordinarily  
25 important.

1           But I did appreciate the comments with  
2           respect to the bus route, the transit, and the need  
3           to reinvest in infrastructure for mass transit.

4           So, thank you very much.

5           Thanks for your comments.

6           SENATOR MARCELLINO: I think that's the  
7           general concern that we all have here. That one of  
8           the purposes of this hearing is to take a look at  
9           the Governor's proposals.

10           In his budget, how can we, for lack of a  
11           better word, fix.

12           I don't like that word. It implies it's  
13           broken. It isn't.

14           Should we add to it?

15           Should we adjust, should we realign some of  
16           the expenditures that were proposed?

17           I don't know.

18           We're looking at that now, so it's something  
19           that we need input on.

20           Just a quick question.

21           What suggestions might you offer, if you can  
22           be a little more specific, relative to that  
23           \$15 billion gap that you heard about in the MTA's  
24           proposed \$32 billion 2015-2019 capital program.

25           How might that be funded, if we eliminate

1 that?

2 DR. JAMES MELIUS: I think we need to look at  
3 a balance.

4 We need -- it's already been discussed here,  
5 New York City needs to invest more in it.

6 I think, frankly, the State has.

7 Where the State will -- you know, what's the  
8 particular sources?

9 I think, you know, politically, and it's  
10 difficult with the issues like the payroll tax, as  
11 you both know.

12 And I know, I live in Columbia County just  
13 north, and we are not included in the district, but,  
14 areas below us are and there's concerns there about  
15 it.

16 We need to see where the federal funding will  
17 come from.

18 But I think we need an overall. We have to  
19 look at the gas tax; what can be done motor-vehicle  
20 taxes or other petroleum taxes to support our  
21 infrastructure. And I think there are sources like  
22 that.

23 And, frankly, at this point in time, I think  
24 we have to take a serious look at things like  
25 congestion pricing or tolling the East River

1 bridges, and coming up with an equitable system that  
2 spreads the cost of the system around the entire --  
3 all the users, and to the extent we can.

4 It's not easy to do, but I think it needs to  
5 be done.

6 SENATOR MARCELLINO: No, it's not easy  
7 because, ultimately, we all know that the buck stops  
8 with the individual taxpayer.

9 DR. JAMES MELIUS: Yeah. Oh, yeah.

10 SENATOR MARCELLINO: No matter where you get  
11 the money, it all is going to come out of somebody's  
12 pocket. It's either the right pocket, left pocket,  
13 or back pocket, it's all coming out of the  
14 taxpayer's pocket.

15 So, that's ultimately the end of it.

16 Thank you very much for your information. It  
17 goes into the record.

18 We appreciate your time.

19 DR. JAMES MELIUS: Okay, thank you.

20 Thank you both.

21 SENATOR MARCELLINO: Nadine Lemmon, and,  
22 Alex Matthiessen; New York and federal policy  
23 coordinator for the Tri-State Transportation  
24 Campaign, and, the campaign director for Move NY.

25 And would I suggest the same situation. If

1 you can summarize, it's better than reading the  
2 whole thing, because we have it from the report.

3 NADINE LEMMON: Sounds good.

4 We understand.

5 My name is Nadine Lemmon, and I am the  
6 New York and federal policy coordinator for  
7 Tri-State Transportation Campaign.

8 TSTC is a non-profit policy and advocacy  
9 organization working for a more sustainable  
10 transportation network in New York, New Jersey, and  
11 Connecticut.

12 I'm also testifying on behalf of the  
13 Empire State Transportation Alliance, a broad-based  
14 coalition of businesses, civic, and labor groups  
15 that came together in 1995 around the Transportation  
16 Bond Act, to advocate for the MTA capital plan.

17 We support a fully funded MTA capital  
18 program, at \$32 billion, as proposed by the MTA, and  
19 that is 22 billion for state of good repair.

20 And, also, an additional 1 billion for the  
21 upstate capital program for transit.

22 We're very pleased to hear the Governor's  
23 State of the State, that he supported several key  
24 components of the MTA's capital program, including  
25 the completion of Second Avenue subway, construction

1 of Metro-North's Penn Access project, and purchase  
2 of new railcars and buses; yet, much more remains to  
3 be done.

4 While the MTA capital proposal represents a  
5 significant number, it still falls far short of what  
6 is generally acknowledged by the comptroller and  
7 other transportation experts as to what is needed to  
8 keep the New York's most valuable economic asset in  
9 a state of good repair and to continue modest  
10 expansion.

11 It also must be considered, in the broader  
12 context, of the value of the economic health of its  
13 service region, with more than 14 million people,  
14 7 million workers, and generating 1.4 trillion in  
15 GDP every year.

16 Moreover, maintaining the MTA system  
17 contributes significantly to the upstate economy  
18 given the number of suppliers and value-added  
19 services that exist in Upstate New York to support  
20 the MTA's capital plan.

21 As in prior years, the 2015-2019 capital plan  
22 anticipated to be funded through a combination of  
23 revenue-backed and direct capital support from  
24 federal, state, and local partners, but the MTA  
25 cannot rely exclusively on these revenue sources to

1 address the \$15 billion gap that we've been  
2 discussing.

3 With a full 17 percent of the MTA's operating  
4 budget, some 2.2 billion a year already committed to  
5 pay debt service on bonds issued for previous  
6 capital programs, further borrowing would result in  
7 [unintelligible] pressure on existing fares and  
8 tolls.

9 New, stable, and dedicated revenue sources  
10 must be found.

11 We strongly support a commitment of 1 billion  
12 to maintain and improve the transit systems in  
13 New York State.

14 Transit ridership is on the rise across the  
15 state, and fleets and facilities, from Albany to  
16 Buffalo, to Syracuse, need additional investment to  
17 accommodate growing demand.

18 For these reasons, TSTC and ESTA support a  
19 fully funded MTA capital program at a minimum of  
20 32 billion, along with its additional billion for  
21 upstate, and there are viable funding options that  
22 exist to support these initiatives.

23 We urge you to identify new revenue sources  
24 to fill any funding gaps.

25 Now, we have attached to our testimony a

1 two-page memo that outlines new revenue options.

2 And, another potential revenue source that's  
3 not listed in this memo is the Uber-fare surcharge  
4 that has been mentioned already today, a source that  
5 could bring in \$90 million in annual revenues.

6 Any new revenue sources should meet the  
7 following criteria:

8 New revenue should be balanced among all  
9 indirect and direct beneficiaries of the system,  
10 given the affordance of the system to the region.

11 New revenues must not replace nor reduce  
12 existing dedicated revenue sources, including the  
13 payroll mobility tax, fuel taxes, and other  
14 dedicated revenues.

15 New revenues must be adequate to underwrite  
16 the 5-year capital program, and should not, whenever  
17 possible, lose purchasing power over the course of  
18 the program.

19 A mechanism should be created to ensure new  
20 revenues are used exclusively to finance MTA capital  
21 projects.

22 Road and bridge projects should be included  
23 in revenue scenarios to ensure funding equity for  
24 other regions' modes in the state.

25 Most, if not all, of the options listed in

1 this memo could be further leveraged by issuing  
2 bonds.

3 Almost 1 billion in bonds can be issued for  
4 every 62 million in new annual recurring revenues  
5 raised.

6 And in answer to your question,  
7 Senator Marcellino, yes, the City should raise their  
8 contribution.

9 SENATOR MARCELLINO: Oh, you just took away  
10 my question.

11 NADINE LEMMON: Sorry?

12 SENATOR MARCELLINO: You just took away my  
13 question.

14 NADINE LEMMON: Thank you for the  
15 opportunity.

16 There is one very good revenue option that  
17 Alex will --

18 ALEX MATTHIESSEN: And I'll mention at the  
19 outset, that ESTA (the Empire State Transportation  
20 Alliance) does also support the Move NY fair-tolling  
21 plan.

22 So, thank you, Chairman Marcellino and  
23 Senator Martins for hanging around. We appreciate  
24 that very much.

25 I am going to just read from notes. I'm not

1 going to read a prepared statement, so, hopefully,  
2 it will go a little quicker.

3 But I will just warn you, that there's quite  
4 a lot of detail to this plan, so allow me a little  
5 bit of time.

6 So, my name is Alex Matthiessen. I'm the  
7 president of Blue Marble Project, which is a  
8 environmental consulting firm.

9 And, I'm the director of the Move NY campaign  
10 and coalition on whose behalf I'm testifying today.

11 Move NY is a campaign, it's a region-wide  
12 campaign, that is dedicated to coming up with a new  
13 dedicated, sustainable recurring revenue source for  
14 the MTA region, and also for the city's roads and  
15 bridges.

16 And we were founded in 2010 in response to  
17 the growing transportation crisis that we've seen in  
18 the form of reduced service, pothole-ridden roads  
19 and deteriorating bridges, and a lack of sustainable  
20 funding sources, going forward.

21 New York is facing a transportation crisis,  
22 and I don't think that we can expect to try to  
23 thrive and compete as a region, and as a state, with  
24 a system that struggles to meet the standards that  
25 other global cities have surpassed decades ago.

1           The \$32 billion that Chairman Prendergast and  
2 others have talked about, most experts agree that  
3 that's at the low end of what's required to not only  
4 maintain the system, but to bring it up to  
5 twenty-first-century standards.

6           I think we all agree that there are other  
7 cities around the world with whom we compete are way  
8 ahead of us in terms of investing in their  
9 transportation infrastructure.

10           So, Move NY has put forward a fair-tolling  
11 plan that would fully fill the \$15.2 billion funding  
12 gap that the MTA is currently facing with their  
13 2015-19 capital plan.

14           It would slash tolls in the outer parts of  
15 the city. That's, essentially, the MTA's outer  
16 bridges, which is the Verrazano, Throgs Neck,  
17 White Stone, Tri-Borough, two Rockaway bridges, and  
18 the Henry Hudson Bridge.

19           So those 7 bridges would not go down by a  
20 token 25 cents or 50 cents. They would go down by  
21 nearly 50 percent.

22           \$5, round-trip, off the major bridges.

23           \$2, round-trip, off of the Rockaway and the  
24 Henry Hudson Bridge.

25           The significantly reduced traffic is another

1 benefit of this.

2 New York boasts, if you will, the  
3 second-worst traffic congestion in the country, only  
4 second to L.A., and we're constantly vying for that  
5 top spot.

6 And it costs an estimated \$16 billion a year  
7 to the regional economy and job creation that would  
8 come as a result of not having traffic.

9 And then, finally, the plan would provide  
10 \$375 million per year to put into our city's roads  
11 and bridges, which would be the first time we would  
12 actually have a dedicated fund for roads and bridges  
13 in the city of New York.

14 So despite the fact that it is a tolling  
15 plan, this Move NY plan has the support of groups  
16 and -- quite a few groups around the region.

17 But particularly interesting, is it has the  
18 support of the groups that represent the -- New  
19 York's motorists and truckers best, which is the  
20 New York State Motor Truck Association that has  
21 endorsed the plan, and, AAA New York, which has also  
22 provided support and has been working very closely  
23 with us and supports the idea of the plan.

24 Labor unions, like TWU, 32BJ, ATU, and others  
25 are signing on.

1 Business associations, like the New York  
2 Building Congress; three out of five New York City  
3 chambers of commerce, have officially endorsed the  
4 plan, et cetera.

5 And then nearly all of the region's major  
6 environmental and transit organizations.

7 So here's how it works:

8 It's, essentially, a toll swap.

9 And the idea -- as the chairman has pointed  
10 out earlier during this hearing, the idea is to  
11 create a more equitable and balanced tolling system.

12 Right now, as of March 22nd, we're going to  
13 be tolling people, they're in the outer parts of the  
14 city where there's not as much congestion. They  
15 don't have a lot of good transit options. We're  
16 going to be tolling them \$16, round trip, cash  
17 tolls, even though, again, they don't have a lot of  
18 other alternatives.

19 In the meantime, there's 1.1 million trips a  
20 day that go into the most congested part of the  
21 city, and they go for free.

22 As Sam Schwartz [ph.] has pointed out, just  
23 in the last 15 years alone, we have seen 7 toll and  
24 fare increases, again, over that 15 years, and  
25 there's only one group that's never had to

1 contribute anything to helping with those fares and  
2 tolls; and that's the group that goes for free right  
3 now.

4 So, essentially, you would be tolling the  
5 East River bridges at the same rate that you  
6 currently toll the Midtown Tunnel and the  
7 Brooklyn Battery Tunnel, and, again, across  
8 60th Street; and, therefore, you would harmonize,  
9 essentially, the tolls entering and leaving the  
10 central business district, which is important,  
11 because then you eliminate bridge-shopping which  
12 causes increased emissions, road wear-and-tear on  
13 our old city bridges, fatalities, and then  
14 accidents, caused by vehicular crashes, et cetera.

15 So you greatly reduce all of those kinds of  
16 impacts.

17 I want to point out that the 60th Street's  
18 green-line piece of this is particularly important,  
19 and for a couple of reasons.

20 One, more than 50 percent of the traffic  
21 coming into the central business district is  
22 actually coming from the north. It's not coming  
23 from Long Island. Only about 40 percent comes from  
24 Long Island.

25 So, if you want to really tackle traffic, and

1 you also want to generate revenues and create a  
2 truly fair tolling system, you've got to also toll  
3 those drivers that are coming from the north, and  
4 for reasons that I just mentioned.

5 So, the tolling system we're proposing is all  
6 electronic.

7 So, it would be, like, the Henry Hudson  
8 Bridge, where it's, basically, no toll gates, no  
9 toll booths. You, basically, drive at speed through  
10 and you're tolled.

11 85 percent of the drivers out there in the  
12 New York region -- or, 80 or 85 percent are already  
13 using EZ-Pass.

14 By the time this gets implemented in a couple  
15 of years, smartphone technology would probably be  
16 catching most of the remaining 15 percent.

17 For those who don't have either, you could  
18 just have a snapshot of your license plate taken,  
19 and you get a bill in the mail and you pay it.

20 That's already used at the Henry Hudson  
21 Bridge and many other place around the country.

22 Fixed ratio:

23 This is a really important one to people who  
24 live in the so-called "outer boroughs" and in the  
25 suburbs, which is: How do we know the MTA won't

1 turn around and jack those tolls back up once  
2 they're reduced, you know, a year or two later?

3 And in the legislation that we're proposing,  
4 we would fix that new ratio of the lowered tolls in  
5 the outer parts of the city and the new central  
6 business district tolls, which is a .55 ratio.

7 That would be fixed forever, and that way,  
8 you can't raise one without raising the other, and  
9 that just puts downward pressure on excess increases  
10 in tolls overall.

11 Taxi and car apps, this is a really important  
12 piece.

13 One of the criticisms of the last plan that  
14 was proposed by Mayor Bloomberg, is that it felt to  
15 those people who lived in the suburbs and outer the  
16 boroughs that they were shouldering the costs, they  
17 weren't getting as many of the benefits, and  
18 Manhattan was kind of getting off scot-free.

19 The way we addressed that, is that we add a  
20 taxi and Uber and Lift surcharge, just within  
21 Manhattan, 96th Street South, surcharge that,  
22 basically, acts as a proxy for the traffic that they  
23 contribute by using these for-hire vehicles.

24 That puts Manhattan in the number-one spot,  
25 in terms of the 12 counties, who pays what, who pays

1 the most. And I think it appropriately puts  
2 Manhattan in the number-one spot as a result.

3 We raise \$1.5 billion a year in revenue, and  
4 that comes from both the new tolling, the  
5 fairer-tolling system, plus this taxi surcharge.

6 And that's even after you pay for all the  
7 toll discounts in the outer parts of the city, and  
8 you've paid for implementing this new tolling  
9 system.

10 So, a net 1.5 billion a year.

11 Unlike the Bloomberg plan, or any plan that's  
12 come before it, we say to drivers: Listen, you're  
13 being asked to help shoulder some of the costs of  
14 our regional transportation system, you need to get  
15 something back.

16 So drivers get a quarter of these 1.5 billion  
17 in revenue, which means better roads and bridges for  
18 drivers, they get much lower tolls in the outer  
19 parts of the city, and they're getting much faster  
20 commutes into and around the central business  
21 district.

22 The other three-quarters goes to the  
23 mass transit system, as I said.

24 If you bond that, that will actually get to  
25 exactly to your \$15 billion that the MTA needs.

1           So, you can have money for mass transit and  
2 roads and bridges.

3           Lockboxing is very important.

4           We do agree, I agree, with Nadine and others  
5 who have said, this is only going to work and help  
6 us modernize and maintain our transportation system  
7 if we preserve the existing dedicated taxes that are  
8 already out there.

9           But I think that there's inherent protections  
10 in a tolling mechanism because the tolls are  
11 collected directly by the MTA. It could be done by  
12 the New York City DOT as well.

13           That's to be determined by you all.

14           But the advantage of that, of course, is it  
15 doesn't have to go through an appropriation's  
16 process. It can't be raided by the Legislature.

17           The money goes directly to where it's  
18 invested.

19           And then, the bonding, we would have to  
20 create some kind of subsidiary of the TBTA, which  
21 allows to us get a very good credit rating on the  
22 money that's bonded, and also just to control the  
23 source of money and where it's allocated.

24           Investment priorities, we mainly, as I said,  
25 would help support the MTA capital plan.

1           There are some other things that we would  
2 want to see changed in that capital plan.

3           For the most part, we agree with the capital  
4 plan and its investment priorities, but, we think  
5 that a small amount of money would go a long way to  
6 filling a lot of the transit gaps that still exist  
7 in too many parts of the city.

8           So, we have a 5-point strategy for how to  
9 improve transit access, and improve access by making  
10 the fares more affordable.

11           One, is to restore more of the 2010 service  
12 cuts that happened.

13           Two, is to expand express bus service, and,  
14 to knock express buses down from the newly-enacted  
15 6.50, which is what they're going to be in March --  
16 or later this month, down to \$5, or 5.50, to give  
17 some folks some relief there.

18           We can help fund Mayor de Blasio's BRT, SBS,  
19 vision of 20 new buses, et cetera.

20           We can extend city tickets to seven days a  
21 week, which basically offers discounted fares on  
22 Metro-North, Long Island Railroad, within the city  
23 bounds, which can help fill some of those transit  
24 gaps.

25           And then, of course, the normal expansion

1 projects that have been talked about.

2 And then, in terms of suburban investments,  
3 we want, and I have been trying very hard to talk to  
4 various legislators and other interest groups on  
5 Long Island and in the Hudson Valley to find out  
6 what your transportation priorities are.

7 And I've gotten some good feedback, but  
8 there's more discussion I think that needs to happen  
9 in terms of concrete investments.

10 But, right now, we're talking about the kinds  
11 of investments that Tom Prendergast and others  
12 talked about to improve the service of the  
13 Long Island Railroad, Metro-North, and improve  
14 frequency of that service.

15 Rail-station access is an important piece of  
16 that. And I think there are some select places  
17 along Long Island and the Hudson Valley where we can  
18 benefit from improved or expanded parking-garage  
19 capacity at some of these stations.

20 And then other last-mile strategies, shuttle  
21 buses and others, that will help commuters get to  
22 Long Island Railroad, Metro-North, more easily; and,  
23 therefore, take advantage of that terrific service.

24 And then, finally, county buses.

25 Suffolk, Nassau, Rockland, and Westchester

1 have these county bus systems, but I think almost to  
2 a county, they're very underfunded.

3 We could use some of this revenue to help  
4 subsidize those county bus systems, and improve  
5 local bus and transportation access for people who  
6 aren't necessarily making the trip into the CBD, but  
7 need to get around Nassau and Suffolk and elsewhere  
8 for jobs, et cetera.

9 I'll just kind of briefly mention the  
10 alternatives, because I think it's worth talking  
11 about.

12 You know, we could increase the gas tax, but,  
13 we crunched the numbers, and in order to raise the  
14 kind of money that Move NY raises, you'd have to  
15 increase the gas tax, just in the 12-county  
16 MTA region, by over 50 cents a gallon.

17 We think that's kind of a political  
18 non-starter. It's hard to imagine how that happens.  
19 Plus, it puts pressure on suburban drivers who  
20 aren't necessarily creating the kind of congestion  
21 problems that the folks in the city are creating.

22 Sales tax. We could increase the sales tax  
23 around the 12-county region, but you'd have to do it  
24 by three-quarters of a percentage point in order to  
25 raise the \$1.5 billion that we generate.

1           And, again, that's highly regressive, very  
2 hard on poor people, working families, et cetera.

3           You could reinstate the commuter tax, but  
4 something tells me the two of you aren't going to be  
5 too excited about that.

6           Another idea is, you could more than double  
7 the payroll mobility tax. That's what you'd need to  
8 do in order to raise the money that we raise here.

9           I don't think that that's something that is  
10 going to be popular in the Senate these days.

11           And then the only other thing you could do,  
12 is you could underfund the system.

13           And I think we've heard earlier from various  
14 folks why that is, I think, such a bad idea. That's  
15 going to put us further behind in terms of being  
16 able to compete with other cities.

17           And then the other piece, which I think is  
18 the biggest threat, I think the biggest likelihood  
19 that we face, is that the easy decision will be,  
20 let's just kick the can down the road, and we'll  
21 just kind of coddle some short-term, non-recurring  
22 sources of funds together and we'll make do for the  
23 next couple of years. And then, when it really hits  
24 the fan and we really have to figure out what to do,  
25 then we'll come back to the drawing board and figure

1 out how to do that.

2 I hope we don't do that, and I especially  
3 hope we don't do that, if the answer ends up being  
4 issuing more fare- and toll-backed debt.

5 And that is typically what happens, is that,  
6 Oh, let's go to the riders and the current toll  
7 payers and get them to pay even more than they're  
8 already paying to help, basically, subsidize the  
9 rest of the system.

10 Tom DiNapoli, the comptroller of  
11 New York State, issued a report last fall that said,  
12 if you fill that \$15 billion MTA gap with fare- and  
13 toll-backed debt, you're talking about 15 percent  
14 increases in existing tolls and fares above and  
15 beyond the 4 percent biennial increases that  
16 Tom Prendergast talked about earlier.

17 So you're talking about, over the next  
18 5 years a 24 percent increase in fares and tolls on  
19 those who are already paying a whole lot.

20 We don't think that's fair or appropriate.

21 So, just to kind of summarize:

22 You know, one of the things we've heard, the  
23 "\$15 billion" number bandied about.

24 Chairman Marcellino, it's terrific that you  
25 keep on asking the question: How are we going to

1 fund that \$15 billion?

2 We're not, unfortunately, hearing a lot of  
3 solutions, and, we feel like we've got a very good  
4 solution.

5 We spent, literally, five years, going around  
6 the region, talking particularly to opponents of the  
7 Bloomberg plan and other plans like it, to really  
8 get that feedback and make sure this plan  
9 represents --

10 SENATOR MARCELLINO: What's been the City's  
11 response?

12 ALEX MATTHIESSEN: Uhm, Mayor De Blasio, last  
13 week, when we went public with our final version of  
14 the plan, he said something to the effect of, We  
15 think that the plan deserves to be looked at very  
16 seriously.

17 Something like that.

18 You know, listen, he's not a decision-maker,  
19 ultimately, in this, so we don't expect him to be  
20 leading the charge, but our sense is that he's  
21 certainly open to it, he's not opposed to it. And  
22 I think he's interested to see how this will all --

23 SENATOR MARCELLINO: In your reading of your  
24 own plan, would the Legislature have an ongoing  
25 role?

1           ALEX MATTHIESSEN:  An ongoing role?

2           SENATOR MARCELLINO:  Yeah.

3           ALEX MATTHIESSEN:  In what respect?

4           SENATOR MARCELLINO:  In the Move NY proposal?

5           ALEX MATTHIESSEN:  Well, I think the main  
6 thing, is that we would hope that the Legislature  
7 would pass the plan that we're proposing.

8           And then once it's passed, essentially, what  
9 we're proposing, is that the Legislature authorize  
10 the MTA and/or New York City DOT to impose tolls on  
11 the East River bridges, and to, essentially, manage  
12 a more balanced tolling system, and that they  
13 mandate a few features, like the fixed ratio, so you  
14 can't increase one toll without another.

15           SENATOR MARCELLINO:  The way we read it, the  
16 Move NY proposal would remove the Legislature's  
17 ability to appropriate -- I'm reading this -- "to  
18 appropriate the annual revenues from the new tolls  
19 and congestion pricing.

20           "Although it's approval is necessary under  
21 the Move NY plan, the Legislature is removed from  
22 the annual appropriation process."

23           ALEX MATTHIESSEN:  I don't think it's -- and  
24 forgive me, Chairman, because I'm not an expert on  
25 this.  I'm more of an organizer type, so I'm not an

1 expert in terms of all of the nuances of MTA funding  
2 and financing.

3 But my understanding is, is all we're saying  
4 there, is that this is money that would be raised  
5 through a tolling system. And like the MTA's other  
6 tolls that they collect revenue on, the money goes  
7 directly to the MTA, and they can bond on it --

8 SENATOR MARCELLINO: No, it's an extension.

9 ALEX MATTHIESSEN: -- et cetera.

10 So it's not removing an authority --

11 SENATOR MARCELLINO: No, that's by statute.

12 ALEX MATTHIESSEN: What's that?

13 SENATOR MARCELLINO: That's done by statute.

14 ALEX MATTHIESSEN: Right. So --

15 SENATOR MARCELLINO: You're taking that out  
16 of it. You're taking our ability to appropriate,  
17 out.

18 ALEX MATTHIESSEN: Okay, well, then, maybe --  
19 it's possible that I'm misunderstanding that, but  
20 I don't think so, because we've been -- I've been  
21 talking to lawyers and all the people who really are  
22 expert in this.

23 My understanding is, we're just doing  
24 exactly -- we're just simply saying, that like the  
25 revenues collected on current MTA bridges and

1 tunnels, this revenue also would go directly to the  
2 MTA, it could be bonded by the MTA, et cetera.

3 So we're not looking to remove anything.

4 If could I just finish --

5 SENATOR MARCELLINO: Very briefly, because  
6 we've got to get out of here.

7 ALEX MATTHIESSEN: Okay.

8 We've gotten terrific editorial endorsements  
9 from "Cranes Business," "Fox 5 News," "Newsday,"  
10 "New York Post," "Daily News," et cetera.

11 We did polling on this by global-strategy  
12 group. They showed a 2-to-1 in favor, support for  
13 this, including in the suburbs.

14 Long Island and the Hudson Valley support  
15 this plan, again, according to the poll, 57 percent,  
16 even after hearing criticisms of this kind of idea.

17 So we think it's an idea that its time has  
18 come.

19 We expect that the idea would be to marry  
20 this Move NY plan with some other resources, so that  
21 we can fund a statewide transit and road and bridge  
22 program.

23 Thank you very much.

24 SENATOR MARCELLINO: Jack?

25 SENATOR MARTINS: Mr. Matthiessen, you spoke

1 to a million-plus cars going into that central area  
2 in Manhattan. I guess below 60th, right, or below  
3 96th?

4 ALEX MATTHIESSEN: Yes, the tolling piece of  
5 this is 60th, south, to the financial --

6 SENATOR MARTINS: 1.1 million cars, I think  
7 you said?

8 ALEX MATTHIESSEN: Yes.

9 SENATOR MARTINS: And can you identify where  
10 those cars are coming from?

11 You said a percentage comes from Long Island,  
12 another percentage comes from the north.

13 How many of those come in through, tunnel,  
14 the tolled bridges?

15 How many are coming through from non-tolled  
16 areas? And of those, how many of those are coming  
17 from the north, and how many of them are coming from  
18 the east, or from other places?

19 ALEX MATTHIESSEN: I can give you very  
20 specific numbers on those. I'll have to get back to  
21 you on the specific numbers.

22 But, I can characterize, generally.

23 SENATOR MARTINS: Get back to the Committee  
24 so we can circulate to it everybody.

25 ALEX MATTHIESSEN: Okay, I'll do that.

1           So I'll do that through Debbie, if that's  
2 okay?

3           SENATOR MARCELLINO: Yes.

4           ALEX MATTHIESSEN: So -- but roughly  
5 speaking, of all the cars that are going into the  
6 central business district on a daily basis:

7           About 50 percent, or a little bit more than  
8 50 percent, come from the north; so that means  
9 Connecticut, Hudson Valley, northern New Jersey, the  
10 Bronx, et cetera.

11           About 40 percent come from Long Island; so  
12 that means Suffolk, Nassau, Queens, and Brooklyn.

13           And then about 10 percent come from New  
14 Jersey.

15           SENATOR MARTINS: Of the ones that are not  
16 being currently tolled, or just generally?

17           ALEX MATTHIESSEN: No, just total.

18           SENATOR MARTINS: And of those, how many of  
19 those are not being tolled right now?

20           ALEX MATTHIESSEN: The 1.1 I believe is the  
21 number that's not being tolled.

22           Yes, so --

23           SENATOR MARTINS: And of those that are not  
24 being tolled, what are the percentages and where are  
25 those cars coming from?

1           ALEX MATTHIESSEN: I -- to be absolutely  
2 accurate, let me get back to you with those numbers.

3           But --

4           SENATOR MARTINS: Because it may not  
5 necessarily follow that same percentage, I'd like to  
6 see that.

7           ALEX MATTHIESSEN: That's why I want to  
8 confirm before I just apply the same 50, 10, and  
9 40 percent.

10          SENATOR MARTINS: And under the plan, as it's  
11 being proposed, is there an opportunity, or is there  
12 a guarantee, that a car coming into that area will  
13 not be tolled twice?

14          ALEX MATTHIESSEN: Well, the way we designed  
15 it, is that we're assuming, and I think probably  
16 rightly, that most of the cars that are coming --  
17 the passenger vehicles that are coming into the  
18 central business district are coming because,  
19 either, that's their destination, or they're just  
20 simply taking advantage of free bridges and they're  
21 passing through to New Jersey or to go somewhere  
22 else other than Manhattan.

23          So for those that are just passing through,  
24 we're not -- we're trying to discourage that kind of  
25 passing-through traffic, and trying to get them to

1 take the most direct route because they don't have  
2 to bridge-shop anymore. They can -- they'll find,  
3 you know, the most direct route will also be about  
4 the same price as everywhere else.

5 In terms of those who have a destination  
6 there, we're figuring that they're going in, they're  
7 doing their thing, and they're leaving; so, yes,  
8 they will only pay once -- once in, once out -- just  
9 like they would on the Queens Midtown Tunnel.

10 SENATOR MARTINS: And if they come back in?

11 ALEX MATTHIESSEN: And if they came back in  
12 again, then, yes, in theory, they would pay a second  
13 time, but we don't think the vast majority of  
14 passenger vehicles do that.

15 However, we don't want to do anything to  
16 discourage business activity, and that's why, for  
17 commercial vehicles, they do only pay once in and  
18 once out, even if they're making multiple trips back  
19 and forth into the central business district all  
20 day.

21 If you're a dry-cleaning business, if you're  
22 a carpenter and doing service calls, you may cross  
23 60th Street a few times in a day, or you may go  
24 over to Queens and then come back, you only pay once  
25 per day.

1           SENATOR MARTINS: Or if you're visiting a  
2 couple of offices during a trip into the city, and  
3 you happen to see somebody uptown, and then somebody  
4 downtown, and go back uptown again, there's a  
5 possibility that -- so just something to think  
6 about.

7           ALEX MATTHIESSEN: Yeah, okay.

8           Thank you.

9           SENATOR MARCELLINO: Yeah, that was always  
10 the biggest problem for those of us who have  
11 businesses on Long Island that sell to people in the  
12 city with other businesses, going back and forth, or  
13 maybe making more than one trip a day to deliver  
14 produce or products.

15           So it was a concern, and still is a concern.

16           Thank you very much for your time and your  
17 input.

18           We look forward to those numbers that you  
19 submit to the Committee, because your proposal's  
20 very interesting.

21           ALEX MATTHIESSEN: Thank you.

22           SENATOR MARCELLINO: It was interesting, and  
23 worthy of -- as I commented to our first Panel, I'm  
24 getting a little tired of constantly hearing, Oh,  
25 we're going to look at that. Oh, we are going look

1 at that.

2 It's a great answer, but nothing ever happens  
3 when they look at that.

4 So we want to see more looking and coming to  
5 a decision.

6 ALEX MATTHIESSEN: Well, we appreciate that  
7 very much.

8 And I would just say that we feel confident  
9 that if we could just simply have a public debate  
10 about this and people really understand what the  
11 plan is, and understand it's really not the  
12 Bloomberg plan, and how much there is in it, not  
13 just for transit riders, but for drivers; not just  
14 for city residents, but suburban residents, we  
15 think, actually, there will be a lot of support for  
16 this thing, and it will reflect the polling that  
17 we've done.

18 SENATOR MARCELLINO: Thank you very much.

19 NADINE LEMMON: Thank you.

20 SENATOR MARCELLINO: The hearing before the  
21 Committee is adjourned.

22 (Whereupon, at approximately 1:38 p.m.,  
23 the public hearing held before the two Senate  
24 Standing Committees concluded, and adjourned.)

25 ---oOo---