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ADVISORY COMMITTEE TO THE MTA

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PCAC Testimony Presented to NY State Senate
Hearing on New York's Transit Systems
February 19, 2019

Good afternoon, my name is Lisa Daglian and I am the Executive Director of the Permanent Citizens Advisory Committee to the MTA, known as PCAC. Created by the New York State Legislature in 1981, PCAC and its member organizations are the voice of the more than eight million transit and commuter rail users in the MTA's 12-county New York service region. The New York City Transit Riders Council (NYCTRC) represents the riders of New York's subways and buses; the Metro-North Railroad Commuter Council (MNRCC) acts on behalf of Metro-North commuters; and the Long Island Rail Road Commuter Council (LIRRCC) is the voice of the riders of Long Island Rail Road. I am here today to speak on their behalf.

Although each of our councils represents a different part of the region, they all agree: riders want a safe, affordable and reliable way to get where they're going. Unfortunately, significant underfunding and disinvestment have left the system – and riders – in a precarious position. The bad news is that deficits are only projected to increase, with a projected $500 million deficit next year and $1 billion in 2022. Matters will only get worse if the proposed fare increases don't go through as anticipated. Unless new, sustainable funding sources are identified, we'll either see even more painful fare increases, unpalatable service cuts, or both. We cannot afford to go back to the "bad old days" and lose the valuable transit resources that keep the region economically competitive.

The good news is that it isn't too late to stop the cycle of despair and disrepair. First and foremost is the need to create steady and sustainable funding for the MTA's Operating and Capital Budgets, and have a structure in place to ensure that those funds are used in the most efficient and effective manner possible. At the end of the day, time, money and strong leadership will be key to taking the agency we all want to see into the future.

As rider advocates, we strongly support – and are excited – by the plans put forward by the current Presidents of the MTA Operating Agencies. Andy Byford's *Fast Forward* plan is, quite frankly, the blueprint for the transit system that New Yorkers want to see. Phil Eng has developed a strong plan for the future in *LIRR Forward*, and we are glad to see incremental, yet real, improvements in the service and reliability of the Rail Road. Cathy Rinaldi and her team have created a good path forward with *Metro-North Way Ahead* to restore it to its position as a premiere railroad. It is critical that full funding be identified to modernize signals, upgrade infrastructure and improve safety, accessibility and resiliency across the MTA's systems. But plans without funding are just dreams of things that could be. These improvements have a price tag – we've all heard $40-60 billion for the ten-year Fast Forward plan – and finding that funding is key to ensuring that NYC Transit, the LIRR and MNR continue to serve the region's riders now, and into the future.

Strong leadership at MTA Capital Construction under Janno Lieber is also helping to change the way the agency does business – both internally and externally. The Governor's Budget Amendment would require the use of Design-Build, which will help maximize resources and reduce the time it takes for critical infrastructure projects to be developed and constructed. Nascent internal changes will also improve the long and complex process for these projects. While there is still significant progress to be made in how the MTA manages its capital construction projects, we believe that the new focus on efficient processes, better contractor relationships and the commitment to Design-Build is the recipe to faster timelines and less costly projects.

The strong leadership at the agencies is already clearly in place – now to find the money, and give them the time to make the critical changes that riders want and need.

Overall, we are encouraged that the importance of providing sustainable funding sources for the MTA is recognized in the Executive Budget. At the same time, however, we have very serious concerns about the creation of an amorphous "Mass Transit Expert Panel," which would seemingly add another layer of bureaucracy and work as an end run around the board, further diluting its authority – especially since we do not know who will be appointing or vetting these experts. This newly proposed panel would have broad authority over the MTA's operating and capital plans, in addition to determining congestion pricing fee amounts, an MTA reorganization plan and workforce management improvements. These are significant and important functions that the MTA Board is currently well versed in and tasked with to mirror the views of the elected officials, riders and labor they represent.

We also have concerns about tying funding for the MTA capital plan to passage of the Article VII provisions for congestion pricing, MTA restructuring, and expansion of speed camera zones in New York City. We support each of these – but we do not agree that these critical funds should be conditional captives, tied so directly to the passage of these legislative requirements. We ask that you not tie up funding while deliberations over how to enact each of these proposals continues.

Congestion Pricing: The Governor has proposed congestion pricing as a "reliable funding stream" and we agree that it's needed to help fund the capital plan and reduce congestion. It's an idea whose time has finally come. The $15 billion that it is estimated to net would go to the MTA's 2020 -2024 capital plan. However, under the current proposal it cannot start earlier than December 31, 2020. We believe that it can be accelerated, in concert with New York City, and we appreciate the more collaborative language used in the Amendment to describe the city's role. We also appreciate the stronger language "lockbox" language inserted in the Amendment to ensure these and other revenues and funds set aside for capital projects are not diverted to pay for other operating expenses. **We support this effort**.

MTA Restructuring: We believe that having strong, full time and independent leadership at the MTA is the best first step to re-instilling confidence in the agency. A single point of contact as Chair/CEO has proven to be a successful model for effecting change and bringing in innovative solutions to long-standing problems. We are hopeful that a new Chair will be appointed soon, one who will support the agency Presidents in their efforts and work with them to identify savings and find efficiencies. We agree that there are numerous ways to reduce redundancies and streamline processes, as evidenced by those now underway. However, the newly introduced panel of experts apparently again waylays the appointment of a new Chair since it would redefine the role of the board and of the Chair. Structural review and revision are too important to do in haste and we ask for a longer, multi-stepped approach leading to a well thought out proposal.

Expansion of speed camera zones in New York City: The proposals should yield funds for transit-related purposes, in addition to funding street-based safety-related projects. We do not believe that there should be a cap on the number and/or location of the cameras – we all saw the way the legislation was tied up last year, and none of us want to see that recreated. **We support these cameras, combined with increased enforcement at the local level. We also encourage the passage of legislation for cameras at railroad grade crossings, with revenue directed to road and rail safety improvements.**

These funding sources are a good start, but will not meet all the needs of the MTA or its riders.

Consistently capturing Transit Added Value and use of Tax Increment Financing would create tremendous opportunities for the MTA. Studies indicate that transit accessibility can increase property values up to 20%. A portion of that value should be captured and set aside to finance transit infrastructure improvements when proximate projects – such as the Midtown East re-zoning in New York City, and TOD on Long Island and in the Hudson Valley – are developed. We've seen how successful these programs can be: the $200 million in improvements at Grand Central derived from an agreement with the developers of One Vanderbilt is a prime example. Mechanisms already exist for the types of agreements; they should be used consistently and constantly.

They say that desperate times call for desperate measures. These are desperate times: delays and disrepair are causing people to flee the system, leading to declining ridership, which means less revenue, less faith in the system, and less investment. We've been down this slope before and it doesn't end well. Now's the time to look at every possible revenue source, including incremental tax increases in the sales tax, gas tax, recording tax, Millionaire's tax, corporate tax, and future cannabis tax, to address the real state of emergency that we are seeing unfold. Getting out of debt by getting into more debt doesn't work at home, and it won't work for the MTA.

Debt service is through the roof. It takes a huge chunk out of the MTA's operating budget – and it is expected to grow to more than $3 billion over the next two-to-three years. The next capital plan must address the MTA debt issue and start figuring out ways to ratchet debt DOWN.

We agree with the Metropolitan Transportation Sustainability Advisory Working Group report that, "…the state and city should consider accelerating their existing capital commitments to provide bonding relief to the MTA's capital program." Currently, billions of dollars in state and city appropriations can only be spent when the MTA has exhausted all of its other dollars. But when will that be and how will it impact funding for the capital program? The $8.6 billion in state funds, which will trigger $2.75 billion in city funds, is needed now for the current capital plan. The state and city should upfront the funds, rather than waiting for the last minute. There is very little information about how or when the MTA will access this money.

It is clear that the MTA must do its part to regain the trust of the legislature and the faith of the riders it serves. The New York region is built around a robust transit system. It's critical that it remain the driver that supports our growth, vitality, and identity. Investment in the future of the transit system is investment in the region's economic stability and ability. We ask that you keep the more than eight million daily riders of the MTA's system top of mind as you collaborate on and negotiate this budget.

Thank you.