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250 Broadway
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Thank you, Tom. Good Morning, Chairman Fuschillo and members of the NYS Senate Transportation Committee. I am pleased to have this opportunity to discuss MTA NYC Transit's operating and capital budgets.

NYC Transit is the largest public transportation agency in North America and one of the largest in the world. The subway has a daily ridership of 5.4 million and an annual ridership in 2012 of roughly 1.7 billion—the highest level of ridership since World War II. Our fleet of more than 6,300 subway cars traveled approximately 340 million miles in 2012, along 660 miles of track, making 7,817 weekday trips. And, as Chairman Prendergast has already indicated, we are one of the few transit systems in the world that operates around the clock---24 hours each day, seven days a week. There are 468 subway stations serving Brooklyn, the Bronx, Manhattan and Queens; the Staten Island Railway, which serves Staten Island, has 22 stations.

NYC Transit and MTA Buses combined had more than 5,600 vehicles in 2012 - the largest fleet in North America. The average ridership in 2012 was 2.6 million a day, approximately 790 million annually, on 235 local routes, 5 Select Bus Service rapid transit routes, and 64 express routes throughout the five boroughs. Our buses made more than 54,000 revenue trips and traveled more than 382,000 revenue miles on an average weekday - over 149 million total miles yearly. NYC Transit also operates a citywide paratransit system for customers with disabilities. In 2012, Access-A-Ride served an average of 21,679 weekday customers daily and provided 6,770,759 trips utilizing a fleet of more than 1,900 vehicles.

I cite all these statistics because I believe that it is important to emphasize the vastness, complexity and expansive operating scope of our system---a system that poses daily and ever changing challenges; has varied and sometimes competing priorities; and, by necessity, has extensive budgetary requirements for its maintenance and operation. Today, NYC Transit remains fully committed to its mission of providing safe, secure, reliable and convenient transportation services for its customers, despite the lingering impacts of a difficult economy and the devastating residual impact of Super Storm Sandy on the region's transportation network.

Just a few years ago, the MTA faced a severe financial crisis. In response, we implemented a large-scale budget reduction program which generated \$600 million in annual savings. This amounted to about 75 percent of the total MTA-wide annual savings of \$800 million. Our finances have improved in the last two years in large measure because we have continued our efforts to control costs. For example, we put in place a revised contract for prescription drug benefits on favorable terms, which includes a special "Employee Group Waiver Plan" that provides Medicare drug benefits at a reduced cost, and will generate savings of more than \$20 million annually.

One of the most painful budget reductions implemented in 2010 was a unprecedented package of bus and subway service reductions that saved \$72 million annually. As our finances have improved over the past two years, we have been able to selectively fund reinvestments in service. This year we are implementing a package of major service investments costing \$18 million

annually, and in July we identified an additional investment of \$8 million for initiatives to be pursued next year. During 2012-2013, we also introduced three new Select Bus Service routes which provide speedier bus service to our customers at a cost of \$6 million annually. Over the same period, we've adjusted schedules to accommodate increasing ridership primarily by increasing the frequency of service at an annual cost of \$12 million, including subway changes scheduled for implementation next June. And, next year we will implement extended 7 line service to the far West Side at an estimated annual operating cost of \$13 million.

Our cost-reduction initiatives have also permitted us to make selective investments in service quality and maintenance reliability. One notable initiative launched in 2012 and expanded in 2013 is *FASTRACK*, a program that shuts down selected track corridors for four consecutive weeknights, permitting intensive coordinated subway maintenance efforts which include activities that cannot be performed efficiently while regular service operates. Starting in 2014 we plan to invest in additional personnel to enable increased frequency of track cleaning; to add 10 stations to our intensive station cleaning program under which rehabilitated stations are cleaned more frequently; and to add staff at the Rail Control Center to improve delay management that can reduce service delays experienced by our customers. These initiatives are being pursued even as we proceed with our massive effort to recover from the impact of Super Storm Sandy. The speed with which we restored service after the storm has been well reported, and I am proud of our employees who accomplished this feat. But, it has taken intensive efforts during this year, at considerable cost, to maintain service in the parts of the system that sustained the worst damage.

While we're on the topic of Sandy's impact on our operating budget, let me address the matter of overtime expenditures. Historically, the more severe weather we encounter, the greater our overtime expenses. Thus, the overtime expenditures related to last year's herculean effort to recover from the unprecedented damage to the transit system caused by Super Storm Sandy were not unexpected. The decision to restore service for our customers as quickly as possible is reflected in our 2013 overtime expenditures in an unprecedented way. In the July 2013 financial plan, we added \$36 million to cover \$11 million in projected overruns primarily reflecting expenses related to Sandy recovery efforts in 2012 that are being incurred in 2013 and \$20 million for ongoing repairs to infrastructure damaged by the storm. We expect to recoup the bulk of these costs via FTA reimbursements. The balance of the projected overtime overruns are due largely to other adverse weather events, particularly the major snowstorm on February 8, 2013, as well as greater than anticipated traffic delays which generated unscheduled overtime for bus trips, other unanticipated maintenance requirements, and vacancy and absence-related coverage. We are continuing to work on containing our overtime expenditures by filling vacant positions and other means. The overtime costs that will be presented in our November financial plan will reflect a realistic appraisal of overtime spending that is likely to continue.

Moving on to NYC Transit's current 2010-2014 capital program, progress continues. Its total value is \$11.6 billion, with commitments and construction progress proceeding as planned. Highlights of the 2010-2014 period include the purchase of 403 subway cars and 2,119 buses; component-based repairs at more than 125 subway stations; critical investments in core infrastructure, including \$2 billion of signal system modernization; the continuing rollout of new, customer-focused technologies, such as Help Point kiosks and Bus Time in all boroughs; and

construction of a new Arthur Kill station for the Staten Island Railway. Major upcoming awards include the purchase of 690 standard, 256 articulated and 300 express buses; 28 station renewal projects on the Liberty, Culver, New Lots, and Sea Beach lines; completion of Communications-Based Train Control on the 7 line and the start of Communications-Based Train Control on the Queens Boulevard line; and replacement of our bus radio system. We are increasing critical staffing and outside engineering assistance so that all of the capital work that I just outlined can be performed effectively while we also proceed with Super Storm Sandy repair and mitigation efforts.

Looking ahead, NYC Transit is developing its 2015-2019 capital program in accordance with the priorities identified in our *Twenty Year Needs Assessment*. While overall the upcoming program will be similar in content to the current program, there will be an increased emphasis on upgrading our signal system with Communications-Based Train Control, as well as wider use of a component-based investment strategy to target priority needs in a cost-effective manner. The 2015-2019 program will also include the completion of wheelchair accessibility at 100 ADA Key Stations and deployment of new technologies such as a new fare payment system and enhanced customer communication such as train arrival information signs on the B Division subway lines. Some of these enhancements, while providing better service for our customers, will also require additional operating resources, and we are mindful of that as we prepare our financial plans.

In closing, having just recently been appointed as NYC Transit President, I would like to take this opportunity to let you know that I am immensely honored to lead the 45,000 plus dedicated and talented men and women who work for New York City Transit. They demonstrate their steadfast commitment each and every day--and time and time again during crises-- to keeping New York City moving. Thank you for your time and attention. I will now turn the microphone over to my colleague, XXX, president of MTA YYY.