

Testimony of
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At the Joint Hearing of the
Senate Standing Committee on Finance
&
Assembly Standing Committee on Ways and Means
Concerning the SFY 2015-16 Executive Budget Proposal
Relating to Transportation

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Hearing Room B

Thank you, Chairman Farrell and Chairman DeFrancisco, for giving the New York Public Transit Association the opportunity to submit testimony before this joint session of the Senate Finance Committee and Assembly Ways and Means Committee regarding Governor Andrew Cuomo's proposed Executive Budget for SFY 2015-16.

My name is Carm Basile; I am the Chief Executive Officer for the Capital District Transportation Authority here in Albany and also the President of the New York Public Transit Association, a not-for-profit association representing public transit agencies throughout the State. Our members include public transit providers, private sector manufacturers and suppliers, state agencies, and community advocates. Our members range from the largest system in the nation, the MTA, to one of the smallest in Watertown.

Demand for Transit Service is Growing; But State Operating Aid is Not

Transit ridership is on the rise. Our residents are increasingly reliant on transit service as is evident by the consistent ridership growth in communities across the state.

In Capital District, ridership is up 4% over prior year, and set a ridership record in 2013-14.

In Rochester and Syracuse, it's up 3% over prior year.

In Ithaca, it's up 6 %, setting a ridership record for 7 straight years.

In Utica, it's up 23% since CNYRTA takeover in 2006.

And ridership is also up in Downstate counties including Westchester and Nassau.

The good news for transit statewide is that there are increases in customer use and customer revenue. The down side of that is many agencies are dealing with operating deficits even in the face of success. For many of us, with no other available resources, the gaps are filled by using capital funds – clearly a move that borrows from tomorrow to pay for today and is not sustainable in the long run.

Unfortunately, the 2015-16 Executive Budget ignores this need for transit operating aid and proposes little to address the capital needs of upstate and downstate transit systems.

Issue: The Executive Budget proposes zero growth in state transit operating assistance.

The budget proposes zero growth in state operating assistance for upstate and downstate transit systems, other than a small increase for the MTA. Other transit systems have few other revenue options and rely on STOA, especially in light of growing ridership demands.

The cost to provide quality transit service increases each year. Although fuel costs are down, pension, health care and paratransit operating costs continue to rise. New York's transit systems strive to improve efficiency and productivity before asking for more assistance from riders and government.

Transit systems cannot continue to provide the current levels of transit service at existing funding levels.

- CNYRTA has a \$3 m. budget gap and will have to eliminate most night and weekend service beginning in April.
- NFTA has a \$9 m. funding gap and has run out of options to solve this.
- NICE Bus in Nassau County has a \$5 m. budget gap and will need to raise fares and cut service this year.
- CDTA and other transit systems will consider service reductions in the future without additional aid...

State operating aid has not kept pace with the growth in transit passenger revenue or the use federal aid. Passenger revenue for the 4 upstate regional transportation authorities has increased by over 20% since 2009 and the use of federal capital funding for operating assistance has increased by over 45%, while state transit operating assistance has increased only 3% over the same period. NYPTA asks the state to do its fair share in funding transit operating costs.

Without increased STOA, opportunities to support the State's economic development initiatives will be lost, slowing the recovery of upstate communities.

Issue: Executive Budget proposes the diversion of operating revenues to capital

The Executive Budget also proposes to divert revenue from the downstate transit operating assistance account to a new capital program. This diversion has caused the zero growth in STOA to downstate transit systems. This diversion does not negatively impact the MTA, given their wide range of funding sources. However, other Downstate suburban county bus systems continue to need growth in state operating aid to maintain service and avoid service cuts.

The revenues in the downstate transit account should remain in the account and be appropriated for their intended purpose as operating assistance.

Issue: Structural issue with the upstate transit account

Over the past two years, NYPTA has highlighted the structural issue with the upstate transit account. The lack of revenue growth in the account has caused the chronic lack of growth in upstate operating aid, especially when compared to the inflationary growth of downstate transit revenue streams. The largest revenue source for upstate, the Petroleum Business Tax, is declining and projected to decline in the future.

The current structure of state funding created 30 years ago cannot sustain the transit services necessary to grow the upstate economy. It is critical for New York State to change the way that upstate systems are funded to ensure that upstate communities grow and prosper. NYPTA has raised this issue in previous years, but a solution has not been forthcoming, resulting in continuing shortfalls in STOA for upstate transit. A real, long term fix to upstate transit operating assistance is still needed.

NYPTA Recommendation:

- 1. Increase state operating assistance to upstate transit systems by \$25 m., to make up for flat funding since 2009, and increase operating assistance to downstate systems by \$17.4 m., the level of diverted MTOA aid that is proposed in the Executive Budget.**
- 2. Appropriate existing MTOA revenues in the future for their intended operating assistance purpose.**
- 3. Develop a real, long term fix to the upstate transit funding structure is still needed.**

Issue: Lack of Capital Funding for Transit Infrastructure

All transit systems, from the largest – MTA, to the smallest – Watertown, have vital infrastructure that requires maintenance and routine replacement to reach and maintain a state-of-good-repair while continuing to provide safe, reliable service. Over-age buses and rail cars need replacement; rail track, signals and structures need to be upgraded; maintenance facilities need repair; and outdated fare

collection and communications equipment need modernization. In order to respond to ridership growth, many systems need to expand their bus fleets.

The lack of funding for capital investment has led to worsening conditions of transit infrastructure and unnecessary maintenance expenses. For example:

- The NFTA has 21% of its buses beyond their useful life; and miles of service between interruptions has worsened by 8%.
- 68% of Broome County Transit's bus fleet is beyond its useful life, increasing bus maintenance costs.
- One-fourth of CDTA's buses are beyond their useful life; and these buses cost twice as much to maintain as younger buses.
- RGRTA has a 40 year old decaying central maintenance facility that needs replacement.
- CNYRTA and Nassau County have 20 year old CNG fueling facilities that need replacement.

Despite a state budget windfall of \$5.4 billion, the Executive Budget does not propose capital funding for upstate transit other than the traditional 10% state match to federal aid.

Issue: Need for a Multi-year Statewide Transit Capital Program.

The capital needs and funding gap of the MTA are well documented in its 2015 to 2019 Capital Program. There are also significant capital needs for other upstate and downstate transit systems identified in a recent report by NYPTA. These other systems taken together would rank as the 7th largest transit system in the nation, larger than transit systems in Boston or Philadelphia.

A **statewide** transit capital funding program is needed for **all** transit systems throughout the state.

There is an identified need for \$33 billion in statewide transit infrastructure investment over the next 5 years. This includes \$32 billion for the MTA's 2015-19 Capital Program and \$1 billion for the infrastructure needs of the other upstate and downstate transit systems. Available resources would cover only about half these needs, leaving a funding gap of \$15.8 billion, \$15.2 billion for the MTA and \$577 million for the rest of the states' urban transit systems.

The 2014-15 state budget provided \$31 million in transit capital funding, including the release of \$26 million in unused 2005 Transportation Bond Act funding. Transit systems appreciate this funding, but it does not approach the level of infrastructure investment needed in the future. Without a sustained state program, a backlog of capital needs continues to accrue, new demands for service grow and there is no ability to address these needs beyond the federal program.

NYPTA urges the state to take a leadership role in identifying new resources for transit infrastructure investment for all transit systems in order to preserve these vital assets and allow them to continue to support the state's economic growth.

NYPTA Recommendation:

- 4. Provide \$100 million in state capital funding for the first year of an upstate and downstate suburban capital program.**
- 5. Develop a plan to fund the 5-year statewide infrastructure needs of the MTA and all other transit systems.**

Issue: Rural Transit Service

The recent state change in the way that Medicaid transportation is arranged is having an unintended impact on public transportation, especially in rural counties in upstate New York. A new State Medicaid policy is resulting in a significant decline in riders and revenue on rural upstate transit systems, threatening the viability of some county systems.

NYPTA Recommendation:

- 6. Increase the STOA Formula Bus appropriation to fully cover the cost of the hold-harmless extension so that it does not reduce funding to other transit systems across the state.**
- 7. Additional transition funding to impacted rural transit systems should be provided from non-transportation revenues so that essential rural transit services can be retained.**

Conclusion

New York State benefits in many ways from the over 100 transit systems throughout the State. Transit service provides mobility for all segments of our population and allows more people to participate in the economy. The transit industry appreciates the state funding provided in the past, and requests consideration of the operating and capital assistance needs of all upstate and downstate transit systems.

Transit service supports state and community economic development and growth. Increasing investment in transit infrastructure over the next five years will lead to improved conditions, safer and more reliable service, and lower operating costs. Increased investment will also create and retain jobs for the state's transit manufacturers and suppliers.

On behalf of NYPTA and CDTA, I urge Governor Cuomo and the Legislature to support a stronger and better network of transit systems in New York State that can contribute to economic growth. NYPTA is committed to working alongside the Governor and all of you to insure that transit can continue to be a strong partner. Thank you for the opportunity to testify today.

