

Testimony of Thomas F. Prendergast
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Joint Legislative Budget Hearing on Transportation
January 31, 2013

Senator DeFrancisco, Assemblyman Farrell, Assemblyman Gantt, and members of the Senate and Assembly: Good morning. My name is Tom Prendergast. I am the president of New York City Transit. And at the moment I am also the interim Executive Director of the Metropolitan Transportation Authority. Thank you for the opportunity to testify today.

I'd like to begin with a brief update on our efforts to recover and restore service after Superstorm Sandy.

Despite the storm's devastating effects, we are running almost full service in all aspects of our operations, and I simply could not be more proud of the way our employees rose to the challenge and handled the storm. Buses were up-and-running seven hours after Sandy hit. Only nine hours after that, buses were running full-schedule. A few of our commuter trains were running less than 24 hours after the storm passed. Limited subway service was back 36 hours after the storm. Much of the success in rapid restoration was due to preparation and the decision to suspend service as the storm approached. And all of it was due to the dedication of our workforce.

But while today we've restored most service, we're still working around the clock to remediate the most serious damage. In some cases, including service to the Rockaways, repair work will take many months. Looking more generally at the year ahead for the MTA, Governor Cuomo's proposed budget will provide \$4.2 billion dollars in operating support for the MTA—an increase of more than \$358 million dollars from last year. This increased support is much appreciated, and I think the Governor's budget recognizes the hard work the MTA has been doing to reduce costs, contain costs, improve efficiencies, and balance our budget all while improving service to our customers.

The MTA has been pursuing an aggressive cost-containment and control effort. We've reduced personnel costs by reducing administrative headcount at Headquarters by 20 percent and at the agencies by 15 percent. We were able to cut some \$700 million dollars from the discretionary categories of our operating budget in both 2011 and 2012.

In fact, were it not for Superstorm Sandy, we may have ended 2012 with a reduction, year-to-year, in those costs. As it is, those savings will recur every year, growing to more than \$1.2 billion dollars by 2016. We are also committed to identifying further cost reductions in the coming fiscal year.

At the same time—and as a result of the 2011 savings—we were able to implement a package of service investments, worth more than \$29 million dollars. These investments restored some of the painful service cuts enacted in 2010, and extended service to new markets in growing neighborhoods.

Despite our best efforts to reduce discretionary costs, the MTA's non-discretionary costs—particularly healthcare, and pensions—continue to rise.

The recovery from Superstorm Sandy is another factor placing pressure on the budget. We've already spent tens of millions of dollars to restore service as quickly as possible. And we are working on the preliminary phases of repair work—scoping projects, developing estimates, performing early planning and design work. Our goal is to have the contracts for this work—totaling \$4.755 billion—in the pipeline as soon as possible after the federal aid approved by the Senate this week is appropriated.

Finally, our Financial Plan also assumes the continuation of existing state subsidies. In August, the State's Payroll Mobility Tax was struck down by a judge in Nassau County. The tax remains in effect as we vigorously appeal the ruling, which I am confident will be overturned.

If it is not, the elimination of the tax revenue would cost the MTA nearly \$2 billion dollars every year and new sources of subsidy to keep the system running would be necessary.

So as I hope you can see, we're working non-stop to keep this organization on sound financial footing—doing everything we can to hold the line on discretionary expenses. It is our goal to deliver our customers safely and efficiently but also to make the nation's most extensive, transit system as efficient and affordable as possible for our customers.

Meanwhile, our capital funding needs continue to be critical. Over the past 30 years, the Capital Program has invested nearly \$90 billion dollars in the vital infrastructure that keeps New York moving and its economy growing. And the success of these investments is all around us.

It can be seen in the striking difference between our transit system today and our transit system when the Program began in 1982, when subway trains broke down 25 times more frequently. It can be seen in the MTA's speedy and coordinated response to Superstorm Sandy. And it can be seen in many of our recent projects, delivering real benefits to customers. Projects such as:

--The new transfer between the uptown number 6 train at Bleecker Street and the Broadway Lafayette complex,

-- and the rebuilding of the East 180th Street Station in the Bronx, which is now ADA accessible,

--and larger projects like the exciting Fulton Transit Center in Lower Manhattan.

A healthy, fully funded Capital Program creates new opportunities for movement and growth. It means the MTA can keep moving forward in expanding the region's economy. Of course, the Capital Program is also an economic boon to every other region of the state, where hundreds of vendors contract and employ New Yorkers who provide billions of dollars in goods and services for MTA capital projects.

Following Superstorm Sandy, Governor Cuomo's New York 2100 commission on infrastructure submitted what I think is an excellent blueprint for the steps the region must consider if we are to prepare for and mitigate the effects of similar natural disasters in the future. The MTA was honored to participate on the Commission and we are closely studying its recommendations. Meanwhile, our Capital Program will also focus on the critical, nuts-and-bolts work that keeps our 24x7 system reliable and moving more than eight million people every day. We appreciate the support you have given the MTA, and we are working every day to gain or maintain your confidence in the organization's management. And we look forward to continuing working with you. Again, thank you for inviting me to speak to the Committee today. Now, I'm happy to answer any questions you may have.