

**NYPIRG Straphangers Campaign
New York State Transportation Equity Alliance
Pratt Center for Community Development
Riders Alliance
Transportation Alternatives
Tri-State Transportation Campaign**

Testimony
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before the
New York State Assembly Committee on
Corporations, Public Authorities and Commissions
on
MTA Policies and Finance
New York City
January 10, 2014

Good morning. Our groups are testifying jointly today. We want to underscore a consensus of what can and should be done to further safe, decent and affordable mass transit in the New York metropolitan area.

At the close of our joint testimony, several of our groups will address additional issues where they have special expertise, such as the status of the Tappan Zee Bridge.

We believe the issues below are critical to the future of transit in the New York area:

1. Our groups strongly support the MTA's recent decision to significantly cut the planned rate of increase in the fare.

In a city with a crushing crisis of affordability, transit riders have been subject to skyrocketing fares for years.

The subway and bus fare went up 8.4% in 2011 and 2013 and the MTA had proposed the same 8.4% for 2015 and 2017. State officials calculated this pace at more than twice the rate of inflation. New York City's Independent Budget Office predicted that at current rates, by

2023, the 7-Day unlimited-ride MetroCard would go from \$30 to \$45 and that the 30-day unlimited-ride MetroCard would increase from \$112 to \$168.

A key reason for the ever-upward fare has been that the MTA has had to borrow \$33 billion to fund its vital capital rebuilding program. This is causing the agency to spend more than \$2 billion annually in funds intended for operations but instead go to pay interest on the bonds.

As a result, riders in New York cover 43% of the costs of running the subway and bus system. Comparisons among systems are difficult. Many other big U.S. systems add a mix of light rail, trolleys, monorail and commuter rail to their bus and heavy rail service. A number of systems also extensively serve the surrounding suburbs, such as Boston, Philadelphia and Washington. For big systems that provide transit riders solely heavy rail and bus service like New York, riders cover 25% in Atlanta and 43% in Chicago.

In the last several months, the MTA heard concerns about the steady beat of big fare hikes from elected officials like State Comptroller Thomas DiNapoli and from transit groups like ours. During the fall mayoral election, Democrat Bill de Blasio stressed the issue of reasonable fares, saying: “While City Hall doesn’t control the MTA, it has a duty to help protect the affordability of our transit system on behalf of the millions of New Yorkers who use it every day. As mayor, Bill de Blasio will fight to protect the critical financial support of the transit system...”

In November, MTA Chairman Thomas Prendergast made the right call by reducing a proposed fare increase slated for 2015 from 8.4% every two years to a 2% annual increase.

The agency said the reduction of the planned increase was made possible by additional savings initiatives and higher than anticipated rider and tax revenues. Can the MTA do even better by its customers? Or worse? Our groups will be watching.

2. The State Legislature should enact a new five-year MTA capital program starting in 2015, key to maintaining and improving bus, subway and commuter rail service. The dramatic story of the comeback of our subways and buses from the bleak 1970s shows what New Yorkers can accomplish when their future is at risk.

By the late 1970s, the City's subways had become unreliable and decrepit. Graffiti covered every car and station. Transit fires and derailments hit record levels. Crime steadily worsened. Ridership plummeted to the lowest level in 80 years. Businesses cited poor transit as a leading reason for moving out of New York. The system had become a symbol of the decline of the city itself.

There's been great progress since then. Today, trains are nearly ten times more reliable. Ridership has bounced back. Transit crimes, fires, derailments—all have been greatly reduced in the last two decades.

In 1997, the transit system started offering free transfers between subways and buses. In 1998, riders received the first fare decrease in the history of the system in the form of unlimited-ride transit passes. As a result, ridership has soared. By 2013, ridership was at its highest level in 62 years!

These improvements didn't just happen. They have cost \$105 billion since 1982.

The MTA was in great financial distress before Superstorm Sandy hit in late October 2012. It needs billions of dollars for its upcoming 2015-2019 capital program. The amount of unidentified funds nears \$15 billion.

The MTA sustained more than \$4.9 billion in damage from the storm. In Sandy's wake, there have been a seemingly endless parade of major reconstruction projects, including: The A train across Jamaica Bay was rebuilt. The R tunnel between Brooklyn and Manhattan has been closed for 14 months of repairs (following months of signal failures and delays). Work also began to rebuild the South Ferry station, which was just completely rebuilt in 2006. And then there's the flood "mitigation" for seven downtown Manhattan subway stations. And the G tunnel under Newtown Creek is closed on many weekends for repair.

Some \$1 billion in bonds is needed for storm-related repairs. Out of the \$4.9 billion worth of storm-related damage \$1 billion will come from the riders, who will pay \$62 million a year in interest and debt service for decades. And there are fears that the State may try to substituting Sandy funding for its own responsibilities.

As always, the fate of the five-year capital program is tied to whether there are sufficient financial resources. Over the years, the State Legislature has gotten the lion's share of financing for the MTA by authorizing borrowing. The MTA has borrowed \$33 billion to date. (See: http://mta.info/mta/investor/pdf/2013/debt_outstanding.pdf.)

The MTA says that by 2018, the agency will have borrowed \$41 billion and have an annual interest tab of more than \$3 billion, the MTA's single largest growing operating expense.

In addition to capital aid, the City and the MTA should evaluate whether there are any operating initiatives in need of better funding. Currently, only 1% of the New York City budget goes to support New York City Transit's operating budget (\$700 million out of \$70 billion.)

Not surprisingly, many groups and officials believe new borrowing should not be a major source of funding for the MTA's capital program or operating needs. Other possibilities include:

- **generating revenue by fairer tolling of bridges and tunnels in New York.** (See: <http://www.samschwartz.com/Portals/0/PDF/MNY112613.pdf>)
- **more City funding for transit.** The City invests only \$100 million in capital funds a year to the MTA's five-year vital subway and bus rebuilding program. The City funds less than 10% of the MTA's operating costs. Our new Mayor should double the City's contribution to the MTA capital program to \$200 million a year, as was the case in the 1980s, and increase investment in operations, which would help reduce the need for borrowing.
- **increasing existing dedicated transit taxes.** These range from two real estate profit taxes to a surcharge of corporate profits.

Additionally, our groups support the payroll mobility tax, which was again upheld in October 2013 by the New York State Court of Appeals. The revenue source brought in about \$1.5B in 2013. Revenue is predicted to rise to \$1.8B by 2017, according to the NYS Comptroller. Any deterioration of this revenue puts existing and future service and projects in jeopardy.

3. MTA New York City Transit should work with the de Blasio Administration to achieve his visionary goal of creating a network of 20 Select Bus Service/Bus Rapid Transit routes.

As he wrote on his campaign website:

“Bill de Blasio will work to phase in the creation of a citywide Bus Rapid Transit network with more than 20 lines, linking communities underserved by transit to the city’s primary transportation and employment hubs. De Blasio will allocate funding from the city’s capital budget to accelerate implementation—at a fraction of the cost of major subway projects. Bus Rapid Transit has the potential to save outer-borough commuters hours off their commute times every week and stimulate economic activity in neighborhoods the subway system doesn’t reach.”
<http://www.billdeblasio.com/issues/transportation>

To date, both the City and MTA New York City Transit have been working together to implement six faster and more reliable “Select Bus Service” routes, with a seventh one on the way.

By all accounts – both anecdotal and statistical – the SBS routes have substantially cut running time, increased reliability and generated jumps in ridership. And this in a city with the slowest bus speeds in America. These current SBS routes are:

- B44 SBS on Nostrand/Rogers Aves btwn Sheepshead Bay/Williamsburg Bridge Brooklyn
- Bx12 SBS on Pelham Pkwy/Fordham Rd in the Bronx and upper Manhattan
- Bx41SBS on Webster Avenue btwn Williamsbridge and the Hub in the Bronx
- M15 SBS on First and Second Avenues btwn lower Manhattan and Harlem
- M34 SBS and M34A SBS crosstown on 34th Street in Manhattan
- S79 SBS on Hylan Boulevard btwn Bay Ridge, Brooklyn and the Staten Island Mall
- A seventh SBS route, the M60 SBS on 125th Street in Harlem to LaGuardia Airport in Queens, is due in the Spring of 2014.

SBS employs a number of strategies to provide faster service, such as collecting fares before boarding buses; buses with three doors and low floors to speed up boarding and alighting; reconfiguring bus stops and bus lanes to reduce conflicts with other traffic; wider subway-style spacing between stops; and enforcement of the bus lane by camera.

In the summer of 2013, the groups found that three of the SBS route living up to their promise. (The remaining three are affected by road construction.)

SBS on the Bx12 increased bus speeds by more than half over the Bx12 local.

SBS on the Bx41 increased bus speeds by 23 percent over the Bx41 local.

SBS on the M15 increased bus speeds by nearly 28 percent over the M15 local.

Possible priorities for new “Phase Two” SBS are discussed at:

http://www.nyc.gov/html/brt/html/routes/brt_phase2.shtml

In addition, the Pratt Center For Community Development has identified eight major corridors that may be candidates for greater Bus Rapid Transit treatment, such as exclusive dedicated grade separation for these potential BRT routes:

<http://prattcenter.net/research/mobility-and-equity-new-york's-transit-starved-neighborhoods-case-full-featured-bus-rapid>

4. City Hall (and/or Albany) should pass legislation mandating that businesses that employ 20 or more workers offer their employees “tax-free transit benefits.”

As of January 2014, \$125 per month spent on transit can be exempted from federal, state, and city income taxes, social security and Medicare taxes, and federal unemployment insurance – to the financial benefit of both employer and employee.

Hundreds of thousands of New Yorkers currently take advantage of this benefit; the current estimate is 700,000 employees. These individuals save many hundreds of dollars, which are then often spent in the local economy.

But hundreds of thousands are unaware that they and their employer are eligible. Legislation in the City Council would require employers of 20 or more to offer their workers these tax-free transit benefits. Such laws have worked well in cities like San Francisco and the Bay Area. New York’s leaders should work to increase the number of New Yorkers receiving transit benefits.

Many companies opt to pay a fee per enrolled employee to administer the transit benefit. This fee depends upon the number of enrollees and the type of program. The payroll tax savings to the employer is generally is larger than the amount of the fee.

5. The MTA needs to continue its successful run of new technologies:

- a) Fully implementing “Bus Time” and extending “Subway Time” to lettered lines. These features give you real-time information on arrivals.
- b) Using social media innovatively, as was done in communicating with the public during Superstorm Sandy. And in the use of mta.info website, such as the changeover on weekends to The Weekender
- c) Moving the transit system to smart cards, which are simpler to use and permit greater flexibility in charging fares, as well permit non-transit uses.
- d) Modernizing signals at a faster, more efficient rate (“communication based train control”). This allows running more trains safely and thereby increasing capacity.

- e) Replacing aging emergency call boxes with modern “Help Point” installations.
- f) Building on its initiatives to make the MTA open and transparent, including making agency reports machine readable and inventorying available data bases.

6. I-287/Tappan Zee Bridge Corridor and the MTA

Over the past year, the Tappan Zee Bridge Mass Transit Task Force, created by Governor Cuomo, has been exploring ways to improve transit service in the I-287 corridor between Rockland and Westchester Counties. While the task force has primarily been focused on improvements to county operated bus service, there has been significant discussion about how to improve rail service West of Hudson on the Pascack Valley and Port Jervis lines for New Yorkers. First, more frequency and more express service during the morning and evening rush would encourage more drivers from Rockland and Orange counties to use these lines to get to New Jersey and Manhattan and could improve strained relations between the MTA, counties, and elected officials regarding limited service. The MTA should work with New Jersey Transit to identify capital improvements that can be undertaken by both agencies in their upcoming capital programs while also examining their contractual operating relationship to ensure no barriers exist to increased service.

Second, the MTA should set aside some planning assistance for Amtrak’s Gateway Tunnel “Bergen Loop” plan. The plan, originally tied to the cancelled Access to the Region Core tunnel, would loop MetroNorth’s Port Jervis and Pascack Valley lines directly into the Gateway Tunnel without a transfer at Secaucus, NJ, saving time and eliminating a transfer for Rockland and Orange County commuters using these lines into NJ and Manhattan. The Gateway project is at a very nascent planning stage, and would require multi-agency and bi-state planning and funding. Yet, planning funds in the next MTA capital program will help make this critical rail improvement for West of Hudson commuters more of a reality. The next MTA capital plan offers a key opportunity to get improved rail service underway both in the short term, while improvements to bus service are planned and implemented in the I-287 corridor by the time the new bridge opens, as well as set the stage for long term projects such as Gateway.