

# Keeping New York On Track: The Importance of the MTA Transit Network in a Changing World



Photo: Wikimedia Commons

February 11, 2015

Prepared by HR&A Advisors on behalf of and in coordination with:  
**The Permanent Citizens Advisory Committee to the MTA**  
**Urban Land Institute – New York**



**PCAC**

PERMANENT CITIZENS  
ADVISORY COMMITTEE TO THE MTA



**Urban Land Institute** **New York**

with assistance from **New York University – Schack Institute of Real Estate** and **Hornick Consulting**

**HR&A**  
Analyze. Advise. Act.



---

The Permanent Citizens Advisory Committee and the Urban Land Institute  
commissioned HR&A Advisors to examine the MTA Capital Program.

---

Commissioned by:



With assistance from:

**NYUSCHACK**  
Institute of Real Estate

**Hornick Consulting**

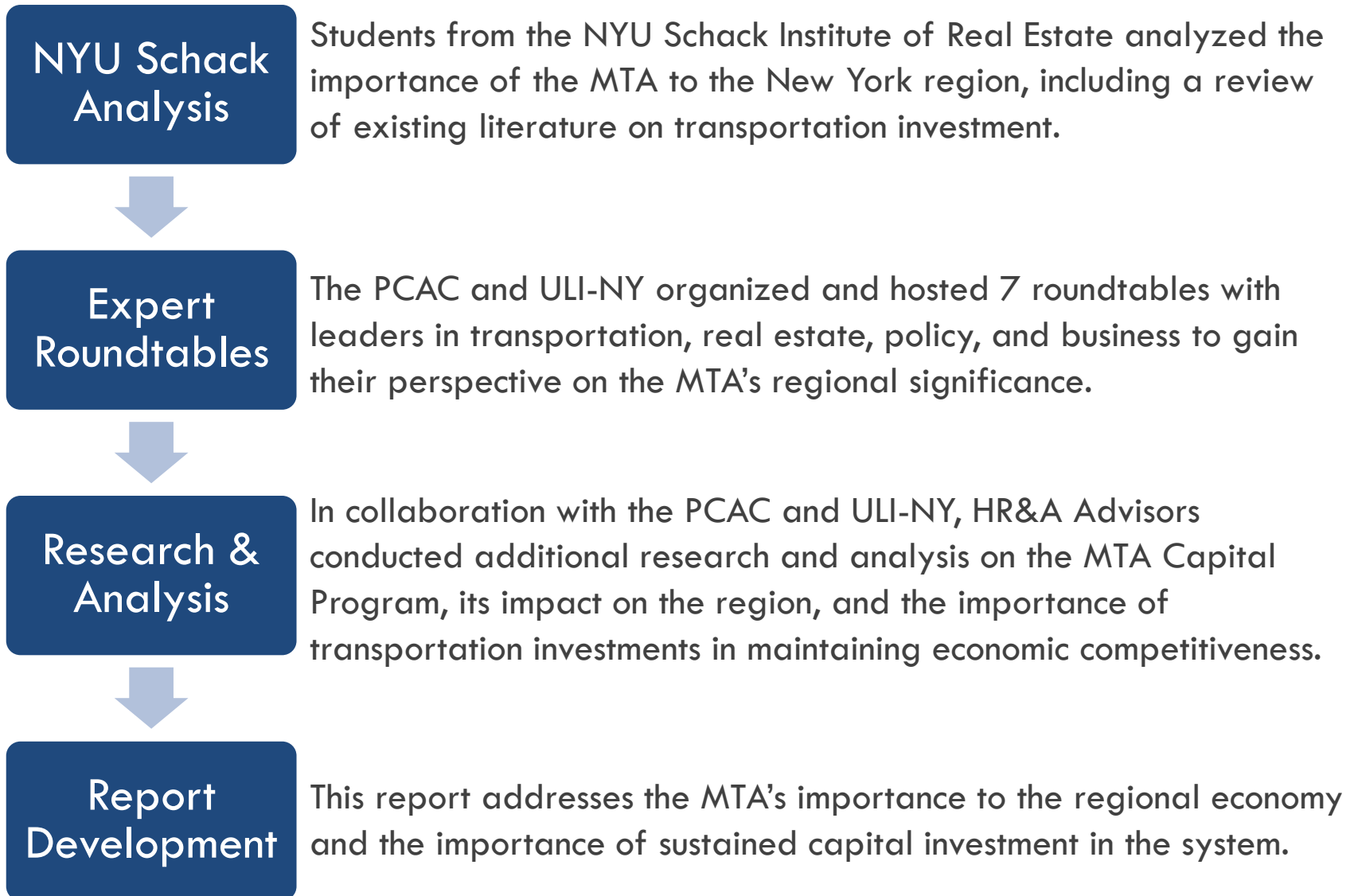
Produced by:



---

This report is the result of a sustained collaborative effort.

---



---

The MTA operates the largest transit network in the United States.

---

**6,300**

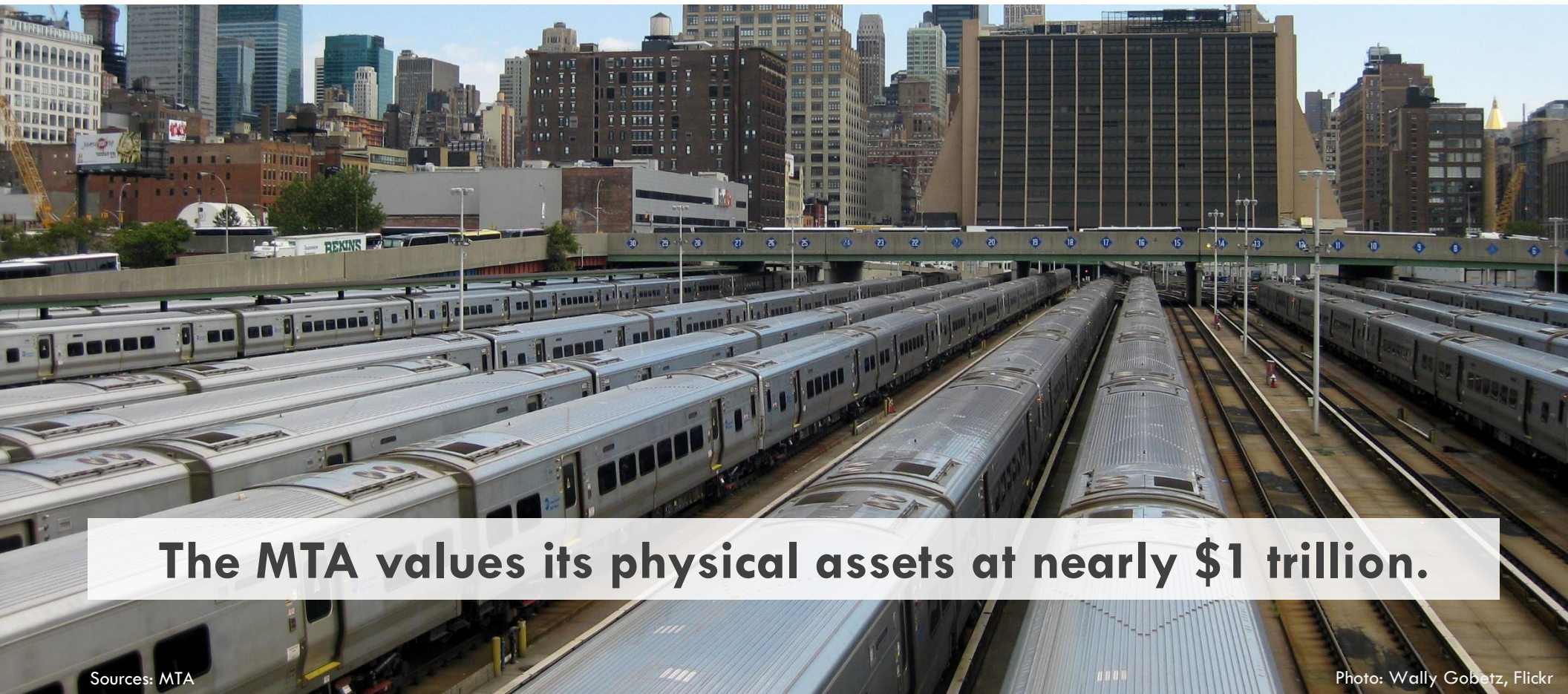
subway cars

**2,400**

commuter rail cars

**5,600**

city buses



**The MTA values its physical assets at nearly \$1 trillion.**

Sources: MTA

Photo: Wally Gobetz, Flickr



Radiating from New York City into its suburban regions, MTA transit networks cover 75% of the New York metropolitan population.

**7 million**  
workers in MTA  
service area

**70%**  
of metro area wages  
in MTA service area

**\$1.4 trillion**  
metro area GDP

New York Metro Area

MTA Service Area

MTA Service Area Counties

Orange County	Richmond County
Dutchess County	Bronx County
Putnam County	Kings County
Rockland County	Queens County
Westchester County	New York County
Fairfield County (CT)	Nassau County
New Haven County (CT)	Suffolk County

Sources: MTA; Bureau of Labor Statistics



---

The scale and reach of the MTA's regional transportation network generate broad, sustained benefits for the New York metropolitan area.

---

**Regional Economic Strength**



**Social Equity**



**Neighborhood Growth**



**Tourism**

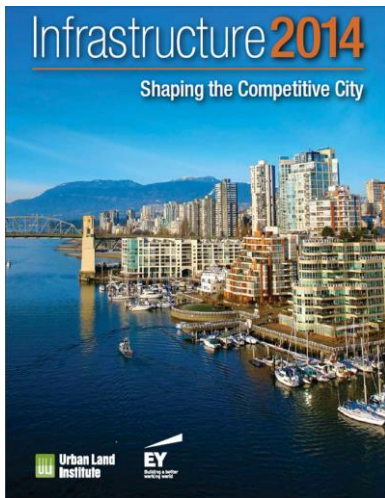


---

## Regional Economic Strength

The benefits of MTA transit service boost the performance of area firms.

---



### *Infrastructure 2014: Shaping the Competitive City*

- **88% of leaders** rated infrastructure as an important consideration for real estate investment.
- **78% of leaders** saw improved transit services as a top or high priority.



### *Hot Spots: Ranking Global Competitiveness (2012)*

- **New York ranked #1**, with emphasis on infrastructure.
- **27** Fortune 500 companies are headquartered in the metro area.

Sources: *The Economist*, “Benchmarking Global City Competitiveness”; “Infrastructure 2014: Shaping the Competitive City”, ULI.



## Regional Economic Strength

The access offered by the MTA attracts workers to the New York region.



*“Subways are the number one factor in livability.”*

**-Kathy Wylde, President & CEO, Partnership for New York City**



## Social Equity

Flat fares allow equitable access to New York City employment centers.



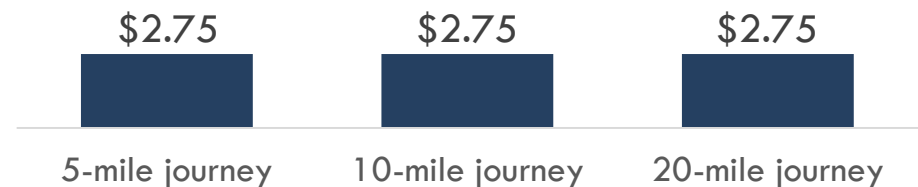
A **flat fare structure** ensures low transportation costs for residents throughout the five boroughs.



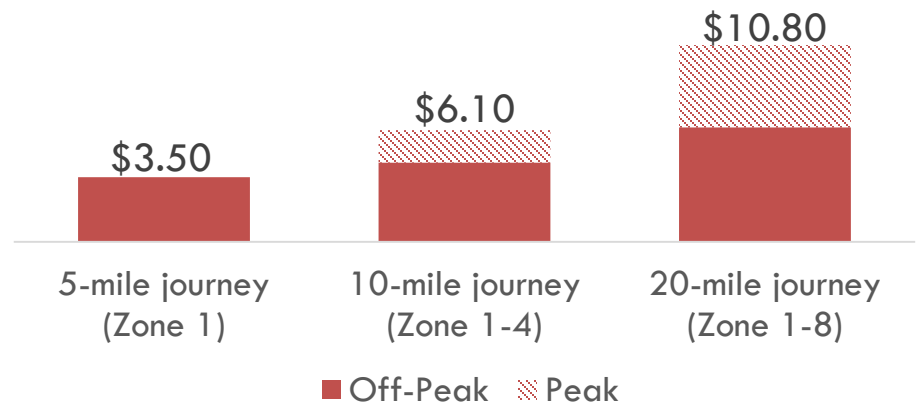
Transport for London

In contrast, a **tiered fare structure** like that of London imposes costs on longer commutes.

MTA Bus and Subway  
Flat fare



Transport for London  
Tiered fare structure



Sources: MTA; Transport for London



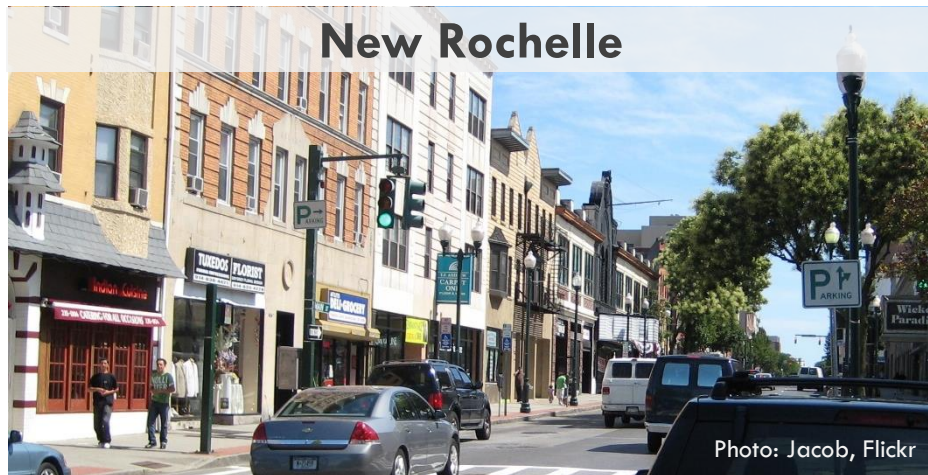
# Neighborhood Growth

Robust transit access supports neighborhood growth throughout the region.

## Williamsburg



## New Rochelle



Source: NYU Schack Institute

## Farmingdale



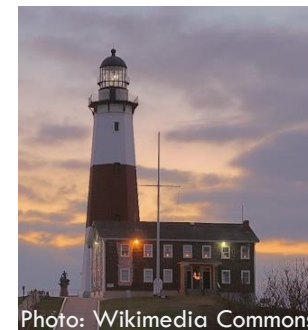
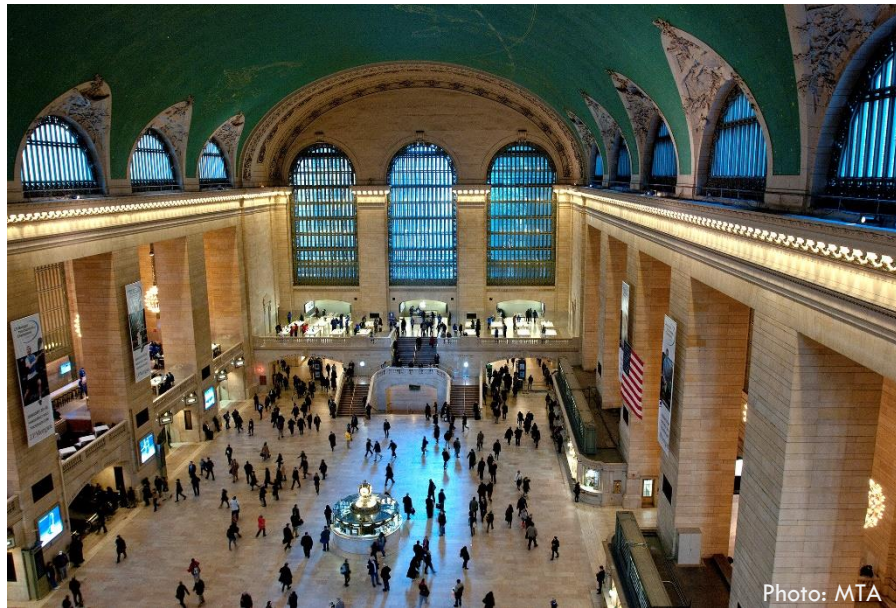
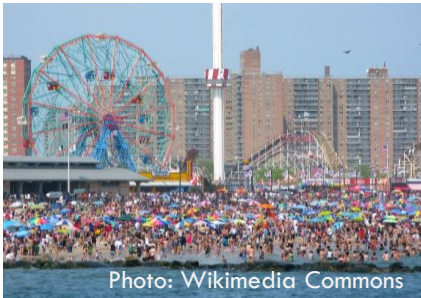
Photo: Eric Alexander



# Tourism

MTA services connect visitors to destinations throughout the metro area.

40 MM visitors (2004) → 54 MM visitors (2013)



65% of international tourists use the MTA system. These visitors inject **\$18 billion** into the New York economy.



Source: NYC & Company



---

## What is the MTA Capital Program?

---

*“Every five years, the MTA takes a hard look at its system and its infrastructure to identify and prioritize the investments that will be essential to renew, enhance, and expand the system to meet the changing needs of the region, its economy, and its residents.”*

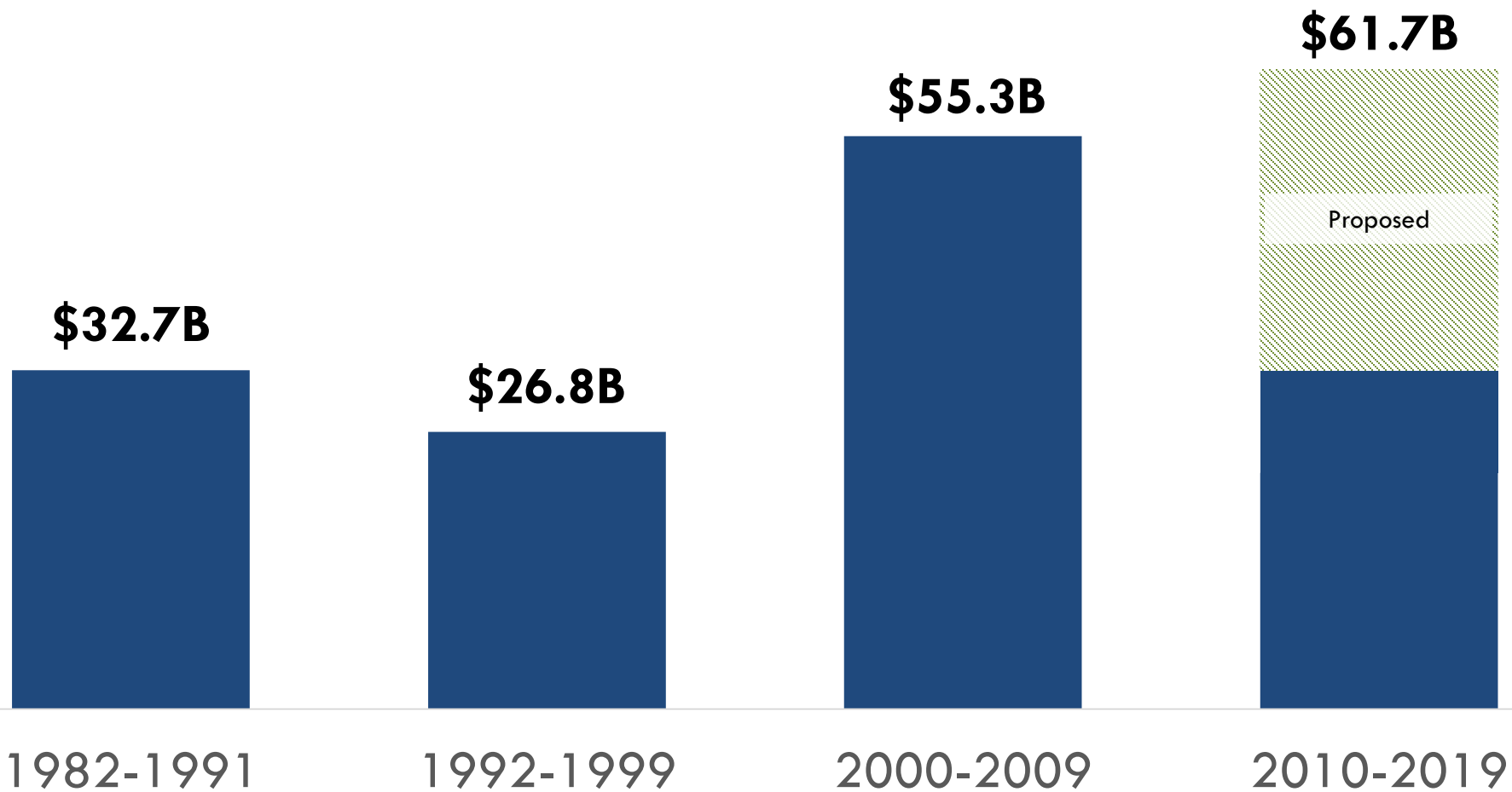
**-Thomas Prendergast**, Chairman and CEO, MTA

The MTA Capital Program enables the MTA to:

- **Identify maintenance needs and strategic goals;**
- **Prioritize projects to align with rider demand and system needs;**
- **Propose a means of funding these improvements.**

Over 30 years, the MTA Capital Program has invested nearly \$150B in the network, revitalizing the system and its ability to serve the region.

MTA Capital Program Funding Commitments  
(2014 \$)



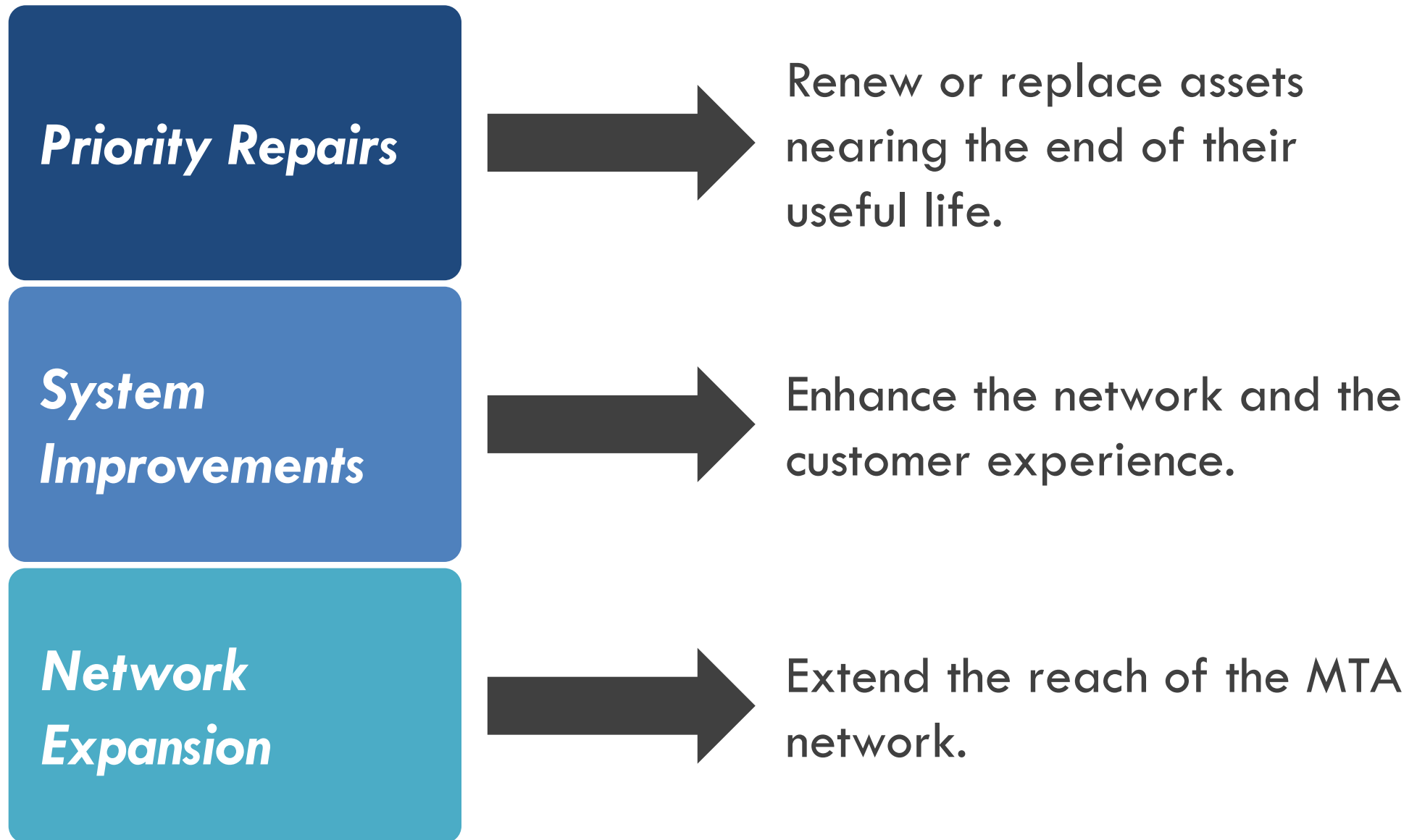
Sources: MTA; PCAC, "The Road Back"



---

These investments have updated, transformed, and extended the numerous components that make up the MTA system.

---





---

Evolving growth patterns are reshaping the metropolitan area.

***New Preferences for Urban Living***

- For the first time since World War II, more people are moving to NYC than Long Island, New Jersey and SW Connecticut combined.

***Changing Geography of Employment***

- Job growth in neighboring boroughs and counties has outpaced growth in Manhattan.

***Unprecedented Storm Damage***

- Superstorm Sandy caused over \$25 billion in damage to the region.

Source: "Behind the Curb", Center for an Urban Future, 2011; "It's Clear Violent Crime Is Decreasing, But Less Clear Why", Huffington Post; "New York City's population growth exceeds the suburbs, AM New York

---

These changes pose new questions for policymakers and leaders.

---

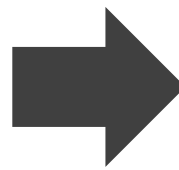
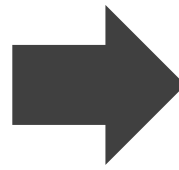
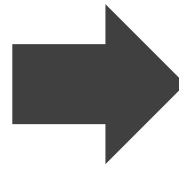
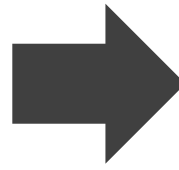
## 1980 Questions

*Can the city's leaders restore law and order?*

*What can be done to reinforce the vitality of Midtown / Downtown?*

*How can the region accommodate suburban growth?*

*Is it possible to reverse the decline of New York City?*



## 2014 Questions

*How to ensure protection from the impacts of climate change?*

*What can be done to support growth outside of the Manhattan CBD?*

*How can the suburbs provide options for walkable living?*

*How will New York City manage new levels of population growth?*



---

Four major regional challenges emerge from these trends.

---

***Destructive Impacts  
of Climate Change***



***Changed Geography  
of Employment***



***Crowding from  
Growing Ridership***



***Increased Global  
Competition***



## Destructive Impacts of Climate Change

Destruction from Superstorm Sandy brought New York City to a standstill.



- 43 deaths and \$19 billion in damage
- 17% of City land flooded
- Closure of 7 subway tunnels
- Destruction of South Ferry station, Broad Channel viaduct

Sources: "A Stronger, More Resilient New York," NYC Special Initiative for Rebuilding and Resiliency; MTA



---

## Changed Geography of Employment

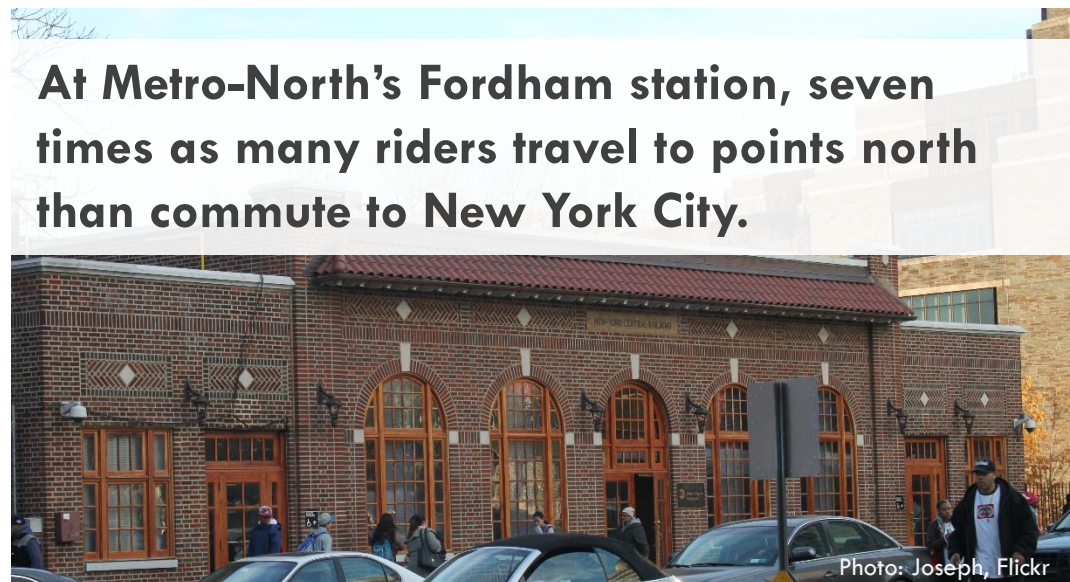
Reverse-commute ridership on Metro-North has quadrupled since 1985.

---

**Metro-North supports the nation's #1 reverse-commute market.**



**During peak hours, more people commute to Stamford than from Stamford.**



**At Metro-North's Fordham station, seven times as many riders travel to points north than commute to New York City.**

Source: MTA

## Crowding from Growing Ridership

In New York City, record-level ridership has led to systemwide crowding.

**65%**

growth in transit ridership since 1992

**1.7 billion**

subway ridership, highest since 1949

The 4/5/6 carries 1.3 million riders each weekday ... **more than the combined transit ridership of San Francisco, Chicago, and Boston.**



Photo: stockelements, Shutterstock

Source: MTA; New York Metropolitan Transportation Council

Planners estimate that by 2035 the population of the MTA region will grow by **1.6 million.**



# Increased Global Competition

London and other cities seek to unseat New York as a global leader.

Per a recent PriceWaterhouseCoopers study, New York City's slow pace of infrastructure investment weakens its global standing.



Photo: Tom Page, Flickr

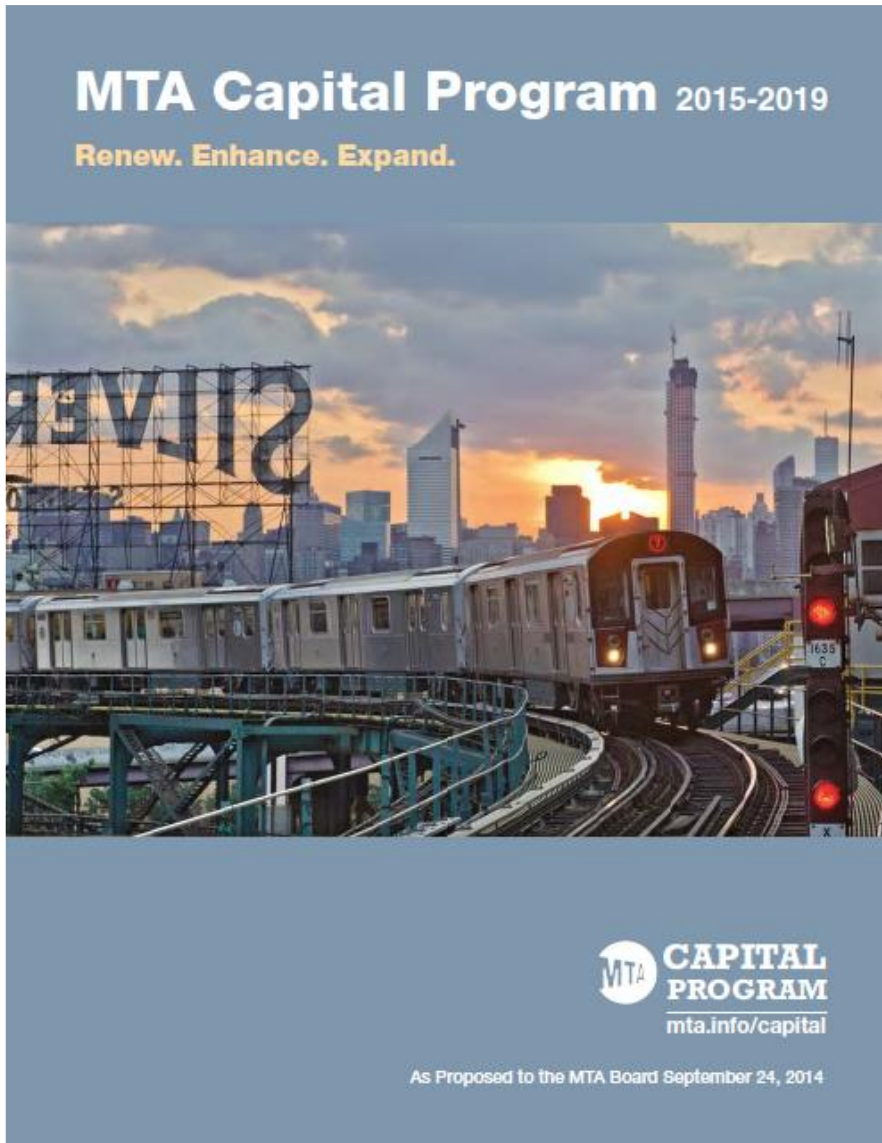
	<u>NYC</u>	<u>London</u>
Overall ranking	#2	#1
Transportation & Infrastructure ranking	#16	#6



Source: Cities of Opportunity 6, Pricewaterhouse Coopers, 2014.

# The 2015-2019 MTA Capital Program

The three themes of the MTA Capital Program are a sustained investment.



## RENEW

Protect the safety, reliability, and quality of existing MTA services.

## ENHANCE

Improve the customer experience of the MTA network.

## EXPAND

Extend the network to ease crowding and support growth.

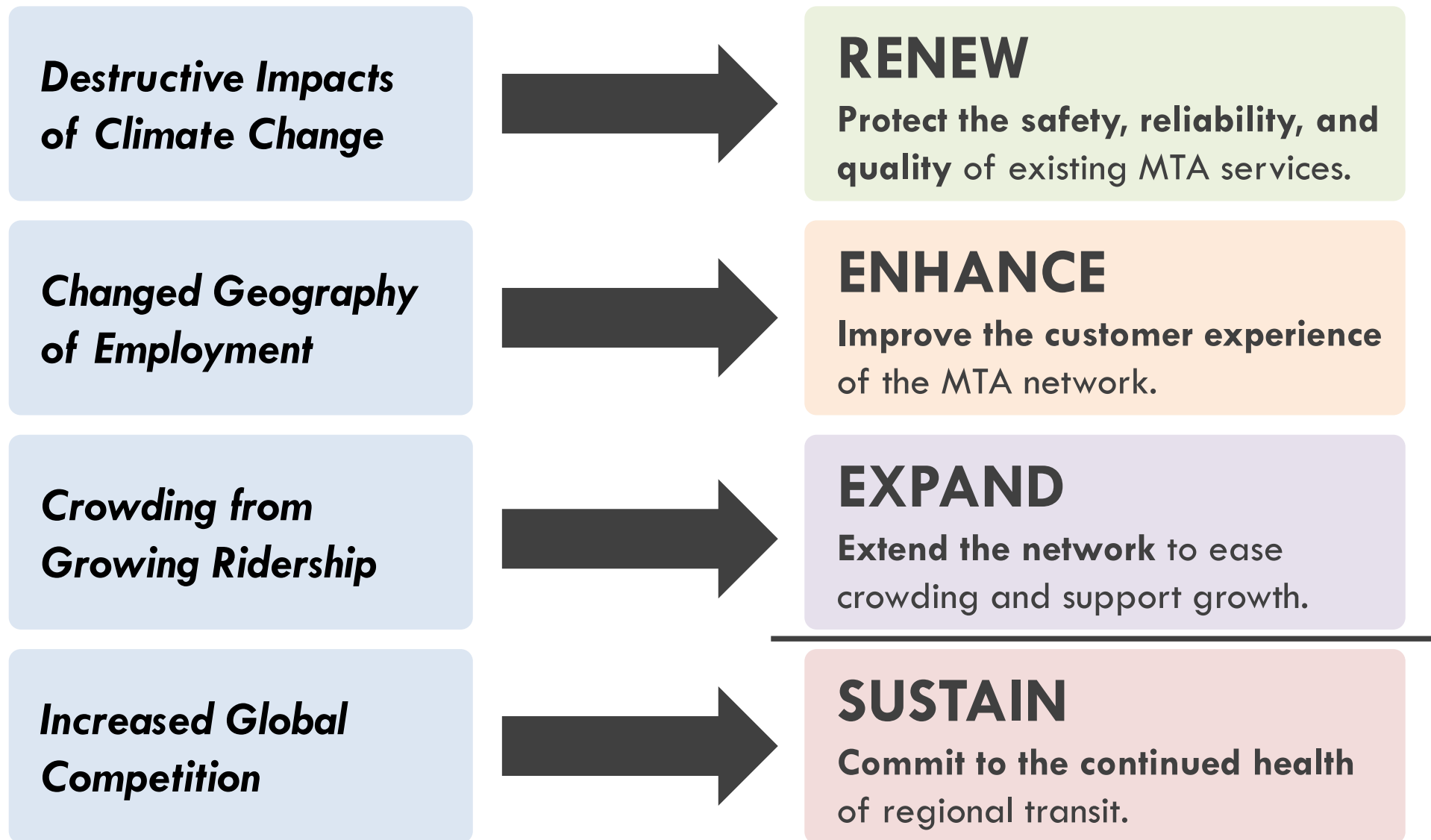
## SUSTAIN

Commit to the continued health of regional transit.



## The 2015-2019 MTA Capital Program

These themes are aligned with the region's emerging challenges.



# The 2015-2019 MTA Capital Program: New York City Transit

A comprehensive investment program will position the city for growth.

## RENEW

Replace signals, track, train cars and buses.



Photo: MTA



Photo: MTA

## ENHANCE

Improve accessibility, and the customer experience.



Photo: MTA



Photo: blvdone, Flickr

## EXPAND

Extend the Second Ave Subway and expand SBS.

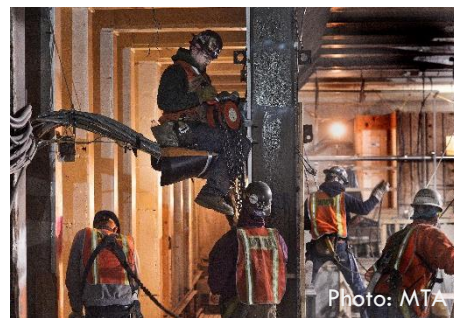


Photo: MTA



Photo: MTA



# The 2015-2019 MTA Capital Program: Long Island Rail Road

Expansion and capacity projects further extend the system's reach.

## RENEW

New railcars and an overhaul of the Jamaica interlocking.



## ENHANCE

Renovation of Babylon, Nostrand Avenue, and Hunterspoint Avenue.



## EXPAND

East Side Access will enable service expansion.

# The 2015-2019 MTA Capital Program: Metro-North Railroad

MNR riders will benefit from modern signaling and Penn Station access.

## RENEW

Renovation of the GCT trainshed and system-wide signal upgrades.



## ENHANCE

Restored Harlem Line stations and new GCT customer information.



## EXPAND

Penn Access: new service to Penn Station for the Northeast Bronx.





---

## The 2015-2019 MTA Capital Program: A \$32 Billion Investment

This renewed commitment will position New York City for future growth.

---

### RENEW

Reliability

\$9.2B

Safety

\$13.0B

### ENHANCE

Customer Experience

\$0.3B

System Improvements

\$4.0B

### EXPAND

Network Expansion

\$5.5B

---

### SUSTAIN

a sustained public commitment to  
the future of the MTA and the region

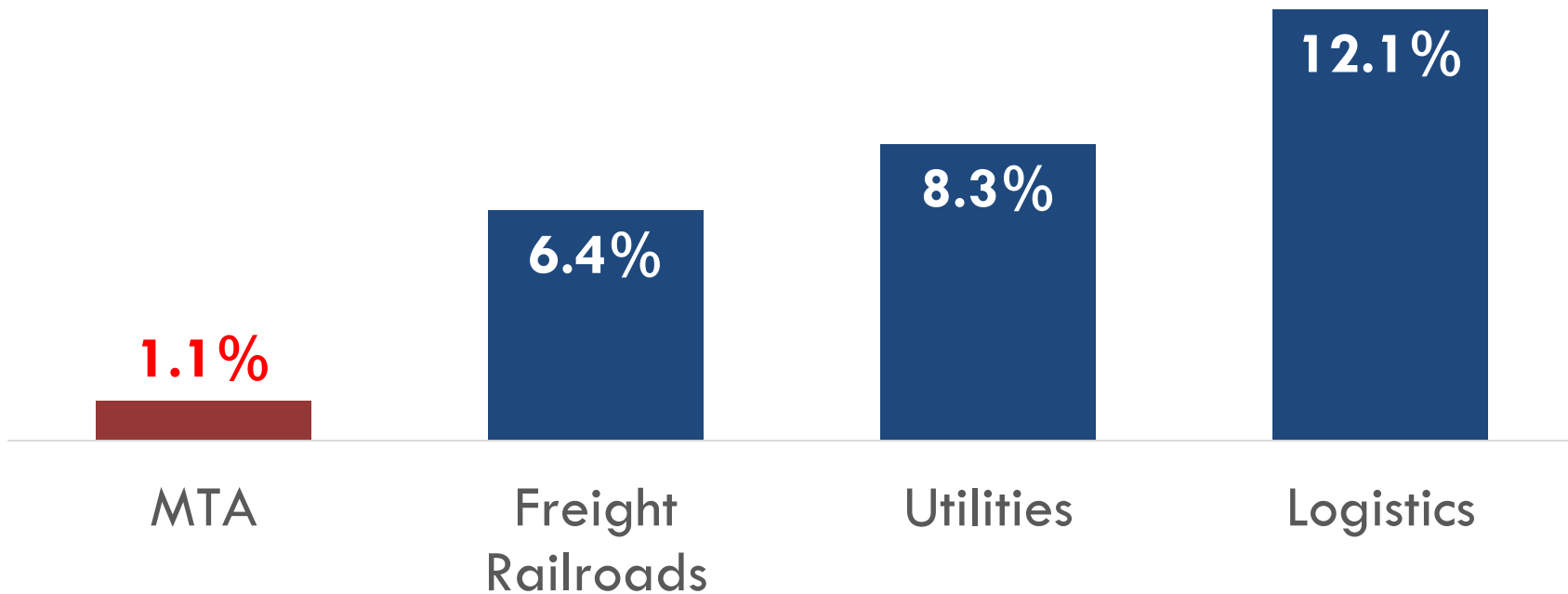
\$32.0B

---

**An initial examination suggests that MTA's rate of investment is significantly lower than those of comparable private firms.**

---

$$\frac{\$5.3 \text{ B}}{\$485 \text{ B}} = 1.1\% \text{ annual reinvestment rate}$$



Source: HR&A analysis of Annual Reports/10-K for 2009-2013. HR&A estimates MTA's comparable asset base at approximately \$485 billion, which reflects a 35% depreciation rate to total assets of approximately \$880 billion, after deducting sunk costs estimated at \$134 billion. This analysis is limited to a comparison of non-expansion capital investment to total assets.



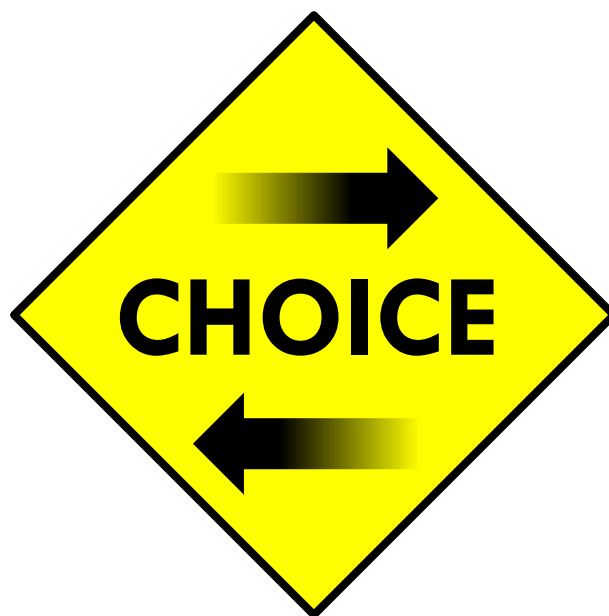
---

## The 2015-2019 MTA Capital Program

*Why this Capital Program matters*

---

**Investment  
in the future  
of the region**



**Disinvestment  
in the region's  
core needs**

**This choice will shape the future of the New York metropolitan area.**

**The MTA Capital Program expands social equity.**

**Maintaining low fares and a single-zone network can ensure access to education and employment.**

Failure to fully fund this Capital Program puts the region's future at risk.

**Limited ADA accessibility**



**Degrading service**

**Large fare increases**

**Less Opportunity**



The MTA Capital Program creates vibrant communities.

Rail investments to boost capacity and support reverse commuting.

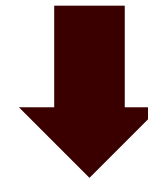
New Select Bus Service routes that can support new corridors of mixed-income housing.



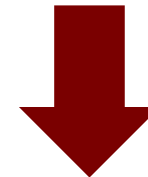
Failure to fully fund this Capital Program puts the region's future at risk.

Within NYC

No new SBS routes



Longer commutes

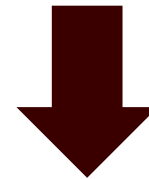


Under-utilized development sites

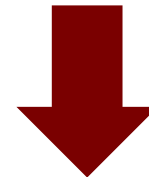


In the Suburbs

Limited off-peak service



Less value from transit



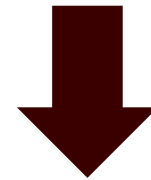
**Inefficient land use**

**The MTA Capital Program sustains expanded tourism.**

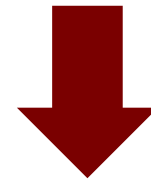
**65% of international tourists to New York City – a group that contributes \$18 billion in annual spending to the city's economy – leverage the MTA network.**

Failure to fully fund this Capital Program puts the region's future at risk.

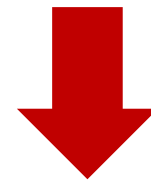
**Poor service quality**



**Decline of regional image**



**Slowdown in tourism**



**Fewer Tourism Jobs**



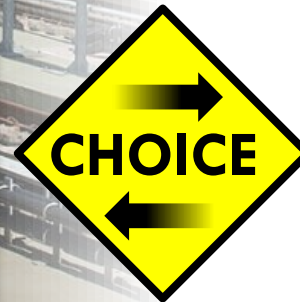


**The MTA Capital Program supports economic growth.**

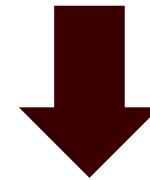
Failure to fully fund this Capital Program puts the region's future at risk.

**New investments to support population growth and changing employment patterns.**

**Reinforced stations and tunnels to protect the economy from climate change.**



**Crowded trains/buses**



**Longer commutes**



**Lost productivity**



**Stagnant Growth**



---

Failing to fund the 2015-2019 MTA Capital Program **will risk the future of the New York metropolitan region** in the decades to come.





---

**Funding the 2015-2019 MTA Capital Program positions the New York metropolitan region for continued success in the decades to come.**





# Keeping New York On Track

## The Importance of the MTA Transit Network in a Changing World

February 11, 2015

*Prepared by HR&A Advisors on behalf of and in coordination with:*

**The Permanent Citizens Advisory Committee to the MTA**

**Urban Land Institute – New York**

*with assistance from* **New York University – Schack Institute of Real Estate** and **Hornick Consulting**



**PCAC**

PERMANENT CITIZENS  
ADVISORY COMMITTEE TO THE MTA



**Urban Land Institute** **New York**

**HR&A**  
Analyze. Advise. Act.