



PCAC

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**Testimony Before Assembly Standing Committee on Corporations, Authorities and Commissions on
MTA Capital Program Update
Lisa Daglian, Executive Director
Permanent Citizens Advisory Committee to the MTA
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Good day Chair Paulin and distinguished Assembly members. My name is Lisa Daglian and I am the Executive Director of the Permanent Citizens Advisory Committee to the MTA, PCAC. Created by the State legislature, PCAC is the MTA's in-house rider advocacy organization, representing riders on New York City's subways and buses and the Long Island Rail Road and Metro-North.

Thank you for holding this hearing today. The issues you are examining are of significant importance to riders and to the MTA as it looks to the future. We continue to be excited about the potential of the FY2020-2024 Capital Program to transform the rider experience and improve the system. Paused during COVID-19, like so much of our lives, now is the time to forge forward.

The pandemic forced the MTA into a Hobson's Choice, and as a result, important signal, accessibility, station, state-of-good-repair, and resiliency projects were put on the back burner. With the infusion of federal funding that will come to the region with the bipartisan infrastructure bill, it's time to move those projects back onto the list – especially since we know that costs only rise with delay.

The strong pool of federal money also allows the MTA to look to the future and get creative with new projects that will help make a stronger, resilient, and more equitable regional transit system. Our thanks go to New York's elected officials who voted yes on the BIF, and to all of you who encouraged them to get onboard the bill – and who continue to push for additional necessary funds through Build Back Better.

Financial State of the Agency: the MTA Needs Still Money

The implications of federal funding cannot be overstated: it will save the MTA – and riders – from disastrous fare hikes and service cuts in the near future. On the bright side, the MTA is on better financial footing than it was a year ago. Conversely, red ink looms large, and by 2024 we'll be back to scraping together change from the couch cushions.

Capital Program and Funding:

When released, the FY2020-24 capital program included everything to finally bring us the 21st century transit system our 21st century region deserves. Then, almost biblically, came the pestilence and floods.

In looking at any good that might come of it, recent storms like Henri and Ida have shown the clear need to reprioritize capital projects through the dual lenses of resiliency and efficiency, to stretch scarce resources the farthest to protect our fragile, yet clearly essential, infrastructure. With the pause and now this new funding, the MTA has the opportunity to push the restart button.

We strongly believe it's time for a rethink of how projects are prioritized and how they interconnect with the rest of the region's infrastructure. This includes looking at projects that still remain following Superstorm Sandy and assessing any causes for delay, and whether they need to be reconfigured to take into consideration water inundation from above, in addition to water from below and storm surge.

Prioritizing the capital plan through a lens of resilience and climate change will ensure we can continue to get around, even when the creek does rise.

A More Clearly Visualized Capital Program Dashboard

The Capital Program Dashboard should be a helpful tool in allowing us all to see what projects are being planned and how well they are progressing. Riders and all stakeholders should be able to easily see what projects are being funded; their costs and timelines; progress updates along the way; and most importantly, how they'll benefit riders. We will continue to work with the MTA and our partners in advocacy to help demonstrate what visualizations we think will be most beneficial. Effectively communicating this information will be key to a more transparent Capital Program.

Twenty-Year Needs Assessment

The Twenty-Year Needs Assessment will provide a big picture look at the capital program for the FY2025-2029 program, though it is still a worthwhile exercise for the FY2020-24 plan, particularly as the MTA may need to reconsider what gets done, when. It must be undertaken in a transparent and inclusive manner and use equity, in addition to resiliency, performance metrics and enterprise asset management tools as the basis for programming projects.

Congestion Pricing

We're finally seeing encouraging movement on congestion pricing and were happy to testify in support of it during the public meetings; we will continue to be supportive throughout the remaining months of the federal process. It's the only solution that will help meet the region's needs in terms of sustainable funding for infrastructure and addressing climate change.

Other Funding Sources Are Essential Too

Other funding sources also contribute to the capital plan, including \$3 billion each from the city and the state. Where is that money? We've seen conflicting accounts as to whether some – or all or none – of it has been moved to the MTA. It's important to get all of that funding before it disappears or is committed elsewhere.

The MTA must also continue to vigilantly pursue other sources of federal funds available under new and existing grant programs and be diligent in spending wisely. Ensuring there is sufficient money to restart and then finish Phase 2 of the Second Avenue Subway, to bring Metro-North to a vastly improved Penn Station, to improve signals and reliability for the subways, to fix the "Jamaica Crawl" and to make the entire MTA system accessible, including Mets-Willett Point, regardless of the fate of the AirTrain, will be a heavy lift, but it's one riders – and the region – deserve. It's also one of the most important ways to get riders back on board.

Operating Revenue Remains Elusive:

The federal funding influx is largely focused on capital projects, though the tri-state pandemic relief funding agreement allowed the Governor to declare there would be no service cuts for the coming years or fare increases at least for the next six months, and quite possibly longer. The capital funding coming in also provides breathing room in the operating budget since the MTA won't have to borrow as much and therefore won't have to pay as much in debt service from its operating budget. But there remain major structural imbalances that will come to rest squarely on riders' backs if new forms of dedicated operating revenue aren't found.

To us, raising the gas tax had seemed an obvious choice, though the rising cost of gas may preclude that right now. Another option could be to increase the percentage of the gas tax and Petroleum Business Tax that the MTA gets; currently it's 19 percent and 37 percent respectively. A paradigm shift to support transit should result in a more equitable split between funding roads and bridges and more sustainable transportation in the form of subways, buses and commuter rail. Yet another possibility is a 10% COVID Recovery Fee on the Petroleum Business Tax for the 12 county MTA region, with a sunset provision, to help put the MTA on firmer financial footing. We are happy to work with you and your staffs on more specific proposals.

Federal funding buys a little time, but the clock continues to tick.

Getting Riders Back On Board: Freedom Ticket Phase 2 and Commuter Rail Discounts

Getting riders back onboard transit is essential to the MTA's long-term survival. It has the opportunity to guide its ridership return by embracing more equitable and creative fares, including discounted 20-trip tickets and broader-based discounted commuter rail fares such as Freedom Ticket Phase 2. Riders need to get back onboard to support the future of the MTA so that the MTA can support the region's economic recovery and riders themselves. Providing riders with more flexible and affordable commuter rail fares will help attract them back to transit, filling thousands of empty seats and achieving a more equitable fare structure. We support retooling the Outer Borough Transportation Account to help fund the city-based portion of these proposals, since as currently configured, Freedom Ticket offers steeper discounts than those proposed.

In addition, fare capping with the OMNY tap system would allow riders of all income levels the ability to, in essence, buy unlimited trip cards: after a certain number of riders, their trips are free. We think this is such a good idea that we've called on the MTA to start a pilot program immediately.

The Future

The MTA has spoken at length about fiscal red flags in the future. Even as we are beginning to see light at the end of the tunnel, with record post-pandemic ridership levels being recorded every day, our region and our transit system still face a long slog. The "hows" and "whens" of commuting are continuing to evolve as people and businesses figure out their next normal and while the Governor and business leaders urge New Yorkers to return to the office, we have to prepare for this new normal. A strong, safe and responsive transit system will be key to our region's continuing recovery. Continued reliable funding will be critical to ensuring that transit continues to deliver.

The MTA is the economic engine of the region, and for many of us, it's the only engine we have to get around. Building and maintaining a transit system we all want to ride, at a fare we can afford with service we need, are critical to the future of the MTA and the region.