

1 BEFORE THE NEW YORK STATE SENATE FINANCE  
AND ASSEMBLY WAYS AND MEANS COMMITTEES

2 -----

3 JOINT LEGISLATIVE HEARING

4 In the Matter of the  
2016-2017 EXECUTIVE BUDGET ON  
5 TRANSPORTATION -- MTA

6 -----

7 Hearing Room B  
Legislative Office Building  
8 Albany, New York

9 February 25, 2016  
10 9:38 p.m.

11 PRESIDING:

12 Senator Catharine M. Young  
Chair, Senate Finance Committee

13 Assemblyman Herman D. Farrell, Jr.  
14 Chair, Assembly Ways & Means Committee

15 PRESENT:

16 Senator Liz Krueger  
Senate Finance Committee (RM)

17 Assemblyman Robert Oaks  
18 Assembly Ways & Means Committee (RM)

19 Assemblyman James Brennan  
20 Chair, Assembly Committee on Corporations,  
Authorities and Commissions

21 Senator Joseph E. Robach  
Chair, Senate Transportation Committee

22 Assemblyman William David G. McDonough

23 Senator Martin Golden

24

1 2016-2017 Executive Budget  
Transportation -- MTA  
2 2-25-16

3 PRESENT: (Continued)

4 Assemblywoman Nily Rozic

5 Assemblyman Matthew J. Titone

6 Assemblywoman Rebecca Seawright

7 Assemblyman Michael J. Cusick

8 Senator Brad Hoylman

9 Assemblyman Edward Ra

10 Senator Daniel Squadron

11 Assemblyman Robert J. Rodriguez

12 Assemblyman Todd Kaminsky

13 Senator Jack M. Martins

14 Assemblyman James Skoufis

15 Assemblyman Steven Otis

16 Senator Diane Savino

17 Assemblyman Phillip Goldfeder

18 Senator Martin Malave Dilan

19 Assemblyman Walter T. Mosley

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1 2016-2017 Executive Budget  
Transportation -- MTA  
2 2-25-16

3 LIST OF SPEAKERS

4 STATEMENT QUESTIONS

5 Thomas F. Prendergast  
Chairman and CEO  
6 Robert Foran  
Chief Financial Officer  
7 Craig Stewart  
Senior Director of  
8 Capital Programs  
Metropolitan Transportation  
9 Authority (MTA)

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1                   CHAIRMAN FARRELL: Good morning.

2                   Today we continue with the MTA portion  
3 of the Transportation hearing that was  
4 conducted by the joint fiscal committees of  
5 the Legislature regarding the Governor's  
6 proposed budget for fiscal year 2016-2017.

7                   The hearing was conducted pursuant to  
8 Article VII, Section 3 of the Constitution  
9 and Article 2, Sections 31 and 32A of the  
10 Legislative Law.

11                   Today the Assembly Ways and Means  
12 Committee and the Senate Finance Committee  
13 will hear testimony concerning the budget  
14 proposal for the MTA.

15                   I will now introduce members from the  
16 Assembly and Senator Young, chair of the  
17 Senate Finance Committee, will introduce  
18 members from the Senate.

19                   We have been joined by Assemblyman  
20 Brennan, Assemblyman Titone, Assemblywoman  
21 Rozic, Assemblyman Otis, Assemblywoman  
22 Seawright, and Assemblyman Oaks, who will  
23 give us his people.

24                   ASSEMBLYMAN OAKS: Yes. Assemblyman

1 McDonough and Assemblyman Ra are with us as  
2 well.

3 CHAIRMAN FARRELL: And Assemblyman  
4 Cusick is with us.

5 Good morning.

6 CHAIRWOMAN YOUNG: Thank you.

7 Good morning. I'm Senator Catharine  
8 Young. And we've been joined the Senate by  
9 Senator Krueger, Senator Robach, Senator  
10 Hoylman, Senator Squadron, Senator Golden,  
11 and Senator Martins.

12 CHAIRMAN FARRELL: Thank you.

13 Just for the record, we will stop at  
14 12:30. Wherever we are, whoever is asking  
15 the questions, it will end. All right?

16 You like that. The mayor, we went  
17 till 2 o'clock. So we just wanted to let you  
18 know.

19 We have today, for the only testimony,  
20 Thomas F. Prendergast, chairman and CEO of  
21 the Metropolitan Transportation Authority.

22 Good morning, and welcome.

23 MTA CHAIRMAN PRENDERGAST: Thank you  
24 very much, Assemblymember Farrell,

1           Senator Young, members of the Senate and  
2           Assembly. I'm joined up here today by the  
3           chief financial officer of the MTA, Bob  
4           Foran, and the director of MTA capital  
5           programs, Craig Stewart.

6                     Thank you for holding this hearing and  
7           for inviting me to discuss the MTA's  
8           financing. I also would like to personally  
9           thank you for postponing the hearing because  
10          the original date of January 20th, I was  
11          unable to participate due to an illness.  
12          I've been back for the last few weeks and I'm  
13          feeling fine.

14                    First let me say that we are pleased  
15          that for the fifth consecutive year, Governor  
16          Cuomo has proposed a state budget that  
17          includes a year-to-year increase in our  
18          operating funds. However, it's the capital  
19          side of our budget, and our proposed  
20          2015-2019 capital program, that gets most of  
21          our attention today.

22                    The \$26 billion program is the largest  
23          investment in MTA's infrastructure history,  
24          and the \$8.3 billion state share to which

1 Governor Cuomo has committed, including the  
2 \$1 billion that has already been provided, is  
3 also the largest state contribution ever.

4 This essential funding is great news  
5 not just for all of those who depend on the  
6 MTA's varied services, but for all  
7 New Yorkers who benefit from those services  
8 but also from the employment at the places  
9 where they provide goods and services to the  
10 MTA.

11 According to a recent study by KPMG,  
12 this capital program will create hundreds of  
13 thousands of jobs in New York State. And  
14 these jobs aren't just in New York City,  
15 where we're building the Second Avenue  
16 Subway, they're not just at the Kawasaki rail  
17 plant in Yonkers or the New Flyer bus factory  
18 in Plattsburgh or at Harris Electric in  
19 suburban Rochester. They're in every corner  
20 of our state, thanks to the manufacturers,  
21 suppliers and businesses that do open and  
22 expended work in the MTA network.

23 A fully funded capital program will  
24 allow the MTA to renew, enhance and expand

1           its infrastructure across the 5,000 square  
2           miles of the network. It will fuel the  
3           world's second-largest economy -- a  
4           \$1.4 trillion economy second only to Tokyo --  
5           and it will allow us to maintain and improve  
6           our massive asset, a \$1 trillion asset.

7                     In many public forums I've tried to  
8           tell people, if you ask a child what's the  
9           largest number, they'll say a gazillion. And  
10          some people can't fathom a trillion, but it  
11          takes 11 days to go a million seconds, it  
12          takes 22 years to go a billion seconds, it  
13          takes 22,000 years to go a trillion seconds.

14                    So the size of the MTA asset, at a  
15          trillion dollars, helps put in context why we  
16          need capital programs -- that you've been  
17          very supportive of -- in the range of  
18          \$26 billion. It's something that we could  
19          not maintain had we not had the continued  
20          support of the Legislature.

21                    In addition to the state's commitment,  
22          the rest of the funding will come from  
23          federal and city sources, MTA bonds, and our  
24          own efficiencies as we continue the most



1 aggressive cost-cutting in the MTA's history.  
2 We have implemented savings programs that  
3 have reduced our annual operating expenses by  
4 more than \$1 billion, and we continue to push  
5 to get that number to grow. By 2019, our  
6 annual savings -- the difference between what  
7 our budgets would have been had we not taken  
8 those actions versus where they will be --  
9 are expected to exceed \$1.8 billion per year.

10 Not one penny of this cost-cutting has  
11 come from cutting service. Early on, in the  
12 dire times of 2009, we had to cut service --  
13 but we've added those services back, and  
14 we've plowed another \$125 million into  
15 service, service quality and service support.  
16 When combined with investments captured in  
17 our latest financial plan, we will be adding  
18 an additional \$200 million in service-related  
19 investments.

20 These savings have also helped us put  
21 a total of \$490 million in 2015 and \$415  
22 million a year thereafter, into what we call  
23 a pay-as-you-go account for our capital  
24 program. That means the MTA itself will have

1 generated more than \$8 billion -- nearly  
2 one-third of the funding for the 2015-2019  
3 capital program.

4 In return for the state's historic  
5 commitment, the Governor has asked -- and I'm  
6 sure you'll support -- us to be able to  
7 deliver projects faster, more economically,  
8 with better service and experiences for our  
9 customers. We're looking to utilize  
10 innovative project delivery, such as  
11 design-build contracts that will foster  
12 innovation, collaboration, and teamwork  
13 between designers and builders and people who  
14 have core competencies that we do not have.  
15 This method puts more risk on the contractor,  
16 so if there's a delay, the contractor's on  
17 the hook -- and that's a great incentive to  
18 make sure the work gets done on time.

19 Maximizing the efficiency of the  
20 capital program work, making the most of  
21 every capital dollar we spend, getting in and  
22 out as quickly as possible -- and that's very  
23 important, because on a system that operates  
24 every day and carries as many people, we want

1 to impact those customers as little as  
2 possible. All of this is more important than  
3 ever because, just as the state's commitment  
4 to the MTA is the largest ever, so too is our  
5 ridership.

6 We recently announced a new modern  
7 record -- modern because we only really kept  
8 statistics the way we're keeping them now  
9 since the end of World War II. More than  
10 6.2 million customers entered the system one  
11 day in October. In 2014, we had 20-some days  
12 of over 6 million people. We had over  
13 40-some days in 2014 of over 6 million people  
14 on the subway system alone. Forty-nine may  
15 not sound like a lot, but there's only 255  
16 workdays a year. So that's one-fifth of the  
17 workdays we're experiencing more ridership on  
18 the subway than the combined populations of  
19 Los Angeles and Chicago.

20 And we know those numbers are  
21 continuing to increase for a variety of  
22 reasons, not the least of which is  
23 improvement in employment. But it's probably  
24 one of the best ways to get around.

1                   At the same time, Long Island and  
2                   Hudson Valley residents depend more heavily  
3                   than ever on our regional railroads, not just  
4                   for commutation to New York and its business  
5                   districts, but for travel all around the  
6                   region and for reverse commuting, and for all  
7                   kinds of reasons all times of the day, all  
8                   days of the week. And they too are reporting  
9                   record ridership numbers.

10                   The 2015-2019 capital program will  
11                   help us accommodate this growing ridership,  
12                   and hopefully exceed our customers'  
13                   expectations in terms of the level and  
14                   quality of services we provide. Through this  
15                   program, we will begin Penn Access, a project  
16                   that will bring Metro-North's New Haven Line  
17                   directly into Penn Station. So much like  
18                   East Side Access for Long Island is giving  
19                   another Midtown Manhattan destination, Penn  
20                   Access will give another destination for  
21                   people who utilize the New Haven Line,  
22                   especially those coming from the Bronx.

23                   We will introduce new signals, new  
24                   power supplies, new high-tech railcars and

1 buses that will help us move our growing  
2 ridership more quickly. We will continue our  
3 enormous progress on the Second Avenue  
4 Subway, with second-phase construction to  
5 East Harlem beginning in this capital  
6 program. And we will complete the vital  
7 second track of Long Island Rail Road's Main  
8 Line and begin work on a third track.

9 Not only will this capital program  
10 help us tackle the big-picture challenge of  
11 surging ridership, it will help us bring our  
12 system into the digital age as we work to  
13 completely change the customer experience by  
14 making our system cleaner, safer, more modern  
15 and customer-friendly.

16 For the first time in my career --  
17 because I'm a baby boomer; I was born in  
18 1952 -- we're seeing an ever-increasing  
19 number of riderships that aren't baby  
20 boomers, they're really millennials, and  
21 their expectations for not only the level and  
22 quality of service we provide, but the  
23 different services -- connectivity in the  
24 subway, for example -- are what they expect

1 to see, not what people from my generation  
2 thought to be a luxury.

3 And so we need to focus on those. And  
4 with your support for funding these  
5 endeavors, we'll do it faster than ever  
6 before. We look forward to working with both  
7 your houses and the Governor to make the  
8 capital program a reality and get started on  
9 the work.

10 Chairs Young and Farrell, we  
11 appreciate the support you've given, and the  
12 other leadership in the Senate and Assembly  
13 in the past, and your continuing support.  
14 Thank you for your time today. And now we'll  
15 be happy to answer any questions or comments  
16 that you may have on the capital program, our  
17 operating budget, or the services we provide.

18 Thank you.

19 CHAIRWOMAN YOUNG: Thank you.

20 CHAIRMAN FARRELL: Thank you very  
21 much.

22 First to question, Assemblyman  
23 Brennan. And we've been joined by  
24 Assemblyman Goldfeder.

1                   SENATOR YOUNG: We've also been joined  
2 by Senator Diane Savino.

3                   ASSEMBLYMAN BRENNAN: Good morning,  
4 Mr. Chairman. How are you?

5                   MTA CHAIRMAN PRENDERGAST: Fine.

6                   ASSEMBLYMAN BRENNAN: Good. Good to  
7 see you.

8                   I want to start by trying to get a  
9 status report on the 2010-2014 capital  
10 plan -- what kind of completion, percentage  
11 of projects, and how much money has been  
12 spent, what percent of the program is  
13 complete.

14                  MTA CHAIRMAN PRENDERGAST: As you  
15 know, all prior programs -- we have some  
16 projects that are continuing on from those;  
17 some that were started late, some were  
18 annoyingly started late because we couldn't  
19 do work at the same time in parts of the  
20 system.

21                  I'll let Craig Stewart give a status  
22 update in terms of where we're at with the  
23 expenditures of that program.

24                  SENIOR DIRECTOR STEWART: We've

1 committed about 86 percent of the program. I  
2 believe we have about \$3 billion left in all  
3 of the old program money. A lot of that  
4 belongs to our megaprojects that are moving  
5 ahead, and we'll use that. But most of the  
6 old program money is spent.

7 MTA CHAIRMAN PRENDERGAST: And the  
8 megaprojects, the two largest are Second  
9 Avenue Subway and East Side Access. And as  
10 you know, we have full-funding grant  
11 agreements with the federal government on  
12 those. And so we have committed and we have  
13 to hold aside those monies to meet those  
14 full-funding grant agreements as they match  
15 up their share of federal money for those  
16 projects.

17 ASSEMBLYMAN BRENNAN: When you say  
18 committed, you mean obligated.

19 SENIOR DIRECTOR STEWART: Obligated or  
20 encumbered.

21 ASSEMBLYMAN BRENNAN: Not necessarily  
22 disbursed, but obligated.

23 SENIOR DIRECTOR STEWART: Right. Not  
24 spent, but committed.



1                   ASSEMBLYMAN BRENNAN: Right. And if  
2                   you say 86 percent obligated and much of the  
3                   expansion projects -- or a piece of the  
4                   expansion projects is among the major parts  
5                   that are not yet obligated, that means that  
6                   your core assets -- track, signals, subway  
7                   cars and buses, et cetera -- within the  
8                   2010-2014 plan is nearly complete; is that  
9                   correct?

10                  SENIOR DIRECTOR STEWART: Yes, it is.

11                  ASSEMBLYMAN BRENNAN: Okay.

12                  The Article VII bill in the Governor's  
13                  budget that sets forth a scheme for funding  
14                  the MTA capital plan, you know, I think at  
15                  first glance, in talking to people and trying  
16                  to get an understanding of issues associated  
17                  with that proposal, there is no appropriation  
18                  in the Article VII bill for the MTA capital  
19                  plan. And there's no specific mechanism to  
20                  generate funds to enable you -- or to  
21                  generate funds -- or to create a mechanism to  
22                  enable you to borrow the money or anything of  
23                  that nature.

24                  So you have to ask, how does this make

1 sense for assuring the implementation of the  
2 plan if some large part, there is no specific  
3 mechanism as yet established in the budget  
4 for you to go forward?

5 MTA CHAIRMAN PRENDERGAST: To answer  
6 the question, I'll put it in context and cut  
7 right to the chase.

8 ASSEMBLYMAN BRENNAN: Yeah.

9 MTA CHAIRMAN PRENDERGAST: We  
10 submitted a plan at the end of -- near the  
11 end of 2014, and then -- so that was  
12 discussed in the legislative session last  
13 year, and then we submitted a revision to  
14 that plan.

15 And one of the things we needed to do  
16 is go back to the underlying finances. And  
17 we looked hard in terms of what additional  
18 monies the MTA could bring to the table in  
19 terms of those savings we could bond against.  
20 So we increased the share that we were going  
21 to commit to. And then we got to a critical  
22 juncture in terms of what was left.

23 And so there were discussions with the  
24 Governor and the chamber with respect to how

1 we would divvy up those remaining resources  
2 through the two prime stakeholder groups that  
3 actually not only derive the benefits of the  
4 MTA services but are funding partners. And  
5 the state was 8.3, and the city was 3.2 --  
6 3.2 originally.

7 And so we started a dialogue with  
8 respect to agreement on those numbers. And  
9 we have come to an agreement on the 8.3, the  
10 state's commitment, and the 2.5, from the  
11 city perspective.

12 I've stated this many times about I've  
13 had a long career, I spent the majority of it  
14 in the New York area and in the MTA family.  
15 And what New York stands out at in relation  
16 to any other region in the country is its  
17 unbroken tradition, through the Legislature,  
18 in cooperation with the executive branch,  
19 getting the money necessary for the operating  
20 and capital budgets of the MTA.

21 So we have, although we're a year into  
22 a program, specificity with respect to who is  
23 supposed to deliver the money. What those  
24 resources are are part of the legislative

1 process, which I'm sure we're starting right  
2 now. And I'm confident we'll get them. And  
3 that confidence is based on the track record  
4 of the Legislature in terms of finding them.

5 And so we've been up here in the past,  
6 we'll be up here, you know, as you go through  
7 this legislative session. And the manner and  
8 methods and means you identify the revenue  
9 sources I'd leave to you, because that's what  
10 your charge is, and you know you have to  
11 balance that across health, education,  
12 transportation. That's the best way for me  
13 to sum it up.

14 ASSEMBLYMAN BRENNAN: Okay. You -- so  
15 part of the unappropriated amount that has  
16 yet to be determined how this will be funded  
17 is 7.3 out of the 8.3 billion from the state.  
18 There is a billion --

19 MTA CHAIRMAN PRENDERGAST: That's  
20 correct.

21 ASSEMBLYMAN BRENNAN: -- that was put  
22 into last year's budget that the state will  
23 provide for the MTA. So there is -- and we  
24 know that the City of New York has committed

1           2.6 billion, of which --

2                   MTA CHAIRMAN PRENDERGAST: I think  
3           it's 2.5.

4                   ASSEMBLYMAN BRENNAN: I'm sorry, 2.5.

5                   -- 1.9 is supposed to be bonded in  
6           some way, and another 600 million from some  
7           type of value capture.

8                   But of this 7.3 billion, you said that  
9           you're confident that the Legislature will  
10          figure out how to create a mechanism to find  
11          that \$7.3 billion. Isn't there somebody else  
12          involved in the mix named Governor Cuomo --

13                   MTA CHAIRMAN PRENDERGAST: Absolutely.  
14          I should have stated that, yes.

15                   ASSEMBLYMAN BRENNAN: -- who's been --  
16          has he -- is there any proposal yet from him  
17          about how to fund that \$7.3 billion?

18                   MTA CHAIRMAN PRENDERGAST: There's  
19          discussions going on. I should have said  
20          that. Because the legislative process, I'm  
21          sorry, includes the executive branch. And  
22          his leadership has to be --

23                   ASSEMBLYMAN BRENNAN: Yes. Yes.

24                   So, I mean, we are very responsible,

1 conscientious people, I can assure you. But  
2 I think at some point it would be nice to see  
3 a proposal from this person who's the elected  
4 leader of the state -- he's actually been  
5 elected twice already.

6 So, you know, hopefully we'll see a  
7 \$7.3 billion funding mechanism from this  
8 person called Governor Cuomo at some point.  
9 I mean, if he defaults, you know, we're now  
10 11 months -- I'm sorry, a year and almost  
11 15 months into the supposed January 1, 2015,  
12 start of your capital plan. You know, we'll  
13 have to figure it out. If we can't get a  
14 proposal from the Governor, we'll have to  
15 figure out how to fund your plan. And  
16 certainly there are proposals out there.  
17 But, you know, it's just a matter of concern  
18 to me.

19 So I will reserve the opportunity to  
20 ask further questions at some other time,  
21 Mr. Chairman, but I'll let other members go  
22 at this time.

23 CHAIRMAN FARRELL: Thank you very  
24 much.

1                   We've been joined by Assemblyman  
2           Mosley.

3                   Senator?

4                   CHAIRWOMAN YOUNG: Thank you.

5                   We've been joined by Senator Martin  
6           Dilan.

7                   Good morning. I'm glad to hear that  
8           you're feeling fine --

9                   MTA CHAIRMAN PRENDERGAST: Thank you.

10                  CHAIRWOMAN YOUNG: -- and thank you so  
11           much for working with the Legislature and  
12           coming in on a special occasion today to  
13           testify. We truly appreciate it.

14                  I am going to ask a couple of  
15           questions, and then I'll defer to my  
16           colleagues and then come back at the end.

17                  But one of the concerns that's been  
18           raised about the Executive proposal is that  
19           there's a major cost shift included, and that  
20           is dealing with utility relocation costs.  
21           And under the Executive proposal, it calls  
22           them savings, but it's \$375 million.

23                  And the concerns that have been raised  
24           is that all of a sudden you're shifting costs

1 to private companies. And ultimately what  
2 will happen is that consumers will have to  
3 pick up the tab.

4 What this can do is delay broadband  
5 infrastructure development across the state,  
6 number one. And number two, it would  
7 increase the costs for New York wireless  
8 consumers, including, potentially, wireless  
9 consumers outside the MTA region.

10 So we've heard a lot of feedback from  
11 people across the state regarding this  
12 proposal that's included in the budget. So  
13 can you provide us with the reasoning behind  
14 this proposal to shift utility relocation  
15 costs regarding the public utilities?

16 MTA CHAIRMAN PRENDERGAST: Yes, I  
17 believe we're the only public entity that has  
18 to pay for utility relocation. The other  
19 public entities in New York City do not pay  
20 for that relocation; the utility themselves  
21 pay for that.

22 There have been cases where people  
23 have piggybacked on our work that we're  
24 paying, and they've gotten the benefit of



1           those relocations for free.

2                     There's no doubt about it, at the end  
3           of the day the cost of relocation has to be  
4           borne by somebody. And in the case of -- if  
5           it's in the charges that the utility company  
6           charges to its customers, it's spread across  
7           a broader base. If it's in the case that  
8           we're paying for it, it's spread across  
9           basically the farepayers and users of the  
10          system.

11                    So we're asking to be treated the same  
12          as other public-sector entities when it comes  
13          to the relocation of utilities, which -- and  
14          also the level of attention it gets. Because  
15          even when we pay it, we don't necessarily get  
16          the same level of attention in terms of  
17          priority. But that's the basic underlying  
18          reason of why we're making the ask.

19                    CHAIRWOMAN YOUNG: Thank you,  
20          Chairman.

21                    And you talk about users of the  
22          system. But is it fair to saddle consumers  
23          who are outside the MTA region with these  
24          costs?

1                   MTA CHAIRMAN PRENDERGAST: Well, if  
2                   they're outside the MTA region at large, it's  
3                   a little bit harder of a sell. But everybody  
4                   benefits from a healthy transportation  
5                   network in New York and in the MTA region --  
6                   certainly the users of the system, the people  
7                   who don't use the system but get the benefits  
8                   because we're taking people off the roads,  
9                   and then also because of the jobs and the  
10                  employment that it helps provide and the  
11                  resource and revenue sources for the state at  
12                  large.

13                  But there's no doubt about it, as you  
14                  get further away from the region it's more  
15                  indirect benefit than direct benefit, I'll  
16                  acknowledge that.

17                  SENATOR YOUNG: Well, thank you. And,  
18                  you know, there is concern also about the  
19                  delaying of broadband access. And again,  
20                  that affects the entire state. There's so  
21                  many parts of New York, especially upstate,  
22                  that are unserved or underserved.

23                  So I just want to share with you there  
24                  are a lot of concerns. We've been hearing

1           those from across the state, and we'll be  
2           taking a closer look at this proposal as we  
3           go through the process.

4                        So thank you very much.

5                        CHAIRMAN FARRELL: Thank you.

6                        Assemblyman Cusick.

7                        ASSEMBLYMAN CUSICK: Thank you,

8           Mr. Chairman.

9                        Mr. Chairman, good to see you here  
10           today.

11                       MTA CHAIRMAN PRENDERGAST: Thank you.

12                       ASSEMBLYMAN CUSICK: It's a pleasure.

13                       I'm going to just ask some local  
14           questions. I wanted to talk to you -- I know  
15           you're familiar with the West Shore  
16           feasibility study for light rail and for  
17           public transportation on that corridor, and  
18           it's something that I personally have been  
19           pushing for many years. And I know many of  
20           my colleagues in city government and state  
21           government have been also.

22                       As you know, on Staten Island the  
23           issue of commuting is a tough one, the  
24           longest commutes in the country. And we're

1           trying to find alternative ways to get people  
2           to work.

3                       Is this something -- I know you're  
4           familiar with it. Is this something that the  
5           MTA would be open to? I know it has to -- if  
6           we get funding for it, it would have to go  
7           through an authority like the MTA. Would  
8           this be something that the MTA would be open  
9           to providing for us?

10                      MTA CHAIRMAN PRENDERGAST: Yes, we  
11           have the primary responsibility for  
12           transportation in our region. We're not the  
13           sole responsibility, but we have the prime  
14           responsibility.

15                      Staten Island, as you know -- you  
16           represent our customers, your constituents  
17           out there, as does Senator Savino -- presents  
18           some unique challenges because of its growth;  
19           it's 500,000 people, or approaching 500,000  
20           people. So that's larger than many cities in  
21           the United States.

22                      Geographically, it's got its  
23           challenges. So it does have the longest  
24           commutes. Even on the existing bus networks,

1           some of the best running times from the  
2           South Shore into New York are through  
3           New Jersey.

4                        So this is an idea to have an existing  
5           or semi-existing rail right away and tap the  
6           West Shore. Whether it follows the North  
7           Shore and comes in that way or goes over the  
8           Bayonne Bridge --

9                        ASSEMBLYMAN CUSICK: Right.

10                      MTA CHAIRMAN PRENDERGAST: -- but to  
11           study it from a standpoint to see, you know,  
12           what would be the benefit and the cost is  
13           something we would have the responsibility  
14           for.

15                      There's no doubt about it, if we go  
16           into another state, there's a different set  
17           of challenges. And if we marry up or, you  
18           know, tie into an existing network that  
19           somebody else controls, those are also  
20           challenges.

21                      ASSEMBLYMAN CUSICK: Right. And that  
22           is an understanding, that if we have it go  
23           over the Bayonne Bridge, that there would be  
24           issues that we would have to talk to

1 New Jersey concerning their transit system  
2 and what we could do to --

3 MTA CHAIRMAN PRENDERGAST: But that  
4 shouldn't stop us from doing it.

5 ASSEMBLYMAN CUSICK: Right. And  
6 that's what I wanted to see, because it's  
7 something that we are going to push as it  
8 gets tougher and tougher in our borough but  
9 also in that region. There are many people  
10 who use that corridor who don't live on  
11 Staten Island who live around the region and  
12 use it to go to work, and we really -- it's  
13 good to hear that the MTA would work with us  
14 on something like this.

15 MTA CHAIRMAN PRENDERGAST: Yes.

16 ASSEMBLYMAN CUSICK: And speaking of  
17 buses, I wanted to ask also on the issue of  
18 express buses, there's been the topic of to  
19 make some of the express buses go quicker, to  
20 cut down on some of the stops on some of the  
21 slower routes and to cut down on some of  
22 these stops that aren't being used a lot.

23 Is that something that the MTA is  
24 looking at seriously? Because I think that

1 would cut down on commute times also.

2 MTA CHAIRMAN PRENDERGAST: Absolutely.  
3 I mean, once an established route is in place  
4 and the ridership base has been built, we try  
5 to take a look at it to see where the actual  
6 ridership generates from and where people end  
7 up at the end of the day. And there's a  
8 relationship between available parking and if  
9 we need to provide additional parking.

10 But certainly if the overall goal is  
11 to provide the best level of service, running  
12 time, the level of service with a coach bus,  
13 those are issues that we need to look at.

14 And I mean, I was the general manager  
15 of the Staten Island twenty years ago, and  
16 it's vastly different today than it was  
17 20 years ago in terms of the demand, in terms  
18 of the demographics and the population  
19 density. And we actually have to look at bus  
20 routes on a more frequent basis because of  
21 that.

22 ASSEMBLYMAN CUSICK: Well, I  
23 appreciate that.

24 And on that topic of express buses,

1 Park & Ride is big on Staten Island. Is MTA  
2 looking at having like a large Park & Ride  
3 where it would be one location to park your  
4 car and then from that spot the MTA would  
5 then take the commuters to Manhattan or  
6 whatever the route is, without any stops,  
7 that that would be the one Park & Ride, have  
8 a Super Park & Ride?

9 MTA CHAIRMAN PRENDERGAST: Almost a  
10 Super Express.

11 There have been attempts at it in the  
12 past. We had a major facility down at the  
13 junction of Richmond Parkway and the West  
14 Shore Expressway, and it didn't get utilized  
15 to the extent that we thought it would. But  
16 we've had other lots that were not only  
17 subscribed but oversubscribed.

18 But those are the types of things we  
19 need to look at. Because for anybody who has  
20 to transfer or use another means of  
21 transportation to the public transportation,  
22 you try to minimize those and make them as  
23 seamless as possible but as comfortable as  
24 possible. So those strategies are the ones



1           that we would not only follow, we'd embrace.

2                   ASSEMBLYMAN CUSICK: Great. Thank  
3           you, Mr. Chairman.

4                   Thank you, Mr. Chair.

5                   CHAIRMAN FARRELL: Thank you.

6                   CHAIRWOMAN YOUNG: Thank you very  
7           much.

8                   Our next speaker is Senator Robach,  
9           who is chair of the Transportation Committee.

10                   SENATOR ROBACH: Thank you for being  
11           here. And let me say I appreciate greatly  
12           the amount of people you move every day. It  
13           is amazing to see, observe. And I think for  
14           people that don't have a vested interest,  
15           they would be amazed. I think it's unique to  
16           our state in New York City and the  
17           surrounding area.

18                   I think, for lack of a better term,  
19           and to be expeditious here, I think people  
20           for the most part are embracing the  
21           Executive's proposal, maybe with some  
22           tweaking. You're happy with that number?

23                   MTA CHAIRMAN PRENDERGAST: Yes. I  
24           mean, a trillion-dollar asset, over time, you

1 know, these programs are going to be at least  
2 this big and larger. There isn't a region of  
3 the country that isn't grappling, they're all  
4 grappling with the issue of how do you fund  
5 infrastructure expansion as well as renew.

6 But yes, I'm happy with the number,  
7 because it's not just state of good repair --  
8 we're covering the state of good repair  
9 needs -- but enhance, improve the level and  
10 quality of service, and expand. Because the  
11 network, given those ridership numbers,  
12 Senator, we do need to expand the network.  
13 And in some cases it's a new line, in other  
14 cases it's communication-based train control,  
15 in other cases it's additional tracks.

16 The second-track Main Line for  
17 Ronkonkoma, the Main Line of Long Island  
18 Rail Road, is especially important for their  
19 reliability and their level of service.

20 SENATOR ROBACH: Off of capital and  
21 the whole system, how much money comes from  
22 the state, how much money comes from the City  
23 of New York, and how much money,  
24 approximately, comes from the ridership?

1                   MTA CHAIRMAN PRENDERGAST: In this  
2                   plan, we're bringing about 8 billion to the  
3                   table, I think the feds about 6 billion, the  
4                   city has committed 2.35 billion. And the  
5                   Governor, that we talked about before, is the  
6                   8.3. A billion is already in, so it's  
7                   another additional 7.3.

8                   SENATOR ROBACH: So let me ask you --  
9                   this might not be the right question for you,  
10                  but I know you understand it very well. So  
11                  when the Governor talks about \$26 billion  
12                  over five years, is that state money, total  
13                  money or --

14                  MTA CHAIRMAN PRENDERGAST: Total  
15                  money. That's total money. That's total  
16                  money. That's made up of 8 billion through  
17                  bond finances that we generate, what we call  
18                  pay-as-you-go revenue. That's fare box  
19                  revenue and other revenue streams that we  
20                  have that we can dedicate to debt finance for  
21                  bonds.

22                  Then it's 6 billion from the federal  
23                  government. And that's an if. It's a strong  
24                  if, though, because historically they have

1           been that, but it's a new Congress next year.

2           So there's some risk there.

3                     And then the remaining money is split

4           8.3 and 2.5 between the state and the city.

5                     SENATOR ROBACH:   Okay, thank you.

6           That's helpful.

7                     The only other thing I was going to

8           add, too, as I said earlier, I think we all

9           understand the importance regardless of where

10          we're from geographically and what it does

11          for the whole state.

12                     But I do think I would continue what

13          Senator Young said, the one part of the plan

14          that I think is very new and different and

15          may set a precedent that may be different is

16          that idea of you no longer being responsible

17          for the moving of utilities.   Because usually

18          when you do a construction cost anyplace, or

19          a project, you factor those things in.   Even

20          when government has to take it -- though

21          New York is one of the few, we let public

22          entities push the cost already onto

23          utilities.   You've never done that before;

24          right?

1                   MTA CHAIRMAN PRENDERGAST: No. But  
2                   then again, what will happen in some places  
3                   in New York City, other agencies will wait  
4                   for us to pay for utility relocation and then  
5                   piggyback their work on top of ours, so we're  
6                   subsidizing them as well.

7                   But what we're trying to ask for is  
8                   what we consider to be a level playing field.  
9                   We do recognize, at the end of the day,  
10                  someone has to pay that money. I mean,  
11                  it's -- there's nothing for free. So is it  
12                  the ratepayers? Is it ratepayers spread  
13                  across a broader base? Is it the farepayers  
14                  and spread across our base? And that's the  
15                  question.

16                  SENATOR ROBACH: Let me just ask one  
17                  last thing and I'll be done.

18                  Senator Young made some good points.  
19                  But the other one also that has been put out  
20                  there is the question that if now you have  
21                  this, for lack of a better term, freedom with  
22                  no attached cost -- because you're saying  
23                  that utilities used to piggyback on you -- is  
24                  it fair for people to say you would then have

1 no vested interest of how you move things or  
2 what you did because you have no skin in the  
3 game as far as terms of -- you know, the MTA  
4 is huge -- as to what those costs would be to  
5 move those utilities, maybe making the  
6 \$360 million even a smaller number to again,  
7 depending upon what utility it is, ratepayers  
8 maybe not only all across the state but maybe  
9 even to farther reaches?

10 MTA CHAIRMAN PRENDERGAST: Even though  
11 we're paying, we don't have as much control  
12 over our destiny as to when and to how. So I  
13 won't say it's a sore point, but that's one  
14 of the issues we'd like to address.

15 The other issue is in the nature of  
16 the work we do. Whether it's rebuilding our  
17 own system or new construction, we have to be  
18 a good citizen. So we have to check off the  
19 box that says we're impacting the area as  
20 little as possible.

21 So we will try to work with other  
22 agencies so we don't come in -- first, it's  
23 difficult on our own part, within our own  
24 family. But then we extend outside the

1 family is -- one of the worst things we can  
2 do is, three consecutive years, three  
3 projects come in and rip up the street. That  
4 may be an oversimplification.

5 But there are other areas where we've  
6 got the social responsibility to make sure  
7 we're minimizing impact on the neighborhood.  
8 So even if someone else was paying the  
9 dollars, we would be cognizant of that.  
10 Because ultimately it's who's doing the  
11 construction, who's disrupting the street  
12 that your constituents and our customers are  
13 going to focus on.

14 SENATOR ROBACH: Sure. Just one last  
15 thing since I'm just trying to get this all  
16 in my head.

17 So to the best of my knowledge -- and  
18 I know you probably have a much broader  
19 knowledge than I do -- I don't think there's  
20 any other authorities anywhere in the country  
21 that have that setup, do they?

22 MTA CHAIRMAN PRENDERGAST: Well, I  
23 think in the State of New York all the city  
24 agencies don't have to pay for utility

1 relocation.

2 SENATOR ROBACH: I don't mean  
3 government. We're the only government that  
4 does that, I know. What I'm talking about,  
5 is there any other like --

6 MTA CHAIRMAN PRENDERGAST: I'd have to  
7 check for you. Because you raise a good  
8 question. I mean --

9 SENATOR ROBACH: In California they  
10 don't do it that way, right?

11 MTA CHAIRMAN PRENDERGAST: I'll check.  
12 I'll check. Because one of the questions  
13 everyone asks that are stakeholders: Who are  
14 the best in class, what do they do? Or what  
15 are the practices other places?

16 And that's a fair question. I'll get  
17 you an answer. I don't know.

18 SENATOR ROBACH: Thank you, Tom.

19 SENATOR YOUNG: Thank you.

20 CHAIRMAN FARRELL: Thank you.

21 Assemblyman McDonough.

22 ASSEMBLYMAN McDONOUGH: Thank you,  
23 Chairman.

24 And good morning, nice to see you



1           again. Changing topics, on the safety  
2           factor, you and I chatted for a few minutes  
3           before the hearing about positive train  
4           control, because of the accidents that have  
5           happened -- not just on your line, but it  
6           happens around the country sometimes.

7                        Could you describe, just for the  
8           record, what the timetable is for that? And  
9           where is the funding coming from? Is it all  
10          federal, or is some of it going to be state  
11          funding, MTA?

12                       MTA CHAIRMAN PRENDERGAST: Positive  
13          train control --

14                       ASSEMBLYMAN McDONOUGH: Maybe, if you  
15          would, what the positive train control  
16          actually is.

17                       MTA CHAIRMAN PRENDERGAST: Sure.

18                       ASSEMBLYMAN McDONOUGH: The distance  
19          and all of that.

20                       MTA CHAIRMAN PRENDERGAST: I'll start  
21          with that. Positive train control is not  
22          only a mandated regulation from the federal  
23          government, it is the right thing to do from  
24          a safety standpoint. It puts in an overlay

1 system from a technical basis that would take  
2 over in the event a locomotive engineer  
3 didn't or someone operating a piece of rail  
4 equipment didn't do what he or she was  
5 supposed to do in terms of adherence to safe  
6 speed. Safe speed, civil speed on a curve --  
7 so in other words, if the curve is only  
8 speeded for 30 miles an hour and somebody  
9 goes in in excess of that speed, it will take  
10 over and reduce the speed. The Spuyten  
11 Duyvil accident in Metro-North was an example  
12 of that, a locomotive engineer going 84 miles  
13 an hour in a 30-mile an hour curve derailed  
14 the train, with five fatalities.

15 The other one is as you get too close  
16 to a train, to make sure you don't get in the  
17 stopping distance of the train, to prevent  
18 collisions, it will take over for the train  
19 and bring the train's speed down and stop it  
20 if it has to.

21 The original mandated -- well, the  
22 most recent mandated completion date was  
23 December 31, 2015. That has been extended by  
24 federal statute to December 31, 2018. Both

1 commuter railroads have under-contract work  
2 to have that done. The levels of protection  
3 provided already at both railroads is better  
4 than most, but it doesn't meet the PTC  
5 requirement. So we're going to put this  
6 overlay system on it that will do that.

7 So that will mean the installation of  
8 wayside equipment to be able to communicate  
9 with trains and on-board train equipment to  
10 be able to process that information and take  
11 those actions. And it would be on the two  
12 largest commuter railway systems in the  
13 country.

14 Now, in terms of funding, it's an  
15 unfunded mandate at the federal level, so  
16 it's like the Americans with Disabilities  
17 Act. But it's a necessary mandate, so we'll  
18 find a way. We do have a Railroad  
19 Infrastructure Funding grant, RIF loan, that  
20 we have to pay back. But it's financing  
21 that's attractive to us, to help underwrite  
22 the cost. I believe it's a little under a  
23 billion dollars, 900 and change. And then  
24 the remaining funds will come from the

1 programs that you support here.

2 And we're on track to have that system  
3 completed by December 31, 2018.

4 ASSEMBLYMAN McDONOUGH: Okay. And is  
5 that something -- how many miles of track do  
6 you control, roughly?

7 MTA CHAIRMAN PRENDERGAST: Hundreds.  
8 I should know the number off the top of my  
9 head. It's probably 400 to 500 miles of  
10 track.

11 ASSEMBLYMAN McDONOUGH: Okay. Is this  
12 system of positive train control to be put  
13 everyplace, or just where you don't have the  
14 straightaway and you have the curves and  
15 stuff like that?

16 MTA CHAIRMAN PRENDERGAST: No, it has  
17 to be installed everyplace. We do have some  
18 parts of the Metro-North system and the  
19 Long Island system, what we call dark  
20 territory -- they do not have signals now, so  
21 train movement is controlled by train orders.

22 And the train order basically  
23 effectually gives -- if you're operating one  
24 train and Assemblyman Brennan is operating

1 another train, you're given orders to proceed  
2 to a certain point. And until you get to  
3 that point, he's not given orders to proceed  
4 into that section of track. So we control  
5 the movement of trains manually.

6 But the overlay of PTC needs to occur  
7 across the entire system.

8 ASSEMBLYMAN McDONOUGH: Okay. And  
9 that project is underway as we speak;  
10 correct?

11 MTA CHAIRMAN PRENDERGAST: Yes.

12 ASSEMBLYMAN McDONOUGH: And you say  
13 completion by 2018?

14 MTA CHAIRMAN PRENDERGAST: By 2018,  
15 that's correct. December 31st.

16 ASSEMBLYMAN McDONOUGH: Okay. Thank  
17 you very much, Chairman.

18 MTA CHAIRMAN PRENDERGAST: Thank you,  
19 sir.

20 CHAIRMAN FARRELL: Thank you.  
21 Senator?

22 CHAIRWOMAN YOUNG: Thank you very  
23 much.

24 Our next speaker is Senator Dilan, who

1 is ranking member on Transportation.

2 SENATOR DILAN: {Inaudible.}

3 CHAIRWOMAN YOUNG: Mic?

4 SENATOR DILAN: Basically I would like  
5 to address your capital budget plan and the  
6 MOU between the state and the City of  
7 New York, which I -- if you can basically  
8 give us an overview of it. And I consider it  
9 to be really an IOU, because basically, the  
10 way I understand it, is that the MTA has to  
11 basically exhaust all its resources before it  
12 can draw down any dollars. So can you  
13 explain that?

14 MTA CHAIRMAN PRENDERGAST: Yes, the  
15 8.3 -- we have, of the 8.3 from the state, we  
16 have a billion already -- the other 7.3. But  
17 the way it's written is once we get an  
18 approved program -- we have to get an  
19 approved, CPRB-approved program first or we  
20 can't do anything. We can only spend cash  
21 that we have, not any cash we use to fund  
22 bond finance.

23 So once CPRB approval is given, we  
24 would start to draw down on the resources

1           that we have available to us through  
2           pay-as-you-go capital and bond finance, work  
3           our way into the program to keep the projects  
4           being awarded and construction being done.  
5           And as we approach the point of running out  
6           of those resources, that's when the state  
7           resources kick in, and I believe the city  
8           resources as well.

9                         SENATOR DILAN:  Mm-hmm.  Do you see  
10           that as -- like I used the word IOU.  Is it  
11           really going to happen where --

12                        MTA CHAIRMAN PRENDERGAST:  Well,  
13           certainly it's an IOU, but it's relatively  
14           common in government where those types of  
15           understandings are made.  So it's not so far  
16           afield from what I've seen in the past.  And  
17           it's part of the process.

18                        But I'll go back to my comment of the  
19           unbroken tradition of New York State, at the  
20           legislative and executive level, getting the  
21           funding necessary.  I can't underscore that  
22           more.  I've been other places, I've worked  
23           other places, I've talked to associates that  
24           have worked other places where it's nowhere

1 near that level. I think there are people  
2 here that represent other constituents  
3 outside the service network, but they  
4 understand the importance of the MTA network.

5 So I have a very high confidence level  
6 that the money will be there. Not without  
7 some challenges in terms of where you find  
8 the funding sources, I totally get that. But  
9 I have a very high degree of confidence that  
10 the money will be found.

11 SENATOR DILAN: Okay. And in terms of  
12 the use of that money, what kind of project  
13 list do you have?

14 MTA CHAIRMAN PRENDERGAST: What we  
15 have is the original plan that was submitted  
16 in October 1, 2014, revised, and we submitted  
17 another plan in 2015. And then there have  
18 been ongoing conversations.

19 So we can share with you that plan,  
20 but there have been other conversations going  
21 on, Governor's initiatives. And we'll be  
22 glad to update and show you, you know, where  
23 that stands in terms of what will get funded  
24 and what the time frame for those -- you



1 know, what projects will be undertaken, what  
2 the general time frame for those projects  
3 would be.

4 SENATOR DILAN: Okay. And as you  
5 know, I have two other questions, basically.  
6 One, the entrances that are closed throughout  
7 the City of New York. And with the  
8 additional or increase in ridership, how do  
9 you propose to open those entrances, and what  
10 will be the costs associated with it?

11 MTA CHAIRMAN PRENDERGAST: Well, we  
12 went through a process a number of years ago,  
13 in the interest of trying cost-saving  
14 measures, of closing the number of entrances  
15 and changing the ticket/token booth clerk  
16 deployment there.

17 On two different fronts, we're going  
18 to re-look at that. One is the new fare  
19 payment system, where we're going to put in a  
20 system that will replace the existing  
21 MetroCard and hopefully utilize technologies,  
22 will enable people to buy fare media much the  
23 same way they buy tickets to sporting events  
24 or entertainment events, things of that

1 nature, one-stop shopping.

2 But also, you know, the one thing  
3 about the New York City subway that stands  
4 out in relation to any other subway system in  
5 the world is its number of stations, 469  
6 stations. There isn't a system in the world  
7 that has that number of stations. Now, it's  
8 a challenge for us because we've got more  
9 assets that we've got to manage. But it's a  
10 tremendous benefit, because 71 percent of  
11 New York City's population lives within a  
12 half a mile, which is walking distance of a  
13 subway system.

14 So where we can actually look at  
15 reopening station entrances, provide the  
16 level of security we need in doing so, and a  
17 means of entry so that we just don't have,  
18 you know, unbridled access to the system for  
19 a variety of reasons -- not just fare  
20 evasion, but to keep people out that don't  
21 belong there, that are interested in  
22 committing crimes. We'll look at that,  
23 because we want access to the system to be as  
24 seamless as possible.

1           And with the record ridership, you're  
2           hitting a very -- an extremely key point, is  
3           the fact that we're seeing ridership that  
4           we've never seen before.

5           SENATOR DILAN: Right. And actually I  
6           would be really remiss if I did not discuss  
7           the L train and the possible closure -- or  
8           the not possible, I guess it has to be done.  
9           But can you, just in general terms, give us  
10          an overview to at least make people feel  
11          comfortable of what's going on so we can have  
12          some transparency with respect to that?

13          MTA CHAIRMAN PRENDERGAST: Sure.  
14          Sure. Superstorm Sandy was the most  
15          impactful weather event the system saw. Of  
16          its 14 under-river tunnels, New York City  
17          Transit had floods in eight of them. The  
18          Canarsie Tube was totally flooded. In my  
19          tenure at New York City Transit or at the  
20          MTA, that tunnel has flooded three times.  
21          It's a hundred years old. It was BMT  
22          construction, which wasn't the highest  
23          standard. IRT was better construction, IND  
24          was better construction.

1                   But it's got severe erosion due to the  
2                   saltwater of the bench wall, and that's the  
3                   lower quadrants, like at 7 o'clock or at  
4                   5 o'clock where all the cables go through,  
5                   communication cables. And much like the  
6                   Montague Street Tube, we have to demolish  
7                   that bench wall and we have to replace it.

8                   What differentiates Canarsie versus  
9                   Montague and the other tunnels, we did  
10                  Montague first, closed it for 14 months --  
11                  said we were going to close it for 14, did it  
12                  for 13, totally rebuilt it, track and  
13                  everything. We're doing the A and the C,  
14                  which is the Cranberry Tube; the F, which is  
15                  the Rutgers Tube; and then we're going to do  
16                  the Clark Street Tube, which is the 2 and 3.  
17                  And we're saving the most impactful for last,  
18                  which is Canarsie.

19                  On all the other tubes, we didn't do a  
20                  full closure or, where we did a full closure,  
21                  we had many alternate paths of  
22                  transportation. Canarsie does not provide  
23                  that for us.

24                  Four thousand people use the L Line,

1           250,000 people traverse the Canarsie Tube.  
2           So whether we do a single-tube closure at a  
3           time or a two-tube closure, we do need to do  
4           a closure. Because you have to demolish this  
5           tunnel, and demolishing the concrete creates  
6           silica dust. And from an environment  
7           standpoint, for the customers and the  
8           employees and the workers, you have to  
9           protect them.

10                     And we're trying to look at the  
11           different ways where we can compress that  
12           schedule to get it done as short as possible  
13           and impact the people, and what alternate  
14           means of transportation can we provide.

15                     To give you examples, but we have not  
16           landed on any one alternative, but in the  
17           past when we were at the Williamsburg Bridge  
18           for a number of years due to reconstruction,  
19           we worked with the city, they had enhanced  
20           ferry service, we put additional bus service  
21           out, we could do additional rail service.  
22           But we need to walk through that with you as  
23           an elected official representing constituents  
24           and our customers and the communities that

1 are affected.

2 Time frame, it's a number of years  
3 out. We have some time. But we do need to  
4 award contracts. The funding for those comes  
5 from the Sandy funding that the federal  
6 government allocated after Superstorm Sandy.  
7 And in terms of Canarsie alone, it's in  
8 excess of \$500 million of federal funds that  
9 we have access to.

10 Four years; this October will be the  
11 fourth-year anniversary of Superstorm Sandy.  
12 There will be a new Congress next year. If  
13 we don't commit those dollars this year,  
14 there's a likelihood that they could be  
15 snatched back up and used for other purposes.

16 So we're moving down the path of  
17 making sure that we can make those awards,  
18 but not until we have this extended  
19 conversation with the community and get their  
20 buy-in. First of all, the fact that we need  
21 to do the work, establish that, Senator. And  
22 then what is the best -- we're never going to  
23 be able to satisfy everybody, but you helped  
24 broker the solution in terms of what's the

1 best solution with the least pain. That's  
2 where we're at right now.

3 SENATOR DILAN: I just want to thank  
4 you for the information that you have  
5 provided us and that you have agreed to  
6 interact with the community as we move  
7 forward. Thank you very much.

8 MTA CHAIRMAN PRENDERGAST: Thank you,  
9 Senator.

10 CHAIRMAN FARRELL: Thank you.

11 No one mentioned it in that  
12 discussion, but I think you did one of the  
13 bravest things anyone could have done,  
14 because I remember the Friday before the  
15 Sunday I accidentally was walking in at 54th  
16 Street, and you were all in the room  
17 planning. And you made a plan that could  
18 have cost you your job when you said "Stop  
19 the trains and get them out of the tunnels."

20 And if you hadn't done that, I don't  
21 know how much rolling stock we would have  
22 lost. We'd be talking now about when you  
23 were going to open it up again.

24 So that was a fantastic decision, and

1 I thank you for that.

2 MTA CHAIRMAN PRENDERGAST: Thank you.

3 CHAIRMAN FARRELL: Next, Assemblyman  
4 Titone.

5 ASSEMBLYMAN TITONE: Thank you,  
6 Chairman.

7 Tom, we were talking earlier and you  
8 spoke, you testified earlier about, you know,  
9 capital projects that will bring jobs, and  
10 that's all well and good on paper. My  
11 concern is when, you know, the MTA does do a  
12 capital project, that often there's  
13 subcontractors that are involved. And until  
14 the MTA actually signs off on the  
15 contractor's work, the subcontractor doesn't  
16 get paid. Typically these are local  
17 businesses. I'm not going to say small  
18 businesses, but there is an impact when they  
19 don't get paid, particularly when their job  
20 is bonded.

21 And I understand that you have to put  
22 the pressure on the contractor to get their  
23 work done. But when the sub is waiting for  
24 that, they have no recourse whatsoever. And



1 in one instance which I pointed out to you,  
2 we actually have in my district a contractor  
3 who, instead of creating jobs in partnership  
4 with the MTA, is actually laying off people  
5 because the MTA and the contractor have a  
6 disagreement.

7 But beyond that, there's also the  
8 issue where subcontractors -- you know, I can  
9 give you a list who, since 2014, are still  
10 waiting to be paid for the work that they  
11 did.

12 So we talk about creating jobs, but  
13 we're actually losing jobs because there is  
14 no sense of urgency on the part of the MTA to  
15 pay the people who have completed the work in  
16 a timely manner.

17 So, I mean, how is this fair?

18 MTA CHAIRMAN PRENDERGAST: In some  
19 cases the disputes in terms of payment to the  
20 contractor -- not the sub, because you're  
21 talking about the sub -- are because the work  
22 has not been successfully completed or has  
23 only been partially completed.

24 So on one hand we have an obligation

1           on the part of managing the public dollars  
2           that we have to make sure that we're getting  
3           the goods and services and products that  
4           we're paying for.

5                       Whether it be a subcontractor that is  
6           small and growing, wants to be a prime  
7           contractor, or an MWBE contractor who is  
8           generally starting out in a fledgling -- and  
9           I say that in a positive way -- those  
10          impacts are substantial, because they do not  
11          have the resources to be able to float and  
12          wait for that payment to be made.

13                      So it's -- we are very cognizant of  
14          that fact as we're pursuing contractors to  
15          the completion of their work. There have  
16          been some cases where we have actually made  
17          the payments on our own, but that's not a  
18          threshold we cross lightly.

19                      And with respect to the specific case  
20          you brought up, I am looking into it to see  
21          what needs to be done.

22                      We will not frivolously or needlessly  
23          withhold a payment for a small item when in  
24          fact payment needs to be made for the

1 contractor and the subs. But if it's a  
2 substantial item that really needs to be  
3 there -- because once you make the payment,  
4 you lose the ability to bring that person  
5 back and actually complete the work.

6 ASSEMBLYMAN TITONE: And I understand  
7 that. And I understand also, you know,  
8 ensuring that our money is spent  
9 appropriately, that we pay for the work to be  
10 completed. And I get that.

11 But there seems to be a disconnect or  
12 a dysfunction, so to speak, that once the  
13 work is completed, that -- you know, to have  
14 an outstanding payment for a business since  
15 2014 is a real hardship. So even if -- how  
16 can we expedite -- you know, what is the  
17 problem? Once the project has been signed  
18 off on, people should get paid for their  
19 work, and that's not happening. And that's  
20 my concern.

21 And I understand when there's job  
22 disputes, that maybe it's not completed. But  
23 when it is completed, to have over a year  
24 delay in payment is unacceptable. And, you

1 know, we can't sit here and pat ourselves on  
2 the back saying we're creating jobs when  
3 contractors and subcontractors are not being  
4 paid in a timely manner.

5 MTA CHAIRMAN PRENDERGAST: If it's  
6 that issue, sir, if it's the issue of us not  
7 paying in a timely manner, that is clearly my  
8 responsibility and my organization's  
9 responsibility.

10 The only case that my answer would  
11 have been relevant to is in the event there's  
12 a dispute as to what constitutes completion.  
13 And if I find in the case that you referred  
14 to me that it's complete and we've been  
15 negligent in a timely processing, that will  
16 be dealt with right away.

17 ASSEMBLYMAN TITONE: I appreciate  
18 that.

19 MTA CHAIRMAN PRENDERGAST: I'll  
20 separate that out from the other --

21 ASSEMBLYMAN TITONE: I appreciate  
22 that. And I want to be clear. I mean, not  
23 that there's, you know, hundreds upon  
24 hundreds of these cases out there, but there

1 are other contractors and subcontractors who  
2 are still waiting to be paid for work that  
3 has been completed and signed off on.

4 So I think, you know, figuring out,  
5 moving forward, when we talk about capital  
6 projects, how to ensure that these  
7 hardworking men and women are actually paid  
8 in a timely manner should be a priority with  
9 the MTA.

10 MTA CHAIRMAN PRENDERGAST: And your  
11 point's well-taken on the issue of generating  
12 jobs. You're just not generating jobs,  
13 you're generating revenue so you can pay  
14 people so that they can actually pay their  
15 bills and do what they need to do.

16 ASSEMBLYMAN TITONE: That's correct.  
17 That's correct.

18 And just very briefly, thank you for  
19 including the North Shore BRT study in this  
20 capital project. It's something that we did  
21 in the past, and because of Superstorm Sandy,  
22 the goalposts have shifted. But thank you  
23 for that.

24 CHAIRMAN FARRELL: Thank you.

1                   Senator?

2                   CHAIRWOMAN YOUNG: Thank you.

3                   Senator Marty Golden.

4                   SENATOR GOLDEN: Thank you,

5                   Madam Chair.

6                   Good morning, gentlemen. Thank you

7                   for being here.

8                   I guess everybody's talking about the  
9                   \$7.3 billion and how that money is going to  
10                  be there when you need it. And I can  
11                  understand the concerns of my colleagues  
12                  here. And you've answered the questions as  
13                  best you could. But we're in a turned-down  
14                  economy across the world, heading towards  
15                  probably a recession. That's before we waltz  
16                  ourselves into a housing bubble, which is  
17                  about to -- probably over the next two years.  
18                  I have no idea how we can actually do a  
19                  capital program and actually approve a  
20                  capital program with language that will be  
21                  there when you need it.

22                  Corporate America would laugh at this.  
23                  Any country would be surprised with this type  
24                  of approach in funding. And I really can't

1 remember any program that we closed down on  
2 that we didn't know to the extent of that  
3 amount of money where it was coming from.

4 So if we have the recession, we have  
5 the housing bubble, and we have a down-turned  
6 economy, obviously there's going to have to  
7 be taxes raised, there's going to have to  
8 be -- you can't even really promise that the  
9 2017 fare will remain at only a 4 percent  
10 increase in the years following that, can  
11 you?

12 MTA CHAIRMAN PRENDERGAST: No. But I  
13 don't think -- I wasn't here. I entered at  
14 the back end. I came here for my current  
15 stint on December 1, 2009.

16 But I don't think anybody sat in 2011  
17 expecting to see what happened in 2008 across  
18 the country at large. And yet the  
19 Legislature, the Executive found a way to be  
20 able to get through that -- with significant  
21 pain. Don't get me wrong. So that always  
22 exists out there. So we have to be cognizant  
23 of that, and we've tried to construct a plan  
24 that in the event that happens, we can

1 identify where we're going to take, if there  
2 were to be an absolute requirement of reduced  
3 resources, where we would apply those  
4 resources to take care of state of good  
5 repair first, enhancement second, and  
6 expansion third, with the exception of what  
7 we have the full funding --

8 SENATOR GOLDEN: So you have an  
9 expansion plan that would go into effect?  
10 You have a strategy?

11 MTA CHAIRMAN PRENDERGAST: Well, it's  
12 the strategies we've employed in the past in  
13 terms of how we figure out what goes --

14 SENATOR GOLDEN: Have you put that  
15 strategy to paper?

16 MTA CHAIRMAN PRENDERGAST: No. No, we  
17 don't -- we haven't.

18 SENATOR GOLDEN: I would try to start  
19 working on that strategy, because there is a  
20 concern.

21 And the other concern, obviously, my  
22 colleagues have all spoken about the money in  
23 Con Edison and Verizon. We look at our bills  
24 today, they were absolutely off the wall.



1 And now we're going to pass more into  
2 those -- through a pass-through -- to the  
3 customers of Con Edison and Verizon. I don't  
4 know that that's really going to work either.

5 What is the tune of that number? How  
6 much is that?

7 MTA CHAIRMAN PRENDERGAST: About  
8 \$375 million.

9 SENATOR GOLDEN: That's the five-year  
10 plan or that's the --

11 MTA CHAIRMAN PRENDERGAST: That's  
12 \$375 million over five years.

13 SENATOR GOLDEN: Over five years.  
14 That's another serious concern.

15 You wouldn't be part of the new  
16 commitment that the Governor is putting in  
17 line -- we already have the CPRB, so you  
18 wouldn't be going through another level of  
19 bureaucracy in getting your funding with this  
20 new committee that -- or agency that the  
21 Governor is putting together for oversight  
22 for capital programs. You're not part of  
23 that, are you?

24 MTA CHAIRMAN PRENDERGAST: I've seen

1 the legislation. I haven't reviewed it in  
2 detail. But it includes any agency and any  
3 project that's over \$50 million. So I think  
4 it would apply to us.

5 SENATOR GOLDEN: So you would be part  
6 of that. So that could slow this down even  
7 further, getting the money to you when you  
8 needed it; correct?

9 MTA CHAIRMAN PRENDERGAST: It might.  
10 I think the --

11 SENATOR GOLDEN: I don't know why you  
12 should be part of that --

13 MTA CHAIRMAN PRENDERGAST: The  
14 underlying reason is, as I understand it --  
15 and I've had conversations with the  
16 Governor about -- in the conversations, prior  
17 to the discussion of that particular action  
18 or legislative action, when we were meeting  
19 with the two prime stakeholders -- but there  
20 are a lot of stakeholders for the capital  
21 program -- but that's the Governor and that's  
22 the Mayor, there were strong concerns about  
23 how we spend our dollars on projects.

24 Now, on the \$115 billion that we spent

1           since the first capital program, we got  
2           better at certain levels of projects. So  
3           replacement of track, replacement of signals,  
4           how do we do that under-service, how do we  
5           use existing employees to get the work done  
6           and keep the railroad running, we've gotten  
7           better and better. And the on-time delivery  
8           of projects within budget has gotten better.

9                       Where we still struggle are what we  
10           call the mega projects, over a billion  
11           dollars. So East Side Access, Second Avenue  
12           Subway, extension of 7 West to Hudson Yards,  
13           that hasn't been our core competency. We're  
14           trying to develop a core competency.

15                      I think the Governor's saying, and the  
16           Mayor was saying, and other stakeholders, is  
17           these are precious dollars that people are  
18           fighting for and finding revenue sources to  
19           supply, and so we'd better make sure that we  
20           husband those resources well and we spend  
21           them well. And if there are others who can  
22           take a look at our program and offer  
23           recommendations to improve it, we should  
24           welcome it. That's the spirit in which I'm

1 looking at it.

2 SENATOR GOLDEN: Speaking of the  
3 signaling system, when is the R train  
4 scheduled for a signaling system in the Bay  
5 Ridge through --

6 MTA CHAIRMAN PRENDERGAST: I don't  
7 know off the top of my head. We'll take a  
8 look at it.

9 As we replace the existing wayside  
10 block signal system with communication-based  
11 train control, we've got a plan that does  
12 that. The general rule of thumb, you get 50  
13 to 60 years useful life out of the signal  
14 system, and so we replace it from a state of  
15 good repair standpoint as well as add the  
16 additional technology.

17 SENATOR GOLDEN: We need to get that  
18 expedited, because the people --

19 MTA CHAIRMAN PRENDERGAST: I'll get  
20 you some --

21 SENATOR GOLDEN: -- of Bay Ridge are  
22 suffering. So I need to get that corrected.  
23 So we need to do something in that community.

24 Could you also give us a list, to the

1 chairman, on any new lines that are planned  
2 and your new phases coming up for Brooklyn?  
3 I'm sure my colleagues will want them for  
4 their own districts. But anything that's  
5 planned -- new routes, bus or train, coming  
6 into the Brooklyn area.

7 MTA CHAIRMAN PRENDERGAST: Okay, we'll  
8 do that.

9 SENATOR GOLDEN: Access-A-Ride of the  
10 MTA. When are we getting rid of that horse  
11 and buggy, that van, and putting this into  
12 the 21st century? Nothing against -- I want  
13 horse and buggies in Central Park, I'm for  
14 that.

15 (Laughter.)

16 SENATOR GOLDEN: But when are we  
17 putting the black cars and the liveries --  
18 how are we getting this -- how is this  
19 moving?

20 MTA CHAIRMAN PRENDERGAST: We're  
21 continuing that. I mean, at one time we --  
22 with one size fits all. It was the  
23 paratransit services with the Access-A-Ride  
24 vans that we have. Starting under Jay

1 Walder, two chairmen ago, we started to move  
2 into the issue of issuing vouchers for people  
3 with black cars, livery car services, to be  
4 able to provide that. In some cases they are  
5 not wheelchair accessible, so it wouldn't tap  
6 that part of the market.

7 But there are many people who are  
8 eligible for that service that don't have a  
9 wheelchair. So where we can give them  
10 vouchers and have that service provided by  
11 somebody else who has that, we're swinging  
12 them over to that.

13 SENATOR GOLDEN: Do you have a  
14 timeline for when that's going to take place?

15 MTA CHAIRMAN PRENDERGAST: Oh, it's  
16 been happening over the past four years.

17 SENATOR GOLDEN: When is the horse and  
18 buggy contracts finished and when are we  
19 going into the 21st century?

20 MTA CHAIRMAN PRENDERGAST: I think we  
21 would still need to provide some level of  
22 services by the Access-A-Ride vans. There's  
23 a segment of the paratransit population that  
24 are required to use those. But we'll give

1           you -- we'll show you how over time we've  
2           moved that dynamic where at one time all of  
3           the services were provided with paratransit  
4           Access-A-Ride vans, and we've been migrating  
5           some of them over to a greater percentage  
6           every year.

7                         SENATOR GOLDEN: We've had this  
8           discussion before, so please, if you could  
9           give me a timeline, I'd like to see what's  
10          going to happen in the communities in  
11          Brooklyn, especially in the districts that I  
12          represent, when that horse and buggy is gone.

13                        I know that there is a timeline here,  
14          and I don't want to hold up the rest of my  
15          colleagues from asking questions. But the  
16          capital program -- last question -- is  
17          going -- obviously, the longer we wait, the  
18          longer to approve this. Are there any issues  
19          today, are you holding anything back because  
20          you don't have the money to advance those  
21          projects?

22                        MTA CHAIRMAN PRENDERGAST: We have  
23          \$1.8 billion that we can spend on the capital  
24          program without CPRB approval. And I don't

1 mean that like we're spending it because we  
2 don't have CPRB approval. We're trying to  
3 keep it alive, moving along, yes.

4 SENATOR GOLDEN: Everything's  
5 moving -- everything's moving according to  
6 your timeline.

7 MTA CHAIRMAN PRENDERGAST: So -- but  
8 this is the longest we've been without an  
9 approved capital program, we're 15 months  
10 into it. And so we need to move  
11 expeditiously toward getting the program  
12 approved.

13 SENATOR GOLDEN: Answer my question.  
14 The question is, are you -- is there anything  
15 that is presently not moving because you  
16 don't have an approved plan?

17 MTA CHAIRMAN PRENDERGAST: Well, had  
18 we had an approved plan earlier, there's some  
19 other projects would have been awarded. But  
20 the critical projects that need to move  
21 forward, we haven't held those up.

22 And we actually have a prioritized  
23 plan to be able to use that 1.8 billion up  
24 through June 30th, to make sure we don't hold



1 up any of those critical projects.

2 SENATOR GOLDEN: Thank you, sir.

3 Gentlemen, thank you very much.

4 CHAIRWOMAN YOUNG: Thank you, Senator.

5 CHAIRMAN FARRELL: Thank you.

6 Assemblyman Goldfeder.

7 ASSEMBLYMAN GOLDFEDER: Thank you,

8 Chairman.

9 And thank you for being here and for  
10 all your work. I know I've said it a lot,  
11 but it came up earlier today. But your work  
12 after Sandy for Southern Queens and Rockaway  
13 was really, truly amazing. People to this  
14 day, regardless of sometimes concern,  
15 appreciate your efforts that you made during  
16 the most desperate time. So I appreciate  
17 those efforts and everything you do.

18 And I'm going to try and spare you  
19 some hyperbole, because we all have it bad,  
20 we all have it tough, we all have  
21 transportation problems. The question is,  
22 are we looking at big ideas? You know, it's  
23 easy sometimes to make improvements here and  
24 fix this and fix that. I agree, you've done

1 a good job in trying to improve the A train.  
2 We've increased express bus service.

3 But we need to look at big ideas, and  
4 you and I have talked about this before, but  
5 things like new rail lines and restoring the  
6 old rights-of-way. The Reinvention  
7 Commission sort of thought it was a good  
8 idea. And have you followed up on some of  
9 the Reinvention Commission's sort of  
10 recommendations and looked specifically for  
11 what I'm thinking is restoring some of these  
12 old right-of-ways?

13 MTA CHAIRMAN PRENDERGAST: We  
14 certainly have looked at those aspects of the  
15 Reinvention Commission that talked about  
16 additional resiliency as we do stakeholder  
17 repair projects. To a lesser degree, we've  
18 looked at the issue of expansion as a result  
19 of increased needs of capacity as ridership  
20 grows.

21 But certainly the Rockaway Beach  
22 branch is the one that would serve the  
23 Rockaways better in terms of, you know, how  
24 you could use that right-of-way. And there's

1 competing interests, because some people want  
2 to turn it into a linear park, as you know.

3 But we haven't done anything really  
4 concrete with respect to either allocating  
5 money to do a study or committing to do a  
6 study. But certainly that would be an  
7 example of a project that, into a long-term  
8 expansion, as the city continues to grow and  
9 the region continues to grow, would be  
10 because the right-of-way is still there right  
11 now.

12 ASSEMBLYMAN GOLDFEDER: That's the  
13 point. The most valuable asset you probably  
14 have is your right-of-way. What's costing us  
15 so much money on Second Avenue is having to  
16 dig the tunnel, right? In something like  
17 this, utilizing it would be the most  
18 cost-effective way to increase access for  
19 people.

20 And I want to just say it's not just  
21 about families in Rockaway who I'm concerned  
22 about, and Howard Beach and southern  
23 Queens -- but it would, you know, create  
24 intraborough connectivity, allow people to

1 access other parts of the borough, but also  
2 access for Manhattan residents to JFK  
3 Airport, which I think is important as we  
4 continue to grow.

5 I just wanted to ask, the city is  
6 engaging in sort of an aggressive ferry plan.  
7 Has there been any talks about sort of  
8 coordinating payment systems and transfers  
9 for -- to subways and buses?

10 MTA CHAIRMAN PRENDERGAST: Yes, but  
11 not first out of the box. And let me explain  
12 what that means.

13 An expanded ferry system to promote a  
14 more flexible travel across the river, East  
15 River, from Brooklyn to Queens to Manhattan  
16 is something everybody's looked at. It's not  
17 our prime responsibility, it's the city's.  
18 It's not our core competency, and I don't  
19 think it should be our core competency. But  
20 where you literally and figuratively land  
21 those ferries on the Brooklyn side and on the  
22 Manhattan side or the Queens side, you need  
23 to put them close to places where there is  
24 parking availability and/or other elements of

1 the public transportation.

2 The challenge we have is all the way  
3 up and down the Brooklyn and Queens  
4 waterfront, when they were originally built  
5 out and originally used in the city, they  
6 were industrial. Much lower density, much  
7 lower traffic demand needs. As you turn them  
8 over to commercial use and residential use,  
9 that use changes. So we need to work closely  
10 with New York City DOT, and we do, with  
11 respect to how that development should occur,  
12 how we should share in the revenues from the  
13 zoning to be able to pay for the  
14 transportation needs, and how we would make  
15 sure that we collocate transportation  
16 elements for ease of transfer.

17 Once you get to that point, then you  
18 can address the issue of it is a free  
19 transfer, is it a subsidized transfer, or is  
20 it not a subsidized transfer. But you have  
21 to do all that other stuff first before you  
22 get to that issue.

23 And certainly we would like to create  
24 a system where -- put the fare subsidy issue

1           aside and whether it's a free transfer --  
2           it's as seamless a transfer as possible. But  
3           that's -- it needs to follow that course of  
4           action.

5                   ASSEMBLYMAN GOLDFEDER: Look, the  
6           city, to their credit, is looking to create  
7           some sort of their own shuttle service. But  
8           for Rockaway, as an example, if you get off  
9           the ferry at Beach 108th Street and jump on  
10          the A train to go surf at Beach 67th Street,  
11          that doesn't make sense. We're recreating  
12          the wheel by trying to duplicate all these  
13          systems that are already in place.

14                   MTA CHAIRMAN PRENDERGAST: And we  
15          shouldn't duplicate, you're absolutely right.

16                   ASSEMBLYMAN GOLDFEDER: Thank you.

17                   CHAIRMAN FARRELL: Thank you.

18                   Senator?

19                   CHAIRWOMAN YOUNG: Thank you.

20                   Senator Krueger.

21                   SENATOR KRUEGER: Thank you,

22          Mr. Prendergast.

23                   So you have a very difficult job, we  
24          all know that, those of us who live in the

1 MTA region, and we appreciate all the work  
2 all of your people do every day. And yet we  
3 still have hard questions that don't get  
4 answered.

5 So you answered several colleagues'  
6 questions about, you know, there's more of an  
7 IOU deal than an actual money-on-the-table  
8 for the five-year capital plan to date, but  
9 you're not really holding up where we're  
10 going. So I understand that has to mean  
11 you're front-loading borrowing within your  
12 five-year capital plan. Because if you're  
13 not getting money from us, you must be having  
14 to borrow. So you must be in dialogue with  
15 the bond markets.

16 You say you have great confidence that  
17 the state would never fail to deliver what  
18 the MTA needs. Do the bond markets believe  
19 that too?

20 MTA CHAIRMAN PRENDERGAST: That's his  
21 pay grade (indicating). And I say that --  
22 and I say that not in a facetious way. Ask  
23 me questions about operations, the budget,  
24 the organization and things like that, that's

1 mine.

2 SENATOR KRUEGER: I'm happy to hear  
3 from him.

4 MTA CHAIRMAN PRENDERGAST: Bob has  
5 worked his entire career either in the  
6 private sector or the public sector dealing  
7 with bond finance.

8 CHIEF FINANCIAL OFFICER FORAN: We had  
9 a financing bill that's been proposed by the  
10 Governor and presented to the Legislature.  
11 What the marketplace understands is the  
12 Legislature and the Governor's office will  
13 negotiate a solution that will be passed and  
14 reflected in legislation. Once in  
15 legislation, it then will be presented to the  
16 Capital Program Review Board as the funding  
17 solution to fill this gap.

18 So what's happening right now is we're  
19 continuing to sell debt based upon prior  
20 authorizations for prior capital programs.  
21 We're continuing to fund or commit against  
22 projects -- for projects with pay-as-you-go  
23 revenues that we've already set aside.

24 So the marketplace is seeing us do



1 things orderly and continuing according to  
2 the process that's been established and done  
3 before. What they're waiting to see is what  
4 happens during this legislative session. So  
5 as we see how it evolves, as we see how it  
6 ends up, and as we see what is presented to  
7 the Capital Program Review Board and  
8 approved, then the bond market will know  
9 where the capital program for '15-'19 is  
10 headed.

11 SENATOR KRUEGER: So you're working  
12 off the end of the obligations and/or  
13 borrowing from the last five-year capital.  
14 Everybody's hoping we will get this deal done  
15 in some way that is concrete enough for you  
16 to go back to the bond market for new  
17 borrowing, and that whatever the financial  
18 plan passed on behalf of the MTA and approved  
19 by the board of the MTA is, that will be  
20 adequate to go back to the market. Am I  
21 understanding that right?

22 CHIEF FINANCIAL OFFICER FORAN: Yes.  
23 But again, there's two pieces. Remember,  
24 there's the borrowing that we are planning on



1 the Wall Street Journal. And it was a story  
2 about a plan to sell the building on Madison  
3 and -- 40th?

4 MTA CHAIRMAN PRENDERGAST: 341, 345,  
5 347 Madison.

6 SENATOR KRUEGER: Thank you.

7 So in previous discussions between  
8 myself, other electeds and the MTA, your plan  
9 was to sell the building -- I think at the  
10 time you talked about a sales range of about  
11 \$450 million -- although the market just  
12 keeps going up, it seems -- a commitment to  
13 do infrastructure improvement where the buyer  
14 of the building would have to commit to -- I  
15 think in the discussions around the  
16 East Midtown rezoning dialogue, it was up to  
17 \$150 million in infrastructure improvements  
18 that you very much wanted to help with your  
19 Grand Central completion.

20 And then when I woke up and read the  
21 story, it was going to be some kind of  
22 long-term underlying lease deal. It was not  
23 approved by your board yesterday. I'm just  
24 trying to get an understanding, what happened

1           between you were going to sell the building,  
2           get the money, get the money for the Grand  
3           Central infrastructure, move along, till it  
4           became a lease deal? And I don't really  
5           understand all the pieces of that.

6                     MTA CHAIRMAN PRENDERGAST: Okay.  
7           Going back to the prior administration, the  
8           Bloomberg administration, there had been an  
9           ongoing dialogue with respect to what could  
10          we do with assets that we owned outright.  
11          Many of the assets that we utilize in the  
12          city, as you know, are part of a master lease  
13          with the city because we inherited the  
14          transportation system from the Board of  
15          Transportation. So we don't own those  
16          assets.

17                    But there are assets, especially on  
18          the MTA side, bridges and tunnels side, and  
19          commuter railroad side where we own the asset  
20          outright.

21                    So there's been pressure across the  
22          great stakeholder front -- if, as a public  
23          entity, we're utilizing a public space or a  
24          space that could generate revenue, might it

1 not be better for us to relocate to some  
2 other place and get the benefits of a  
3 transaction that would enable us to generate  
4 money to fund the capital program.

5 So the discussion was along the lines  
6 of a disposition of real estate, whether it  
7 be an outright sale or a ground-level lease.  
8 And there's financial advantages to doing  
9 either one. In some cases, an outright sale,  
10 you may get more money up-front. But with a  
11 ground lease, you get a longer revenue stream  
12 over a longer period of time.

13 And the subject of payment in lieu of  
14 taxes came up. And that was part of the  
15 discussion with the prior administration.  
16 And so in the transaction that we are  
17 bringing forward and we expect to bring  
18 forward back to the board, it's a ground  
19 lease transfer of rights to Boston Properties  
20 for them to develop the asset in a vertical  
21 way -- 341, 45, and 47 -- go through the  
22 appropriate rezoning process to possibly  
23 upscale the FAR, and then payments in lieu of  
24 taxes they would make, because we're a

1 government entity and don't have to pay  
2 taxes, are made to us to support the capital  
3 program. And that's the nature of it.

4 But the discussion had always been  
5 along disposition of real estate assets, not  
6 an outright sale. It could have been a sale;  
7 it could have been a ground-level lease. And  
8 I think that was part of the discussion over  
9 a very long period of time.

10 CHIEF FINANCIAL OFFICER FORAN: Right.

11 MTA CHAIRMAN PRENDERGAST: It predates  
12 my coming back here. It goes back to the  
13 early 2000s when these discussions are going  
14 on as part of Midtown East rezoning.

15 SENATOR KRUEGER: So if you sold the  
16 building to a private entity and they did  
17 whatever they intend to do with the building,  
18 that property becomes a taxpaying entity.  
19 The MTA, as I understand the newspaper  
20 article, is arguing that if you lease the  
21 building to the exact same kind of entity,  
22 you go into some kind of PILOT deal where the  
23 MTA receives the PILOT payments but the City  
24 of New York does not receive taxes.

1                   MTA CHAIRMAN PRENDERGAST: That's  
2 correct.

3                   SENATOR KRUEGER: Do you have the  
4 authority to collect PILOTs? And have you  
5 used that authority before?

6                   CHIEF FINANCIAL OFFICER FORAN: Yes,  
7 we have.

8                   And at the Atlantic Terminal Center,  
9 that's exactly the situation that's done.  
10 That was a jointly developed property between  
11 the MTA and the city. We received 90 percent  
12 of the PILOT payments; the city received  
13 10 percent of the PILOT payments.

14                   Effectively, it's also what's going on  
15 in the Hudson Yards. There, however, we're  
16 receiving the benefit of the construction  
17 costs for the No. 7 extension. So we are  
18 receiving the benefit from those real estate  
19 tax payments or PILOT payments.

20                   So it's not an uncommon issue for a  
21 government agency to do.

22                   But just to go back to what the  
23 chairman said earlier, the benefit for us to  
24 do a ground lease as opposed to an outright

1 sale, with a ground rent, we have a 99-year  
2 lease, we're going to receive a revenue  
3 stream from the developer for the next  
4 99 years. That can fund not just this  
5 capital program, that can help the next  
6 capital programs going forward in the future.

7           There's also the difference that if  
8 the private developer is going to give us a  
9 lump-sum payment, they're going out and  
10 borrowing that money. They're using their  
11 own equity capital and their own cost of  
12 borrowing, which is significantly more  
13 expensive than what it would cost us. So  
14 they're looking at a revenue stream that  
15 they're going to have to generate to fund  
16 equity returns for their own investors, as  
17 well as the debt for their own lenders. So  
18 they know what that stream is.

19           If they give us the same stream, we,  
20 with a lower borrowing cost, can get more  
21 proceeds from it.

22           So there is a benefit for us to enter  
23 into a 99-year ground lease. If we do  
24 continue to own it, there is not tax owed to



1 the city on that. But we don't want the  
2 developer off the hook, so the developer is  
3 then asked to make a payment exactly in the  
4 same amount as they would pay for their  
5 taxes, but that benefit comes to the MTA,  
6 that the proposal is it would be used for the  
7 capital program and future capital programs.

8 SENATOR KRUEGER: So your position is  
9 you've done the math and that the PILOT you  
10 would receive over 99 years is exactly what  
11 the City of New York will not receive in  
12 taxes.

13 CHIEF FINANCIAL OFFICER FORAN: What  
14 was proposed was that the PILOT payment would  
15 be based on what the taxes otherwise would  
16 be, yes.

17 SENATOR KRUEGER: And so what's the  
18 number of the PILOT for 99 years?

19 CHIEF FINANCIAL OFFICER FORAN: I  
20 can't remember -- the sum total for a  
21 certain -- depending on what the FAR  
22 upzoning, it was 1.1 billion to 1.3 billion  
23 in total. And the PILOT --

24 MTA CHAIRMAN PRENDERGAST: Over 99

1 years.

2 CHIEF FINANCIAL OFFICER FORAN: Over  
3 99 years. That's present value over  
4 99 years. And that the PILOTS were the  
5 majority of that. Okay? So the PILOTS were  
6 somewhere between 700 and 900 million.

7 SENATOR KRUEGER: So the MTA -- the  
8 MTA wins, but the City of New York loses.

9 MTA CHAIRMAN PRENDERGAST: I don't  
10 necessarily know if I'd interpret it that  
11 way, because where we're at right now is a  
12 lot of development is occurring in New York  
13 City.

14 On Phase 1 of Second Avenue, neither  
15 the city nor we receive the benefit of the  
16 additional upticks in zoning. Okay? So we  
17 paid for access to construct the subway. If  
18 damages were done to buildings, we paid to  
19 make them whole. And then after the  
20 transportation improvement goes in, they take  
21 the benefit of that transportation  
22 improvement in terms of the increased  
23 property valuation. And the owner gets  
24 something, and the city gets something, and

1 we get nothing out of it -- and yet the  
2 investment that was made was in large share  
3 in part why the increased value of the  
4 property was there.

5 Even in the agreement with the city  
6 for the 2.5 billion, as was laid out,  
7 1.9 billion straight -- I think -- cash, and  
8 600 million in value-added. In the proposal  
9 that the city -- the city's proposal for the  
10 Brooklyn-Queens streetcar, a \$2.5 billion  
11 cost is -- they're saying a large portion of  
12 that cost will be paid by value capture of  
13 increased real estate.

14 It's something transportation  
15 entities, whether they be a city or a  
16 transportation authority, are looking at,  
17 because one of the benefiterers, one of the  
18 strongest benefiterers of a healthy, robust  
19 transportation system is the business economy  
20 and the developer world in a particular area,  
21 whether it be commercial, retail or whatever.  
22 And so we're trying to capture that and fund  
23 that money for transportation improvements.

24 We made investments to relocate to

1           2 Broadway to be able to have a higher-  
2           density location to create the opening of the  
3           space at 341, 45, 47. And it was part of a  
4           long dialogue, Senator, with the city  
5           administration -- prior city administration.

6                    SENATOR KRUEGER: So -- and I'm at  
7           zero, but just two points and perhaps we'll  
8           have a chance to come back to further  
9           question.

10                   One, I actually don't read your  
11           statute as allowing you to do PILOTS for a  
12           non-transportation-related joint activity.  
13           This is simply a private real estate deal at  
14           the end of it. You're not staying in the  
15           building, you're not doing joint  
16           transportation work with the entity you want  
17           to lease to instead of sell to.

18                   And for the record, if the precedent  
19           is set that any non-taxpaying entity can  
20           choose to, instead of sell their property,  
21           keep it on lease arrangements so that they  
22           can privately collect the tax value and keep  
23           those properties off tax rolls forever,  
24           that's a very dangerous precedent, in my

1 opinion, not just in New York City or for the  
2 MTA, but on a statewide basis where we hear  
3 from localities all the time what the impact  
4 is when all their properties are taken off  
5 the tax rolls.

6 So I would like to continue that  
7 discussion.

8 MTA CHAIRMAN PRENDERGAST: Sure, we'll  
9 continue the dialogue.

10 In the two cases we talked about, it  
11 was part of an agreement with the city at  
12 Atlantic Terminal. And we understand that  
13 ultimately, in this process, anything to do  
14 with upticking in zoning value has to go  
15 through a New York City-controlled process.

16 SENATOR KRUEGER: And will this deal  
17 have to go through the city and be approved  
18 by it?

19 MTA CHAIRMAN PRENDERGAST: Pardon me?

20 SENATOR KRUEGER: Would this deal have  
21 to be approved by the City of New York?

22 MTA CHAIRMAN PRENDERGAST: In terms of  
23 the FAR, it has to go through that process,  
24 absolutely.

1                   SENATOR KRUEGER: No, the PILOT. The  
2                   payment in lieu of taxes, does that require  
3                   City of New York approval?

4                   CHIEF FINANCIAL OFFICER FORAN: I do  
5                   not believe that that is required.

6                   However, we have to be pragmatic.  
7                   There's negotiations that go on. And we will  
8                   be looking to see -- to work with the city in  
9                   the disposition of this asset, and we know  
10                  that they have an interest in future revenues  
11                  coming from this. So again, we're -- we  
12                  understand that we have to work together with  
13                  the city as partners.

14                  SENATOR KRUEGER: Thank you.

15                  CHAIRWOMAN YOUNG: Thank you.

16                  CHAIRMAN FARRELL: Thank you.

17                  Assemblyman Otis.

18                  ASSEMBLYMAN OTIS: Thank you,  
19                  Mr. Chairman.

20                  And thank you, Mr. Chairman. I have a  
21                  few Metro-North questions to pose to you.

22                  One is Penn Station Access, which you  
23                  mentioned in your statement. I know it's  
24                  contingent upon the East Side Access project.

1           So could we talk about what sort of projected  
2           timetables there would be? And in a sense,  
3           when East Side Access is completed, how long  
4           would it take to be able to access Penn  
5           Station for Metro-North trains?

6                     MTA CHAIRMAN PRENDERGAST: Sure.  
7           You're exactly right, we cannot provide  
8           access for the New Haven Line and the users  
9           of the New Haven Line in New York State into  
10          Penn Station until we have East Side access.

11                    East Side Access's operational date is  
12          2023, so we have time between now and then to  
13          be able to start work to provide four  
14          additional stations in the Bronx, make the  
15          power, track, signals and communications  
16          improvements we need to make on both the  
17          Metro-North territory but the Amtrak  
18          territory through which it has to cross, over  
19          the Hell Gate Bridge and into Penn Station.

20                    So the idea is that Day 1 of East Side  
21          Access, I think it's 20 slots, 20 trains  
22          start going into East Side Access, lower  
23          level of Grand Central; over time, it grows  
24          to 24 slots per hour. Okay? And that frees

1 up slots for the New Haven service. But  
2 we're thinking initially only eight of those  
3 slots. You know, two trains per hour in the  
4 rush hour coming into Penn Station.

5 So the idea is to do the  
6 infrastructure improvements, do the fleet  
7 issues so that in effect, once we start  
8 sending trains over to the lower level of  
9 Grand Central from Long Island, when we're  
10 freeing up those slots we bring Metro-North  
11 trains into Penn Station.

12 ASSEMBLYMAN OTIS: So there's no real  
13 timeline. Once you have East Side Access --

14 MTA CHAIRMAN PRENDERGAST: Not at this  
15 point. Because we still have some time  
16 between now and when East Side Access will be  
17 completed.

18 ASSEMBLYMAN OTIS: So my other  
19 question relates to the New Haven Line and  
20 capacity. And this is a long-standing issue  
21 of concern and frustration to riders; there  
22 are just not enough seats for the passengers  
23 on a regular basis on many trains. And I  
24 know you've been trying to tackle this, but



1           what has happened so far?  What are the plans  
2           in the next year to try and improve that  
3           situation, get seats for riders to be able to  
4           travel on?

5                     MTA CHAIRMAN PRENDERGAST:  Number one,  
6           the New Haven Line is the most heavily  
7           traveled line in the country, not only for  
8           the services for the people of Connecticut  
9           but in New York as well.  And just due to the  
10          ridership growth in the Metro-North territory  
11          over time, that's been challenging for us.

12                    What exacerbated the problem with the  
13          reliability problems of two years ago were  
14          the running times we had -- we weren't  
15          keeping up with critical track maintenance;  
16          I've heard talk about that in the past.  Joe  
17          Guilietti's got that issue in order.  We're  
18          restoring the track maintenance standards  
19          that need to be, putting the -- increasing  
20          the operating speeds, reducing the running  
21          time.

22                    But what happened during that period  
23          of time when we were having extended running  
24          times and weren't performing to schedule,

1 people were jumping trains. So if they  
2 normally -- I'm going to pick a time frame  
3 that's just made up. You know, if you're  
4 operating out of a certain station at 7:15  
5 but you weren't guaranteed to get into Grand  
6 Central when you expected, you take the  
7 earlier train. So that moved people around.  
8 And because the scheduling of trains is done  
9 so fine to try to limit the number of  
10 standees, up to a certain point, we had to  
11 make changes to that.

12 So -- but we still have to make  
13 changes in terms of increased fleet and  
14 additional trains or longer trains to  
15 accommodate that. We're better than we were  
16 two years ago. We're better than we were a  
17 year ago. But we're still not where we need  
18 to be. So it's a constant effort to try to  
19 do that.

20 ASSEMBLYMAN OTIS: So what are the  
21 limitations on increasing the fleet in terms  
22 of just availability of cars, number one?  
23 Number two, are there length-of-train  
24 limitations in that corridor that limit your

1 ability to put more seats in the system?

2 MTA CHAIRMAN PRENDERGAST: In a  
3 general way, we have some trains that are at  
4 maximum length right now, on both the Long  
5 Island Railroad and Metro-North. It's  
6 like -- I think it's 12 cars. I don't think  
7 we have any 14-car trains.

8 But there are a lot of trains on the  
9 shoulders of the peak, so early in the peak  
10 and after the peak, where we're running  
11 eights and 10s. So as the spillover occurs  
12 to those, we can add two cars.

13 You can't add -- you can add more cars  
14 than what you have platform length for, but  
15 that presents problems. Because you either  
16 have to make two stops at the station to get  
17 people on, or force them to walk through  
18 cars. So we try not to do that.

19 So there is some ability for capacity  
20 increase by increasing the length of trains  
21 where they're not already at their maximum  
22 length, and watching ridership patterns. And  
23 the ridership patterns do vary, depending  
24 upon availability of seats but also people's

1 riding patterns.

2 And the other thing we're seeing  
3 changing is the traditional 9-to-5, Monday  
4 through Friday commute is changing  
5 significantly across the region. There are  
6 people that are starting earlier, leaving  
7 later; there are people who do not commute  
8 all five days of the week. They commute  
9 three days of the week, they travel another,  
10 and they telecommute the other day. So we're  
11 trying to fine-tune the schedule.

12 But where the problem is the most  
13 acute on the commuter rail is the New Haven  
14 Line, again.

15 ASSEMBLYMAN OTIS: Is there an  
16 opportunity to add more trains at strategic  
17 points? Or is that --

18 MTA CHAIRMAN PRENDERGAST: It's  
19 possible depending upon fleet size. But once  
20 again, when you run a piece of equipment, you  
21 run it into the terminal and you try to get  
22 it back for a second cycle. So there's  
23 limitations as to how fast you can get that  
24 back and put that back in service.

1           So in answer to your question, there's  
2           some room for growth, but we're close to the  
3           limits. That's the challenge. When I say  
4           6.2 million people, that's just the subway.  
5           We're seeing tremendous ridership increases  
6           on Long Island and Metro-North.

7           Not the bus system. The bus system is  
8           holding. The bus system was falling; the bus  
9           system is basically holding right now. It's  
10          not dropping as fast as it was.

11          ASSEMBLYMAN OTIS: Well, I'll continue  
12          to ask just for whatever help --

13          MTA CHAIRMAN PRENDERGAST: Sure.

14          ASSEMBLYMAN OTIS: -- you can for the  
15          New Haven Line, because it is a long-standing  
16          problem. And understanding the limitations  
17          and the limitations with Connecticut, but we  
18          have people that are paying good fares to  
19          ride in. They should have a seat, and they  
20          should have that level of convenience.

21          And it is really not true on the  
22          Hudson and the Harlem lines, this capacity  
23          problem. It's really on the New Haven Line.

24          MTA CHAIRMAN PRENDERGAST: It's

1 certainly not true on the Hudson. We're  
2 experiencing it on a few trains on the Harlem  
3 Line, but by far more pronounced on the  
4 New Haven Line.

5 ASSEMBLYMAN OTIS: Thank you very  
6 much.

7 MTA CHAIRMAN PRENDERGAST: Thank you.

8 CHAIRMAN FARRELL: Thank you.  
9 Senator?

10 CHAIRWOMAN YOUNG: Thank you.  
11 Senator Martins.

12 MTA CHAIRMAN PRENDERGAST: 2022, I'm  
13 sorry, on East Side Access. I apologize.  
14 End of 2022.

15 Senator.

16 SENATOR MARTINS: Good morning,  
17 Chairman. How are you?

18 MTA CHAIRMAN PRENDERGAST: Very good.

19 SENATOR MARTINS: You know, I've heard  
20 a number of times you referencing projects  
21 related to this capital plan that I don't  
22 believe have been either authorized by the  
23 CPRB or are included in your 2015-2019 plan.

24 Is it your position that you have the

1 authority to advance projects that have not  
2 been authorized by the CPRB?

3 MTA CHAIRMAN PRENDERGAST: Absolutely  
4 not. We can't advance a project that hasn't  
5 been authorized by the CPRB.

6 SENATOR MARTINS: All right. You  
7 know, when we --

8 MTA CHAIRMAN PRENDERGAST: Advance a  
9 project in the phase at which it's being  
10 advanced at. There's some projects that have  
11 been approved for advancement up to a certain  
12 point but not past that point.

13 SENATOR MARTINS: I understand.

14 MTA CHAIRMAN PRENDERGAST: So planning  
15 or environmental, but not construction.

16 SENATOR MARTINS: But, you know, if  
17 we're talking about a third track on the  
18 Main Line of the Long Island Rail Road  
19 between Floral Park and Hicksville, I don't  
20 believe that that project has been authorized  
21 in the past by the CPRB or is even referenced  
22 in your 2015-2019 capital plan; is that  
23 right?

24 MTA CHAIRMAN PRENDERGAST: The

1 construction is not. But in a prior plan, I  
2 believe the 2004-2009 plan, the planning and  
3 environmental was authorized and funding  
4 approved for it, I think in the range of  
5 about \$7 million.

6 SENATOR MARTINS: I understand. But  
7 you did say in your testimony that you will  
8 begin work on a third track, and so I just  
9 wanted to make it clear that there is nothing  
10 that has been approved in --

11 MTA CHAIRMAN PRENDERGAST: It's clear.

12 SENATOR MARTINS: -- in terms of  
13 capital to build a third track, there is  
14 nothing that has been proposed formally to  
15 build a third track. Certainly I haven't  
16 seen a plan and I haven't seen an amendment  
17 to your capital plan that would include a  
18 third track. Isn't that right?

19 MTA CHAIRMAN PRENDERGAST: That's  
20 correct.

21 And what normally happens in this part  
22 in the process -- I hate to use the word puts  
23 and takes, but I think people know. As  
24 the -- in this case, we have a revision to



1 the plan, not the original plan. And so  
2 before we get to the point of submitting it  
3 to the Capital Program Review Board, we need  
4 to make sure that the appropriate adds to  
5 that program and subtractions from that  
6 program are made as we submit it. Otherwise,  
7 it's more likely that it could be vetoed by  
8 one of the members.

9 But in answer to your question, yes.  
10 But it's the intention moving forward, when  
11 we do submit something to the Capital Program  
12 Review Board, that the project for  
13 construction of a third-track Main Line would  
14 be in that plan. Subject to the CPRB's  
15 approval.

16 SENATOR MARTINS: But it's not there  
17 yet.

18 MTA CHAIRMAN PRENDERGAST: Yes, that's  
19 correct.

20 SENATOR MARTINS: And you understand  
21 that you can't do it without their approval.

22 MTA CHAIRMAN PRENDERGAST: Understand  
23 that.

24 SENATOR MARTINS: The New Haven Line

1 and, you know, the discussions we've had this  
2 morning with regards to access to Penn  
3 Station, I'm assuming that that comes at the  
4 expense of slots that are currently occupied  
5 by the Long Island Rail Road, isn't that  
6 right?

7 MTA CHAIRMAN PRENDERGAST: But those  
8 slots would be emptied and created as Long  
9 Island Rail Road has those same trains, using  
10 those same slots, go over to Grand Central.

11 SENATOR MARTINS: Well, we're going to  
12 have an expansion of service on the Long  
13 Island Rail Road once East Side Access is  
14 complete, we have trains going to Grand  
15 Central. But we still have slots and people  
16 going to Penn Station; right?

17 MTA CHAIRMAN PRENDERGAST: There is no  
18 way we would utilize that additional capacity  
19 fully by Long Island Rail Road. This will be  
20 the largest increase in service that the MTA  
21 has ever seen in its entire time. And for  
22 the \$10 billion investment for the 24 slots  
23 into Grand Central, there is no way we would  
24 have to backfill by need, by growth capacity,

1 the 24 slots from Long Island into  
2 Penn Station.

3 And what we're talking about in the  
4 New Haven Line is eight trains per hour,  
5 eight trains of those 24. That's what we're  
6 talking about.

7 SENATOR MARTINS: But in prior  
8 discussions -- well, again, there is no  
9 approval and no plan --

10 MTA CHAIRMAN PRENDERGAST: Yes.

11 SENATOR MARTINS: -- and no capital  
12 plan that has been approved by --

13 MTA CHAIRMAN PRENDERGAST: That's  
14 right.

15 SENATOR MARTINS: -- the CPRB to build  
16 track linking the New Haven Line to Penn  
17 Station as of yet.

18 MTA CHAIRMAN PRENDERGAST: That's  
19 correct.

20 SENATOR MARTINS: And in prior  
21 discussions that you and I have had, and  
22 others from the Senate from Long Island, you  
23 have made commitments that you would not  
24 displace trains from Long Island for the

1 benefit of Metro-North; isn't that right?

2 MTA CHAIRMAN PRENDERGAST: Displace  
3 trains from a standpoint of trains that are  
4 now utilizing slots. That wasn't the issue  
5 of backfilling trains that are now going to  
6 Grand Central.

7 SENATOR MARTINS: But if there's  
8 capacity for Long Island Rail Road trains  
9 that are currently being used and for  
10 passengers who are traveling to Penn Station,  
11 that those trains will continue to travel to  
12 Penn Station and will not be displaced -- if  
13 there is capacity, if people are riding those  
14 trains, they will not be closed or displaced  
15 for the benefit of Metro-North.

16 MTA CHAIRMAN PRENDERGAST: It's a long  
17 discussion, sir, that may require something  
18 beyond this meeting.

19 But the issue as to whether or not --  
20 if only 10 percent of the people remain going  
21 to Penn Station on a given train, do we take  
22 that slot and tie it up for those 10 percent  
23 versus other people coming in from other  
24 parts of the network that need to get to Penn

1 Station?

2 And it's also the issue of how many  
3 trains the Long Island Rail Road system can  
4 handle in terms of what trains they feed to  
5 the three terminals they will have --  
6 actually, two terminals, because you won't  
7 have a direct-seat ride to Atlantic Terminal  
8 anymore, you won't be able to run enough  
9 trains. So we'll be dividing those  
10 direct-seat rides between Penn Station and  
11 Grand Central.

12 And the network east of Harold will  
13 not support filling all those slots with  
14 Long Island Rail Road trains, backfilling  
15 them, and the 24 slots to Grand Central.

16 SENATOR MARTINS: And will --

17 MTA CHAIRMAN PRENDERGAST: Especially  
18 without third track. It's arguable you can  
19 do it with third track, but you certainly  
20 could not do it without third track. We have  
21 the modeling to be able to show that.

22 SENATOR MARTINS: Chairman, I  
23 appreciate it. And we will continue the  
24 discussion. Thank you.

1 MTA CHAIRMAN PRENDERGAST: Thank you.

2 Thank you very much.

3 CHAIRMAN FARRELL: Thank you.

4 Senator?

5 CHAIRWOMAN YOUNG: Oh, thank you.

6 Senator Squadron.

7 SENATOR SQUADRON: Thank you very

8 much. It's good to see you.

9 And I know the time is short, and I  
10 have many questions, so I'm going to jump  
11 right into it.

12 Just to be very clear, on the L train,  
13 the Canarsie Tube closure, the plan currently  
14 is to sequentially have one tunnel closure at  
15 a time for the next how many years?

16 MTA CHAIRMAN PRENDERGAST: We have not  
17 landed on any one plan.

18 The first step, seriously, in terms of  
19 what we're going to do, we need to  
20 establish -- I believe that we have with the  
21 elected officials -- the need. But they have  
22 rightfully insisted we need to convince their  
23 constituents and our customers of the need.  
24 So that's the first step.

1                   Then what we're going to do is try to  
2                   compress, as much as possible, the  
3                   construction time to do the work that's  
4                   necessary. There are a number of options  
5                   that are being looked at. One is a  
6                   double-tube closure at one time, and try to  
7                   get it done in as short a period of time --  
8                   but that's very impactful. And we need to  
9                   look at impacts in terms of direct impacts  
10                  for people who ride the L but also, if  
11                  they're displaced from the L, they'll hit the  
12                  J, the M, the Z, the G. And so we need to  
13                  look at that in a holistic way.

14                  SENATOR SQUADRON: And forgive me,  
15                  I --

16                  MTA CHAIRMAN PRENDERGAST: And the  
17                  other way is to do one tube at a time. And  
18                  generally the overall length of duration is  
19                  twice for one tube at a time what it would be  
20                  for two tubes at a time. But that needs to  
21                  be an iterative process, to see what the  
22                  impacts are and what the public would prefer.

23                  SENATOR SQUADRON: And I was -- and I  
24                  appreciate that, and I heard that before. I





1 any of those require out-of-phase closures?

2 MTA CHAIRMAN PRENDERGAST: Yes. But  
3 right now we're doing Cranberry and Rutgers.  
4 We're about ready to start Clark. Because we  
5 don't want other elements of the system  
6 constricted and under river tube capacity  
7 when we take Canarsie out. Whatever way we  
8 take Canarsie out.

9 SENATOR SQUADRON: So to be clear,  
10 none of those will require full closures,  
11 out-of-service closures?

12 MTA CHAIRMAN PRENDERGAST: They don't  
13 require full closures.

14 SENATOR SQUADRON: But you want them  
15 fully completed so that there's no reduced  
16 capacity when Canarsie closes.

17 MTA CHAIRMAN PRENDERGAST: That's  
18 correct. That's correct. Yes.

19 SENATOR SQUADRON: Thank you.

20 And the second thing is I do  
21 appreciate how straightforward you've been  
22 about this. We really would request strongly  
23 working with coalition partners and the  
24 community, that the MTA participate in a town

1 hall on this issue in this quarter, in the  
2 next couple of months, even if the plans are  
3 not finalized.

4 What you answered for us today --

5 MTA CHAIRMAN PRENDERGAST: Absolutely.

6 SENATOR SQUADRON: -- Senator Dilan  
7 and I, I think, agree was very  
8 straightforward. We appreciate that. Even  
9 before these plans are concluded, in the next  
10 couple of months at most, we really need to  
11 have that town hall. We're going to bring  
12 other agencies in. The solution here is not  
13 going to be the MTA's alone. We're going to  
14 need City DOT at a minimum, and other city  
15 agencies involved as well.

16 So it would be great if we could  
17 really be sure that we're going to have that  
18 town hall.

19 MTA CHAIRMAN PRENDERGAST: You have  
20 that commitment.

21 SENATOR SQUADRON: Thank you.

22 MTA CHAIRMAN PRENDERGAST: And I  
23 apologize that we weren't able to actually  
24 have some of that outreach before. And

1           you've been good about -- both of you, and  
2           others, have been good about not trying to  
3           dwell too much on the past.

4                     But going forward, we need to have a  
5           new -- we need to have a new dynamic.

6                     SENATOR SQUADRON: Thank you.

7                     MTA CHAIRMAN PRENDERGAST: And what I  
8           would like to say is that while we may need  
9           to let contracts this year on those so that  
10          we make sure we're using those dollars so we  
11          don't lose them, the work are years out in  
12          terms of when those closures would occur.

13                    SENATOR SQUADRON: Thank you. And  
14          thank you for the clarity on that yesterday  
15          as well.

16                    Let's just talk about the Executive  
17          proposal on the capital plan. I think it  
18          reads debt payments from the state or  
19          financing mechanisms undertaken by the MTA.

20                    We've talked a lot about the IOU in  
21          this capital plan and how much concern it  
22          is -- both parties, both houses have. Let's  
23          just ask about this very clearly, though.  
24          "Other financing mechanisms undertaken by the

1 MTA," could that potentially be an increase  
2 in fares?

3 MTA CHAIRMAN PRENDERGAST: Bob?

4 CHIEF FINANCIAL OFFICER FORAN: No.  
5 And that was very clearly the understanding  
6 we had in discussions with the chamber.

7 We are going to be as accommodating as  
8 we need to be in terms of raising funds if  
9 it's not a direct grant to us. It could be  
10 in the nature of a service contract, which we  
11 were authorized in 1982, 1987, and recently  
12 in 2002 to do. It could be revenues that are  
13 given to us sufficient to support debt that  
14 would not have any backing of our fares or  
15 other dedicated taxes. That would be the  
16 ideal.

17 So the thought is that we are trying,  
18 to the extent possible, to accommodate what  
19 the state might ask us to do. But the  
20 commitment and what our boards understands  
21 and what we are fully pursuing is this is not  
22 something that would have any impact on the  
23 fares.

24 SENATOR SQUADRON: So that is a --

1 CHIEF FINANCIAL OFFICER FORAN: The  
2 Governor has been pretty clear on that too.

3 SENATOR SQUADRON: -- a very clear  
4 commitment that that financing will not be  
5 backed by the farebox for that \$7.3 billion,  
6 period.

7 CHIEF FINANCIAL OFFICER FORAN:  
8 That's -- that's our position. What was said  
9 was that it would not affect the fares. And  
10 to me, that's the clearest way of not  
11 affecting the fares, is not using the  
12 farebox. And so that's been our position,  
13 that we're not going to use farebox bonds to  
14 facilitate this other mechanism.

15 SENATOR SQUADRON: Mr. Chairman,  
16 that's your understanding and --

17 MTA CHAIRMAN PRENDERGAST: Yes.

18 SENATOR SQUADRON: -- commitment as  
19 well?

20 And then, secondarily, is there any  
21 chance that it would be new debt not backed  
22 up by a new non-fare funding stream?

23 CHIEF FINANCIAL OFFICER FORAN: That  
24 would not --

1                   SENATOR SQUADRON: Any additional debt  
2 based -- you know, that would otherwise limit  
3 the MTA's ability to borrow in the future?

4                   CHIEF FINANCIAL OFFICER FORAN: We  
5 have zero interest, we have zero interest in  
6 selling the additional debt, if additional  
7 debt is needed, without receiving a revenue  
8 stream sufficient to fund that debt.  
9 Otherwise, you know, we are possibly  
10 affecting the operations of the MTA.

11                   So the understanding is that if this  
12 7.3 needs to be funded through some type of  
13 financing mechanism facilitated by us, it  
14 will be done with additional revenues coming  
15 to the MTA.

16                   SENATOR SQUADRON: So it will not be  
17 from the farebox, it will not be from  
18 additional debt absent a new funding stream,  
19 nor robbing Peter to pay Paul.

20                   And the final question I thought I  
21 heard you say before, that the bond market  
22 wants to see the Legislature and the  
23 Executive solve this -- that is, find an  
24 actual funding stream -- this legislative

1 session, or it will start to impact the  
2 ability to go to the bond market. Did I  
3 understand that correctly?

4 CHIEF FINANCIAL OFFICER FORAN: No.  
5 No. We continue to have the ability to go to  
6 the bond market, because we have  
7 authorization from prior programs, and we're  
8 continuing to sell debt.

9 And again, our debt has been upgraded.  
10 So the marketplace appreciates what's going  
11 on at MTA in terms of its financial  
12 discipline and such.

13 What I was saying is the bond market  
14 is waiting to see what the Legislature and  
15 the Executive agree to, through the  
16 negotiations in this session, to come up with  
17 a funding package that then is approved by  
18 the Capital Program Review Board. Until we  
19 get that approval, we can't sell the bonds  
20 that we are going to support. And we've set  
21 aside the money. So they're waiting to see  
22 that happen. And they know that we're able  
23 to continue to advance our capital program  
24 roughly through the mid-part of this year.

1                   But we do need to have a capital  
2                   program approved by the CPRB. And they're  
3                   waiting to see what the funding is for the  
4                   new -- or for the gap filler.

5                   SENATOR SQUADRON: Thank you.

6                   CHAIRWOMAN YOUNG: Thank you.

7                   CHAIRMAN FARRELL: Thank you.

8                   Assemblyman Brennan.

9                   ASSEMBLYMAN BRENNAN: Just coming back  
10                  for Round 2 here.

11                  Okay, let's go to operations, current  
12                  operations for just a moment. Is the MTA  
13                  planning any service enhancements or  
14                  contemplating any service enhancements in the  
15                  next couple of years? In current operations.

16                  MTA CHAIRMAN PRENDERGAST: Every year  
17                  when we develop our operating budget -- and  
18                  that's actually presented to the board in  
19                  November and voted on in December, and then  
20                  we look at it in July to see how well we're  
21                  performing against plan -- we take a look at,  
22                  you know, what our revenues are and where we  
23                  have the ability to either restore services  
24                  that may have been cut, add additional



1 services, or provide service quality  
2 improvements. And all of those, if they  
3 require additional money, get programmed into  
4 the budget that's put forward.

5 So on an annual basis, Assemblyman, we  
6 took a look at it from that perspective. So  
7 in some cases they have been out-of-phase new  
8 services, in some cases they have been the  
9 restoration of services or the partial  
10 restoration of services that we cut in the  
11 past, or the improvement of services in terms  
12 of some level in the quality of service.

13 So, for example, if we would have an  
14 initiative to improve cleanliness in a  
15 station, if we would have an initiative to  
16 improve the customer environment through some  
17 new technology, those are an example of  
18 things we characterize under service  
19 improvements. So it's the whole sum of  
20 those.

21 And yes, we look at those annually.  
22 At the same time, we're looking to cut costs  
23 from the organization; we call those savings.  
24 And then the new services, whether they be

1 true new services or quality, we call  
2 enhancements. And we look to fund those  
3 through the savings we generate. That's an  
4 ongoing process.

5 ASSEMBLYMAN BRENNAN: All right. I  
6 know Senator Golden asked a question in  
7 relation to obtaining information about  
8 service improvements. And so I would hope  
9 that you would share with the Assembly what  
10 you just said in relation to what the board  
11 is examining or has just recently approved in  
12 relation to any particular --

13 MTA CHAIRMAN PRENDERGAST: We'll share  
14 that with you.

15 And one of the things I know we're  
16 sensitive to, it's near and dear to a number  
17 of the legislators' hearts, we call line  
18 reviews.

19 ASSEMBLYMAN BRENNAN: Right.

20 MTA CHAIRMAN PRENDERGAST: And a  
21 number of people here have been more vocal  
22 than others.

23 But a line review is where we take a  
24 look on the subway side -- but you can do it

1 on the bus side as well -- a holistic look at  
2 the line from terminal to terminal, identify  
3 the service issues with respect to crowding,  
4 with respect to comfort, with respect to  
5 scheduling of trains, or enhancements we can  
6 make to those level of services, and what  
7 would it take in the form of investments to  
8 address those.

9 And so that's part of that ongoing  
10 process as well. And we can share that with  
11 you. In some cases those dialogues are  
12 already ongoing through our government  
13 relations staff, through the staff of the  
14 elected officials, because you generate them,  
15 and in other cases, you know, we come to you.  
16 But we'll be glad to share that information  
17 with you.

18 And we think it's been a very good  
19 process, probably a process we should have  
20 started earlier. Because one thing that is  
21 good about it is everybody that participates  
22 recognizes we can't do everything to  
23 everybody, so we're making reasoned decisions  
24 with ridership input as to where should we

1 spend those dollars in a limited way.

2 ASSEMBLYMAN BRENNAN: Yes.

3 MTA CHAIRMAN PRENDERGAST: And we'll  
4 make that -- we've made that commitment,  
5 we'll continue to make that commitment.

6 ASSEMBLYMAN BRENNAN: Yes, thank you.  
7 And I appreciate that a great deal.

8 Select bus service. How many SBS  
9 routes are currently in operation, and is the  
10 MTA planning to do additions to them?

11 MTA CHAIRMAN PRENDERGAST: I should  
12 know the number off the top of my head. It's  
13 six or seven.

14 But we are going through, in concert  
15 with New York City DOT, looking at where we  
16 can add additional select bus services. In  
17 some cases it's the institution of this  
18 enhanced level of express bus service on  
19 corridors that have been previously  
20 established that are the, you know, core to  
21 outer borough or within the core of an outer  
22 borough to the extremities, but in other  
23 cases it's across a borough.

24 What we're going to see over the next

1           20 years is a gradual -- not a gradual, a  
2           pretty marked increase of intraborough travel  
3           or borough to borough, exclusive of  
4           Manhattan.

5                     ASSEMBLYMAN BRENNAN: Right.

6                     MTA CHAIRMAN PRENDERGAST: So for  
7           example, you've seen a lot of dialogue about  
8           the Woodhaven corridor, because that's a  
9           corridor that's ripe for transportation need  
10          and an SBS alternative. And so we're going  
11          to look at that at other places where we can  
12          knit together the existing elements of the  
13          transportation system and not necessarily pay  
14          for it through the cost and construction of a  
15          new rail line. To be able to get people  
16          either from borough to borough not having to  
17          use anything other than the SBS, or a  
18          connection with the local bus network, or a  
19          connection with the rail network.

20                    ASSEMBLYMAN BRENNAN: Has the agency  
21          produced any reports on SBS service that you  
22          could share?

23                    MTA CHAIRMAN PRENDERGAST: We have,  
24          and in some of them jointly with, and we can

1 share those with you. Because we normally do  
2 a pre-SBS service assessment in terms of what  
3 the level of service is, and the ridership;  
4 and we do post, immediately after  
5 implementation, and then at a later date.  
6 And I think we can provide those to you.

7 ASSEMBLYMAN BRENNAN: Okay.

8 MTA CHAIRMAN PRENDERGAST: Some have  
9 been more successful than others, but just  
10 about every one of them, in terms of  
11 reduction in running time, have been very,  
12 very marked improvements.

13 ASSEMBLYMAN BRENNAN: Understood.

14 Okay, let's get into Second Avenue  
15 Subway for a moment. You testified that "We  
16 are continuing our enormous progress on  
17 Second Avenue Subway, with second-phase  
18 construction to East Harlem beginning in this  
19 capital program."

20 Could you elaborate a little further  
21 on that, and how that relates to the change  
22 in the size of the capital plan, the  
23 \$3 billion modification?

24 MTA CHAIRMAN PRENDERGAST: The second

1 phase of Second Avenue would extend where the  
2 first phase ends now, at 96th Street, up to  
3 125th Street, have it bend west to go as far  
4 over as Metro-North, which is Park Avenue  
5 Viaduct.

6 ASSEMBLYMAN BRENNAN: Right.

7 MTA CHAIRMAN PRENDERGAST: Order of  
8 magnitude, a \$5 billion to \$6 billion cost.

9 What we are going to accelerate -- and  
10 we have accelerated -- the preliminary  
11 engineering for that, the --

12 ASSEMBLYMAN BRENNAN: That's a  
13 \$500 million --

14 MTA CHAIRMAN PRENDERGAST: -- the  
15 Supplemental Environmental, and property  
16 acquisition, to enable that construction to  
17 occur.

18 Even had we had an approved -- a  
19 CPRB-approved program a year ago, we would be  
20 running up against could we actually start  
21 construction at the end of this program.  
22 I'll tell you that there's a chance we could  
23 do that if we get the other stuff done, and  
24 it would be our proposal to come back and ask

1           for money in the order of magnitude of about  
2           \$2 billion to be able to do that work.

3                         In the process to get the state and  
4           the Governor and the Mayor aligned on the 8.3  
5           and the 2.5, there were stakeholders that  
6           were very, very firmly taking the position,  
7           don't ask for money that the Legislature and  
8           others are going to have difficulty coming up  
9           with if you're not sure you can commit and  
10          spend it.

11                        So we were at risk even if the plan  
12          had been approved last year to be able to  
13          start construction on the second phase.  But  
14          if we find ourselves being very successful --  
15          because that's badly needed.  It's badly  
16          needed for the people of East Harlem, it's  
17          badly needed for the Lexington Avenue Line --  
18          we will come back and ask for an amendment to  
19          the program to award what would be the first  
20          construction segment, probably the order of  
21          magnitude of \$2 billion, to get that work  
22          going.

23                        It's a project that its initial  
24          genesis was 1929 or earlier; we need to get



1           it done.

2                   ASSEMBLYMAN BRENNAN: All right.  
3           Going back to the capital plan and the  
4           Article VII bill in the budget, that bill  
5           creates a scheme that has a four-year  
6           staggered set of amounts that would sum up  
7           the 7.3 billion to fund the plan, but  
8           requires the exhaustion of your identified  
9           resources beforehand.

10                   To me, that seems to create a  
11           situation in which the actual completion of  
12           the '15-'19 capital plan would extend way out  
13           beyond 2019, at least two or three years. Is  
14           that a reasonable understanding?

15                   MTA CHAIRMAN PRENDERGAST: There are  
16           times when I get into discussions like  
17           this -- and I want to be very careful how I  
18           say this, because I want to meet the spirit  
19           and tenor of what you're asking.

20                   In any of the five-year plans we had,  
21           we were making commitments of expenditures of  
22           dollars in the fifth year, whether it be for  
23           planning, design or construction, that  
24           actually were realized and spent in a

1 subsequent plan. So monies are appropriated,  
2 monies should be committed within that  
3 five-year period, but the expenditures spill  
4 over into others.

5 On the other hand, there's a  
6 sensitivity, and I think it's a proper one,  
7 on the part of people, like, what is an  
8 appropriate level of time for that money to  
9 lay over and be spent? If it gets past a  
10 certain amount, we're not effectively  
11 spending it, but people are having to pay  
12 debt finance on that money.

13 So if there's an awareness that some  
14 of those expenditures may spill over into,  
15 you know, two or three years past the five  
16 years, and they give us that accommodation,  
17 we have to be cognizant of the fact that we  
18 need to commit that money and spend it,  
19 because there's a debt service cost with it.

20 And there's a healthy-tension dialogue  
21 going on right now with respect to that. The  
22 Governor wants to make sure that if he and  
23 the Legislature are fighting for money, that  
24 we're effectively spending it and timely

1 spending it. And so that's the nature of it.

2 But historically, a five-year program,  
3 the majority of it gets spent in seven years,  
4 eight years.

5 ASSEMBLYMAN BRENNAN: Okay. Thank  
6 you.

7 CHAIRMAN FARRELL: Senator?

8 CHAIRWOMAN YOUNG: Thank you.

9 Senator Hoylman.

10 SENATOR HOYLMAN: Thank you,  
11 Madam Chair.

12 Nice to see you, Mr. Chair.

13 I wanted to ask a question that  
14 concerns my district and how my constituents  
15 feel about their subway commute, and it -- I  
16 don't think you need a full line review to  
17 determine that subway riders want countdown  
18 clocks. Particularly on the lettered lines.  
19 In fact, there's an article that I have that  
20 says "Where the hell are those subway  
21 countdown clocks we were promised?" I'll ask  
22 it more politely: Where are those subway  
23 countdown clocks we were promised?

24 And, you know, I think it goes to the

1 issue that you were saying, you want the  
2 system to be digital. You know that a lot  
3 more millennials are riding the subway. And  
4 London, Paris, Madrid, even Boston are far  
5 ahead of New York City in having countdown  
6 clocks.

7 And I think it's more than just  
8 convenience for riders, I think it gives them  
9 a sense of confidence that they're going to  
10 make their commute on time.

11 So do you have a schedule for the  
12 installation of the countdown clocks on the  
13 lettered lines? I'm talking about the A, C,  
14 E, R, Q, M, D, B, F -- all of which run  
15 through my district.

16 MTA CHAIRMAN PRENDERGAST: We have a  
17 schedule that's been published in prior plans  
18 and proposed in this plan. But I can tell  
19 you that it's a -- if you would ask yourself,  
20 your constituents, our customers, the  
21 Governor are the people that say it's  
22 unacceptable, because it's too long that it's  
23 out there. That's one data point.

24 The second data point, one of the

1           frustrations I personally have and many of  
2           the people at New York City Transit have is  
3           that especially for people that have worked  
4           other places, probably the most difficult  
5           technical challenge we have is the  
6           installation of new technology on a system  
7           that was built at the turn of the 19th to the  
8           20th century.

9                         So the way that we have delivered  
10           countdown clocks for what we call the A  
11           division, the IRT, is off the basic signal  
12           system. Because that determines where the  
13           train's location is -- you process that  
14           information, you use algorithms, and then you  
15           determine when it will arrive at different  
16           stations. And that project took years and  
17           over \$100 million to deliver.

18                        So at the onset of this, there were  
19           people who said, Well, we'll just do that,  
20           and we'll go over to the B Division, which is  
21           twice as big as the A Division. And I'm  
22           not -- I'm being oversimplified, because I  
23           love my employees -- like, we'll just plod  
24           down that path, and that's how we end up with

1           like a 2019 or 2020 date.

2                     The millennials don't want to hear  
3           that, because they don't understand that.  
4           They've got connectivity everywhere else,  
5           they have instant data. And I can lament all  
6           I want, there are expectations we need to  
7           deliver on. So a lot of pressure's being put  
8           on the organization.

9                     There's a project called ISIM-B which  
10          is going to deliver automatic train  
11          supervision information for the running of  
12          trains and the smoothing out of service  
13          delivery, and one of the sidebar benefits  
14          would be countdown clocks.

15                    SENATOR HOYLMAN: What's the schedule  
16          of that?

17                    MTA CHAIRMAN PRENDERGAST: No, that's  
18          the 2019, that's unacceptable -- 2020.

19                    So what we need to do is, is there  
20          another way we can get countdown clock  
21          information, and can we -- do we have to  
22          provide it?

23                    Ideally, we'd like these annunciators  
24          in a station. But maybe a faster way -- and

1           you still do the annunciators on a time  
2           frame -- is through a mobile electronic  
3           device with connectivity in the subway  
4           station, so at least we're getting them the  
5           information in some form.

6                     That's how bus time was rolled out.  
7           And instead of going to somebody to do -- the  
8           Brit term is a "bespoke," or one set -- one  
9           uniquely designed system, the people on the  
10          bus side of the house went to platform  
11          systems, used those systems, and put together  
12          in bus time at a fraction of the cost and a  
13          fraction of the time.

14                    That's what I'm putting pressure on  
15          the organization to do for countdown clocks.

16                    SENATOR HOYLMAN:  So I'm --

17                    MTA CHAIRMAN PRENDERGAST:  2019 is  
18          unacceptable.

19                    SENATOR HOYLMAN:  Well, thank you for  
20          that.  I'm concerned that --

21                    MTA CHAIRMAN PRENDERGAST:  We don't  
22          have a date, but --

23                    SENATOR HOYLMAN:  -- this is viewed as  
24          an enhancement rather than --

1 MTA CHAIRMAN PRENDERGAST: And the  
2 Governor has been insistent on that,  
3 because --

4 SENATOR HOYLMAN: So you -- you're  
5 committing to getting those sooner than 2019?

6 MTA CHAIRMAN PRENDERGAST: Yes, and I  
7 have to --

8 SENATOR HOYLMAN: Can you give us a  
9 date?

10 MTA CHAIRMAN PRENDERGAST: -- see a  
11 plan that I can deliver to. But that's where  
12 the pressure on the organization --

13 SENATOR HOYLMAN: Do you have a  
14 preferred date rather than 2019?

15 MTA CHAIRMAN PRENDERGAST: No, not  
16 now. Because I want to make sure I see it.

17 SENATOR HOYLMAN: And do you --

18 MTA CHAIRMAN PRENDERGAST: I can just  
19 tell you, 2019 is unacceptable.

20 SENATOR HOYLMAN: Yeah. Maybe we need  
21 a countdown clock for the countdown clocks.  
22 But we'll keep in conversation on that.

23 And to follow up on the questions that  
24 my colleagues were asking about the bond



1 market and how they're looking to the  
2 Legislature and the Executive to come up with  
3 alternative funding mechanisms in this year's  
4 budget -- I mean, the problem is there aren't  
5 any alternative funding mechanisms that I  
6 know of in this year's budget.

7 So what's the menu of options for that  
8 type of consideration over the next couple of  
9 months?

10 MTA CHAIRMAN PRENDERGAST: Well,  
11 there's a whole suite of them that the  
12 industry at large has used under the heading  
13 of "value capture." There's a number of  
14 different ways we've talked about some of  
15 those today -- private finance that deliver  
16 projects, and they get a revenue stream off  
17 it on the back end. Do you want to elaborate  
18 on some of the -- I mean --

19 CHIEF FINANCIAL OFFICER FORAN: Yeah,  
20 the marketplace is seeing a variety of taxes  
21 dedicated for transit. Sales tax has been  
22 used. Certainly gasoline taxes --

23 SENATOR HOYLMAN: Are you supporting  
24 any of these, for our consideration?

1 CHIEF FINANCIAL OFFICER FORAN: Yeah.  
2 Our position has been that basically we're  
3 agnostic as to the source of revenue. It's a  
4 policy decision that's made by people in your  
5 situation, the Executive -- we just know what  
6 funding we need.

7 And we know that we're supposed to do  
8 everything we can to reduce our own operating  
9 cost, as we have been doing, so that we can  
10 generate surpluses on the operating budget  
11 that we can dedicate to debt without  
12 increasing pressure on the farebox. So as  
13 we --

14 SENATOR HOYLMAN: What do you think  
15 about a proposal that actually -- the Senator  
16 and I have to move a percentage of sales tax  
17 from Uber and Lyft to commit it to the MTA?  
18 I think Senator Dilan carries that  
19 legislation --

20 MTA CHAIRMAN PRENDERGAST: I'll answer  
21 that question in a number of ways.

22 One is, as chairman and a board member  
23 of the MTA, and the fiduciary responsibility  
24 the board has to make sure that the MTA has

1           its finances for its operating capital  
2           budgets, and also as the CEO, I'd underscore  
3           everything Bob said. We are concerned about  
4           the sustainability, the long-term  
5           sustainability of any funding source that has  
6           been identified. But we're reluctant to step  
7           in and recommend one over another, because  
8           we're focused on transportation.

9                     At a legislative level, you need to  
10           take care -- and I respect you for this -- of  
11           the competing needs of transportation,  
12           health, education, and all the myriad of  
13           services that New York State operates. So  
14           our look at it is we're pretty agnostic in  
15           terms of what the source is, as long as it's  
16           sustainable and it gives us the finances we  
17           need to operate the place and have a capital  
18           program to keep the asset maintained and in a  
19           state of good repair.

20                    SENATOR HOYLMAN: And if I could have  
21           one more question, which is about the Diesel  
22           Emissions Reduction Act. Is the MTA in  
23           compliance with that? Thankfully, it appears  
24           that the budget does not include another

1           delay of that, to require the state to reduce  
2           diesel emissions from its vehicle fleet. Are  
3           you in compliance with DERA at the moment?

4                     MTA CHAIRMAN PRENDERGAST: Yes, we  
5           are, but we need to move to a place where the  
6           platform for our diesel buses is moving over  
7           to, like electric hybrids. And we have one  
8           of the largest fleets.

9                     The difficulties we have are with the  
10          reliability of that equipment and moving with  
11          the industry towards enhanced battery  
12          technologies and longer-life electrical  
13          components. We try to get 12 years of useful  
14          life out of a bus, and on some of those  
15          hybrid buses we're getting far less than  
16          that.

17                    SENATOR HOYLMAN: So you're not --

18                    MTA CHAIRMAN PRENDERGAST: But we are  
19          in compliance. But we need to move in the  
20          direction of no diesel buses, because diesel  
21          is just bad. And there have been a number of  
22          studies out there that indicate that. But  
23          we're in compliance. But we need to move to  
24          a new standard. We're not in as much

1 reliance on diesel as we are --

2 SENATOR HOYLMAN: So the entire fleet  
3 is in compliance with DERA?

4 MTA CHAIRMAN PRENDERGAST: I believe  
5 we are, yes.

6 SENATOR HOYLMAN: Okay. And your  
7 contracted vehicles as well?

8 MTA CHAIRMAN PRENDERGAST: I believe  
9 so, but I'll verify that.

10 SENATOR HOYLMAN: Okay. Thank you  
11 very much, sir.

12 Thank you, Madam Chair.

13 CHAIRWOMAN YOUNG: Thank you.

14 CHAIRMAN FARRELL: Thank you.

15 A few questions. When you're talking  
16 about the Second Avenue Subway and the timing  
17 and everything, one of the questions that  
18 bothers me is there was a funding -- and you  
19 had taken a billion dollars out in October  
20 2015. Why did you do that?

21 MTA CHAIRMAN PRENDERGAST: Well, that  
22 was part of the -- we got to a point where  
23 the first plan that was submitted was a  
24 greater dollar value than the 26 billion.

1           And we needed to get to a point where there  
2           was -- there was asks made of us by the  
3           executive branch, by the Governor, to see  
4           whether or not we could deliver the same  
5           scope of program more efficiently and more  
6           effectively, ergo less dollars. So we came  
7           down to 26.

8                         We also added the amount of money that  
9           we could put in for bond finance so that we  
10          could increase our share of commitment to 8  
11          billion. So the initial plan had around  
12          \$12 billion worth of MTA and federal sources.  
13          We got, I think, 14.6. So we shrunk the  
14          amount that needed to be provided by the city  
15          and the state.

16                        In the discussions for the 8.3 from  
17          the state and the -- what we had originally  
18          asked was 3.2 from the city. Where we ended  
19          up was 2.5 from the city. And there was this  
20          joint understanding between the city and the  
21          state, the Governor and the Mayor, that the  
22          reduction of that \$700 million would come out  
23          of Second Avenue because there was less  
24          likelihood we could actually award a contract

1 to do construction in the plan. It goes back  
2 to this issue of don't ask for money unless  
3 you're sure you can spend it.

4 So that was the genesis of it. But it  
5 raised a lot of concern by a lot of people  
6 because of that fact. We do know that  
7 probably the smallest-size contract that  
8 makes sense to award is more on the order of  
9 magnitude of \$2 billion.

10 So if we get to a point where  
11 everything's ready, we're still on this  
12 program, we'll come back and ask for an  
13 amendment to the program, probably in the  
14 order of magnitude of \$2 billion to award  
15 construction contracts to start that. The  
16 total cost of Phase 2 is between I think 5  
17 and 6 billion.

18 CHAIRMAN FARRELL: All right. One  
19 other question. What timing -- where are we  
20 now in Phase 1? In other words --

21 MTA CHAIRMAN PRENDERGAST: Phase 1 is  
22 scheduled to be completed December 31st of  
23 this year and start operation from 96th  
24 Street down to 63rd, across the 63rd Street

1 connector, and down the Broadway Line where  
2 we have excess track capacity right now.

3 CHAIRMAN FARRELL: Have you given it a  
4 number? Is it 18?

5 MTA CHAIRMAN PRENDERGAST: December  
6 31st -- no, it's December 31st, '18. And the  
7 Governor --

8 CHAIRMAN FARRELL: No, what's the  
9 number of the train?

10 MTA CHAIRMAN PRENDERGAST: Is it the  
11 W? No -- it's W, I think it's W.

12 CHAIRMAN FARRELL: It can't be a W.

13 SENATOR KRUEGER: Yeah. They call the  
14 same one the W.

15 MTA CHAIRMAN PRENDERGAST: Yeah.

16 CHAIRMAN FARRELL: It is the W?  
17 They're talking about naming it W?

18 MTA CHAIRMAN PRENDERGAST: Yeah.

19 UNIDENTIFIED LEGISLATOR: What's wrong  
20 with a Z?

21 SENATOR KRUEGER: It was the T  
22 forever, and then they suddenly put up signs  
23 saying --

24 MTA CHAIRMAN PRENDERGAST: Oh, no. On



1 the W -- the W comes across the other way. I  
2 think it could be the T, but, you know --

3 CHAIRMAN FARRELL: A couple other  
4 things, just for timing.

5 When you talk about the money for the  
6 Second Avenue program and that you did it in  
7 this capital program, that means that could  
8 go until the 19th when you start, right? In  
9 other words, it's --

10 MTA CHAIRMAN PRENDERGAST: If the  
11 money wouldn't be in this program, it would  
12 follow in the next program.

13 And we'd probably need the remainder  
14 of that money for that. So whatever money we  
15 have in, you'd subtract out from the full  
16 cost of 5 to 6 in the next ask, and the next  
17 program would be that difference.

18 CHAIRMAN FARRELL: Mm-hmm. Some of my  
19 personal things -- when you talk about the  
20 6.2 million, you use the terms "modern  
21 record." Does that mean that in 1939 there  
22 were more people riding?

23 MTA CHAIRMAN PRENDERGAST: Very  
24 possibly. So -- and the reason we're

1 reasonably certain that's the case is that  
2 average car ownership per household was much  
3 lower than it is today.

4 I'm a baby boomer, but I didn't live  
5 through pre-war, post-war as many people may  
6 have -- like my parents did -- and the  
7 ridership decreased as car registrations  
8 increased. So we have reason to believe that  
9 in the peak of the late '30s, early '40s,  
10 just before the war, it's possible more than  
11 6.2 million rides a day were being taken on  
12 the subway system.

13 CHAIRMAN FARRELL: Yes, they used to  
14 get it -- they used to get it on the 4th of  
15 July, going out to the beaches, then they  
16 would get over a couple million.

17 The other problem, of course, that I  
18 always like is that you have less trackage  
19 now than you did back in 1939.

20 MTA CHAIRMAN PRENDERGAST: Yes.

21 CHAIRMAN FARRELL: And that's the  
22 reason you probably had more. And that goes  
23 back -- and I'm glad you said that the 19 --  
24 the Second Avenue Subway was first planned in

1 1929, and that someday we might get it  
2 finished. Thank you.

3 Senator?

4 CHAIRMAN YOUNG: Thank you very much.

5 Senator Golden.

6 SENATOR GOLDEN: Thank you very much,  
7 Madam Chair.

8 I'll try to go quickly. Obviously  
9 we'd be better off if we had a direct -- some  
10 type of direct funding going into the MTA,  
11 and I 100 percent agree with that. And it's  
12 going to be easier to go to the bond market  
13 when you can show that you have a direct flow  
14 of income going into the MTA. We've  
15 suggested a quarter of 1 percent of the  
16 personal income tax, the existing personal  
17 income tax.

18 But there are ideas out there. And I  
19 think we should -- as a legislative body, and  
20 not the Governor, we should be looking to do  
21 that. Because if you go over to the bond  
22 market with promises that are on this piece  
23 of paper, you're going to pay an increase in  
24 debt on those bonds. You're going to --

1           they're going to make sure that they can get  
2           their return on their investment. They're  
3           not so wild about handshakes and promises.  
4           They want to see actual dollars coming into  
5           the system.

6                         So it costs you and the state and the  
7           taxpayer more money at the end of the day on  
8           the risk of those bonds; right?

9                         MTA CHAIRMAN PRENDERGAST: Yes.

10                        SENATOR GOLDEN: So we don't -- we  
11           need to come to a flow of cash coming into  
12           the system, and we have to work on it. It's  
13           something that has to get done. And it  
14           should be done before this budget is passed.

15                        The other -- I know we're going to  
16           enhance the system, but we want to be able to  
17           replace some of the services that were cut.  
18           I know we're going to look -- that we do that  
19           X28 in that community on the weekend, but  
20           there's a number of services around the city  
21           that were cut. I'm hoping you're taking a  
22           good look at them --

23                        MTA CHAIRMAN PRENDERGAST: We will.

24                        SENATOR GOLDEN: -- and restoring

1           those services before we enhance and put new  
2           services on the line.

3                     Senator Savino had to leave, but she  
4           had a question on -- we've had this question  
5           many times, is the accessibility for our  
6           handicapped in the elevators. Now, we've  
7           been waiting for that elevator at 86th Street  
8           since the great flood. Hopefully it -- where  
9           is that in the plan? And I believe she was  
10          looking for one at Neptune Avenue. Do you  
11          have an idea where that is in the plan?

12                    MTA CHAIRMAN PRENDERGAST: I'll get an  
13          answer as to where Neptune is. We have a  
14          commitment right now.

15                    The Americans with Disabilities Act,  
16          which no one questions the intent and what  
17          the ultimate goal is, is to provide  
18          accessibility for anybody who wants to  
19          utilize our system. So, whether it be an  
20          elevator or an escalator, improved means of  
21          access to our stations.

22                    Average cost of an elevator across the  
23          system, each of the 469 cases, average cost  
24          to outfit it is 14 million a station. Some

1 higher, some lower, but 14 million.

2 We do have a commitment to have  
3 100 key stations done by the year 2020, where  
4 we -- that's part of an agreement with, I  
5 believe, the exterior -- the Spinal  
6 Association, in terms of locating those so  
7 that we can spread them across the city. And  
8 then we need to find ways to be able to  
9 expedite that work at stations that don't  
10 have them now.

11 The Federal Transit Administration has  
12 made a determination that if we do work at a  
13 certain level to rehabilitate a station, we  
14 need to be able to put in accessibility.  
15 That's one of the biggest struggles we have,  
16 because the total cost of that is in excess  
17 of \$5 billion, and we're not even sure the  
18 contracting community could support that in  
19 terms of qualified contractors who can build  
20 these elevators, whether it be to a mezzanine  
21 underneath an elevated structure and then up  
22 to the elevated structure platform, or down  
23 to a subway station platform.

24 SENATOR GOLDEN: So are we going to

1 have those hundred by 2020?

2 MTA CHAIRMAN PRENDERGAST: Yes.

3 SENATOR GOLDEN: Okay. And is  
4 86th Street and Neptune Avenue --

5 MTA CHAIRMAN PRENDERGAST: I don't  
6 know if it is, but I'll check.

7 SENATOR GOLDEN: 86th Street has got  
8 problems --

9 MTA CHAIRMAN PRENDERGAST: And we're  
10 going to have to develop a schedule as to how  
11 we're going to go from that point forward for  
12 the remaining 169. And then the number's  
13 going to grow from 469 with the addition of  
14 the stations on Second Avenue.

15 SENATOR GOLDEN: Was it the --

16 MTA CHAIRMAN PRENDERGAST: But they  
17 will be accessible.

18 SENATOR GOLDEN: If you'd just expand  
19 on the PPPs, the private/public partnerships,  
20 what are some of the private/public  
21 partnerships? I know you mentioned some  
22 earlier, but --

23 MTA CHAIRMAN PRENDERGAST: What we  
24 normally would look at is if there was an

1           entity who could bring some level of finance  
2           and do a design-build.

3                     There's some people that do what they  
4           call DBOMs, which is design, build, operate  
5           and maintain. It's less likely we would do  
6           that because of the labor agreements that we  
7           have with the unions that we have. But from  
8           a design-build standpoint where somebody  
9           could bring finance to actually do the  
10          construction and see a revenue stream coming  
11          out of it, that they would also incur the  
12          risk of the construction to a time and  
13          schedule -- would you want to elaborate in  
14          terms of things we've looked at?

15                    SENATOR GOLDEN: Do you have some --  
16          what's the ones you have presently in  
17          progress?

18                    MTA CHAIRMAN PRENDERGAST: Design-  
19          builds, we have quite a few.

20                    First talk about the design-build  
21          projects, and then talk about project  
22          financing.

23                    SENIOR DIRECTOR STEWART: We've  
24          identified nearly 46 projects that we'll be



1           doing as a design-build. And we're moving  
2           very quickly to initiate some of those -- in  
3           fact, one of those is on the street now being  
4           advertised. That's the Clifton Shop at the  
5           Staten Island, which is the Sandy project.

6                     But we're doing far more design-builds  
7           than we've ever done in any program.

8                     SENATOR GOLDEN: Good. That's good.

9                     CHIEF FINANCIAL OFFICER FORAN: And I  
10          would say one of the recent, very successful  
11          public/private partnerships where there is  
12          financing is the Transit Wireless operation  
13          of putting cellular and Wi-Fi into our  
14          stations. And that is going to be a key for  
15          many of the things that we want to do in  
16          terms of enhanced service for our customers.  
17          But it's privately financed, and they're  
18          putting it in, working together with the MTA  
19          workforce.

20                     But that right there is an excellent  
21          example of public/private partnership where  
22          we're taking their technical expertise and  
23          their access to financing and other  
24          opportunities to advance something faster

1           than we could that will deliver services that  
2           will be an enhancement for our customers.

3                     MTA CHAIRMAN PRENDERGAST:  Another  
4           example is that historically the MTA has been  
5           a big advertiser, so it's either  
6           advertising -- less on the billboard side, as  
7           compared to other systems, but inside  
8           stations and inside subway cars.

9                     But we want to move to digital  
10          advertising.  Digital advertising is not only  
11          more lucrative, but you can have more timely  
12          messages regarding service, and we want to  
13          take a look at -- that's core competencies we  
14          do not have, and that's finance in the form  
15          of adding infrastructure to the system that  
16          we wouldn't have to fund, they would fund it  
17          under contract.  When the contract was over,  
18          we would keep that asset.

19                    SENATOR GOLDEN:  Gentlemen, thank you  
20          very much for this debate today and your  
21          presentation.  We appreciate it.

22                    Thank you.

23                    CHAIRWOMAN YOUNG:  Thank you, Senator.

24                    ASSEMBLYMAN BRENNAN:  Mr. Rodriguez

1 has joined us, Assemblymember Robert  
2 Rodriguez from East Harlem, and I believe he  
3 has some questions.

4 ASSEMBLYMAN RODRIGUEZ: Thank you,  
5 Chairman.

6 And I want to publicly thank you for  
7 your commitment to Second Avenue, and we  
8 appreciate you accelerating as much work as  
9 possible in the current capital plan.

10 However, I think it's been shared by  
11 the chairman as well as some of the other  
12 members about how we go about facilitating  
13 and increasing the work that happens on  
14 Second Avenue. And I think a big concern is  
15 that in the conversations that happen with  
16 funding that the expansion of Second Avenue  
17 ended up being reduced by a billion dollars.  
18 And discussion about reallocating or going  
19 back for a \$2 billion allocation a couple of  
20 years from now -- you know, it begs the  
21 question if we know we're going to have to do  
22 that in two years, why don't we do it right  
23 now?

24 So if you can speak a little bit to

1           that and then certainly address some of the  
2           concerns of constituents who are waiting for  
3           service on how we are able to move ahead on  
4           the second phase based on what's currently  
5           there.

6                     MTA CHAIRMAN PRENDERGAST: I think one  
7           of the things we have to be able to prove --  
8           we, it's our responsibility and our  
9           accountability -- is that we can deliver  
10          these large projects on time within budget.  
11          It has not been one of our more stellar  
12          examples.

13                    I think we do a relatively good job  
14          and in some cases an excellent job.  
15          Sometimes, in emergencies, better than  
16          others -- for example, like out of Sandy.  
17          But in terms of the large megaprojects, they  
18          have traditionally been over budget and  
19          behind schedule.

20                    So in that discussion of getting to  
21          the new number that had the reduction in  
22          Second Avenue, there was concern about could  
23          we actually award that contract, would we get  
24          this work done. So we're trying to prove to

1 people that we -- through the Supplemental  
2 Environmental, the property acquisition and  
3 preliminary engineering, we'll be in a  
4 position to do that.

5 So the underlying premise there is  
6 we've proved to people that we're there, so  
7 we don't necessarily have to wait until we're  
8 there before we start the dialog for the  
9 additional 2 billion. But when everybody  
10 agrees, we're there and we're going to be  
11 able to use that money -- because it'll be a  
12 tough discussion, how you generate that  
13 2 billion, whether it's value capture,  
14 whether it's some other funding stream -- so  
15 that we're fighting for something that has a  
16 realistic expectation of awarding the  
17 contract.

18 And the other look at it is, it's not  
19 really a billion. It's 2 billion, given  
20 the -- because the total build-out of the  
21 second phase is in the order of, you know, 5  
22 to 6 billion.

23 And I don't say this lightly, and I do  
24 not say this facetiously. One of the

1           difficult things for me in these projects is  
2           that it will extend past my time here. I  
3           don't know how long I'll be here -- but, you  
4           know, East Side Access, 2022; Second Avenue,  
5           you know, sometime mid- or next decade.

6                     But you'll be here. So the commitment  
7           that we make to the constituents and the  
8           customers and the commitment that we make to  
9           the people who are getting us to that finance  
10          are pretty serious ones that we have to take.

11                    So that's the underlying logic and  
12          premise and reason. And it's a challenge  
13          we'll take on, because we have to prove to  
14          people that we can do these projects.

15                    ASSEMBLYMAN RODRIGUEZ: Well, we  
16          certainly recognize the importance of it.  
17          Certainly the residents of East Harlem and  
18          the Bronx who are currently riding on the  
19          most congested line in the country are  
20          desperate for seeing this project move  
21          forward and certainly relying on it.

22                    I'd like to share the numbers. At  
23          least 80 percent of my constituents rely on  
24          public transportation to get to and from work

1 and go about their lives, so it's a vital  
2 necessity and one that we don't take lightly  
3 in terms of making sure that the investments  
4 for MTA arrive equitably to our communities,  
5 particularly those who rely on it so heavily.

6 So I appreciate, you know, the  
7 reiterated commitment on trying to get this  
8 done and looking to deliver it on time. And  
9 certainly want to continue to explore  
10 revenue-related options, and I think that's  
11 something that I've been committed to.  
12 Whether it's looking at an MTA surcharge for  
13 for-hire vehicles, whether it's new proposals  
14 similar to MOVE NY or value capture or  
15 related infrastructure zones that we've  
16 introduced, we are committed to making sure  
17 that there's reliable increased funding for  
18 MTA.

19 But I think at the same turn we also  
20 need to make sure that we're getting the  
21 investments that are appropriate for  
22 communities that need them, including Harlem.

23 So I just want to continue to push and  
24 emphasize that the \$2 billion is something

1           that is vital for our community, but also I  
2           think it's vital for the MTA transit area in  
3           general, and really helping New York City and  
4           New York State achieve their potential. So  
5           push on, and continue to make the necessary  
6           adjustments to hopefully adjust the plan as  
7           needed.

8                     MTA CHAIRMAN PRENDERGAST: We will.

9                     CHAIRMAN FARRELL: Thank you.

10                    Senator?

11                    CHAIRWOMAN YOUNG: Thank you very  
12           much.

13                    Senator Dilan.

14                    SENATOR DILAN: Yes. Thank you.

15                    Again, Mr. Chairman, in view of the  
16           new federal funding for transportation, can  
17           you outline for us a breakdown in terms of  
18           how it benefits the MTA and its ridership?

19                    MTA CHAIRMAN PRENDERGAST: I'll start,  
20           and then I'll let Craig go to a greater level  
21           of detail.

22                    But the MAP-21 funding provides some  
23           new revenue sources in terms of capacity  
24           increases. So for systems that are pretty



1 well established systems where we're trying  
2 to add additional capacity so we can run more  
3 trains or additional services, I think the  
4 legislation supports that.

5 So we're seeking funds to add  
6 substations on the L Line. The signal system  
7 would actually enable us, if we had the  
8 power, to run more trains per hour. So  
9 that's an example of where we're going to try  
10 to take the benefits of that legislation,  
11 make investments, because we'd like to get  
12 closer to 30 trains an hour. We're not there  
13 now. I think we're 21, 22 trains an hour.  
14 The signal system can provide more, but we  
15 would need to have a power system to be able  
16 to do that.

17 Do you want -- any other examples?

18 SENIOR DIRECTOR STEWART: Sure. New  
19 Starts money, which we will apply for Second  
20 Avenue, that's a source -- that was a source  
21 for the first phase, and we intend on  
22 starting that process as soon as we begin the  
23 EIS and the environmental assessment and the  
24 preliminary engineering. So those are two

1 sources that we've traditionally relied on  
2 and will continue to go after those.

3 With regard to the core capacity, we  
4 recently received a rating, a high rating for  
5 our substations on Canarsie, so we feel  
6 pretty confident that we're going to get core  
7 capacity money.

8 SENATOR DILAN: And with respect to  
9 your contactless fare program, what is the  
10 timeline on that for implementation?

11 MTA CHAIRMAN PRENDERGAST: We want to  
12 go out in the street any day now with a  
13 request for proposal to replace the existing  
14 MetroCard system with a new system that would  
15 not only accommodate the needs of the subway  
16 riders but the commuter rail riders and  
17 people who use other parts of the  
18 transportation network. We're not  
19 responsible for the infrastructure of like --  
20 for PATH, for example, or other private bus  
21 systems.

22 But we'd like a fare system that could  
23 be as seamless as possible, so -- and we also  
24 want to accelerate the delivery. The

1 Governor has asked us specifically to try to  
2 bring new technology into the system on a  
3 faster time frame. So where we can go to  
4 mobile ticketing, where we can go to  
5 electronic fare payment of fares across not  
6 only all elements of our network but the  
7 other transportation network.

8 But I believe the current schedule  
9 date is around 2019, but we're looking to --

10 SENIOR DIRECTOR STEWART: Mid-2018.

11 MTA CHAIRMAN PRENDERGAST: Mid-2018.

12 But we're looking to actually have some of  
13 those improvements in ahead of that period of  
14 time.

15 SENATOR DILAN: Right. And my  
16 final --

17 MTA CHAIRMAN PRENDERGAST: When I say  
18 it's challenging, we've got 469 stations, but  
19 within each station you have a number of  
20 control areas where you have fare turnstiles,  
21 so we have to accommodate all of those.

22 But it's a very aggressive schedule,  
23 but we believe we can meet it.

24 SENATOR DILAN: Right. And my final

1 question is the proposal of MOVE NY.

2 I'm not asking for your position, but  
3 I'm sure you've read the plan in terms of the  
4 revenues that it would allegedly raise for  
5 your system. Do you agree with those  
6 numbers? And would it actually reduce tolls  
7 on the other bridges under your jurisdiction?

8 MTA CHAIRMAN PRENDERGAST: At the risk  
9 of discussing one of a number of different  
10 alternatives -- which there's some risk, as  
11 some people -- not you, but so many people  
12 say that we're an advocate of that -- it's  
13 one of the revenue sources that's out there.  
14 So that's one data point.

15 A second data point is that the way  
16 it's constructed, the idea is to make sure  
17 there's enough finance to take care of not  
18 only a possible revenue stream for the MTA  
19 and transportation improvements for the  
20 region, but the maintenance of those  
21 facilities as well.

22 Now, in terms of bridge and tunnel  
23 facilities that we have the responsibility  
24 for, it's our responsibility to make sure

1           that we're not only collecting fares that  
2           generate revenue for the system, but care for  
3           the state of good repair of those structures.

4                        We're making investments in the  
5           hundreds of millions of dollars, probably a  
6           billion dollars, on the Verrazano-Narrows  
7           Bridge to have it live another 50 years.  
8           It's 50 years old now. And that's very  
9           important, because how do you replace that  
10          asset?

11                      So one of the questions that is a  
12          very, very serious rhetorical question is  
13          that as the plan puts new tolls on bridges  
14          that do not have them, lowers tolls on other  
15          bridges that currently have tolls, and you  
16          subtract out the need for infrastructure,  
17          maintenance, repair, and state of good  
18          repair, and you identify that funding stream,  
19          what's the funding stream left for other  
20          uses?

21                      And that's one of the issues that has  
22          to be gone through in an exhaustive way  
23          before one can say this particular  
24          alternative will generate this amount of

1 revenue. And I don't believe we've done  
2 that, we collectively have done that review.

3 SENATOR DILAN: Okay. Thank you very  
4 much.

5 CHAIRWOMAN YOUNG: Thank you.

6 CHAIRMAN FARRELL: Assemblyman  
7 Kaminsky.

8 ASSEMBLYMAN KAMINSKY: Thank you.

9 Hello, Chairman. How are you?

10 MTA CHAIRMAN PRENDERGAST: Very good.

11 ASSEMBLYMAN KAMINSKY: I represent the  
12 South Shore of Long Island, and almost each  
13 of my communities relies on the Long Island  
14 Rail Road to get into work. And I recently  
15 received a great influx of complaints from my  
16 constituents, and I'd like to read you one of  
17 the emails that I got recently from a  
18 resident of Oceanside whose name I won't  
19 mention, but I think it's fair to say that  
20 it's a pretty representative email. I just  
21 want you to hear what I'm hearing --

22 MTA CHAIRMAN PRENDERGAST: Sure.

23 ASSEMBLYMAN KAMINSKY: -- and I'll ask  
24 you for comment.

1                   It says: "Dear Assemblyman Kaminsky,  
2                   I'm writing you to find out what if anything  
3                   can be done with regards to Long Island Rail  
4                   Road service issues. As I'm sure you are  
5                   aware, the service on the LIRR can be  
6                   considered nothing less than atrocious. Four  
7                   evening commutes this week alone have had  
8                   service issues, including a 40-minute delay  
9                   home yesterday on the Long Beach Line, and  
10                  trains have been cancelled from Penn Station  
11                  to Long Beach today.

12                  "The LIRR continuously puts monthly  
13                  metrics of their on-time performance, which I  
14                  find unbelievable. I'm curious how they  
15                  define this. If they need to modify the  
16                  schedule for mechanical problems, are the  
17                  trains that are cancelled not counted in this  
18                  on-time performance?

19                  "I am writing as a frustrated commuter  
20                  and constituent. Thank you."

21                  So I obviously -- with I guess the  
22                  storm, but among other things I've heard a  
23                  rash of these complaints lately, and I just  
24                  wanted to ask you what you're seeing, how

1           they're being addressed, and what I can tell  
2           my constituents about how we could try to  
3           alleviate those concerns.

4                     MTA CHAIRMAN PRENDERGAST:  As you  
5           probably know, I ran a line on the railroad  
6           for six years.  And it is the most  
7           challenging operational aspect of the MTA  
8           system.  It is what it is.  I'm not using  
9           that as an excuse, but the seven different  
10          branches feeding a main line require a very  
11          high level of control in terms of how you  
12          handle delays on branches and how they affect  
13          the main line, especially going in.  And then  
14          we've got the added problem of three  
15          different entities trying to use 21 tracks at  
16          Penn Station.

17                    The past -- the recent past four or  
18          five months have been extremely troublesome.  
19          We've had a number of very bad rush hours on  
20          a Friday.  One of the worst things you can  
21          do -- there's an adage in this business,  
22          you're only as good as your last rush hour,  
23          you're only as good as your last snowstorm.  
24          We have had bad last rush hours, we have had



1 bad last snowstorms.

2 So I don't say that in a facetious  
3 way, I say that in a very serious way,  
4 because people come to depend on that  
5 service. So where there are issues that are  
6 totally within our control, like the  
7 reliability of the equipment which is the  
8 rolling stock, the reliability of the track  
9 which we control, I'm making sure and Patrick  
10 Nowakowski, the president of the railroad, is  
11 making sure that we're doing what we need to  
12 do to control those.

13 We also need to accelerate -- it's the  
14 only entity that has very limited control in  
15 one place to see how the railroad at large is  
16 doing. There were plans in the past to put  
17 in a centralized traffic control system that  
18 were put on suspension. We need to revisit  
19 those and accelerate it, so from one  
20 centralized location we can see how the  
21 system is running and take actions.

22 With respect to Penn Station, that's  
23 an ongoing dialog with both Amtrak and  
24 New Jersey Transit. A week ago Friday we had

1 an exceptionally bad rush hour, we had a  
2 train with mechanical problems on Line 3, we  
3 had to bring it back into the station. At  
4 the other end of that particular complex, in  
5 what we call the North River Tubes, Hudson  
6 River Tubes, we had a broken rail.

7 And so the conditions inside Penn  
8 Station were nothing short of terrible. We  
9 had crowding of people, we had to actually  
10 limit people entering the station, and  
11 people's rush hours were, at the end of a  
12 very long workweek, unduly affected. We got  
13 things relatively back to normal by 7:00, but  
14 the damage was done.

15 So the level of tolerance we have on  
16 that particular organization is far less than  
17 others. It's my responsibility and Pat  
18 Nowakowski's responsibility to make sure that  
19 we limit those -- eliminate them, if  
20 possible, but limit them. We're aware of it,  
21 we understand it, we see some of those same  
22 complaints. But you certainly have seen an  
23 increase in the recent past.

24 ASSEMBLYMAN KAMINSKY: Okay. Well,



1           that.  So we need to do a better job of  
2           assessing what the nature of the problem is,  
3           communicating it clearly, and letting people  
4           make the choice.

5                        As you know, on Long Island what some  
6           people would do is say:  You tell me you've  
7           got problems at Penn Station?  I'll go to  
8           Atlantic Terminal.  I'll take the subway down  
9           to Brooklyn and I'll get out that way.  But  
10          absent our giving them that information, they  
11          can't even make that informed decision.  
12          That's our responsibility, no one else's.

13                       ASSEMBLYMAN KAMINSKY:  Okay.  Thank  
14          you, Chairman.

15                       Can I ask one quick additional  
16          question?

17                       CHAIRMAN FARRELL:  Yes.

18                       ASSEMBLYMAN KAMINSKY:  Thank you.

19                       One item that I hear frustration from  
20          customers about also -- and that pertained to  
21          a bill that my predecessor, Harvey  
22          Weisenberg, carried and then I carried -- is  
23          about penalties people incur for unused  
24          tickets.  They just want to get a refund, and

1           they don't get the money back that they put  
2           in.

3                       Is that something that you're open to  
4           talking about for customers? They just see  
5           it as an issue of fairness. You know, they  
6           don't use it by the date it expires, they  
7           want to go bring it in, and they're not given  
8           the money back that they paid for it. And  
9           obviously I understand that means a loss of  
10          revenue, but there's also -- I think it adds  
11          to the level of frustration about the  
12          Authority.

13                      MTA CHAIRMAN PRENDERGAST: Yes. And  
14          we will talk about it.

15                      I mean, one of the things we want to  
16          protect against -- and we've got to be  
17          careful because we don't want the percentage  
18          of abusers to unduly affect the people who  
19          are not abusers. Okay? And the  
20          responsibility of the crews to lift tickets  
21          and make sure that we've verified everybody's  
22          got a paid ride is ours.

23                      When we move to a new fare payment  
24          system, we may be able to alleviate some of

1           these so that we don't have that issue. And  
2           it's something that we're sensitive to. And  
3           the reason we have to do it -- earlier in my  
4           testimony I talked about the riding patterns  
5           of today are vastly different than they were  
6           even when I was president of the railroad.

7                     The number of people, the number of  
8           commuters, the percentage of commuters in  
9           Long Island that commute Monday through  
10          Friday on the traditional work trips is  
11          changing. There's a greater percentage of  
12          people that are either taking more time off  
13          or are working from home and they're not  
14          commuting in, so the weeklies and monthly  
15          commutation tickets are going down. They're  
16          buying singles, they're buying 20-ride  
17          tickets, and this issue of leftover tickets  
18          and leftover value is one that's very  
19          sensitive to them.

20                    And so yes, we'll discuss.

21                    ASSEMBLYMAN KAMINSKY: Great. I'd  
22          like to work with you on that. Thank you.

23                    MTA CHAIRMAN PRENDERGAST: Thank you.

24                    CHAIRMAN FARRELL: Thank you.

1                   Senator?

2                   CHAIRWOMAN YOUNG: Senator Krueger to  
3 close.

4                   SENATOR KRUEGER: Okay. So we have  
5 gone from the macro down to the micro.

6                   Just in, I guess, solidarity with  
7 Assemblymember Todd Kaminsky as he leaves, I  
8 actually thought my residents on the  
9 Lexington Avenue Line were the most miserable  
10 people in the MTA system, based on the  
11 complaints. So I don't know whether to be  
12 happy or unhappy that his people might be  
13 more frustrated.

14                   So I think each time we meet, I do ask  
15 you about the delays on the Lexington Avenue  
16 Line from 42nd south. Is life getting  
17 better, ever?

18                   MTA CHAIRMAN PRENDERGAST: Earlier in  
19 my life I was told the phrase that maybe  
20 you've heard, that all politics are local.

21                   All service issues are local. And for  
22 people who ride the system and ride the line,  
23 if the service is bad, that's what their  
24 perspective is. So we have some lines that

1 do better than others. But certainly  
2 Long Beach is an issue, elements of the line  
3 and railroad. But the Lexington Avenue Line  
4 is.

5           There are times that we actually  
6 probably are -- we're scheduling the maximum  
7 number of trains we can actually schedule.  
8 And if there are no delays, no problems at a  
9 particular platform, nobody falls off a  
10 platform or jumps in front of a train, the  
11 system runs relatively well. But when one of  
12 those other elements enters the fray, it  
13 doesn't run that well.

14           So we're going to be making  
15 improvements. With the \$250 million that  
16 we're going to get from the SL Green sale in  
17 Midtown East -- and that was a good  
18 relationship with the city to do that --  
19 we're making specific improvements to the  
20 Grand Central New York City transit level,  
21 okay, to try to improve passenger flow and  
22 try to improve the speeds at which people can  
23 board on the light trains.

24           But the other thing that's happening



1 is for years the maximum load point, the  
2 point at which the most people are on the  
3 train, was 42nd Street. That's moving south  
4 to 14th Street right now. So we're taking a  
5 look at the line in terms of what we need to  
6 do to not only schedule but how do we deploy  
7 our own personnel to assist in the boarding  
8 and the alighting of trains. And so we used  
9 to call them platform conductors, we now call  
10 them platform controllers, but people who are  
11 literally at each door or at least each car  
12 to assist in boarding and alighting.

13 There's always that one person that  
14 thinks there's room for him or her on the  
15 train when there really is only room for  
16 one-tenth of that person, but they hold the  
17 doors up from closing. So we need to change  
18 that dynamic.

19 So those are some of the things that  
20 we're doing, and we have to do it -- the  
21 ultimate solution is communication-based  
22 train control, Second Avenue Subway. But in  
23 the interim, we can do some of those other  
24 things.

1                   SENATOR KRUEGER:  Second local  
2                   question.

3                   So I'm a big supporter of select bus  
4                   service.  I urged the MTA to go down that  
5                   line very early.  This is my strange  
6                   question/request/complaint:  When you go to  
7                   buy your SBS ticket on the side of the road,  
8                   to have it before you get on the bus, it  
9                   seems that in an arbitrary manner they either  
10                  face in from the roadway so that you're  
11                  standing between the machine and on the  
12                  sidewalk and whatever buildings are behind,  
13                  or they sometimes face the opposite direction  
14                  so that people are actually expected to stand  
15                  in the roadway to buy their ticket, or so  
16                  close to the roadway that when the bus pulls  
17                  up, the mirror of the bus can actually hit  
18                  your head because you're attempting to buy  
19                  your ticket.

20                  Why can't they all face away from the  
21                  roadway so that we're not putting the  
22                  commuter in between the moving vehicles on  
23                  the roadway and the purchase of the ticket?

24                  MTA CHAIRMAN PRENDERGAST:  Your

1 request is straightforward and logical. I'll  
2 try to get you an answer.

3 From a behavior standpoint, it's  
4 better if it would be standard. From a  
5 safety standpoint, it would be better that we  
6 be standing away from the curb.

7 I will ask -- that's part of a joint  
8 process between New York City DOT and us.  
9 But your request is a reasonable one, and  
10 I'll get you an answer. Because it may be  
11 that we just aren't doing it the right way.

12 SENATOR KRUEGER: I appreciate that,  
13 because I have asked a number of people in  
14 DOT and in your operation, and the answer is  
15 sort of, well, you have to look at each site  
16 separately.

17 I actually think you're not supposed  
18 to have people standing in the roadway to get  
19 their tickets to get on the bus.

20 MTA CHAIRMAN PRENDERGAST: If we have  
21 conditions where a bus mirror could hit  
22 somebody, that's wrong.

23 SENATOR KRUEGER: Thank you.

24 CHAIRWOMAN YOUNG: Thank you.

1                   CHAIRMAN FARRELL: Assemblyman

2 Skoufis, to close.

3                   ASSEMBLYMAN SKOUFIS: Thanks. I

4 apologize for my late arrival.

5                   I guess I just have a very quick

6 question. Good to see you, Mr. Prendergast.

7                   MTA CHAIRMAN PRENDERGAST: How you

8 doing.

9                   ASSEMBLYMAN SKOUFIS: Can I just get

10 an assurance that the two, from my point of

11 view --

12                   MTA CHAIRMAN PRENDERGAST: West of

13 Hudson. West of Hudson.

14                   ASSEMBLYMAN SKOUFIS: -- very

15 important West of Hudson projects remain a

16 priority for you and your colleagues --

17                   MTA CHAIRMAN PRENDERGAST: Yes. Yes.

18                   ASSEMBLYMAN SKOUFIS: -- the Midway

19 Yard and passing sidings?

20                   MTA CHAIRMAN PRENDERGAST: Yes.

21 They're in the program. Absolutely.

22                   I mean, that's a very -- people in

23 Orange and Rockland County are contributing

24 quite a bit of money through the payroll

1 mobility tax. It's clear, to the level of  
2 service, those are essential for the  
3 anticipated growth that we see out there.  
4 They're in the program, they will remain in  
5 the program.

6 ASSEMBLYMAN SKOUFIS: Thank you.

7 CHAIRMAN FARRELL: Thank you.

8 Thank you very much.

9 MTA CHAIRMAN PRENDERGAST: Thank you.

10 CHAIRMAN FARRELL: We really  
11 appreciate it.

12 CHAIRWOMAN YOUNG: Thank you,  
13 Chairman.

14 MTA CHAIRMAN PRENDERGAST: Thank you.

15 CHAIRWOMAN YOUNG: Hope you continue  
16 on the road to recovery and --

17 MTA CHAIRMAN PRENDERGAST: Thank you  
18 very much.

19 CHAIRWOMAN YOUNG: -- and are feeling  
20 100 percent. So thank you for being here  
21 today.

22 (Whereupon, the budget hearing  
23 concluded at 12:09 p.m.)

24

