

CITIZENS BUDGET COMMISSION

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CBC ISSUES REPORT ON THE MTA'S EFFECTIVENESS AT MANAGING ITS CAPITAL PLANS

Calls For Improvements Before 2010-2014 Plan Begins

New York, NY – October 20, 2009 – The Citizens Budget Commission released today a new report on the Metropolitan Transportation Authority's effectiveness at managing its five-year capital plans. The report is especially timely, since a new five-year plan is being developed for the 2010-2014 period. The MTA's proposed capital plan calls for commitments totaling \$28.1 billion, a 24-percent increase from the 2005-2009 plan.

The CBC report – *Working in the Dark: Implementation of the MTA's Capital Plan* – examines the capital projects scheduled by the MTA for work in the three-year period from January 2005 to December 2007. This includes 798 projects with combined costs of \$18.6 billion. The report concludes:

- **The MTA Board does not provide the public, or even collect for itself, sufficient information to determine whether the projects in the five-year plan are progressing in accordance with the plan.** Available reports do not cover all of the projects in the plan, do not correspond to items and categories in the plan for covered items, and do not relate consistently to project milestones other than start and completion.
- **The limited information available for the projects indicates that the MTA encounters significant delays in work of all types with major problems in the mega-projects and signal and communication projects, but notable delays also in less complex work such as the replacement of subway cars.** Of the five mega-projects, only the South Ferry Terminal has progressed substantially in accordance with the schedule; three others are delayed by at least one year, and the Fulton Street Transit Center is currently set for completion in 2014, five years behind schedule. Among the more troubled communication projects are those for public address/customer information services on the A Division (delayed over four years until 2010) and completion of the Automatic Train Supervision System on the A Division (more than three years behind plan). Replacement of subway cars scheduled for completion in March 2008 was delayed by eight months.

- **Many projects are completed close to the initial cost estimates, but cost estimates are problematic for some mega-projects, and some important signal and communication projects are seriously over budget.** The cost of the Fulton Street Transit Center is nearly 90 percent above the initial estimate, and the South Ferry terminal is 24 percent above the initial estimate; the other mega-projects are running 6 to 15 percent above initial estimates. Communication projects with large cost increases include Automatic Train Supervision (35 percent), customer information service on the Canarsie Line (55 percent), and computer-based train control on the Canarsie Line (51 percent). In contrast, costs were only 4 percent above initial estimates for the replacement of subway cars and for 11 completed contracts covering the rehabilitation of 31 subway stations.

The report makes the following recommendations:

- **The MTA should commit to an improved management information system for tracking capital projects and to greater transparency in informing the public about the status of its capital projects.** The public should know how its money is being used. More information should be assembled centrally, it should be kept in a consistent format with clear milestones for assessing progress, and it should be made publicly available on the MTA's website.
- **The MTA should improve its capacity to manage mega-projects and improvements in signaling and communication systems.** These are the areas of greatest delays and cost increases, and they account for large sums in the proposed five-year capital plan. New procedures and an expanded pool of personnel with relevant expertise are urgently needed within the agency.
- **The next five-year plan should be based on a realistic assessment of what can be accomplished.** At the end of the 2000-2004 plan fully 365 projects costing over \$4.8 billion, or more than one-quarter of the total plan, had not reached the stage expected when the plan was approved. Much of the work undertaken during the 2005-2007 period examined was for projects in the previous five-year plan. It is likely that a similar proportion of the work included in the current 2005-2009 plan will have to be extended into future years. The new plan for 2010-2014 should be more realistic in anticipating the new work that can be accomplished and the funding needed to support it.

“The MTA should do a better job of managing its capital plans and be more realistic in what it promises to accomplish,” said Charles Brecher, Research Director of the Citizens Budget Commission. “Now is the time to make improvements, so that the next plan is one on which the MTA can actually deliver.”

The full report is available at www.cbcny.org.

Founded in 1932, the Citizens Budget Commission is a nonpartisan, nonprofit civic organization devoted to influencing constructive change in the finances and services of New York State and New York City governments.