



WORKING IN THE DARK: IMPLEMENTATION OF THE METROPOLITAN TRANSPORTATION AUTHORITY'S CAPITAL PLAN

The latest report by the Citizens Budget Commission analyzes the Metropolitan Transportation Authority's effectiveness at managing its five-year capital plans. It does so by examining 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 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 concludes:

- ▶ **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 MTA should improve its capacity to manage mega-projects and improvements in signaling and communications systems.**
- ▶ **The next five-year plan should be based on a realistic assessment of what can be accomplished.**

This document is a summary of the CBC's latest report. The full report is available online at www.cbcpy.org

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Introduction

Of the 3.6 million people who arrive each weekday in Manhattan's unique central business district, more than half rely on the subways, buses, and other facilities of the Metropolitan Transportation Authority (MTA). New York City cannot sustain its dense labor market without its mass transit operations.

Mass transit services are capital-intensive, and the MTA requires large capital investments in order to maintain its operations. Since 1982 the MTA has had a series of five-year capital plans that have grown from \$7.7 billion in 1982-1986 to \$22.6 billion in the current 2005-2009 period. These investments are intended to bring the systems to a state of good repair after years of neglect, keep them in a state of good repair once the neglect is overcome, and expand and enhance operations.

The MTA network includes 468 subway stations. In 2005 only 195 were in a state of good repair, and rehabilitation of 73 stations scheduled for the last five years has experienced serious delays.

Given the large, ongoing capital investments, the amount of borrowing needed to sustain them, and the cost of this borrowing that is passed along to riders in the form of transit fares, it is reasonable for the public to ask how well the MTA spends this money. Do the projects in each five-year plan get implemented in accord with the budget and timetable in the plan? To answer those questions, the CBC examined 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.

Findings

After intensive data collection efforts and interaction with MTA senior staff, the CBC reached three conclusions:

- **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 accord 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 accord with 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 communications 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 eight months.

The subway fleet consists of 6,354 cars. Delivery of 400 replacement cars scheduled for March 2008 was eight months late.

- **Many projects are completed close to 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.

Modernization of signals on the Canarsie (L) line began in 1999, with planned completion in 2004; it is still not fully complete and costs for the last phases are 51 percent over budget.

Recommendations

These findings have important implications for the MTA's future capital investments. Its current five-year plan ends this year; a new five-year plan is being developed for the 2010-2014 period. As planning progresses, three important changes should be made at the MTA:

- **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 communications 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.

Estimated costs for the Fulton Street Transit Center have nearly doubled to \$1.4 billion and planned completion has been delayed from 2009 to 2014.

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 City and New York State governments. The Commission conducts research and regularly issues reports and recommendations based on that research. The research is conducted by staff members and consultants, and guided by committees composed of Trustees of the CBC.

This report was prepared under the auspices of the CBC's Transportation Committee, co-chaired by Seth P. Bernstein and Steven M. Polan. The Committee's other members are Cathy A. Bell, Lawrence B. Bittenwieser, Vishaan Chakrabarti, Herman R. Charbonneau, Kenneth D. Gibbs, Brian T. Horey, Robinson Markel, Joyce Miller, Dennis Mykytyn, Lester Pollack, John Puig, Alfredo S. Quintero, Carol Rosenthal, David T. Schiff, Michael Solomon, Sonia Toledo, Claudia Wagner, Howard Wilson, and James L. Lipscomb (ex officio).

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