OFFICE OF THE MAYOR
THE CITY OF NEW YORK

ANTHONY E. SHORRIS
FIRST DEPUTY MAYOR

July 21, 2015

Thomas F. Prendergast
Chairman & Chief Executive Officer
Metropolitan Transportation Authority
347 Madison Avenue
New York, NY 10017

Dear Chairman Prendergast:

The Metropolitan Transportation Authority (MTA) continues to face a $14 billion funding gap for its 2015-2019 Capital Plan. As you are aware, the MTA system is the economic foundation of the downstate region's economy and a key pillar of the state's overall economic health—the core reasons why it is an essential State responsibility to support the authority. The region's network of subways, buses, and commuter rails allows for a density of economic activity found nowhere else in the United States. And our combined economic future—for the City, the downstate region and the entire State—depends on sustained investment in improving and expanding this network. It is imperative that the State, the City, and our neighboring counties within the Metropolitan District work together with the MTA to find a solution to the MTA's capital plan crisis before the end of this year.

Right now the stakes are huge for everyone. The system is already having difficulty accommodating record ridership—now at over 8.6 million a day. Without a funding solution, the MTA will be unable to maintain the system in a state of good repair, forfeiting the progress that has been made in bringing the system back from the brink of collapse in the 1980s. Without money for new trains and buses, riders will experience more delays due to breakdowns and more overcrowding. Without adequate funding for replacement of the critical operating components of the rail system—tracks, traction power, ventilation systems, signals—the system will continually erode, causing further declines in service reliability.

There will be no relief from overcrowding through the completion of critical expansion and enhancement projects unless we find new sources to support the authority's mission. Without a fully funded capital plan, the MTA will have no choice but to shift its available resources to maintaining a state of good repair—simply to support the system we have today. This means suspending sorely needed new projects, like Second Avenue Subway Phase I and East Side Access, that are already well underway. And future projects—like bringing MetroNorth to Penn Station, additional phases of the Second Avenue Subway, and better rail connections to our airports -- will have to indefinitely be put on the shelf. Signal improvements, which would add badly needed additional capacity to manage increased ridership, would be put on hold. Short-changing basic system needs while proceeding with expansion and enhancement projects would represent an egregious mismanagement of the MTA's critical assets.

The negative impact on the State economy will also be substantial. With the decline in investment in our transit infrastructure will come fewer construction jobs downstate and bus and railcar manufacturing jobs upstate. Deteriorating transit service will constrain job growth in the region and State, and lead to falling tax revenues at all levels of government.

And worst of all, riders will have to pay more for declining service, as fare increases will be needed to support a bare-bones capital plan funded almost entirely by additional MTA debt.

This scenario is simply unacceptable: we cannot go back to days of infrastructure neglect and declining service from which it took us a generation to recover. We cannot saddle transit riders with the responsibility of ever higher mountains of debt, above and beyond the $35 billion the MTA already owes. And we surely cannot look to over-burdened riders to reach even deeper into their pockets than already planned in the MTA's budget.

Although the MTA should always look for ways to do more with less, there is little fat to cut from the proposed $32 billion 2015-2019 capital plan. Of that proposed amount, $22 billion is for basic repair work, like replacing old track, trains, and buses; $4.3 billion is for service enhancements that customers increasingly expect, including real time arrival information and station accessibility improvements; and $5.5 billion is proposed for expansion projects, including East Side Access, MetroNorth to Penn Station, and Second Avenue Subway Phase II. Currently, the MTA is $4 billion short of covering its core system needs, let alone being able to pay for the few service enhancement and system expansion elements of the plan. Without more resources, the only thing left for the MTA to do will be to cut essential repair projects.

<u>New York City—through taxes, tolls, and fares—already contributes over 70 percent of the MTA's operating budget.</u> The City has already committed $657 million to the capital plan, the largest level of general capital support to the MTA since 2000; this is in addition to the approximately $1 billion a year the City provides in operating funds, and an additional $200 million in capital from the Vanderbilt Corridor Rezoning. Additional debt, funded through fares collected from subway riders, is not a sustainable option.

But given the urgency of the situation, the City is ready and willing to work with the State to develop sound, long-term solutions. With partisan gridlock paralyzing Washington, there is no sign of increased federal funding for transportation on the horizon. It is therefore up to us to work together to come up with new revenue sources to meet this extraordinary challenge.

A number of options have been raised in recent months—all of which demand financial sacrifice and political leadership. These include: raising money through the MoveNY plan; increasing existing taxes that are dedicated to the MTA; and, increasing State and local jurisdictions' direct financial aid to the MTA capital plan.

This crisis is in part a reflection of the failure of the MTA governance model: although New York City residents contribute the vast bulk of its revenue through fares, tolls, and taxes, the City has relatively little say over the agency and its operating and capital priorities. What's more, any changes or additions to the MTA's revenues (besides fare increases) require action by the State legislature and approval by the Governor. New York City stands ready to face serious decisions to ensure the long-term sustainability of our mass transit system and our City, but our fate is, in fact, out of our hands.

We are ready to sit down today and have a full and frank discussion about comprehensive funding options for this essential engine of the State's economy. What we cannot do is stand by and allow the future of the State, the region, and the City to be threatened by our inability to come together. We look forward to working together to develop a sustainable funding solution for the MTA.

Sincerely,

Anthony E. Shorris
First Deputy Mayor
City of New York
City Hall
New York, NY 10007
212-788-3191