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Growing Regional Economy Requires Increased State, City Investment in Transit System

*RPA report details need for \$26.5 Billion MTA Capital Program;
Calls for end to over-reliance on debt-financing*

For Immediate Release

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NEW YORK – Regional Plan Association (RPA) today released a report outlining the need for a \$26.5 billion, 5-year MTA Capital Program to restore, maintain and expand the transportation system that fuels the regional economy. The report precedes release of a draft MTA Capital Program, expected at the end of this month, and highlights the transition of the capital program from recovery to maintenance and expansion. The report notes three vital challenges for the upcoming plan:

- **Continue the State-of-Good-Repair (SOGR) effort even as the MTA increases regular investments in normal replacement.** While parts of the system have not fully reached a state of health, costs are rising for normal infrastructure replacement necessary to keep the system reliable. It would be a grave mistake for the city and region to disinvest after spending \$52 billion over 22 years to restore the system. The report identifies an \$18.9 billion need over the next five years in these areas.
- **Expand the transit system for the first time in 60 years with construction of East Side Access for the Long Island Rail Road and Second Avenue Subway.** These two projects are at the core of relieving congestion and improving connections throughout a system that has reached its capacity limits into and through the Central Business District. The report identifies a \$7.6 billion need for expansion in the upcoming plan.
- **Move away from an unsustainable reliance on debt financing for transit rebuilding.** Borrowing and debt refinancing accounted for 59% of the 2000-2004 capital program, contributing to growing operating deficits. Debt financing will need to be greatly reduced in the 2005-2009 program if the MTA's fiscal health is to be restored. State and local subsidies declined to 2% for New York City and

0% for New York State in the last capital plan. These subsidies must be dramatically increased.

“Previous MTA Capital Plans have restored the transit system and revived the regional economy,” said Robert D. Yaro, President of RPA. “A long-term commitment is now needed to avoid the system disrepair of the 1970s and fund desperately needed expansion to relieve congestion and provide the economy the capacity for growth.”

The report’s recommendations break down as follows:

Maintaining and Upgrading the Current Network

A total of \$18.9 billion is needed between 2005 and 2009 to maintain progress on State of Good Repair, Normal Replacement and System Improvement Goals, including:

- \$500 million for projects that will improve the security of the system post-9/11.
- Signals, power substations, line equipment and passenger stations were substantially under-budgeted in the last capital plan. Accelerating funding for these functions in the upcoming plan will improve train reliability and speed, reduce the risk of power outages, facilitate emergency response and repair elevators and escalators that make many stations inaccessible to the elderly and disabled.
- \$322 million for a third track on the Long Island Rail Road will facilitate intra-Island travel for the 77 percent of residents who also work on the Island, as well as reverse commuting for City residents.
- \$75 million for bus rapid transit pilot projects will pave the way for speedier bus service in all five boroughs.
- \$60 million for high-speed toll facilities will expedite trips across the MTA-controlled bridges and tunnels.

Network Expansion

In spite of a 50% increase in the region’s population and an 80% increase in employment, the MTA system has not expanded in 60 years. Without expansion the city, state and region will not have the capacity to support new economic growth. \$7.6 billion is needed between 2005-2009 for expansion projects as follows:

- \$3.8 billion should be committed to the first phase of Second Ave. Subway to implement initial service by 2009 and begin construction of the second phase.
- \$3.8 billion should also be committed to East Side Access, which will provide nearly 80% of the total needed for the project, enough to stay on pace for a 2012 opening.

No funding is needed in this capital plan for the proposed #7 extension or Lower Manhattan-Long Island rail link. The City plans to fund the 7 from development revenues and the Lower Manhattan link to the Long Island Rail Road and JFK Airport still requires a few years of study and planning.

“In an era when quality of life is of paramount importance for attracting a talented workforce, the New York area has the longest commutes in the nation,” Yaro said. “The

transit system is almost out of capacity into the Central Business District, which will soon constrain the prospects of new, growing and revitalizing office districts in Lower Manhattan, the Far West Side and Downtown Brooklyn. Potentially valuable projects like the 7 extension and downtown's JFK link will only be worthwhile if they link to a system with the expanded capacity provided by Second Avenue Subway and East Side Access."

Financing

After incorporating assumptions for federal contributions and existing MTA funds, the MTA will need to raise approximately \$2.5 billion per year for core program needs and up to \$1.1 billion per year for expansion. While the report does not identify recommended funding sources, it suggests guidelines for the financing debate:

- New York City, New York State and the suburban counties will need to substantially increase their support with dedicated revenues for core program needs. It will be impossible for the MTA to fund a capital program that even approaches the level of need without increased state and local subsidy.
- New, dedicated revenue sources will be needed for expansion projects. These projects, which will expand the economy and tax revenues, should logically be funded with sources that would be dedicated to them for the life of the construction period.

"The MTA system that underpins the region's economy is at a critical juncture," Yaro said. "Significant new revenue sources must be identified to support the system at a level that acknowledges its vital role in sustaining and growing the prosperity of New York City and the metropolitan region."

Regional Plan Association (RPA) is an independent regional planning organization that improves the quality of life and the economic competitiveness of the 31-county New York-New Jersey-Connecticut region through research, planning, and advocacy. Since 1922, RPA has been shaping transportation systems, protecting open spaces, and promoting better community design for the region's continued growth. We anticipate the challenges the region will face in the years to come, and we mobilize the region's civic, business, and government sectors to take action. For more information about Regional Plan Association, please visit our website, www.rpa.org.

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