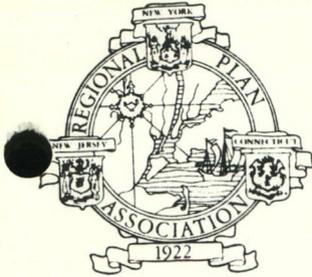


Regional Plan Association

... a research and planning agency supported by voluntary membership to promote the coordinated development of the New York-New Jersey-Connecticut Metropolitan Region.

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RPA Study of MTA Capital Program

IMPROVEMENTS MADE IN MTA'S CAPITAL SPENDING; PROPOSE CONSTRUCTION ARM FOR NEW INITIATIVES, AMORTIZATION FOR CAPITAL RENEWAL

A study of the MTA's Five Year Capital Program shows that the MTA's ability to spend capital funds has improved dramatically since the program began in 1982, but that institutional changes may still be needed within the Authority to overcome some of the problems which hinder progress on new initiatives. The study was conducted by Regional Plan Association, a nonprofit research organization, as part of a broader look at the future of public transit in the New York/New Jersey/Connecticut Urban Region.

The RPA study calls for the introduction of depreciation accounting to guarantee funds for ongoing capital renewal. It also questions some of the priorities of the current capital program as it enters a three-year extension period.

"The real reason for the failure of the capital programs of the 1960s and 1970s was a lack of political and institutional will," says RPA President John P. Keith. "Before New Yorkers agree to sink vast new capital resources into the subway system, they must be convinced that they will actually get something for

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their money. The recent improvement in the MTA's ability to spend capital funds effectively is very encouraging, but reconfiguring the MTA system to achieve major productivity improvements will require political and Board leadership beyond that displayed to date. Of course that, in turn, requires predictable subsidies."

Progress of the MTA Capital Program, 1982-85

To evaluate the progress of the Five Year Capital Program, RPA compared the sums that were budgeted to those that were committed to contract--an indication of how quickly the MTA is preparing work for contractors--and then compared the sums committed by contract to those that were actually vouchered and spent--an indication of how quickly the contractors are working. The results are summarized in the following table:

<u>Agency</u>	<u>Funds Budgeted in 1982 (\$ millions)</u>	<u>% Committed Sept. 1985</u>	<u>% Vouchered Sept. 1985</u>
LIRR	\$1,064	73%	39%
Metro-North	886	66%	43%
<u>Transit Auth.</u>	<u>6,373</u>	<u>64%</u>	<u>35%</u>
TOTAL	\$8,323	65%	36%

After three-quarters of the five year period, nearly two-thirds of the budgeted funds were committed to contract, and more than one-third was actually vouchered. This is only moderately behind the planned rate of expenditure, but it means that the Five Year Program will turn out to be an Eight Year Program before it's finished. The MTA Board has already approved a three-year extension. The main reason for the delay is that it took time for the MTA to gear up from an annual vouchered expenditure level of about \$340 million in 1980 to \$1,450 million in 1985, (uncorrected for inflation).

The need for capital renewal of the system will continue far beyond the three year extension of the current program. In order to avoid further delays in gearing up for another new

program four years from now, the MTA should begin to replace the extended Five Year Program with an ongoing program of capital renewal. Then the design work can begin for projects that will not be funded until the next phase. In other words, the three-year extension should become a transition period to a more systematic long-term approach, the Association said.

Part of this transition should be the introduction of an amortization or depreciation account so that funds are set aside annually for capital renewal of the system. If such an account had existed in the 1970s, there would have been no need for a five-year crash program to rehabilitate the system. The routine replacement of cars, track and signals is not, strictly speaking, a capital expense and should be funded on a pay-as-you-go basis. After the initial catch-up period is over, the annual cost of capital renewal will decrease somewhat, but it will remain high, according to RPA.

Priorities of the MTA Capital Program

The present goal of the MTA capital program is to restore the system to a state of good repair after the devastating neglect of the 1970s, and the dominant criteria in setting priorities for capital investment are safety and reliability. These are certainly appropriate objectives, and the MTA's record in both areas is improving, according to RPA. Perhaps the most notable accomplishment of the new management is the successful beginning of a passenger amenity program of cleaner subway cars and stations and better maintained buses.

As the transit system is put back in good condition, the main goals of the capital program should be shifted toward attracting more passengers and reducing operating and maintenance costs, according to RPA.

The Association study also examines the capital priorities already established for the three year extension program and recommends changes where the scheduled investments will foreclose

future improvements to attract passengers or cut operating costs.

Most notably, the report questions the purchase of a fleet of new subway cars that are not equipped for productivity improvements such as cab signalling and one-man train operation at off-peak hours. The report agrees that the size of the fleet should be increased, but suggests that it might be more cost-effective to overhaul older cars--at least until the results are in from an MTA project to demonstrate various state-of-the-art innovations.

Other suggested changes in priority include:

-- Less expensive station renovations at a larger number of stations, with dramatic improvements at the handful of key stations where a truly inviting appearance could make a real difference in ridership.

-- A speed-up of ongoing programs to replace manual substations with automatic ones and ballasted roadbed with fixed, concrete roadbed.

-- Gradual replacement of conventional signalling equipment with cab signalling on the subways.

Institutional Issues

The RPA report calls for the consolidation of all long-term development concerns, including strategic planning and the means to implement it, within a single arm of the MTA. It should control the land on which TA and commuter rail facilities are situated and should manage all large construction contracts. Ideally, it would have funding dedicated to its projects. Such an entity could avoid many of the problems which led to the failure of the New Routes program of the 1970s, including delays in site acquisition and institutional barriers to joint programs between the TA and the Long Island Rail Road. It could do more preliminary engineering design of promising projects without having to wait for federal grants, thus expediting the path from idea to implementation. It should be insulated as far as possible from political pressures, both of the grass roots variety and the mayoral change-of-mind variety.