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Jay Walder's audition

Savvy technocrat restores MTA credibility by closing budget gap. Tell that to next gov.

By [Jeremy Smerd](#)

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Jay Walder had been head of the Metropolitan Transportation Authority for 10 days when the state, facing a fiscal crisis, suddenly withdrew \$143 million in aid last October. Lower-than-expected tax revenue quickly morphed an anticipated balanced budget into a \$900 million deficit.

Unable to look to Albany for a handout, Mr. Walder was on his own.

"He signed on for a voyage across a calm sea and actually had to steer the MTA through a hurricane," says Assemblyman Richard Brodsky, who chairs the Committee on Corporations, Authorities and Commissions.

A year later, Mr. Walder, 51, has closed the gap by consolidating departments, eliminating 3,500 positions, reducing overtime costs and renegotiating contracts with vendors. He's taken steps that were once considered political suicide: In the same year, he both cut service and raised fares.

While some of those plans were put in place by his predecessor, Mr. Walder has won praise from transportation experts and the business community for bringing them to fruition quickly. Mr. Walder says his tough decisions translate into \$500 million in recurring annual savings and proof that the MTA can be trusted to spend taxpayer dollars efficiently.

Still, he has angered the public and the unions and made the agency an easy target during this political season.

And Mr. Walder could soon discover that the past 12 months have amounted to little more than a tryout for the job. Before the MTA board approves a balanced budget in December, New Yorkers will elect a new governor. Republican nominee Carl Paladino has said he'd replace Mr. Walder. Democrat Andrew Cuomo said earlier this month that the MTA needs a "total overhaul," although he didn't say whether that would include replacing the MTA chief.

Mr. Walder says he would like to stay on. His six-year contract includes a generous severance package, intended to dissuade the politically appointed board from removing him. Transportation experts believe that there are few people as qualified for the position as Mr. Walder. He's a finance expert and former partner at management consulting firm McKinsey & Co. who was brought to New York to introduce innovative technology, as he did while an executive with London's transit system.

"If he doesn't stay on, we're in trouble," says Robert Paaswell, a transit expert. "There's no one who has the package of credentials he has."

But as both chief executive and chairman, Mr. Walder finds himself not only managing a complex organization, but also navigating Albany and negotiating with the system's paymasters, who provide about half the MTA's \$12 billion budget. While admirers praise Mr. Walder's technocratic skills, they are less enthusiastic about his political savvy.

"He's not a warm, cuddly figure," says Robert Yaro, president of the Regional Plan Association. "He's the epitome of the professional manager."

Mr. Yaro praises the way that Mr. Walder raised fares. When the RPA urged the authority to craft increases that would least affect low-income riders, Mr. Walder kept base subway and bus fares at \$2.25, while raising the price of unlimited monthly MetroCards 17%, to \$104, starting Dec. 30.

UNION DISCORD

But observers say he has not spent enough time developing a rapport with his managers and building credibility with unionized workers—especially members of Transport Workers Union Local 100, whose contract expires next year.

"The perception that Jay Walder puts forth is that we're riding the gravy train, and that simply is not true," says TWU Local 100 president John Samuelson.

Mr. Walder says he's had to reduce the work force because of union intransigence on amending costly and inefficient work rules—for example, train engineers receive an extra day's pay for switching between electric and diesel equipment. But even an admirer, board member Doreen Frasca, says in his zeal for reforming union work rules, he's made enemies of the unions. In particular, a decision to appeal an arbitrator's ruling awarding wage increases may be a misstep.

"We're challenging arbitration, and I'm not sure that's fruitful," Ms. Frasca says. "It's one of the many things impeding a better working relationship with the TWU."

The MTA is lobbying in Albany to convince legislators to fund \$26.3 billion worth of capital projects. Ms. Frasca says the state's willingness to issue bonds has turned the agency into a debt addict: Debt now eats up 17% of its operating budget.

The next governor should stand behind the MTA, rather than ridicule it, says Noah Budnick, deputy director of Transportation Alternatives. One of the next challenges will be finding a way to fund all five years of its capital plan—not just the first two.

"What the candidates need to think about is how they can take a leadership role in the MTA," says Mr. Budnick, "and not throw the agency under the bus."

Mr. Walder believes the MTA will always be an easy political scapegoat. There are 8.5 million daily riders; all it takes is one late train to create a legion of enemies.

By accepting the limits of his ability to inoculate the MTA from criticism, Mr. Walder shows a glimmer of political astuteness: His assertion that the MTA has a "credibility gap" means that he can take credit for closing it.

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