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REGION II UNIVERSITY TRANSPORTATION RESEARCH CENTER

Transportation Reinvention Commission

Testimony

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Commissioners

Thank you for giving me the opportunity to present my perspectives on innovations for the MTA. First, I should like to note – as I do whenever I talk to the media – that the MTA carries out an incredible mission, moving more than 8 million transit riders each and every day of the year, 24 hours a day and does it with an impressive safety record. It is one of the great miracles of the New York region – a lifeline to our economy, and our quality of life and a cornerstone of our place as a global capital.

But the MTA, as we now know it so well, shows some signs of aging. It was formed in late mid 20C on the then popular Public Authorities Model, with an oversight Board and reporting operating units. While that model – in several new guises – is still popular in the US and the EU, it is time to rethink what changes must be made (and why!) and what do we bring to the table that we didn't have available when the MTA was formed.

In the brief time that I have, I want to present three themes:

- Ownership (who actually is responsible for the MTA?)
- Organization (in the age of Information can we get improvements on rethinking mission and responding structure... and responsiveness to a new generation of users?)
- Modernization (the demands of the digital age, smart devices, and new means of gaining capacity)

Before I go into detail on these themes, I want to note one caveat. The worlds of transportation and information are changing rapidly. Transportation users are seeing more choices – real time, real cost – when making travel choices. The decisions made by the Commission will impact both organizational structure and operational policy for a significant time to come. The question that surrounds all of the discussions is, “what will the MTA look like in 5 and 10 years”, or what is the vision for the MTA serving the region?

Ownership. As a Public Authority the MTA – in theory – should be self sufficient. But it is beholden to Federal, State and Local governments for both capital and operating

assistance. The big “elephant in the room” is of course funding. As with any billion dollar business the MTA needs to be able to plan for long term operating and capital support. The MTA has many beneficiaries – the people of the region, businesses that profit by access created through transit investments, firms that can attract a diversely skilled labor force and workers who have access to jobs. Yet no local or State government takes “ownership”, i.e., responsibility for meeting the implied social contract with the region concerning adequate, modern efficient and affordable service. Budgets cannot be planned with certainty, fares are limited politically, beneficiaries, such as those that gain substantially through locational advantages are not asked to share in the costs of transit provision, employers (such as those in Paris) are not asked to share in the costs of operations or subsidies of their workers. I would recommend that the commission strengthen and make more visible this factor of ownership and perhaps consider:

- Longer term commitments to operating programs through new State legislature vehicles. The State and City should also pay for the Capital Debt service and take it out of the operating budget – a technique unique to the MTA. This would free 10-12 % more operating funds to meet the ever expanding operating costs of a system tha is not only aging, but now facing the impacts of extreme events.
- The Capital Program – investments for the future – needs a critical evaluation – perhaps by a peer group. The evaluation should assess restructuring of priorities, realistic approaches to project costs – using risk analysis – and the development of “project banks” to assure adequate funding for complex and long term projects.
- An in depth analysis of beneficiary contributions such as developer fees, locational taxes, more realistic fare structures; many are now used in the EU and Asia. Sharing of costs, and new forms of governance are rapidly becoming the 21st C approach towards public transit provision for both capital and operating budgets.
- As the heaviest user of the MTA, the City of NY needs to play a bigger and more contributory role in regional transportation. Restructuring the Board, City veto power over the annual budget (ideas taken from the Illinois RTA) would be approaches to these.

Organization. This is the age of information. It is easy to cite Google and Amazon as exemplars, but better ones for this commission would be UPS, CSX and Jet Blue. Operations and organizational structure are determined by real time information. MTA is cumbersome in its post WW2 stove piped operating units and the stove-pipe operating structures within these units. Operating information does not have to be passed through chain of command in memos or through hard to call meetings. Information can be assessed at the right level – in very quick time – by using new data applications, smart devices and specially developed “Apps”. Organizational modernization – using an information backbone – is rapidly sweeping American industry. There are two simple factors driving this: new employees, computer literate, tech smart and glued to their smart devices want to work in this environment. And the customers of today and tomorrow will be making choices based on information fed to them over their smart devices.

While the MTA is addressing organizational change, it must recognize that new competitors are coming into focus. Already, the MTA faces FHV, Uber and “dollar vans” in the outer boroughs, but new information driven services (smart phone driven car services) are growing. Legislating these new services away is not the answer towards MTA support. Organizationally, the MTA must integrate better into regional transportation services (the TfL example). And, it must rethink the structure of its operating units to become more flexible towards meeting new operational needs (and responding to extreme events). I would recommend the following actions for the Board:

- Create a high level (reports to CEO) office of Information. Charge this office with establishing a cross MTA real time information data base and developing appropriate apps that will simplify complex decision making and gain operational efficiencies.
- The MTA has started the process of asset management. Use this process together with the information data base to develop new –more simplified- models of operating structures based on desired outcomes.
- The MTA must develop innovations in service, better service integration and improved reliability. It should do periodic surveys of its customers on what service improvements or innovations they would like to see. For example – every bus should have an internal information screen with the route no., the time, and the next stop. MNR and the LIRR must be integrated – together with PATH and NJT Rail.
- The MTA should gain authority to arrange for innovative and new services, including performance based contracting (which can be done with the unions). These would include new types (a variant of on-demand) services in lower density areas or late night services.
- Real time information is going to permit more flexible route and headway scheduling. This is a discussion that must be had with customers, operations planners and the unions.

Modernization. The MTA is playing catch up with its sister agencies in other global capitals.

It needs to modernize at a much faster pace than is now forecast. All lines need to have CBTC and be ready for OPTO. Not next generation, but 2 generations of fare media must be applied over the entire MTA network. This is a critical step that will not only assist in capacity increases, but increase broad customer use of the system. It will also provide new data for operational control with real time information on passenger demand. I would suggest that the following be considered:

- More autonomy should be given to MTA Capital. That division should embrace all capital projects and programs including those formerly part of the operating divisions – such as rolling stock replacement and orders and rail station facilities (parking, adjacent real estate, etc.). This division can develop innovative financing based on leveraging the value of the assets.

- The fare system should be contracted to a vendor(s) who have had experience in the EU, Asia or airline markets. The contract could include vendor supply and maintenance of the system, and periodic upgrades for a very small part of the fare. A benefit cost study – early application of a new smart fare system tested against increased ridership and improved operations – should precede the risks associated with this innovation in fares. The MTA is in the transportation business and not the banking business.
- The MTA must engage in aggressive training across the workforce in the use of smart devices and solutions to real time data driven problems. These are the toolkits of the 21st C. and productivity devices for a modern workforce.

These are just a few ideas that may be of interest to the Commission as it develops strategies for the next generation MTA. I would be pleased -at the Commissions convenience - to provide more detailed information on any of these ideas. Thank you.

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