



THE CITY OF NEW YORK
INDEPENDENT BUDGET OFFICE

110 WILLIAM STREET, 14TH FLOOR
NEW YORK, NEW YORK 10038
(212) 442-0632 • FAX (212) 442-0350 • EMAIL: ibo@ibo.nyc.ny.us
<http://www.ibo.nyc.ny.us>

**Testimony of Preston Niblack, Deputy Director
Before the City Council Committee on Transportation
On the Subway System: In a State of Good Repair
Or Succumbing to Deferred Maintenance?**

April 6, 2005

Good afternoon, Chairman Liu and members of the Transportation Committee. I am Preston Niblack, deputy director at the Independent Budget Office.

Since 1982, when the first five-year capital plan was put in place, New York City Transit has made some \$33.8 billion in capital investments, including over 95 percent of the planned \$10.1 billion in the 2000-2004 capital plan. This investment has enabled enormous progress in restoring the subway system, which had deteriorated so badly by the beginning of the 1980s. Now, however, the authority has reached a crisis point in its capital financing, and it is imperative that the state and the city work with the MTA to find the means to continue the progress made over the last two decades, or face a genuine and rapid deterioration in subway service and operations.

The “core” plan (that is, excluding network expansion projects) proposed by the Metropolitan Transportation Authority (MTA) for New York City Transit for 2005 through 2009 totals another \$12.1 billion. In inflation-adjusted terms, this represents a roughly 6 percent increase over the 2000-2004 plan total. The budget passed by the Legislature does not fully fund this plan.

Where have the funds from the prior plans been invested, and what is planned for the coming five years?

The attached charts show how New York City Transit invested its capital dollars during the last five-year plan (covering 2000-2004), and the proposed plan for 2005-2009. The MTA categorizes its core capital spending in three broad areas of investment emphasis: state of good repair, normal replacement, and system improvement. State of good repair is spending necessary to bring deteriorated assets up to an adequate level of functionality and service—so-called “beneficial use.” Once assets are in a state of good repair, then an orderly capital investment program replaces or renews assets on a regular life cycle. For example, subway cars have an expected useful life of 30 years to 40 years, and they should be overhauled or replaced on a predictable schedule. Finally, some investments are intended to improve overall system operations. These include such items as reducing emissions from buses, improving station disabled accessibility, and upgrading maintenance facilities.

During the last plan (covering 2000-2004), New York City Transit allocated 41 percent of its capital funds to state of good repair projects, 43 percent to normal replacement, and 13 percent to

system improvements. As you can see from the first chart, a considerable portion of the state of good repair spending went to station rehabs—indicating that, at least at the beginning of the period, many of the system’s stations were not in a state of good repair—a fact which even most of us non-engineers could attest to. Although less visible to the riding public, there was also a considerable backlog of maintenance needs in the agency’s depots, shops, and yards, and in the area of signals and communications. In contrast, at this point, the agency is now on a regular schedule of bus and subway car replacement.

As we look at the 2005–2009 plan, on the second chart, we can gain some sense of the progress made in the last five-year plan. First of all, the overall investment emphasis shifts slightly, with a smaller overall share going to state of good repair needs, and a larger share to normal replacement. This is a sign that progress is being made on the capital maintenance backlog. With a fully funded capital program, the authority will be able to continue this progress, emphasizing track rehab, signals modernization, and power distribution—all the elements that, while less visible to riders, make subway operations smoother and more reliable.

New York City Transit Investment Emphasis		
<i>Shares of total planned "core" program</i>		
	2000-2004	2005-2009
State of Good Repair	41%	37%
Normal Replacement	43%	49%
System Improvement	13%	12%
Other	3%	2%
SOURCES: IBO; Metropolitan Transportation Authority.		

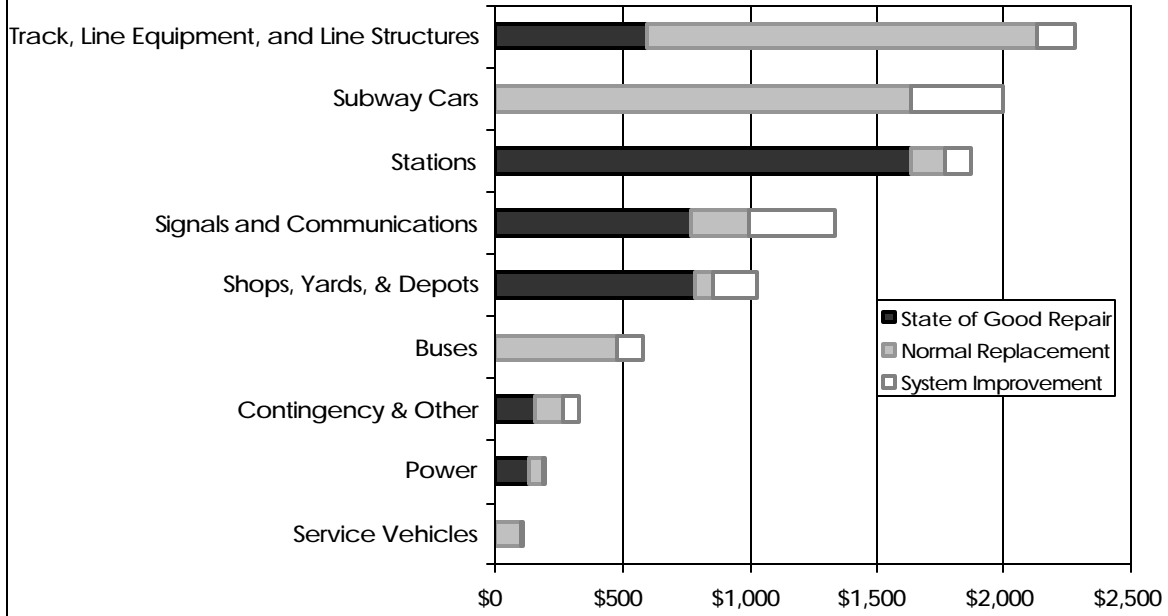
The authority’s July preliminary capital program laid out a schedule for making progress on attaining a state of good repair for the various components of New York City Transit’s capital assets. While buses, rail cars, mainline track and switches, and station escalators and elevators have already achieved a state of good repair, other assets have a long way to go. For example, tunnel lighting is not expected to reach full beneficial use until 2022, stations until 2024, and signals until 2027. Even this progress, however, is predicated on a fully funded capital program—which to date, has not been achieved. The budget approved by the Legislature provides about 93 percent of the funds sought by the MTA for its core program, but it remains to be approved by the Governor.

Inevitably in a century-old system of the complexity and extent of New York City Transit’s, there are going to be maintenance failures—sometimes dangerous, even life-threatening ones. It is all the more imperative, therefore, that the city and the state work with the MTA to find ways and means to finance the needed investment to continue the slow but steady progress made over the last two decades.

I would be happy to answer any questions you may have.

New York City Transit Capital Plan 2000-2004

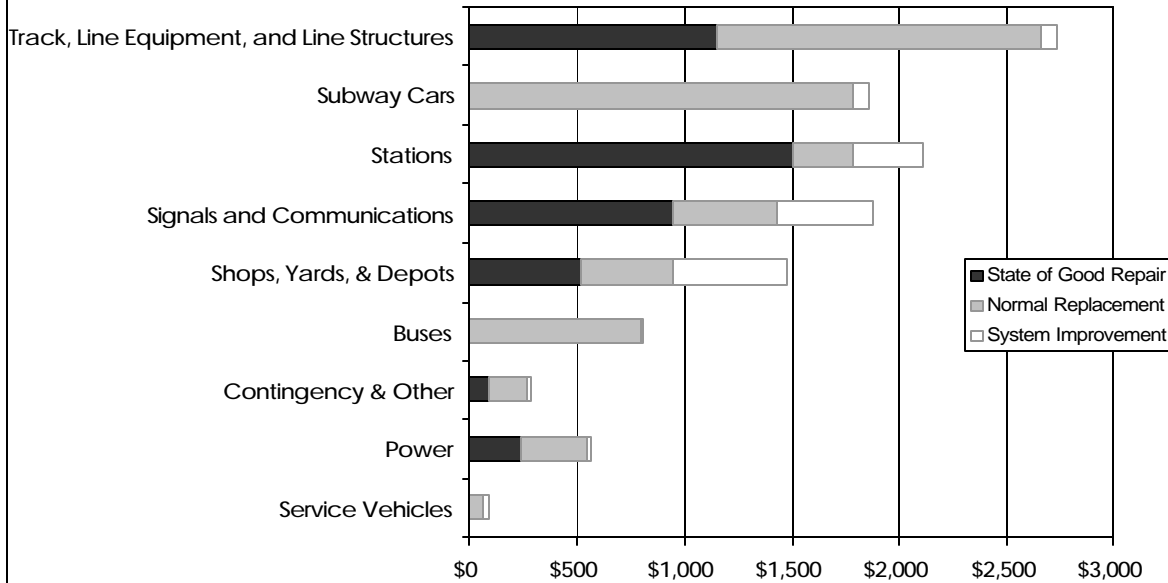
Dollars in millions



SOURCES: IBO; MTA.

New York City Transit Capital Plan 2005-2009

Dollars in millions



SOURCES: IBO; MTA.