

**Amendment:**

**MTA 2005-2009 Capital Program**

**July 2008**



## **Introduction**

In April 2005, the MTA Board approved the 2005-2009 Capital Program totaling \$21.145 billion with transit and commuter portions of this plan totaling \$17.987 billion. This plan was submitted to the CPRB and approved with minor program modifications in July 2005. The first comprehensive amendment to the original program was approved by the MTA Board in January 2006 and by the CPRB in March 2006. In December 2006, the MTA Board approved a second full update of the plan as well as a supplemental amendment in February 2007 to add new federal funding for East Side Access. The program, now totaling \$22.586 billion, was subsequently submitted for CPRB approval in April 2007. After requesting a resubmission of the plan, the proposal was ultimately disapproved by the CPRB in July 2007.

At that time, legislation was enacted to, among other things, create a New York City Traffic Congestion Mitigation Commission to undertake a review and study of plans to reduce traffic congestion within the City. Pursuant to that legislation, MTA was required to submit an accelerated Capital Program covering the period 2008-2013 (instead of awaiting the next 2010-2014 program) in order to consider congestion pricing in the context of needed transit investments. This capital program was approved by the MTA Board and submitted to the CPRB on March 31, 2008. Absent approval of congestion pricing, the accelerated plan was no longer needed; the next capital program will progress pursuant to its original 2010-2014 schedule.

The next program will be submitted to CPRB by October 2009. Until that time, the MTA's operating agencies must continue to progress their capital work programs within the scope of the 2005-2009 Capital Program. In order to do this, the 2005-2009 MTA Capital Program needs to be amended to update project budgets and schedules, reflect changes in investment strategies and recognize new funding availability.

## **Proposed Amendment**

The amendment presented herein is the third full update to the original MTA plan and adjusts the currently approved capital program as shown on Table I. The program overall increases by \$1,131 million, to a revised total of \$23,717 million; the CPRB program (New York City Transit, Long Island Rail Road, Metro-North Railroad and MTA Capital Company) increases by \$1,118 million to a revised total of \$20,263 million.

The increase to the CPRB-based program mainly reflects the addition of \$1,031 million of federally approved Full Funding Grant Agreement (FFGA) funds to the MTA Capital Company for both East Side Access and the Second Avenue Subway. For East Side Access, the amendment adds the remainder of the FFGA funds - \$267 million – to the \$1,255 million already included in the February 2007 update. This amendment also adds \$764 million of new FFGA funds for Second Avenue Subway (approved by the MTA Board in December 2007).

In addition to the new FFGA funds for the MTA Capital Company, the total CPRB approved program budgets are adjusted to reflect:

- The reallocation of funding between the current and prior programs, most notably for New York City Transit which is has experienced cost overruns in prior capital programs (resulting in a net reduction to its 2005-2009 program).
- The addition of small agency specific funding earmarks secured in the past year as described in the funding section which follows.
- The inclusion of \$69.7 million in projects previously approved by the MTA Board to be funded from the 2000-2004 Capital Program's discontinued LaGuardia Airport Access (LGA) project; and the allocation of \$134.8 million of remaining LGA funds to NYCT, LIRR and MNR for priority 2005-2009 initiatives which would otherwise have been included in the next program and will allow that program to be taken down by a like amount. These actions, which distribute all remaining funds from the LGA project, are fully discussed in the amendment.

The full amendment also includes small allocation increases for the Bridges and Tunnels and MTA Bus capital programs which are discussed in the agency sections of this amendment.

***Program Cost Escalation:*** The operating agency capital programs presented in this amendment include updated project scopes and schedules and revised cost estimates reflecting project awards to date and projected cost estimates for future work, which reflect the impact of regional construction market conditions. Cost escalation over the last several years has been experienced nationally but has particularly affected the New York City region, which has an especially tight market due to the volume of work underway and planned. The MTA's Blue Ribbon Panel for Construction Excellence, established by the MTA's Executive Director and CEO to investigate construction issues including cost overruns, found that a number of mostly external factors were making it difficult for the MTA to implement its ambitious capital construction program on budget and schedule. These factors include: major increases in the cost of key commodities; a devalued dollar; and unprecedented levels of construction and competition for labor in the

region. A leading national construction cost index indicates that construction costs nationally have escalated over 26.8 percent in the past three years. The Federal Transit Administration recently reported an average increase in cost since 2003 of 38 percent. Costs have increased at an even greater rate in New York's overheated market, with the MTA hit especially hard by increases in commodity costs: the price of steel increased 91 percent since 2003, cement is up 25 percent and asphalt has grown by 85 percent.

To address these cost pressures, the Blue Ribbon Panel was charged with recommending ways for MTA to reduce capital costs. Among other things, the panel has recommended changing some of the terms and conditions in our contracts, evaluating new contracting options and working with the building trades to ensure that there is an adequate supply of labor to actually work on our projects. While MTA senior staff has begun implementing these recommendations, the competitive pressures currently being experienced will continue to drive up prices for some time to come. Construction costs during the first Quarter 2008 increased 1.5 percent, despite the current consensus that the nation-wide construction market has softened, according to one construction index. Since the economy of the NYC region has fared better than the rest of the nation, regional construction costs are expected to escalate even more.

As a result of these pressures, the 2005-2009 Capital Program cannot progress all of the projects planned in 2004 when the plan was constructed and approved. This amendment reflects the need to reprogram components of the currently approved work program in order to fund these increases in priority work. In many cases the reprogrammed work would cost significantly more to keep in the program. The cost increases and resulting program adjustments to accommodate those increases are discussed in the agency narratives that follow the introduction and funding discussion.

**Table I**  
**2005-2009 Capital Program Amendment**  
(\$ in millions)

Program Elements	MTA Board Approved Plan	Proposed Plan	Change
<b>Core Capital Programs</b>			
New York City Transit	\$11,219.5	\$11,154.3	(\$65.2)
Long Island Rail Road	2,169.9	2,206.6	36.7
Metro-North Railroad	1,375.5	1,410.0	34.5
<b>CPRB Core Subtotal</b>	<b>\$ 14,764.9</b>	<b>\$14,770.9</b>	<b>\$6.0</b>
Security Program	495.0	495.0	0.0
Interagency	155.4	198.3	42.9
<b>Core and Security Subtotal</b>	<b>\$15,415.3</b>	<b>\$15,464.2</b>	<b>\$48.9</b>
Network Expansion Projects	3,730.0	4,798.9	1,068.9
<b>Total 2005-2009 CPRB Program</b>	<b>\$19,145.3</b>	<b>\$20,263.1</b>	<b>\$1,117.8</b>
City #7 Line Extension	2,100.0	2,100.0	0.0
Bridges and Tunnels	1,202.1	1,209.1	7.0
MTA Bus	138.2	144.5	\$6.3
<b>Total 2005-2009 Capital Program</b>	<b>\$22,585.6</b>	<b>\$23,716.7</b>	<b>\$1,131.1</b>

*Numbers may not total due to rounding*

### Availability of Funding

Since the MTA Board approved amendment in February 2007, the overall program size has increased by \$1,131 million as discussed above and shown in Table II, reflecting changes in the fund sources highlighted on the table and described in the following narrative.

**Table II**  
**2005-2009 MTA Capital Program Funding Sources**  
(\$ in millions)

Funding Source	MTA Board Approved Plan	Proposed Plan	Change
Federal Formula and Flexible	\$5,233.6	\$5,251.5	\$17.9
Federal New Start	2,255.0	3,286.2	1,031.2
Federal Security	353.7	352.3	(1.4)
Federal – Other	0.0	2.0	2.0
City (including MTA Bus)	401.0	407.3	6.3
City #7 Line Funds	2,100.0	2,100.0	0.0
City Match for Buses	27.6	27.6	0.0
Operating to Capital	10.5	32.1	21.6
Asset Sales / Program Income / Carryover from Prior Programs	1,273.5	1,133.2	(140.3)
LaGuardia Airport Funded Board Approved Projects	0.0	69.7*	69.7
LGA Funded New Initiatives	0.0	134.8*	134.8
Bond Act	1,450.0	1,450.0	0.0
MTA Bonds (including B&T)	4,340.7	4,330.0	(10.7)
MTA Bonds New Source	5,100.0	5,100.0	0.0
Other	39.9	40.1	0.2
<b>Total 2005-2009 Capital Program</b>	<b>\$22,585.6</b>	<b>\$23,716.7</b>	<b>\$1,131.1</b>
<b>Less # 7 Line Extension</b>	<b>(\$2,100.0)</b>	<b>(\$2,100.0)</b>	<b>\$0.0</b>
<b>Less Bridges and Tunnels</b>	<b>(\$1,202.1)</b>	<b>(\$1,209.1)</b>	<b>(\$7.0)</b>
<b>Less MTA Bus</b>	<b>(\$138.2)</b>	<b>(\$144.5)</b>	<b>(\$6.3)</b>
<b>Total 2005-2009 CPRB Program</b>	<b>\$19,145.3</b>	<b>\$20,263.1</b>	<b>\$1,117.8</b>

*Numbers may not total due to rounding*

\*These funds, previously carried in the 00-04 program are being transferred to this program.

**Federal Formula and Flexible****\$18 million**

Metro-North received \$5.2 million in additional CMAQ funding for its project to improve parking and access at the Cortlandt station, as well as a \$2 million in federal Transit Enhancement Program funds for the Tarrytown Historic Rehabilitation.

Federal flexible funding is added to the program for NYCT station work at East 180<sup>th</sup> St. and the purchase of B-Division cars, offsetting MTA Bonds (\$10.7 million total).

**Federal New Start****\$1,031 million**

In November 2007, the Federal Government approved a Full Funding Grant Agreement for Second Avenue Subway (SAS). This amendment adds \$764 million of those FFGA new start funds to cover the commitment requirement for SAS for the 2005-2009 period.

Already included in this funding category is the \$1.255 billion of FFGA funds previously added for East Side Access. This amendment adds the remaining \$267 million in FFGA funding to ESA's program.

**Federal Security****(\$1 million)**

Due to the transfer of \$1.4 million of MTA operating funds to support Phase II capital security initiatives, the federal assumption for Phase II is reduced by \$1.4 million

**Federal – Other****\$2 million**

Metro-North was awarded a \$2 million Federal 5339 Alternatives Analysis grant for its Stewart Airport AA initiative.

**City****\$6 million**

Per a supplemental agreement with the City of New York, MTA Bus received \$6.3 million towards environmental remediation.

**City #7 Line Funds****No change**

This category of funding remains unchanged.

**City Match for Buses****No change**

This category of funding remains unchanged.

**Operating to Capital Transfer****\$22 million**

Additional funds from the 2005 MTA operating budget security reserve have been transferred to support New York City Transit's projects to install subway emergency exit alarms and retrofit service gate releases (\$16.5 million) and to support the MTA Police Department's project to construct a new facility in Central Islip (\$3.4 million).

Operating funds totaling \$1.4 million are also added to support the capital security program (offsetting the need for federal funding as noted above).

**Asset Sales/Program Income/Carryover****(\$140 million)**

This category tracks funding secured through the sale of MTA assets as well as income from the investment of capital program cash proceeds. Additionally, the transfer of capital funding allocations between the current and prior capital plans is tracked here as well. As discussed below, the net decrease to this funding category is primarily the result of this latter activity - inter-program transfers of capital funding. Also included is a minor adjustment in the assumption for program income receipts. There is no change in the category relative to the MTA's expectation to secure approximately \$1 billion of proceeds from the sale of assets.

New York City Transit needs to transfer funds from the 2005-2009 program back to the 2000-2004 and 1995-1999 Capital Programs to fund a variety of project increases, as discussed in its section of this amendment (\$183.1 million net reduction).

Offsetting this decrease is the transfer of \$11.4 million from 2000-2004/1995-1999 into Long Island Rail Road's 2005-2009 program, \$7.0 million to the Bridges and Tunnels' program, and \$7.4 million to Metro-North Railroad's program to support needs included in the current program.

Finally, the 2005-2009 program income assumption has been increased by \$17.4 million to support the MTA's share for 2008-09 Tappan Zee study costs (joint project with NYS Thruway and NYS DOT) and two MTA real estate related actions: LIRR's West Side/Hudson Yards Design project which will support the overall west side yard development project and Metro-North's purchase of the Doral Hat building in Beacon, New York, which supports their overall station and parking development initiative.

**LaGuardia Airport Funded Board Approved Projects** **\$69.7 million**

This category transfers \$69.7 million to the 2005-2009 program for projects previously approved by the MTA Board to be funded from the 2000-2004 Capital Program's discontinued LaGuardia Airport Access (LGA) project. This includes \$37.7 million to MTACCC and \$32.0 million to MTA Planning/Customer Service as discussed in those sections of the amendment.

**LaGuardia Airport Funded New Agency Initiatives** **\$134.8 million**

This category transfers the remainder of LGA funds to the 2005-2009 Program to fund \$101.1 million to NYCT, \$20.2 million to LIRR and \$13.5 million to MNR for new priority initiatives as discussed in their sections of the amendment.

**MTA Bonds** **(\$11 million)**

As noted in the Federal Formula and Flexible section above, the receipt of federal funds for NYCT Station work at East 180<sup>th</sup> St. and the purchase of B-Division cars results in an offset to MTA Bonds (\$10.7 million total).

**Other** **\$0.2 million**

This category consists of miscellaneous funding received during the normal course of capital program business. An increase of \$0.1 million reflects reimbursement from the Owner Controlled Insurance Program (OCIP) for work completed by Long Island Rail Road. Further, two State grants are added for the purchase of an Emergency Service Vehicle for the MTA Police Department, \$0.1 million total.

## **DISCUSSION OF AGENCY PROGRAMS**

### **MTA New York City Transit**

This proposed amendment adjusts NYCT's 2005-2009 Capital Program to \$11.154 billion, a decrease of \$65 million from the last Board update in December 2006. The decrease mainly reflects the transfer of \$198 million to prior capital programs to cover ongoing needs there. This is partially offset by the reallocation of \$101 million from the previously discontinued LaGuardia Airport Access project in the 2000-2004 Capital Program, as part of a comprehensive distribution of these funds to meet priority transit needs, \$13 million from the New York State Legislative Customer Service Reserves, and \$19 million in new funding.

NYCT's proposed amendment for work remaining in the 2005-2009 plan adjusts project budgets to reflect refined scopes, cost estimates, bid experience, schedule changes, and market conditions since the last update to the Board. These impacts result in increased costs for many projects, some of which remain in the 2005-2009 Program at higher estimated budgets while some will be rescheduled or deferred to a future capital program. These impacts can be seen particularly in the following categories: Cars, Buses, Stations, Line Equipment, Line Structures, Signals and Communications, Shops, and Depots.

Table III summarizes the proposed changes by category and the following narrative highlights the major changes in each of NYCT's program areas.

**Table III**  
**MTA New York City Transit 2005-2009 Capital Program by Investment Category**  
**(\$ in millions)**

<b>Category</b>	<b>MTA Board Approved Plan</b>	<b>Proposed Plan</b>	<b>Change</b>
Subway Cars	\$1,804.6	\$2,179.3	\$374.7
Buses	846.7	928.4	81.7
Passenger Stations	1,664.9	1,746.5	81.6
Track	1,156.2	1,189.8	33.6
Line Equipment	940.5	528.8	(411.6)
Line Structures	606.6	706.4	99.8
Signals and Communications	1,736.7	1,834.4	97.7
Power	499.2	469.1	(30.2)
Shops	306.0	45.2	(260.8)
Yards	264.1	257.8	(6.3)
Depots	591.2	517.0	(74.2)
Service Vehicles	118.9	114.4	(4.5)
Miscellaneous	598.7	577.7	(21.1)
Staten Island Railway	85.1	59.7	(25.4)
<b><i>New York City Transit Total</i></b>	<b>\$11,219.5</b>	<b>\$11,154.3</b>	<b>(\$65.2)</b>

*Numbers may not total due to rounding*

### **New Cars**

**\$375 million**

The increase in this category primarily reflects increases in the two projects to purchase B division cars. The budget for option I for the purchase of the 620 B division R-160 cars exercised in August 2007 increased by \$87 million as a result of cost escalation of contractual indices. The second project, which exercises option II, will increase the number of cars to be purchased by 90 from 292 to 382 (two cars above the contractual minimum); the combination of cost escalation from the contractual indices associated with this option as well as the additional cars results in an increase of \$277 million. The purchase will complete the replacement of NYCT's 60-foot cars; the additional cars will address ridership growth on the L, G, and C lines.

The scope of the project to purchase A division cars is modified to coordinate with the installation of new CBTC signals on the Flushing line. Twenty-three cars will be ordered in this

program using existing funds (reduced from 47 cars), and an additional 163 will be ordered in the next program. These 186 new A division cars will allow NYCT to provide CBTC-equipped, 11-car trains on the Flushing line, to support service needs related to the Flushing line extension project, and to address service needs on the Broadway / 7<sup>th</sup> Ave. line. In addition, this amendment adds a new project (\$11 million) for the design of 75-foot cars, to be known as the R-179 series, which will be ordered in the next program to begin replacement of existing 75-foot cars. The plan now funds the purchase of a total of 1,025 new cars, a net increase of 66 cars for both A and B divisions from the last update.

## **Buses**

**\$82 million**

The increase in this category reflects adjustments to NYCT's bus purchase plan, increases in bus costs, and the addition or modification of several projects. NYCT's revised bus purchase plan primarily reflects the agency's desire to identify new vendor(s) to supply qualified models for articulated, standard, and express buses. The planned purchase of articulated buses is rescheduled due to contracting difficulties. These buses were intended to be procured jointly with the MTA Bus Company. After lengthy negotiations, NYCT and the Bus Company have been unable to reach agreement on contract terms, conditions, and price with the bus manufacturer. Consequently, both agencies have decided to suspend this procurement. Articulated buses will be proposed for purchase early in the next capital program once new manufacturers and / or bus models are qualified. Funding from this purchase is reprogrammed to increase the number of standard buses being purchased to replace a backlog of overage buses that was to be addressed in the next capital program. In conjunction with NYCT's bus manufacturer qualification / testing program, some of the purchases now planned for 2008 and 2009 are of smaller, pilot bus fleets from new vendors. The impact of these changes is that the overall number of buses being purchased in this program decreases by three buses from 1,360 buses to 1,357. The plan now funds the purchase of: 10 articulated buses under a new project to develop a new vendor - down from 112; 1,121 standard hybrid-electric buses - up from 1,010; and 226 express buses - down from 238. Collectively, these changes increase the budget for bus purchase projects by \$41 million. Despite the nominal decrease in bus purchases noted above, the overall NYCT bus fleet plan provides for the steady growth in fleet size and Standard Bus Equivalents (SBE) because planned purchases exceed scheduled retirements in order to provide for fleet growth.

The number of paratransit vehicles to be purchased is increased by 436 to 1,387 vehicles; \$21 million is added for this. The increase includes a purchase of 411 vehicles that is being advanced from 2010 to meet ridership growth in the Access-a-Ride program. A \$6 million project is added

to purchase 263 fareboxes needed to outfit the expanded bus fleet. Two other modifications are notable. Previously reduced, the budget for the normal replacement of ticket processing units and coin modules in all integrated farebox units (IFUs) is increased by \$18 million to restore the full level of funding. Lastly, NYCT is focusing its technology development program on testing and development of “zero emission” fuel cell technology, which is expected to play a much greater role in the transportation sector within the next decade. This \$3 million pilot project will evaluate several types of fuel cell buses for NYC service.

### **Passenger Stations**

**\$82 million**

The change in this category reflects cost increases and the reduction of the number of stations to be rehabilitated in this program. Station project budgets have been adjusted to reflect refined scopes, cost estimates, bid experience, schedule changes, and market conditions since the last update to the Board, resulting in increased costs for many projects in the program. To fund these increases, a number of station projects that were budgeted for late 2008 or 2009 will be reprogrammed to the next capital program.

The current construction market has severely impacted the stations program, resulting in significant cost increases. NYCT is responding to market conditions by trying to encourage more competition among contractors and, where possible, repackaging work into smaller contracts. The project to rehabilitate seven stations on the Brighton line demonstrates this experience. The low bid received in 2007 for this project far exceeded the budget but the bidder nevertheless withdrew. As a result, the Brighton line project has been split into two contracts. The first addresses the Ave. U and Neck Rd. stations and the second addresses the other five stations: Ave. H, Ave. J, Ave. M, Kings Highway, and Newkirk. (In addition to rehabilitation, structural remediation will be done at the Kings Highway and Newkirk stations and full accessibility will be provided at Kings Highway.)

In response to market conditions and design refinements, station rehabilitation project budgets have been increased for the seven stations of the Brighton line project (\$84 million), nine stations on the Far Rockaway and Rockaway lines (\$124 million), E. 180<sup>th</sup> St. on the White Plains Rd. line (\$28 million), five stations on Pelham lines (\$39 million), and Bleecker St. (\$20 million).

As a consequence, the amendment proposes reprogramming state-of-good-repair (SGR) rehabilitations at stations on the following lines: four stations on the Pelham line (\$59 million); four stations on the Sea Beach line (\$114 million); ten stations on the West End line (\$83



































































































































































































