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Testimony of

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Senate Standing Committee on Finance
&

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Concerning the SFY 2014-15 Executive Budget Proposal
Relating to Transportation

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Thank you, Chairman Farrell and Chairman DeFrancisco, for giving the New York Public Transit Association the opportunity to testify before this joint session of the Senate Finance Committee and Assembly Ways and Means Committee regarding Governor Andrew Cuomo's proposed Executive Budget for SFY 2014-15.

My name is Carm Basile; I am the Chief Executive Officer for the Capital District Transportation Authority here in Albany. CDTA provides services throughout the Capital Region, with more than 55,000 boardings each weekday, many of which take place right outside this building, connecting people to jobs. I am also the President of the New York Public Transit Association, a not-for-profit association representing public transit agencies throughout the State. Our members include public transit providers, private sector manufacturers and suppliers, state agencies, and community advocates. Our members range from the largest system in the nation, the MTA, to one of the smallest in Watertown.

New York's diverse transit systems support the state's economy and the quality of life in our communities by providing access to safe and reliable mobility. Each day, our members provide over nine million rides on buses and trains, connecting customers to work, businesses and shops, schools and medical appointments. Transit provides access to thousands of businesses, expands the labor pool for employers and supports economic development across the state, such as the current expansion projects of the Buffalo Niagara Medical Campus and the University of Rochester. Transit agencies are major employers too, with over 75,000 transit workers employed across the state.

Transit service is a critical component to the state's economic growth. Residents across New York State are increasingly reliant on transit service as is evident by the consistent growth in ridership over the past several years. Year to date ridership at RGRTA has increased by 7%. NFTA ridership grew by 9% from 2010 to 2012. CDTA has had over 30 consecutive months of ridership growth and its new BusPlus system has seen a 25% increase in ridership in just two years. Downstate ridership is rebounding after recent fare increases on MTA, Westchester County, and Nassau County's transit systems. TCAT in Ithaca has broken ridership records for 6 consecutive years. Greater Glens Falls Transit had its highest ridership ever in 2012. More young people are riding transit so they can tend other activities during their trip, an important demographic group to retain for the state to prosper. This ridership growth is straining our systems and will constrain the growth in the economy if left unaddressed.

Transit systems provide mobility for our citizens in rural areas; provide important connections to cities and support community development and smart growth. Transit provides cost-effective service to support tourism and special events which are vital to the many local economies. In many cities, colleges are one of the larger employers, and transit economically transports students, faculty and staff. Large campuses such as Cornell, Syracuse University, Rochester Institute of Technology, and dozens of other colleges across the state would not function or contribute to their local area economy without the mobility allowed by good public transit service. Our transit services play a vital role in moving people during emergencies, including during super storm Sandy and the many flood events in recent years.

Investments in transit provide a positive return, by supporting hundreds of transit manufacturers and suppliers located throughout New York State. Transit suppliers provide thousands of jobs, and generate investments from other states that buy New York transit products. Buses are

manufactured and assembled in Plattsburgh; subway and rail cars are built and rebuilt in Plattsburgh and Yonkers; paratransit vehicles are outfitted, sold and serviced in Dansville and Penn Yan; transit system software is developed in Plainview and Johnson City; vehicle air conditioning is built in Syracuse to cite just a few. Hundreds of local businesses benefit from the daily investments in goods and services made by transit agencies.

New York State's transit systems have been in the forefront of innovation and efficiency. NYPTA members have improved the efficiency of their operations and service to their customers. Transit systems recognize their responsibility to evaluate the effectiveness of their organization before asking for more assistance from customers or government. Examples of these efficiency improvements implemented by our members include:

- Continuous route monitoring to restructure service based on ridership patterns;
- Negotiating labor contracts to achieve wage, health benefit and pension savings;
- Implementing partnerships with colleges and businesses to promote ridership;
- Upgrading fare collection equipment to provide more convenient fare media; and,
- Installing energy efficient systems in transit facilities to reduce energy consumption and operating costs.

At CDTA, we have spent the better part of two years resizing our operation to align what we spend to what we earn. Employee headcounts were reduced 10% with no layoffs and accompanied by an innovative labor contract that ties wage increases to funding sources. Our employees are the backbone of the company and their efforts have been extraordinary during our rightsizing efforts. They have helped us expand our bus preventive maintenance program which has enabled us to prolong the life cycle for buses and delay expensive capital replacement.

In communities across the state transit strives to give customers what they want and improve the riding experience. CDTA, and many other transit systems across the state, have created innovative partnerships and service access arrangements that are providing a much needed boost. In 2011, we rolled out the first Bus Rapid Transit (BRT) system in upstate New York. Ridership on BusPlus increased by more than 20% in the first year of operation. This success has led to the fast-tracking of Bus Rapid Transit along two new corridors here in the Capital District. Like many businesses, we need seed money to develop and implement these exciting developments that allow us to more efficiently move millions of customers to jobs, services and retail centers.

The good news for transit statewide is that there are increases in customer use and customer revenue. The down side of that is many agencies are dealing with operating deficits even in the face of success. For many of us, with no other available resources, the gaps are filled by using capital funds – clearly a move that borrows from tomorrow to pay for today and is not sustainable in the long run.

We support the transit funding provided in Governor Cuomo's SFY 2014-15 Executive Budget which proposes increases in statewide transit operating assistance (STOA). The budget provides additional funding to fulfill state commitments to the MTA and appropriates available revenues to upstate and downstate transit systems. Downstate transit systems will receive a 2.0% increase in STOA while upstate systems will receive a 1.35% increase.

The small increase in upstate operating assistance, following a year with no increase, highlights the impact of the continuing structural issue with upstate funding. The lack of growth in

revenues flowing to the upstate transit account constrains the ability of the state to provide inflationary increases in operating aid which in turn constrains the ability of our systems to grow with demand and support economic expansion. Revenue from the Petroleum Business Tax, the largest source of upstate transit funding, is forecast in the budget to decline over the next 5 years. This makes the outlook for future increases in state funding to upstate transit very bleak. This funding formula requires our collective attention. Better mobility and improved infrastructure systems are statewide issues, and we need to work collaboratively to insure that transit riders in every region of the state see improvements in the future.

Transit systems in upstate New York are enjoying unprecedented growth in ridership, productivity and popularity, despite weathering years of stagnant and unpredictable funding. By raising fares, streamlining service and creating new business models, transit agencies across upstate have made tough decisions to maintain core services in their communities. Still, unpredictable funding continues to impede their ability to meet growing ridership demand or plan for routine capital replacement. The current structure of state funding created 30 years ago cannot sustain the transit services necessary to grow the upstate economy. It is critical for New York State to change the way that upstate systems are funded to ensure that upstate communities grow and prosper.

There is another financial issue that is affecting transit service. A recent state change in the way that Medicaid transportation is arranged is having an unintended impact on public transportation, especially in rural counties in upstate New York. A new State Medicaid policy is resulting in a significant decline in riders and revenue on rural upstate transit systems, threatening the viability of some county systems. NYPTA recognizes this issue and will further monitor the implementation of this new policy and offer recommendations to maintain transit service.

The state's transit infrastructure requires continued capital investment to maintain a state of good repair and provide safe, reliable service to the public. We need to replace overage buses and rail cars, modernize maintenance facilities and add more technology. The rapid growth in ridership requires us to add capacity to accommodate this new demand and support a growing economy.

The MTA is in the final year of a multi-year capital program that expires at the end of 2014. Capital funding for all of the other state transit systems is dependent on annual appropriations in the state budget. Transit infrastructure of suburban New York and upstate transit systems is funded almost exclusively by federal aid, with state and local matching funds. Federal transit funding has been flat for many years and the outlook for growth is dim. The current federal transportation funding bill expires in September of this year, adding to the financial uncertainty.

Additional State funding for capital projects has been appropriated since 2006-07, but never made available to transit systems until SFY 2013-14, when the Governor and Legislature agreed to provide \$21 million for Non-MTA capital projects. These capital funds are very much appreciated and are being put to good use improving transit infrastructure across the state. But without a sustained state infrastructure funding program, capital needs continue to accrue slowing infrastructure investments that could improve the condition of vehicles and facilities and provide the added capacity to meet new demands for service. These capital funds are needed more than ever, as federal transit funding has remained flat while federal discretionary programs to address capital needs no longer exist.

There are significant unmet capital needs of upstate and downstate transit systems that could benefit from additional state funding. NFTA has light rail system capital projects that are not funded, including completing their rail car rebuilding program. Westchester County has buses ready to replace, NICE in Nassau County needs to replace CNG fueled buses and add vehicles to meet growing demand for service. RGRTA requires rehabilitation and expansion of its maintenance and storage facilities. CDTA is seeking funding to expand its successful BRT network. CNYRTA must rehab its aging CNG fueling facility. Upstate systems like BC Transit in Broome County have vehicle replacements that are delayed due to lack of funding, resulting in increased maintenance costs to run over-age buses. Many transit systems are taking steps to upgrade their fare collection equipment and move towards modern smartcard technology to make it easier to ride transit. And importantly, with unprecedented ridership growth in many areas, systems need to expand their bus fleets, construct new shelters and add bus stop signage. Bus Rapid Transit service is also under study in several communities.

NYPTA supports the state transit capital appropriations contained in the Executive Budget of \$18.5 million for the omnibus matching program for non-MTA transit systems, and also \$18.5 million for the State Dedicated Fund (SDF) capital program. These funds should be made available early in the year to help accelerate improvement projects and create jobs. If resources can be found, this SDF program should be increased make up for the lack of past funding. Transit projects should receive at least \$10 m. of the \$25 m. in proposed New York Works funding.

There are also other existing state funds available for transit capital investments - from the 2005 Rebuild and Renew New York Transportation Bond Act. NYPTA recommends that the over \$10 million in remaining Bond Act funding for Non-MTA Transit be released this year to help improve transit infrastructure and reduce the backlog of capital needs. These funds were approved by the voters in 2005 with the expectation that they would be put to use to improve transit infrastructure.

Investments in transit systems across the state would allow organizations like CDTA to enhance frequency and spans of service on major routes, to develop additional BRT lines, and to further develop contract agreements that offer efficiencies for our systems and the companies we do business with. Our goal is to work collaboratively to improve our bottom line and to maximize productivity and efficiency. It's time for us to capitalize on our success and build an even stronger foundation for the future.

On behalf of NYPTA and CDTA, I want to thank Governor Cuomo and the Legislature for supporting a stronger and better network of transit systems in New York State. NYPTA supports the Governor's Executive Budget proposals for transit and wants to work collaboratively to build a sound transit program for New York's future. We are committed to working alongside the Governor and all of you to insure that transit continues to support economic revitalization across New York. Thank you for the opportunity to testify.