

Introduction

Good morning, and thank you for having us here today, particularly Chair Comrie, Chair Kennedy and Chair Paulin for your leadership and for the invitation. I'm Patrick Foye, MTA Chairman and CEO. I'm joined today by Sarah Feinberg, Interim President of New York City Transit; Bob Foran, our Chief Financial Officer; and Janno Lieber, Chief Development Officer and head of Construction and Development for the MTA.

The last time we appeared before you in January, the MTA was doing remarkably well: the subway recorded six straight months of on-time performance above 80 percent; customers were returning to the system, leading to our highest ridership since 2017; we were on track to end 2020 with an \$81 million surplus; and our historic \$51.5 billion Capital Program had just been approved by the Capital Plan Review Board, setting us up to dramatically improve each of our agencies with a host of improvements including a historic investment in accessibility.

Now, seven months later, we're a world away from those days. We are steering the MTA through an unprecedented crisis brought on by the COVID-19 pandemic. This public health crisis has devastated our agency – not only affecting our heroic workforce, but also wrecking our finances. We urgently need \$12 billion from the federal government just to get through the rest of this year and 2021. Spending and providing service at currently levels is simply unsustainable without it.

As we deal with these challenges, we mourn the loss of every colleague who has tragically passed due to the pandemic. To have lost more than 130 members of the MTA family is a heartbreaking reality that weighs heavily on our entire organization.

MTA Response / Role of Mass Transit

In managing through this pandemic, safety is our guiding principle, first and foremost, and we've led the nation among transit agencies for our aggressive response, adapting in real-time as researchers continue to learn more about the virus.

From the beginning, we recognized the critical role mass transit plays. Our system literally kept the metropolitan region functioning – carrying essential workers like first responders, healthcare workers, grocery employees and others to and from their critical jobs.

We ran full service for as long as we could, transitioning to the Essential Service Plan on March 24, shortly after Governor Cuomo's New York on Pause order went into effect. This reduced service ensured essential personnel could still get to where they needed to go. We have since restored service to most of its pre-COVID levels, even with significantly depressed ridership – allowing for more social distancing as riders return to the system.

As of last week, the subways averaged 1.3 million customers per weekday. Even at this level, we're still down about 75 percent from pre-pandemic levels. Bus ridership is hovering around 1.2 million, down close to 40 percent from last year. The Long Island Rail Road is down 76 percent and Metro North about 83 percent, though both railroads saw declines of around 98 percent just weeks ago.

This has led to precipitous declines in ridership that have blown a hole in our budget. We won't be able to fill the gaps without significant additional federal funding, which I'll expand on in a few moments.

Protecting Customers and Employees

Throughout the pandemic, we have worked in lockstep with top federal, state and local public health officials to keep our system safe. And it is safe: there has been no evidence that public transportation has contributed to any virus clusters in New York, or anywhere else in the world for that matter.

But as we've said from the start, we're a transit agency, not medical professionals. However, we've gone with our gut when it made sense. We made the decision to provide masks for employees before the Centers for Disease Control and World Health Organization changed their original position.

But the effort our customers notice most is our comprehensive cleaning and disinfecting program. Almost immediately, we intensified our protocols by disinfecting high-touch surfaces in each station once a day and every single train car, bus and paratransit vehicle at least once every 72 hours. Shortly after, we increased to disinfecting each station at least twice a day, with rolling stock sanitized at least once a day, but often more. These efforts are paying off in a big way with riders: more than 70 percent of subway customers said in a survey the system has never been cleaner.

To better accomplish this, the MTA made the historic decision on May 6 to shut down the subway system overnight between 1 a.m. and 5 a.m. for the first time in its 116-year history. To serve those traveling during those periods, we increased bus service with three new routes.

Our response goes far beyond cleaning and disinfecting. We've piloted innovative new technologies and cleaning materials – from ultraviolet light to antimicrobials to electrostatic sprayers.

And we've emphasized the need to wear a mask, above all. Not only is it state law, but public health officials agree it's the single best thing we can do to limit the spread of COVID-19. Our position is simple: If you are not wearing a mask, you are not welcome in the system.

Thanks to generous donations by the State and City, we have been offering free masks for those who need one at all stations. We've also installed a dozen PPE vending machines throughout our stations and piloted new mask distribution boxes on buses.

Employee volunteers in our "Mask Force" are also out in the system, distributing masks to those who need one. And we've rolled out new public service announcements and signage to inform riders of the mask mandate.

Additionally, hand sanitizer has been made available to the public in every station with a distribution box that was created, built and installed by MTA workers. Decals have been installed to encourage social distancing when possible, and a new app for the Long Island Rail Road shares real-time crowding conditions with riders so they can make informed decisions about their commutes. A pilot version has already been announced for Buses, and we're looking to expand to other parts of the system as well.

To minimize health risks to our employees, the MTA has distributed at least 6.4 million masks, 8.4 million pairs of gloves, over 57-thousand gallons of hand sanitizer, 5.6 million sanitizing cleaning wipes, and 158-thousand gallons of cleaning solution since March.

We created a new temperature brigade to check employees as they arrive to work. On buses, we implemented rear door boarding on all local and select bus service, though later this month we will resume front-door boarding. We have separated many operators with plexiglass and vinyl and cordoned off seating near the drivers.

On Access-A-Ride, we've banned shared rides and suspended in-person evaluations for the time being. We've also imposed new training for operators.

Benefits to Families of Fallen Employees

As I said a few moments ago, the pandemic has come with a devastating human toll. We grieve the losses in the MTA family, and will always be grateful for their service. In April, we created a \$500,000 benefit and are providing up to three years in health benefits for the families of our fallen colleagues. To date, payments to 14 families have been approved and sent out. We're working diligently with every family to ensure they receive the support they need during this difficult time. The MTA is the first transit agency to offer such benefits, but we felt strongly that it was the right thing to honor their legacy and dedication to public service.

We have also extended a special line of duty pension benefit to the survivors of fallen employees in accordance with the law passed by the Legislature earlier this year.

Budget Impact

At the same time, all of this has happened with a great financial cost. It's impossible to overstate the severity of the damage inflicted by COVID-19. Its effect on our finances is far more extreme than any crisis we've faced in the past – worse than City's fiscal crises

of the 1970s and early 80s, the aftermath of 9/11, Hurricane Sandy and the Great Recession of 2008-2009.

We are facing staggering historic shortfalls— with a projected aggregate \$16 billion deficit through 2024. It is an alarming truth that our 2020 losses are greater than that of 37 of 39 states in a recent survey, and 35 of 39 in 2021.

The MTA is losing about \$200 million a week in revenues, from losses in fares, tolls, subsidies, and COVID-related expenses. To put that in context, we spend approximately \$325 million a week to operate this agency.

Before COVID hit, we were making the best progress this organization has seen in decades. But the pandemic has changed our trajectory from growth and investment to one of simply survival. We are fighting hard to reduce costs, to maintain current service levels and minimize reductions in force. All the while, we need to protect our historic Capital Plan, which promises system modernization across the MTA.

Absent federal funding, we're left few options, and none of them are good. We cannot cut our way out of this crisis, though we're doing everything we can to reduce expenses by tightening controls on non-essential spend. With the additional savings recently identified, we will achieve annually recurring savings of \$3.5 billion by 2024.

This crisis has given new urgency to our push to transform the MTA to be more efficient and effective. Transformation is now underway in earnest on two key initiatives: streamlining operations through consolidation and a reduction of 1,000 administrative positions achieved primarily through attrition. But even these efforts will not be enough, and we will need to do more.

One option is to borrow to pay operating expenses. The Legislature gave us the tools to do this in this year's enacted state budget, but using them is terrible for the financial future of the MTA. It just keeps the lights on – at a cost of up to \$500 million dollars a year just to pay borrowing costs. It's the equivalent of lighting million-dollar bills on fire. Also making it harder and more expensive is the fact that our credit rating has been downgraded by different agencies in the wake of the pandemic.

Last week, we sold \$451 million in notes to the Federal Reserve after Wall Street banks bid higher rates because of their concern about our financial state. The MTA is only the second entity to use the Fed's \$500 billion municipal lending facility program for states and cities, following the state of Illinois.

Additionally, we've already paused our historic \$51.5 billion Capital Plan. Gutting it completely or deferring key projects is another option to balance our books, and one we must avoid if we are to preserve mass transit's future. While this would give us short-term solvency, the long-term impact would be devastating.

It would force us to sacrifice projects both large and small that you asked for on behalf of your constituents, that we committed to, like resignalling the subways, increasing ADA accessibility, and other vital state of good repair work. Raiding capital funds to support operating needs perpetuates a cycle of disinvestment that has resulted in the outdated system we are trying desperately to improve today, not to mention a lack of equity in communities not served by our existing subway, bus and rail service. Second Avenue Subway Phase 2 and Penn Station Access would have finally delivered on long-promised subway connectivity in East Harlem, and built four new MNR stations in the Bronx. Metro-North service would also be extended to the West Side of Manhattan.

Furthermore, the impact of cuts to the Capital Program would be felt across New York as we have vendors throughout every region of the state – from Kawasaki in Yonkers to Prevost in Plattsburgh and Cubic in Buffalo.

Scheduled fare and toll increases are also on the table, as are wage freezes. The last resort would be to cut service and personnel. We don't want to do any of these things, but the dire state of our finances may force our hand if Congress does not step up.

Need for Federal Assistance

We simply can't do this without significant additional federal assistance. While we are grateful for the hard work of the New York delegation, particularly Leader Schumer and Chair Lowey, and the support received in the CARES Act back in March, the fact is we need more. That money was completely exhausted by July 24th. The Senate simply must step up for mass transit and allocate another \$12 billion to the MTA to replenish lost revenues through 2021.

The latest proposal by Senate Majority Leader McConnell shamefully and willfully ignores the needs of not only the MTA, but transit systems nationwide. This is unacceptable. We need your help to convince Congress that any investment in transit is an investment in the future. The MTA is the lifeblood of the New York. To be clear, there is no economic recovery without a healthy MTA, and there is no national recovery without a healthy New York. We need everyone to get the message out to Congress that any relief bill must include \$12 billion for the MTA, to help us get through 2021.

We continue to aggressively advocate for our system and customers in Washington - sending letter after letter to Senate leadership, writing op-eds and editorials, and even holding virtual rallies with peer agencies across the country to get our point across. But we need your help too. We cannot risk jeopardizing New York's future by failing to protect mass transit.

Thank you. We're now happy to take your questions.