

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

of the

COMMITTEE ON FINANCE WITH TRANSPORTATION

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December 16, 2008

Start: 10:26am

Recess: 2:13pm

HELD AT: Council Chambers
City Hall

B E F O R E:

JOHN C. LIU
Chairperson

DAVID I. WEPRIN
Co-Chairperson

COUNCIL MEMBERS:

G. Oliver Koppell
Maria Baez
Helen Sears
Lewis A. Fidler
Vincent Ignizio
Miguel Martinez
Larry B. Seabrook
Darlene Mealy
Alan J. Gerson
Peter F. Vallone, Jr.
James S. Oddo
Eric N. Gioia
Bill de Blasio
Vincent A. Gentile
David Yassky

COUNCIL MEMBERS:

Daniel R. Garodnick
Albert Vann
Robert Jackson
Joel Rivera
Leroy G. Comrie, Jr.
Michael E. McMahon
Gale A. Brewer
Diana Reyna
Jessica S. Lappin

A P P E A R A N C E S

COUNCIL MEMBERS:

Melinda R. Katz
Simcha Felder
Letitia James

A P P E A R A N C E S (CONTINUED)

Phil Hom
Legislative Counsel
New York City Council

Gene Russianoff
Staff Attorney
Straphangers Campaign

Noah Budnick
Senior Policy Advisor
Transportation Alternatives

Kate Slevin
Executive Director
Tri-State Transportation Campaign

Richard Anderson
President
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Tiffany Raspberry
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Claudia Preparata
Research Director
Transport Workers Union Local 100

William Henderson
Executive Director
Permanent Citizens Advisory Committee to the MTA

Ted Kheel
Nurture New York's Nature

Charles Komanoff
Nurture New York's Nature

A P P E A R A N C E S (CONTINUED)

Carl Hum
President and CEO
Brooklyn Chamber of Commerce

Jack Friedman
Executive Vice President
Queens Chamber of Commerce

Linda Baran
President
Staten Island Chamber of Commerce

Kathryn Wylde
President
New York City Partnership

Richard Ravitch
Chairperson
Ravitch Commission

Josh Nachowitz
Policy Director
New York League of Conservation Voters

Chris Jones
Vice President for Research
Regional Plan Association

Mary Barber
Environmental Defense Fund

John Corlett
American Automobile Association of New York

Hope Cohen
Deputy Director
Manhattan Institute Center for Rethinking Development

William Lindauer
New York Taxi Workers Alliance

A P P E A R A N C E S (Continued)

Kaziem Woodbury
Downtown Alliance

Mr. X

CHAIRPERSON LUI: Good morning.

Welcome to today's, this morning's, joint hearing of the City Council's Committees on Finance and Transportation. My name's John Liu. I have the privilege of Chairing the Transportation Committee and the honor of having Council Member David Weprin Chair the Finance Committee, Co-Chair today's hearing. We've convened for two primary purposes. The bulk of this hearing today will be to discuss and deliberate the recommendations of the so-called Ravitch Commission, which was charged by Governor Paterson earlier this year to come up with recommendations to provide funding streams so that the MTA can proceed forward on solid financial footing.

The second primary purpose of today's hearing, and it will just take a brief period of time towards the beginning, is for the Committee to vote on a bill that would suspend alternate side street parking on certain snow days, where the City deploys its snowplows.

We are starting a little bit late. And, I apologize for that. We also will experience a little bit of disruption this morning

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2 once the Land Use Committee convenes, because I
3 think almost every one of us has to,
4 unfortunately, has to go across the street to cast
5 our vote and then come back.

6 But, nonetheless, we will proceed
7 with the hearing. We have many witnesses that
8 have already signed up to testify. But, we will
9 keep the hearing moving as quickly as possible.
10 And, get everybody in to provide their opinion and
11 input so that we can, in these Committees, decide
12 a course of action to take in the coming weeks and
13 months.

14 Today, we are going to vote on
15 proposed Intro 546-A, that was introduced by
16 Council Members Baez and Monserrate. It is a
17 simple common sense bill. Alternate side street
18 parking regulations were adopted to allow the
19 Department of Sanitation to conduct its street
20 sweeping operations. It would seem to make sense
21 that if the street sweeping operations are
22 suspended, that the rules enabling the street
23 sweeping, the alternate side parking rules, would
24 be suspended as well. Unfortunately, common sense
25 does not always reign in our myriad of parking

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regulations in New York City.

On Valentine's Day 2007, it snowed and although it was not a huge snowfall, it quickly froze and cars were entombed in their spaces. Immediately following, we had so many drivers receive very expensive tickets for not moving their cars, even though there really was no reason for them to move their cars because street sweeping clearly was not going to take place.

The Mayor initially defended the issuance of these tickets stating that New Yorkers should stop griping. The Mayor then, and we're very happy about that, backtracked and said that the City would dismiss those tickets and, in fact, did so.

The February 14th, 2007 incident highlights an unfairness in the way the City enforces alternate side parking. Even when Sanitation workers are responding to a snowstorm, driving a plow and conducting other snow removal operations, many times, the alternate side parking rules are still in effect. And, even though it is nearly impossible for the drivers to move their cars and certainly no need for them to move their

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2 cars, since the streets are not going to be swept,
3 they still get tickets. Tickets on the windshield
4 and you see these colorful orange tags adorning
5 every single windshield for blocks on end.

6 Council Members Baez and
7 Monserrate's bill would fix this problem by
8 automatically suspending alternate side parking
9 regulations whenever the Department of Sanitation
10 suspends its own street sweeping operations
11 because of a snowstorm. The bill creates a simple
12 and common sense way to address alternate side
13 parking during snowstorms. And, I would urge our
14 Committee members today to vote to pass this bill.
15 It's a common sense bill. It makes more sense of
16 our parking regulations. And, it takes away a
17 very unfair and unjust burden that is unfairly
18 imposed.

19 We will also review the findings of
20 the Ravitch Commission. The Commission released
21 its findings earlier this month. And, among many
22 recommendations, the key recommendations that will
23 have an impact on the daily lives of so many
24 people would be a mobility tax, which would be
25 funded by a payroll tax on employers in the 12

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2 counties served by the Metropolitan Transportation
3 Authority; a proposed tolling of the East River
4 and Harlem River bridges, which is purported to
5 increase and improve bus service and fare
6 increases of 8%. This plan elicited responses
7 from many different organizations, elected
8 officials and New Yorkers, many of whom will be
9 testifying today.

10 The Ravitch Commission succeeded,
11 in my opinion, in coming up with a way to spread
12 the pain, although painfully, spread the pain
13 across everybody in our region and save transit
14 riders and our bus and subway system from immense
15 disrepair. Nonetheless, it is important for us to
16 be able to come together and deliberate some of
17 the recommendations and perhaps come up with
18 alternatives to some of the most unpalatable
19 recommendations.

20 Let me turn the floor over to my
21 Co-Chair, Council Member David Weprin.

22 CO-CHAIRPERSON WEPRIN: Thank you,
23 Chair Liu. And, thank you for convening this very
24 important hearing. Let me introduce the members
25 of the Finance Committee that are here. We have

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2 Council Member Oliver Koppell from the Bronx,
3 Council Member Maria Baez from the Bronx, Council
4 Member Helen Sears from Queens and Council Member
5 Lew Fidler from Brooklyn and Council Member
6 Vincent Ignizio from Staten Island.

7 As Chair Liu mentioned, today's
8 joint hearing will be an oversight over the
9 Ravitch Commission's report, which was released on
10 December 2nd and provided recommendations to fund
11 the MTA's capital and operating budgets over the
12 next ten years. For the benefit of the public and
13 my colleagues, I will briefly outline the
14 background of the MTA's financial struggle and the
15 proposals offered to help alleviate their
16 struggles.

17 The MTA is responsible for
18 operating, maintaining and improving public
19 transportation in the Metropolitan Commuter
20 Transportation District. The MTA's comprised of
21 seven agencies that provide public transportation;
22 New York City Transit, Long Island Railroad, Long
23 Island Bus, Metro North, Bridge and Tunnels, The
24 MTA Capital Construction and the MTA Bus Company.

25 Recently the MTA has forecasted

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2 shortfalls in both its operating budgets as well
3 as capital budgets. Some have attributed these
4 problems to the way that the MTA finances its
5 capital projects. The MTA funds its capital
6 projects by borrowing money and paying for these
7 loans through its operating budget. The debt
8 service has continued to make up a larger and
9 larger percentage of the MTA's operating budget.
10 And, by 2010, it is predicted 20% of the operating
11 budget will be for debt service alone.

12 The problems in the MTA budgets are
13 compounded by reduced revenue from the various
14 taxes because of a weaker economy. On April 9th,
15 2008, Governor Paterson announced the creation of
16 a panel headed by Richard Ravitch, the former
17 Chairman of the MTA and former Chair of the New
18 York City Charter Revision Commission, to
19 recommend solutions to the MTA's budget problems.
20 On June 10th, 2008, the Governor appointed 13
21 members to his Commission on the MTA, also known
22 as the Ravitch Commission. The Governor charged
23 the Ravitch Commission with developing
24 recommendations to fund the MTA's capital and
25 operating budgets over the next ten years. The

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2 Ravitch Commission's deadline to submit its
3 recommendations was December 5th, 2008.

4 In November 2008, before the
5 release of the Ravitch Commission report, the MTA
6 released its revised 2009 budget, which contained
7 proposed service cuts and steep fare increases to
8 balance the budget. The proposals included a 23%
9 increase in fare and tolls, which would increase a
10 rider's share of the cost of a subway ride to 83%
11 and a bus rider's share to 48%, both substantially
12 higher than for other public transportation
13 systems in the country. Their budget also
14 proposed doubling the fare for Access-A-Ride
15 service for people with disabilities and the
16 elimination of two subway lines, the Z and W and
17 truncating the G and M subway lines.

18 The Ravitch Commission released its
19 report on December 2nd, 2008, just a couple of
20 weeks ago and made recommendations in four general
21 areas; generating additional revenue, improving
22 bus service, overhauling the MTA's governance
23 structure and administrative efficiency and
24 transparency. Among the Ravitch Commission
25 proposals include: one, a mobility tax, which

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2 would comprise a payroll tax of 0.33%, or one-
3 third of a percent on employers located within the
4 12 counties of the MTA Commuter District. This
5 mobility tax is projected to raise approximately
6 \$1.5 billion for the MTA on an annual basis.

7 They've also recommended, as Chair
8 Liu mentioned, tolling the East River bridges,
9 which consists of the Manhattan, Brooklyn,
10 Williamsburg, Queensboro Bridges, at the same rate
11 as current MTA bridges and tunnels, which is \$5.
12 The Commission also recommended a \$2 toll on the
13 Harlem River bridges, which consist of the Willis
14 Avenue Bridge, the Macombs Dam Bridge, the Third
15 Avenue Bridge, the Madison Avenue Bridge, 145th
16 Street Bridge, 127th Street Viaduct, University
17 Heights, Broadway and Ward's Island Bridge. This
18 proposal is expected to generate approximately
19 \$600 million annually.

20 The report also proposes fare and
21 toll increases of 8%, instead of the 23% proposed
22 in the MTA's November proposed budget.

23 When it comes to the issue of
24 charging tolls on the East River bridges, it is no
25 secret where I stand. Since 1911, the four East

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2 River bridges, the Brooklyn, Manhattan,
3 Williamsburg and Queensboro Bridges have been free
4 of tolls. And, that is the way, in my opinion, it
5 should remain. Our job, as a City, is to
6 encourage businesses to come into the City to
7 bring goods and services instead of encouraging
8 people to come and use goods and services in
9 Manhattan. We would drive away much needed
10 economic activity, in my opinion, with additional
11 tolls. Charging a toll on any or all of the four
12 East River crossings is the equivalent of charging
13 residents to cross the street, of course, this
14 case it's a river.

15 Instead of charging tolls, why not
16 bring back the old commuter tax? That tax was
17 repealed in 1999 for political purposes involving
18 a race in Rockland County. Back then, it was less
19 than half a percent. According to an IBO report
20 released earlier this year, if the legislature
21 were to restore the commuter tax at its former
22 rate of 0.45% for commuters and 0.65% for those
23 self-employed, the City's personal income tax
24 collection would increase by \$713 million in 2009,
25 alone; 755 million in 2010; 798 million in 2011,

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2 rising to 835 million in 2012. If New Yorkers are
3 expected to foot the bill, so should those who
4 benefit from our services. That is why I would be
5 more inclined to support a commuter tax.

6 We hope to hear from Richard
7 Ravitch, who I am told had a morning conflict, but
8 will be joining us around 12:15. But, some of the
9 concerns I hope to have addressed include the
10 consideration of alternatives to the additional
11 bridge tolls and more discussion on the mobility
12 tax, specifically whether this tax would amount to
13 a kind of backdoor increase in the operating
14 subsidy paid by the City of New York.

15 Chair Liu.

16 CHAIRPERSON LIU: Thank you very
17 much. We are going to take the vote on the
18 alternate side parking suspension rule just now.
19 And then, we'll proceed full speed ahead with our
20 hearing on the Ravitch Commission recommendations.
21 Before we call for the vote, I'd like to offer the
22 floor to the prime sponsor of Intro 546-A, Council
23 Member Maria Baez.

24 COUNCIL MEMBER BAEZ: Thank you.

25 Good morning. I would like to begin by thanking

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2 the Chair of the Transportation Committee, John
3 Liu, for holding this hearing today to vote in
4 Intro 546-A. I would also like to thank Council
5 Member Monserrate for joining me as a co-sponsor
6 for this bill.

7 As the prime sponsor of this Intro,
8 I strongly believe that this piece of legislation
9 will play a significant role in ending the unjust
10 practice that has plagued many New York City
11 residents pertaining to ticketing. Issuing
12 alternate side of the street parking violations on
13 days that the Department of Sanitation suspends
14 its street sweeping operation due to snowstorm
15 makes no sense. As New Yorkers face these grim
16 economic times, it is imperative that the City
17 take every step possible to reduce their burden.
18 The purpose of alternate side of the street
19 parking is to keep our streets clean. Issuing
20 violations should not be used as means to generate
21 revenue.

22 Therefore, I think it's only
23 logical that on days that the City suspends its
24 street sweeping operations, we also suspend
25 alternate side of the street parking regulations.

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2 I respectfully request that the members of this
3 Committee vote yes on Intro 546. Thank you.

4 CHAIRPERSON LIU: Thank you,
5 Council Member Baez. I mean, I think the issue
6 here is very clear. And, we all understand how
7 much of a pain in the neck it is to have to wake
8 up in the morning and move your car. But, it's
9 necessary to do so because we also want to keep
10 the streets clean. However, when it starts to
11 snow significantly, the City doesn't sweep the
12 streets any longer. So, there's no reason why New
13 Yorkers should be so inconvenienced by still having
14 to move their cars, especially when it becomes far
15 more difficult for them to do so when the cars are
16 buried in snow and, to add insult to injury, to
17 get hugely expensive tickets. That is why we're
18 enacting this bill. I want to thank Council
19 Members Baez and Monserrate for putting this
20 legislation forth.

21 Today, we have a light sprinkling
22 of snow out there. Hopefully, it doesn't get to
23 the point where the snowplows are deployed. But,
24 nonetheless, we are embarking on the snowy season.
25 And, we certainly hope that the Administration and

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2 the Mayor will support and sign this bill
3 immediately after we pass this. And, that is
4 expected to take place in the full body this
5 Thursday at our stated meeting.

6 We have a quorum of the
7 Transportation Committee. I would like to urge
8 all of my colleagues to vote yes on Intro 546-A.
9 It is a common sense piece of legislation. Before
10 we call for the vote, we're simply waiting for
11 Mr. Martin, next door, who's calling the roll next
12 door, to complete the roll call on that end. And,
13 he'll be joining us momentarily to call the roll.
14 Should be like two minutes, less.

15 Council Member Martinez, welcome.
16 And, we've also been joined by Council Member
17 Miguel Martinez of Manhattan, Council Member Larry
18 Seabrook of the Bronx, Council Member Darlene
19 Mealy of Brooklyn. Council Member Mealy, it's
20 great, great to see you here. Council Member Alan
21 Gerson of Manhattan and other members had
22 previously been introduced, Council Member Oliver
23 Koppell, Council Member Maria Baez and Council
24 Member Lew Fidler. Council Member Peter Vallone
25 from Queens has joined us, as have Council Members

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2 of Staten Island, James Oddo and Vincent Ignizio.

3 Okay. Phil Hom, our legislative
4 counsel has graciously decided that he will call
5 the roll. Thanks, Phil.

6 PHIL HOM: Council Member Koppell.

7 COUNCIL MEMBER KOPPELL:

8 Mr. Chairman, just to briefly to explain my vote.
9 I think this is a common sense idea and thousands
10 of drivers will be grateful. And, we don't need
11 to go through what we went through about a year
12 ago. So, I congratulate the sponsors and I vote
13 aye. Also, Mr. Chair, I have to leave for a short
14 while. I expect to be back shortly. Thank you.

15 PHIL HOM: Council Member Martinez.

16 COUNCIL MEMBER MARTINEZ: May I be
17 excused to explain my vote?

18 CHAIRPERSON LIU: Please do.

19 COUNCIL MEMBER MARTINEZ: I want to
20 commend Council Member Baez and Council Member
21 Monserrate for introducing this legislation. As
22 she mentioned in her opening statement, it just
23 doesn't make any sense for New Yorkers to be
24 penalized, particularly when it's snowing and when
25 the operation for street sweeping has been

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2 suspended. And, it comes at a right time, when
3 New Yorkers are actually feeling it with these
4 hard economic time. I believe this comes as a big
5 relief for New Yorkers particularly during the
6 wintertime; one, not having to move their car when
7 it's snowing and two, not being penalized for it
8 when it's snowing and there's no sweeping
9 operation. So, I will vote aye on this
10 legislation. And, again, congratulation to both
11 of these sponsors.

12 CHAIRPERSON LIU: Thank you,
13 Council Member Martinez.

14 PHIL HOM: Council Member Seabrook.

15 COUNCIL MEMBER SEABROOK: Thank
16 you, Mr. Chair. I'd like to vote aye and head
17 across the street for another quorum.

18 PHIL HOM: Council Member Mealy.

19 COUNCIL MEMBER MEALY: Can I
20 explain my vote?

21 CHAIRPERSON LIU: Please do.

22 COUNCIL MEMBER MEALY: I would like
23 to just thank our two Baez and Monserrate for
24 bringing this legislation forward. It is a common
25 sense. And, it's said that on the taxpayers, we

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2 always have to ticket us, I can say, to make
3 money. But, when it's a snowstorm, we should--
4 our common sense should tell people that no
5 ticketing 'cause you can't plow the snow. So, I'm
6 so glad that they put forth this legislation. I
7 vote aye. Thank you, Chairman.

8 PHIL HOM: Council Member Ignizio.

9 COUNCIL MEMBER IGNIZIO: Yes.

10 PHIL HOM: Council Member Liu.

11 CHAIRPERSON LIU: Yes. Let's keep
12 the roll open for Committee members that are
13 coming in from other Committee hearings.

14 PHIL HOM: Okay.

15 CHAIRPERSON LIU: Thank you. Well,
16 let's call the first panel to testify on the
17 primary purpose of today's hearing, which is to
18 review the recommendations of the Ravitch
19 Commission. We would like to call up Gene
20 Russianoff from the Straphangers Campaign, Paul
21 White, or a representative of Transportation
22 Alternatives. I'm sorry, that would be Noah
23 Budnick of Transportation Alternatives. Kate
24 Slevin of the Tri-State Transportation Campaign
25 and George Hycotes [phonetic] of the Institute for

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2 Rational Urban Mobility, if he's here. This panel
3 will be followed by a panel consisting of Claudia
4 Preparata of the Transport Workers Union and
5 William Henderson of the Permanent Citizens
6 Advisory Council to the MTA.

7 Mr. Russianoff, please proceed when
8 you're ready.

9 GENE RUSSIANOFF: This on? Okay.
10 Good morning, Mr. Chairman, members of the staff
11 on this Committee. I'm going to just read a short
12 portion of my testimony. The Straphangers
13 Campaign supports the central recommendations of
14 the MTA Financing Committee that has been
15 appointed by Governor Paterson and headed by
16 former MTA Chairman Richard Ravitch.

17 We share the view of the Governor
18 and Commission that the State must act very soon
19 to ensure that New York's riders have safe, decent
20 and affordable public transportation. And it is
21 critical to address both the agency's \$1.2 billion
22 deficit for 2009, as well as at least \$17 billion
23 shortfall, astonishing shortfall, in its vital \$25
24 billion capital program for the years 2010 through
25 2014.

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2 investment in a series of robust five-year
3 rebuilding programs. Since 1982, these plans have
4 turned around the transit system with new trains
5 and buses, rehabilitated stations and critical
6 infrastructure, such as track and signals. While
7 substantial economic stimulus funds may come New
8 York's way in the new Obama Administration,
9 clearly a great deal of State and local support
10 will be needed.

11 So, how do we address this crisis?
12 We believe there are several options from new
13 tolls to business taxes, as recommended in the
14 Ravitch report. City Comptroller William Thompson
15 has suggested following the lead of other cities
16 and increasing car registration fees. And, I've
17 heard the Chairman of this Committee talk about
18 higher point basis for the payroll tax as a way of
19 paying for transit.

20 This will be critical to find
21 support, not just among the Governor and the
22 members of the Commission, but the State
23 Legislature and the City Council. Hopefully,
24 action can occur soon. If we don't act by March,
25 the MTA has threatened to hike fares through the

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2 roof and drastically cut service. That kind of a
3 impact on the system will hurt not only the
4 riders, but New York's economy.

5 The Campaign does have some
6 concerns about some of the recommendations. In
7 particular, we question the proposal for regular
8 biennial fare increases. The Straphangers
9 Campaign is concerned that an automatic funding
10 source will discourage efficiencies, promote waste
11 and be unnecessary given future possible finances
12 of the MTA.

13 I thank you for the chance to
14 speak.

15 CO-CHAIRPERSON WEPRIN: We'll hear
16 from all the panelists before questions.

17 NOAH BUDNICK: Thank you. Good
18 morning. My name is Noah Budnick. And, I'm the
19 Senior Policy Advisor for Transportation
20 Alternatives. We're a 35-year-old organization
21 that advocates for streets that are safe and
22 inviting for pedestrians and cyclists, and a
23 transit system that is affordable, efficient and
24 accessible. Transportation Alternatives is a non-
25 profit, nonpartisan organization. We have a

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2 rapidly growing membership of 7,500 dues-paying
3 members citywide.

4 In coming to terms with the MTA's
5 fiscal crisis, I urge you to adhere to one
6 principle; everyone who benefits from public
7 transit must contribute to the system.

8 Straphangers, property owners, businesses and
9 drivers all pay into the system today. This is a
10 formula that pulled the MTA back from the brink 30
11 years ago, and it's the only responsible way to
12 pull us back from the brink today. Balancing the
13 books on the backs of riders alone, as the MTA may
14 be forced to do, is unconscionable.

15 The MTA's proposed fare hikes and
16 service cuts will impose a tremendous burden on
17 New Yorkers in every borough and reduce regional
18 mobility. For many New Yorkers, this will mean
19 longer, less reliable commutes at a higher cost, a
20 more grating daily grind. It will mean a drain on
21 the economy, as fewer New Yorkers will travel
22 within the City, period. And, for the disabled
23 and many seniors, it could mean an end to
24 independent living, an inability to seek medical
25 care, or drastically reduced employment

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2 opportunities. We cannot let this happen. It is
3 up to legislators here and in Albany to share the
4 burden of these times across every sector that
5 benefits from transit and avert this doomsday
6 scenario.

7 Our organization has evaluated the
8 Ravitch Commission Report and we support many of
9 its proposals. First and foremost, we support its
10 recommendations to share the financial burden
11 across all New Yorkers who benefit from the
12 transit system, continuing the tradition Richard
13 Ravitch inaugurated earlier in his career. I
14 suspect that many of the Commission's
15 recommendations, like greater transparency and
16 increasing dedicated taxes to the MTA, will meet
17 with general approval, so I'll restrict my
18 comments to the one point most likely to incite
19 controversy, that is tolling the East River
20 bridges.

21 I'm not naïve to the political
22 atmosphere of the issue tolling the East River
23 bridges. But the question is not whether New York
24 City residents want to pay for something that is
25 currently free. We all know the answer to that.

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2 The question before us is whether tolling the East
3 River bridges is preferable to a constricting
4 public transit system encumbered by skyrocketing
5 fares and plummeting service. In 2003,
6 Transportation Alternatives hired Schaller
7 Consulting to evaluate the costs and benefits of
8 East River bridge tolls and, like the Ravitch
9 Commission, Schaller Consulting found that half a
10 billion dollars would be raised by bridge tolls.
11 Traffic leading into downtown Brooklyn would be
12 reduced by 12%. Traffic leading into Long Island
13 City would be reduced by 14%.

14 There is a strong case for this
15 proposal, both in terms of sustainable funding for
16 transit and traffic reduction. And, I encourage
17 you to give it your consideration.

18 If you do not support East River
19 bridge tolls, then we need an equitable
20 alternative, be it through vehicle or license
21 registration fees, as some have suggested, or
22 through user fees such as performance-based
23 management of curbside parking or through bold
24 ideas like those of Ted Kheel. But, we need to
25 adhere to the principle of shared responsibility,

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2 and drivers must be part of the eventual solution.
3 Their movement on the streets depends on nine
4 million of their neighbors taking public transit
5 every day. A transit system in decline means tens
6 of thousands of efficient transit trips converted
7 to private car, with paralyzing traffic
8 congestion.

9 Thanks to a bill passed last year
10 by City Council, Department of Transportation
11 recently reported that, in the last four years,
12 hundreds of thousands more New Yorkers are
13 traveling to work, visiting friends and going
14 shopping, and thanks to investments in transit,
15 they are doing so without adding to traffic
16 congestion on the streets. They're doing so by
17 mass transit. This shows we can accommodate the
18 population growth that is coming, provided we
19 invest in transit now. The mobility of everyone,
20 drivers and straphangers alike, depends on this
21 transit investment.

22 So, I thank the City Council for
23 the attention it has given over the past year to
24 sustainably funding the MTA. Regardless of where
25 you stood, nobody won last April when we came away

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2 empty-handed at the end of a long and strenuous
3 debate. And no one will win next summer when
4 transit fares shoot up 25%, Access-a-Ride trips
5 cost \$5, and riders on the W, Z and dozens of bus
6 routes scramble for alternative commutes. We must
7 all dedicate ourselves to emerging from the
8 present crisis with a fair, balanced plan that
9 puts the MTA back on stable footing. Thank you.

10 CO-CHAIRPERSON WEPRIN: Thank you.

11 Miss Slevin.

12 KATE SLEVIN: Good morning. I'm
13 Kate Slevin, Executive Director of the Tri-State
14 Transportation Campaign. And, we're a non-profit
15 policy and advocacy organization working for a
16 more balanced transportation network in downstate
17 New York, New Jersey, and Connecticut.

18 Tri-State believes the Ravitch
19 report offers fair and equitable methods of paying
20 for MTA operations and capital needs and reducing
21 the size of the proposed fare increases. We agree
22 with the report when it says that the current fare
23 increases and service cut proposals are
24 unacceptable and the pain of funding the system
25 cannot be borne exclusively by MTA customers.

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2 We urge our elected officials to
3 move swiftly to pass the Ravitch recommendations.
4 If you cannot support these recommendations, we
5 urge you to immediately find other, balanced,
6 politically feasible ways to secure necessary
7 revenues for the transit system, whether they are
8 weight-based fees on vehicles or something else.
9 Simply denouncing the ideas within the Ravitch
10 report instead of proactively working towards a
11 solution is not going to keep our transit system
12 afloat.

13 We support East River and Harlem
14 River bridge tolls because we believe they're
15 equitable and good transportation policy. The
16 system we have right now, with some crossings free
17 and others tolled, doesn't make sense. Drivers go
18 out of their way to travel over the free bridges,
19 causing congestion in neighborhoods like Downtown
20 Brooklyn and Williamsburg. In fact, studies have
21 shown that over 30% of the traffic in Downtown
22 Brooklyn is generated by drivers headed to the
23 free bridges. We expect East River and Harlem
24 River bridge tolls will rationalize this system,
25 reducing traffic for all drivers while raising

1 revenue for our transit network.

2
3 There are a number of reasons why
4 new tolls are an equitable means of raising
5 transportation revenue. And, this goes for
6 increases in existing tolls, as well. About half
7 of outer borough households do not even own a car,
8 let alone drive into Manhattan on a frequent
9 basis. And, these people rely solely on our
10 transit network to get around. Households in the
11 five boroughs that do not own cars make about 50%
12 less, on average, than their car-owning
13 counterparts. Of the five million or so people
14 that work in Manhattan and live in the five
15 boroughs, the Lower Hudson Valley and Long Island,
16 only 3.9% drive alone to work. And, drivers
17 benefit from our public transportation system,
18 too, because every dollar invested in the system
19 means less traffic for them.

20 Tolls can be implemented without
21 toll booths, using high speed or cashless tolling
22 technology. And, cashless tolling has merit for
23 our region, regardless of whether East River and
24 Harlem River bridge tolls are approved.

25 We also believe and are pleased to

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2 see the report's focus on buses. More funding for
3 bus rapid transit projects can improve service and
4 speed commutes in the near term, and will be
5 especially beneficial to residents in southern
6 Brooklyn, eastern Queens, and the northern Bronx.
7 On this note, the creation of a regional bus
8 authority is long awaited, and if implemented,
9 will improve bus service and reliability
10 throughout the region.

11 For years, counties, the state and
12 the MTA have fought over who will pay for suburban
13 bus systems in Nassau and Westchester. This has
14 resulted in less reliable service for bus riders
15 and an inability for bus providers to keep pace
16 with increasing ridership. Our economy is regional
17 in nature and our bus system should be regional as
18 well. In other words, better bus service in
19 Nassau and Westchester will not only benefit bus
20 riders in those counties, but also the many New
21 York City residents who travel there for work.

22 We are pleased to see the Ravitch
23 recommendations to increase MTA credibility and
24 oversight and make the budget easier to understand
25 and the capital program more open to the public.

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2 And, we urge you to offer your own recommendations
3 and additional ones about how to improve MTA's
4 oversight.

5 We're, like Straphangers Campaign,
6 concerned about the automatic, biennial fare
7 increases without a public hearing. And, we think
8 this is generally the weakest part of what is
9 overall a very strong proposal.

10 We understand these are hard
11 choices to make, but we hope you and our elected
12 leaders in Albany can support the recommendations
13 in the report, or find similar methods of funding
14 our transit network. Thank you for your time.

15 CO-CHAIRPERSON WEPRIN: Thank you.
16 Somehow, I can't help but think of déjà vu when it
17 comes to the tolls on the East River bridges. You
18 may recall back in 2002, it was a proposal that
19 came before the-- well, the Mayor kind of floated
20 in one of his preliminary budgets, although it was
21 kind of disguised under a different name. But, it
22 certainly was on the table and, of course, there
23 was overwhelming opposition. And, it was quickly
24 taken off the table. I know Mr. Russianoff was
25 part of the Traffic Mitigation Commission, also

1
2 known I guess as the Congestion Pricing Commission
3 last year. And, of course, we went into the issue
4 of tolls on the East River bridges. As a matter
5 of fact, I would say, and tell me if I'm wrong,
6 Mr. Russianoff, that of all the proposals that the
7 Traffic Mitigation Commission proposed, which was
8 Chaired by Mark Shore, probably there was the
9 largest objection to the tolls portion. Is that
10 an accurate statement?

11 GENE RUSSIANOFF: I believe that's
12 basically correct. But, you know, a point I
13 wanted to make is, and I think this reflects all
14 of our groups, is that we're not interested in
15 picking a fight over bridge tolls. We're
16 interested in solving the MTA's financial
17 problems. And, if that can be done through other
18 mechanisms that fairly share the burden between
19 the riding public, drivers and the business
20 community, that would be acceptable to our group.
21 So, you know, I'm loathe to revisit battles over
22 the bridge tolls because it serves nobody.

23 CO-CHAIRPERSON WEPRIN: Okay.
24 Yeah, also, another part of the problem with the
25 bridge tolls, and it seems to me not an efficient

1 way to do business, is that basically 40% of the
2 revenue that'll come in from the tolls is going to
3 go for administrative costs because even though
4 the number of 600 million is being mentioned as
5 the net amount, it'll actually cost-- it'll have
6 to take in a billion dollars in tolls in order to
7 net 600 million. And, where I come from that
8 amounts to about 40% for administrative costs.

9
10 KATE SLEVIN: Just one
11 clarification.

12 CO-CHAIRPERSON WEPRIN: Is that
13 correct?

14 KATE SLEVIN: Well, one
15 clarification to that is I think the deal is is
16 that with taking the free bridges over, the MTA
17 will pay for all of the upkeep of the bridges.
18 And, that is included in that 400 million as well
19 as just the administrative costs. We had the same
20 question.

21 CO-CHAIRPERSON WEPRIN: Okay.
22 Well, still 40%, you're basically going to
23 collect-- you're going to tax residents a billion
24 dollars, or commuters a billion dollars in order
25 to net \$600 million in revenue.

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KATE SLEVIN: What you have--

GENE RUSSIANOFF: But, they're--

KATE SLEVIN: Go ahead.

GENE RUSSIANOFF: They're being taxed now. Those free bridges cost many millions of dollars to upgrade and maintain. And, it comes out of the City budget. So, if there was a change in which the bridges were given to the MTA, that would go off budget as a City item for maintaining those bridges. So, I don't think the City considers those administrative costs.

But, again, I would repeat, I think we need to find some common ground on proposals that will move the transit system forward for the vast majority of your constituents that use the transit system.

CO-CHAIRPERSON WEPRIN: Okay. When I had this discussion with Mr. Ravitch, and when he comes later, I'll ask him publicly, but I asked him in a smaller group what would be the revenue difference to make up for that 600 million if you were, you know, using the payroll tax, for example. And, I think he said it would go from a third of a percent to a half a percent. Is that

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your understanding?

GENE RUSSIANOFF: And, one reason why we support the payroll tax is it's at a very low level because it's such a broad-based tax. And, it seems to me, connected to the economy and the commerce of the region.

CO-CHAIRPERSON WEPRIN: No, my question was, though, that to make up the difference, assuming the toll proposal was dead because it would require state legislative approval and, in our belief, it would also require City Council approval, if not substantive approval, home rule approval. But, that I guess the lawyers are going to be arguing about. But, there's no question that it would require State legislative approval. And, there is very strong opposition to the tolling of the free bridges in the State legislature. My question is what is the difference, in your opinion, if you're going to use the payroll tax to make up the difference in the revenue?

GENE RUSSIANOFF: You know, I, unfortunately, don't have the exact number. But, I think it's in the range, I've heard the Chairman

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2 of the Committee talk about 45 basis points, as
3 opposed to 33, as it's currently proposed.

4 CO-CHAIRPERSON WEPRIN: Okay. So,
5 it's a little less than-- it would be a little
6 less than half a percent. Okay. Good. Chairman
7 Liu.

8 CHAIRPERSON LIU: Yeah, thank you.
9 I mean, it's a pretty straightforward calculation
10 to make up the same amount of revenue instead of a
11 33 basis point payroll tax, they'd have to do a 46
12 basis point payroll tax to still achieve the same
13 revenues without imposing the tolls. And, the
14 tolls are extremely inefficient to have to collect
15 \$1 billion just to net \$600 million. It really
16 doesn't make any kind of sense. There are some
17 maintenance costs in there. But, the maintenance
18 costs for those bridges would be a small fraction
19 of the \$400 million. We don't mean to put you in
20 a position to have to defend that. And so, feel
21 free not to.

22 GENE RUSSIANOFF: But, you don't--

23 CHAIRPERSON LIU: And, if I were
24 you, I wouldn't do it.

25 GENE RUSSIANOFF: Yeah, but, what I

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2 would say is that the general principle of the
3 Ravitch report, which is that everyone who
4 benefits from transit or major sectors that
5 benefit from transit should chip in. I think it's
6 appropriate to ask the motorists to make some kind
7 of contribution. Right now, they pay-- the excess
8 of the tolls on the MTA bridges goes to support
9 the MTA capital program. The petroleum business
10 tax is largely passed along to drivers. And so, I
11 think it's appropriate. Comptroller Thompson has
12 suggested an interesting idea about weight-based
13 registration fees.

14 So, I don't know if you want to put
15 all of it on the business community and the
16 workforce of the City. So, I think the principle,
17 whichever tax policy or fee policy, and they're
18 all very tough. I realize we're recommending, you
19 know, tough things. You should try and find the
20 source from one of those several sectors, the
21 riders.

22 It's very tough for me and the
23 Straphangers Campaign to talk about some kind of
24 fare increase. But, you know, if it is coupled
25 with really asking the other sectors of the City's

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2 economy to chip in for transit, then I think, as a
3 package, it may make sense.

4 CHAIRPERSON LIU: Well, again, I
5 don't want any of you on this particular panel to
6 feel that you have to defend the recommendations
7 for bridge tolls. But, once again, you know, just
8 some of your comments I think would be more
9 validated if, in fact, all of the drivers using
10 the bridges were simply doing out of love for
11 their cars and not because they had so few transit
12 options otherwise. And that, unfortunately, is a
13 reality for many of the drivers that are forced to
14 use those bridges today.

15 But, the bottom line is, you know,
16 it is an extremely inefficient way to raise
17 revenues. And, not only that, it's extremely
18 divisive. It's been talked about every time
19 there's a fiscal crisis. It's been talked about
20 for the last nearly 100 years. And, it's always
21 gone over like a lead balloon. It sinks straight
22 to the bottom of the East River is what is often
23 said. And so, let's not divide the City. You
24 know, I think we've had discussions about this
25 particular issue. It seems like a non-starter.

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2 And so, we should really focus our attention on
3 the parts of the proposals and recommendations
4 that have some modicum of chance of success. I
5 want to defer to our colleagues for their
6 questions. Council Member Lew Fidler.

7 CO-CHAIRPERSON WEPRIN: Yeah, we've
8 also been joined by some more colleagues. We have
9 Council Member Eric Gioia from Queens, Council
10 Member Bill de Blasio from Brooklyn, Council
11 Member Vincent Gentile from Brooklyn, Council
12 Member David Yassky from Brooklyn. I think I got
13 everybody.

14 GENE RUSSIANOFF: And, I just
15 wanted to address something the Chairman said. I
16 think one of the really good things in the report
17 is trying to use some of the money for bus rapid
18 transit and bus improvements in places like
19 Brooklyn, Queens and the Bronx. And, I think the
20 argument is very well taken that there are parts
21 of the City that are poorly served by mass
22 transit. I grew up in one of them, Sheepshead
23 Bay, Brooklyn. And, I know that they have plans
24 to make the B-44 down Nostrind [phonetic] Avenue,
25 a bus rapid transit line, which would take a bus

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2 that could be anywhere between 25 minutes and an
3 hour to get to Brooklyn College, would be much
4 more reliable.

5 So, I think, so, you know, the
6 Ravitch report ties those particular improvements
7 to tolls and says that before tolling, those
8 improvements would go into effect. Whatever the
9 legislative powers that be and the Governor and
10 Mayor work out, I'm hoping that they will include
11 some real improvements to bus service in many of
12 the boroughs in the City.

13 CHAIRPERSON LIU: Thank you.

14 Council Member Fidler.

15 COUNCIL MEMBER FIDLER: Thank you,
16 Mr. Chairman. And, I have to tell you, I'll just
17 be dipped in dog do. Have I just heard the three
18 most prestigious transit organizations of the City
19 of New York support a broad-based regional tax to
20 support the capital plan and the MTA? Did I just
21 hear that?

22 KATE SLEVIN: Yes.

23 COUNCIL MEMBER FIDLER: I mean, I'm
24 so glad to hear, and, Gene, I am so pleased to
25 hear that you guys are not looking to pick a fight

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2 and just reach a solution to a problem. And, I
3 would just say to you that had we all come to that
4 conclusion back on January 30th, when I, along with
5 ten of my colleagues, first introduced Resolution
6 1218 to the Council that called for a one-third of
7 1% regional payroll tax to support transit in the
8 City of New York, we'd have \$1.1 billion in the
9 till today. And so, I think the point is let's
10 not hang ourselves over East River bridge tolls.
11 That's not going to happen. Dead on arrival.
12 Same bad idea. It's congestion pricing light. It
13 is punitive to my constituents, Gene. You grew up
14 in Sheepshead Bay, all right. So, you should be
15 sensitive to that. The tolls on the East River
16 and Harlem bridges are going to discriminate
17 against a select group of motorists.

18 And so, you know, I think, you
19 know, rather than come here and even do, as Mr.
20 Budnick did, focus on the East River bridge tolls,
21 why don't we focus on moving this forward. I
22 mean, you know, let's try to build a consensus
23 around something that is going to move this
24 problem forward, 'cause we all agree that it is a
25 critical problem. And, the Chair, you know, did,

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2 you know, relate again to the inefficiencies of in
3 terms of supporting funding for mass transit of
4 taking something like tolling, which will require
5 a billion dollars to come out of people's pockets
6 and only provide 600 million for mass transit,
7 regardless of whether or not you want to segregate
8 the money for the administrative costs of running
9 the bridges. You're still talking about how we
10 support mass transit.

11 And then, again, the issue that I
12 have, which is parsing access to the heart of our
13 City by who can and cannot afford it. We'll go
14 through all of those issues one more time. The
15 idea that appeals to me, and the one question I
16 have for the three of you, 'cause I think you all
17 referenced it, is the proposal of Comptroller
18 Thompson, which would, in fact, require motorists
19 to bear some share of the cost of transportation
20 in our region, all right, without tolling the
21 bridges. It's something that we might all be able
22 to get behind, phase down to the level of need to
23 raise that 600 million. Could I ask each of you
24 now, would you support that proposal in lieu of
25 East River Bridges if you knew that that would

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move this package forward tomorrow?

GENE RUSSIANOFF: Yes.

KATE SLEVIN: Yeah, I would.

NOAH BUDNICK: Yeah. And, I'd just like to add, Council Member, that the theme that I tried to hit on in my testimony was this notion of spreading the fees across everyone who benefits on the tolls-- from mass transit. And, from the Ravitch Commission, the proposal that was put forward that balances out the payment is, at this point, East River bridge tolls. So, that's what we have to work off of.

Now, in terms of the Comptroller's proposal, other proposals on licensing fees, registration fees, that's something that Transportation Alternatives thinks would definitely fall in with spreading, you know, spreading payment across everyone who benefits. So, for, you know, as those proposals are developed, it's certainly something that we're definitely opening to talk about and consider.

KATE SLEVIN: And, regardless of whether you support them or not, from a transportation policy perspective, East River

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2 bridge tolls are good transportation policy. Does
3 that mean that's the only thing we would look to
4 to fund the transit system? No. But, it is a
5 good option and we have always supported it. And,
6 we will continue to do so.

7 COUNCIL MEMBER FIDLER: Tolling the
8 bridges is bad social policy, in my view, and
9 morally objectionable. But, you know, I, you
10 know, we had that Kum By Yah moment here when you
11 all said yes. And, I would hope that we could
12 move forward with that. And, I would encourage
13 you, because you are the leading advocates here;
14 that's why you're panel number one, is to change
15 the dialogue--

16 CHAIRPERSON LIU: Well, Chairman
17 Ravitch didn't show up.

18 COUNCIL MEMBER FIDLER: Yeah. And,
19 I hope to be able to be back here when the
20 Chairman is here so we can continue the dialogue
21 we had in the member's lounge last week. But, you
22 are the leading advocates for transit riders in
23 the City of New York. And, you know, we are
24 looking to solve this problem. You know, when we,
25 you know, we locked horns on congestion pricing as

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2 we did, I told you then I thought that we needed
3 to come to a solution that we could all agree on.
4 The solution that I offered was the payroll tax is
5 what I suggested. And, I just wish that we had
6 gotten together then and I think we probably
7 wouldn't have needed a Ravitch Commission had we
8 done that.

9 So, let's not waste another three
10 months fighting about the East River bridge tolls.
11 I think now is the time for you to go to Albany
12 and say forget about that part. Let's talk about
13 what the Comptroller was talking about. That's
14 something that people I think could support. It's
15 fair. And, I will just play devil's advocate for
16 a moment on my own point because I asked this
17 question of Chairman Ravitch when he was here
18 briefing Council Members. He said that the
19 registration fees would not be fair to the
20 gentleman in Putnam County who owns two SUVs and
21 never comes to the City of New York. Do you have
22 a response to that?

23 GENE RUSSIANOFF: You know, there
24 are currently seven or eight taxes that support
25 the operations and the capital program of the MTA.

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2 They represent a human history of tax policy in
3 the State over the last 30 years. So, many of
4 these issues are reasonable, debatable. I think
5 they're reasonable debates about imposing either a
6 payroll tax or a registration fee. So, for
7 example, registration fee, you might set them
8 lower for the outer counties, who rely less on
9 public transportation. And, I think that's
10 something worth entertaining as a notion.

11 And, on the payroll tax, you want
12 to try and make it as progressive as possible.
13 So, for example, you wouldn't have a cap like you
14 do for Social Security, where if you earn over
15 whatever the amount is currently, \$78,000, you pay
16 no more payroll tax. And, that's not very fair in
17 a City where a significant number of people earn
18 above that amount of money.

19 So, I guess, so, my answer to you
20 is that, you know, I think there are tax issues
21 that are raised. But, I think they're soluble.
22 And, I think they could be done in a way that
23 makes the tax as progressive as possible.

24 COUNCIL MEMBER FIDLER: And, last,
25 I just want-- the Chairman indicated this was a

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2 fact, you are aware of the fact that the tolling
3 of the East River bridges has absolutely no
4 bearing in the Ravitch Commission recommendations
5 on what the fare will be; that this is entirely--
6 that the fare subsidization will come exclusively
7 from the payroll tax. Do you gentlemen
8 acknowledge that? The three of you acknowledge
9 that?

10 GENE RUSSIANOFF: It's troubling to
11 me. It's another issue that I think will get
12 resolved through the political process. The MTA
13 does face an enormous crisis in its capital
14 program, \$25 plus billion program for which there
15 really isn't, as they say, a single hard dollar.
16 So, and, you know, they're all coins of the same
17 issue. The fare is how much you pay and service
18 cuts are what you get for what you pay. And the
19 capital program is whether you're riding on a 45-
20 year-old car that breaks down all the time and
21 you're getting poor service. So, but, you know, I
22 would admit that that's a issue of concern for us
23 about, you know, the money being in an untouchable
24 capital financing authority and not dealing with
25 the long term operating needs of the agency.

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2 COUNCIL MEMBER FIDLER: Point was
3 Mr. Ravitch was asked this question three times in
4 three different ways that the mitigation of the
5 fare increase comes in this package exclusively
6 from the payroll tax and not a penny of which is
7 coming from the proposed tolling of the East River
8 bridges. And, since we are all hoping to keep the
9 fare to the lowest possible feasible level, you
10 know, hanging up on the East River Tolls, again,
11 would be counterproductive, because it has nothing
12 to do with the fare mitigation.

13 KATE SLEVIN: But, I think you
14 can't look at them in a vacuum. I mean, the fare
15 is related to the service is related to the
16 capital program. So, you need all of them. And,
17 just looking at the fare as one issue, I think
18 that's a little bit limited.

19 COUNCIL MEMBER FIDLER: Well, but,
20 I think, you know, the people who are riding the
21 subways are, you know, at first, concerned with
22 the fare and second then, the service. I mean,
23 you know, clearly they're both important.

24 But, in terms of, again, coming to
25 that moment where we can solve a problem that has

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2 been insolvable before, I, again, urge you to look
3 at the solutions that really matter, the ones that
4 consensus can be built around. And, as
5 Mr. Russianoff said, let's not pick a fight over
6 something that's a non-starter. East River tolls
7 are a non-starter in this body. I am certainly of
8 the opinion that this body will have to vote on it
9 regardless of what the Commission believes right
10 now. I think it would be institutionally
11 outrageous for the City of New York to be able to
12 give away its bridges without an act of the City
13 legislature. I think it's a matter of government
14 that would be outrageous. So, let's move forward
15 and let's try and work together with the things
16 that we can agree on and we have agreed on that
17 would, in fact, solve the problem. Thank you.

18 CHAIRPERSON LIU: Thank you,
19 Council Member Fidler. We've been joined by
20 Council Member Daniel Garodnick. And, Council
21 Member Garodnick, would you like to vote on Intro
22 546-A?

23 COUNCIL MEMBER GARODNICK: I would,
24 thank you. And, I vote aye.

25 CHAIRPERSON LIU: Thank you.

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Questions from Council Member Vallone.

COUNCIL MEMBER VALLONE: Thank you,
Mr. Chair.

CHAIRPERSON LIU: I'm sorry, we've
also been joined by Council Members Al Vann of
Brooklyn and Robert Jackson of Manhattan. Council
Member Vallone.

COUNCIL MEMBER VALLONE: If Council
Member Fidler's going to be dipped in any do-do or
anything, I'd like my seat changed, please. Okay.
Actually, I'd just like to remind my esteemed
colleague, who I agree with, that bridge tolls are
not dead on arrival here, unfortunately. You and
I oppose them mightily, as did many of our
colleagues until the Mayor put some pressure on
and then, they folded like lawn chairs and
congestion pricing was actually approved to our
eternal regret here at City Hall. So, I think
it's outrageous that congestion pricing, you know,
did get approved in the first place here at City
Hall. But, it was. So, dead on arrival's
probably not a term I would use when it comes to
City Council and bridge tolls.

Now, we've determined that bridge

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2 tolls would bring in \$600 million. That would be
3 the net. What else would bring in \$600 million
4 that wouldn't cost New York City residents a cent?
5 Hmm. Oh, the commuter fee. This plan does not
6 include a commuter fee or a fee on residents who
7 use our services and have to pay for them. We
8 could have a commuter fee and not have bridge
9 tolls.

10 Now, I completely oppose bridge
11 tolls. But, we should not even be discussing them
12 until Albany returns the commuter tax to us, which
13 they stole from us in a political fight. We need
14 to have the political will to get our State
15 Legislators in Albany to opposed this plan, to
16 oppose the budget that Governor Paterson's going
17 to be unveiling, probably right now, unless,
18 unless it returns to us the commuter fee. Then,
19 we could not even be discussing bridge tolls.

20 What is your position on the
21 commuter tax?

22 GENE RUSSIANOFF: We would support
23 it. But, this comes under the heading of I don't
24 want to pick a fight. I mean, the payroll tax
25 seems to be, in the Ravitch report, a good way of

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2 addressing how do you get the business community
3 and the workforce to help pay at a very low rate.
4 And, it seems to me that that's the appropriate
5 thing to do. Having a fight with Albany about the
6 commuter tax, well, we support it. I mean, there
7 are a lot of things that Straphangers Campaign
8 supports. We do support bridge tolls. You're
9 going to disagree with us.

10 But, the real issue is what's in
11 play; what's a possibility. And so, I think I
12 commend the Ravitch Commission for recommending
13 something that, you know, I think makes sense from
14 a policy point of view and I think is hopefully
15 doable politically.

16 COUNCIL MEMBER VALLONE: Well, I
17 don't disagree. And, I'm upset that the commuter
18 tax is not apparently in play. It was stolen from
19 us for nothing but a political game up in Albany.
20 It should have been returned to us the second 9/11
21 happened. It was not. And, it's outrageous that
22 it's not in play. But, it should be. And, just
23 because it's not, I'm not going to go away. I'm
24 not going to stop talking about it. It should be
25 in play.

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2 Let me ask all of you, how much--
3 what percentage of state transit aid comes to New
4 York City?

5 GENE RUSSIANOFF: The last time I
6 checked, we got about 64% of the state aid for
7 transportation from Albany. And, we carried 84%
8 of the riding public.

9 COUNCIL MEMBER VALLONE: Yeah,
10 that's pretty--

11 GENE RUSSIANOFF: For the
12 statewide.

13 COUNCIL MEMBER VALLONE: -- much
14 confirmed my numbers. So, does this report, or do
15 you recommend, that-- does this report address
16 that? Or, do you recommend addressing that
17 additional piece of unfairness coming from Albany
18 to New York City?

19 GENE RUSSIANOFF: Well, you know,
20 again, it's easy for us to say yes. We've had
21 this grievance for, you know, about as long as the
22 educational people have had the grievance about
23 the mismatch between state aid and the number of
24 students we see. So, you know, to me, taking
25 money from other transit systems seems to be a

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2 non-starter. And, increasing the pot of money
3 from state aid that exists now is also-- this is
4 not an easy time to recommend those things, which
5 is why supporting new revenues, whether they be a
6 payroll tax or a registration fee or, again, for
7 our groups, even bridge tolls, seems to be the
8 most productive way to go.

9 COUNCIL MEMBER VALLONE: And, I
10 don't like this non-starter stuff. You're going
11 for the easy stuff. And, you're giving up on the
12 stuff that-- the fair stuff that Albany should be
13 giving New York City residents that wouldn't cost
14 New York City residents a dime. You guys are the
15 fighters.

16 GENE RUSSIANOFF: The criticism is
17 well taken. But, the MTA says that in March, it's
18 going to raise the fare probably from two to 2.50
19 and a 30-day Metro card from the current \$81 to
20 \$104. They're going to eliminate two subway lines
21 and shorten two more. They're going to eliminate
22 more than a dozen bus routes and scores of routes
23 around the City will have their nighttime hours
24 and their weekend hours reduced. And so, my goal
25 is to prevent that from happening in March. So,

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2 I'm happy to support policies that will go towards
3 making those service cuts and the enormity of that
4 fare increase reduced.

5 COUNCIL MEMBER VALLONE: I don't
6 respond well to hostage negotiations by the MTA.
7 If you don't give us this, we will hurt you. We
8 need to get fairness from Albany. And then, we
9 can discuss hurting New York City residents.
10 That's not happening yet.

11 KATE SLEVIN: But, the transit
12 system is regional in nature. Our economy is
13 regional. There's no reason why we should treat
14 New York City transit and the subways and buses as
15 an entity within themselves. They're connected to
16 the entire region, to the rest of downstate New
17 York, to New Jersey, to Connecticut. So, for us,
18 for our perspective, it has to be treated as such.

19 COUNCIL MEMBER VALLONE: I agree.
20 Lastly then, have you looked at the possibility of
21 exempting New York City residents from this tolls?

22 GENE RUSSIANOFF: No.

23 KATE SLEVIN: No.

24 COUNCIL MEMBER VALLONE: Would you-

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2 NOAH BUDNICK: If we did that, then
3 I guess we should exempt them from paying the
4 transit fare, you know, in the regional nature.
5 You know, again, this comes back to this theme of
6 that everybody who benefits from the systems needs
7 to contribute to the system. So--

8 COUNCIL MEMBER VALLONE: Oh, I
9 think the theme is more New York City residents
10 shouldn't be taxed any higher. And, that's
11 exactly what you guys are recommending is more
12 taxes on middle-class residents in Queens and the
13 outer boroughs. And, that's what we need to
14 avoid.

15 KATE SLEVIN: For the people who
16 really suffer are the people on the transit system
17 if we don't find revenues to pay for it.

18 COUNCIL MEMBER VALLONE: I found a
19 couple for you.

20 KATE SLEVIN: I mean, the people on
21 the transit system are the people who are
22 struggling as it is. People who are least likely
23 to be able to pay the bills, they're the ones we
24 need to protect and make sure that they have
25 adequate transit service and low fares.

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2 COUNCIL MEMBER VALLONE: I agree
3 completely. But, I found you the commuter tax. I
4 found you the tort reform, hundreds of millions of
5 dollars. How about collecting money from the
6 reservations which sell cigarettes illegally? We
7 could do that. That's \$10 million a week.
8 There's lots of things Albany can do that wouldn't
9 cost them a cent that would save-- that could be
10 used to save the system without taxing New York
11 City residents. And, I don't blame you three for
12 any of this. I appreciate the work you do. I
13 rely on your figures often. And, I wish you all
14 well with what you're doing. Thank you,
15 Mr. Chair.

16 CHAIRPERSON LIU: Thank you. Happy
17 Holidays. We have questions from Council Member
18 Gentile. We've been joined by Council Member Joel
19 Rivera of the Bronx. Council Member Gentile.

20 COUNCIL MEMBER GENTILE: Thank you.
21 Thank you, Mr. Chairman. You know, it troubles me
22 that we hear from advocacy groups the proposal in
23 the Ravitch report to toll East River bridges.
24 And, I think, I hope you're getting a picture that
25 you're running into a brick wall here when you

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talk--

GENE RUSSIANOFF: [Interposing] We lobbied for nearly a year on congestion pricing. We are aware that there are concerns about it.

COUNCIL MEMBER GENTILE: Okay. But, it troubles me to the extent that you talked about East River tolls, when, at the same time, you acknowledge that drivers have contributed to mass transit in tolls and in gas taxes. You said that in your testimony. We have the proposal, the increased registration fees, which is, as Council Member Fidler said, may be more palatable type of move we could make.

But, the question becomes when is enough enough? When is enough enough? I mean, drivers have contributed to the transit system. And now, we're asking them, through these proposals, to contribute by imposing tolls on the East River bridges. And, we do so at the same time, and I guess this is my point, that I don't hear advocacy groups talking about the issue of the MTA, through the bridges and tunnels and other mechanisms, diverting toll money that is collected on bridges within New York City and diverting

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2 money from the subway fares to go and subsidize
3 the fares on Long Island Railroad and Metro North
4 Railroad.

5 Where are the advocacy groups
6 talking about that and saying that that money
7 needs to stay in New York City? All I can say is
8 I understand that your constituency is larger than
9 New York City. But, that point has to be made,
10 that the diversion of money through the MTA,
11 'cause we give it to this regional authority, the
12 MTA, and diverting money that is collected by the
13 bridges and tolls within New York City and transit
14 fares going to Long Island Railroad and going to
15 Metro North Railroad to subsidize their fares is
16 untenable in this situation.

17 GENE RUSSIANOFF: Well, I'd say a
18 couple of things. One is, as you may be aware,
19 we've been very active in Albany challenging the
20 formula for splitting the surpluses from the
21 Triborough Bridge and Tunnel Authority bridges.
22 It is wrong that half the toll money from the
23 Verrazano Bridge, for example, should go to Long
24 Island Railroad and Metro North. We have been
25 stymied by the politics of Albany. And, you know,

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we've made that case.

Second of all, in the audience today is Ted Kheel, who is responsible for convincing the political powers that be back in the '60s that it made sense to do this because motorists get a huge benefit out of the existence of the transit system. Many of them may not feel that way. But, you know, 80% of the folks who come into Manhattan come in on MTA facilities. And, there would be nowhere to drive to. There would be no value if the City didn't have the extensive system that it has. And so, I think it's very appropriate, along with asking the riding public, which is tough for me to do, but, this is the way transit's been funded for 30 years, asking the drivers, the riders, businesses to contribute. And, unfortunately, it costs a lot to run a railroad.

COUNCIL MEMBER GENTILE: Yes, but, what you're asking to do now, you in your proposal and Ravitch proposal, is to take-- we're already taking money that's collected now within the MTA system, we're already taking monies collected now in New York City through bridges and tunnels,

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2 through the subway fare and we're diverting some
3 of that money over to Long Island Railroad and
4 Metro North Railroad to keep those fares low. And
5 now, you're asking us to add additional tolls from
6 New York City drivers in order to keep the transit
7 system in New York City right.

8 GENE RUSSIANOFF: Well, you know,
9 as I said, perhaps before you came to the hearing,
10 we're interested in the solution to this problem.
11 There are different ways of asking motorists to
12 pay, whether it's registration fees, or licensing
13 fees or tolls. We don't want to end up the
14 process like happened to congestion pricing, where
15 everybody was a loser. And, nothing moved
16 forward. I would hope that if tolls ever got to
17 be a serious issue in Albany, that State
18 Legislators from the City and City Legislators
19 would fight to change the split, the 50/50 split
20 that occurs now. It is largely City revenue.
21 And, it is wrong in that it's going to the suburbs
22 in the amount that it's going. So, you know,
23 another way to deal with it is not just to
24 denounce it, but to use the leverage to try and
25 get a better split.

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2 COUNCIL MEMBER GENTILE: Well, it's
3 interesting, 'cause Council Member Vallone just
4 listed some of the ways we could do other things,
5 including commuter tax, that would avoid any talk
6 of East River tolls. And, it seems to me that
7 that needs to be part of the advocacy groups'
8 whole package, commuter tax and the other things
9 that were just mentioned, I won't repeat them, in
10 addition to your thought about the East River
11 tolls. It seems to me that asking for East River
12 tolls and giving that money to the MTA, which
13 we've just said is diverting some of the money
14 they now collect to Long Island and to upstate New
15 York to the Metropolitan-- the suburban railroads,
16 to give them more money through East River tolls,
17 what is going to stop them from taking the East
18 River toll revenue and doing the same thing?

19 GENE RUSSIANOFF: The State
20 Legislature.

21 COUNCIL MEMBER GENTILE: By how
22 they construct it. What would make you think that
23 it would be different than the way--

24 GENE RUSSIANOFF: What we're
25 touching on is the constellation of factors that

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2 go into tax policy. And so, I'll tell you now.
3 We support the payroll tax and the car
4 registration fee suggested by Comptroller Thompson
5 as two of the prime ways of meeting the MTA's
6 needs. I think they meet a whole bunch of
7 political and substantive criteria.

8 But, you know, we also support
9 bridge tolls. We also, my group would support a
10 commuter tax. There's probably not a tax we
11 haven't met that we like. But, that doesn't mean
12 that that's going to fly either in this chamber or
13 in Albany. We're trying to come up with ideas
14 that will solve the problem by March, 'cause if
15 it's not solved by March, we'll be paying 2.50 a
16 ride, 104 bucks for a 30-day Metro card and
17 several subway lines will be eliminated and dozens
18 of bus routes will be downsized or eliminated.

19 COUNCIL MEMBER GENTILE: Well, I'll
20 end with this, Mr. Chairman. I think we're all on
21 the same side. We want the same things here.
22 But, I think it has to be said and has to be known
23 that there is a diversion of current revenue that
24 is collected by the MTA in New York City to
25 subsidize other operations that they run, namely

1 Long Island Railroad and Metro North Railroad.
2
3 And, we need to know this. The State Legislators
4 need to know this if we're voting, or they're
5 voting, on a package that would add additional
6 revenue coming from New York City through its
7 drivers or any other way.

8 GENE RUSSIANOFF: And, it's not the
9 MTA that makes those decisions. The State
10 Legislature decided back--

11 COUNCIL MEMBER GENTILE:
12 [Interposing] Well, through the formula. Through
13 the form--

14 GENE RUSSIANOFF: -- in '67 how to
15 divvy it up and hasn't changed the formula in 40
16 years. So, you can imagine my skepticism that
17 unless the City uses some of its leverage, that
18 that formula isn't going to change. And, your
19 leverage is East River bridge tolls. But, you
20 know, we disagree on the strategy of how you
21 change that really unfair formula. But, we agree
22 that the formula is not correct.

23 COUNCIL MEMBER GENTILE: Thank you,
24 Mr. Chairman.

25 CHAIRMAN LIU: Thank you, Council

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2 Member Gentile. Thank you to the panel. You guys
3 stepped up to the plate. And, we hope you'll be
4 out there advocating for our transit system, but
5 also, realizing that there are broader issues that
6 we have to deal with here. Thank you.

7 We have a slight change in our
8 order. I'd like to ask a panel consisting of
9 Richard Anderson from the New York Building
10 Congress, Denise Richardson of the General
11 Contractors' Association and Tiffany Raspberry of
12 the American Council of Engineers to testify.

13 CO-CHAIRMAN WEPRIN: We've also
14 been joined by our Majority Leader, Joel Rivera
15 from the Bronx and we have a special group in the
16 balcony from Council Member Maria Baez' district.
17 It's the fifth grade class, Mrs. Garcia's class
18 from PS 79 in the Bronx. Welcome.

19 CHAIRMAN LIU: Thank you.
20 Mr. Anderson, please proceed.

21 RICHARD ANDERSON: Mr. Chairman,
22 I'm Richard Anderson, President, New York
23 Building Congress. The Building Congress
24 appreciates this opportunity to express its
25 strong support for the recommendations made by

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2 the Commission on the Metropolitan
3 Transportation Authority financing in its report
4 to Governor Paterson.

5 To its considerable credit, the
6 MTA has pursued effective comprehensive capital
7 planning over the past 25 years. Combined with
8 multi-year financial plans, the results have
9 been a high-performing transit system that today
10 gives the New York region competitive strength
11 compared with urban centers in the United States
12 and worldwide.

13 The 2010-2014 Capital Plan is
14 expected to continue that tradition with a five-
15 year cost ranging from 25 to \$30 billion.
16 Funding this latest capital program will be a
17 difficult endeavor. But, the message is clear.
18 Existing funding mechanisms alone are
19 insufficient to grow, let alone maintain, the
20 reliable transit infrastructure on which the
21 economic health of our City and State depends.
22 This is why, in testimony given before the
23 Ravitch Commission at a public hearing in
24 September, the Building Congress advocated a new
25 financing strategy that involves diverse revenue

1 sources, reflecting the shared responsibility of
2 all who use and benefit from the transit system.
3 And no stakeholder should be exempt from paying
4 its fair share. We're pleased to hear this
5 morning that others share that view.

6
7 In carrying out its charge to
8 address the mounting financial pressures facing
9 the MTA as it strives to maintain its system,
10 complete ongoing expansion projects and pursue
11 further capacity expansion, the Commission has
12 devised a cohesive, balanced approach for
13 ensuring that many beneficiaries of a fully-
14 functioning, interconnected transportation network
15 pay their fair share to keep our subways and
16 roadways moving throughout the region. The
17 Commission wisely recommends the imposition of a
18 new regional Mobility Tax and tolling of Harlem
19 and East River bridges, which will add to existing
20 revenue sources, lessen the need for the MTA's
21 proposed steep fare and toll increases and spread
22 the burden for funding the MTA over the largest
23 number of stakeholders. Though sorely needed,
24 these two new funding sources have not been
25 recommended in a vacuum, but are part of a larger

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2 strategy. The Building Congress is especially
3 encouraged by the Commission's recommendations for
4 the creation of a lockbox within the newly-created
5 MTA Capital Finance Authority; new approaches to
6 promote the MTA's accountability; enhancing the
7 transparency and repairing the credibility of the
8 MTA; and expanding the regional bus network.

9 Now that the Commission has done
10 its work, the fate of the MTA's capital program
11 ultimately rests in Albany. Removing the
12 tolling of the Harlem and East River bridges or
13 any other recommendation, in our judgment, would
14 jeopardize the Commission's entire strategy,
15 with dire consequences.

16 The Building Congress,
17 Mr. Chairman, urges the City Council to endorse
18 these recommendations on their merits and urge
19 the State Legislature to act promptly to ensure
20 they are implemented early in 2009. Thank you.

21 CHAIRMAN LIU: Thank you.

22 DENISE RICHARDSON: Good morning.
23 My name is Denise Richardson. I am the Managing
24 Director of the General Contractors Association.
25 I'd like to thank the Council Members for this

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2 opportunity to testify today. Since 1909, the
3 General Contractors Association members have built
4 and rehabilitated the infrastructure that has
5 allowed New York City to grow and thrive. From
6 roads and bridges to mass transit and water and
7 sewer systems, GCA members are the public works
8 contractors who build New York. And, I wish to
9 express the GCA's wholehearted support for the
10 work and findings of the Ravitch Commission.

11 We know that the decisions will not
12 be easy. But, we recognize that the funding needs
13 are enormous and we will never solve these
14 problems without an even sharing of the costs by
15 all beneficiaries of the system. Both employers,
16 drivers, as well as mass transit riders, must and
17 must participate in their fair share of solving
18 the MTA's funding program, since we all benefit
19 from a robust and thriving transportation network.
20 A piecemeal approach to funding will only end up
21 creating larger burdens on a few segments of the
22 population and other industries rather than all
23 beneficiaries of the transportation network
24 sharing in the costs and operation of maintenance
25 of the system.

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2 Without the Ravitch Commission's
3 bold actions, the MTA will be forced to raise
4 fares, cut service and cut its capital programs.
5 Each of these options is devastating to the
6 economy of New York and we can all recall the days
7 in the 1970s and '80s when the system was
8 dysfunctional and the entire quality of life in
9 New York City suffered. We have seen over the
10 past 25 years the improvement in the transit
11 system, an increase in ridership and the
12 improvement in New York City's economy that was
13 tied directly to the improvements in the MTA. It
14 is very important, as we go forward, that we look
15 at the Ravitch Commission's findings, in their
16 totality, and come up with a comprehensive package
17 that will solve the MTA's capital program funding
18 and their operational constraints for the years to
19 come. Thank you very much.

20 CHAIRMAN LIU: Thank you.

21 TIFFANY RASPBERRY: Good morning,
22 Chairman Weprin, Chairman Liu and members of the
23 Finance and Transportation Committees. My name is
24 Tiffany Raspberry and I am here to speak on behalf
25 of the American Council of Engineering Companies

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2 of New York, Metropolitan Region. Thank you for
3 giving me the opportunity to address you today.

4 ACEC represents over 240 consulting
5 engineering firms throughout New York State with
6 the largest concentration of firms being located
7 in the five boroughs of New York City. ACEC New
8 York strongly supports the recommendations of the
9 Ravitch Commission and is willing to work with the
10 New York City Council and the Administration to
11 advance this plan. The MTA is facing both a huge
12 capital shortfall in its upcoming five-year
13 rebuilding plan and a projected operating deficit
14 for 2009. The City and state must act immediately
15 to remedy these conditions.

16 ACEC believes that the Ravitch
17 report provides many great recommendations for
18 saving our transit system. But, we need to move
19 quickly to address the long-term capital issues of
20 repair, maintenance and expansion. It is
21 important that we move forward with this agenda in
22 order to maintain jobs and stabilize the economy
23 during these hard economic times. Investing in
24 New York's infrastructure can be the catalyst to
25 jump start our economy.

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2 Nearly 70 years ago, FDR's New Deal
3 turned around the Great Depression, put millions
4 of Americans to work, and created a legacy for
5 projects that improved everyone's quality of life.
6 Investing in our transportation, environmental and
7 business infrastructure will create jobs, increase
8 tax revenues, improve our quality of life and get
9 this economy turned around. A plan that injects
10 five billion into the New York State economy, if
11 done right, will create more than 150,000 jobs
12 initially, and more than double that in spin-off
13 economies and related service and material
14 suppliers. This investment will also spin off new
15 property tax, sales tax and income tax that will
16 pay an immediate dividend of 10 to 20%, a great
17 return.

18 The additional reduction of
19 unemployed and uninsured will reduce other state
20 and local obligations, and the newly employed
21 population will likely spend in excess of \$3
22 billion each year in consumer and related
23 purchases. While improving the economy, this
24 program will provide needed rehabilitation and
25 improvements to our deteriorating infrastructure,

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2 which negatively impacts our health, impairs our
3 ability to compete nationally and internationally.

4 Challenging times require bold
5 leadership and vision. Action must be taken
6 quickly and thoughtfully. Projects need to be
7 started today. The next year's projects need to
8 be planned for and designed now. By investing in
9 transportation and infrastructure related
10 projects, New York can lead the nation out of the
11 recession, create needed in-state jobs, and
12 develop the necessary transportation,
13 environmental, energy and business infrastructure
14 that will create and attract jobs for the next
15 century.

16 I have attached a copy of ACEC's
17 White Paper entitled Infrastructure Investment
18 Will Help The New York State Economy for you
19 review. Thank you.

20 CHAIRMAN LIU: Thank you very much.
21 I want to thank this panel for their input. Thank
22 you. Next we'll hear from Claudia Preparata of
23 the Transport Workers Union and William Henderson
24 of the Permanent Citizens Advisory Council to the
25 MTA. They'll be followed by a panel consisting of

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2 Theodore Kheel and Charles Komanoff. Please
3 proceed.

4 CLAUDIA PREPARATA: Yeah, thank
5 you. Good Morning, Chairman Liu and Chairman
6 Weprin and other esteemed members of the two
7 Committees. My name is Claudia Preparata. I'm
8 Research Director at Transport Workers Union Local
9 100. I am here today on behalf of Roger
10 Toussaint.

11 Local 100 recommends Chairman
12 Ravitch and other members of the Commission for
13 taking on the task of coming up with proposals to
14 finance mass transit and avert a crisis that could
15 have severe repercussions for the regional
16 economy. This was a difficult undertaking and the
17 Commission did not shirk its responsibilities in
18 preparing a report that puts the issues squarely
19 on the table. The report advances important
20 principles such as new dedicated funding streams
21 for the MTA. We strongly support the Commission's
22 recommendations to implement a regional mobility
23 tax, or payroll tax, as it rests upon a principle
24 of equity. Employers benefit greatly from a
25 transit system that carries their workforce to and

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2 from work everyday, and therefore, their
3 responsibility to the system is an obvious one.

4 The current economic downturn shows
5 every sign of becoming deep and lengthy. Given
6 the MTA's extensive capital program on the one
7 hand, and chronic underinvestment by both the City
8 and the State on the other, the regional mobility
9 tax begins to address the MTA's funding crisis.

10 That said, we would also like to
11 raise several concerns with the report's
12 recommendations. First, the report proposes that
13 the regional mobility fee would be earmarked to
14 pay for new capital projects. This means that the
15 MTA's operating budget would not be called upon to
16 service new debt incurred by future capital work.
17 This seems sensible but there is also an important
18 omission. The operating budget is already
19 staggering under the burden of servicing debt
20 incurred by past capital spending. Without
21 relieving the existing debt pressure in any
22 significant manner in the short-term, the crisis
23 that has landed us here remains largely
24 unresolved. We believe there needs to be a
25 revenue stream dedicated to bringing down the

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2 MTA's current debt load which has already reached,
3 is currently at about 1.5 billion.

4 It is also unclear how much relief
5 the monies generated from the proposed tolling of
6 the Harlem and East River bridges could provide to
7 the MTA's current debt burden. As per the
8 Commission's report and as discussion in the first
9 panel, there's some ambiguity. The 600 million in
10 net revenue generated would be used for the upkeep
11 of bridges, to pay for costs of installing the
12 electronic toll system, as well as support
13 additional mass transit improvements. Our point
14 here, regardless of whatever revenue source is in
15 place is not enough emphasis is being put on
16 actually relieving the debt burden on the current
17 operating budget.

18 Second, we believe that the fare
19 should be detached from the budget balancing
20 process. In the absence of a variable pricing
21 fare that delivers relief to lower-income transit
22 users, incorporating the fare in the budget
23 balancing process represents a disproportionate
24 burden placed on lower-income transit riders.
25 Similar to the Mayor's objection to avoiding

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2 regressive increases in Express Bus fares, which
3 we agree with, this logic should be extended to
4 all lower-income New Yorkers. We recommend the
5 delivery of a discounted fare to lower-income
6 riders and a freeze in the fare balanced by a
7 commensurate increase in the proposed regional
8 mobility tax. The additional increase would be
9 imperceptible to employers.

10 Third, unions were not consulted on
11 the issue of creating a regional bus company.
12 Regional Bus was a failed subject of negotiations
13 in the past with various MTA Unions, as well as
14 rejected by the State Legislature. Although we
15 agree bus service needs to be bolstered, as
16 President Toussaint has stated, "such a major step
17 cannot be taken without appropriate scrutiny and
18 without negotiations with the unions concerned.
19 TWU will strongly and completely oppose any
20 attempt to accomplish this through the backdoor."

21 Lastly, with respect to the
22 report's governance recommendations, we advocate
23 for the elevation of riders as key stakeholders.
24 There should be a greater intersection of
25 interests between transit riders and members of

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2 the MTA Board, which could be addressed by
3 providing board members representing ridership
4 concerns with the ability to vote on matters
5 brought in front of the Board. And, the same
6 should be said for the Governor's appointed labor
7 seat. Thank you.

8 CHAIRMAN LIU: Thank you, Claudia.

9 WILLIAM HENDERSON: I'm Bill
10 Henderson. I'm the Executive Director of the
11 Permanent Citizens Advisory Committee to the MTA,
12 which is a coordinating body for three riders'
13 councils, representing the users of MTA services.

14 For many years, the PCAC has
15 advocated an open debate over the means by which
16 the MTA and its operating agencies would receive
17 funding. The longstanding position of our members
18 is that since fares can't support operating costs,
19 use of operating revenues to support debt service
20 is unwise. Anyone who looked at the MTA financial
21 plans and looked at the out years knew what was
22 coming; a rapidly increasing debt burden upon the
23 MTA system and its riders. The booming real
24 estate market and slippage in construction
25 schedules delayed the day of reckoning, but even

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2 before the present economic situation came to
3 fruition, it was clear that the MTA had a problem.

4 The Ravitch Commission has worked
5 in this context and worked very hard with limited
6 resources to craft reasonable, actionable
7 recommendations for reforming the funding of the
8 MTA. PCAC has examined these proposals, and,
9 while we haven't taken position on all the
10 Commission's recommendations, we begin our
11 comments with two basic principles. The first is
12 that we cannot support the implementation of the
13 2009 budget that will likely be adopted by the MTA
14 Board tomorrow, due to the impacts that it will
15 have upon riders. Instead, we must press for
16 reforms that will provide for adequate and
17 affordable public transportation for all. The
18 second is that we believe the Ravitch Commission's
19 recommendations must be the starting point in
20 developing a final resolution to the MTA's
21 operating and capital financing shortfalls.

22 We agree with the Commission on
23 many fundamental issues. We're optimistic
24 concerning the future of the region and believe
25 that we must continue to invest in the

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2 transportation system. We feel that the time to
3 act is now. The imposition of service cuts and
4 fare increases in the MTA's proposed 2009 budget
5 are unacceptable. But they will go into effect if
6 no other action is taken. PCAC further believes
7 that the 30-year-old social contract between the
8 beneficiaries of MTA services, where those who
9 receive benefits from the system pay for its
10 operation and maintenance, should continue. This
11 means that riders will pay, but also will drivers
12 and those businesses that depend on proximity to
13 transit and the mobility that it provides.

14 Also, like the Ravitch Commission,
15 we believe that the projects to be included in the
16 MTA Capital Program should be chosen through a
17 public, open and transparent planning process and
18 that any new revenues developed to fund these
19 projects should be placed in a lockbox so that
20 they are only available for projects properly
21 selected through the Capital Program planning
22 process. The members of PCAC have discussed and
23 support the Ravitch Commission's recommendation to
24 create a Capital Finance Authority to ensure that
25 the MTA lives within its means; that new revenues

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2 raised to provide for capital projects go to
3 support the Capital Program.

4 The PCAC likewise agrees with the
5 Ravitch Commission that the MTA must continue its
6 efforts to increase transparency and
7 accountability. As the Ravitch Commission's
8 report rightly notes, the MTA makes available a
9 variety of information, but it is often not in a
10 particularly useful form. We would like to see
11 the quality of reporting on finances improved. We
12 also share the Commission's conviction that the
13 MTA must commit to aggressive initiatives to
14 control costs and maximize productivity before the
15 public takes on additional financial burdens.
16 But, we agree that these efficiencies will not be
17 sufficient to eliminate the MTA's operating budget
18 deficit.

19 While the PCAC endorses the
20 division of responsibility for funding the MTA's
21 capital and operating needs among the
22 beneficiaries of its service, we have not taken a
23 position as to the specific funding sources the
24 Ravitch Commission has endorsed. However, we do
25 believe that these recommendations should be given

1
2 all due consideration and that they should not be
3 rejected out of hand. In the final analysis, the
4 important consideration is that the funding
5 mechanisms chosen should be feasible to implement
6 and spread the burden of paying for transit among
7 its beneficiaries.

8 We believe that this should be the
9 starting point for implementing an MTA funding
10 package that shares burdens equitably among all
11 those who benefit. We're adamant that these
12 recommendations be given due consideration, but in
13 the end we do not necessarily oppose alternative
14 actions that achieve the same goal. One thing is
15 clear, doing nothing is not a feasible
16 alternative. We demand that our elected
17 representatives support a process that leads to a
18 constructive and timely resolution of the MTA's
19 funding crisis. Thank you.

20 CHAIRMAN LIU: Thank you very much,
21 Mr. Henderson. And, thank you, Ms. Preparata.
22 Next, we'd like to call up Mr. Ted Kheel and
23 Mr. Charles Komanoff to testify on what has been
24 dubbed the Kheel Plan. Next, we will invite a
25 panel consisting of Carl Hum of the Brooklyn

1
2 Chamber of Commerce, Jack Friedman of the Queen's
3 Chamber of Commerce and Linda Baran of the Staten
4 Island Chamber of Commerce.

5 TED KHEEL: Should I proceed?

6 CHAIRMAN LIU: Yes, please,
7 Mr. Kheel.

8 TED KHEEL: Thank you very much for
9 this opportunity to speak on the subject of
10 transit, something that I've been involved with in
11 New York City since when I went to work for Mayor
12 William O'Dwyer in 1945. Surprisingly, I'm still
13 around and have some thoughts on transportation,
14 which has occupied me in the intervening years.

15 What I would like to do, first of
16 all, is to thank Mr. Ravitch for the report he
17 submitted. I know Dick Ravitch very well. He's a
18 great public servant. And, he did precisely what
19 he was asked to do; namely, how to finance the
20 Metropolitan Transportation Authority. And, he
21 did it in a very credible way.

22 What he didn't do, and he wasn't
23 asked to do, is to consider the impact of an
24 increase in the MTA on the City's transportation
25 system, which also includes the automobile. That

1
2 is a factor existing throughout the world that is
3 causing what is called congestion pricing. And, I
4 respectfully submit that a sound transportation
5 policy cannot be fashioned without consideration
6 of the automobile and its impact on moving people
7 around the City.

8 Now, we have taken, we being a
9 nonprofit organization, we have undertaken to
10 address the question of transportation in all its
11 manifestations including automobile transportation
12 and what it is doing in causing congestion in New
13 York City. This has been under the direction of
14 Charles Komanoff, who is with me here. And, I'd
15 like to have Charlie tell you of an approach that
16 takes into account the problem Richard Ravitch was
17 asked to address. And, it's, at the same time,
18 fashions a policy of transportation that is good
19 for the City in its entirety by taking the
20 automobile into account. Would you proceed,
21 Charlie?

22 CHARLES KOMANOFF: Thank you, Ted.
23 Thank you, Chairman Liu and Chairman Weprin.
24 Our City and region have a transit-finance
25 problem, a traffic problem, and, now, a sick

1
2 economy. The Ravitch Plan cures the first but
3 ignores the second and worsens the third with a
4 payroll tax. Can't we do better? Can't we attack
5 all three problems and begin solving them
6 simultaneously? As a matter of fact, we can, with
7 the plan I helped Ted Kheel create.

8 Here's what the Kheel Plan will
9 accomplish. One, it will make all New York City
10 Transit buses free, all the time. Second, it will
11 slash subway fares an average of 75%. Three, it
12 will reduce rush-hour crowding on buses and
13 subways. Four, improve daytime traffic speeds in
14 the Manhattan Central Business District by one-
15 third. And, five, generate enough net revenue,
16 over a billion dollars a year, to wipe out more
17 than 80% of the MTA deficit; all this with no new
18 taxes. I have nothing against intelligent taxes
19 and neither does Ted. New tax revenue is going to
20 be needed regardless for the state budget deficit.
21 Let's use transportation to fund transportation.

22 The Kheel Plan works instead by
23 establishing an integrated set of price incentives
24 to use our trains, buses and automobiles more
25 efficiently. Here are the Kheel Plan's four main

1
2 elements. Number one, zero bus fares. This not
3 only supports bus riders, it also improves bus
4 service and labor productivity by dispensing with
5 the need to board and swipe at the front. This
6 does away with the human gridlock at the bus
7 entrance that adds 15% to bus travel times.

8 Element number two, a time-varied
9 and always-lower subway fare. The Kheel Plan
10 proposes zero fare on weekends and holidays, at
11 night, and between rush hours. A fare would be
12 charged only in rush hour, between 7 and 10 a.m.
13 and between 4 and 7 p.m. Even in rush hour, the
14 Kheel Plan subway fare would range from just \$0.50
15 to a buck and a quarter. Varying the subway fare
16 in this way will give riders incentive to switch
17 their time of travel. Our modeling suggests that
18 with the Kheel Plan, subway use will rise during
19 20 hours of the day, remain flat for 2 hours, and
20 fall during the two most-crowded hours, eight to 9
21 a.m. and five to 6 p.m. Riders who can switch to
22 a lower-fare period will save the most money.
23 But, riders who can't or don't switch will still
24 pay less than they do now and get a less crowded
25 ride.

1
2 Element number three, a time-varied
3 congestion toll to drive into the Manhattan CBD.
4 Unlike the Mayor's congestion toll, our toll
5 varies by time of day. Drivers will have a
6 monetary incentive to time-shift their trips out
7 of the most crowded times. In addition, unlike
8 the Mayor's toll and Mr. Ravitch's toll, our toll
9 will affect all drivers equally, wherever they
10 live. There will be no offset of existing tolls,
11 so that drivers from New Jersey, Westchester, Long
12 Island, Brooklyn and Queens will all pay the same
13 toll. It starts at \$5 and averages \$16.

14 Expensive? Yes. But it still amounts to less
15 than the time costs each trip into the Central
16 Business District now imposes on other drivers.
17 Our toll raises most of the funds needed for free
18 buses and discounted subways and dramatically cuts
19 auto traffic into the heart of the City, vastly
20 improving travel speeds and giving drivers quicker
21 journeys and more predictable arrival times.

22 Fourth and last, a surcharge on
23 medallion taxi fares. It's not practical for
24 Yellow cabs to pay the congestion toll. But their
25 mileage must be tolled to avoid creating a huge

1
2 loophole for Manhattan residents, who use taxis
3 the most, and to generate much-needed revenue. We
4 estimate that a 50% fare surcharge will generate
5 \$700 million a year in new revenue.

6 The Kheel Plan won't saddle us with
7 another tax. But, it will fund the MTA, improve
8 transit service and auto travel, and make our City
9 and region more efficient and more livable. Thank
10 you.

11 CHAIRMAN LIU: Thank you very much
12 for your testimony. As usual, it's, shall we say,
13 visionary. But, your plan, as you testified to,
14 includes a great deal-- includes many figures and
15 statistics on costs as well as ridership levels.
16 Are your numbers credible?

17 CHARLES KOMANOFF: We certainly
18 believe so. But, you can test our plan. It's on
19 the web. In fact, I've got a visual that I meant
20 to bring up with me. Our spreadsheet is on the
21 worldwide web. Anybody can run it. You can test
22 your own fare structures and toll structure. And,
23 I also am not bashful about saying that over the
24 past month, some of the good people at the
25 Regional Plan Association who were helping Dick

1
2 Ravitch generate his revenue numbers, not traffic
3 numbers, but just revenue numbers used a piece of
4 our software. So, they found those elements
5 credible. We think you will find the same.

6 TED KHEEL: I would like to say, as
7 the Mayoral election comes into focus, that this
8 question of transportation will be, has to be, one
9 of the principal items in the campaign. And, our
10 Foundation will be available to provide any
11 candidate of any party with information on this
12 issue; this very serious issue, which is not
13 confined to New York City alone. It's a worldwide
14 issue. It should have been part of the campaign
15 for the selection of our presidential candidates.
16 It is a most serious problem. And, we will be
17 available without cost to any candidate who wishes
18 to get further information on this serious issue
19 during the forthcoming Mayoral election.

20 CHAIRMAN LIU: Thank you very much.
21 And so, you're saying that the Regional Plan
22 Association agrees with your numbers with regard
23 to costs?

24 CHARLES KOMANOFF: Let me, because
25 this is important. First of all, RPA is in no way

1
2 endorsing our Plan. We hope, at some point, they
3 might do so. But, they have not done so. And,
4 I'm not representing that. They used our
5 spreadsheet to run revenue calculations for
6 certain scenarios that were looked at by the
7 Ravitch Commission. And, they did this after
8 testing the software and finding it credible.
9 Now, that doesn't mean that they used every nook
10 and cranny of the software. And, they haven't
11 validated our congestion conclusions. But, I
12 think that RPA would tell you, if you asked them,
13 that the revenue numbers in our plan hold
14 together.

15 CHAIRMAN LIU: What about the
16 traffic movement plans and the transit usage, the
17 figures, 'cause you obviously have to build in the
18 usage levels? And, when you alter the pricing
19 scheme by time of day, where do those numbers come
20 from?

21 CHARLES KOMANOFF: Let me answer in
22 two parts. One is we believe that we've been
23 conservative and rigorous in all of our modeling.
24 For example, when you toll the roads, the usage of
25 the roads drops off somewhat. That then

1
2 encourages more trips because the time cost of
3 travel has fallen. We have that in our model. In
4 fact, we have a kind of pendulum; impose a toll,
5 traffic drops off, some trips come back in, so
6 then the traffic increases; some trips then leave.
7 And, the pendulum swings back and forth about a
8 dozen times in our model before it reaches
9 equilibrium. So, we've done that.

10 As to the time preferences of
11 drivers and transit users, we relied on a number
12 of sources; but, primarily on the study that the
13 Port Authority did to analyze what happened in
14 2001, before 9/11, when the Port Authority
15 instituted time of day pricing on the Hudson River
16 crossings. And, it with suitable adjustments for
17 the different fare levels of subways versus the
18 toll levels of bridges and tunnels, we relied on
19 that study by the Port Authority.

20 TED KHEEL: As Charlie mentioned,
21 we have our plan on the web. And, it's live and
22 you can access it at nynnurture--

23 CHARLES KOMANOFF: No, it's
24 actually-- Ted, we made it easier. It's
25 kheelplan.org. And, you know, we're in the spirit

1
2 of open source. The model is there so you can see
3 if we did it right. More importantly, you can run
4 your own-- make your own plan and maybe you'll
5 come up with something even better than we have.

6 TED KHEEL: We are working on the
7 plan. Charlie is working on the plan so that
8 it'll be usable in any city in the world. This is
9 a worldwide problem, as I mentioned. And, it
10 should be addressed with the seriousness of the
11 problem itself for all cities, all significantly
12 large cities of the world.

13 CHAIRMAN LIU: Thank you. Thank
14 you, gentlemen, for joining us today.

15 CHARLES KOMANOFF: Thank you.

16 CHAIRMAN LIU: Let's next call up
17 our panel of officials of various Chambers of
18 Commerce, the Brooklyn Chamber, the Queens Chamber
19 and the Staten Island Chamber. They will be
20 joined-- following this panel, we'll have
21 testimony from Kathy Wylde, the President of the
22 New York City Partnership. And, following
23 Miss Wylde, we will hear from Chairman Dick
24 Ravitch of the Ravitch Commission.

25 We've been joined by Council Member

1
2 Leroy Comrie of Queens and also Council Member
3 Michael McMahon of Staten Island. And, we'd like
4 to ask Council Member McMahon if he'd like to vote
5 on Intro 546-A.

6 COUNCIL MEMBER McMAHON: Yes, I
7 would, Mr. Chairman. I vote yes.

8 CHAIRMAN LIU: Thank you, Council
9 Member McMahon. I guess, Mr. Hum, you were here
10 the earliest this morning. Please proceed.

11 CARL HUM: Good morning Chairman
12 Liu, Chairman Weprin, Members of the
13 Transportation and Finance Committees. My name is
14 Carl Hum. I am the President and CEO of the
15 Brooklyn Chamber of Commerce, an organization
16 dedicated to supporting and advocating for our
17 1,500 members, and promoting a healthy and robust
18 business environment. Thank you for this
19 opportunity to comment on the recommendations made
20 by the Ravitch Commission. The Chamber
21 appreciates the hard work performed by the
22 Commission. Ensuring the public transportation
23 network's health and sustainability is a vital
24 business priority for the Chamber, as
25 approximately 90% of our Members' employees rely

1
2 upon public transportation to get to work.

3 The Chamber's also pleased that the
4 Commission recommended improving bus service
5 throughout the region. Among the areas that
6 Chamber members identified a need for improved bus
7 service because subway access is limited are, Boro
8 Park, Brownsville, Bushwick, East New York,
9 Greenpoint, Red Hook, Crown Heights, Dyker
10 Heights, Bay Ridge and the list goes on to include
11 Bensonhurst, Mill Basin and Midwood.

12 The Chamber also supports the
13 Commission's recommendations to strengthen the
14 MTA's governance, and increase transparency and
15 accountability. Through these initiatives, we are
16 hopeful that additional cost savings could be
17 realized and used to offset debt service
18 obligations.

19 Again, the Chamber is thankful that
20 the important dialogue about financing our public
21 transportation system has begun but we feel that
22 Brooklyn and small businesses, in particular, are
23 being asked to unfairly shoulder the burden. And,
24 particularly two areas, and let me go over each
25 area, the East and Harlem River bridge tolls. The

1
2 imposition of cashless tolling on the East and
3 Harlem River bridges will disproportionately
4 affect Brooklyn, its businesses, its residents and
5 our Members. This pricing strategy may encourage
6 the casual motorist to use public transportation
7 rather than paying the cost to cross the bridge.
8 However, for some, such a choice does not exist.
9 It is difficult to deliver glass window panes from
10 Williamsburg to new housing in upper Manhattan or
11 to deliver trays of freshly-baked bagels from
12 Flatlands/Fairfield to a business conference in
13 Midtown Manhattan using public transportation.

14 Over half of our members use cars
15 or trucks to deliver their goods and services.
16 For these members and other Brooklyn businesses,
17 public transportation is not an option. They must
18 use the bridges. This strategy would only add
19 another financial burden to the already high cost
20 of doing business in New York City. While the
21 Chamber would prefer not to see any tolling of the
22 bridges, the Chamber strongly recommends
23 exceptions be made for business purposes.

24 Regional mobility tax; in a recent
25 report by the Public Policy Institute of New York

1 State, our state ranks almost dead last, 49 out of
2 50 states, for business-friendly tax climate.

3 And, according to last year's report by the
4 Citizens' Budget Commission, local taxes make New
5 York City a particularly high-tax liability
6 locality, more than twice as high as in
7 Westchester County. The regional mobility tax is
8 just another tax to burnish the image of our
9 region as inhospitable to businesses.

10
11 The Commission recommends that the
12 regional mobility tax be imposed on all businesses
13 regardless of nature or size, and makes no
14 exception for self-employed individuals. This tax
15 would be particularly difficult for small business
16 and the burgeoning base of self-employed in
17 Brooklyn, who are already bearing the brunt of the
18 tight fiscal market. For Brooklyn's many self-
19 employed individuals, the regional mobility tax
20 would amount to an increase in their income tax.

21 We urge the Commission to look at
22 alternative means to raise the important funds to
23 stabilize and sustain our public transportation
24 system. And, some of these could include imposing
25 registration surcharges on energy-inefficient

2 vehicles and re-instituting the commuter tax as
3 supported by Councilmens Weprin and Vallone.

4 The Chamber appreciates this
5 opportunity to comment on this important issue and
6 looks forward to participating in this important
7 discussion.

8 CHAIRPERSON LIU: Thank you,
9 Mr. Hum. Mr. Friedman.

10 JACK FRIEDMAN: Chairman Liu,
11 Council Members Garodnick and Brewer, thank you
12 very much. My name is Jack Friedman. I'm
13 Executive Vice President of the Queens Chamber of
14 Commerce. And, testifying today on behalf of the
15 Chamber and its 1,500 members. While this past
16 week marked my one-year anniversary at the Queens
17 Chamber and the first time I am legally allowed to
18 speak before this body, it also seems like a déjà
19 vu moment because the Ravitch Commission's plan to
20 toll crossings from the outer boroughs is nothing
21 more than a new congestion pricing scheme. In
22 fact, in some ways this proposal is even worse as
23 we are now being asked to bail out the MTA without
24 first seeing that they are capable and willing to
25 clean up their own house. Sound familiar? Did

1
2 anyone say the Big Three automakers or banks sub-
3 prime mortgage mess?

4 We certainly recognize the
5 situation the MTA finds itself in. This is an
6 organization that was running in the red well
7 before the current economic spiral which has done
8 nothing but exasperate an already dreadful
9 situation. We recognize a need to find a formula
10 that not only increases revenues, but reduces
11 expenses. We recognize that simply opposing tolls
12 on outer borough crossings is not enough without
13 sound, reasonable suggestions of our own.

14 The problem is that it's bad policy
15 to impose a regressive tax that unfairly and
16 disproportionately affects residents in the three
17 boroughs of our City. Many low and middle-class
18 residents and a huge number of small businesses
19 come from the outer boroughs. And, many of these
20 same people are underserved or have limited access
21 to mass transit. Once again, these same
22 businesses and residents are being asked to carry
23 the lion's share of the responsibility of bailing
24 out the MTA.

25 We've heard it all before. The

1
2 Commission promises that any new tolls will be
3 preceded by improved mass transit and better
4 commuting options for outer borough residents. If
5 that were true, why hasn't the MTA made any
6 progress in that area since the start of
7 congestion pricing discussions more than two years
8 ago? The reason is simple. It can't, and won't,
9 be done. The MTA is busy just trying to stay
10 afloat that any guarantees of investments to our
11 mass transit infrastructure, prior to the raising
12 of capital is insincere and disingenuous. The
13 Queens Chamber of Commerce suggests putting the
14 cart before the horse and asks the MTA to make
15 those improvements that will allow our residents a
16 real transit option before coming to us to rescue
17 your agency on our backs.

18 Further, businesses making
19 deliveries into Manhattan and points west don't
20 even have that as an option. Just as spending
21 millions of dollars on infrastructure to collect
22 congestion tax revenues would have been
23 ineffective, tolling outer borough bridges is just
24 as inefficient. To spend \$400 million to collect
25 \$1 billion in tolls is entirely wasteful. The

1
2 fairness argument raised during the misguided
3 efforts of imposing a congestion tax still applies
4 in taxing bridges. The bottom line is tolls choke
5 the economy and are bad for business.

6 We need to find a way to distribute
7 the responsibility of filling the MTA budget gaps
8 fairly and equally. Some, like Councilman
9 Gentile, say that the MTA needs to stop
10 subsidizing the Metro-North and Long Island
11 Railroads with City revenues. Other interesting
12 proposals that deserve serious consideration are a
13 progressive commuter tax, a return of the commuter
14 tax, or Comptroller Thompson's car registration
15 proposal, which would raise adequate revenue
16 without unduly burdening New York's outer
17 boroughs.

18 The bottom line is the Ravitch plan
19 to toll bridges is a regressive tax on the middle
20 class, would negatively impact small business
21 owners in Bronx, Brooklyn, and Queens and is
22 nothing more than another congestion pricing
23 scheme. The Queens Chamber of Commerce vehemently
24 opposes tolls of any kind on the outer borough
25 crossings into Manhattan and urges the City

1
2 Council to use their authority to defeat this ill-
3 advised measure.

4 CHAIRPERSON LIU: Thank you,
5 Mr. Friedman. Please proceed.

6 LINDA BARAN: Good afternoon. My
7 name is Linda Baran, President of the Staten
8 Island Chamber of Commerce. On behalf of the
9 Chamber Board of Directors and our 900 members who
10 represent 20,000 employees, I would like to thank
11 Speaker Quinn, Chairman Weprin, Chairman Liu and
12 the members of the City Council for allowing me
13 the opportunity to testify on this important
14 issue.

15 It seems like just yesterday the
16 Staten Island Chamber of Commerce was testifying
17 on congestion pricing. Here we are again just a
18 few months later discussing how mass transit
19 services may be funded in our region. Before I
20 express my opinion, I would like to state that the
21 Commission clearly did a thorough job examining
22 the plight of the MTA and should be commended for
23 their due diligence.

24 My testimony's a little different
25 than my colleagues. I sit here today representing

1
2 small business owners and residents from the
3 county that pays the highest tolls in the country;
4 but also endures the longest commute. I repeat;
5 the highest tolls and the longest commute. In
6 fact, if Staten Island was the 51st state, it would
7 rank seventh in toll revenue generated in the
8 United States, just behind Illinois and ahead of
9 Texas. That's right, folks. There is
10 approximately 300,000 more per year collected on
11 Staten Island than in all of Texas.

12 It seemed that the catch phrase
13 throughout the congestion pricing debate was fair
14 and equitable. More recently, with the Ravitch
15 Commission, I have heard the term share the
16 burden. Well, on behalf of the Staten Island
17 businesses and residents alike, let me state for
18 the record that it has not been fair and equitable
19 for decades and that Staten Island has borne the
20 brunt of the burden in this City regarding tolls.
21 When the Verrazano Bridge toll is raised every few
22 years, it doesn't seem to spark the same level of
23 outrage. Sharing the burden doesn't seem to apply
24 at those hearings at the College of Staten Island
25 and the Petrides High School.

1
2 On behalf of everyone in our
3 borough, I extend a big you're welcome. I know I
4 am laying the sarcasm on pretty thick here. But,
5 I am really losing my patience with those who
6 think it is okay that Staten Island businesses and
7 residents must pay to leave the borough while
8 others in this City must not be charged. Does
9 that sound fair and equitable to you? Obviously,
10 the Chamber favors the tolling of East River and
11 Harlem bridges as opposed to raising existing
12 tolls, like \$10 toll on the Verrazano, or fares
13 such as the \$5 express bus fare.

14 The other recommendation of the
15 report that I would like to address in a bit
16 detail is the regional mobility tax, better known
17 as the payroll tax. This stream of income would
18 be in addition to several region-wide taxes that
19 are already dedicated to the MTA. These taxes
20 include a 17% surcharge on business income taxes,
21 0.375% on all sales tax collected, mortgage
22 recording taxes, and half of the state's petroleum
23 business tax receipts. Quite simply, placing an
24 additional burden on businesses operating in the
25 highest cost of doing business state in America is

1
2 the wrong move. I am aware that several states
3 impose payroll taxes, including neighboring states
4 like New Jersey and Pennsylvania. But, it should
5 be pointed out that those states do not impose the
6 local income taxes that our businesses and
7 residents endure here in New York.

8 I would counter that a 0.25%
9 commuter tax should be re-instituted before a
10 payroll tax is imposed. It is critical in this
11 economy that government works with businesses to
12 create jobs and not create an increased fiscal
13 burden which precludes them from expanding their
14 workforce. A commuter tax combined with new tolls
15 will generate approximately 1.5 billion per year.
16 That income, combined with other recommendations
17 made in the report and by members of this
18 legislative body, should be enough to maintain the
19 current fare structure while allowing the MTA to
20 move ahead with aspects of their capital plan.
21 The Chamber acknowledges, going forward, that
22 there needs to be increased federal commitment to
23 infrastructure as well to increase the MTA's
24 standard of service.

25 Before I conclude, I would also

1
2 like to propose that commercial toll rates are
3 heavily scrutinized prior to the passage of any
4 legislation. Mayor Bloomberg had proposed a cap
5 of \$30 per 24 hours for a commercial vehicle with
6 E-Z PASS in his congestion pricing plan and the
7 Chamber feels that this type of cost structure
8 should be replicated before anything is finalized.
9 If a plan goes through without considering the
10 commercial impact, it could be a huge unforeseen
11 expense for businesses. I would just reiterate
12 that is not the prudent thing to do in this
13 recession or anytime for that matter.

14 I thank you for allowing me the
15 time and I hope that you will invoke fair and
16 equitable legislation whereby all residents and
17 businesses in the MTA region share the burden
18 evenly. Thank you very much.

19 CHAIRPERSON LIU: Thank you very
20 much. I do have a question for you. But, I want
21 to note that we've been joined by Council Members
22 Brewer of Manhattan and Reyna of Brooklyn and
23 Queens. And, I'd like to invite Council Member
24 Reyna to vote on Intro 546-A.

25 COUNCIL MEMBER REYNA: Thank you,

1
2 Mr. Chair. I vote aye.

3 CHAIRPERSON LIU: Thank you very
4 much, Council Member Reyna. And, we've also been
5 joined by Council Member Jessica Lappin. I'd like
6 to invite her, if she would like, to vote on Intro
7 546-A. Let me ask the question first.

8 COUNCIL MEMBER LAPPIN: Yes
9 [Pause].

10 CHAIRPERSON LIU: Thank you,
11 Council Member Lappin votes yes on Intro 546-A.

12 COUNCIL MEMBER LAPPIN: Aye.

13 CHAIRPERSON LIU: Thank you. The
14 vote stands at 10 in the affirmative, zero in the
15 negative on Intro 546-A. That would suspend
16 alternate side parking on certain snow days where
17 street cleaning operations are suspended.

18 Ms. Baran, we appreciate your
19 testimony. And, just to get some clarification
20 because there has been a great deal of sentiment
21 from residents of Staten Island, I think
22 rightfully so, frustration that the Island is
23 landlocked and you can't drive off the Island
24 without paying something.

25 LINDA BARAN: Right. And, we don't

2 have a rail system either. So, we don't have the
3 mass transit options that the other boroughs have.

4 CHAIRPERSON LIU: Right, although
5 just to be fair, I will note that the Staten
6 Island Ferry has, for quite some time, been
7 totally free for passengers.

8 LINDA BARAN: That's true. But, it
9 only serves a certain group of people on Staten
10 Island.

11 CHAIRPERSON LIU: Okay. So, I
12 don't think there's any effort to increase the
13 Verrazana Narrows Bridge tolls in order to keep
14 the other East River and Harlem River crossings
15 free. I guess my question is if those East River
16 crossings are now tolled, doesn't that also have
17 an impact, an additional impact, on Staten Island
18 residents, however unfair the Verrazano Narrows
19 Bridge toll may be today?

20 LINDA BARAN: It will have even
21 more of an impact because you pay over the
22 Verrazano and then, if you go through the tunnel,
23 you're paying twice. But now, if you charge on
24 the Brooklyn Bridge per se, you're going to be hit
25 with the Verrazano Bridge and the Brooklyn Bridge.

1
2 That's why in the end of my testimony, I talked
3 about what the Mayor had proposed in the
4 congestion pricing as far as a cap for businesses.

5 CHAIRPERSON LIU: I see. Okay.
6 Well, that clarifies it. So, seems that you would
7 be against the bridge tolls also, unless there was
8 some kind of daily cap.

9 LINDA BARAN: Well, I think I just
10 really think that we should share the burden. I
11 mean, if all of the bridges are going to be looked
12 at, then include Staten Island in that scheme and
13 figure out a way that everybody pays their fair
14 share.

15 CHAIRPERSON LIU: All right. Well,
16 thank you very much. We want to thank this panel
17 of experts for testifying today.

18 LINDA BARAN: [Crosstalk]

19 CHAIRPERSON LIU: Thank you. We'd
20 like to call Kathryn Wylde, President of the New
21 York City Partnership. Miss Wylde's testimony
22 will then be followed by testimony from Richard
23 Ravitch, Chairperson of the Ravitch Commission.
24 Miss Wylde, thank you for joining us.

25 KATHRYN WYLDE: Thank you, Chairman

1
2 Liu and Committee members. Pleasure to be here.
3 I'm testifying on the Ravitch Commission report in
4 terms of the Partnership's position, the business
5 community regards maintaining an excellent public
6 transit system as absolutely essential to our
7 economy. And, we certainly applaud the Commission
8 for coming up with a fair and balanced approach to
9 generating revenue to support the MTA over the
10 next years.

11 This plan is controversial with
12 just about everybody, which probably means it's a
13 pretty good plan. Our constituency, like
14 everybody else, objects to some aspects of the
15 plan. But, taken as a whole, we think it is
16 probably the fairest way to assess the region for
17 transit funding. The proposed funding formula
18 places a relatively greater burden on employers
19 and particularly working people, greater than it
20 does on users of mass transit, including students,
21 seniors, tourists and leisure travelers. Other
22 localities in the U.S. and around the world
23 generate more income from fares than the MTA.

24 I would note that the Partnership
25 supported congestion pricing as a more equitable

1
2 approach to traffic management than East and
3 Harlem River bridge tolls. However, ultimately,
4 congestion pricing did not raise enough net
5 revenue to fill the MTA funding gap. And, the
6 tolls, particularly I think if they are two-way
7 tolls and I'm not sure that's been discussed one
8 way or another, but certainly as two-way tolls,
9 they would overcome the notion that this was
10 somehow penalizing the borough residents.

11 So, the plan is imperfect. But, it
12 is a compromise that our members are generally
13 willing to accept and support if it is adopted as
14 a complete package.

15 The regional payroll tax or
16 mobility tax is, of course, most controversial
17 because it tends to be a tax on jobs with our
18 membership. The broad-base, though, of that tax
19 that includes government and nonprofit employers,
20 who are affected, helps assure us that this will
21 not be a modest tax at the start and with constant
22 revenue raisers. So, this is a very important
23 selling point to the business community that it
24 will be broad-based and every employer, private
25 and nonprofit and public, will be affected.

1
2 The business community is already
3 funding the MTA through a surcharge on the
4 corporate franchise tax, representing about 7% of
5 the MTA budget, or about \$737 million in 2007.
6 But, we support this additional mobility tax as a
7 way to close the budget gap.

8 We also support the recommendation
9 for independent budgets office and the Office of
10 the State Comptroller having review and comment on
11 the MTA budget and financial plans. We think that
12 the input of the Comptrollers office, in
13 particular, has been important in the past; not
14 much attention has been paid to it. We think more
15 needs to be done in that direction.

16 In terms of governance, we endorse
17 the recommendation that the Chairman and Executive
18 Director roles be reunited. We would go further
19 than the Commission and support legislation to
20 consolidate the six agencies that operate under
21 the MTA jurisdiction and believe that the MTA
22 could realize significant savings through that
23 effort. We also think New York City should have
24 more voting representatives on the Board of the
25 MTA. And, we think that the role of the City, the

1
2 Mayor and the Governor can participate together in
3 oversight and accountability for management of a
4 system that frequently seems captive to anonymous
5 bureaucratic forces.

6 We support the increase in
7 upgrading and expanding bus service and bus rapid
8 transit as extremely important. We would add to
9 that ferry service, which we believe, as we
10 proposed in 2004, the MTA should take
11 responsibility for managing as part of the
12 regional public transit system and not as simply a
13 private convenience.

14 These expanded services, I think,
15 should go first to communities that are affected
16 by new tolls on the free bridges, demonstrating
17 that drivers who cannot afford the tolls will have
18 reasonable efficient mass transit options.

19 In addition to the new revenues and
20 the recommendations of the Commission, it
21 referenced a few other areas that I want to
22 emphasize and think that we believe are conditions
23 that should be met. First, the spending
24 priorities under the capital plan that the MTA
25 currently has should be reviewed to determine

1 whether or not they're still the right ones.

2 Historic commuting patterns are changing. Demands
3 are changing. And, transit investments that made
4 sense 20 years ago may not be as important today.

5
6 Second, procurement and contracting
7 reforms should be enacted as a condition for
8 approval of the new capital plan. Last March, a
9 blue ribbon commission of the MTA produced
10 recommendations that industry experts believe
11 would save 15 to 20% of the costs of the capital
12 plan-- that's a big savings in the amount of money
13 that has to be raised-- through improved
14 contracting process and effective risk sharing.
15 And, we think that these recommendations deserve
16 support.

17 Reform is never easy. This will
18 require a lot of leadership. It requires shared
19 sacrifice. The business community's prepared to
20 participate in that effort with you. Thank you.

21 CHAIRPERSON LIU: Thank you very
22 much. Just one brief question. So, the business
23 community represented by the Partnership is okay
24 with a 0.33% payroll tax and that's as far as it
25 can go?

2 KATHRYN WYLDE: We consider the
 3 overall package that's put together. I mean, if
 4 you were asking me in isolation do we support a
 5 payroll tax, we don't support a payroll tax in
 6 isolation. But, if you look at the entire package
 7 with everybody, employers, workers, riders,
 8 drivers all contributing to the package, we cannot
 9 fail to support that effort because we all agree
 10 transit is a priority and as long as it's broad-
 11 based and as long as the participation in the tax
 12 includes government and nonprofit, who will work
 13 with business to keep a lid on that tax, we can
 14 support it.

15 CHAIRPERSON LIU: Okay. Thank you
 16 very much. Thank you, Miss Wylde. Now, we're
 17 honored to be joined by Richard Ravitch, the
 18 Chairperson of the Ravitch Commission as appointed
 19 by Governor Paterson to come up with ways to
 20 solidify the financial footing of the Metropolitan
 21 Transportation Authority. Thank you for joining
 22 us today, Chairman Ravitch.

23 RICHARD RAVITCH: Pleasure to be
 24 here.

25 CHAIRPERSON LIU: Mr. Ravitch, you

1
2 may proceed with your comments whenever you're
3 ready.

4 RICHARD RAVITCH: Well, I'm not
5 sure, Mr. Chairman, if you would like me to
6 summarize the report. I know your colleagues and
7 you have had a copy of it. And, I know you've had
8 a lot of testimony. But, in essence, I think that
9 the members of this Commission, which included, as
10 you know, some distinguished business leaders; the
11 head of the State AFL-CIO, former head of the Port
12 Authority, two former key employees of the MTA, a
13 leading figure in the real estate industry in New
14 York and, excuse me, people who have been involved
15 and active and are not insensitive to the concerns
16 of the citizenry. It was a diverse group.

17 And, we concluded that, though
18 everything we recommended involves a lot of pain,
19 we concluded that it was not as painful as not
20 addressing the problems that were faced. And, we
21 analyzed almost an infinite number of revenue
22 sources and concluded that basically the burden
23 had to be borne by all of the stakeholders of a
24 transit system. And, I'm sure I know,
25 Mr. Chairman, 'cause of your involvement and

1
2 commitment to public transportation, that you're
3 aware of this, but this is the only City in the
4 country that is totally dependent on mass transit.
5 Eighty percent of the people who come into the
6 Central Business District come in on MTA systems.
7 The budget of the MTA, \$11 billion a year, is
8 greater than the budgets of half the states in
9 this country. And, the growth of this City, as
10 the Mayor's report on New York 2030 pointed out,
11 is inextricably tied into an expanding and growing
12 and functioning mass transit system.

13 So, who are the stakeholders?

14 Obviously, the people who ride it. Obviously, the
15 people who depend on it. But also, the people who
16 drive automobiles and the people who own
17 businesses and own real estate in the City. New
18 York would not be what it is today but for a
19 series of transportation decisions that were made
20 at times in history when the cost was one big
21 burden on the public wheel. That burden, whether
22 it was a burden of building the Erie Canal, which
23 made New York what it was in the 19th century, or
24 the decisions on the part of the Mayor of the City
25 of New York and the City Council and Board of

1
2 Estimate to make the massive investment that they
3 did in constructing a subway system, which led to
4 the enormous increase in real estate values on all
5 the property that had any proximate location next
6 to those subway systems.

7 Those investments have paid for
8 themselves a thousand times over. And, it took
9 vision and courage on the part of the people who
10 had the ability to pass laws and appropriate money
11 to make those courageous decisions. So, we
12 concluded that ultimately the legislative bodies
13 of this City and State would exercise that same
14 courage in that they would look beyond the most
15 obvious public reactions to some of these things
16 and accept the proposition that this burden had to
17 be shared.

18 So, we proposed-- I'm sorry. We
19 also concluded, after talking to many of you, as
20 well as to many of your counterparts in the State
21 Legislature, as well as the testimony that we
22 heard at our hearings, that the single biggest
23 problem in this transportation problem in the City
24 was the inadequacy of bus service. And, we
25 thought it inappropriate to ask people, those

1
2 particularly, who lived without easy access to the
3 subway system to pick up any part of this burden
4 unless they were going to get improved access to
5 the Central Business District.

6 So, rather than look at the tall
7 issue as solely an issue of here's another revenue
8 stream, we specifically recommended that the net
9 proceeds of the toll revenues be used for the
10 purpose of a dramatic expansion of bus service,
11 particularly in the outer boroughs and
12 particularly the express bus service, which is
13 suffering so egregiously from overcrowding and
14 from traffic congestion, I might add.

15 So, that was the burden that we
16 thought should be borne by the automobile user and
17 that it would benefit the people who are, because
18 of the absence of easy access to a subway system,
19 not able to get into the Central Business District
20 as easily as those who live with direct access to
21 the subway system. We thought that every employer
22 ought to pay 33 basis points, \$0.33 per \$100 of
23 payroll, which was not a burden that was going to
24 put anybody into insolvency. And, that that would
25 produce a great deal of money annually, which we

1
2 recommended be used in the current year to avert
3 the disastrous fare increase of 23% and the
4 service cuts that the MTA Board is going to have
5 to vote on tomorrow. But, that in the future,
6 that money ought to be used for capital
7 improvements so that, in the future, debt service
8 would no longer be a burden on the operating
9 budget, but would be serviced by a continued
10 stream of fresh revenues.

11 I'm summarizing, Mr. Chair, and I'm
12 delighted to go into more detail on those
13 recommendations. We also made recommendations on
14 governance, on additional transparency for the
15 MTA, excuse me, on qualifications for Board
16 members. And, we tried to address, as responsibly
17 as we could, that delicate balance between the
18 best things about politics and the necessity of
19 having some independence and some strong sense of
20 fiduciary responsibility to the wellbeing of the
21 system, other than, you know, in contrast to what
22 may be perceived to be the most politically
23 expedient thing. And, I don't use, and you've
24 heard me say this before, I don't use the word
25 political in a pejorative sense at all. I love

1
2 politics. I believe in democracy. And, I think
3 the legislative bodies have the responsibility to,
4 and the right to, address these problems in a
5 serious fashion. And, that's what I'm asking
6 everybody to consider and to keep open minded on
7 this.

8 Last of all, let me just say, in
9 conclusion, that we certainly recognize the
10 severity of this economic holocaust that this
11 country and this world is facing at the moment.
12 And, nobody's sure where the bottom is. And, your
13 counterparts in the Legislature, I guess today, as
14 we sit here, are dealing with budget proposals
15 that contain a great deal of taxes that nobody
16 wants and a great deal of budget cuts that nobody
17 wants. And, we still don't know where the bottom
18 is in this economy. So, it's a very tough time.
19 And, I have enormous respect for those of you who
20 are going to have to make very, very tough
21 decisions in the next few months.

22 But, I would like to conclude by
23 saying that somehow those painful decisions always
24 got made. I never heard anybody run for political
25 office on a platform of increasing the fare. And,

1
2 I never heard anybody get elected on a platform of
3 let's increase taxes. But, somehow, over the 75
4 years of my life, there's been an enormous
5 increase in fares, taxes and tolls.

6 When I was Chairman of the MTA, the
7 tolls on the TBTA were \$0.25. And, I wanted to
8 raise it to \$0.50. And, I was told by the
9 American Automobile Association that I would
10 destroy the economy of the City of New York if I
11 raised the tolls. Well, somehow we survived.

12 And, somehow, having had the honor
13 of being involved with Governor Carey and Mayor
14 Koch and the fiscal crisis of the mid-'70s and
15 hearing people predict that if we add taxes or
16 tolls, we would advance the decline of New York in
17 leaps and bounds. But, somehow, Mr. Chairman, the
18 apocalypse never landed in New York. It always
19 landed somewhere else. And, by 1978 and '79, the
20 City was prospering again and thriving. And, I
21 don't need to recite to you what tolls and fares
22 and taxes are today, compared to what they were
23 then.

24 And, New York is going to continue
25 to grow. I'm an optimist about it. I share the

1
2 vision that was expressed in the Mayor's report on
3 the year 2030. And, I can only tell you that if
4 you talk to anybody who has looked at the future
5 of the United States, they will tell you the
6 population is going to go up by, in the next 40
7 years, by the mid-point projection, actually, the
8 U.S. Census Bureau, is 140 million more Americans.
9 And, most of that growth is going to take place in
10 the major metropolitan areas. And, we sit in the
11 center of the biggest and the best of them. And,
12 if we do not invest in our transportation
13 infrastructure and our educational infrastructure,
14 I might add, we're not going to be able to take
15 advantage of that growth and prosperity.

16 And, for everybody who has a car
17 and doesn't like the idea of paying additional
18 tolls, I'm not critical. I'm immensely
19 sympathetic. But then, I respectfully also ask
20 you to talk to all the young people throughout the
21 City who care about whether the air is clean,
22 whether the congestion is going to continue to
23 have a deleterious effect on the economy and
24 whether or not we're going to do what our new
25 President wants us to do, which is reduce our

1 dependency on foreign oil.

2
3 And, I emphasize that, not because
4 that's the only thrust of the, indeed, the major
5 thrust in the report, but I know it's a matter of
6 concern and properly so to every one of you have
7 constituents that don't like the idea of paying
8 additional money. And, but, believe me when I
9 tell you, sir, that there are constituencies out
10 there, there are people out there, who want to see
11 change; who don't want to live by the old
12 chivalous [phonetic] and are willing to consider
13 to consider things that are new and different.
14 And, I hope they will have an appropriate
15 opportunity to express those views as you consider
16 all the weighty decisions that you have to make.

17 Anyway, enough of my monologue.

18 I'd be delighted to answer any questions any of
19 you may have. If there's any part of the report
20 that needs further explanation, I'd be delighted
21 to do it.

22 CHAIRPERSON LIU: Thank you very
23 much, Mr. Chairman. First of all, I think it has
24 been widely expressed that the entire City is
25 grateful for your efforts, both in the-- both 20-

1
2 some odd years ago and today. And, that transit
3 riders and the transit system would largely be
4 spared if the recommendations of your Commission
5 were to be put forth. Of course, there's a cost
6 to all those recommendations. And, there are some
7 evils, perhaps necessary evils, that have been put
8 on the table and that are really the subject of
9 great public discourse today.

10 We have a number of questions for
11 you. I guess, could you summarize what the
12 recommendations put forth by your Commission,
13 summarize what the revenues would bring in
14 generally.

15 RICHARD RAVITCH: Sure. The
16 tolling the current free bridges in the Manhattan
17 would produce at the same toll level on the East
18 River bridges as currently charged by the
19 Triborough Bridge and Toll Authority on their
20 facilities, plus a charge on the Harlem River
21 bridges equal to a single subway fare would
22 produce about a billion dollars a year. About 400
23 million of that would have to be used to maintain
24 the bridges, to amortize future capital
25 investments in those bridges, because, obviously,

1
2 if the MTA were to receive the revenue, they would
3 have to take the responsibility of funding it for
4 the City. And, I might point out there would be
5 significant budget savings for the City of New
6 York in this process.

7 Also, it is kind of plain that that
8 money would be used to pay for what the City now
9 pays-- reimburse the MTA for, i.e., about \$200
10 million a year to pay for the bus service that the
11 MTA now operates that the City used to operate.
12 So, altogether, it would be roughly a \$300 million
13 budget saving for the City of New York annually,
14 which is, obviously, something well within the
15 jurisdiction of the City Council.

16 That leaves a net of \$600 million,
17 which would be used, as I said, exclusively for
18 the purpose of expanding bus service and improving
19 bus service, largely from the outer boroughs and
20 the suburbs into the Central Business District.
21 And, I might add, from the outer boroughs to some
22 of the suburban areas because, as you well know,
23 sir, there's an enormous increase in traffic
24 because employment is occurring in those parts for
25 people-- of those suburbs for people who live in

1 the outer boroughs.

2
3 What we call the mobility tax of
4 \$0.33 per \$100 would be paid for by every
5 employer, including, as I think Kathy Wylde
6 suggested, by government, by nonprofits, the MTA
7 itself. That would produce about a billion and a
8 half dollars, based on current payrolls. And, we
9 would estimate that the first year, we suggested
10 the first-- the proceeds of the first year, that
11 is 2009, be utilized to defray most of the fare
12 increase that the MTA is required to do in order
13 to have a balanced budget and to defray most of
14 the service cuts that they're currently talking
15 about.

16 That that is a tax, if you will,
17 that we think-- and we looked at all the possible
18 revenues, surcharges on the real estate tax,
19 surcharges on the sales tax, gas taxes, etcetera.
20 We had the two budget Commissioners of the City of
21 New York Budget Director, Mark Page, and Laura
22 Anglin on the Commission. And, we had enormous
23 access to all the potential, you know, to the
24 statistics that showed us what every conceivable
25 revenue measure could bring in. And, we concluded

1
2 after talking to business groups, the Federal
3 Reserve Bank, the Citizens groups, that this tax,
4 what we call the mobility tax, would have the
5 least deleterious effect of any other tax on the
6 economy of this City and this region, which is why
7 we ultimately recommended that as a source of
8 revenue.

9 CHAIRPERSON LIU: Yeah, I think
10 that that payroll tax has widely been received as
11 the least poison of-- that payroll tax has been
12 widely received as the, perhaps, the least
13 poisonous of all the options on the table. So,
14 all in all, the revenues envisioned by your
15 Commission would generate about \$22.5 billion a
16 year. Right? The 1.5 from the payroll tax, a net
17 600 million from bridge tolls--

18 RICHARD RAVITCH: Yes.

19 CHAIRPERSON LIU: -- and an 8%
20 increase in the fares generates, you know, maybe
21 \$150 million, roughly.

22 RICHARD RAVITCH: Yes.

23 CHAIRPERSON LIU: So, \$22.5 billion
24 a year in revenue. The MTA is facing a shortfall
25 next year of \$1.2 billion.

2 RICHARD RAVITCH: Yes.

3 CHAIRPERSON LIU: So, what is the
4 excess intended for?

5 RICHARD RAVITCH: Well, I said that
6 the fare increase in 2009, if it were 8% instead
7 of 23%, that that would be defrayed by using the
8 proceeds of the mobility tax in year one to defray
9 that increase. And, there is enough money left
10 from that to help deal with the operating budget
11 as well in 2010. We further recommended that the
12 fare be increased by the Board at the rate of
13 inflation, no more than once every two years
14 because we believe, as I said in the beginning,
15 that all the stakeholders had to bear this burden.
16 But, that thereafter, the entire proceeds of the
17 mobility tax be used exclusively for capital.

18 CHAIRPERSON LIU: All right. So,
19 the mobility tax would be used to plug the MTA
20 deficit this year and in future years and anything
21 left over would be used to fund--

22 RICHARD RAVITCH: [Interposing] No,
23 no. The proceeds in 2009 would be available
24 depending how the legislature ultimately in its
25 wisdom decides to enact this law, would be

1
2 utilized to cover operating deficits. But, from
3 2010 on, the proceeds of the mobility tax would be
4 used exclusively for capital purposes.

5 CHAIRPERSON LIU: Exclusively.

6 RICHARD RAVITCH: That's correct.

7 CHAIRPERSON LIU: I see. And, I
8 mean, the MTA is still projecting operating
9 deficits in 2010 and beyond as well. So, would
10 they, then, have to figure out another way to plug
11 that deficit?

12 RICHARD RAVITCH: I believe, sir,
13 that how much of that deficit, once you no longer
14 burden the operating budget with additional debt
15 service, I have no idea what's going to be economy
16 in future years and there are so many variables,
17 they may well indeed have future deficits.

18 CHAIRPERSON LIU: Okay. And then,
19 so--

20 RICHARD RAVITCH: [Interposing]
21 And, it may require additional public support.
22 But, it all depends on all the conditions that
23 affect that.

24 CHAIRPERSON LIU: And, would the
25 payroll tax as envisioned right now at 33 basis

1
2 points of payroll in the 12 counties be sufficient
3 to fund the entire MTA five-year capital plan in
4 the [crosstalk]

5 RICHARD RAVITCH: [Interposing]

6 Yes, sir, I believe they would, though, obviously,
7 the MTA doesn't yet have a capital plan. They
8 have not one hard dollar today. It's hard to do a
9 plan when you don't know whether you have any
10 money or not. But, based on the plan they put
11 together when congestion pricing was being
12 discussed of a roughly \$30 billion plan, this
13 would adequately fund that. A portion of that, of
14 course, was expected to come from the Feds for the
15 expansion projects. And, I'm sure that will be
16 continued. And, one would hope that the federal
17 government will be even more forthcoming with
18 money given the President's commitment to a
19 stimulus bill.

20 CHAIRPERSON LIU: Okay. And then,
21 you talked about the net revenues from the bridge
22 tolls to be used to expand and increase bus
23 service--

24 RICHARD RAVITCH: [Interposing]

25 Yes, sir.

1
2 CHAIRPERSON LIU: -- all throughout
3 the City. Are we talking about the entire amount,
4 every single penny of net revenues from the bridge
5 tolls, net of the expenses of collecting the tolls
6 and maintaining those bridges?

7 RICHARD RAVITCH: That is the
8 estimate that there would be a net of 600 million.
9 And, that would be used for expanded bus service.
10 And, again, the Board of the MTA would have the
11 ability to use that as they will to help the cost
12 of operating the bus service as well as for
13 capital purposes. It'll be used for both capital
14 and operating purposes for the bus system in New
15 York. And, we have recommended that there be
16 created a Regional Bus Authority that would have
17 responsibility for all the bus service, including
18 if the counties opted for it, to take over the
19 responsibility of running the current service that
20 is provided in the non-New York City counties that
21 belong to the MTA region.

22 CHAIRPERSON LIU: All right. And
23 then, my final question before we turn over to our
24 colleagues would be that the changes that would
25 take place at the MTA, I think one of the biggest

1
2 contributing factors to the MTA having
3 difficulties with its budgeting process are a
4 wildly fluctuating revenue stream, such as the
5 real estate tax.

6 RICHARD RAVITCH: Yes, sir.

7 CHAIRPERSON LIU: Has there been
8 any thought given to timing the long term fiscal
9 management at the MTA to reduce those
10 fluctuations? And, there are strategies that are
11 used by the private sector whenever companies
12 anticipate revenues that fluctuate wildly from
13 year to year.

14 RICHARD RAVITCH: Well, Mr.
15 Chairman, with all respect, I mean, the enormous
16 fluctuations, which you correctly point out, that
17 have so adversely affected the MTA's operating
18 budget this year, particularly from the real
19 estate transactional taxes, that is not a matter
20 within the competence of the MTA. You could have
21 Albert Einstein running the MTA and he couldn't
22 have done anything to increase the number of real
23 estate transactions that occurred in the City.
24 That's a function of this economic disaster we're
25 living through.

1
2 When some of those taxes were
3 enacted when I was Chairman of the MTA, it was
4 what the legislature thought would provide a
5 regular and supporting and continuing and growing
6 revenue stream to support the MTA's capital plan.
7 That was the idea back in 1982. Some of those
8 revenues, like the mortgage recording tax and the
9 real estate transfer tax, would produce humungous
10 sums of money because of the enormous increase in
11 the value of real estate, which I can't resist
12 saying had a lot to do with the--

13 CHAIRPERSON LIU: Sure.

14 RICHARD RAVITCH: --public
15 investment in mass transit. So, we're living
16 through a disaster at the moment. And, again,
17 what future budgets will be, and this is why it's
18 very hard to be predictive because I have no idea
19 what's going to happen in the real estate--

20 CHAIRPERSON LIU: Well, that's--

21 RICHARD RAVITCH: --values.

22 CHAIRPERSON LIU: That's true.

23 And, things can't necessarily be predictive. And,
24 I'm not suggesting in any way that the MTA has
25 anything to do with the downturn in real estate.

1
2 But, the fact remains that just a couple of years
3 ago, the MTA had surpluses, operating surpluses,
4 upwards of a billion dollars. And, there was, in
5 certainly, in my opinion, hasty decisions made
6 that squandered a great deal of that surplus. So,
7 I would think that if the MTA is going to be
8 bailed out, as it seems to be the case with your
9 recommendations, that there have to be structural
10 changes made at the MTA. So, at one place, one
11 area that change is absolutely necessary is that
12 some controls need to be put in place at the
13 Authority in cases of unexpected surpluses. And,
14 that would then be used to dampen the downward
15 fluctuations in the revenues.

16 RICHARD RAVITCH: Um, hm.

17 CHAIRPERSON LIU: So, that's an
18 example of a change that we would absolutely
19 insist at the MTA, that that financial management
20 be strengthened so that surpluses are not
21 squandered. And then, whenever we face deficits,
22 that we have to go back to riders and the public
23 for more fees and taxes. Okay.

24 RICHARD RAVITCH: I've no
25 disagreement that things ought to be improved.

1
2 But, I can't resist saying to you, Mr. Chairman,
3 that number one, you know, to call this a bail out
4 of the MTA and for some people to suggest they
5 ought to be punished because they have a big
6 deficit seems to me sort of counterproductive.
7 It's not a bail out.

8 CHAIRPERSON LIU: Well, wait, I
9 wasn't saying anything-- I wasn't saying--

10 RICHARD RAVITCH: It's not a bail
11 out--

12 CHAIRPERSON LIU: -- about
13 punishment.

14 RICHARD RAVITCH: -- of the MTA.
15 It's not a bail out of the MTA. It is, for
16 reasons that I think are explainable and are not a
17 result of wrongdoing or lack of fiduciary
18 responsibility, they have a whopping deficit. So,
19 does our country. We're about to triple it.

20 CHAIRPERSON LIU: Well--

21 RICHARD RAVITCH: And, you know,
22 it's not caused by evil people. But, I--

23 CHAIRPERSON LIU: And, I think--

24 RICHARD RAVITCH: -- I think the
25 review by the Comptroller and by the legislative

1
2 bodies and some of the suggestions we made and
3 there may be a lot of good ones, other good ones,
4 can be helpful in increasing transparency.

5 CHAIRPERSON LIU: Well,
6 Mr. Chairman, you are kind and you are diplomatic
7 to the MTA. This, in my opinion, this is a bail
8 out of the MTA, just as the banking industry has
9 been bailed out and that the automakers are
10 requesting a bail out. No one's necessarily
11 suggesting any wrongdoing or evil on their part
12 necessarily. But, everybody has claimed economic
13 pressures and changes beyond their control, which
14 is why they need a bail out.

15 In this case, the MTA I think even
16 your Commission is saying that it's not
17 necessarily their fault. People may disagree with
18 that. But, it's not necessarily their fault.
19 Nonetheless, regardless of whose fault it is, the
20 MTA finances are a mess right now. They cannot
21 sustain themselves, which is why a bail out is
22 necessary for the MTA. The public is being asked
23 to pay more. Passengers are being asked to pay
24 more. And so, this is a bail out. It is an
25 absolute bail out.

2 And, in exchange for bailing this
3 Authority out, I think it's certainly fair to
4 demand some changes at the MTA and not simply give
5 them a free pass because of economic pressures.
6 And so, I really thank you--

7 RICHARD RAVITCH: [Interposing]
8 Well, I don't disagree with you, Mr. Chairman, at
9 all, which is why we made all series of
10 recommendations about governance and transparency
11 and

12 CHAIRPERSON LIU: Which is why you-

13 -

14 RICHARD RAVITCH: -- the management
15 of the--

16 CHAIRPERSON LIU: -- Mr. Chairman,
17 was asked to come and bail the MTA out.

18 RICHARD RAVITCH: Okay.

19 CHAIRPERSON LIU: Thank you. We
20 have questions from my Co-Chair David Weprin.

21 CO-CHAIRPERSON WEPRIN: Thank you,
22 Mr. Chair. I apologize for going in and out.
23 But, we're in the middle of some budget
24 negotiations. In addition to the MTA having
25 financial problems, I'm sure you're aware that the

1
2 City has some problems, as well. So, I may have
3 to leave for one of those meetings.

4 We appreciate you coming here
5 today, Mr. Ravitch. And, we also appreciate your
6 private briefing to a number of members of the
7 City Council, I believe last week. And, we do
8 appreciate that.

9 As you know, historically, there's
10 been a lot of political opposition to tolls on the
11 East River bridges, which have been free since
12 1911. As a matter of fact, when the Congestion
13 Pricing Mitigation Commission, Congestion
14 Mitigation Commission, made certain
15 recommendations and early on, in the early stages,
16 probably the one proposal that got the most
17 opposition and did not end up in the final report
18 was a proposal for tolling the East River bridges
19 that were free since 1911.

20 I assume you had extensive
21 discussions in your Commission deliberations as to
22 the political problems that you would, you know,
23 run into and whether discussions about,
24 specifically about in the event that this is a
25 non-starter or does have significant opposition to

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2 the point of not being able to pass in the State
3 Legislature and/or the City Council, if it does
4 require a home rule, which I guess we still
5 haven't decided, did you specifically discuss
6 making up that revenue through another source?

7 RICHARD RAVITCH: As I testified
8 before, we examined all revenue sources and
9 concluded that all the stakeholders in the MTA
10 system, which includes the automobile user in New
11 York, had to pay some of the burden. And, we are
12 fully aware of the fact that there was, and always
13 will be, opposition to tolls, taxes and fare
14 increases. And, somehow, I have to say to you,
15 Mr. Weprin, that the good ideas never seem to die
16 and disappear. They keep sticking their
17 unpleasant heads up again. And, there are a lot
18 of people in this City who think that cleaning up
19 the air, reducing the dependency on foreign oil
20 and reducing automobile congestion in the City are
21 useful public purposes. And, the Commission,
22 diverse as it was amongst its membership, came to
23 that very conclusion.

24 CO-CHAIRPERSON WEPRIN: Okay. It
25 just seems that we kind of just lived that battle.

1
2 And, I would hate to see the toll part of the
3 package with the potential political opposition
4 kill the entire package potentially because,
5 obviously, we all recognize that something has to
6 be done for the MTA.

7 RICHARD RAVITCH: As you and I have
8 discussed, I have enormous respect for those of
9 you who have to make these tough decisions, have
10 to run for office and do things that are unpopular
11 with your constituents. But, I've also witnessed,
12 in the years that I've been involved, your
13 counterparts vote for a lot of things. As I said
14 before you joined us today and told your Chairman,
15 that when I was Chairman of the MTA, the toll on
16 the Triborough Bridge was \$0.25. And, when I
17 proposed to raise it to 50, I was told I was going
18 to destroy the economy of this City by all the
19 same people who are now bitterly resisting. There
20 was not a single elected official who supported
21 that toll increase. Now, somehow, this City
22 survived and prospered to a totally unpredictable
23 degree of prosperity and wealth in these last 25
24 years. And, what is the toll now, sir? So,
25 somehow, this economy and this society has

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2 survived a lot of unpleasant things including the
3 fare being four times higher than it was in those
4 days, tolls being ten times, or even more than ten
5 times, higher if you look at the Siegel [phonetic]
6 toll.

7 And, nobody's suggesting it's easy
8 or pleasant. We're just suggesting the world has
9 changed. And, the values have changed. And,
10 there're all kinds of people in this City who want
11 change. That's what they did when they elected a
12 new President. And, that's what they're going to
13 do as they look at the future here, as well and
14 make the tough unpleasant decisions that we have
15 to make as this society gets poorer and filthier
16 and more dependent on Mid-East oil.

17 CO-CHAIRPERSON WEPRIN: Okay. And,
18 what do you say, Mr. Ravitch, to those that would
19 argue that the mobility tax is really, in some
20 ways, a backdoor increase in the operating
21 subsidy, say, paid by the City or other
22 municipalities because they will also be subject
23 to the payroll tax?

24 RICHARD RAVITCH: Mr. Weprin, there
25 is no question that the City would pay a hunk of

1
2 money under this payroll tax, so would the MTA; so
3 would hospitals; so would nonprofits; everybody
4 would pay because everybody benefits from this
5 system. It's a question of how you want to
6 allocate the burden. And, you know, all that the
7 12 of us could do was try to balance these things
8 as best in our judgment, coming all from different
9 parts of this community and with different
10 interests and different constituencies, if you
11 will. And, we thought this was the wisest
12 balance. But, obviously, I respect and recognize
13 the fact that it is the legislative bodies that
14 are ultimately going to have to make this
15 decision. But, that's always been the case and
16 always, hopefully, will be the case. Otherwise,
17 we got more serious problems on our hands.

18 CO-CHAIRPERSON WEPRIN: Okay. Just
19 one last clarification before we turn--

20 RICHARD RAVITCH: Sure.

21 CO-CHAIRPERSON WEPRIN: -- it over
22 to our colleagues. I was just trying to be clear
23 on what the basis points difference would be on
24 the mobility tax if you took out the 600 million
25 portion for the MTA. Is it 13 basis points or is

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it 17 basis points?

RICHARD RAVITCH: Well, I think it's probably 17 or 18 basis points. But, that would, in our judgment, again place the burden too much on business and not spread the risk and the pain amongst all the stakeholders in the MTA system.

CO-CHAIRPERSON WEPRIN: So, if it was 17 basis points, just for clarification, that would basically be going from a third to a half percent on the payroll?

RICHARD RAVITCH: That is correct.

CO-CHAIRPERSON WEPRIN: Okay.

Thank you.

RICHARD RAVITCH: Thank you.

CHAIRPERSON LIU: Thank you very much, Chairman Weprin. We have questions from Council Member Peter Vallone.

COUNCIL MEMBER VALLONE: Thank you, both Chairs. Welcome, Mr. Ravitch.

CHAIRPERSON LIU: I'm sorry, Council Member Vallone. We had long since been joined by Council Member Melinda Katz of Queens. Council Member Vallone.

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2 COUNCIL MEMBER VALLONE: Welcome,
3 Council Member Katz, too. I have enormous respect
4 for you. And, you mentioned earlier about how
5 everybody wants to come to New York City. And,
6 one of the reasons that is true, you were the
7 Council's stalwart on the Charter Revision
8 Commission. If not for you, we wouldn't have the
9 power that we do today to make these changes. If
10 not for you, the Council wouldn't have had the
11 power to do safe street, safe city, which is what
12 turned the City around. So, we really owe you a
13 debt of gratitude for your past work and for
14 undertaking this hugely unpopular Commission,
15 which you did.

16 Now, let me get to the stuff that's
17 not going to be so nice. You mentioned a few
18 times how no elected official support tolls or tax
19 increases. First of all, I do. But, the reason
20 people like me oppose that is because the people I
21 represent oppose that. And, that's why they
22 elected me. They see the incompetence in Albany.
23 They see the incompetence at the MTA. And,
24 they're sick. And, frankly, they're sick of
25 paying for that. They see that Albany could very

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2 easily give us the commuter tax back and doesn't.
3 They see that Albany could do tort reform, which
4 exists in every other state except here and gives
5 us hundreds of millions of dollars and does not.
6 They see that Albany could reform Medicaid and
7 does not. They see that Albany doesn't have the
8 guts to collect taxes from the reservations that
9 could give us \$10 million a week and does not.
10 Rather, Albany comes to the taxpayers for tax
11 hikes and toll increases. And, they, and myself,
12 are sick of allowing that to happen. That's the
13 genesis, which I'm sure you understand. But,
14 that's why many of us oppose these tolls and tax
15 increases.

16 So, let me begin with the commuter
17 tax. Did you look at that as part of your report
18 as a way to raise revenue for the MTA?

19 RICHARD RAVITCH: We did. But, if
20 you'll permit me just one personal comment. It
21 makes me feel very old to sit here and look up at
22 the sign that says Peter Vallone and not see your
23 dad, who I have great affection for, as you know,
24 and worked closely with.

25 COUNCIL MEMBER VALLONE: Me, too.

2 RICHARD RAVITCH: And so, but,
3 you're better looking than your dad. That's for
4 sure.

5 COUNCIL MEMBER VALLONE: He would
6 vehemently disagree with that [crosstalk].

7 RICHARD RAVITCH: I am sure of
8 that. Well, let me answer you as best I can.
9 Yes, of course, we looked at the commuter tax.
10 And, we looked at the fact that that tax would, if
11 that had any prospect of passing again, if there
12 was going to be an increase in the amount of money
13 that the people who lived outside of the City, but
14 worked in the City, were going to pay, that that
15 should be restored to the City of New York, which
16 is, you know better than I, is facing serious
17 budget problems in the forthcoming period of time.

18 So, we thought with that, again,
19 the incidence of that tax falling on people who
20 live outside of New York City to pay for the
21 City's subway system was not as balanced an
22 allocation of burden as the one that we came up
23 with. And, I hope very much, for the sake of the
24 City, that the commuter tax is restored and there
25 is, obviously, some prospect that it might be.

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2 COUNCIL MEMBER VALLONE: Should
3 have, first of all, never should have been stolen
4 from us. And, second of all, it should have been
5 restored the day 9/11 happened. And, amazingly,
6 we're still sitting here arguing about that tax,
7 which was taken from us in a political game in a
8 time of desperate need.

9 Did you look at other funding
10 streams? For example, there was testimony before
11 you came that we provide 80% of the ridership, but
12 only get 60% of State aid. Did you look at
13 remedying that injustice as a source of revenue?

14 RICHARD RAVITCH: You know, the
15 simple answer is yes. I'm fully aware of the fact
16 that there is a continuous concern about a fair
17 allocation of resources to the things in the City
18 of New York. And, we all know very well that, as
19 a result of the same kind of political process
20 that goes on in the City Council, goes on in
21 Albany. And, I don't have quite the same
22 rectitude that you do about either. I admire you
23 both. That there is always a tension about
24 whether the City's getting its fair share. You
25 remember Senator Moynahan used to dramatize the

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2 amount of taxes that New York pays to the federal
3 government and how we don't get our fair share
4 back.

5 But, we did analyze all the other
6 potential sources like surcharges on the real
7 estate tax, surcharges on the sales tax, gas
8 taxes, etcetera and concluded, after, I think I
9 said this before, perhaps before you joined us,
10 that this would have the least onerous impact on
11 the economy of all the choices that we had before
12 us.

13 COUNCIL MEMBER VALLONE: You
14 mentioned Moynahan saying that we give more money
15 to the federal government, which we do. But, we
16 actually get an army in protection and things
17 from--

18 RICHARD RAVITCH: No, I agree with
19 you--

20 COUNCIL MEMBER VALLONE: -- the
21 federal government. We get--

22 RICHARD RAVITCH: -- of course.

23 COUNCIL MEMBER VALLONE: --
24 nothing. We get the incompetent MTA and maybe a
25 National Guard officer or two from Albany for the

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2 14 billion that we give that we don't get back.
3 And, part of that money is this transmit money,
4 which is just a small part of the overall
5 injustice that exists.

6 Did you look at perhaps either
7 exempting New York City residents or having a
8 different rate for New York City residents with
9 regard to the tolls?

10 RICHARD RAVITCH: No, we did not.

11 COUNCIL MEMBER VALLONE: Would that
12 be something that you would consider?

13 RICHARD RAVITCH: Well, in my
14 judgment that most of the toll revenue would come
15 from City residents. So, it's a question of
16 whether or not there should be any exemptions at
17 all. Certain people have suggested there be
18 exemptions of people who come in to Manhattan for
19 health purposes, healthcare purposes. Some people
20 have suggested that some people who make frequent
21 trips to Manhattan should get some discount if
22 their business requires multiple trips across the
23 rivers. All of that is a proper question and
24 should be discussed.

25 And, you know, this Commission, as

1
2 you know, Mr. Vallone, has no continuing function.
3 I guess the reason I keep opening my mouth about
4 it is 'cause I care a lot about the MTA. But, the
5 dialogue is really between those of you who are
6 elected to office in both here and in Albany to
7 attempt to deal with that issue. But, I think
8 questions of equity are always relevant to
9 legislative imposition of charges.

10 COUNCIL MEMBER VALLONE: And, my
11 last question then is did you-- what percentage of
12 the MTA's budget is payroll?

13 RICHARD RAVITCH: You know, I'm
14 sorry, I don't remember that number. And, I, if I
15 guessed, it would be inaccurate. But, I'm sure I
16 don't think there's anybody from the MTA here.
17 But--

18 COUNCIL MEMBER VALLONE: I've read
19 reports where they said 30 to 40%. But, I read
20 that. I don't know if it's true.

21 RICHARD RAVITCH: Well, again, no,
22 it's much more than that. But, there is now about
23 a billion four of debt service, I know that, in
24 their annual budget. And, their annual budget's
25 about \$11 billion. So, I think that most of the

2 rest of it has got to be wages. I think they
3 employ 70,000 people. So, I think it's a lot more
4 than that. But, obviously, I'll make sure the MTA
5 gets you that number.

6 COUNCIL MEMBER VALLONE: Okay.

7 RICHARD RAVITCH: But, it's a lot
8 more than that because, as I said, out of \$11
9 billion budget, the most is two billion I think in
10 current debt service.

11 COUNCIL MEMBER VALLONE: So, it's
12 probably closer to half. So, regarding almost
13 half of the budget, did your recommendation have
14 any-- does your Commission have any
15 recommendations with how to save money with that
16 half of the budget?

17 RICHARD RAVITCH: I'm sorry, sir.
18 I don't understand your question.

19 COUNCIL MEMBER VALLONE: Well, if
20 payroll is almost half of the budget--

21 RICHARD RAVITCH: [Interposing]
22 Well, I think it's more than half of the budget.

23 COUNCIL MEMBER VALLONE: More than
24 half. Half the budget, and--

25 RICHARD RAVITCH: [Interposing]

1
2 More than that.

3 COUNCIL MEMBER VALLONE: -- you
4 obviously looked at new ways to increase revenue
5 and perhaps some improvements to the way the MTA
6 operates. But, did you look at any ways to save
7 money when it comes to payroll?

8 RICHARD RAVITCH: We did not for
9 three reasons. One, that was not part of the
10 charge the Governor asked us to look at. We had
11 no staff and we had no ability to review that.
12 Second of all, the MTA is currently in
13 negotiations with the TWU about a labor contract
14 that expires on January 15th. And, it would have
15 been counterproductive and intrusive for us to
16 have tried to meddle in that negotiation. And,
17 third of all, because in the final analysis,
18 believe me, I understand the frustration that you
19 and others feel. The MTA spends a great deal of
20 the public's money, probably on the average, \$15
21 billion a year in these last years.

22 But, I think, sir, with all
23 respect, that you have to recognize that the
24 quality of the services improved dramatically in
25 the last 20 years. And, but for the courageous

2 decisions by a group of people who ran for public
3 office, that never would have happened. The
4 ridership is up dramatically. And, the prosperity
5 of the City, until this recent downturn, is
6 directly, and acknowledged by everybody to be,
7 attributable to the public investment that was
8 made in the public transportation system in this
9 City and region.

10 COUNCIL MEMBER VALLONE: I was not
11 aware that Albany only asked you to look at half
12 of the budget, which doesn't surprise me.

13 RICHARD RAVITCH: No.

14 COUNCIL MEMBER VALLONE: But, I'm
15 also being told I need to be quiet. There's a lot
16 of people have questions. So, again, thank you
17 for all your work.

18 RICHARD RAVITCH: Thank you. And,
19 any time you want to continue this with me, I
20 would be delighted.

21 CHAIRPERSON LIU: Thank you. We've
22 been joined by Council Member Simcha Felder of
23 Brooklyn. And, we have questions from Council
24 Member Gale Brewer.

25 COUNCIL MEMBER BREWER: Thank you

1
2 very much. And, I want to second the fact that
3 you have briefed us a couple of times and we
4 appreciate it. I think what scared the daylights
5 out of us was the MTA's briefing. And so, when
6 you came afterward, I think we were-- I was
7 personally quite receptive to what you had to say
8 'cause nobody wants those draconian cuts.

9 I have four quick questions. First
10 of all, on the mobility tax, all of government
11 would pay that also for their workers. So, do we
12 know the cost of that? That's question number
13 one. The second is is this all, I should know
14 this, but this is all to be decided by the State;
15 that would be the process that has to go through.
16 And, is there any sunset possibility for that?
17 Or, does that make sense to have any sunset, at
18 least for reevaluation?

19 And then, the public perception,
20 which you talked about, the Chairman talked about,
21 I know there've been some suggestions as to
22 different people on the Board, as an example,
23 riders and Andrew Albert [phonetic] to have a real
24 vote, Gene Russianoff, Hope Cohen, people we know
25 and care to be participants, I think would add to

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2 the governance positive perception or people like
3 that.

4 And then, also things like buses
5 before tolls, so you really could see that the
6 buses are going to move before you had to pay the
7 toll. And, even things like better subway service
8 for those of us on the subway to see that you're
9 getting a lot for your extra... How do all these
10 pieces fit together? That's my question.

11 RICHARD RAVITCH: Well, you'll
12 forgive me if I don't remember any one of all of
13 those questions. But--

14 COUNCIL MEMBER BREWER:
15 [Interposing] I can repeat.

16 RICHARD RAVITCH: -- if I leave
17 out, in my answer, any of the questions you asked,
18 you can remind me. Number one, I don't know what
19 the City and State payrolls are at this point.
20 But, just multiply it by 33 basis points and
21 that'll tell you how much revenue they raised.

22 COUNCIL MEMBER BREWER: But, do end
23 up paying more do you think than the 300 million
24 we might save? In other words, would we end up--
25 I guess it would end up costing the City, State

1
2 and federal government something.

3 RICHARD RAVITCH: Well, you can't
4 constitutionally tax the federal government.
5 That's the only--

6 COUNCIL MEMBER BREWER:
7 [Interposing] So, the City--

8 RICHARD RAVITCH: The federal
9 government is the only employer who would not pay
10 this tax.

11 COUNCIL MEMBER BREWER: So, it'd be
12 City and State.

13 RICHARD RAVITCH: No, it would not
14 cost the City, at least the way I did the
15 arithmetic, but I was never very good at math,
16 wouldn't cost the City--

17 COUNCIL MEMBER BREWER: Okay.

18 RICHARD RAVITCH: -- anywhere near
19 what they would save--

20 COUNCIL MEMBER BREWER: Okay.

21 RICHARD RAVITCH: -- if the money
22 were expended in the manner that I'm suggesting.
23 As far as the membership of the MTA Board, what we
24 said was that the people who are appointed should
25 have some relevant experience to the kinds of

1
2 decisions that the MTA makes. And, I can only
3 tell you, as great admirer of Hope Cohen, I can't
4 imagine anybody--

5 COUNCIL MEMBER BREWER:

6 [Interposing] Okay. We agree on that.

7 RICHARD RAVITCH: -- better to
8 serve a public function.

9 COUNCIL MEMBER BREWER: We agree.

10 RICHARD RAVITCH: But, more
11 importantly, what we're saying, and we discussed
12 this the other day when I was here, and I have to
13 be careful in my choice of words, you have to, in
14 this crazy, wonderful, democratic system of ours,
15 have to strike the right balance, when you have a
16 institution like the MTA, between politics, and I
17 don't use the word politics in a pejorative sense,
18 and making decisions totally on the merits on
19 what's in the best interest of the transit system.
20 And, we believe that the original intent in the
21 creation of the MTA that the Board members serve
22 for six years and make their decisions on the
23 basis of what's in the best interest of the
24 system, and, I might add, of the employees in the
25 system and the public at large. It's got to be

1
2 balanced against the legitimate concerns and
3 oversight responsibilities that the legislative
4 bodies have because they are ultimately the
5 source.

6 COUNCIL MEMBER BREWER: I agree. I
7 think what happens is the public has a very poor
8 perception of the MTA, very poor. And, even
9 though we all take the subways and the buses and
10 they're better and they're cleaner and so on and
11 so forth. But, the idea would be to try, as part
12 of this discussion, to almost put perception as an
13 equal partner and to try to make some of these
14 other governance issues, even things like buses
15 happening before you institute the tolls and
16 having subways that actually.. I'm just--

17 RICHARD RAVITCH: Well, I would
18 certainly--

19 COUNCIL MEMBER BREWER: You need to
20 do that.

21 RICHARD RAVITCH: I would certainly
22 make two responses. One, anybody who extracts
23 billions of dollars from the public every year is
24 never going to be popular, whether you're the MTA
25 or, I don't know, any State Tax Commissioner who

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2 ever got elected to office either. So, it's
3 tough. But, I certainly agree with you that the
4 public should be able to achieve a benefit and a
5 visible benefit.

6 COUNCIL MEMBER BREWER: Right.

7 RICHARD RAVITCH: And, that is
8 precisely why I have said that the bus
9 improvements have got to occur before the tolls--

10 COUNCIL MEMBER BREWER: Correct.

11 RICHARD RAVITCH: -- would go into
12 effect.

13 COUNCIL MEMBER BREWER: I just
14 wanted to ask... And then, all of this has to be
15 decided by the State. Is that correct?

16 RICHARD RAVITCH: Well, let me put
17 it to you this way. Obviously, most of the
18 decisions are clearly within the jurisdiction of
19 the State, if not all of them. The Governor, when
20 he announced his support of this Commission's
21 recommendations, said he was going to have these
22 proposals drafted to legislation. And, I think
23 that legal work is going on right now. And--

24 COUNCIL MEMBER BREWER: Okay.

25 RICHARD RAVITCH: -- I'm not going

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to comment on that--

COUNCIL MEMBER BREWER: All right.

Okay. All right.

RICHARD RAVITCH: -- at this point.

COUNCIL MEMBER BREWER: Thank you
very much.

RICHARD RAVITCH: Thank you.

CHAIRPERSON LIU: Thank you,
Council Member Brewer. Questions from Council
Member Martinez.

COUNCIL MEMBER MARTINEZ: Thank
you, Mr. Chair. I also want to thank you for your
work and your service to our City and our State.
I just want to get an idea of the thinking around
the tolls on the bridges along the Hudson River,
which are the smaller scale bridges that connect
practically just the Bronx and Manhattan and if
there are any numbers, in terms of the revenues
projected to be generated by those tolls.

RICHARD RAVITCH: Again, I don't
recall the breakdown. I don't have those figures
at my fingertip. But, what we suggested was for
the consideration of the MTA if it were to impose
tolls would be that the tolls over the Harlem

1 River be charged at the single subway fare rate.

2 And, that the tolls over the East River be charged

3 at the same rate as the current TBTA facilities.

4 I could give you the gross figure. But, I can't--

5 I don't remember off the top of my head the

6 breakdown between the East River and the Harlem

7 River. But, I'd be delighted to make sure your

8 office is furnished that today or tomorrow.

9
10 COUNCIL MEMBER MARTINEZ: Yeah, I
11 would like that. You know, the concern is that,
12 you know, increasingly the perception among the
13 communities of color, particularly in the upper
14 Manhattan area, where we have these bridges, is
15 that Manhattan continues to be sort of like a
16 lockdown for those than can, let's say, 'cause
17 those in those communities already are being
18 pushed out either by high rents, the economy and
19 on top of that, we ourself here are talking about
20 proposal to generate revenues for our crisis that
21 we're dealing with in the City. And, a large
22 burden is going to be coming to the low-income,
23 middle-income families that make up these
24 communities, you know, when we talk about
25 increasing property tax. Even though we may have

1
2 a large number of renters, when we increase
3 property tax, those owners will be passing on to
4 those renters. The same is true when we talk
5 about the different proposals that are out there.
6 Now, in addition to that, having to pay your way
7 to come in and out to those two boroughs,
8 particularly Manhattan and the Bronx, it is of
9 real concern.

10 And, I know, and I share your point
11 of view in terms of we all have to put our share
12 into the system. But, it would be interesting to
13 see if we have a number in terms of the numbers of
14 commuters, as opposed to the numbers of commuters
15 coming from the Queens, Brooklyn Bridges, that are
16 coming from these bridges and the revenue that the
17 different-- the amount of revenue that they would
18 be generating. So, if you could share that with
19 me, I would appreciate that.

20 RICHARD RAVITCH: I certainly will.

21 COUNCIL MEMBER MARTINEZ: Thank
22 you. Thank you, Mr. Chair.

23 CHAIRPERSON LIU: Thank you,
24 Council Member Martinez. I just want to, I know
25 that we are starting to be joined by people who

1
2 are here for the Education Committee hearing,
3 which was originally scheduled at one o'clock.
4 That hearing will take place promptly at 2 p.m.
5 We have several more witnesses to go and a couple
6 more questions from Council Members. Council
7 Member Fidler.

8 COUNCIL MEMBER FIDLER: Thank you.
9 And, Mr. Ravitch, I apologize for not being here
10 when you began. We have a number of things going
11 on. One of which was a briefing that I was
12 receiving as part of leadership on the State
13 budget actions, or proposed State budget actions.
14 And, I'll come back to that in a second. And, I
15 was told you covered this but not to the specific
16 that I'm interested in. What percentage of the
17 billion dollars that will grossly be raised from
18 the bridge tolls goes to collecting the toll, as
19 opposed to the operation of the bridges, the
20 maintenance of the bridges?

21 RICHARD RAVITCH: The proposal is
22 that there would be electronic entry tolling, no
23 toll booths. And, that it ultimately would be
24 one-way tolling. So, the operating costs are
25 relatively small once you've installed the

1
2 equipment. I could get you the breakdown. I just
3 don't recall.

4 COUNCIL MEMBER FIDLER: So, you
5 don't know right here what that number is and--

6 RICHARD RAVITCH: No. But--

7 COUNCIL MEMBER FIDLER: Do you know
8 what the cost of installing the equipment is?

9 RICHARD RAVITCH: I can get you the
10 specifics of that.

11 COUNCIL MEMBER FIDLER: Okay.

12 RICHARD RAVITCH: I just remember
13 the gross numbers.

14 COUNCIL MEMBER FIDLER: Okay. I
15 would appreciate that. I think it's relevant.
16 The other thing, I'd like to go back to a
17 conversation that we had last week when you were
18 gracious enough to come to brief Council Members
19 at the Member's Lounge. And, I asked you about
20 the efficacy of Comptroller's Thompson's proposal,
21 perhaps scaled down. And, one of the things you
22 said was that you believed the State was perhaps
23 reserving that to fill its own budgetary
24 difficulties. And, apparently, they have not.
25 There are some minor steps that the State--

2 RICHARD RAVITCH: [Interposing] Did
3 you--

4 COUNCIL MEMBER FIDLER: -- is--

5 RICHARD RAVITCH: --see their
6 proposal as to how to finance bridges and
7 highways? I didn't say that that--

8 COUNCIL MEMBER FIDLER: The
9 registration fee portion of the State budget
10 proposal I believe is to raise fees by 25% on
11 people who have vanity plates and raise \$45 across
12 the Board for everybody else. So, that, to me, is
13 not inconsistent with the Comptroller's proposal
14 to, you know, for weight-based registration fees
15 that might fill this hole.

16 RICHARD RAVITCH: You're better
17 informed than I. I haven't seen--

18 COUNCIL MEMBER FIDLER:
19 [Interposing] Well, I mean, I will tell you I'm
20 only--

21 RICHARD RAVITCH: -- the State
22 budget.

23 COUNCIL MEMBER FIDLER: -- as
24 informed as the Finance staff is. And, they're a
25 little concerned about the briefing that they've

1
2 gotten. But, they were pretty clear about those
3 two points. That's why I was able to ask this
4 question.

5 RICHARD RAVITCH: Did that include,
6 Mr. Fidler, did that include the proposal to
7 finance bridges and highways?

8 COUNCIL MEMBER FIDLER: All that
9 money was going to be directed to the maintenance
10 of highways. So, the question I have is knowing
11 now that the State has not usurped that revenue,
12 would you have a different opinion as to the
13 efficacy of Comptroller Thompson's proposal?

14 RICHARD RAVITCH: Probably not
15 because, as I also believe I said to you last
16 week, the incidence of automobile ownership would
17 pose too much of this burden on people who are not
18 beneficiaries of this system because of the number
19 of automobiles that are owned on the outlying
20 areas of the MTA region--

21 COUNCIL MEMBER FIDLER: Well--

22 RICHARD RAVITCH: -- compared to
23 the ones that are owned within it.

24 COUNCIL MEMBER FIDLER: Before you
25 were here, our good friend, Gene Russianoff, was

1 sitting in that chair. And, I posed that answer
2 to him, playing the devil's advocate, 'cause I was
3 interested in knowing what their point of view
4 was. And, he had a detailed answer. But, he did
5 point out that we could also weigh that formula by
6 proximity to the City and perhaps people living
7 farther outside would pay a smaller piece. But,
8 they are still part of the region, the MTA region.
9 And, of course, the Comptroller's original
10 proposal purported to raise \$1.2 billion. So,
11 since we're looking now at a \$600 billion piece of
12 the puzzle, you know, it could be scaled down and
13 weighted. What's your reaction to that?

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15 RICHARD RAVITCH: You know, I would
16 have to tell you, I would have to understand
17 what's in the State budget because my
18 understanding was, and it may not have turned out
19 that way, but, I'm not a participant in the
20 discussions about the State budget, that there was
21 going to be a significant increase in the auto
22 registration fee to take care of the bridges and
23 highways [crosstalk]--

24 COUNCIL MEMBER FIDLER:

25 [Interposing] But I'm postulating now that the

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information is correct. So--

RICHARD RAVITCH: Well--

COUNCIL MEMBER FIDLER: -- I'm asking for a reaction. If my reality is wrong, then obviously your answer is, you know..

RICHARD RAVITCH: My reaction is that the automobile owners got to pay some of the cost of funding the public transportation system in this region. And, I would be glad to look at the various ways that could happen. It was our conclusion that the best way and most efficient and fairest way was by the imposition of tolls.

COUNCIL MEMBER FIDLER: Well, I think we have a difference of opinion as to whether that's the--

RICHARD RAVITCH: I--

COUNCIL MEMBER FIDLER: -- (a) the most efficient way because clearly there's a cost to collecting the tolls that--

RICHARD RAVITCH: [Interposing]
Yes, but the--

COUNCIL MEMBER FIDLER: And, it's certainly not the fairest--

RICHARD RAVITCH: You are--

2 COUNCIL MEMBER FIDLER: -- way--

3 RICHARD RAVITCH: You acknowledge
4 that the cost is not a significant factor.

5 COUNCIL MEMBER FIDLER: I don't
6 know because you don't have those numbers here.
7 And, in congestion pricing, it was \$0.50 on the
8 dollar and it was a ridiculous way. And, you
9 know, we have a fundamental difference of opinion
10 as to whether it's fair. And, as someone who
11 represents a district that has not a single subway
12 stop in it, in the outer reaches of Brooklyn, I
13 think it's extremely unfair. So, you know, we
14 could get into that. I know we don't have the
15 time to do it.

16 But, I would ask, Mr. Ravitch, that
17 you look at the Comptroller's proposal. I agree
18 that everybody has to pay a piece of the pie here.
19 I think that fellow with two SUVs in Putnam
20 County, whether he comes to the City or not, is
21 part of our society and part of our region and
22 transportation's region. I think he, too, has to
23 pay a little piece of it. So, I think the
24 Comptroller's proposal is very reasonable. And, I
25 think it is probably the fastest way to go if we

1
2 are going to solve this urgent problem as we
3 should have done. And, as you know, I obviously
4 agree with the payroll tax and I think that,
5 together with the Comptroller's proposal--

6 RICHARD RAVITCH: [Interposing] I
7 never--

8 COUNCIL MEMBER FIDLER: -- modified
9 would solve this problem equitably.

10 RICHARD RAVITCH: I think there's a
11 lot of merit to the Comptroller's proposal. And,
12 I also told him. And, I think there are many
13 different ways of doing this. But, there are many
14 revenue needs, as you well know. But, I have to
15 say this. It is precisely the kind of
16 constituency that you represent that is being
17 underserved by our public transportation system,
18 which is why the money to create more bus service
19 from the outer boroughs to the central part of
20 this Business District is absolutely a
21 prerequisite to imposing any additional burden on
22 those people who are the owners of automobiles.

23 CHAIRPERSON LIU: Thank you. Thank
24 you, Council Member Fidler. Next, we have
25 questions from Council Member Reyna. And, I want

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2 to ask the next panel of witnesses to prepare to
3 testify, Josh Nachowitz, Chris Jones and Mary
4 Barber. Council Member Reyna.

5 COUNCIL MEMBER REYNA: Thank you,
6 Mr. Chair. Welcome, thank you for your comments
7 and your due diligence. I just wanted to comment.
8 You know, this particular Commission report, I'm
9 not trying to criticize the recommendation, but
10 rather question the fact that I'm not too sure if
11 environmental cost was associated to a lot of the
12 implementation, especially with the toll, East
13 River toll bridges being implemented. There's
14 traffic congestion and a lack of mitigation,
15 traffic mitigation, that currently we're dealing
16 with in the area I represent, Williamsburg. The
17 issue as far as what conversations took place with
18 the Commission to deal with any type of traffic
19 congestion mitigation - - forward the
20 implementation of toll bridges. And, I understand
21 that, you know, what you're referring to is
22 equipment that's going to be seamless, you know.
23 You're in and out of a borough and off a bridge
24 where, you know, I don't know if this equipment
25 exists. Is it already implemented in other parts?

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2 Are we talking about the same equipment that was
3 brought up in the congestion--

4 RICHARD RAVITCH: Yes, it is a
5 variative of that and the technology exists. And,
6 we believe ultimately the Triborough Bridge and
7 Toll Authority should convert their system of
8 tolling to electronic tolling without toll booths
9 as well. The technology is available. I talked
10 to the people who are technical experts at it. I
11 don't mean to suggest I am 'cause I'm clearly not.
12 But, the equipment does exist.

13 COUNCIL MEMBER REYNA: And, as far
14 as conversations with the Department of
15 Transportation, what type of conversations took
16 place as far as the traffic mitigation that is not
17 present currently?

18 RICHARD RAVITCH: Well, I think the
19 Department of Transportation of the City has, and
20 the Commissioner did testify to the Commission,
21 talked about all the efforts they're making to
22 traffic mitigation. And, I had the opportunity to
23 also get a pretty good demonstration of their bus
24 rapid transit plan thinking, which is something
25 that I think is enormously important to this City.

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2 COUNCIL MEMBER REYNA: I criticize,
3 you know, the mode of transportation with bus
4 rapid transit. Perhaps we don't see eye to eye to
5 that. And, the lack of planning for the
6 population that has grown in a community such as
7 Williamsburg, where the MTA ignored to count the
8 proposed units that were already rezoned for in
9 2005, just leads me to believe that we're not
10 planning appropriately for certain areas. And,
11 we're expecting those areas to be taking on the
12 burden of a lot of what is being planned,
13 specifically, East River toll bridges. And, with
14 that same notion, we're not talking about real
15 estate inventory within the MTA and the sale of
16 that property that the MTA owns currently and has
17 no use for, but has accumulated throughout the
18 years. And, it's not part of the report.

19 RICHARD RAVITCH: I can comment on
20 that. The MTA's current capital plan subsumed the
21 realization of a billion dollars of sales from
22 property, which I don't think is going to occur.
23 I've seen estimates of the property values of
24 their surplus property. And, they don't, with the
25 exception of their own office building on 347

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2 Madison, which ultimately should be sold because
3 it has enormous potential value, that it's going
4 to have any measurable consequence on the kinds of
5 deficits or needs that the MTA has. I think this
6 is all part of a, and your questions are totally
7 appropriate, part of a greater process of
8 transparency and diligence on the MTA's part not
9 to invert fixed assets into money to use for
10 capital purposes in the transit system.

11 COUNCIL MEMBER REYNA: I just
12 wanted to-- I know that the Chairman's signaling
13 we have to wrap this up-- but, Chairman, I wanted
14 to just express to you how there has to be some
15 service equity here. And, you know, the proposal
16 of additional revenues and during the good times,
17 a reduction of service to areas, such as
18 Williamsburg, Bushwick, Ridgewood, Queens, to me
19 is not, you know, in good faith, giving me any
20 indication that I would want to support more
21 revenues when, in return, we're not seeing the
22 value for our dollar. And--

23 RICHARD RAVITCH: Well, let me say,
24 I couldn't agree with you more. And, I think that
25 is precisely one of the reasons that we

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2 recommended this change in governance. Why the
3 people who have to deal with the particular, the
4 State Legislature that has so much to do with how
5 much money the MTA gets, why the people who do
6 that have got to be able to deliver the product,
7 the service that they're asking the taxpayer or
8 the tollpayer to pay for. And, that's why both
9 have to be real positive. But, I don't blame any
10 legislator for not wanting to make sure that
11 promised service improvements were directly
12 connected to additional charges for the people
13 that you represent. That's what this whole bloody
14 system's all about. And, that's why there has to
15 be the kind of nexus that we've suggested between
16 the Board and the people who are dependent on this
17 system.

18 COUNCIL MEMBER REYNA: I just want
19 to remind everyone, you know, the Verrazano Bridge
20 bonds were paid for long time ago. And, we
21 continue to reissue and pay and, you know, it was
22 supposed to be for the cost of the bridge and the
23 building of the bridge. And, we're still paying,
24 you know, three generations later, four
25 generations later. You know, when does it end is

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my question? So that--

RICHARD RAVITCH: Oh, I can answer that. It never will.

COUNCIL MEMBER REYNA: Correct. And so, I hope that we're planning appropriately and that this is not just for special interest projects, such as, you know, the Second Avenue line and 7 Line, which are associated to bigger projects.

RICHARD RAVITCH: The MTA isn't paying the 7 Line. That's a decision that the City Council made to pay for that, \$3 billion. That was your decision. It wasn't the MTA's decision. And, I respectfully suggest to you--

CHAIRPERSON LIU: [Interposing] We only did two billion.

RICHARD RAVITCH: If you look at your record, it's not just two billion. But, that was your decision. As far as the Second Avenue subway was concerned, that was a decision that was made by the MTA Board, by the Federal government, by the State government and whether that was the right priority or not, I'd be glad to argue that with you. I happen to believe bringing the Second

1 Avenue subway to the East Bronx is probably the
2 most useful expansion we could do because of the
3 potential to build additional housing there for
4 the population explosion that is inevitable in New
5 York. So, but, I--

6 COUNCIL MEMBER REYNA:

7 [Interposing] Brooklyn is--

8 RICHARD RAVITCH: -- can--

9 COUNCIL MEMBER REYNA: -- a much
10 bigger borough. And, I just have to say, you
11 know--

12 RICHARD RAVITCH: I know that.

13 COUNCIL MEMBER REYNA: -- north,
14 south--

15 RICHARD RAVITCH: My roots are
16 there and--

17 COUNCIL MEMBER REYNA: --
18 connections--

19 RICHARD RAVITCH: -- I am aware of
20 that. But, I have to tell you--

21 COUNCIL MEMBER REYNA: North, south
22 connections in Brooklyn do not exist. And, when
23 you start questioning the MTA on this, you know,
24 they give us blank looks. And, it's hard to
25

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2 swallow blank looks when you're asking for
3 appropriate planning. And now, we're being asked
4 to give more and get less. So, I really--

5 RICHARD RAVITCH: [Interposing]
6 Well, I'm not sure you're--

7 COUNCIL MEMBER REYNA: --want to--

8 RICHARD RAVITCH: -- being asked to
9 get less. And, I can't, and I'm sure you
10 appreciate the fact that whatever my personal
11 sympathies may be, I don't run the MTA. And, all
12 I was asked to do by the Governor is to make
13 recommendations as to how to finance it. And, I
14 don't mean to beg off. I understand--

15 COUNCIL MEMBER REYNA: I know.

16 RICHARD RAVITCH: -- all of the
17 problems and all of the foibles. But, I got to
18 tell you, that people were asked over 105 years
19 ago to begin to pay for the construction of the
20 subway system. And, it was paid for out of the
21 real estate tax revenues of the middle-class
22 people who lived in New York City. And, they were
23 asked to pay more real estate taxes so we could
24 have a subway system. And, as that subway system
25 got built, real estate values went up.

2 COUNCIL MEMBER REYNA: I know. I'm
3 still waiting for a V Line that has a shell
4 station built, but no tracks. And so, this is the
5 type of planning that I wish we can start talking
6 about in order to say I support the plan, the
7 Ravitch Commission report and its recommendations.
8 But, until then, I can't. And, that's the point I
9 wanted to just continue to [crosstalk]

10 RICHARD RAVITCH: [Interposing] I
11 appreciate--

12 CHAIRPERSON LIU: [Interposing]
13 Well, thank you--

14 COUNCIL MEMBER REYNA: Thank you.

15 CHAIRPERSON LIU: -- Council Member
16 Reyna.

17 RICHARD RAVITCH: -- that--

18 CHAIRPERSON LIU: Thank you. We
19 have something from Council Member Koppell. And,
20 I'd like to ask the next panel to prepare to
21 testify.

22 COUNCIL MEMBER KOPPELL: Mr.
23 Chairman, I apologize that I was here earlier and
24 I had to leave and I'm back. But, number one, I
25 want to welcome Mr. Ravitch. He will recall, as I

1
2 do, that I was the Chairman of the Corporations
3 Committee, which had jurisdiction over the MTA
4 when we passed the first capital plan back, I
5 don't know, it was about 1980, I guess.

6 RICHARD RAVITCH: '81.

7 COUNCIL MEMBER KOPPELL: '81. And,
8 I might say that your sponsorship of that plan, it
9 probably wouldn't have happened without that, has
10 meant an enormous difference.

11 And, I know my colleague, Council
12 Member Reyna, is leaving. But, maybe she would
13 listen to this for a moment. The improvement in
14 the MTA system over the last 30 years, it's almost
15 30 years now since then, has been absolutely
16 enormous. And, we had a system that was, as my
17 colleague at the time, Jerry Nadler, who's still
18 in the Congress, said at a hearing that we held
19 together, on the verge of collapse before you took
20 over. And, the investment of billions and
21 billions of dollars, we did the first capital plan
22 and there've been successive ones, have made a
23 system now that functions.

24 And, while there's always things to
25 criticize, I mean, you don't have graffiti

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2 anymore. You have air conditioning on every
3 single unit of that system. By and large, and I
4 use the system multiple times. Every single day,
5 I use the system multiple times. And, generally
6 speaking, it functions well. And so, we have
7 gotten a lot for our money. And, in fact, over
8 the last number of years, with the installation or
9 the inauguration of free transfers and some
10 discount fares, the fare has not gone up as much
11 as it had over a number of years before that. So,
12 I take a very different view. I'm not saying
13 everything's wonderful.

14 The primary culprit on why we're
15 here today is that the State and, to a lesser
16 extent, the City government have failed to provide
17 the capital support that they used to provide
18 where the MTA is now having to pay capital costs
19 out of the fare box. And, that's why we see the
20 enormous increases in fares that will happen if we
21 don't find an alternate source of funding. And,
22 it's the fault of government that hasn't played
23 its proper role that brings us here today,
24 Mr. Chairman. It's certainly not the fault of
25 Mr. Ravitch. So, I want to thank you for what

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you've done and tell you--

RICHARD RAVITCH: Thank you, you're very generous.

COUNCIL MEMBER KOPPELL: -- that I'm glad that you--

RICHARD RAVITCH: Thank you.

COUNCIL MEMBER KOPPELL: -- and I and Gene Russianoff are still here.

CHAIRPERSON LIU: Thank you, Council Member Koppell. Council Member Yassky, very briefly.

COUNCIL MEMBER YASSKY: Yes. I'm speaking by the grace of the Chairman. So, I'm not going to ask a question. I just simply want to say I think not funding the MTA is not an option. And, but, I mean not providing the level of funding that your Commission has proposed is not an option. The City cannot thrive without a subway and bus system that functions at the level we've grown used to in the last 15 years. Thank goodness, because I remember, and most of us here remember, what it used to be. The debate has got to be about, you know, how to get it and there are better and worse and, of course. But, not doing

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2 something is the worst option, worse than any of
3 the options that you've put on the table. Thank
4 you.

5 RICHARD RAVITCH: Thank you.

6 CHAIRPERSON LIU: Thank you. Thank
7 you, Council Member Yassky for joining us today.
8 And, we've been joined by Council Member Letitia
9 James. Thank you for joining us. Mr. Chairman,
10 thank you for your service to our great City and--

11 RICHARD RAVITCH: [Interposing]
12 Thank you, Mr. Chair.

13 CHAIRPERSON LIU: -- for your
14 patience with this--

15 RICHARD RAVITCH: And, I--

16 CHAIRPERSON LIU: -- body.

17 RICHARD RAVITCH: I welcome it any
18 time. It's a pleasure to--

19 CHAIRPERSON LIU: Well, we'll have
20 you back then.

21 RICHARD RAVITCH: It's a pleasure
22 to be with you. Thanks.

23 CHAIRPERSON LIU: Thank you. We
24 have Josh Nachowitz, Chris Jones and Mary Barber.
25 Please join us. They'll be followed by John

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2 Corlett of the American Automobile Association. I
3 want to thank everybody for their patience. It's
4 been several hours since you've been with us. At
5 this point, I do need to invoke the clock. So, I
6 hope you'll understand.

7 JOSH NACHOWITZ: Good afternoon,
8 Chairman Liu. It's a pleasure to be here today to
9 voice our strong support for increased assistance
10 to the MTA. The seriousness of the MTA's
11 financial situation can not be overstated. The
12 Authority risks reversing much of the progress
13 made in improving the system over the last 30
14 years. Such a retreat from dependable and high
15 quality service would have enormous consequences
16 for our City's environment.

17 As an environmental advocacy group,
18 NYLCV has long supported mass transit as an
19 environmentally friendly alternative to
20 automobile-based transportation systems. The
21 increasingly apparent realities of climate change
22 make the effort to build sustainable and energy-
23 efficient transportation systems even more urgent.
24 Fully 20% of New York City's greenhouse gas
25 emissions come from automobiles. As a coastal

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2 city, New York is especially vulnerable to rising
3 sea levels and increasingly frequent and violent
4 storms.

5 Encouraging the use of mass transit
6 is a central component to the environmental
7 community's campaign to combat climate change and
8 improve our environment. Luckily, New York's
9 massive transit network makes us a national leader
10 in this effort. Largely because of our reliance
11 on transit, New Yorkers are responsible for almost
12 one-third less greenhouse gas emissions than
13 average New Yorkers.

14 As the price of fossil fuels
15 continues to be volatile and unpredictable, more
16 and more Americans are gravitating towards transit
17 and an increasing number of local governments are
18 investing in transit systems. Commuters and
19 business leaders alike are recognizing that
20 transit-rich cities have a distinct advantage that
21 will certainly be a carbon constrained and less
22 petroleum-dependent future.

23 Clearly now is not the time to walk
24 away from the critical investment that our transit
25 system needs in order to continue providing

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2 quality service throughout the City. The
3 proposals adopted by the Ravitch Commission offer
4 a formula for saving our transit network.
5 Chairman Ravitch has advocated a set of proposals
6 that will spread the burden of supporting transit
7 among all the beneficiaries of the transit system.
8 And, I want to be clear that NYLCV is very
9 supportive of the concept that a broad plan needs
10 to be adopted to save the train system that will
11 spread the burden of that program and of that
12 remedy to all the beneficiaries of the system.

13 As we try to find a way out of what
14 may be the worst economic crisis in two
15 generations, it is essential that we do not make
16 the same mistakes we made 30 years ago by
17 abandoning our commitment to the transit system,
18 as well as other important components of our
19 infrastructure. By investing in transit now we'll
20 create jobs and lay the foundation for a
21 sustainable future, both economically and
22 environmentally. Thank you.

23 CHAIRPERSON LIU: Thank you,
24 Mr. Nachowitz. Thank you for abbreviating your
25 prepared remarks.

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2 JOSH NACHOWITZ: Okay.

3 CHAIRPERSON LIU: Chris.

4 CHRIS JONES: Yes, thank you,
5 Mr. Chairman and members of the Committee. My
6 name is Chris Jones. And, I'm Vice President for
7 Research for Regional Plan Association. We're a
8 research and planning organization for the greater
9 New York region.

10 I'll read a brief portion of my
11 testimony. But, I just want to call your
12 attention to the attachments to the testimony. I
13 know you don't need any reminder of the extent of
14 the service cuts that would be imposed without
15 additional revenues. But, we have listed all of
16 the service cuts that are proposed by neighborhood
17 and Line and attached maps for each borough,
18 which, you know, showed which lines would be
19 affected. And, if it looks remarkably like a map
20 of the system, that's because, you know, just
21 about every line in the system would be affected
22 by this in one way, shape or form.

23 Regional Plan Association strongly
24 supports the recommendations of Governor
25 Paterson's MTA Finance Commission, chaired by

1
2 Richard Ravitch. While much of the attention has
3 been focused on the specific taxes and tolls in
4 the Commission's report, the recommendations offer
5 much more than a way to stave off service cuts and
6 fare increases. More importantly, the
7 Commission's plan would fundamentally reform the
8 finances of the MTA by bringing greater stability,
9 fairness, accountability and transparency.

10 It would bring stability by
11 addressing one of the root causes of the MTA's
12 recurring financial difficulties, its rapidly
13 growing burden of unfunded debt. The
14 recommendations in the plan would remove most new
15 debt service from the operating budget and
16 dedicate specific revenue sources to pay for it.
17 This means less pressure on transit riders who
18 already pay a higher share of the cost of their
19 ride than the riders of nearly every other major
20 transit system in the U.S. The proposal to
21 streamline MTA Board approval for fare increases
22 that do not exceed the rate of inflation will also
23 provide reasonable expectations for both the users
24 and operators of the system.

25 The Ravitch plan also improves

1
2 fairness because it spreads the burden among
3 businesses, fare-payers and drivers. Businesses
4 benefit from having an efficient and robust
5 transit network to efficiently bring employees and
6 customers to work and shop. The proposed mobility
7 tax of \$0.33 for every \$100 in corporate income
8 would keep the burden low for any individual
9 business by spreading it broadly among all firms.
10 For fare-payers, the 8% increase is difficult but
11 far better than increases of over 25% that they
12 would otherwise be subject to. And for drivers,
13 they benefit from a transit system that removes
14 cars and trucks from the road that would slow
15 their trips even more than they are today.

16 Charging tolls on the currently
17 free crossings eliminates the unfairness of having
18 some drivers pay tolls while others cross for
19 free. And everyone, both bus and subway riders
20 and those who currently drive, would benefit from
21 the expanded bus service that you just heard
22 Chairman Ravitch talk about so eloquently.

23 The Ravitch plan also calls for
24 additional measures for accountability and
25 transparency by the MTA, in addition to measures

1
2 that the MTA has already taken. These include
3 clarifying responsibility by giving the MTA Chair
4 full executive authority, developing a more
5 transparent reporting methodology for the capital
6 plan, and making information more accessible
7 through the MTA's website. And, the rest of my
8 testimony, again, goes into some of the service
9 cuts that I think you've all seen.

10 CHAIRPERSON LIU: Thank you, Chris.
11 And, thank you very much for these schematics.
12 These will be extremely helpful.

13 CHRIS JONES: You're welcome.

14 CHAIRPERSON LIU: Thank you. Mary.

15 MARY BARBER: Yes, hi. I'm Mary
16 Barber. I'm with the Environmental Defense Fund.
17 And, I'm also going to skip ahead right to the
18 environmental piece. Environmentally, there are
19 many reasons to generally support a comprehensive
20 rescue plan for the MTA as well, as Richard
21 Ravitch and the Commission have proposed, as well
22 as reasons to specifically support the proposal
23 for cashless tolls on the East and Harlem River
24 bridges.

25 Sustained transit capital

1
2 investment including expansion of the network is
3 fundamental to building a cleaner and more
4 sustainable city. The Ravitch report rightly
5 recommends expanding express bus lines and bus
6 rapid transit in the MTA region in order to more
7 quickly provide reliable, faster transit to people
8 currently underserved by the system. EDF is
9 calling on the MTA to make bus expansion and BRT a
10 high priority in its upcoming capital budget,
11 especially to extend service into communities
12 currently without adequate transit service.

13 The science is overwhelmingly clear
14 that greenhouse gas emissions must be cut 80% by
15 the year 2050 in order to stabilize climate.
16 President-elect Obama has announced his strong
17 commitment to that goal. America simply can't get
18 there without reducing emissions from
19 transportation. The transportation sector
20 currently accounts for over 30% of greenhouse gas
21 emissions nationwide, over 20% in the five
22 boroughs, and is also the fastest growing source
23 of greenhouse gases. A good transit network is
24 one of the reasons New York's carbon footprint is
25 lower than the national average. Investing in the

1
2 maintenance and expansion of transit
3 infrastructure today will help the city grow and
4 keep its carbon footprint low. And, it will
5 reduce the pressure on other sectors, like energy
6 and industry, to achieve even larger and more
7 expensive reductions in the future.

8 Reducing traffic and increasing
9 transit is essential to public health. You all
10 know that.

11 East River bridge tolling is
12 expected to cut some New York City transport
13 pollution significantly by reducing traffic and
14 improving transit. Benefits will be especially
15 large for those communities that now face
16 unusually high traffic and roadside pollution
17 exposure because drivers divert through local
18 communities to avoid tolls, for example in western
19 Queens and Brooklyn.

20 EDF believes the Commission's
21 package of recommendations is fair and equitable,
22 as we've all spoken about that all sectors must
23 contribute to the upkeep of the system. The
24 report's tolling recommendations create a level
25 playing field by eliminating the unfairness of

1
2 raising transit fares and some bridge and tunnel
3 tolls while other crossings remain free. And, the
4 cashless tolling technology makes it possible to
5 accomplish this goal without traffic-choking toll
6 booths.

7 It's important to remember that a
8 portion of the revenue raised by the tolls will
9 enable those structures to be self-sustaining,
10 both in capital and operating needs. And, this
11 will provide budget relief to New York City since
12 these structures would be removed from the New
13 York City DOT budget.

14 In conclusion, we support the
15 Ravitch Commission recommendations, because they
16 propose a fair and equitable way to expand bus
17 service quickly, reduce pollution and avoid
18 dramatic fare hikes. Thank you very much.

19 CHAIRPERSON LIU: Wow. Thank you.
20 Wonderful. Thank you. I want to thank you. As
21 always, you are always very patient in our
22 hearings. Sometimes they tend to get on the long
23 side. But, thank you very much for your
24 testimony. John Corlett of the AAA in New York to
25 be followed by Hope Cohen of the Manhattan

1
2 Institute and Kaziem Woodbury of the Downtown
3 Alliance. Mr. Corlett, please proceed.

4 JOHN CORLETT: Good afternoon,
5 Mr. Chairman. I'll try to be very brief. I
6 didn't have time actually to prepare a written
7 statement to submit. So, I'm sure you're happy to
8 hear that at this point. But--

9 CHAIRPERSON LIU: No, we appreciate
10 your testimony. But, we appreciate witty
11 testimony.

12 JOHN CORLETT: Okay.

13 CHAIRPERSON LIU: Brevity is the
14 soul of wit.

15 JOHN CORLETT: Over the last couple
16 weeks, we've heard a lot from the proponents of
17 this plan, including the Chairman, Mr. Ravitch,
18 about balance and equity. But, I'd like to point
19 out that the tolls on the MTA bridges and tunnels
20 are already 300% of operating costs, while the
21 transit fare is about 50% of operating costs. So,
22 I guess my question for proponents of the plan is,
23 and we should all recognize that all drivers
24 recognize that they're willing to support transit
25 to some degree. But, what's reasonable? Should

1
2 the tolls be 500% of operating costs or 600%? So,
3 I think that's an issue that I'd like to get out
4 there.

5 In addition to the 600 million that
6 the MTA bridges and tunnels already gives MTA,
7 drivers statewide pay about a half a billion
8 dollars in gasoline taxes to support MTA. And,
9 that includes drivers all the way from Buffalo to
10 Montauk. So, I'd just like to make that clear
11 that I've heard many people, including the City
12 Comptroller, saying it's time for drivers to pony
13 up and the tone of that is it's as if they're not
14 paying anything. So, drivers already pay about a
15 billion dollars. I guess the question for us is
16 when is enough enough?

17 To cut to the chase on the
18 Commission report itself, two things that struck
19 me about the report is, in addition to the new
20 tolls and fees, the Commission is recommending
21 toll and fare hikes every two years, basically be
22 put on autopilot. When I read that, I was taken
23 back a little bit because the whole tone of the
24 debate up in Albany, we heard Patocki, Spitzer,
25 leaders of the State Legislature, was we need more

1
2 transparency and more accountability. So, I was
3 kind of taken back that this Commission would
4 actually say, by the way, we should rescue MTA.
5 We should bail them out. And, we don't want
6 anybody looking over our shoulders. And, I think
7 that's basically what they're saying.

8 The second point, and you alluded
9 to this earlier, when I read the report was the
10 absence of any plan, any long term plan to help
11 prevent being back in this same position five or
12 ten years from now. To me, it's incumbent on the
13 Commission to come up with some plan to prevent us
14 from being back here years from now saying well,
15 it's time to rescue MTA again, or bail them out.

16 Finally, just there is a debate
17 underway in Washington over a federal
18 reauthorization. And, a I didn't see anything in
19 the report about urging the members of Congress to
20 go to Washington and fight for more transit aid
21 for the transit systems.

22 CHAIRPERSON LIU: Thank you very
23 much.

24 JOHN CORBETT: Thank you. Thank
25 you, Mr. Chairman.

2 CHAIRPERSON LIU: Thank you. Hope
3 Cohen, Kaziem Woodbury. Please come on up, Hope.
4 Please proceed.

5 HOPE COHEN: Thank you, Chairman
6 Liu, members of the Council, for this opportunity
7 to testify on the recommendations of the state's
8 Commission on Metropolitan Transportation
9 Authority Financing, led by Richard Ravitch, who
10 saved our public transit network 30 years ago by
11 convincing legislators, taxpayers, business
12 leaders and riders that all must share in the
13 costs of building, rebuilding and operating this
14 system so vital to our region. I'm Hope Cohen,
15 the Deputy Director of the Manhattan Institute's
16 Center for Rethinking Development. Let me also
17 note that I bring to my testimony the experience
18 of 11 years at MTA New York City Transit, mainly
19 in planning and budgeting for the capital program
20 overall, as well as for individual capital
21 projects and planning and project management for
22 strategic investments in information technology
23 and intelligent transportation systems.

24 The Ravitch Commission's report
25 addresses a range of issues concerning MTA

1
2 financing, management and governance. With thanks
3 to my predecessor, I must absolutely disagree with
4 him. Mazeltov on its sensible recommendation that
5 fares rise predictably with inflation rather than
6 spawning silly and counterproductive political
7 battles year after year.

8 The report rightly identifies the
9 over-reliance on self-supported debt to fund its
10 capital needs as a structural burden on the MTA's
11 operating budget and recommends, as a general
12 rule, that fares and current subsidies should pay
13 for regular operating expenses, exclusive of new
14 debt service, while growth in capital expenses
15 should be funded separately and exclusively.

16 Capital expenses are the focus of
17 the report. Closing the gap in the current
18 operating budget was an urgent last minute
19 addition to the Commission's mandate. The report
20 recommends several long-overdue changes to reduce
21 the costs and timeframes involved in managing
22 capital projects. Those include streamlining the
23 change-order process and limiting the ability of
24 operating departments to delay accepting completed
25 capital work.

1
2 Perhaps it's the emphasis on the
3 capital program that explains why the report does
4 not recommend any operational efficiencies or
5 discuss the long-term budget issues related to
6 labor costs, which are also very significant.

7 The Commission recommends two major
8 new sources of revenue to support the MTA's
9 capital program and plug the operating budget hole
10 this year only. One, the region-wide mobility tax
11 on employer payrolls and, the other, the tolls on
12 East and Harlem River bridges currently owned by
13 New York City and operated without tolls.

14 Of all the items discussed in the
15 report, this question of transferring ownership of
16 the crossings to MTA, which would impose tolls on
17 them, is the most likely to come before you in
18 some way. As you did with congestion pricing
19 earlier this year, a program designed to reduce
20 traffic congestion, rationalize traffic patterns
21 in Brooklyn and Queens, and raise funds for the
22 MTA capital program, you should absolutely approve
23 this proposal. It is unfortunate that your
24 colleagues in Albany chose not to approve
25 congestion pricing. We are now in essentially the

1
2 same situation we were in March, only worse. The
3 hole is bigger and the State Legislature passed up
4 the \$350 million we could have gotten from the
5 Feds to get a head start on providing transit
6 service where it is not available in the City. We
7 needed them then. We need them now. We will
8 continue to need them.

9 It is time to return tolls to the
10 Brooklyn, Manhattan, Williamsburg and Queensboro
11 bridges. Yes, return tolls. Toll revenue helped
12 finance the construction of the Brooklyn and
13 Williamsburg bridges. Tolls were discontinued on
14 those and on the Manhattan and Queensboro Bridges
15 in 1911 by Mayor Gaynor, who proposed making up
16 the lost revenue through an annual tax levy. The
17 result? These bridges, along with the others the
18 city operates, compete for funding with all other
19 municipal budget priorities and a lack of a
20 dedicated revenue stream has resulted in deferred
21 maintenance and sometimes dangerous disrepair.
22 The bridges are not free as they are so often
23 portrayed. It's just that they are paid for in
24 tax dollars, rusting metal, and crumbling stone,
25 rather than tolls.

1
2 Meanwhile, the MTA's tolled East
3 River crossings and the Hudson River crossings,
4 which are tolled by the Port Authority, are in
5 excellent condition. Tolls yield enough to
6 maintain them in excellent condition and to cross-
7 subsidize the public transit services that those
8 Authorities provide. The first new toll revenue
9 would be used to bring the newly acquired bridges
10 up to the maintenance level that matches the
11 existing MTA bridges. After that, the revenue
12 would be used for MTA capital programs more
13 generally, which, by the way, includes capital
14 work on MTA bridges, which would now include these
15 newly acquired bridges. In addition, it would
16 provide the expanded bus service that you heard,
17 as well as contribute, in general, to the capital
18 program, which includes subway car and bus
19 purchases, signal system upgrades and much more.

20 Drivers who now cross the East and
21 Harlem rivers without paying will not like the new
22 tolls. But we all like having buses, subways and
23 railroads, whether they bring employees and
24 customers to our place of business, provide
25 transportation to people who would otherwise

1
2 worsen our traffic jams, or, yes, use them
3 ourselves.

4 CHAIRPERSON LIU: Thank you,
5 Miss Cohen, for your testimony today. And, your
6 input is always appreciated. I thank you for your
7 patience, as well. We now call upon Bhairvi Desai
8 and William Lindauer of the New York Taxi Workers
9 Alliance.

10 WILLIAM LINDAUER: Mr. Desai is not
11 here today.

12 CHAIRPERSON LIU: Okay.

13 WILLIAM LINDAUER: I will have to
14 speak for the New York Taxi Workers Alliance.

15 CHAIRPERSON LIU: Please.

16 WILLIAM LINDAUER: I am Bill
17 Lindauer. Miss Cohen was not angry enough, was
18 she? Of course, as representing drivers, we do
19 not want any tolls on bridges. Could you imagine
20 that just to get to work in the morning, 90% of
21 the garages are in Queens. The driver would have
22 to pay a toll, 'cause they're not going to get a
23 passenger at five or six in the morning, right.

24 As for Mr. Kheel's proposals, he
25 thinks out of the box. But, he's going to put the

1
2 taxi industry in a box. They'll be buried. He
3 not only wants to free subways and buses, he wants
4 a 50% surcharge on taxis. This is a formula for
5 the death of the taxi industry, putting 40,000
6 licensed drivers out of work. But, most of all, I
7 think that's kind of irrational proposal.
8 Hopefully, it'll never get serious consideration.

9 But, a word about the taxi tax
10 proposed by the Mayor, the Administration when it
11 came to congestion pricing. Under that proposal
12 of the Mayor, taxi passengers getting in or out
13 below 60th Street would have to pay \$1 tax to the
14 driver. He would collect it, put a City coffers--

15 CHAIRPERSON LIU: All right. Bill,
16 that's not part of the Ravitch Commission
17 recommendations.

18 WILLIAM LINDAUER: I know.

19 CHAIRPERSON LIU: That's what we're
20 testifying about.

21 WILLIAM LINDAUDER: But, I don't
22 want it to rear its head as an alternative to the
23 Ravitch Commission because when we asked for a gas
24 surcharge when the gas was over \$4, we asked for
25 \$1, the Mayor said well, that'll discourage taxi

1
2 passengers. But, how come his proposal would not?

3 CHAIRPERSON LIU: That's not a
4 subject of today's hearing.

5 WILLIAM LINDAUER: Okay. But--

6 CHAIRPERSON LIU: Thank you.

7 WILLIAM LINDAUER: Okay.

8 CHAIRPERSON LIU: Thank you. We
9 call upon Mr. Kaziem Woodbury. Please be brief.
10 We need to clear out so the Education Committee
11 hearing can proceed.

12 KAZIEM WOODBURY: Thank you,
13 Chairperson Liu, remaining members of the
14 Transportation and Finance Committee. I'm reading
15 a statement on behalf of Elizabeth H. Berger, the
16 President of the Downtown Alliance.

17 The Alliance for Downtown New York
18 is the Business Improvement District of Lower
19 Manhattan, the principal organization that
20 provides Manhattan's historic financial district
21 with a premier physical and economic environment,
22 advocates for business and property owners and
23 promotes the area as a world-class destination for
24 companies, workers, residents and visitors.

25 No part of New York City is more

1
2 connected to the entire metropolitan area than
3 Lower Manhattan, with 14 subway lines and 12
4 stations, eight local--

5 CHAIRPERSON LIU: [Interposing]
6 Mr. Kaziem, I'm sorry. With all due respect, we
7 are familiar with the Downtown Alliance. I would
8 ask you to paraphrase the ending conclusion of the
9 Alliance's testimony.

10 KAZIEM WOODBURY: Okay. Downtown's
11 past, present and future as the international
12 capital of finance and commerce depends on mass
13 transportation. The Downtown Alliance is in
14 support of the Ravitch Commission's report. We're
15 sure that there's no easy fixes and the Ravitch
16 Commission has proposed medicine that's hard to
17 swallow. Increased taxes and fares and the toll
18 on East River bridges may not be popular, but, as
19 with the Mayor's plan for congestion pricing,
20 which we supported, the Downtown Alliance
21 understands that tough choices must be made.

22 The mobility tax deserves
23 consideration in this regard, but must be
24 evaluated in context. Other deficit financing
25 proposals, not yet disclosed by the State and

1
2 City, what MTA management and labor will
3 contribute to the solution and how the Governor
4 and Mayor proposes to close the looming State and
5 City budget gaps. Now is the time to defy the
6 expectations, not manage them. Let's remember the
7 meaning of New York City's greatest achievements.
8 Many of the public works were begun in times of
9 economic and political uncertainty. We urge the
10 Ravitch Commission to get the MTA back on track
11 and keep Lower Manhattan and New York City the
12 financial and commercial center of the world by
13 maintaining the excellence of our public
14 transportation system. Thank you.

15 CHAIRPERSON LIU: Thank you very
16 much. I really thank you for being here for four
17 hours and then, unfortunately, my having to cut
18 your testimony short. Thank you. But, the entire
19 testimony will be entered in for the record. X.
20 Please proceed with haste.

21 MR. X: I'm having trouble
22 understanding the Ravitch Commission report. He
23 stated these bridges should be tolled. I
24 disagree. When drivers park in bus lanes, why
25 can't they pay a penalty? I think that's a better

1
2 step. If they park their vehicles in the bus
3 lanes, then they should pay a heavier fine,
4 instead of tolling the bridges, which everyone
5 said is a bad idea.

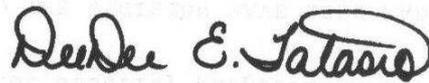
6 As far as the Verrazano Bridge
7 goes, there should be no more tolls on that bridge
8 because it's harder for Staten Island residents to
9 reach their destinations. And, I think - - Staten
10 Island's the forgotten borough. And, I'd like to
11 see Staten Island, you know, be part of this
12 state, not part of New Jersey from what I was
13 told.

14 CHAIRPERSON LIU: Great. Thank you
15 very much, X. There being no other witnesses
16 today, this hearing of the City Council's Finance
17 and Transportation Committees is adjourned.

C E R T I F I C A T E

I, DeeDee E. Tataseo certify that the foregoing transcript is a true and accurate record of the proceedings. I further certify that I am not related to any of the parties to this action by blood or marriage, and that I am in no way interested in the outcome of this matter.

Signature

A handwritten signature in cursive script that reads "DeeDee E. Tataseo". The signature is written in black ink and is positioned above a horizontal line.Date January 5, 2008