



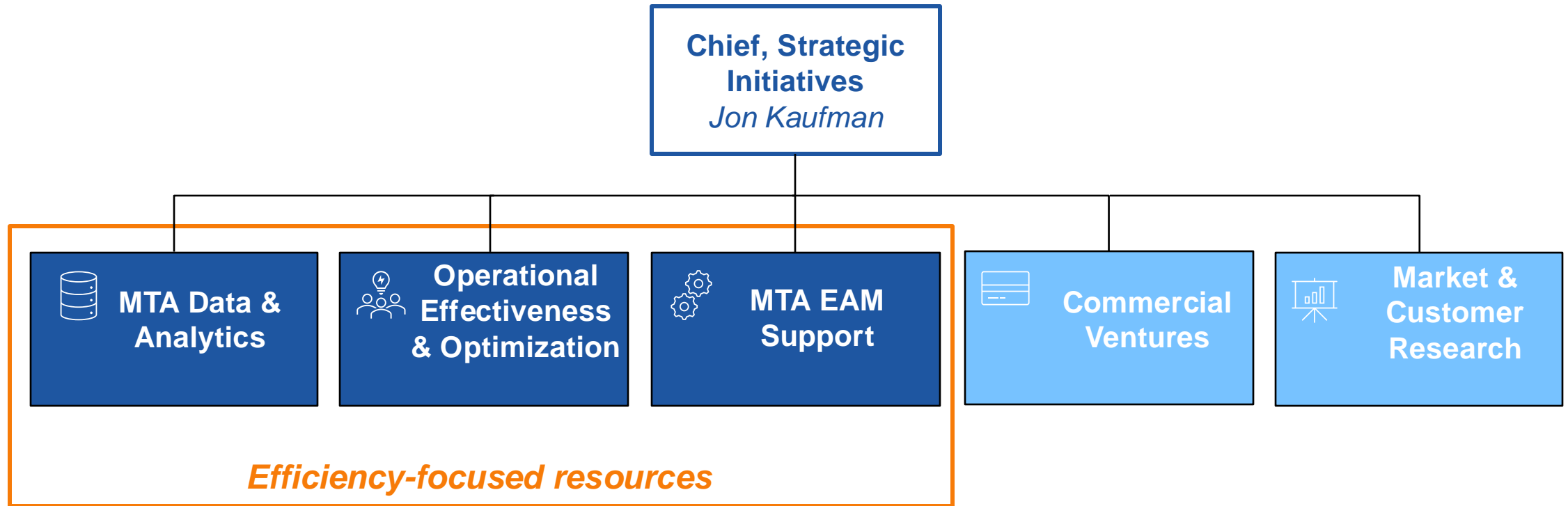
Metropolitan Transportation Authority

MTA Cost Management

Board presentation

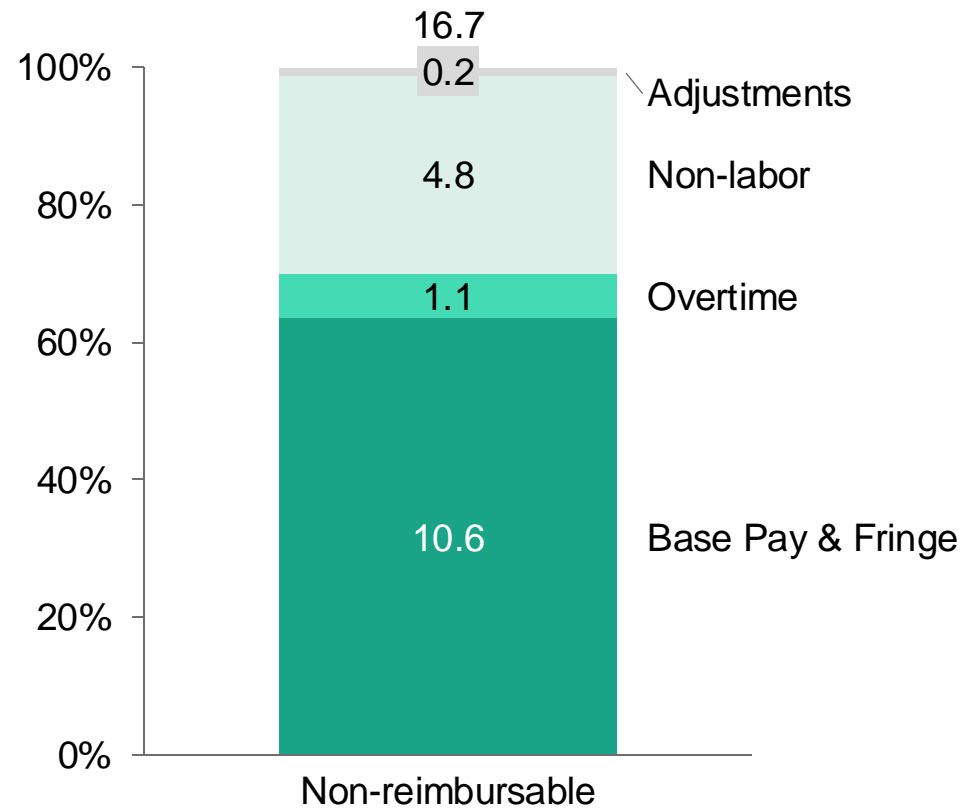
January 2025

Introduction to Strategic Initiatives

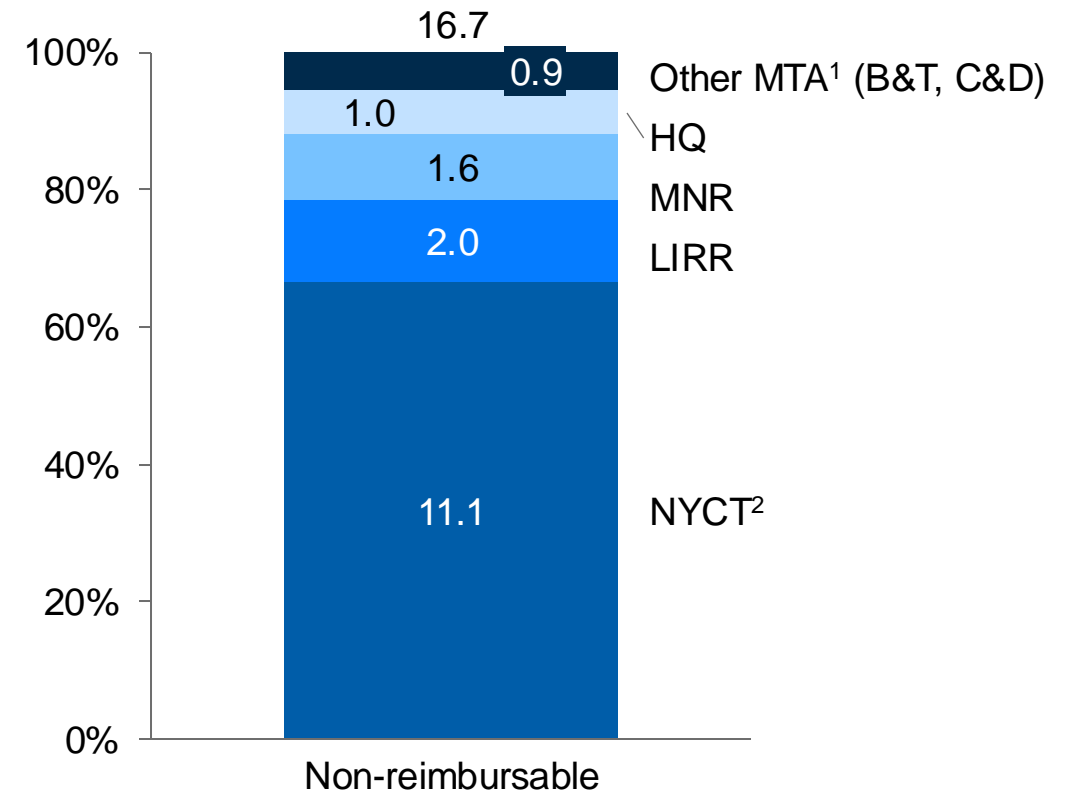


~70% of the MTA's cost base is related to labor costs; Two thirds of the cost are in Transit

Expenses by category, 2024 \$B



Expenses by agency, 2024 \$B

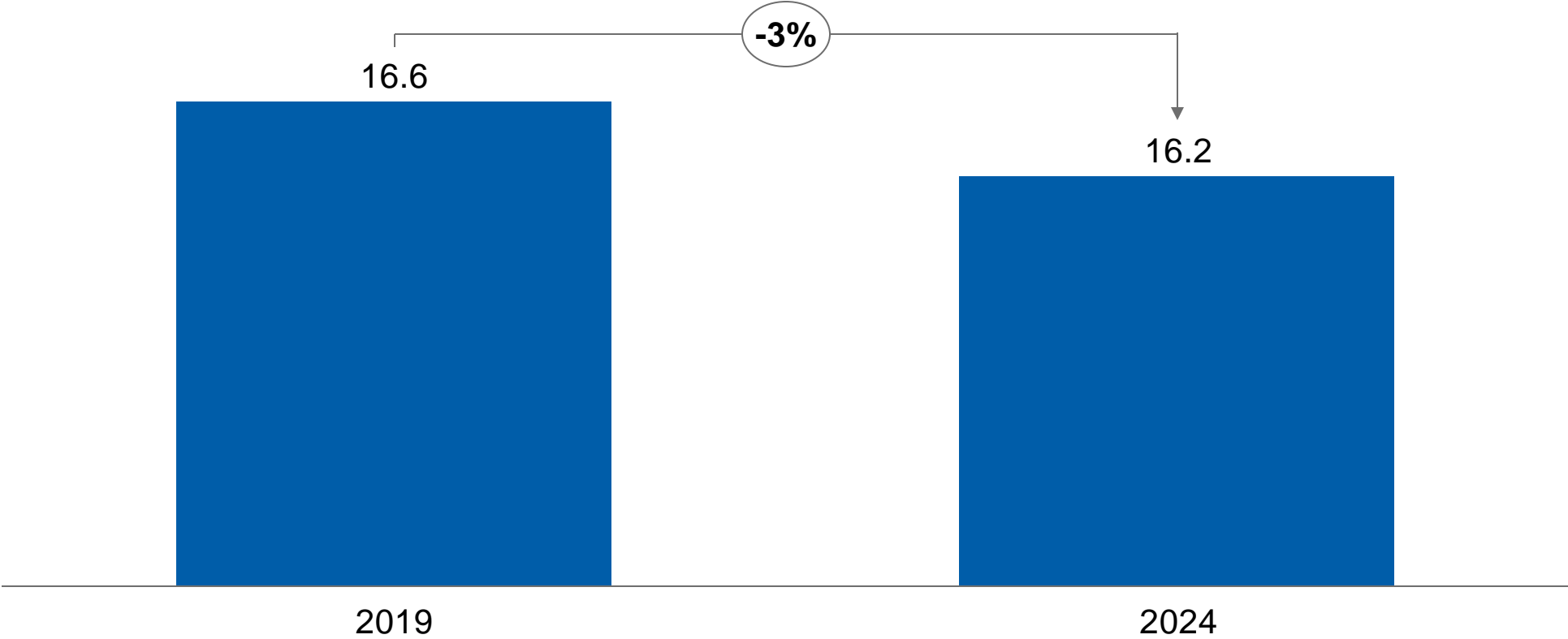


Note: The total costs shown on this page are lower than the figures presented on the previous slide because they exclude Debt Service (~3B) **Source:** [December OMB report](#)

1. Other MTA includes Bridges & Tunnels, Construction & Development, First Mutual Transportation Assurance, DMB, Staten Island Railway. 2. NYCT includes Subway, Bus, Paratransit, MTA Bus

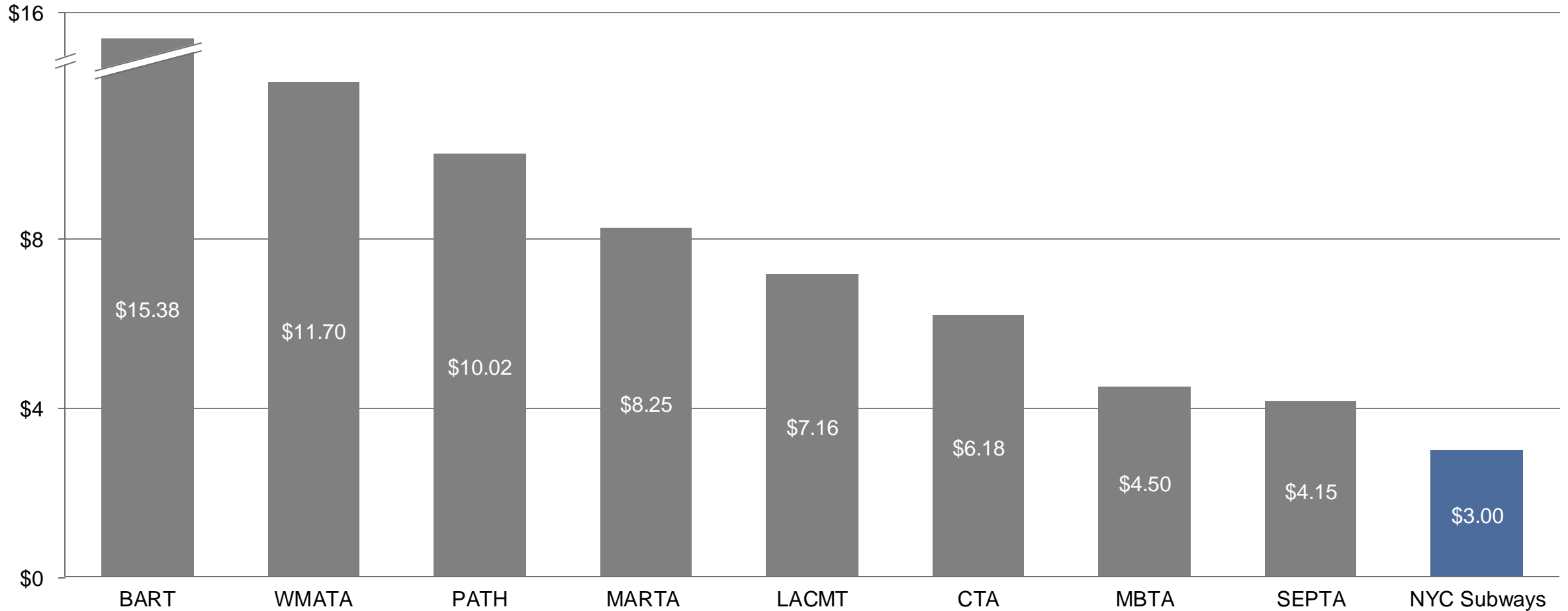
In real terms, the MTA's total expenses have been reduced 3%, despite adding service

MTA total expenses, 2019-2024, \$B, 2019 dollars



Our subway system is the most efficient in the country

2023 MTA Subways operating costs vs. other systems (operating cost per unlinked trip)



How did we get here

- Committed to find \$400M in savings by 2024
- Benchmarked our costs to set agency-by agency targets
- Undertook an operational cost diagnostic
- Generated dozens of cost efficiency initiatives
- Established a program office to aggressively monitor the implementation, and help clear obstacles
- Introduced 'cost consciousness' as a core MTA value

The Crowe forensic audit outlined important themes to aid in driving efficiency

Recommendations

1. **Require immediate master planning**

2. **Adopt alternative management approaches to control future costs**

3. **Provide active risk management of projects**

4. **Consolidate projects/procurements across multiple sub-projects**

5. **Enhance linkages between capital projects**

What we changed

Rigorous **upfront planning** and **operating agency buy-in** in early stages

Strategic use of delivery models, including **Design-Build** and **early completion incentives**

Empowered role of **Program CEOs** and **change order scrutiny**

Larger **bundled contracts** to fully realize economies of scale and scope

Robust **20-Year Needs Assessment** across nearly 6 million MTA assets to lay out priority capital investments



Select examples of impact

- \$1B saved on bids compared to estimate since 2020 across 430 projects¹
- 4.5x pace of ADA accessibility projects through bundling
- Major projects like LIRR Third Track and Canarsie Tube come in under budget and on schedule
- Significant scope savings – \$300M in design for Second Avenue Subway Phase 2 and \$40M for ADA Woodhaven Blvd

The consolidation of five duplicative sets of admin functions into HQ has provided cost savings and process improvements

HR

- **Improved “time to hire”**
- **Timely employee separations processes**

IT

- **Right-sized devices, licenses, and subscriptions**
- **Renegotiation of large vendor contracts**

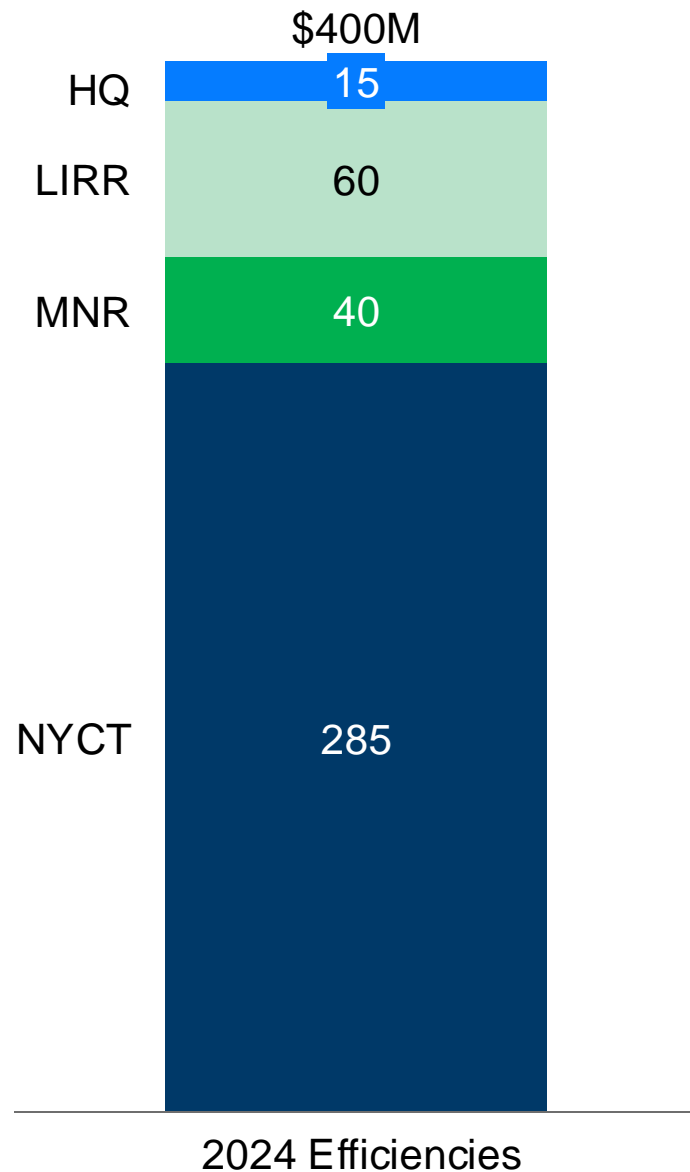
Procurement

- **Revitalized rolling stock strategy**
- **Optimizing common supply chain practices** (better forecasting, improved vendor management, and updated minimum quantities, reorder points, etc.)

Finance

- **Efficient and timely accounts payable practices**
- **Unified and streamlined expense approval process**

We committed to saving \$400M in 2024, and delivered



Major initiatives (not exhaustive)

HQ

- Telecom savings
- Optimizing software licenses
- More competitive procurements – pushing down track purchasing costs

MNR and LIRR

- Establishing standard procedures/hours for recurring inspections
- Rolling stock inspection cycle optimization
- Tighter matching of material spend with scheduled work
- Leveraging technology to improve scheduling efficiencies

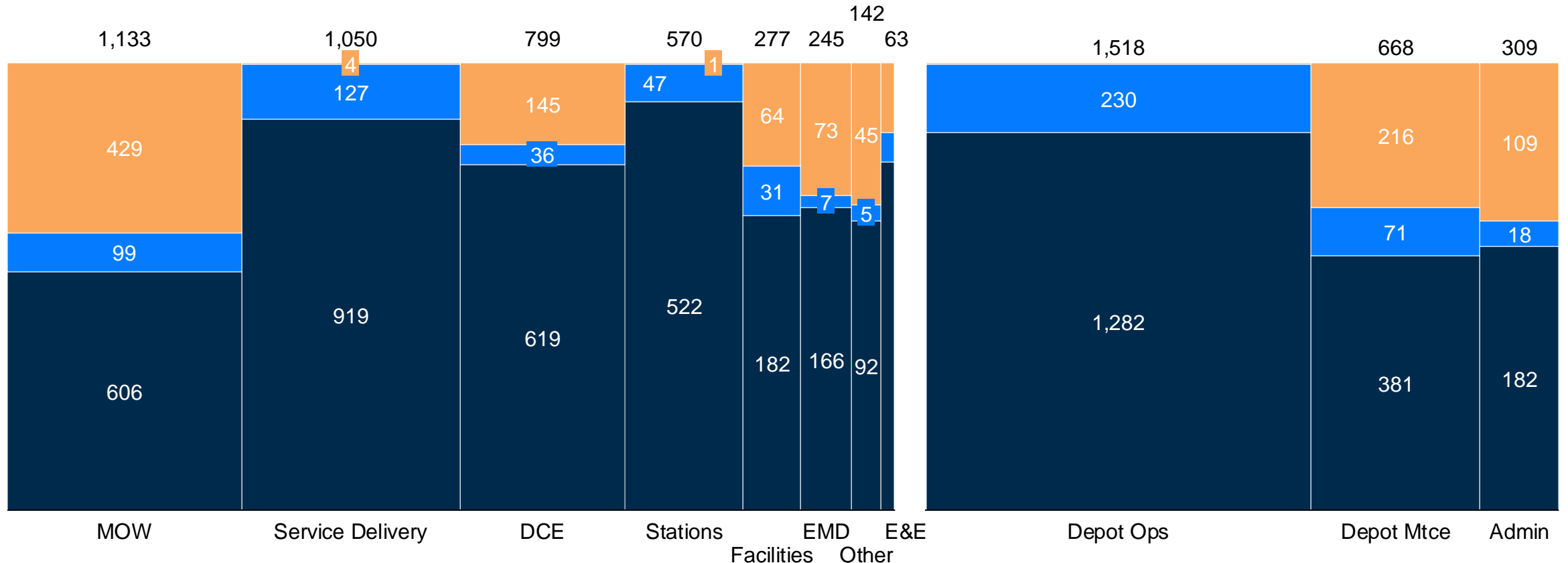
NYCT

- Availability and workers compensation
- Optimization of SMS cycles
- Restructuring of ERT and CAT teams
- Re-deployment of station agents
- Bus depot consolidation

We pursue cost management with a thorough understanding of underlying drivers

Subway and Bus operating cost components, \$M 2024

Payroll and Fringe Overtime Non-Labor



Subway, \$4.3B

Bus (excludes MTABC), \$2.5B

Combined Subway and Bus, \$6.8B

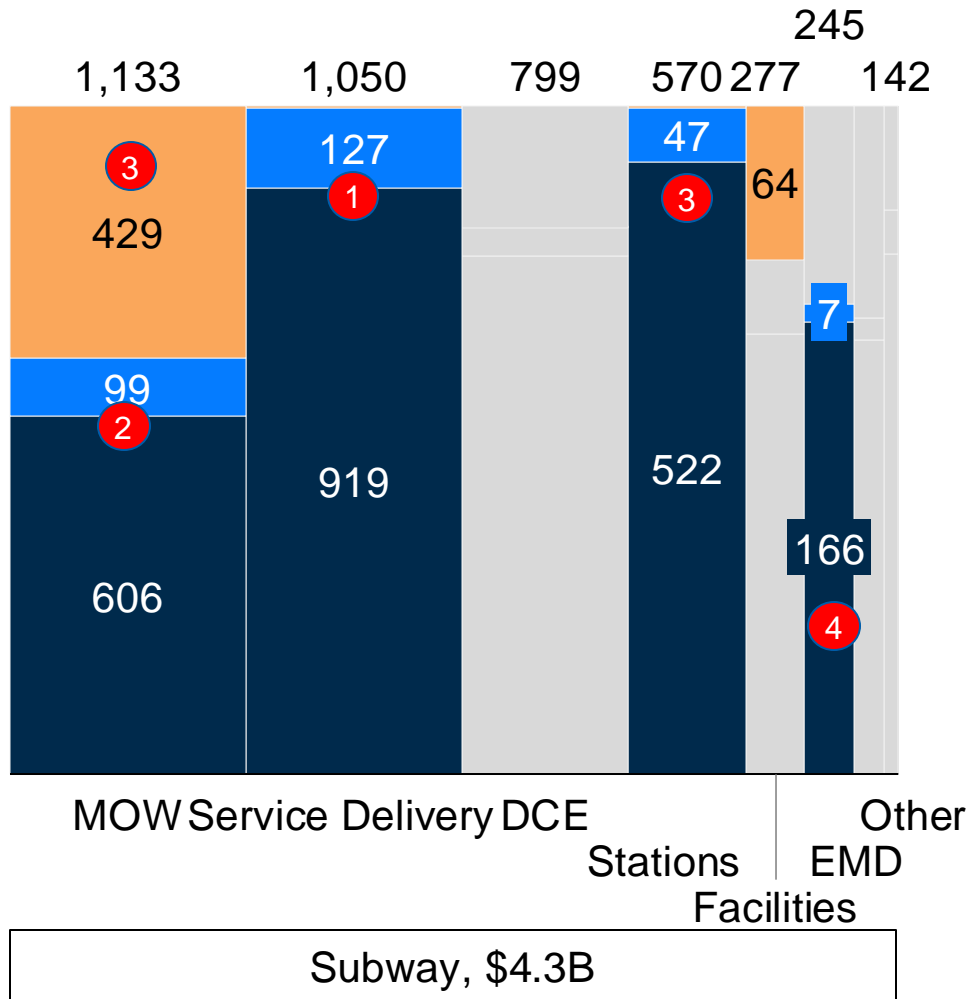


Note: The operating costs for Subways shown here do not include HQ / Transit overhead re-allocated to Subways, as on slide 8
 Source: MTA OMB Hyperion, 1/2025, excl. MTA Bus

Areas being pursued for efficiency gains within NYCT right now (Subways)

Subways Spend By Department, \$M 2024

Payroll and Fringe Overtime Non-Labor



Selected cost efficiencies initiatives underway

- 1 **Service Delivery:** Subway schedule efficiency and using technology to optimize overtime
- 2 **MoW:** Expansion and improved coordination of GOs
- 3 **Stations/Power/Facilities:** Increase in scale of energy efficiency practices
- 4 **EMD and Transit Revenue Ops:** Consolidation of multiple payment systems

We will continue to realize efficiencies, and be more cost conscious

- Structured, sustainable approach to cost savings
- Eliminate duplication and take advantage of scale
- Promote fiscal responsibility in all parts of the organization



Enabling...

1. Additional service
2. Ability to handle unfunded mandates
3. Reduced debt