

Congresswoman Carolyn Maloney
Second Avenue Subway Report Card

During the year since the first annual Second Avenue Subway Report Card was issued, the Metropolitan Transportation Authority (MTA) has made substantial progress in moving forward with construction. Roughly three and a half years into construction, we are starting to see real progress although there are also some concerns that should be addressed. This is still a mid-term report, and the MTA has plenty of time to make up for early deficiencies.

There is plenty of good news to report. Construction is moving forward with measurable progress. The MTA completed the launch box at 92nd Street. The Tunnel Boring Machine (TBM) was launched on May 14, 2010. After a slow start, the TBM has bored through several thousand feet of rock. Most of the individuals living in the relatively small number of residential apartments being acquired by the MTA (61, of which 9 were vacant at the time of acquisition) have been moved to new homes. As of August, there were only 3 residential apartments and between 9 and 11 businesses left to be relocated¹. Once these few are moved, the MTA will be able to start demolishing existing structures and constructing entrances and ancillary structures. The MTA is proceeding with construction at the site of all four station entrances that comprise Phase 1.

First considered a transportation project, Second Avenue Subway is also an important jobs creator. The project is employing thousands of workers at a time when the construction industry is experiencing a sharp downturn, making the Second Avenue Subway an ideal stimulus project. In fact, SAS qualified for funding under the American Recovery and Reinvestment Act of 2009 and received \$78,870,000.

On the other hand, there have been significant problems. On June 18, 2010, the Federal Transit Administration (FTA), the MTA's partner on the Second Avenue Subway, issued a well-publicized letter confirming what we have all known: the timetable for completion of the Second Avenue Subway has slipped considerably since the full funding grant agreement was signed, and cost estimates have risen. The MTA insists that its target completion date of 2016 is still achievable; the FTA says that it is more realistic to expect a 2018 completion date. The good news is that all of this information was known a year ago when the first report card was released, and there have not been significant changes in cost or timetable since then; however, there are some worrying signs.

The MTA found that surprising number of the older buildings along Second Avenue are in poor repair, and they were forced to temporarily relocate residents while buildings were

¹The discrepancy relates to an unresolved question as to whether two businesses need to be relocated.

stabilized. This may not have delayed the project, but it was an unexpected cost. The MTA also discovered that utilities often were not located where they were expected to be, and this reportedly slowed progress and caused costs to rise. It was well-known ahead of time that pipes and utilities laid decades ago are not always where they are expected to be and that many of the buildings along Second Avenue are old. Both problems should have been anticipated in the planning and built into the cost and timetable.

Construction continues to have a significant impact on Second Avenue businesses, and business owners are suffering. While strategies have been developed to assist businesses, the construction is clearly continuing to have a significant impact on Second Avenue businesses.

Many residents have serious complaints about how the new entrances and ancillary structures will impact their buildings, including the MTA's insistence that the structures must have an industrial appearance. This is currently the subject of a pending lawsuit, and while there have been discussions aimed at bringing the parties together to reach an amicable agreement, the MTA has not yet shown any willingness to compromise. The more that this litigation drags on, the more likely it is to have an impact on the timetable for completion.

Finally, while the federal government has already contributed \$752.2 of its \$1.3 billion commitment (with another \$197 million expected for FY2011, which would bring the federal total to roughly \$950 million), and the State has allocated more than \$1.5 billion to the project, there is still some concern about the State's ability to provide the funding during this time of fiscal crisis. It is encouraging to know that the current MTA Chair appears to be committed to completing the capital projects that are currently underway, but there will be a change in the Governor's office in January, introducing an element of uncertainty.

WHAT'S BEEN WORKING

Project Merit – A+

(2009 Grade: A+)

All the reasons that led the FTA to consider this project one of the best in the nation remain strong factors. The subway will relieve overcrowding on the Lexington Avenue line, which continues to be the most overcrowded subway in the nation. When it is completed, it is expected to carry roughly 202,000 passengers a day, more than any other 'New Start' project in the nation. New Yorkers continue to rely on mass transit to commute to work, more than any other Americans, and the Second Avenue Subway will provide much needed capacity in a system that has not grown in more than half a century.

Economic Benefits – A+

(2009 Grade: A+)

When this project was first proposed, it was viewed as an economic development project, crucial for New York City's ability to continue to grow. Today, we also recognize its significance as an effective and efficient jobs program. All told, the Second Avenue Subway is creating 16,000 jobs, most of which are well-paid union jobs. At a time when the construction industry is in

crisis, infrastructure construction like the Second Avenue Subway provides a vital income for thousands of construction workers. These workers spend their hard-earned dollars in local businesses, and pay taxes locally. Economists like Mark Zandi tell us that every dollar spent on public infrastructure increases Gross Domestic Product (GDP) by an estimated \$1.59. Using that formula, the Second Avenue Subway will generate nearly \$7 billion in GDP.

Communication with the Public – B+ (2009 Grade: B+)

The MTA continues to meet with local community groups and to provide periodic updates through Community Board 8's Second Avenue Subway Task Force and through its own email updates. Unfortunately, the public meetings have been less frequent this year, whether because the community board chose to hold fewer meetings or because the MTA declined to comment on certain aspects of the project. While there were four meetings of Community Board 8's Second Avenue Subway Task Force in 2009, there have been only two so far in 2010, and none are currently scheduled. Nonetheless, the MTA does regularly send out an email with a three week look ahead on construction. It maintains an office in the community staffed with individuals who are tasked with addressing local concerns immediately. Representatives of the MTA and the contractors regularly participate in meetings of the Second Avenue Business Association (SABA) and have worked with the City to mitigate impacts relating to sanitation, signage, traffic, utilities disruption and other matters. In 2010, the MTA held meetings with local residents to explain the need for temporary relocations, to explain the process and to address any questions.

The MTA has an excellent website that makes most of the pertinent documents publicly available. In mid-2009, the MTA began posting its quarterly reports to the FTA, which provide a wealth of information about the timing of contracts, progress toward completion, budgeting for the subway and what the MTA is doing to try to address problems.

WHAT NEEDS IMPROVEMENT

Planning – B- (2009 Grade: B-)

The Second Avenue Subway is a complex project, and it requires a lot of coordination to bring all of the elements together. The MTA appears to have performed reasonably well at those aspects of the project involving actual construction, but less well at anticipating the unexpected and working with local community groups to resolve problems. Anyone with experience with New York City's utility grid knows that there are few roadmaps for where utilities and water pipes have been laid, and that there are surprises. The MTA says it lost several months on the tunnel launch box and elsewhere because of problems locating and moving the utilities. Delays of this type should have been expected and built into the schedule. Further, Borough President Scott Stringer's office has reported that the MTA does not appear to be keeping records on where the utilities are being moved to help facilitate utility repairs in the future.

In 2009, the MTA was criticized for failing to investigate the structural integrity of local buildings before masonry started falling, leading to delays in blasting. The MTA learned its

lesson and investigated the other buildings along the path of the subway to determine whether problems could be anticipated. As a result, some people had to be temporarily relocated, which affected the project's cost, but did not impact the timetable. The MTA deserves credit for taking steps to solve the problem.

On the other hand, 2010 has also been a year in which local residents have learned more about the actual design of station entrances and ancillary facilities. Many have expressed dismay about the MTA's insistence that buildings related to the project must have an industrial appearance although the Final Environmental Impact Statement suggested clearly that the buildings could look residential. Others have concerns about lost windows, placement of cooling towers and louvers and other design elements. These designs should have been available earlier in the process to allow more effective community input and to enable the MTA to resolve these problems before they turned into confrontations.

Construction Management – B- (2009 Grade: B-)

The MTA is working on many large projects simultaneously and it needs to ensure that this project is getting the attention it deserves. In 2009, the MTA pulled up its grade by getting permission of the MTA board to allocate federal funding so that contracts can be bid more quickly. It has subdivided contracts into smaller chunks to allow for more competitive bidding to bring costs down. It has created a schedule of contracts so that the public can follow its progress to make sure that contracts are being bid on time.

Mitigation of Construction Impact – C- (2009 Grade: C-)

The MTA seems to have good intentions, but it has fallen short. The city also shares some blame. Local residents complain of sanitation problems, a growth in rats in the community as a result of construction, inadequate signage about street crossings or closings, poor visibility of traffic lights and other problems. Neighbors have to contend with late night noise when the MTA acquires permits to do late night work. Rats associated with construction are being spotted throughout the community, and the city needs to do a much better job of controlling the vermin.

The MTA has been diligent in meeting with local businesses, and they have hired people who genuinely appear to want to work with the community to address individual concerns. These employees have earned plaudits for their responsiveness. Further, the MTA did a good job of minimizing the number of buildings that have been condemned for the subway and as a result residents of only 49 apartments had to move.

The most serious issue addressed in 2010, was the deterioration of older buildings along the construction route. The MTA initially failed to recognize that many of the older buildings along the construction route were not being properly maintained by the owners and could not withstand vibrations related to construction. In 2009, masonry fell from several buildings and blasting had to be halted while tenants were relocated and emergency repairs were made. Hopefully, the MTA has now identified all of the problematic buildings and performed that necessary repairs.

On the plus side, the MTA quickly realized that the federal statutory amount to compensate the temporarily relocated tenants was inadequate and they applied for a waiver that allowed people to receive enough to make the experience less unpleasant.

Businesses have been significantly affected by the construction, losing sidewalk cafes, losing pedestrian traffic, losing signage, experiencing unexpected losses of utilities such as water and electricity. Virtually every business has reported a significant loss in income. The MTA created a Shop Second Avenue campaign to try to drive customers to affected businesses, and has extended it to all areas where construction is impacting businesses. Unfortunately, more than fourteen businesses have closed along the subway's construction zone despite these efforts. In some instances, new businesses have opened, but a disproportionate number of Second Avenue storefronts remain empty. The poor economy may have put the final nail in the coffin for some, but Second Avenue businesses are unquestionably feeling the impact of lost sidewalk cafes, narrowed sidewalks, constant construction noise, barricades, poor visibility and reduced pedestrian traffic.

Of particular concern is the fact that the MTA made significant design decisions without any input from adjacent buildings although their decisions will have a significant impact on the residents of these buildings. Timely dialogue with residents could have led to less controversial design choices and more community acceptance.

On Time Record - C+

(2009 Grade: C)

When this project went into Final Design, the MTA was projecting a completion date of 2012. By the time the project broke ground, they projected a completion date of 2014. In 2009, the MTA began projecting a 2016 completion date. The FTA believes the project will not be finished until 2018, and sent a letter to Congress on June 18, 2010 expressing that view. And while the completion date slipped significantly during the first two and a half years of construction, the MTA now reports that the project has not slipped farther behind in 2010, and that it has taken steps to mitigate delays in existing contracts.²

We need to make sure the State does not try to solve the MTA's financial woes by pushing investment in the Second Avenue Subway to later years. And, we need to make sure that the MTA continues to manage the project appropriately so that it does not fall further behind.

Staying on Budget - C

(2009 Grade: C)

When the full funding grant agreement was signed, this project was supposed to cost \$3.8 billion.

²See p.3 of the MTA's 2nd Quarter Report to the FTA,
http://www.mta.info/capconstr/sas/documents/sas_Q2_FTARreport.pdf

Today, the MTA is projecting \$4.45 billion.³ The FTA is projecting \$4.87 billion. It is not going to be easy to find the extra funds, particularly when there are so many other competing projects and the State's fiscal crisis continues. The longer this project takes, the more it will cost. The MTA is taking advantage of the dip in the economy to bring some of the costs down, and it has scrapped plans for a three track system to reduce costs further. But unless the MTA meets its projections, it will be very hard to find the resources to complete this project.

Progress Toward Completion - C+ (2009 Grade: C+)

As of June 2010, the MTA had bid 5 of 11 contracts, with an award value of \$1,532.4 billion or 34.4% of the total budget. It had invoiced \$996.1 million or 22.4% of the total budget and 65% of the contracts that have been awarded to date.⁴ The MTA expects to award two additional contracts in 2010, one for 72nd Street – Building Demolition & Utility Relocations, Heavy Civil, Mining & Lining and the other for 63rd Street/Lexington Ave. – Station Rehabilitation. It has completed the tunnel launch box and has dug 2,794 linear feet, or 39%, of the West tunnel as of September 23, 2010. The TBM is currently located under Second Avenue between 80th and 81st Streets. When completed the project will include a West tunnel that will be 7,214 linear feet long and an East tunnel that will be 7,829 linear feet long. The contractor completed blasting and rock removal at the 69th Street shaft for the 72nd Street Station Cavern on June 30, 2010 and started concrete lining work. Thus far no station entrances or ancillary facilities have been built, but we are starting to see tangible results. We have a long way to go, but we are starting to see real progress.

FINAL GRADE

Overall Grade - B (2009 Grade: B-)

The MTA has made real progress since last year, completing the launch box, launching the Tunnel Boring Machine, digging 2,794 linear feet (39%) of the West tunnel, relocating residents and businesses to allow construction of station entrances and ancillary facilities and moving forward with construction at all four tunnel entrances. There has been improvement in the MTA's determination to stay within its timetable and while skepticism remains about their ability to do so, it has been heartening to hear MTA Chair Jay Walder and other senior officials reiterate their commitment to this project.

The Second Avenue Subway's economic contributions to the city cannot be understated. The Second Avenue Subway is an important job generator at a time when the construction industry has been hit hard. It is extremely important to the economic future of New York, and it needs to be built. The MTA has an ambitious construction schedule, and it needs to put its full attention

³Ibid.

⁴Ibid.

to making sure that this project is moving forward with all deliberate speed. The completion date for the project has been extended significantly over the years, but there were no further delays in 2010 – a welcome development. Future delays would make this project more difficult and costly to complete. The MTA must take all steps necessary to ensure that it does not exceed its current project completion date.

While the project has experienced missed deadlines, cost overruns and a negative impact on local businesses, there is some reason to hope that early problems are being resolved. There's a lot more work to be done, but there is also a growing sense that we may actually see this project completed in our lifetime.