

Scott Rechler:

Welcome to recalibrate reality. Our guest today is Pat Foye, the CEO and chair of the MTA, Pat. And I worked together at the port authority when I served as the vice chair of the Bi-State authority. And we worked together again, when I served on the MTA board, as you'll hear in this episode, Pat has a wealth of knowledge and experience, and we're fortunate to have him leading the nation's largest transit system. And so with that, let's recalibrate reality with Pat boy, Pat, welcome to re recalibrate reality. Thanks for being here today. I appreciate it,

Patrick Foye:

Scott. Thanks for inviting me.

Scott Rechler:

So, so, you know, we're a year into the first major impacts of COVID and you know, right when it hit the New York was almost a year ago this week. W just, when you think back on it, how the virus impact the overall system, and maybe talk a little bit how you reacted in those early days.

Patrick Foye:

Sure. One point I'd make is, you know, parents and grandparents used to talk about the great depression, right? Is that ethical event in their lives. And I think that today's children, young adults, frankly, adults of all ages. We're going to think about the pandemic as a similar kind of dividing point pre pandemic and post pandemic. The pandemic had an incredible adverse impact on the MTA. First over 150 of our colleagues have had died at basically every agency we can. We mourn and grieve their losses. We established the family death benefit first in the country to do that from a, from a revenue point of view. I mentioned the great depression in the worst days of the great depression on subway, subway ridership from September, 1929, the month before the crash to 1933, which is the bottom of subway ridership, obviously a different system back then, but somebody ridership declined 13%, one, three, and the worst days of the pandemic in March and April of last year, subway ridership was down 95% buses, Metro North long Island railroad similar numbers, way greater than the declines during the, during the great depression.

Patrick Foye:

And it's had a tremendous financial impact on us. We got half our revenues, Scott, as you know, from our customers fares and tolls fair revenues, typical years, about \$6 billion. And with the decline in subway, ridership, bus ridership, commuter rails, just dramatic precipitous decline in revenues. The effect is to create deficits last year, this year and into the future 2122, 23, 24. So thanks to Senator Schumer, speaker Pelosi, the New York congressional delegation. We receive \$4 billion in cares. That's the bill that was passed in March and April. We will receive \$4 billion to Clarissa, which was the December lame duck. COVID stimulus bill and in the president Biden American rescue plan \$1.9 trillion. We'll get at least \$6.5 billion that will cover our deficits almost entirely through 2024. And we'll put us in a position where we're not going to have to dramatically cut service on subways buses and commuter rails as we had fear. And no one at the MTA wants to take that action as well as we'll be able to avoid layoffs of thousands of our colleagues.

Scott Rechler:

You know, it's interesting when you, when you rattle off those numbers, I don't think people put in perspective the scale, right? I mean, that's, that's more than New York state as the government got New York city got as a government, which really, I think highlights the, the importance that the people place on the MTA and being the largest transit system in, in this country. I also think it'll just to your point about the greatest generation I referred to, I speak to my kids about that a lot. And when you think about the men and women, the essential workers, and in your case, the essential workers were actually helping the essential workers and the public health officials and, and get to the places they need to get to healthcare workers, et cetera. You know, that is really what makes that greatest generation. It was that everyone rose to the occasion and became a leader and helped navigate through through the crisis.

Scott Rechler:

So I, I also applaud the MTA men and women that did that, and obviously sympathies to you and all that lost people in the COVID crisis. You know, as you, as you go back, you talked about the drop in ridership, right? And part of that obviously was this whole movement of the need to have people isolate and work from home. And the fact that really curtail most of the economy to get through the public health crisis. Another part of it was a concern that people had with the subway system and transit system in terms of it being, you know, healthy in terms of could they potentially, you know, have a higher chance of catching COVID had they rode on, on the system. How do you address that? How do you address that even today, as people start thinking, coming back to, to the workplace and back out into public

Patrick Foye:

In terms of thinking about transit and the virus first there's research around the world that as long as customers are wearing masks, transit has not been a vector, a source of the spread of COVID COVID-19. So a number of things, one is mass compliance on subways buses, long Island railroad Metro North is well, North of 95%. We began requiring masks months ago. We began providing masks to our employees in back in March and mass compliance is the single most important thing our customers and employees can do to protect themselves their fellow commuters and our employees beyond that we have not cleaning, but we've been disinfecting our, our, our, our state's subway stations, subway cars, cars, multiple times a day, same thing with respect to Metro, North and long Island railroad rolling stock and, and their stations. We have taken every step. We'll continue to take every step we can to minimize health risks to our customers and to our employees and the research around the country that the, and around the world, frankly, but demonstrates transit has not been a source of spread. As long as people were wearing, a mask is something that every New Yorker ought to know about. And certainly our, our workforce and our customers have embraced from the point of view of mass planning.

Scott Rechler:

So from, from your perspective, you could look your customers in the face and say with a hundred percent confidence, if you wear a mask, you comply, it's safe to ride the subway and the, and the transit rails.

Patrick Foye:

I, I absolutely, and you know, I ride daily, I wear a mask I've been wearing a mask for months. My family, my family does as well. Ridership is, is increasing. It's got a long way to go to get to a 2019 volumes. But if you wear a mask and you will be safe on transit, that's the experience at the MTA. It's the experience of our counterpart agencies around the country, around the world.

Scott Rechler:

One of the things that's more, been more recent in terms of safety on the subway in particular is a, is, is crime, right? I mean, you know, there's a lot of headlines about the rise in crime, on the subways. I'm getting emails from it's on my team members that have either seen things or heard about things. That's giving them fear about going down to the subway because of the rising crime. How do you, how do you address that fear? How do we deal with that going forward? Is that something that works itself out as more ridership comes out?

Patrick Foye:

Yeah. The system is safe from a crime point of view, but there have been increases in crime. The police commissioner has added additional 600 plus officers about three or four weeks ago. That was a smart decision by commissioner Shea. We, we believe that the city and the NYP NYTD ought to put an additional thousand police officers in the, in the subway system. Primarily we, we need some help on, on buses to while the system is safe, the pandemic has affected everything. And it's padded a particularly heavy toll Scott on new Yorkers with emotionally emotional issues, mental health issues. And with some new Yorkers, unsheltered, new Yorkers who are suffering from melts of Milton mental illness, we need more police officers in the system. We need additional mental health from the, from the city of New York. It's incredibly important that as new Yorkers returned to the, to the system, that they feel safe and secure, that's an obligation that we've got to provide as a, the transit provider policing is done by the N Y P D has been done with the N by the MYP D since 1995, the merger where the transmit Bureau and long before, long before that.

Scott Rechler:

Right. Well, I think your point's right. You're not going to have prosperity and people coming back, unless there's calm comfort that there's going to be public safety. Right. And I, and I think the good news now, right, is that with the vaccine, there appears to be light at the end of the tunnel. And, you know, from having conversations with business leaders and civic leaders, you know, sometime between June and September, it feels like people are going to be coming back to the workplace, coming back to the museums, theater restaurants, schools will be open again, sporting events, et cetera. And so the city's gonna start coming back to life. And, you know, as they come in, they may not be riding the MTA system, right? The, you know, the structurally, they they've changed. Some might decide to drive versus the take the system. People are now using bikes and scooters more than they have in the, in the past. So you're going to have this structural shift that may naturally have lower ridership. And even in terms of the amount of people coming to work different days, it may not be five days a week anymore, maybe three or four days a week. Or I know we're all trying to adapt to what that new normal is. When you think about those structural shifts, how do you think about shifting some of the, the MTA strategy? So it's got long-term sustainability to be able to carry the system financially.

Patrick Foye:

There's no question, but that work patterns have changed. They will be more remote working than there was prior to the pandemic. Without question, there'll be more working from home, frankly on the commuter rails, monthly passes are going to be less important to lots of our customers because the monthly pass fire, for instance, who bought it and would commute five days a week, four weeks a month is less likely to do that. In certain cases, obviously there are workers, emergency room nurses and firefighters and utility workers and men and women working in grocery stores and pharmacies who don't have the option of working from, from home. But lots of our employees, lots of our customers

rather are going to have that option and will avail themselves of it. There will be continuing pressure on, on revenues. I, I think that customers, a number of things, one is for low income customers, the New York city program, fair fairs, where about 229,000 new Yorkers have signed up for that program.

Patrick Foye:

I think the city needs to do a better job of marketing that program because clearly there are more than 229,000 new Yorkers who were eligible for the program. And that will help in a very tough and challenging economic environment. The frame part of that, I think the commuter rails have a role to play in terms of Metro North, but with respect to Bronx commuters, long Island railroad, with respect to the commuters in Brooklyn and Queens, we're running an Atlantic ticket pilot. We have every intention of continuing that, that pilot, but we need to provide more service to, for instance, customers in Southeast Queens where transit options are limited, just because of the way the subway system was, was laid out and being able to take, you know, thousands of those customers, perhaps more on the long Island railroad and get them to, to make a defense with Atlantic terminal, get them Penn station, same thing with respect to, to Metro North.

Patrick Foye:

So in those three Burroughs, the commuter rails I think can do more and we're poised to have them have them do more in terms of cars. You're right around the world, including at the MTA ridership on, on bridges and tunnels highways in general has declined less than recovered. More. Obviously that's not a sustainable, there's a limit to the first the abuse the environment can take. And also the amount of cars, trucks, et cetera, that can be put on area bridges and tunnels and highways, congestion pricing, I think will play an important role there, but also a funding role for the, for the MTA. So in short, the whole system has to be relooked from things like pricing tickets, the monthly ticket that I mentioned, and being able to pick up customers on, for instance, the commuter rails, who might not have other options changing the peak service in the morning and the, in, in the evening and making others changes to address the needs of today's can be commuters that are different from what existed prior to the start of the pandemic

Scott Rechler:

Covered a lot in there. And just, I want to unpack a few of those points, a little, right. W w one, I think that you've talked about is a and people, I don't think appreciate which how important the transit system is to equity, to, and to sustainability and to affordability, right. And, and maybe just, you know, hit a couple of those points a little bit more deeply, because I think you have to balance that sort of public service role that the transit system plays with. Also the, the fiduciary responsibility of making it financially sustainable in a world that right now is sort of in this fog of COVID still, that is, as it starts to unfold, it's going to be fairly dynamic, right? And there's gonna be a lot of changes that you're going to need to play through. So, you know, you, you hit on the point on equity, which I think is important and to, to emphasize, and then, but then on sustainability and, and, and the environmental side of the equation, you know, New York has one of the lowest per capita emissions of greenhouse because of the transit system, right.

Scott Rechler:

And that's something that wouldn't exist otherwise. And I've seen it already, you know, so many cars in the streets or lines of cars to get into some of the parking garages in Midtown, even when office buildings are 10% occupied. So as we unfold and start getting to a higher level, it's going to be, you

know, even more challenging. And you mentioned congestion pricing, and I want to hit that because that's, I'm not sure people understand what that is. And the power of congestion pricing both in terms of a financial revenue generator, but I think equally important as a way to help change behavior as it relates to, to, to how people choose to commute. And when they choose to commute, can you maybe just give a few more minutes to talking about what that is and how you expect that to unfold

Patrick Foye:

From a sustainability point of view, Scott you're exactly right. The New York city, the MTA New York city transit Metro North long Island railroad avoids millions of tons of greenhouse gases on, on an annual basis. The air in New York city is substantially cleaner than it would be. If the, if the MTA system didn't exist, it's hard to envision a New York that would work without the MTA. And, and that's why avoiding the drastic cutbacks we talked about was so important, but the MTA itself is a major contributor to the sustainability and preserving the environment. And we can, and, and, and we'll do more in terms of, you know, other, other social, you know, equity and justice issues. As I said, the MTA is the great equalizer has been since 1904, when the Lexington Avenue line was built in the Lexington Avenue line allowed residents of the Bronx and North Northern Manhattan to access jobs in Manhattan and the, and the other borough.

Scott Rechler:

Yeah. And even that, to that point, by the way, you know, just Martin Luther King, actually I think called a transit that a genuine civil rights issue, because it was that great equalizer of opportunity for poor people to get jobs education. Right. So it really speaks to that.

Patrick Foye:

No, the doctor Dr. King was w was absolutely right on that as a point he made, obviously he did a great deal of work with transit union sanitation unions around the, around the country, but his recognition of the social equity and social justice mission of transit is absolutely right.

Scott Rechler:

And so just going back to this congestion pricing real fast and the dynamic nature of it, do you see that being used as a tool as we're to discover what that new abnormal is, how many days people are coming to the workplace, where there are, are, are, you know, peaks of, of, of congestion in the streets to try to drive people down into the, to the transit system, to use the transit system versus cars, as well as raising revenue. Is that going to be dynamic in your mind?

Patrick Foye:

Yeah. I think congestion pricing, which the governor got passed a couple of years ago and Albany first, then first in the nation was put on the shelf by the Trump administration for inexplicable reasons were optimistic that the Biden administration will prioritize it. Congestion pricing is incredibly important than New York, obviously given the fact that we've got so many cars entering the central business district on a daily basis, and it'll provide three really compelling advantages. First, it will fund the MTA. And we expect that post pandemic, when some sense of normalcy returns that congestion pricing will generate about a billion dollars a year to the MTA, which we will use to monetize and create about \$15 billion, which was about 30% of the 20, 20 to 24 capital plan. That, that that's incredible. Second. It will reduce congestion in the central business district and improve air quality. And thirdly congestion pricing has a social equity and social justice mission.

Patrick Foye:

And in addition to improving air quality, reducing asthma or reducing emissions, it will also fund the system that for so many low income workers provides a way to get to a school education jobs, of course, medical appointments, social, you know, fun family events and a congestion pricing will assert each of those three objections objectives, but importantly, we'll fund 30% of the MTA capital plan. And that includes things like second Avenue, subway extension, a second Avenue, subway Scott to 120 fifth street in Harlem. East Harlem is one of the most underserved parts of Manhattan in the entire city from a, from a transit point of view. The second Avenue subway has been talked about. Extension to Harlem has been talked about since shortly after world war II. It's fun to get that done. Another project involving Metro North is Penn station access, which would involve bringing a Metro North for the first time to, to Penn station on the West side of Manhattan, but would include building four new Metro North stations in the East Bronx, which would allow residents of those communities, including co-op city to access jobs in Manhattan, or frankly in Westchester, and open up vast new employment opportunities to the residents living around those four stations.

Patrick Foye:

The congestion pricing will fund those types of projects, which are incredibly important from a transit point of view, from an economic point of view, but also from a social equity point of view.

Scott Rechler:

Yeah. And you raised some really, really good points in which is, you know, at the end of the day, this is all about trying to rebuild for an, a post COVID world, a New York that's more sustainable, that's more equitable, it's more prosperous for everyone. And, and those projects that you outlined I think would help achieve that. One of the challenges that people have had historically with either fare increases or funding, other sources of funding for capital projects for the MTA, is that it feels like the money goes into a black hole and the people don't necessarily see the results, or they see the results when the projects are months or years or decades in some cases delayed or significantly over budget. Right. And I'm, and I've always been a big believer that if you can make it more tangible, that where those dollars are going and that there was more responsibility in terms of how they're invested effectively and then, and, and responsibly that more people would be willing to make the investments in the, in the capital projects that you just described as you now think, going forward from your experience and having a chance now to sort of re-imagine the world in a post COVID environment.

Scott Rechler:

Are there ways that you can give the public comfort that the dollar spent are going to result in projects that are delivered on time and on budget?

Patrick Foye:

The short answer is yes. And let me say this one is, I think there's more information out about the 20 to 24 capital plan and about what it will mean for customers, including for instance, making 70 additional subway stations accessible, which was widely supported by the ADA accessibility community in New York second Avenue, subway extension, 120 fifth street. I just mentioned Penn station access, re signaling six subway lines. So we've done a better job. We've got to continue to get the word out about how important the new capital plan is. Second is there is a new capital construction team here led by general LIBOR. So the L train tunnel finished on time and on budget. A third track on long Island railroad is, is on time and on budget. Second track on long Island railroad is completed and it came in on time.

And on budget. Part of that is due to reform Scott that you were, when you were a board member here, the procurement and capital construction committees of the board, those recommendations have been embraced and made part of every day life here on, on the capital construction side.

Scott Rechler:

Right? I think the reality that we've seen right as is the public won't believe it till they see it. And, and they've lost a lot of confidence in institutions performing. So the fact that you're able to actually have these examples of these projects coming in on time and on budget, and hopefully making sure that that's well amplified. So other people know about that gives people the confidence. And when we were at the port authority, you really led not only the port authority, but frankly, the nation on thinking through a public private partnerships. And I'll always remember when there we are at the port, there were two bridges that were being considered to be built. And we decided to do one as a public private partnership, and one that we were going to do through traditional methods at the agency. And of course the bridge under the, we did the public private partnership with came in on time and on budget. And the alternative was delayed and over budget, right? So you, you see it works. Can you, can you first take a minute and explain to people, you know, what a public private partnership is and, and, and constructed correctly, why it is so important to help actually get public projects done to so that they're on time and on budget.

Patrick Foye:

Look, this is a return to the future back to the future situation, in the sense that much of the transportation infrastructure in the New York New Jersey region for that matter was built with private capital Penn station grand central terminal, the subways, the existing tunnels under the Hudson to Penn station Penn station itself. Of course, the long Island railroad was in a private hands for a long time. Metro North and its predecessors were privately owned. So this is not a new phenomenon. As you say, public private partnerships don't fit every transaction. That was the right execution for the gospel. This bridge, I believe was the right execution from LaGuardia. At the same time we did terminal a and the port authority is doing terminal a at Newark airport. And we decided to do that as a design build and not a public private partnership. And I think that was the right execution.

Patrick Foye:

Basically a public private partnership involves a government owning a piece of property or an asset, and going out to the market and asking for generally expressions of interest and ideas as the what's a better way to do this, to do this project. The reason that we selected on LaGuardia and on, on the Godel's bridge was we were seeking three things. One is innovation, and I think clearly the public private partnership team at LaGuardia, one of the major innovations was being able to do the project and minimizing customer disruption and impact would be one second. We shift, we shifted the risk of budget overruns to the, to the private parties. And we also shifted calendar risk schedule to the private party. Both of those were extraordinarily valuable transfers of risk plan by the port authority. And if you drive by LaGuardia, it's extraordinary, the public private partnership piece is done.

Patrick Foye:

The Delta terminal, which is being done primarily with private capital by by the airline itself is, is, is on time and on budget that work's been aided a little by the fact that there were fewer customers, obviously flying, not only in LaGuardia, but every airport in the country and every airport in the world for that matter. But it's a question of getting innovation and shifting risks of both financial risk and counter

risk to the private party. And on those two transactions, it has really served of the port authority and its customers. Well, I'd also sorry, Scott. The thing I'd add is we are seriously considering public private partnerships here at the, at the MTA. And again, it's going to be on a, on a selective basis. I think that ADA stations, for example, are a, an opportunity where a public private partnership approach may make a lot of sense in terms of being able to accelerate those projects. And again, shift risk to well-capitalized private sector partners.

Scott Rechler:

I, I would encourage you to do that. Just say, you know, in this post pandemic world, we really need to be thinking outside of the box, right? What was done in the past, isn't what's going to be working in the future, and this is a great opportunity to pursue public private partnerships. So it was your, your, your involvement with the MTA goes back decades versus a board member. And now as a chairman and CEO, if you had a crystal ball, what does the MTA look like five years from now?

Patrick Foye:

Yeah. Here's why, here's what I'd hoped for, for the MTA five or 10 years from now that first our recovery and New York city's recovery and the New York state regional recovery is intertwined with the, with the health of the MTA. You know, they're the, the center did a review and important review. A healthy New York city is a health really means a healthy MTA. We're going to have to be more frankly entrepreneurial. And we're going to have to continue to be smart about where we invest our dollars, both capital and, and operating. It is likely the case that for certainly the remainder of the first half of the, the 2010s that ridership 2020s, the ridership is going to be is going to be pressured because of work from home and remote working. And that's just going to be a reality. So we're going to have fewer dollars to deal with.

Patrick Foye:

I don't expect that it was no reason to expect that there will be continuing relief bills every year. That's not, that's not going to happen. And we're going to have to be focused on re on reducing costs where we can, that doesn't mean laying off or furloughing, but it does mean for instance, taking advantage of attrition and where jobs don't need to be filled, not filling them. Some of our office space, general Libra and his team are figuring out, have already figured out and are now implementing how to take advantage of the fact that some of our people will also be we're working remotely. Although we're going to want most of them back in the office. We think we work more efficiently that way. And we're going to have to convince our, our customers, our stakeholders, elected officials, funders at the federal government and at the state government and at the city level that we're squeezing as much value out of every asset that we have, and every dollar of both capital and an operating.

Scott Rechler:

Yeah. And I think, you know, what's going to be key is, is, is taking that step back and recalibrating for the reality of what the new post COVID world looks like and adjusting services and your offering to what the customer demands going to be. As you, as you go forward, you also made the point about how intertwined the, the future of the MTA is to the future of New York city. And, you know, probably there's nothing more important in terms of what that future's going to be than who our next mayor is. And we have the mayoral primary democratic primary coming up, which in New York typically leads to who the new mayor is and that's in June. And so I'm curious if, if you had to offer a piece of advice to the, the new mayor of New York city, what would that advice be?

Patrick Foye:

Well, I would hope that the new mayor would be focused on a number of things. One is of course, the social equity, social justice issue, which is, which is critical transit plays a role in advancing that goal, of course, second safe and secure streets and, and subways. The city's health is, and frankly, lower income people are more at risk when crime rate rises, but th the streets and the subways have to be safe and secure. And lastly, the private sector and private sector businesses provide the tax revenue and the wealth for job creation government can't do that alone. Government can help accelerate it, or frankly government can delay it or impede it. And we have to be, it has to be a pro business pro investment administration in order to put people to work, to put all New York city residents who can back on back on the employment roles. So I, I think those, the social equity point of view, the safety and security of streets and subways, and lastly, focus on encouraging and making life easier for private sector companies, which includes large companies, medium sized companies and smaller ones, and doing everything for instance, we can to help restaurants, which are key employers in this city and smaller businesses, including smaller retail and wholesale,

Scott Rechler:

Then I think that's great, great advice that I would just echo the point about the private sector's involvement with a realization that everyone in the private sector knows that the transit system is the lifeline that makes New York city and New York, what it is, and such a great competitive advantage. And we're not going to be successful without a, a thriving transit system. So we all need to be accountable to working with you as a partner and the MTA team to make sure that we figure out how do we re imagine that transit system for that post COVID COVID world, you know,

Patrick Foye:

Scott were aware of the role we play. We, we take it seriously. And the role we will play in the, in the next five years in terms of the New York city regional economy recovery, and we're going to do everything we can to provide great transit service and a safe and secure environment. We're going to need to help with the NYTD, which, you know, the world's greatest police department and the help of the city government on that with their help, we'll be able to do that. And again, play the role that we've played. The MTA has played on prior economic recovery.

Scott Rechler:

I totally agree. I can't, I can't thank you enough for your leadership during that pandemic to ensure that our, our city continued to, to move as you noted heroes, moving heroes, and as we now re-imagined for the future, having you at the helm to again, think, think boldly, think out of the box as to what the differences tomorrow will bring versus what yesterday was in a, in a post COVID world. So thank you for your leadership and thank you for your time today,

Patrick Foye:

Scott. Thanks. I, I do want to take that point and acknowledge the role that all 70,000 MTA employees acted heroically throughout the, and continue to act heroically in terms of moving to New York and facts. Right?

Scott Rechler:

Thank you. Thanks to all of them. Hey man. Thanks Scott. Thanks man. Be safe. That concludes this episode of recalibrate reality as just heard New York success is directly tied to the MTA success. Fortunately, patents team are already recalibrating for post COVID New York. Thank you to Pat Foye for joining me today and to the 70,000 men and women of the MTA, the heroes moving heroes. Thank you again for keeping our region moving through. Good and bad times. Thank you. The 92nd street, Y and the RPA. And thank you to the team for making this week's episode possible. I'm Scott Rechler from 75 Rockefeller Plaza. See you next week.