

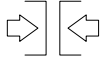
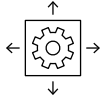



How the MTA is addressing New York's high construction costs

Building in New York is inherently complex. The city's density, intricate utilities network, high wages, and complicated logistics all contribute to costly construction. Moreover, running 24/7 service carrying over 40% of the country's public transit ridership requires building at a size and scale above other transit agencies in the country and most others worldwide.

Despite these factors, costs for MTA's state-of-good-repair projects, more than 80% of the current capital plan, are largely in line with peer systems across the country. While recent subway expansion projects have high price tags, they are highly cost-beneficial with low cost per rider.

We are committed to reducing costs further across all cost drivers:

Major cost driver	How does it impact cost?	What C&D is doing
 <p>High ridership and built environment</p>	<p>The MTA accounts for 40% of all public transit riders in the U.S. This means that stations and systems must be sized to meet our higher ridership, from needing to accommodate longer trains to meeting code requirements around safe circulation for millions of riders per day. New York's dense built environment also contributes to high costs for real estate acquisition, utilities relocation, and logistics and transport costs.</p>	<ul style="list-style-type: none"> » Improved utilities coordination and review » Joint development opportunities to reduce real estate costs
 <p>Regional labor and materials cost</p>	<p>New York has some of the highest labor wages in the world – 50% more than similar U.S. cities and more than double that of international peers like London, Paris, and Madrid. This is particularly true for trades most commonly used in our projects, which are double even other high cost U.S. cities like Chicago and San Francisco. We welcome good wage jobs for construction workers, but it leads to higher costs.</p>	<ul style="list-style-type: none"> » Project labor agreements to improve labor efficiency » Strategic sourcing opportunities
 <p>Operating constraints and regulation</p>	<p>Rare among major cities, the MTA runs 24/7 operations, which means that new stations require redundant systems, and work on existing infrastructure requires resources to ensure site safety and provide diversion services. Moreover, regulations unique to New York lead to higher costs in areas like insurance.</p>	<ul style="list-style-type: none"> » Reforms in outages and MTA labor support » Insurance reform
 <p>Scope and design</p>	<p>Historically complex design specifications and lack of clearly defined up-front scope has led to increased costs.</p>	<ul style="list-style-type: none"> » Better project definition and value analysis » Removing unnecessary tasks where possible » Less-customized specifications
 <p>Project delivery</p>	<p>The area most within MTA control, C&D has learned from past practices to improve project delivery –including new delivery approaches, reforms to contract terms that added onerous burdens (and costs) on contractors, and empowering project managers to make decisions.</p>	<ul style="list-style-type: none"> » Innovative contract models and incentives » Contract bundling » Aggressive project management » Improved digital management and analytics system

Less MTA Control

More MTA Control