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Chief: Resignation not because of bailout

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Outcry grew yesterday over the transit bailout plan that imposes a payroll tax in the New York City region and new fees for motorists to help the Metropolitan Transportation Authority fill a \$1.8 billion budget gap while avoiding massive fare hikes and service cuts.

"This is just outrageous stuff," William Mooney Jr., president of the Westchester County Association, said of the new tax on employers in the region. "We believe this is just another nail in the coffin of New York state business."



Also yesterday, MTA chief executive Elliott "Lee" Sander announced he would resign May 22, but the transit agency said his exit had been under way since earlier this year and was not the result of the current controversy. It was not entirely unrelated, however. His resignation is the result of a clause in the MTA funding legislation, signed by Gov. David Paterson yesterday, that combined the chief executive position with that of chairman of the MTA board. The recommendation to join the positions was made by the Paterson-appointed Ravitch Commission, which also suggested the payroll tax.

Paterson accepted Sander's resignation yesterday.

"It has been a great honor to lead the 70,000 hard-working men and women who run the world's greatest public transportation system," Sander, 53, said in a statement. "I am tremendously proud of our accomplishments making the MTA a leaner, more efficient and effective organization."

Kate Slevin, executive director of the Tri-State Transportation Campaign, praised Sander.

"He was a transit advocate and we hope that Gov. Paterson will appoint someone who's equally qualified," she said. "He really understood transportation policy."

The chief executive since Jan. 1, 2007, Sander makes \$350,000 a year in salary and benefits. Paterson's office had no word yesterday on whether the governor would tap MTA Chairman H. Dale Hemmerdinger to take over Sander's job as well or would find someone new for the combined job.

The new tax - 34 cents per \$100 of payroll - would be paid by all businesses, governments, hospitals and nonprofit organizations in the 12-county region served by the MTA, including the

Lower Hudson Valley. The plan also adds a 5 percent auto-rental tax, an extra \$25 fee on motor vehicle registrations and an additional \$2 fee per year for a driver's license, all in the MTA region, plus a 50-cent surcharge on taxi rides in New York City.

Even with those measures, fares will increase about 10 percent. Without the measures, they would have risen about 25 percent. Paterson said in a statement that the measures avoided "devastating consequences" to "millions of New Yorkers who depend on mass transportation."

The MTA, the nation's largest transit agency, includes New York City's subways and buses, Metro-North Railroad and Long Island Rail Road.

The business community blasted the plan. County executives in Westchester, Rockland and Putnam counties opposed it earlier this week; hospitals cried foul over it; and AAA New York objected to the new fees drivers will face.

"The increases in vehicle registration and driver's license fees in the plan are the second this year," AAA New York's legislative chairman John Corlett said in a statement. "Meanwhile, the condition of the state's roads and bridges continue to deteriorate and the state's highway trust fund faces a deficit of \$1.5 billion."

Transit advocates support the plan, which was built on the notion that the entire region benefits from well-run transit systems, even those who don't use them, because the trains and buses help the economy run and keep roads from becoming even more congested.

"After five months of fierce debate, the solution that emerged is a balanced one that asks all beneficiaries of the transit network - drivers, transit users and businesses - to contribute to supporting the MTA," the Tri-State Transportation Campaign said in a statement. "The compromise plan reflects calls by transit advocates and Richard Ravitch that everyone who benefits from the MTA system should contribute."

The organization lamented the fact that another suggestion, to put tolls on four East River and Harlem River bridges, was not passed. Westchester County Executive Andrew Spano has criticized the Legislature's decision to drop the toll proposal while passing the payroll tax, which Spano opposes.

Commuter John Bertels said that on one hand, he was glad to see the larger fare increase avoided. But he felt badly for businesses that would suffer.

"It saddens me a little bit because some of them are smaller companies that don't need the extra expense in an economy like this," said Bertels, who rides Metro-North from Cortlandt to Manhattan. The new increase, to take effect in June, will add about \$26 to his \$261 monthly rail pass.

Richard D'Andrea, co-owner of Park Ford Lincoln Mercury in Mahopac, said the tax "is certainly a hardship to the employers already that are strapped. I don't know that we're able to pass that expense on anywhere. We have to absorb it."

The MTA praised Albany for the rescue, saying in a statement that it "ensures that we can avoid the actions most painful to our customers and most detrimental to our ability to operate the transit system that supports the regional economy."

MTA spokesman Kevin Ortiz said the transit agency's board will discuss fares at a 10 a.m. meeting Monday in the agency offices, 347 Madison Ave. in Manhattan. It was not known whether a full set of fares will be set then, but they are expected to be in place sometime in June.

Westchester Bee-Line buses are on schedule to charge the same increased fares because the county's buses use the same MetroCard system that the MTA uses. But Spano said the county is looking for ways to change the system to avoid the increases for Bee-Line riders.