

Successfully Establishing a Strategic Planning Process

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The Metropolitan Transportation Authority (MTA) of the state of New York has established a multiyear strategic planning program, called the Strategic Planning Initiative (SPI), in order to respond effectively to the changing character of ridership demand in the context of available financial resources and to the threats and opportunities that arise as the region evolves. The SPI represents an ambitious attempt to examine the strengths and weaknesses of the services provided by the operating agencies under the MTA umbrella. This assessment, outlining the way the systems are now being used by passengers, what it costs to run them, what changes in transit demand are likely during the next 20 years, how to regain lost ridership, and what kinds of responses could be made to shortfalls in capital funding, is aimed at helping the key decision makers at MTA, and in local and state government, to understand the implications of the choices being made today as well as some alternative ways of looking at issues and options. The methodology developed for the SPI Work Program for Year One includes three main elements: (a) development of three financial scenarios assessing the trade-offs that would be necessary under reduced capital funding; (b) data collection and analysis including ridership data and operating cost by line models; and (c) development of service guidelines to determine when, where, and how much service should be provided to the public.

The Metropolitan Transportation Authority (MTA) of the state of New York has established a multiyear strategic planning program, called the Strategic Planning Initiative (SPI), in order to respond effectively to the changing character of ridership demand, in the context of available financial resources, and to the threats and opportunities that arise as the region evolves. This 3-year process, begun in the spring of 1985, is scheduled to end in 1988.

The MTA is a multipurpose state agency responsible for operating mass transportation services and facilities in the New York metropolitan region. The agencies governed by the MTA Board of Directors include the New York City Transit Authority (TA), Long Island Rail Road (LIRR), Metro-North Commuter Railroad (MNCR), Metropolitan Suburban Bus Authority (MSBA), and Triborough Bridge and Tunnel Authority (TBTA).

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ridership, and what kinds of responses could be made to shortfalls in capital funding, is aimed at helping the chairman and members of the MTA Board, and local and state officials, to understand the implications of the choices being made today as well as some alternative ways of looking at issues and options.

The architects of the SPI also decided that it was necessary to make a compelling statement about the essential nature of the New York metropolitan area's mass transit resources. Two-thirds of the daily trips to the Manhattan central business district (CBD), for example, are made by public transportation. Nevertheless, highway congestion has been increasing throughout the region, and transit's share of the transportation market is slipping. Outside the Manhattan core, changes in demographic and employment patterns are working against traditional forms of transit, as jobs and people disperse into the lower-density suburbs and exurbs of New York, Connecticut, and New Jersey.

In addition to the challenges posed by changing demographic and employment patterns, there is concern about a continued loss of ridership, especially on the New York subway, resulting from rising fares, poor service, a degrading public environment, and fear of crime. The MTA's massive 5-year capital program for 1982-1986 is beginning to relieve some of these problems, as are management actions at each of the MTA agencies, but it is clear that additional actions to attract and maintain transit riders will be necessary.

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STRATEGIC PLANNING IN CONTEXT

Service Crisis

There were many reasons for the poor condition of public transit in the New York region, but the most obvious problem was money. The MTA was established in 1968 amid sweeping plans for new construction and expansion of the system. The New York City TA was to construct a network of new routes in the late 1960s and 1970s, including a Second Avenue subway on the East Side of Manhattan as well as a new subway express bypass and 63rd Street tunnel to relieve overcrowding in the

fast-growing Queens-to-Midtown Manhattan travel corridor. The LIRR was to gain access to the East Midtown area through a new Third Avenue terminal, and also through the 63rd Street tunnel. The issue of reconstructing existing facilities was largely ignored.

By the mid-1970s, however, the bitter realities of the New York fiscal crisis had frustrated the dreams of expansion and had exposed major problems in the way the system was operated. Deferred maintenance of equipment and facilities, combined with a continuing capital funding shortfall for the rehabilitation of the existing physical plant, led to sharp increases in service disruptions. Ridership plummeted, and as inflation and labor cost increases forced operating costs up, the scarcity of operating subsidies led to hard choices between fare increases and service cutbacks. Factors beyond the control of the operators of the system led to even more ridership losses. The New York City employment picture changed, so that fewer people, working at different types of jobs, were traveling to the Manhattan CBD. Fear of crime, and the perception that the New York City subway system was an unsafe environment, also contributed to the erosion of the ridership base. Graffiti, combined with the decrepit condition of equipment and stations, presented an image of a system out of control. The rapid transit system was reeling from an unprecedented rash of derailments, fires, and service disruptions. On the bus system in New York City ridership was expected to continue to drop, in part as a result of obsolete service patterns.

In late 1979 a new MTA Chairman, Richard Ravitch, was appointed by Governor Hugh L. Carey. Ravitch focused his main attention on improving MTA finances, including new operating subsidies and a massive infusion of capital funds. By the end of 1981 the MTA headquarters team assembled by Chairman Ravitch had succeeded in establishing an important new transportation springboard for the resuscitation of the region's transit system. Making use of his understanding of the political realities of New York City and of the state capital in Albany, and indulging in unusual candor about the magnitude of the problems facing the MTA, Ravitch was able to convince the legislature to declare a "transit emergency" and to assemble a financing package that would assure adequate funding for the first Five Year Plan for the rebuilding of the basic transit infrastructure. In 1980, 1981, and 1982 Ravitch was also able to secure major increases in operating subsidies from a set of dedicated taxes approved by the state legislature.

Emerging from Crisis Management

The MTA Capital Program for 1982–1986 was meant as a first step in the restoration of the physical plant and rolling stock of the region's transit system. Completely rebuilding the subway, bus, and commuter rail networks; restoring the system to a "state of good repair"; and providing for the normal replacement of equipment and facilities would cost more than \$1.5 billion a year until 2006. From this point on, an additional investment of \$1 billion a year would be required for normal replacement of components of the physical plant and rolling stock (all in constant dollars).

Expenses of daily operation of the MTA system were projected to increase at a faster rate than general inflation, and operating subsidies were expected to remain stable or to

decline. Management practices at all of the operating agencies needed to be overhauled, particularly at the Transit Authority and at the newly restructured Metro-North Commuter Railroad, which in 1983 took over from Conrail the direct operation of commuter rail service from the five counties north of New York City, Connecticut, and the Bronx to Grand Central Terminal.

The arrival of a new management team at the MTA and the TA under Robert Kiley in late 1983 and early 1984 meant that many of the programs and projects initiated under the previous leadership were carefully scrutinized. Often, the answers to their inquiries disturbed Kiley and his new managers. At the Transit Authority, funds were being wasted because of confused investment priorities and imprudent administration. Service on the TA subway system was still subject to serious delays because of the so-called "red tag crisis," as trains slowed to a crawl in areas where deteriorated track imposed severe speed restrictions. Meanwhile, day-to-day maintenance of the TA system was not being properly managed, which contributed to the poor service.

Management reform became the first priority. Work on portions of the capital program was suspended at the Transit Authority while the program was reviewed and management changes were initiated. With the support of the Mayor of New York City and of the governor, the MTA was able to win new management powers and to negotiate changes in restrictive work rules. Hiring of a new group of 1,200 non-civil-service managers was authorized. For calendar year 1985, the TA established dozens of targets for improvements in service and increased efficiency and effectiveness and was able to achieve most of its key goals.

The commuter railroads, the problems of which had been less severe, made further progress. Management reorganization at the LIRR brought the \$1.1 billion capital plan under better control. The Metro-North Commuter Railroad, which weathered a 6-week strike just after it was formed in 1983, is being transformed into a modern commuter railroad; it has experienced ridership increases and substantial gains in service quality.

A Changing Region

Improvements in the management structure at MTA and the operating agencies began during a time of economic stability in the New York region. Clearly, the New York region has been on an upswing since the late 1970s. Economic growth in the region resulted in a wave of new development, both commercial and residential. Office and retail developers were aware of the problems of congestion and the limitations on the regional transportation system and were willing to undertake improvements to the transportation system in return for bonuses such as greater density or additional floor area. New York City has incorporated mandatory transit-related improvements such as relocation of subway entrances within the building line into its land use regulations, especially for highly congested Manhattan zones. The city's Uniform Land Use Review Procedure (ULURP), by publicly evaluating project environmental impact statement findings, has required developers to provide mitigation measures to offset the impact of high-density development projects, and MTA has been increasingly successful in securing

transit-related improvements through negotiations with developers.

From 1977 on, the Manhattan CBD experienced steady increases in employment; by the early 1980s job growth had also resumed in the outer boroughs of New York. Meanwhile, the number of jobs in the New York suburbs continued to grow. This increasing employment, together with population growth and slower inflation, led to increased optimism about the future of New York City. The fiscal crisis appeared to be behind the city; the success of the Emergency Financial Control Board in stabilizing the fiscal condition of the city, and the more reliable stream of revenue from the city's tax base, led to the reentry of New York City into the financial markets for both short- and long-term borrowing.

Although the city was in better shape, some pointed out that, in many ways, it was not the same city. For one thing, the types of jobs available in Manhattan were changing. The fastest growing sector of the economy was the so-called FIRE (finance, insurance, and real estate) sector. Manufacturing jobs, not only in New York City but in the suburban portions of the region, had declined sharply. Service jobs were coming to dominate the economic picture, and the shifting patterns of employment—not only types of jobs but locations of jobs and the workers' residences—resulted in shifts in transportation demand.

During the first year of the SPI, several emerging regional trends were examined in detail to determine their potential impacts on the region's transit needs. Some of the social and economic problems facing the MTA region have to do with the city-versus-suburb dynamic. Between 1985 and 2000, the region's population is expected to increase by 325,100 or 2.5 percent. Most of this growth will take place in the suburbs; New York City's population will be stable or increase slightly, while the suburban counties and Connecticut will grow by 5 percent overall. Although Manhattan is tremendously influential, with the greatest concentration of jobs in the region, suburban residential and employment prospects indicate that relatively more economic muscle could be exerted outside the CBD. Between 1985 and 2000 the region will gain 485,100 jobs, an increase of 7.5 percent. Manhattan CBD employment will remain the most important sector, with the largest absolute increase, but suburban growth rates will be higher. The continued growth of employment in the suburbs, however, is accelerating traffic congestion in many locations, resulting in forecasts of suburban gridlock for some sectors.

In addition, an imbalance in the labor market is emerging as low-level service jobs go begging in the suburbs and inner city unemployment remains distressingly high. This situation is expected to continue for the remainder of the century. On the other hand, a disproportionate share of Manhattan CBD jobs has been taken by suburban commuters in recent years, leading to increased pressure on commuter rail and express bus services throughout the region. It is as yet unclear whether this trend will continue in the future. The increase in the employed labor force between 1985 and 2000 is expected to approach 6 percent with an almost 4 percent increase in New York City and a 10.6 percent increase in the counties to the north of the city. This may result in a net increase in commuter trips to Manhattan from these areas. On Long Island, however, the labor force

is not expected to grow as fast as the number of jobs, resulting in the possible development of a significant "reverse commuting" pattern as New York City residents travel to jobs in Nassau and Suffolk counties. The net impact of possible changes in commuter flows has not yet been determined.

Meanwhile, the search for competitive advantage for the New York metropolitan area led to a realization of the critical importance of the region's transportation infrastructure. Although many categories of public investment in capital facilities were shortchanged during the fiscal crisis, the subway system had been suffering from disinvestment for decades, in part as a result of the artificially low transit fare. Restoration of the transportation infrastructure, especially the rapid transit system serving the Manhattan CBD, was perceived as a critical element in efforts to support economic expansion.

The national debate on the "Infrastructure Crisis" was the subtext for the search for solutions in the New York region. The Executive Director of the Port Authority of New York and New Jersey had already proposed the establishment of a "regional infrastructure bank," which would underwrite the long-term cost of improvements that could support economic development. In both New Jersey and New York, voters approved bond issues that established transportation improvement trust funds. At the federal level, a 5-cent per gallon increase in the federal gas tax included a 1-cent set-aside for mass transit projects.

At the same time, the traffic problem in the region presents a real opportunity for the MTA. Increasing attention is being paid to the escalating levels of congestion on the regional highway and street network. Increased automobile usage is slowly strangling traffic; transit is perceived by many influential observers as the only possible solution to the looming prospect of regional gridlock. In the near future, additional restrictions on the use of the automobile in Manhattan may help to boost transit ridership.

Opportunities also presented themselves in the form of the Westway debacle. After years of litigation and reams of impact analyses, the project intended to replace the inadequate and deteriorated West Side Highway was abandoned. The money allocated to this project was traded in through the Interstate transfer provision and funds were reprogrammed to provide for a more modest replacement highway and transit improvements.

Meanwhile, the efforts made by MTA and the operating agencies since the early 1980s to improve the transit system were starting to bear fruit. Visible improvements in service on the subway, bus, and commuter rail networks as a result of the first 5-year capital program—largely manifested by new subway cars, buses, and commuter rail cars—restored a certain sense that things could get better. Successful management reforms at various levels of the MTA and the operating agencies also helped to create a climate of cautious optimism.

It was also important to underscore the significant strengths that the MTA possessed. For the most part, the operating agencies had exceptional top-level management in place, as well as a skilled work force. The 5-year capital program that was nearing completion had helped to arrest the deterioration of service and represented an important first step in restoring the system to a state of good repair.

Even before the management changes sought by MTA Chairman Kiley were in place, it became clear that a new

approach would be needed to help the MTA accomplish its purpose, which includes the development and implementation of a unified mass transportation policy for the MTA region. The MTA was facing the end of the first Five Year Capital Program, and many of the funding sources tapped for the first round of projects would be either depleted or unavailable. How could the MTA be certain the required \$1.5 billion annual investment in the region's mass transit infrastructure would continue to be made?

Implementing a Strategic Planning Process at the MTA

Strategic planning had been seriously discussed for years at the MTA, but there had never been a comprehensive process, aside from the budget review process, that attempted to involve all of the MTA operating agencies in collective planning for the future. Strategic planning had entered the official debate when the state legislature in 1983 required the MTA to submit to the governor strategic operation plans for the transit authority and the commuter railroads.

In early 1985, Robert Kiley was searching for a mechanism that would galvanize the policy makers and the decision makers and that could evoke a broad consensus about the future shape of the mass transit network. The chosen vehicle was the strategic planning process, and the director of the MTA Planning Department was charged with the responsibility for making it work. A staff reorganization shifted lines of responsibility so that the Director of Planning reports directly to the MTA Chairman; the Director of Planning was to play a key role in coordinating the strategic planning program and making planning work at MTA. It was particularly important to mobilize the resources of the operating agencies and obtain the commitment of the top management of each agency.

The time frame for the SPI was set at 3 years, by the end of which all of the key issues were to have been identified and incorporated into the planning process. At the conclusion of the SPI process, strategic planning would be incorporated into the ongoing planning and budget process used at MTA and at the operating authorities.

Defining the Structure

The first order of business was to decide on the appropriate structure for the SPI process and to determine the roles of various institutional players. This involved the division of planning work within the MTA family of agencies, as well as coordination with outside planning departments and groups. In addition, because of the complex political structure of the MTA region, input from a broad cross section of elected officials and special interest groups had to be accommodated in order to provide for an open process.

Certain realities of the mission and mandate of the MTA affected the scope and level of detail that would characterize the SPI. The mission of the MTA was established very clearly in the authorizing legislation that created it: the continuance, further development, and improvement of commuter transportation and other related services, as well as the development and implementation of a unified mass transportation policy for the MTA region. Given this mission, how could the MTA

marshal its resources and perform its mission efficiently, effectively, and with pride in its service to the public?

To initiate the strategic planning process, the MTA Planning Department developed a general outline of the issues that would have to be addressed, a rough timetable for implementation, and some guidelines on the basic economic and demographic projections that would be used in the course of the analysis. After this initial scoping effort, the Planning Department developed a draft work program for the first year of the SPI. This work program was discussed extensively with the MTA Board, agency heads, and planning directors in the spring of 1985. Out of these discussions came an agreement on the basic format of the SPI effort, as well as a detailed work program for year one.

Setting Assumptions

Early in the process of structuring the multiyear strategic planning process, MTA headquarters staff determined that a coordinated approach to the regional transportation problem was essential. The initial intent was to have a shared set of assumptions about the level of financial resources that would be available to the MTA in the foreseeable future. It was soon decided that a far more extensive framework of assumptions would be required to ensure that all of the constituent MTA agencies would be moving in the same direction as they executed the work programs that had been developed for the first year and beyond.

The list of assumptions started with the principle that the mission of MTA would remain the same under a wide range of external conditions—that is, that the delivery of service in the most efficient, cost-effective manner was the overriding goal of MTA. Next, it was assumed that the goal of the existing capital improvement program—to restore the system to a state of good repair and to maintain it at that level—was an unalterable commitment. It was also determined that service rationalization would be based on a principle of equity; that is, there would be well-defined guidelines for service delivery that would guide the operators in assessing how to allocate their resources.

A controversial element in the set of guiding assumptions was the statement that the level of available funding might be inadequate (in view of recent federal positions on mass transit budget levels) to restore the entire MTA system to a state of good repair. This articulation of a perceived threat opened the MTA to charges that service reduction was the overriding target of the exercise. Indeed, availability of capital funding was perceived by MTA staff as the principal element that threatened to undermine the goal of improved service. In a very real sense, the development of a set of less than optimal service configurations in response to possible funding constraints would serve to demonstrate how vital to the region the MTA transit network is.

Other components of the initial assumptions dealt with forecasts of population shifts, economic development, and inflation; and other elements introduced the issues of public sector—private sector cooperation and interagency service coordination. Still other assumptions stressed that deferred maintenance of facilities and equipment was not an acceptable strategy for dealing with potential operating or capital funding shortfalls. In addition, each agency was encouraged to investigate potential savings from the introduction of new technology

or through increases in productivity stemming from management improvements and better utilization of labor.

Development of the first year assumptions both restricted the choices available to planners at the operating agencies and freed them from expending time and energy in developing detailed forecasts and projections of population and economic activity. The work program and the overall framework of assumptions were flexible to the extent that the planning groups at the individual operating agencies could modify them in consultation with the MTA Planning Department if there were a compelling reason. Planners would propose to modify fare policy, for instance, in order to encourage the use of certain services or connections or to accommodate passengers inconvenienced by service adjustments. Such proposals would have to include an analysis of the costs and benefits associated with the policy change.

Steering the Process

The institutional relationships among the different elements of the MTA—headquarters staff, operating authorities, and even interdepartmental relations at the different operating agencies—were not necessarily aligned so that the strategic planning program could proceed vigorously from the very start. Some delays could be anticipated while the operating agencies and the MTA sorted out the responsibility for the delivery of particular products related to the overall work program.

An important element in the eventual success of the SPI was the involvement of the MTA Board and the commitment of the Chairman and Chief Executive Officer of the MTA, Robert Kiley. Kiley had essentially delivered the mandate for the process by directing the MTA Planning Department to undertake the study. The involvement of the MTA Board was ensured through two mechanisms: the establishment of the Planning Committee of the MTA Board and a briefing held in April 1985 to discuss the SPI.

Several mechanisms were developed to keep completion of the first year work program on schedule. The work program was a relatively demanding enterprise because, in some respects, the individual agencies would be getting a “standing start” on many of the components of the agenda. To encourage timely submission of scheduled work products and to share the knowledge gained as each agency advanced along the learning curve, a series of “Planning Directors’ Roundtables” was held. In addition to sessions devoted to progress reports on the products of the SPI work program, special meetings were scheduled for discussions of West Side corridor issues, privatization, and automatic fare collection.

When the initial outline for the first year work program had been prepared, a 1-day board briefing was held to discuss regional transportation issues and to familiarize the board and agency presidents with the SPI. Much of the discussion at the briefing centered on a series of assumptions that were prepared by the Planning Department to frame the discussion and to provide a common starting point for studying regional problems that faced the MTA. These assumptions are discussed in more detail in the next section. Although the assumptions were generally supported, there were significant changes incorporated in the assumptions as a result of the board’s review.

By the time the board briefing was held, the planning departments of the operating agencies had had an opportunity to review the proposed work program for the first year of the SPI. After the briefing, each of the MTA agencies prepared a detailed work program for the first year, based on the instructions but modified according to the particular circumstances of each organization. These work programs were finished in June 1985. The various MTA agencies had different degrees of experience with long-range or strategic planning, and past management decisions had influenced the priorities and emphasis areas that affected relative positions on the strategic planning learning curve. Consequently, the agencies committed themselves to accomplishing different portions of the work program in year one.

Planning at MTA: Independent Studies and Coordination

Aside from the work programs generated by the operating agencies, the MTA Planning Department and headquarters staff retained responsibility for certain overall policy or service coordination issues and for analyses of particular transit corridors where a number of different governmental and private actors were involved. For example, although the MTA encouraged each operating agency to consider how elements of its service package could be improved through private-sector involvement, the MTA Planning Department staff initiated a policy analysis of the institutional, legal, labor-related, and other issues that would arise if the MTA wished to place greater reliance on private-sector transportation providers. The MTA also sponsored a corridor study to assess the desirability of making provisions for a transit right-of-way on the West Side of Manhattan. The state of New York was at that time preparing to draw up plans for a replacement for the abandoned Westway project, and a unique opportunity presented itself to provide for a future high-volume transit service, whether bus, light rail, or heavy rail, to serve the expanding West Side.

In addition to these policy studies, a methodology known as the Subway Service Utilization Model (SSUM) was developed by the MTA Planning Department during the first year of the program. The SSUM was designed to calculate and display the levels of volume and crowding on the New York City subway system. Although the methodology was not intended to be used as a basis for making specific service changes, it could indicate in a general way where some of the problems and opportunities for the system lie. A final report detailing the capabilities of the model was completed and published in September 1986.

Two major, independent planning efforts were also sponsored as part of the first year program. The Regional Plan Association, a nonprofit research organization with a solid background in regional transportation issues, was retained by the MTA to provide an independent assessment of the demand for transit in the New York area. Also retained by the MTA, the Urban Research Center of New York University, an academic research arm of a major metropolitan university, undertook an analysis of future levels of demand for service and strategies to provide service under limited funding. These independent efforts were intended to provide a perspective on regional problems that might not have been shared by the MTA or its

subsidiaries, given the necessary orientation toward provision of existing services that characterized the operating agencies.

Community Participation

The MTA has an obligation to reach out to the public, but it is even more essential to find out what customers want in order to serve them better. The customers or clients of the MTA include not only passengers, but potential passengers (those who do not now use the services); indirect beneficiaries (those who do not themselves use the system but who benefit in some way because other people use it); and funding sources (elected officials and representatives of funding agencies at various levels of government).

The SPI has a substantial public participation component that will continue in the second and third years of the program. Key elected and appointed officials were informed of the SPI before its public announcement, and extensive briefings were held throughout the region to provide additional details and to solicit comments. Public forums on the SPI and strategic planning in general have been sponsored by civic and advisory groups, and presentations about the program have been made to interested groups. Press attention, including editorial comment, was considerable and generally positive.

As a supplement to the presentations to local elected officials and community representatives, a response form was distributed to community board members to solicit each area's top transit priorities. Key concerns raised by this procedure will be considered during the second and third years of the program. The areas of concern include transit's ability to enhance local economic development; transfer policy, including bus-to-subway transfers; reverse commuting; and achievement of cost savings through productivity and technological innovation.

Strategic Planning at the Operating Agencies

The TA was in the process of setting up a new organizational structure for planning, which would incorporate an Operations Planning Group within the TA's operational arm and a Strategic Planning Department in the finance and administration branch. Although the overall management of the TA's portion of the SPI would be administered by the Strategic Planning team, operations planning would be important in areas such as developing service guidelines and system reconfiguration analysis.

The two agencies were in a good position to carry out the strategic planning program with the commuter rail lines. The MNCR had already commenced work on some of the elements of the work plan, and service guidelines were already under development. The Metro-North planners also recognized that the development of a methodology for determining cost impacts of potential service changes would be extremely valuable. The LIRR had already considered long-range business planning important. Through the SPI, LIRR would seek to meet its corporate goals of improved service and financial performance.

The MSBA and the TBTA took somewhat different approaches to the SPI than did the TA and commuter railroads. MSBA, which provides bus service in Nassau County, was facing an increase in ridership and extreme constraints on

available funding. Consequently, MSBA was dealing with a growth scenario in which service expansion might not keep pace with demand. TBTA, which operates toll bridges and tunnels within New York City, was also facing traffic increases and had to determine the optimal use of existing capacity. Because the TBTA generated a surplus that was applied to the operating and capital needs of the MTA's other services, the goal was to accommodate growth while improving efficiency and cost-effectiveness.

The first year of the SPI was quite revealing, not only in terms of the data collected and analyzed but in the improved understanding of the political, economic, and social realities that will influence transit policy development in the MTA region. An important component of this new insight was the discovery of a range of opportunities for improving the transit system and for potentially increasing ridership.

A generally shared perception emerged, which was strengthened by the results of the first year work plan. By and large, the New York City subway system was heavily used during the peak period (especially the morning peak period) for the journey to work. This implied that changes to the subway system could be made only at the margins of the system and that the basic configuration of the rapid transit system would probably remain unchanged. No line eliminations were likely. However, the surface transportation system was almost an unknown quantity. Few data were available on ridership, load patterns, and crowding. A key aspect of the first year work program was the development of service guidelines for the TA bus network, as well as the implementation of a comprehensive data collection effort.

Another factor that became apparent during the first year of the SPI was the difficulty of arriving at a consensus regarding changes to transit service. The not-in-my-backyard syndrome means that, even as people clamor for improved service, neighborhood groups campaign relentlessly against the location of new facilities or the addition of more traffic in existing corridors. This phenomenon is not limited to transit, as observers of waste disposal issues know. However, it is difficult to reconcile demands for more bus service with intense opposition to the construction of a new bus depot, or the clamor for reduced crowding on heavily used subway lines with opposition to the recycling of underutilized rail rights-of-way.

The same problem becomes even more acute if service reduction is considered. Tremendous pressure is brought to bear through the political process and the activities of transit advocacy groups if any mention is made of service adjustments or reconfiguration because the immediate conclusion is that service adjustment equals service reduction. This problem is complicated because the recent history of service changes almost confirms this perception. The TA, for instance, has in recent years adopted a de facto "zero-sum game" policy toward service adjustments. In other words, any increase in service anywhere in the system must be balanced with a commensurate reduction in service elsewhere.

In an effort to look at service in a comprehensive fashion, the MTA had asked the operating agencies to examine segments of the system that are relatively underutilized to determine whether the curtailment of service or the elimination of facilities would result in significant capital savings. This analysis

was suggested because many portions of the system are in need of extensive rehabilitation, and there is no assurance that sufficient funding will be available to fully reconstruct the system in its present configuration. Prudence dictates that the TA invest its resources in places where they will serve the greatest number of riders and that priorities be set on a cost-benefit basis when decisions about service adjustments are made. Even so, considerations of equity cannot be discarded; in some instances allowances would have to be made in response to socioeconomic conditions that contribute to transit dependency.

Even to suggest alterations to line segments, however, opened the MTA and the TA to accusations of a hidden agenda and resulted in the revelation of a so-called "secret plan" to cut service when a draft of a TA report was leaked. In fact, a preliminary analysis of the line segments under study indicated that no significant cost savings would be realized by closing the lines, particularly because some facilities such as subway yards and maintenance facilities are located at the ends of subway lines. These facilities would be expensive to relocate. In addition, substitute bus service would probably be more expensive to provide on a unit cost basis.

The SPI was conceived as a multiyear effort from the start. Experience with the strategic planning process elsewhere indicated that it takes some time to establish momentum and to accumulate the kind of information required to make long-term decisions about corporate direction. The question of a data base was particularly significant because much of the basic information on how the subway and bus system is used was unavailable when the program began.

The lessons from year one will be incorporated into the Second and Third Year Work Programs of the SPI. One key piece was the use of the data that have been gathered to assess policy alternatives. The completion of the data collection and technical analysis incorporated in the first year program was extremely important, especially because the work plan had been developed to provide vitally needed tools for rationalizing and improving service.

Among the most useful products of the first year was the creation of two sets of service guidelines for local bus service provided by the TA. Previously, decisions about levels of service were made on an arbitrary basis, and no formal standards were in place. Schedules and route structure decisions were essentially made according to the professional judgment of operations personnel. Under the new system of service guidelines, criteria were established that consider population density and measures such as automobile ownership in determining route structure and that take into account passenger loads and cost-effectiveness in adjusting frequency and span of service.

Part of the task of the SPI is to reconcile the different mobility needs of various parts of the region. The city of New York is sometimes described as "two cities": the Manhattan CBD as a Gold Coast, with vast concentrations of wealth and jobs, and the rest of the city, with pockets of poverty and far less weight in the decision-making process. Although the needs of the "two cities" are different, each of the outer boroughs has unique strengths in terms of the industries, transportation

infrastructure assets, and community facilities that they possess. Within the city, a key issue is the level of service required by the residents who work at job sites outside the Manhattan CBD. This issue is critical because many of these residents do not have access to automobiles. Almost 60 percent of New York City households had no automobile in 1980, and fewer than 20 percent of Manhattan households owned an automobile. In contrast, only about 10 percent of households in the New York suburbs were without an automobile. In the first year of the SPI, the Office of Strategic Planning at the TA studied the characteristics of major employment centers outside of the Manhattan CBD. A report published in January of 1986 entitled *Non-Manhattan Employment Center Work Trip Patterns* surveyed journey-to-work data from the 1980 census as part of the initial data collection and analysis effort.

It also became apparent that it is essential for the MTA to establish a set of shared assumptions, a common view of where the region is heading and of the role of the MTA in making the region more competitive. Businesses were increasingly considering relocation outside New York City or outside the region, and the inadequacy of transit to serve their needs was frequently cited as a factor in relocation decisions. A coordinated transportation system, integrating bus, rapid transit, and commuter rail service, could not be achieved unless planners and decision makers agreed on some fundamental issues, such as the anticipated economic prospects for the region, the likely corridors of growth, and the proper role of the different modes in areas where service overlaps.

An important component of the first year program had to do with improving the coordination of one MTA agency with another, as well as the relations of MTA with other transportation agencies in the region and with local, state, and federal funding sources. The different operating agencies under the MTA umbrella historically have failed to work as a team, and the MTA had long been criticized by outside agencies for not putting its house in order and for failing to cooperate with other providers of transportation services such as the private bus lines in New York City or the Port Authority of New York and New Jersey.

FUTURE OF STRATEGIC PLANNING AND MANAGEMENT AT THE MTA

A great deal of progress was made in the first year of the SPI. Each of the operating agencies made strides in improving data collection capabilities, in assessing the likely consequences of reduced capital funding availability, and in internalizing the concept of strategic planning. The decision makers at MTA and the operating subsidiaries achieved a greater understanding of the implications of growth and change in the region. The MTA also made progress in convincing outside critics that a serious examination of the strengths and weaknesses of the organization, as well as the threats and opportunities facing the MTA, was under way. The next challenge was to maintain momentum and to build on the successes of the first year.

Activities that will continue include data collection efforts, completion of development of service guidelines, and completion of the system reconfiguration analysis that will respond to the different potential levels of capital funding available. Additional work will be done on assessing the costs and

benefits of changes in service, developing methodologies for calculating operating costs and ridership impacts of service adjustments, and studying demographic and economic changes throughout the region.

The work plan for the second year of the SPI builds on the results of the first year, but it also extends to the development of a methodology for deciding how to reconfigure the system. The proposed methodology, a corridor planning approach, would address the issue of service coordination, the problem of how to utilize available capacity, and the response to changing levels of ridership. The corridor studies would serve as a screening process for identifying problem areas, developing a variety of service improvement proposals, and getting an order of magnitude estimate of the potential for service improvements or cost savings.

When the corridors have been screened, the highest priority corridors can be studied in depth. Detailed alternative service plans will be developed by the operating agencies. Among the criteria used to select the best alternative would be increased ridership, improved service to existing riders, reductions in capital or operating expenditures, and contributions to other societal goals such as reduced air pollution and less congestion.

The corridor studies themselves are intended to encourage innovation in the use of unconventional solutions to problems. Fare policy, demand management through staggered work hours, mode substitution, and privatization are among the potential methods available to attract riders, reduce peak-period crowding, speed service, or reduce costs. The regional transit system needs to function more as a network, and these methods and practices will lead to a better-integrated transportation system.

The intent of this open process is to permit the re-evaluation of planning assumptions. One of the first steps in preparing a second year work program was the reconsideration of the assumptions adopted for the first year of the program. The experience of the first year may have invalidated some of the initial theories, and new information or newly emerging trends may have resulted in new hypotheses. Even fundamental issues such as ridership goals were open to question. For example, the issue of whether it should be an MTA goal to increase ridership

in all transit markets—that is, in all parts of the MTA region and at all times of the day—has been raised. The answer depends on the availability of other service in those areas, the cost of accommodating additional passengers, and other factors.

The SPI is a flexible process, and the work program will be expanded as needed to address problems that emerge in the course of the study. Each agency must constantly re-examine the basic questions: “What business am I in? How am I doing? How do I know? How can I be more effective?” The strategic planning process should help the managers of the system answer these questions. The answers will affect what kinds of questions have to be asked in the next cycle.

Even after the end of the SPI, strategic planning should be part of the overall decision-making process. One way to integrate strategic planning is to include it in the budget cycle. Early in the SPI program, a directive by NYCTA President David Gunn requiring that all budget submissions be justified in terms of SPI goals indicated that the SPI process was being internalized at the TA, rather than remaining an extraneous, pro forma exercise. The products of each year’s strategic planning effort should be the identification of key opportunities and areas of emphasis. These priority issues will be emphasized as the agency prepares its budget for the following fiscal year.

At the end of the formal SPI process, a series of reports will have been issued and a number of studies will have been completed. The process of optimizing the region’s mass transit resources will have begun. The real product of the process, however, should be the implementation of an ongoing planning and budgeting system that incorporates strategic management from the very start. In order to do their jobs better, all of the MTA’s staff will be “thinking strategically” as they respond to change.

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