



STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

May 30, 1997

Mr. Thomas F. Prendergast
President
Long Island Rail Road
Jamaica Station
Jamaica, NY 11435

Re: Report 97-F-13

Dear Mr. Prendergast:

According to the State Comptroller's authority as set forth in Article X, Section 5 of the State Constitution, we reviewed the actions taken by officials of the Long Island Rail Road (LIRR or Railroad), a subsidiary of the Metropolitan Transportation Authority (MTA), as of April 3, 1997 to implement the recommendation included in our prior audit report 94-S-67. This report, issued January 12, 1996, focused on the LIRR's efforts to reduce the number of low-ridership trains.

Background

The LIRR operates a commuter rail system originating from Penn Station in Manhattan and Flatbush Avenue in Brooklyn and continuing to destinations in Queens, Nassau and Suffolk counties. It has about 1,100 railroad cars in passenger service and operates 727 trains a day, carrying about 254,000 passengers each weekday. The Railroad operates 458 trains on weekends. In 1996, the LIRR's passenger revenue was about \$320 million and its operating deficit was more than \$435 million (including depreciation and amortization). To help offset its operating deficits, the LIRR has received subsidies from the MTA, which has provided over \$300 million in each of the past five years. The MTA uses New York State tax dollars to fund the deficits of its subsidiaries.

Summary Conclusion

During our prior audit, we found that the LIRR operated 215 trains that carried ten passengers or less. These trains lost about \$941,000 in 1993. Trains carrying between 11 and 20 passengers lost about \$430,000.

In our follow-up review, we found that LIRR officials will be revising the train schedule and will consider where service adjustments could result in reduced operating expenses.

Summary of Status of Implementation

LIRR officials have partially implemented our prior audit recommendation.

Follow-up Observation

Recommendation

Determine how the schedule can be revised to maintain an acceptable level of service while minimizing the number of trains that do not produce sufficient revenue in relation to their operating costs.

Status - Partially Implemented

Agency Action - The LIRR went through a multi-step procedure in responding to our recommendation. The Railroad officials performed many analyses, concluding that cancellation of the trains listed in Exhibits A and B of our prior report would produce massive cuts in service. They analyzed specific trains listed and determined that canceling these trains would effectively curtail service on entire branches. The LIRR will revise its entire schedule in 1999 and one of the considerations will be to reduce the number of low ridership trains that lose money.

Major contributors to this report were Carmen Maldonado, William Challice, Frank Russo, Aaron Fruchter, and John Gimberlein.

We would appreciate your response to this report within 30 days. We also thank the management and staff of the LIRR for the courtesies and cooperation extended to our staff during this review.

Yours truly,

David R. Hancox
Audit Director

cc: Patricia A. Woodworth