



Office of the
New York City Comptroller
John C. Liu

STATEMENT

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Contact: Sharon Lee, (212) 669-3747

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NO SURPRISE THAT MTA'S CONTRACTORS ARE NOT ACCOUNTABLE TO PERFORMANCE STANDARDS

NEW YORK, NY – City Comptroller John C. Liu stated the following in response to questions about the Metropolitan Transportation Authority (MTA) Inspector General's report finding the MTA has routinely bloated the performance evaluations of contractors' work.

"It's no surprise that MTA contractors aren't being held accountable to performance standards. It's symptomatic of the much larger accountability problem with managers at the MTA," Comptroller Liu said. "Mismanaged contracts result in huge waste at a time when the MTA can least afford it. Just look at the \$250 million the MTA has squandered with the ill-conceived and ill-fated Lockheed-Martin contract. This cozy, business-as-usual culture permeating the Authority must be fixed right away."

New York State Comptroller Thomas DiNapoli last week issued a report finding the MTA's security program to harden the subways against terrorist attacks in "disarray". Comptroller Liu will meet with Comptroller DiNapoli to further investigate the Lockheed-Martin contract and the larger issue of contract mismanagement.

In June 2009 at a City Council Transportation Committee hearing, upon reviewing the MTA's progress in hardening the subway system against potential attacks and in light of reports of litigation between the MTA and Lockheed, then-Chairperson John Liu had reiterated his call for the MTA to cut its losses and abandon the failed Lockheed-Martin project.

BACKGROUND ON THE LOCKHEED-MARTIN CONTRACT:

The MTA had first announced \$591 million in funding for terror-proofing the subways in 2002. The MTA added an additional \$495 million in 2004 for a total of \$1.1 billion toward security

measures in the City's transit system. The Committee, however, had criticized the MTA in 2004 for failing to use any of the funds and making no progress toward terror-proofing the subways.

One month after the July 2005 bombings in London's transit system, the MTA proceeded hastily -- without competitive procurement -- into a \$212 million contract with Lockheed-Martin for an "Electronic Security Program" to install 3,000 cameras and artificial intelligence systems to monitor potential threats in the subways. Within a year, the no-bid contract with Lockheed had ballooned "into a monstrous \$300 million behemoth" as the Authority requested an additional \$80 million here for a command center and an additional \$5 million there for an antennae to communicate with first responders. Chairperson Liu condemned the MTA's apparent piecemeal strategy based on the Authority's seemingly desultory budgetary amendments.

At a Committee hearing in February 2006, the Committee seriously questioned whether the artificial intelligence system contracted would actually work, especially after it had already been rejected by London transit officials as being ineffective. MTA officials at the time had assured the Committee the plan was selected after having "done a tremendous amount of research to find what were the best available systems out there" and "[the plan] has proven itself to be workable and to provide real-time monitoring and real time alarms back at the monitored stations." MTA officials also noted at the time, however, that they were still testing the artificial intelligence for reliability and accuracy, even though the contract had already been awarded to Lockheed.

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