




Memorandum

**U.S. Department of
Transportation**

Office of the Secretary
of Transportation
Office of Inspector General

Subject: **INFORMATION:** Audit Announcement—
FTA’s Oversight of Major Transit Projects
in New York City: East Side Access
Federal Transit Administration
Project Number 12U3003M000

Date: May 14, 2012

From: Joseph W. Comé 
Assistant Inspector General
for Highway and Transit Audits

Reply to
Attn. of: JA-40

To: Federal Transit Administrator

The Office of Inspector General (OIG) announced in March 2010 that it was conducting a series of audits of the Federal Transit Administration’s (FTA) oversight of the following major transit projects in New York City: the Metropolitan Transportation Authority’s (MTA) Fulton Street Transit Center, Second Avenue Subway, and East Side Access projects, and the Port Authority of New York & New Jersey’s Trans-Hudson Terminal project. In recent years, FTA has provided funding totaling almost \$8 billion for these complex, high-profile transit projects. On August 15, 2011, the OIG released its audit report on MTA’s Fulton Street Transit Center.¹

We are continuing our series with an audit that will focus on FTA’s oversight of MTA’s East Side Access project—a project that has experienced significant cost increases and schedule delays. It is one of the largest, most complex capital transit projects in the country, and the largest project MTA has ever undertaken. FTA has committed to investing almost \$2.7 billion in the East Side Access project, including New Starts and American Recovery and Reinvestment Act (ARRA) funding. However, in the 5 years since the approval of the full funding grant agreement in December 2006, the project’s estimated cost increased from almost \$6.4 billion to \$8.1 billion, and the estimated completion date was extended from December 2013 to April 2018. Our objectives will be to evaluate whether FTA’s efforts have ensured

¹ OIG Report Number MH-2011-150, “New York City’s Fulton Street Transit Center: FTA’s Sustained Focus on Key Risk Areas Will Be Needed Until the Project Is Completed.” OIG reports are available on our Web site at www.oig.dot.gov.

that: (1) current project plans will mitigate cost, schedule, and local funding risks and (2) ARRA funding and oversight requirements were met.

We plan to begin our audit of the East Side Access project the week of May 29, 2012. We will conduct our work at FTA Headquarters; FTA Region II in New York, New York; MTA; and other related sites, as needed. We will contact your audit liaison to schedule an entrance conference and explain our approach in further detail. If you have any questions or require additional information, please contact me at (202) 366-5630, or Anthony Zakel, Program Director, at (202) 366-0202.

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cc: Audit Liaison, FTA, TBP-10
Audit Liaison, OST, M-1