

**MTA Metro-North Railroad
November Financial Plan 2009 to 2012
Additional Actions for Budget Balance**

In identifying \$35 million in additional actions to achieve budget balance, Metro-North Railroad used certain guiding principles. 1) None of the reductions would impact customer or employee safety. 2) Impacts to customers and existing employees would be minimized to the extent possible. 3) Opportunities to keep and grow revenue would be maintained.

Administrative reductions in the amount of \$13.8 million have been identified, including the elimination of 18 administrative positions. Ultimately, the overall reduction target could not be accomplished without affecting the quantity and quality of service for rail lines East and West of the Hudson River as well as impacting the workforce that provides those services.

ADMINISTRATION:

Administrative Position Reductions

Eighteen administrative positions will be identified for elimination; thirteen non-represented and five represented. Metro-North is attempting to achieve this goal by identifying vacant jobs. The reduction will result in deferral of select corporate priorities.

Reduce Operating Capital Funded Management Initiatives

A substantial number of Operating/Capital initiatives affecting IT and Operations would be eliminated or deferred. Several of these items will impact customers (purchasing additional buses for the Hudson Rail Link service and improving lighting at New Haven Line stations) as well as items that are required to maintain Metro-North infrastructure (a third rail gauge measurement system, a replacement wrecking crane and non-revenue vehicle replacements). Information Technology initiatives that are required to improve the railroad's network infrastructure for better communication and to effect efficiency investments will also be eliminated or deferred.

Reduce miscellaneous non-payroll expenditures budgeted for Maintenance and Other Operations Contracts, Professional Services & Business Expenditures.

Provisions for miscellaneous contracts and contracts for services will be reduced.

Reduce Advertising

This reflects a 69% reduction in advertising.

Eliminate expansion of handheld units to automate field reporting and provide for retrieval of data for C&S and Track & Structures Department

Reductions include the deferral of a project to adopt the new technology developed for the onboard ticket issuing machines to automate and better manage operations in the field.

Reduce non-capital vehicle replacements

Provision budgeted to replace electric and other specialty maintenance vehicles that do not meet capitalization criteria will be eliminated.

Reduce expenditures for special/employee recognition events

Provisions for miscellaneous expenditures budgeted for special/employee recognition events will be reduced.

CUSTOMER CONVENIENCE & AMENITIES:**CUSTOMER FEES****Eliminate toll free 1-800 Customer Information Center number**

Metro-North will eliminate the toll-free telephone number for its Customer Information Center; some customers would incur long-distance telephone charges.

Add CPI to 2009 Commissary

Metro-North will add a consumer price index increase mid-year to commissary items (including alcoholic beverages) purchased by customers.

GRAND CENTRAL TERMINAL ENVIRONMENT & SERVICES**Reduce GCT cleaning**

GCT cleaning would be reduced and six positions eliminated. Reductions would occur in two specific areas. The overnight cleaning crew in Grand Central would be reduced. This crew is tasked with cleaning the Terminal in a span of 3-1/2 hours and cleaning up after storms - rain and snow. This reduction will impact Metro-North's ability to clean the building in normal conditions, but will inhibit special event support (much of which takes place during the hours that the terminal is closed) and emergency response. Platforms will also be cleaned of paper and debris with less frequency. The frequency of power washing the tactile warning strips will also be reduced, resulting in increased dirtiness and continued deterioration.

Close GCT North Station Master's Office

The Station Master's Office (SMO) in Grand Central North will close. The SMO North Office provides a location for commuters and visitors to obtain assistance and directions on that side of the terminal.

Reduce GCT ticket sellers at the ticket windows

Two ticket seller positions will be eliminated. The amount of time that some customers will have to wait on line to purchase a ticket will increase.

CUSTOMER SERVICES

Reduce car cleaning

Eleven car cleaning positions in the Car Appearance Department will be eliminated. The proposed reduction of eleven positions would change the extraordinary car cleaning program from the current 60-day cycle to a 90-day cycle. It is anticipated that this will have a direct effect on the cleanliness and appearance of the fleet – inside and out.

Reduce station cleaning

Two cleaning positions will be eliminated: one from the New Haven Line and one from the Harlem Line. As a result, extraordinary cleaning work at stations will only be performed Monday through Friday.

Reduce the number of Customer Information Center phone service representatives

Four Telephone Representative positions will be eliminated in the Customer Information Center. This reduction will result in increased customer wait times for information during service disruptions and special events.

Close Ticket Offices

Ticket offices at Crestwood, Harrison and New Canaan stations will close. Ticket machines are available at those locations.

Reduce ticket window hours at 4 New Haven Line stations

Ticket window hours would also be reduced at 4 New Haven Line stations, Port Chester, Greenwich, Westport and Fairfield. Ticket machines are available at these locations.

Defer credit/debit rollout for On-Board Ticket Selling Machines

Defer the roll-out of credit/debit function for hand-held ticket machines. Although a much-desired customer amenity, activating this feature of the hand-helds will ultimately be deferred.

SERVICE:

Reduce car consist and increase loading standards for East of Hudson

East of Hudson, Metro-North currently has peak loading standards of not allowing occupancy to exceed 95% on any train ("the ceiling") and not reducing any consist if it will result in train occupancy above 87% ("the floor"). Under this proposal, Metro-North will increase the minimum to 95% and reduce peak consists to come as close to 95% occupancy as possible. Similarly in the off-peak, the minimum standards will be increased from 75% to 85% and reduce consists to maximize occupancies according to the new higher standard. On weekends, Metro-North will raise both the maximum (currently 75%) and the minimum (now 65%) to 80% and reduce consists wherever possible to ensure the highest occupancy according to the new higher standards.

Customers on all lines east of the Hudson will notice crowding and see standees on certain days.

Reduce car consist and increase loading standards for West of Hudson

West of Hudson, Metro-North will not change the existing 92% maximum peak loading standard, but will reduce consists wherever possible to maximize occupancies within that limit. West of Hudson, 3,600 of weekday customers will be affected; there is no impact to weekend service under this scenario. Savings will be realized through a reduction in propulsion costs.

Reduce service for east of Hudson, net of revenues

Eliminate nine East of Hudson trains (three Hudson Line; two Harlem Line; four New Haven Line). The reduction includes, one pm-peak train, seven off-peak weekday trains and one weekend train. Six of the nine trains will be combined with other trains, thereby increasing travel time. The remaining three trains will be eliminated, reducing train frequency. Over 2,000 customers will experience a reduction in train frequency from 30 up to 75 minutes and approximately 3,500 customers will experience an increase in travel time up to 19 minutes. Twelve engineer/conductor positions will be eliminated.

Reduce service for West of Hudson, net of revenues

West of Hudson, Port Jervis Line express trains will make local stops in New Jersey, adding 10-20 minutes of travel time. The weekend service on the Pascack Valley Line, which was just instituted a year ago, will be reduced.

Retire 30 M-1 cars

Metro-North has retained 30 M1 cars which now will be retired from service and prepared for disposal. This would further exacerbate the potential of not meeting consist compliance numbers, worsen crowding conditions, eliminate ability to have replacement vehicles for emergencies and not have a dedicated fleet for Yankee Stadium shuttle service.

MAINTENANCE:

Defer West of Hudson F-40 locomotive overhaul program

The overhaul of 2 F-40 locomotives will be deferred until 2010.

Reduce Maintenance of Equipment shop materials usage

The Equipment Department will implement an overall reduction in material usage; minor reduction in support shop pool levels, and a reduction in discretionary part change-outs.

Defer portion of M3 interior overhaul program

The overhaul of M3 car interiors will be reduced from 48 to 32 cars. Work will begin in 2009 but extend until the end of 2011.

Defer portion of regular cyclical seat change out program for all fleets

Reduce provision for cyclical seat replacement programs.

Reduce Maintenance of Equipment agreement personnel

Ten agreement positions will be eliminated in the Maintenance of Equipment department affecting all shops. Service could be negatively affected as it may take longer to return trains to service once they require unscheduled maintenance. In turn, fewer cars - and therefore fewer seats - would be available for customers.

Reduce overtime for Maintenance of Equipment, Maintenance of Way and Operating Services Departments

Metro-North will have fewer financial resources for emergency repairs and to quickly respond to service disruptions

Defer funding for repairs of accident damaged cars

The repair of two heavily-damaged coaches will be deferred.

Reduce purchase of shop tools

Provision to purchase and/or maintain shop equipment and tools will be reduced.

Reduce GCT restoration efforts

During the past 15 years, significant progress had been made in restoring and maintaining the Terminal to a high standard. This landmarked facility consistently receives almost perfect scores on Metro-North's customer surveys. The restoration work that began in Grand Central Terminal in the late 1990s is not complete and areas that continue to need attention such as fixing decayed entrance doors or water infiltration of the metal canopy will be partially deferred.

SAFETY/SECURITY:

Reduce Maintenance of Way agreement personnel

Ten radio maintainer agreement positions that would have been dedicated to Security System coverage will be eliminated. Originally, there was to be a dedicated staff available to maintain this system 24 hour 7 days a week. Under this reduction plan, coverage to make straight time repair and maintenance will only be available during two tours of duty, Monday to Friday only.

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Additional Actions for Budget Balance
(\$ in millions)

	2009		2010		2011		2012	
	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars
List of Programs								
Administration:								
Administrative position reductions	18	\$2.1	18	\$2.1	18	\$2.1	18	\$2.1
Reduce operating capital funded management initiatives	-	6.6	-	11.6	-	11.6	-	11.6
Reduce other nonpayroll expenditures for material, maintenance, other operating and professional service contracts and other business expenses.	-	2.8	-	2.9	-	2.9	-	2.9
Reduce advertising	-	1.5	-	1.5	-	1.5	-	1.5
Eliminate handheld expansion to automate field reporting and provide for retrieval of data for C&S and Track & Structures Dept.	-	0.4	-	0.4	-	0.4	-	0.4
Reduce non-capital vehicle replacements	-	0.2	-	0.2	-	0.2	-	0.2
Reduce expenditures spent on special/employee recognition events	-	0.2	-	0.2	-	0.2	-	0.2
Sub Total Administration	18	\$13.8	18	\$18.9	18	\$18.9	18	\$18.9
Customer Convenience & Amenities:								
Customer Fees								
Eliminate toll free 1-800 Customer Information Center number	-	\$0.2	-	\$0.2	-	\$0.2	-	\$0.2
Add CPI to 2009 Commissary	-	0.1	-	0.1	-	0.1	-	0.1
GCT								
Reduce GCT cleaning	6	0.6	6	0.6	6	0.6	6	0.6
Close GCT North Station Master's Office	2	0.2	2	0.2	2	0.2	2	0.2
Reduce GCT ticket sellers at the ticket windows	2	0.2	2	0.2	2	0.2	2	0.2

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	2009		2010		2011		2012	
	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars
Customer Services								
Reduce car cleaning	11	0.7	11	0.7	11	0.7	11	0.7
Reduce station cleaning	2	0.2	2	0.2	2	0.2	2	0.2
Reduce the number of Customer Information Center phone service representatives	4	0.4	4	0.4	4	0.4	4	0.4
Close Crestwood Station, Harrison and New Canaan ticket offices	3	0.3	3	0.3	3	0.3	3	0.3
Reduce ticket window hours at 4 New Haven line stations - Port Chester, Greenwich, Westport, Fairfield.	4	0.2	4	0.2	4	0.2	4	0.2
Defer credit/debit rollout for On-Board Ticket Selling Machines	-	0.3	-	0.0	-	0.0	-	0.0
Sub Total Customer Convenience & Amenities	34	\$3.4	34	\$3.2	34	\$3.2	34	\$3.2
Service:								
Reduce car consist and increase loading standards for East of Hudson	-	\$4.0	-	\$4.1	-	\$4.1	-	\$4.1
Reduce car consist and increase loading standards for West of Hudson	-	0.2	-	0.2	-	0.2	-	0.2
Reduce service for East of Hudson, net of revenues	12	1.5	12	1.5	12	1.5	12	1.5
Reduce service for West of Hudson, net of revenues	-	0.5	-	0.5	-	0.5	-	0.5
Retire 30 M-1 cars	4	1.4	4	1.4	4	1.4	4	1.4
Sub Total Service	16	\$7.6	16	\$7.7	16	\$7.7	16	\$7.7

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	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars
Maintenance:								
Defer West of Hudson F-40 locomotive overhaul program	-	\$3.2	-	\$0.0	-	\$0.0	-	\$0.0
Reduce Maintenance of Equipment shop material usage	-	1.2	-	1.2	-	1.2	-	1.2
Defer portion of M3 interior overhaul program	-	0.8	-	0.0	-	0.0	-	0.0
Defer portion of regular cyclical seat change out program for all fleets	-	0.2	-	0.0	-	0.0	-	0.0
Reduce Maintenance of Equipment agreement personnel	10	1.0	10	1.0	10	1.0	10	1.0
Reduce overtime for Maintenance of Equipment, Maintenance of Way and Operations Services Departments	-	1.0	-	1.0	-	1.0	-	1.0
Defer funding for repairs to heavily damaged equipment	-	0.7	-	0.0	-	0.0	-	0.0
Reduce purchases of shop tools	-	0.3	-	0.1	-	0.1	-	0.1
Reduce GCT restoration efforts	-	0.8	-	0.8	-	0.8	-	0.8
Sub Total Maintenance	10	\$9.2	10	\$4.2	10	\$4.2	10	\$4.2
Safety/Security:								
Reduce Maintenance of Way agreement personnel	10	\$1.0	10	\$1.0	10	\$1.0	10	\$1.0
Sub Total Safety/Security	10	\$1.0	10	\$1.0	10	\$1.0	10	\$1.0
Other:								
Sub Total Other	0	0.0	0	0.0	0	0.0	0	0.0
Total 2009 Add'l Actions for Budget Balance	88	35.0	88	35.0	88	35.0	88	35.0