

### **III. Gap Closing Program**

### **III. GAP CLOSING PROGRAM**

The discussion below reflects Gap Closing Program initiatives proposed as part of the July Plan; these below-the-line items, categorized under the headings of Internal Actions, External Actions and Fares/Tolls, reflect prudent decisions and realistic actions that are essential to maintaining our operations, providing safety and security to our customers and employees, and implementing steps necessary to achieve MTA goals.

#### **Internal Actions:**

2009 Agency Program to Eliminate the Gap - The 2009 Program to Eliminate the Gap (PEG) consists of savings of \$16 million and 115 positions in 2008, \$82 million and 473 positions in 2009, \$80 million and 482 positions in 2010, \$88 million and 517 positions in 2011, and \$79 million and 453 positions in 2012. These 2009 PEG savings exclude MTA Bus' PEGs which would serve to reduce the City subsidy to MTA Bus.

For a fuller discussion and summary of the 2009 PEG program, please refer to the end of this section.

Post-2009 Agency Program to Eliminate the Gap - MTA Agencies are expected to achieve targeted savings equivalent to a 1.5% reduction in controllable expenses in each of the Plan years (6% cumulative by the end of 2012). Agencies will identify PEGs beginning in 2010 during next year's budget cycle. Therefore, the vast majority of the Post-2009 PEG program remains unspecified at this time. On an MTA-wide basis, the value of these "unspecified" PEGs is \$96 million in 2010, \$173 million in 2011, and \$274 million in 2012. The LIRR has identified a very small portion of its Post-PEG program (\$1 million per year). These savings exclude MTA Bus' PEGs which would serve to reduce the City subsidy to MTA Bus.

For a fuller discussion and summary of the 2009 Post-PEG program, please refer to the end of this section.

Business Service Center - In an effort to enhance financial stability, the MTA created a Business Service Center (BSC) to streamline financial operations. At the BSC, select administrative functions for all the Agencies will be combined and the use of one PeopleSoft Enterprise Resource Planning (ERP) Financial and HR/Payroll system, along with other technologies to process administrative and "back-office" functions will be utilized.

Implementation costs including capital and feasibility studies are expected to total \$210 million. This financial plan provides operating funding for implementation that will result in a net increase in projected spending of \$7 million, \$10 million, and \$14 million in 2009, 2010, and 2011, respectively. The BSC will be opening its door in 2011 and will complete consolidation of back office functions throughout the year. It will achieve efficiencies resulting in headcount reductions of approximately 243 positions throughout

the Agencies. In addition, it will begin to recoup initial outlays with net operating savings of \$29 million in 2012 growing to over \$30 million annually thereafter.

New Contracts Labor Contribution – MTA is proposing that upon the expiration of labor contracts in 2009 and 2010, the net value of new contract costs would enable a reduction to baseline assumptions for one year which would help close future-year budget gaps. Savings would occur in the year of the reduction and in out-years as well since the base for future growth would be reduced. Savings are projected at \$53 million in 2009, \$82 million in 2010, \$85 million in 2011 and \$86 million in 2012.

MTA Reorganization – Included as part of the MTA's corporate strategies, is the policy initiative to achieve institutional transformation; a key goal of this initiative is the consolidation of MTA's bus services. It is expected that Regional Bus Operation will allow its younger bus companies to leverage the resources of its older, more established agencies and for both to adopt best practices. This is expected to result in greater accountability, reduce administrative inefficiency and improve customer service. In addition to the Business Service Center efficiencies, reflected separately in the plan, MTA expects to review other back-office operations to generate additional administrative cost savings. It is assumed that these various initiatives will generate \$3 million in 2009 and \$13 million annually thereafter.

Reduce Subsidy to Long Island Bus – MTA is proposing to reduce LIB's subsidy by \$4 million in every year of the Plan, beginning in 2009. It is anticipated that other government entities, also responsible for funding LIB, will provide sufficient aid so that the Agency achieves a balanced budget. Absent such funding, fare increases and/or service cuts may be necessary.

2006 Surplus Recovery – In 2006, MTA used a portion of the 2006 surplus to fund Capital Security and other non-recurring expenses. It is proposed that \$120 million of these funds yet to be committed, be transferred back to the operating budget in 2008 to be used for future gap-closing. Funding for the Capital Security projects is expected to be part of the MTA's Capital Plan.

Other Administrative Reductions - The MTA has taken a number of steps to reduce administrative costs and improve the cash position. These include extending the current lead time for new hires, reducing non-revenue vehicle mileage, and significantly reducing costs for travel, catering, professional memberships, subscriptions, and telecommunications among other actions. This is expected to result in short-term savings of \$15 million in 2008 and \$30 million in 2009.

Eliminate E-Z Pass Forgiveness - The MTA is proposing an increase in revenues of \$10 million annually from charging official city, state and county vehicles for Bridge and Tunnel crossings, which are currently granted non-revenue status.

Inter-Agency Loan – The MTA is proposing to borrow \$135 million in 2009 and 2010 and to pay these Inter-Agency Loans back in 2011 and 2012.

## **External Actions:**

Federal Legislative Actions - The MTA is proposing changes in federal legislation that would eliminate certain federal mandates for commuter rail employees without impacting employee benefits.

State/City Actions – The following list represents a series of proposed changes which would better the MTA's bottom line. It is not exhaustive, only illustrative. Other actions taken by our funding partners could substitute for these examples.

School/Senior Citizen Fare Reimbursement – The MTA is seeking full reimbursement, an additional \$104 million annually, of lost fares associated with providing peak-hour half-fare discounts to seniors (\$15 million) and reduced fares to school children, not currently reimbursed by New York City or New York State (\$89 million). The City currently pays \$13.8 million annually for seniors and the State and City currently pay \$90 million annually (\$45 million each) for school fare reimbursement – this has not changed since 1995.

City Reimbursement to Paratransit - The City's current contribution for Paratransit transportation operating expenses is capped so as to not increase by more than 20 percent per year, after the deduction of fare revenue and a 6.0 percent allocation from the Urban Tax receipts. It is proposed that beginning in 2009, the City and NYCT equally share Paratransit transportation operating costs. This is consistent with Paratransit funding practices in other U.S. localities. This proposal will result in additional reimbursements of \$113 million in 2009, \$138 million in 2010, \$164 million in 2011 and \$205 million in 2012.

State Tax Restoration – The MTA is depending on the State to make-up the appropriation in 2008, as well as the anticipated fall-off in tax revenues in 2009 and thereafter.

State Legislative Actions – Tax Statute Revisions - Discussions with State Budget have already begun to develop legislative proposals which would be introduced in the 2009 Legislative session to tighten up the tax codes relating to MTA real estate taxes. These statutory changes are expected to generate \$50 million of additional revenue earmarked for MTA.

New Governmental Aid - The Plan assumes that new governmental aid of approximately \$364 million will be made available to MTA beginning in 2010 and that the source of the revenue will recur and grow with inflation. This aid, yet to be specified, when combined with the City Fare Reimbursements and State tax restorations noted above are equivalent to the roughly \$600 million of new governmental aid included in previous financial plans. The 2008 July Financial Plan differs from previous Plans in that it calls on the City and State to essentially

accelerate half of the \$600 million originally programmed in 2010 by implementing the specific actions mentioned above.

### **Fares/Tolls:**

2009 Increased Fare and Toll Yields - The July Plan proposes an 8% increase in MTA consolidated farebox and toll revenue yields beginning July 1, 2009. Consolidated fare and toll revenues, excluding MTA Bus revenues, are expected to increase by \$202 million in 2009, \$405 million in 2010, \$414 million in 2011 and \$418 million in 2012. MTA Bus revenue is expected to increase by \$6 million in 2009, \$13 million per year in 2010, 2011 and 2012. These additional MTA Bus revenues will be used to hold down NYC subsidy used to cover the costs associated with MTA Bus operations.

As a post-2009 gap closing action, the February Financial Plan anticipated a 5% yield increase in 2010 which was estimated to generate \$253 million in 2010 and \$262 million in 2011. The fare increase in 2009 of 8% is roughly equivalent to the original 6.5% that was reduced in 2008 to 3.85%, plus the acceleration of the 5% originally scheduled for 6 months later (1/1/10).

2011 Increased Fare and Toll Yields - A 5% consolidated farebox and toll revenue yield increase is also proposed for implementation on January 1, 2011, and is estimated to yield an additional \$272 million in 2011 and \$281 million in 2012, excluding yield increases for MTA Bus. The 5% farebox yield increase at MTA Bus is expected to generate additional revenue of \$9 million in 2011 and in 2012, and will be used to hold down NYC subsidy to MTA Bus.

**MTA Consolidated Utilization**  
**MTA Agency Fare and Toll Revenue Projections, in millions**  
**Including the Impact of PEGs and Fare/Toll Yields in 2009 & 2011**

		<u>2008 Mid-Year</u>				
		<u>Forecast</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Fare Revenue</b>						
Long Island Bus <sup>1</sup>	- July Baseline	\$41.002	\$41.418	\$41.626	\$41.834	\$42.043
	- 7/1/09 Fare Yield	0.000	1.655	3.330	3.347	3.363
	- 1/1/11 Fare Yield	0.000	0.000	0.000	2.259	2.270
		<b>\$41.002</b>	<b>\$43.073</b>	<b>\$44.956</b>	<b>\$47.440</b>	<b>\$47.677</b>
Long Island Rail Road	- July Baseline	\$501.557	\$505.199	\$509.196	\$513.773	\$518.400
	- 7/1/09 Fare Yield	0.000	20.735	40.736	41.102	41.472
	- 1/1/11 Fare Yield	0.000	0.000	0.000	27.744	27.994
	- PEGs	0.000	0.400	0.800	0.800	0.800
		<b>\$501.557</b>	<b>\$526.334</b>	<b>\$550.732</b>	<b>\$583.419</b>	<b>\$588.665</b>
Metro-North Railroad <sup>2</sup>	- July Baseline	\$504.006	\$510.665	\$521.458	\$533.661	\$546.020
	- 7/1/09 Fare Yield	0.000	12.495	24.933	25.585	26.253
	- 1/1/11 Fare Yield	0.000	0.000	0.000	16.736	17.173
	- PEGs	0.000	8.478	9.050	9.101	9.101
		<b>\$504.006</b>	<b>\$531.638</b>	<b>\$555.441</b>	<b>\$585.084</b>	<b>\$598.547</b>
MTA Bus Company	- July Baseline	\$151.439	\$154.753	\$158.160	\$161.632	\$165.170
	- 7/1/09 Fare Yield <sup>3</sup>	0.000	6.268	12.653	12.931	13.214
	- 1/1/11 Fare Yield <sup>3</sup>	0.000	0.000	0.000	8.728	8.919
		<b>\$151.439</b>	<b>\$161.021</b>	<b>\$170.812</b>	<b>\$183.290</b>	<b>\$187.302</b>
New York City Transit <sup>1</sup>	- July Baseline	\$2,940.520	\$2,952.774	\$2,980.798	\$3,012.891	\$3,038.223
	- 7/1/09 Fare Yield	0.000	119.542	238.464	241.031	243.058
	- 1/1/11 Fare Yield	0.000	0.000	0.000	162.696	164.064
		<b>\$2,940.520</b>	<b>\$3,072.316</b>	<b>\$3,219.262</b>	<b>\$3,416.618</b>	<b>\$3,445.344</b>
Staten Island Railway	- July Baseline	\$4.381	\$4.771	\$5.132	\$5.182	\$5.216
	- 7/1/09 Fare Yield	0.000	0.193	0.411	0.415	0.417
	- 1/1/11 Fare Yield	0.000	0.000	0.000	0.280	0.282
		<b>\$4.381</b>	<b>\$4.964</b>	<b>\$5.543</b>	<b>\$5.876</b>	<b>\$5.915</b>
<b>Total Farebox Revenue</b>	- July Baseline	\$4,142.905	\$4,169.579	\$4,216.371	\$4,268.973	\$4,315.071
	- 7/1/09 Fare Yield	0.000	160.888	320.526	324.410	327.777
	- 1/1/11 Fare Yield	0.000	0.000	0.000	218.443	220.702
	- PEGs	0.000	8.878	9.850	9.901	9.901
		<b>\$4,142.905</b>	<b>\$4,339.345</b>	<b>\$4,546.746</b>	<b>\$4,821.728</b>	<b>\$4,873.451</b>
<b>Toll Revenue</b>						
Bridges & Tunnels	- July Baseline	\$1,276.407	\$1,281.117	\$1,282.482	\$1,285.981	\$1,290.776
	- 7/1/09 Toll Yield	0.000	47.002	97.561	102.850	103.224
	- 1/1/11 Toll Yield	0.000	0.000	0.000	62.499	69.676
		<b>\$1,276.407</b>	<b>\$1,328.119</b>	<b>\$1,380.043</b>	<b>\$1,451.330</b>	<b>\$1,463.676</b>
<b>TOTAL FARE &amp; TOLL REVENUE <sup>7</sup></b>						
	- July Baseline	\$5,419.312	\$5,450.696	\$5,498.853	\$5,554.954	\$5,605.847
	- 7/1/09 Fare/Toll Yield	0.000	207.890	418.087	427.261	431.001
	- 1/1/11 Fare/Toll Yield	0.000	0.000	0.000	280.942	290.378
	- PEGs	0.000	8.878	9.850	9.901	9.901
		<b>\$5,419.312</b>	<b>\$5,667.464</b>	<b>\$5,926.789</b>	<b>\$6,273.058</b>	<b>\$6,337.127</b>

<sup>1</sup> Excludes Paratransit Operations.

<sup>2</sup> Metro-North Railroad utilization figures are for East-of-Hudson service (Hudson, Harlem and New Haven Lines) only.

<sup>3</sup> MTA Bus revenue from Fare Yield will be used to reduce NYC subsidy to MTA Bus.

**METROPOLITAN TRANSPORTATION AUTHORITY**  
**July Financial Plan 2009 - 2012**  
**Total Non-Reimbursable & Reimbursable Positions**  
**Full-Time Positions and Full Time Equivalents by Agency**  
**(Favorable/(Unfavorable))**

Category	2008 Mid-Year Forecast	2009 Preliminary Budget	2010	2011	2012
<b>Baseline Non-Reimbursable</b>	<b>63,283</b>	<b>63,746</b>	<b>63,945</b>	<b>64,108</b>	<b>63,663</b>
NYC Transit	43,633	43,884	43,975	44,088	43,611
Long Island Rail Road	6,071	6,094	6,119	6,109	6,093
Metro-North Railroad	5,418	5,542	5,613	5,666	5,714
Bridges & Tunnels	1,766	1,766	1,766	1,773	1,773
Headquarters	1,422	1,423	1,423	1,423	1,423
Long Island Bus	1,139	1,139	1,139	1,139	1,139
Staten Island Railway	275	274	274	274	274
Capital Construction Company	0	0	0	0	0
Bus Company	3,495	3,495	3,495	3,495	3,495
Integrated Electronic Security Systems (IESS)	64	129	141	141	141
<b>Gap Closing Program</b>	<b>(22)</b>	<b>(67)</b>	<b>(67)</b>	<b>(46)</b>	<b>249</b>
<i>Internal Actions:</i>					
Business Service Center	(22)	(67)	(67)	(46)	249
NYC Transit				81	309
Long Island Rail Road				61	61
Metro-North Railroad	17	17	17	77	77
Bridges & Tunnels				16	41
Headquarters	(46)	(91)	(91)	(341)	(299)
Long Island Bus				15	15
Staten Island Railway				2	2
Capital Construction Company				3	3
Bus Company	7	7	7	40	40
<b>2009 Agency Program to Eliminate the Gap</b>	<b>115</b>	<b>467</b>	<b>476</b>	<b>511</b>	<b>447</b>
NYC Transit	103	501	510	545	482
Long Island Rail Road	11	15	15	15	15
Metro-North Railroad	0	(52)	(52)	(52)	(52)
Bridges & Tunnels	0	3	3	3	2
Headquarters	0	0	0	0	0
Long Island Bus	0	2	2	2	2
Staten Island Railway	1	4	4	4	4
Capital Construction Company	0	0	0	0	0
Bus Company	0	(6)	(6)	(6)	(6)
<b>Post-2009 Agency Program to Eliminate the Gap</b>	<b>0</b>	<b>0</b>	<b>10</b>	<b>10</b>	<b>10</b>
NYC Transit	0	0	0	0	0
Long Island Rail Road	0	0	10	10	10
Metro-North Railroad	0	0	0	0	0
Bridges & Tunnels	0	0	0	0	0
Headquarters	0	0	0	0	0
Long Island Bus	0	0	0	0	0
Staten Island Railway	0	0	0	0	0
Capital Construction Company	0	0	0	0	0
Bus Company	0	0	0	0	0
Unspecified	TBD	TBD	TBD	TBD	TBD
<b>Total Non-Reimbursable</b>	<b>63,190</b>	<b>63,346</b>	<b>63,526</b>	<b>63,633</b>	<b>62,957</b>
NYC Transit	43,530	43,383	43,465	43,462	42,820
Long Island Rail Road	6,060	6,079	6,094	6,023	6,007
Metro-North Railroad	5,401	5,577	5,648	5,641	5,689
Bridges & Tunnels	1,766	1,763	1,763	1,754	1,730
Headquarters	1,468	1,514	1,514	1,764	1,722
Long Island Bus	1,139	1,137	1,137	1,122	1,122
Staten Island Railway	274	270	270	268	268
Capital Construction Company	0	0	0	(3)	(3)
Bus Company	3,488	3,494	3,494	3,461	3,461
Integrated Electronic Security Systems (IESS)	64	129	141	141	141
Unspecified	TBD	TBD	TBD	TBD	TBD

**METROPOLITAN TRANSPORTATION AUTHORITY**  
**July Financial Plan 2009 - 2012**  
**Total Non-Reimbursable & Reimbursable Positions**  
**Full-Time Positions and Full Time Equivalents by Agency**  
**(Favorable/(Unfavorable))**

Category	2008 Mid-Year Forecast	2009 Preliminary Budget	2010	2011	2012
<b>Total Non-Reimbursable</b>	<b>63,190</b>	<b>63,346</b>	<b>63,526</b>	<b>63,633</b>	<b>62,957</b>
NYC Transit	43,530	43,383	43,465	43,462	42,820
Long Island Rail Road	6,060	6,079	6,094	6,023	6,007
Metro-North Railroad	5,401	5,577	5,648	5,641	5,689
Bridges & Tunnels	1,766	1,763	1,763	1,754	1,730
Headquarters	1,468	1,514	1,514	1,764	1,722
Long Island Bus	1,139	1,137	1,137	1,122	1,122
Staten Island Railway	274	270	270	268	268
Capital Construction Company	0	0	0	(3)	(3)
Bus Company	3,488	3,494	3,494	3,461	3,461
Integrated Electronic Security Systems (IESS)	64	129	141	141	141
Unspecified	TBD	TBD	TBD	TBD	TBD
<b>Total Reimbursable</b>	<b>7,389</b>	<b>7,153</b>	<b>6,936</b>	<b>6,767</b>	<b>6,756</b>
NYC Transit	5,602	5,287	5,074	4,914	4,902
Long Island Rail Road	892	936	929	918	918
Metro-North Railroad	616	647	647	647	647
Bridges & Tunnels	53	53	53	53	53
Headquarters	43	47	50	52	53
Long Island Bus	14	14	14	14	14
Staten Island Railway	3	3	3	3	3
Capital Construction Company	150	150	150	150	150
Bus Company	16	16	16	16	16
Integrated Electronic Security Systems (IESS)	0	0	0	0	0
Unspecified	TBD	TBD	TBD	TBD	TBD
<b>Total Positions</b>	<b>70,579</b>	<b>70,499</b>	<b>70,462</b>	<b>70,400</b>	<b>69,713</b>
NYC Transit	49,132	48,670	48,539	48,376	47,722
Long Island Rail Road	6,952	7,015	7,023	6,941	6,925
Metro-North Railroad	6,017	6,224	6,295	6,288	6,336
Bridges & Tunnels	1,819	1,816	1,816	1,807	1,783
Headquarters	1,511	1,561	1,564	1,816	1,775
Long Island Bus	1,153	1,151	1,151	1,136	1,136
Staten Island Railway	277	273	273	271	271
Capital Construction Company	150	150	150	147	147
Bus Company	3,504	3,510	3,510	3,477	3,477
Integrated Electronic Security Systems (IESS)	64	129	141	141	141
Unspecified	TBD	TBD	TBD	TBD	TBD
<b>Total Full-Time</b>	<b>70,270</b>	<b>70,198</b>	<b>70,161</b>	<b>70,099</b>	<b>69,412</b>
NYC Transit	48,937	48,483	48,352	48,189	47,535
Long Island Rail Road	6,952	7,015	7,023	6,941	6,925
Metro-North Railroad	6,012	6,219	6,290	6,283	6,331
Bridges & Tunnels	1,819	1,816	1,816	1,807	1,783
Headquarters	1,511	1,561	1,564	1,816	1,775
Long Island Bus	1,044	1,042	1,042	1,027	1,027
Staten Island Railway	277	273	273	271	271
Capital Construction Company	150	150	150	147	147
Bus Company	3,504	3,510	3,510	3,477	3,477
Integrated Electronic Security Systems (IESS)	64	129	141	141	141
Unspecified	TBD	TBD	TBD	TBD	TBD
<b>Total Full-Time-Equivalents</b>	<b>309</b>	<b>301</b>	<b>301</b>	<b>301</b>	<b>301</b>
NYC Transit	195	187	187	187	187
Long Island Rail Road	0	0	0	0	0
Metro-North Railroad	5	5	5	5	5
Bridges & Tunnels	0	0	0	0	0
Headquarters	0	0	0	0	0
Long Island Bus	109	109	109	109	109
Staten Island Railway	0	0	0	0	0
Capital Construction Company	0	0	0	0	0
Bus Company	0	0	0	0	0
Integrated Electronic Security Systems (IESS)	0	0	0	0	0
Unspecified	TBD	TBD	TBD	TBD	TBD

## 2009 Agency Program to Eliminate the Gap

The 2009 Program to Eliminate the Gap (PEG), including MTA Bus, reflects savings of \$19 million and 115 positions in 2008, \$89 million and 467 positions in 2009, \$87 million and 476 positions in 2010, \$95 million and 511 positions in 2011, and \$86 million and 447 positions in 2012. These PEGs are in addition to the 2008 PEG program approved by the MTA Board in December of 2007 and included in the February 2008 Baseline. Included in the July Plan are prior year PEG re-forecasts which reduce the projected savings in the baseline by \$.5 million in 2008, and increase projected savings by \$.8 million in 2009 and by \$.08 million each year thereafter. Prior year PEG re-forecasts had no effect on positions. July Plan baseline positions for 2009 are 195 higher than the February Plan. Net of PEGs, 2009 positions are 272 lower than the February Plan.

Agencies were encouraged to start 2009 savings as soon as possible; therefore, some programs have begun in 2008 with savings of \$19 million.

### 2008 Impact:

NYCT's 2009 PEGs beginning in 2008 are expected to save \$10 million and 103 positions in 2008 primarily in the areas of Maintenance (\$7M and 67 positions), Administration (\$2M and 15 positions), and Service Support (\$1M and 21 positions). Maintenance savings are expected from efficiencies in terminal car cleaning, station track cleaning, RTO and Car Equipment, SONET/ATM maintenance, and bus facility maintenance. Administrative savings are expected from efficiencies and position reductions across all departments. Lastly, Service Support savings are expected from efficiencies in revenue collection/processing, and traffic checking. NYCT's 2009 PEGs beginning in 2008 are expected to yield average annual savings of approximately \$18 million over the 2009 through 2012 period.

The LIRR's 2009 PEGs beginning in 2008 are expected to save \$5 million and 11 positions in 2008 primarily from a deferral of the planned installation of Multiple Unit sanders, and a reduction in "in-house" tree trimming forces. The LIRR's 2009 PEGs beginning in 2008 are expected to yield average annual savings of approximately \$2 million over the 2009 through 2012 period.

MTA Bus' 2009 PEGs beginning in 2008 are expected to generate savings of \$3 million in 2008 through the recovery of qualified tax credits based on the use of Compressed Natural Gas (CNG) clean fuel in buses and reductions in maintenance material consumption. MTA Bus' 2009 PEGs beginning in 2008 are expected to yield average annual savings of approximately \$3 million over the 2009 through 2012 period.

SIR's 2009 PEGs beginning in 2008 are expected to save \$.2 million in 2008 through administrative efficiencies, and average annual savings of \$.3 million over the 2009 through 2012 period.

### 2009 – 2012:

NYCT's total 2009 PEG program is expected to save \$61 million and 501 positions in 2009, \$62 million and 510 positions in 2010, \$69 million and 545 positions in 2011, and \$59 million and 482 positions in 2012. PEG savings in 2009 are primarily in Maintenance (\$39 million and 328 positions), Service Support/Other (\$12 million and 115 positions), and Administration (\$10 million and 58 positions). Maintenance savings include PEGs starting in 2008 (mentioned above), revisions to Buses' 12-year upgrade program, revisions to Car Quality Control Initiatives (e.g. removing scratchitti), bus maintenance efficiencies (e.g. changed maintenance practices and reductions in the bus spare factor), water intrusion remediation efficiencies, and various other efficiencies. Service Support/Other savings include PEGs starting in 2008 (mentioned above), elimination of the Work Experience Program (WEP), efficiencies derived from better monitoring and management of bus depots' Extra Lists, platform conductor reductions, and RTO safety initiative efficiencies. Administrative savings include PEGs starting in 2008 (mentioned above), a re-negotiated prescription drug contract, and efficiencies across all departments. NYCT's July Plan baseline positions for 2009 are 11 lower than the February Plan. Net of PEGs, baseline positions decrease by 512.

MNR's total 2009 PEG program is expected to save \$9 million in 2009 and in each year of the Plan and increase positions by 52. PEG savings in 2009 are primarily in Customer Convenience /Amenities (\$5 million and 0 positions), Other (\$2 million and 2 positions), Revenue Enhancement (\$1 million and an increase of 62 positions), and Maintenance (\$.8 million and 8 positions). Customer Convenience/Amenities savings result from cancellation of the Component System Replacement (CSR) program on 30 M1 cars intended for use as a Yankee Stadium shuttle. MNR now plans to use newer equipment to provide this service. Projected "Other" savings are mainly due to re-estimates of the cost for MTA Police services on the New Haven Line, and Grand Central Terminal barrier separation maintenance. MNR's Revenue Enhancement PEG reflects net revenues of approximately \$1 million per year associated with the opening of the new Yankee Stadium station. MNR's July Plan baseline positions for 2009 are 1 higher than the February Plan. Net of PEGs, baseline positions increase by 53.

The LIRR's total 2009 PEG program is expected to save \$8 million in 2009, \$5 million in 2010, and approximately \$6 million in both 2011 and 2012. PEG position reductions remain flat at 15 over the Plan period. PEG savings in 2009 are primarily in Maintenance (\$4 million and 13 positions), Administration (\$2 million and 1 position), Service/Service Support (\$.9 million and 1 position), and Other (\$.7 million and 0 positions). Maintenance savings are entirely due to a continuation of PEGs starting in 2008 (mentioned above). Administration savings are expected mainly from improved oversight of retiree health and welfare benefits, a health insurance "Opt Out" buyback program, and the deferral of the Origin and Destination Study update. Service/Service Support savings are expected from an evaluation of off-peak and other supporting services to identify savings which are consistent with current service guidelines. Other savings are projected as a result of the increased oversight of the free rail pass policy, and a projected increase in real estate revenues from stations that currently have

underutilized excess space. The LIRR's July Plan baseline positions for 2009 are 57 higher than the February Plan. Net of PEGs, baseline positions increase by 42.

MTA Bus's total 2009 PEG program is expected to save \$7 million in 2009 and increase positions by 6. Average annual savings of \$7 million are projected for each of the years 2010 through 2012. PEG savings in 2009 are primarily in Administration (\$3 million and an increase of 6 positions), Maintenance (\$3 million and 0 positions), and Safety (\$1 million and 0 positions). Net administrative savings are expected from the addition of 6 positions to assume Worker's Compensation functions currently performed by outside contractors. The balance of the Administration PEG savings, as well as all of the Maintenance savings are derived from a continuation of PEGs starting in 2008 (mentioned above). Lastly, savings are projected through the initiation of numerous safe operation initiatives that will reduce the quantity and size of claims. MTA Bus' July Plan baseline positions for 2009 did not change from the February Plan. Net of PEGs, baseline positions increase by 6.

MTA HQ's total 2009 PEG program is expected to save \$3 million in 2009, with average annual savings of \$3 million in each of the years 2010 through 2012. PEG savings in 2009 are primarily in Administration (\$2 million and 0 positions) and Security (\$1 million and 0 positions). Administration savings are entirely due to a continuation of PEGs starting in 2008. Security savings are projected from reductions in overtime resulting from MTA Police deployment efficiencies. MTA HQ's July Plan baseline positions for 2009 are 14 higher than the February Plan and remain 14 higher net of PEGs.

SIR's total 2009 PEG program is expected to save \$1 million and 4 positions in 2009, and \$.4 million in each of the out-years. Most of the savings in 2009 are in Administration and are due to a continuation of PEGs starting in 2008 (mentioned above). SIR's July Plan baseline positions for 2009 are 2 higher than the February Plan. Net of PEGs, baseline positions decrease by 2.

LIB's total 2009 PEG program is expected to save \$1 million and 2 positions in 2009, with average annual savings of \$.4 million thereafter. PEG savings in 2009 are primarily in Maintenance (\$.4 million and 2 positions) and Other (\$.3 million and 0 positions). Maintenance savings are anticipated as new Paratransit and Fixed Route buses are purchased. Additional savings in electricity are expected from charging batteries during lower rate/low peak hours and fueling buses on battery power during high rate/high peak periods, saving a total of 2 positions. Savings in the "Other" category result primarily from the implementation of enhanced warranty tracking initiatives as new replacement buses enter service. LIB's July Plan baseline positions for 2009 did not change from the February Plan. Net of PEGs, baseline positions decrease by 2.

B&T's 2009 PEG program is expected to save \$0.3 million and 3 positions in each year of the Plan. PEG savings in 2009 are entirely in Administration and are driven by efficiencies in Human Resources and the Controller's department. B&T's July Plan

baseline positions for 2009 are 3 higher than the February Plan. Net of PEGs, the change in baseline positions is 0.

### 2009 Agency PEGs - Positions

The 2009 Agency PEGs include headcount reductions of 115 in 2008, 467 in 2009, 476 in 2010, 511 in 2011, and 447 in 2012.

Agency PEGs are expected to result in position reductions at the end of 2012 of 482 at NYCT, 15 at the LIRR, 4 at SIR, 2 at LIB, and 2 at B&T, and position increases of 52 at MNR and 6 at MTA Bus. Positions are reduced in Maintenance (-327), Service/Service Support (-106), Administration (-61) and Other (-15), and increase in Revenue Enhancement (+62).

### Post-2009 Agency Program to Eliminate the Gap

Post – 2009 PEGs identified by the agencies are expected to achieve savings of \$1 million in each of the years 2010 through 2012. Additionally, each Agency reflects a target PEG equivalent to a 1.5% reduction in controllable expenses. These PEGs have not been fully identified by the Agencies and so are designated “unspecified”. On an MTA-wide basis, the value of this “unspecified” PEG is \$101 million in 2010, \$184 million in 2011, and \$289 million in 2012.

The LIRR’s post – 2009 PEGs are expected to result in savings of \$1 million and 10 positions in each of the years 2010 through 2012. Savings from these PEGs are primarily due to the consolidation and replacement of the Jay, Hall, and Dunton Towers with a new “Mini-Theater” located in the Jamaica Central Control building, and administrative and service support efficiencies.

METROPOLITAN TRANSPORTATION AUTHORITY  
Mid-year forecast for 2008  
Summary of 2009 Program to Eliminate the Gap(PEGs)  
(\$ in millions)

	2008		2009		2010		2011		2012	
	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>
<b>MTA-Wide</b>										
MTA BUS COMPANY	0	2.563	(6)	6.555	(6)	6.291	(6)	7.307	(6)	7.964
MTA HEADQUARTERS	0	1.044	0	2.446	0	2.498	0	2.557	0	2.609
MTA LONG ISLAND BUS	0	0.000	2	0.640	2	0.540	2	0.400	2	0.340
MTA BRIDGES AND TUNNELS	0	0.000	3	0.264	3	0.313	3	0.323	2	0.334
MTA METRO-NORTH RAILROAD	0	0.000	(52)	9.226	(52)	9.251	(52)	9.251	(52)	9.251
MTA LONG ISLAND RAIL ROAD	11	5.094	15	7.655	15	5.310	15	5.703	15	6.451
MTA NEW YORK CITY TRANSIT	103	9.929	501	60.973	510	61.939	545	69.303	482	59.114
MTA STATEN ISLAND RAILWAY	1	0.225	4	0.743	4	0.428	4	0.428	4	0.428
<b>Total MTA-Wide</b>	<b>115</b>	<b>\$ 18.855</b>	<b>467</b>	<b>\$ 88.502</b>	<b>476</b>	<b>\$ 86.570</b>	<b>511</b>	<b>\$ 95.272</b>	<b>447</b>	<b>\$ 86.491</b>
 <b>MTA-Wide by Category</b>										
Administration	16	5.386	59	17.883	62	19.030	62	19.834	61	20.278
Customer Convenience/Amenities	0	0.000	0	5.354	0	0.000	0	0.000	0	0.000
Maintenance	78	12.026	351	47.134	355	41.433	390	48.148	327	38.020
Other	0	0.000	15	4.708	15	10.378	15	10.478	15	10.518
Revenue Enhancement	0	0.000	(62)	1.046	(62)	1.394	(62)	1.229	(62)	1.132
Safety	0	0.000	0	0.478	0	0.650	0	0.839	0	1.047
Security	0	0.000	0	0.639	0	0.669	0	0.695	0	0.712
Service	0	0.000	1	0.877	1	1.659	1	2.539	1	3.272
Service Support	21	1.443	103	10.383	105	11.357	105	11.510	105	11.512
<b>Total MTA-Wide by Category</b>	<b>115</b>	<b>\$ 18.855</b>	<b>467</b>	<b>\$ 88.502</b>	<b>476</b>	<b>\$ 86.570</b>	<b>511</b>	<b>\$ 95.272</b>	<b>447</b>	<b>\$ 86.491</b>

METROPOLITAN TRANSPORTATION AUTHORITY  
Mid-year forecast for 2008  
Summary of 2009 Program to Eliminate the Gap(PEGs)  
(\$ in millions)

	2008		2009		2010		2011		2012	
	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>
<b>LIST of AGENCY PROGRAMS</b>										
<b>Administration</b>										
MTA BUS COMPANY	0	1.851	(6)	3.498	(6)	3.009	(6)	3.784	(6)	4.178
MTA HEADQUARTERS	0	1.044	0	1.807	0	1.829	0	1.862	0	1.897
MTA BRIDGES AND TUNNELS	0	0.000	3	0.264	3	0.313	3	0.323	2	0.334
MTA LONG ISLAND RAIL ROAD	0	0.500	1	2.081	1	1.083	1	1.086	1	1.090
MTA NEW YORK CITY TRANSIT	15	1.766	58	9.567	61	12.445	61	12.428	61	12.428
MTA STATEN ISLAND RAILWAY	1	0.225	3	0.666	3	0.351	3	0.351	3	0.351
<b>Sub-Total: Administration</b>	<b>16</b>	<b>\$ 5.386</b>	<b>59</b>	<b>\$ 17.883</b>	<b>62</b>	<b>\$ 19.030</b>	<b>62</b>	<b>\$ 19.834</b>	<b>61</b>	<b>\$ 20.278</b>
<b>Customer Convenience/Amenities</b>										
MTA METRO-NORTH RAILROAD	0	0.000	0	5.354	0	0.000	0	0.000	0	0.000
<b>Sub-Total: Customer Convenience/Amenities</b>	<b>0</b>	<b>\$ 0.000</b>	<b>0</b>	<b>\$ 5.354</b>	<b>0</b>	<b>\$ 0.000</b>	<b>0</b>	<b>\$ 0.000</b>	<b>0</b>	<b>\$ 0.000</b>
<b>Maintenance</b>										
MTA BUS COMPANY	0	0.712	0	2.579	0	2.632	0	2.684	0	2.739
MTA LONG ISLAND BUS	0	0.000	2	0.370	2	0.270	2	0.180	2	0.160
MTA METRO-NORTH RAILROAD	0	0.000	8	0.790	8	0.801	8	0.816	8	0.833
MTA LONG ISLAND RAIL ROAD	11	4.594	13	4.044	13	1.263	13	0.770	13	0.779
MTA NEW YORK CITY TRANSIT	67	6.720	328	39.351	332	36.467	367	43.698	304	33.509
<b>Sub-Total: Maintenance</b>	<b>78</b>	<b>\$ 12.026</b>	<b>351</b>	<b>\$ 47.134</b>	<b>355</b>	<b>\$ 41.433</b>	<b>390</b>	<b>\$ 48.148</b>	<b>327</b>	<b>\$ 38.020</b>
<b>Other</b>										
MTA LONG ISLAND BUS	0	0.000	0	0.270	0	0.270	0	0.220	0	0.180
MTA METRO-NORTH RAILROAD	0	0.000	2	2.036	2	7.056	2	7.206	2	7.286
MTA LONG ISLAND RAIL ROAD	0	0.000	0	0.650	0	1.300	0	1.300	0	1.300
MTA NEW YORK CITY TRANSIT	0	0.000	13	1.752	13	1.752	13	1.752	13	1.752
<b>Sub-Total: Other</b>	<b>0</b>	<b>\$ 0.000</b>	<b>15</b>	<b>\$ 4.708</b>	<b>15</b>	<b>\$ 10.378</b>	<b>15</b>	<b>\$ 10.478</b>	<b>15</b>	<b>\$ 10.518</b>
<b>Revenue Enhancement</b>										
MTA METRO-NORTH RAILROAD	0	0.000	(62)	1.046	(62)	1.394	(62)	1.229	(62)	1.132

METROPOLITAN TRANSPORTATION AUTHORITY  
Mid-year forecast for 2008  
Summary of 2009 Program to Eliminate the Gap(PEGs)  
(\$ in millions)

	2008		2009		2010		2011		2012	
	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>
<b>LIST of AGENCY PROGRAMS</b>										
<b>Sub-Total: Revenue Enhancement</b>	0	\$ 0.000	(62)	\$ 1.046	(62)	\$ 1.394	(62)	\$ 1.229	(62)	\$ 1.132
<b>Safety</b>										
MTA BUS COMPANY	0	0.000	0	0.478	0	0.650	0	0.839	0	1.047
<b>Sub-Total: Safety</b>	0	\$ 0.000	0	\$ 0.478	0	\$ 0.650	0	\$ 0.839	0	\$ 1.047
<b>Security</b>										
MTA HEADQUARTERS	0	0.000	0	0.639	0	0.669	0	0.695	0	0.712
<b>Sub-Total: Security</b>	0	\$ 0.000	0	\$ 0.639	0	\$ 0.669	0	\$ 0.695	0	\$ 0.712
<b>Service</b>										
MTA LONG ISLAND RAIL ROAD	0	0.000	0	0.800	0	1.582	0	2.462	0	3.195
MTA STATEN ISLAND RAILWAY	0	0.000	1	0.077	1	0.077	1	0.077	1	0.077
<b>Sub-Total: Service</b>	0	\$ 0.000	1	\$ 0.877	1	\$ 1.659	1	\$ 2.539	1	\$ 3.272
<b>Service Support</b>										
MTA LONG ISLAND RAIL ROAD	0	0.000	1	0.080	1	0.082	1	0.085	1	0.087
MTA NEW YORK CITY TRANSIT	21	1.443	102	10.303	104	11.275	104	11.425	104	11.425
<b>Sub-Total: Service Support</b>	21	\$ 1.443	103	\$ 10.383	105	\$ 11.357	105	\$ 11.510	105	\$ 11.512
<b>Total Agency PEGs</b>	<u>115</u>	<u>\$ 18.855</u>	<u>467</u>	<u>\$ 88.502</u>	<u>476</u>	<u>\$ 86.570</u>	<u>511</u>	<u>\$ 95.272</u>	<u>447</u>	<u>\$ 86.491</u>

**METROPOLITAN TRANSPORTATION AUTHORITY**  
 Mid-year forecast for 2008  
 Summary of Post 2009 PEGs  
 (\$ in millions)

	2008		2009		2010		2011		2012	
	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>
<b>MTA-Wide</b>										
MTA BUS COMPANY	0	0.000	0	0.000	0	4.965	0	9.930	0	14.895
MTA HEADQUARTERS	0	0.000	0	0.000	0	2.162	0	4.431	0	6.707
MTA LONG ISLAND BUS	0	0.000	0	0.000	0	1.491	0	2.982	0	4.473
MTA BRIDGES AND TUNNELS	0	0.000	0	0.000	0	2.010	0	11.308	0	16.962
MTA METRO-NORTH RAILROAD	0	0.000	0	0.000	0	9.251	0	18.502	0	27.753
MTA LONG ISLAND RAIL ROAD	0	0.000	0	0.000	10	22.575	10	17.913	10	39.275
MTA NEW YORK CITY TRANSIT	0	0.000	0	0.000	0	59.613	0	119.226	0	178.839
MTA STATEN ISLAND RAILWAY	0	0.000	0	0.000	0	0.420	0	0.840	0	1.260
<b>Total MTA-Wide</b>	<b>0</b>	<b>\$ 0.000</b>	<b>0</b>	<b>\$ 0.000</b>	<b>10</b>	<b>\$ 102.487</b>	<b>10</b>	<b>\$ 185.132</b>	<b>10</b>	<b>\$ 290.164</b>
 <b>MTA-Wide by Category</b>										
Administration	0	0.000	0	0.000	4	0.400	4	0.412	4	0.424
Other	0	0.000	0	0.000	5	102.005	5	184.635	5	289.653
Service Support	0	0.000	0	0.000	1	0.082	1	0.085	1	0.087
<b>Total MTA-Wide by Category</b>	<b>0</b>	<b>\$ 0.000</b>	<b>0</b>	<b>\$ 0.000</b>	<b>10</b>	<b>\$ 102.487</b>	<b>10</b>	<b>\$ 185.132</b>	<b>10</b>	<b>\$ 290.164</b>

METROPOLITAN TRANSPORTATION AUTHORITY  
Mid-year forecast for 2008  
Summary of Post 2009 PEGs  
(\$ in millions)

	2008		2009		2010		2011		2012	
	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>
<b>LIST of AGENCY PROGRAMS</b>										
<b>Administration</b>										
MTA LONG ISLAND RAIL ROAD	0	0.000	0	0.000	4	0.400	4	0.412	4	0.424
<b>Sub-Total: Administration</b>	0	\$ 0.000	0	\$ 0.000	4	\$ 0.400	4	\$ 0.412	4	\$ 0.424
<b>Other</b>										
MTA BUS COMPANY	0	0.000	0	0.000	0	4.965	0	9.930	0	14.895
MTA HEADQUARTERS	0	0.000	0	0.000	0	2.162	0	4.431	0	6.707
MTA LONG ISLAND BUS	0	0.000	0	0.000	0	1.491	0	2.982	0	4.473
MTA BRIDGES AND TUNNELS	0	0.000	0	0.000	0	2.010	0	11.308	0	16.962
MTA METRO-NORTH RAILROAD	0	0.000	0	0.000	0	9.251	0	18.502	0	27.753
MTA LONG ISLAND RAIL ROAD	0	0.000	0	0.000	5	22.093	5	17.416	5	38.764
MTA NEW YORK CITY TRANSIT	0	0.000	0	0.000	0	59.613	0	119.226	0	178.839
MTA STATEN ISLAND RAILWAY	0	0.000	0	0.000	0	0.420	0	0.840	0	1.260
<b>Sub-Total: Other</b>	0	\$ 0.000	0	\$ 0.000	5	\$ 102.005	5	\$ 184.635	5	\$ 289.653
<b>Service Support</b>										
MTA LONG ISLAND RAIL ROAD	0	0.000	0	0.000	1	0.082	1	0.085	1	0.087
<b>Sub-Total: Service Support</b>	0	\$ 0.000	0	\$ 0.000	1	\$ 0.082	1	\$ 0.085	1	\$ 0.087
<b>Total Agency PEGs</b>	0	\$ 0.000	0	\$ 0.000	10	\$ 102.487	10	\$ 185.132	10	\$ 290.164

## **IV. Appendix**

**Certification of the Executive Director  
of the  
Metropolitan Transportation Authority  
in accordance with Section 202.3(l)  
of the  
State Comptroller's Regulations**

I, Elliot G. Sander, Executive Director of the Metropolitan Transportation Authority ("MTA"), hereby certify, to the best of my knowledge and belief after reasonable inquiry, including certifications from senior management at the MTA agencies, that the attached budget and financial plan is based on reasonable assumptions and methods of estimation and that the requirements of Section 202.3 and 202.4 of the Regulations referenced above have been satisfied.

Metropolitan Transportation Authority

By:

  
Elliot G. Sander  
Executive Director

Dated: July 23, 2008

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