

MTA 2008 Preliminary Budget

July Financial Plan 2008 – 2011



July 25, 2007



Metropolitan Transportation Authority

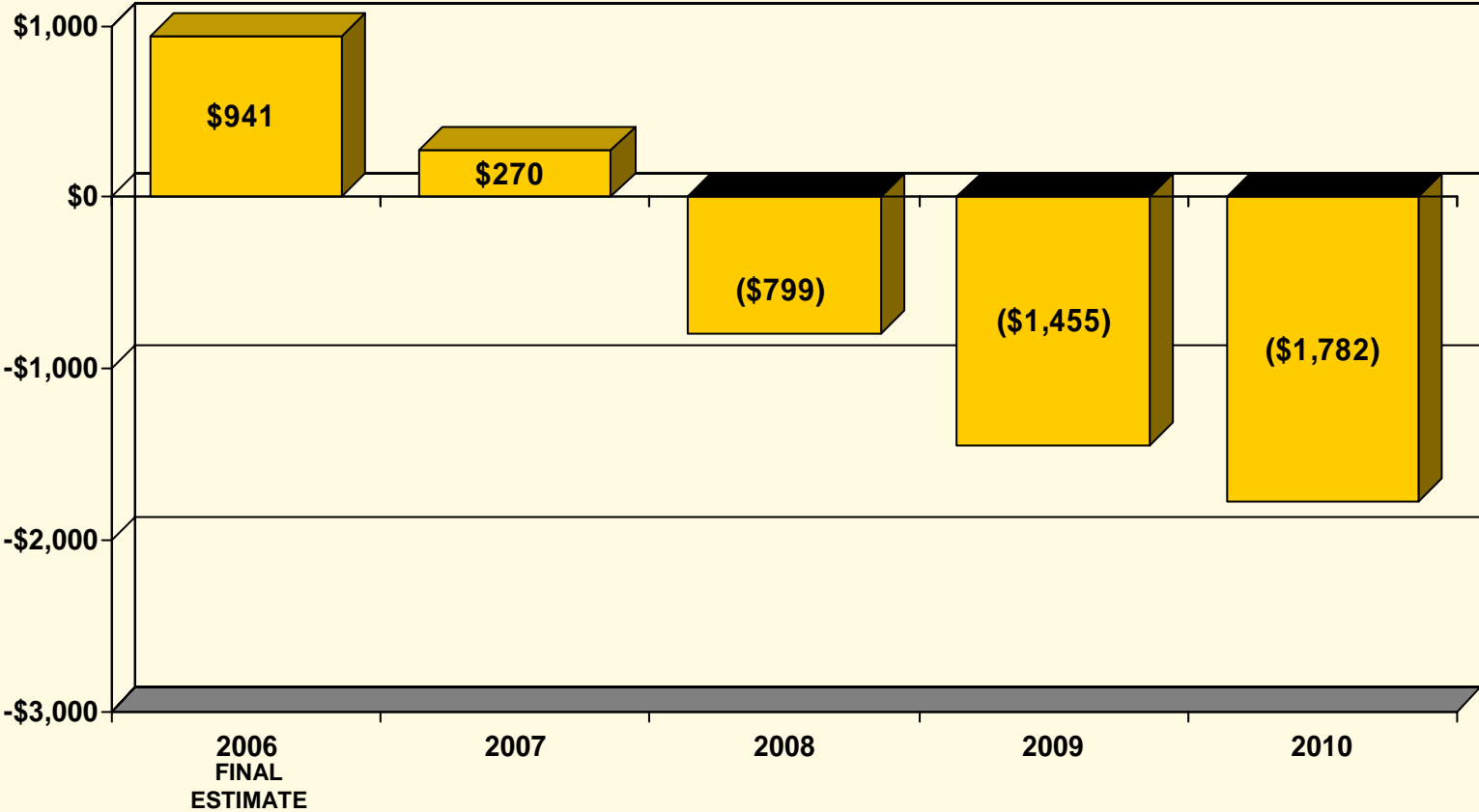
Process and Timetable

- **Four-year financial planning process kicks off in July**
 - Mirrors City's process
 - Focuses on the 2008 Budget and the four-year plan
 - Provides greater financial transparency
- **The process encourages public discourse and culminates in Board approval of the 2008 Budget in December**



February Financial Plan

Closing Cash Balance
(\$ in millions)



July Financial Plan

Reasons for Net Improvements

(\$ in millions)

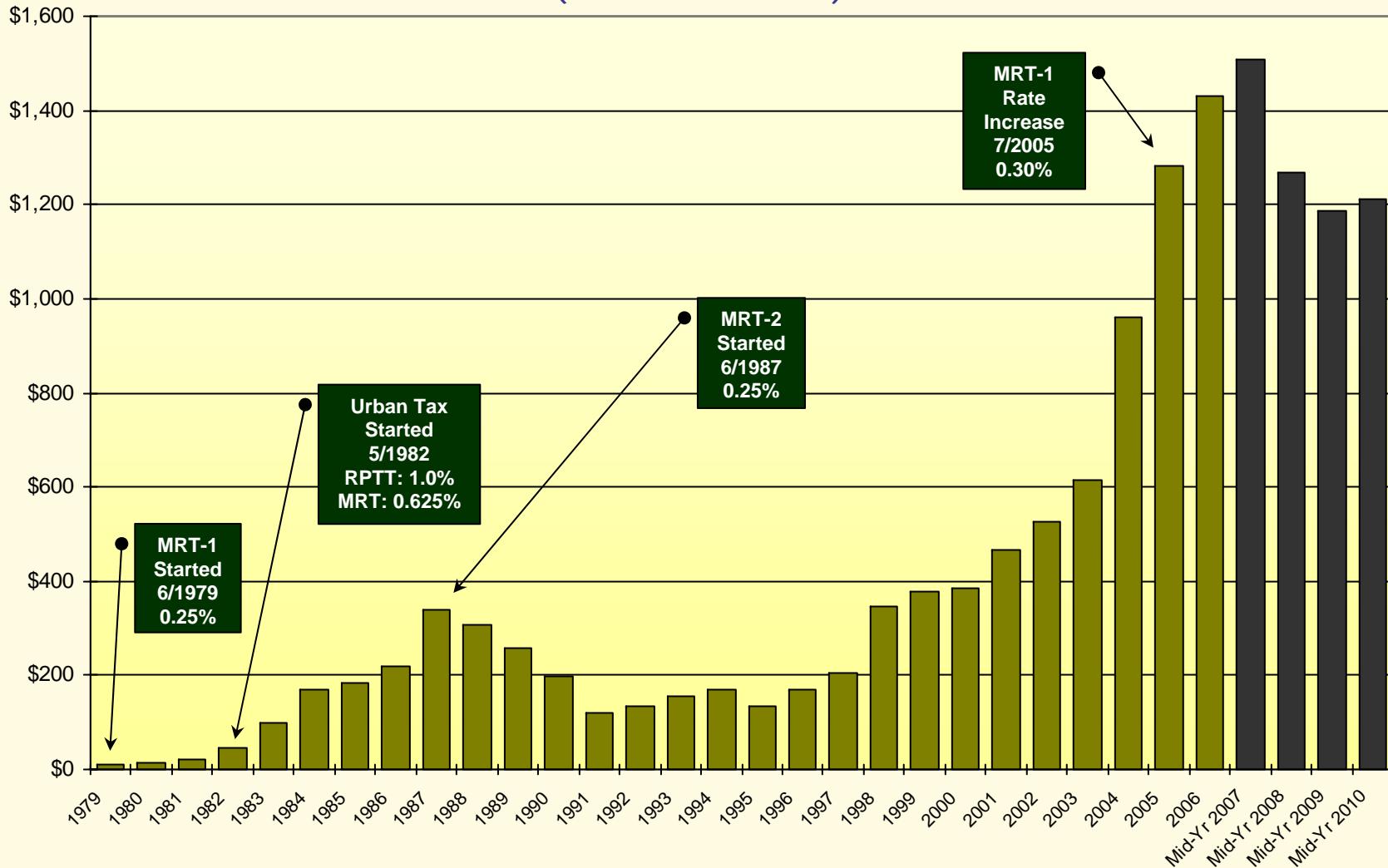
	2007	2008	2009	2010	2011
February Closing Cash Balance	\$270	(\$799)	(\$1,455)	(\$1,782)	
Cash Carryover	(\$941)	(\$270)	\$0	\$0	N/A
Adjustments	\$0	(\$24)	(\$63)	(\$77)	
February Baseline Cash Balance before Prior-Year Carryover	(\$672)	(\$1,092)	(\$1,518)	(\$1,860)	(\$2,214)
Agency Changes	\$96	(\$38)	(\$23)	(\$38)	\$73
Subsidy Changes (Primarily Real Estate Taxes)	\$572	\$124	\$34	\$32	\$52
Debt Service Changes	\$4	\$37	\$57	\$51	\$11
Other Changes	\$23	\$5	\$25	(\$6)	(\$9)
Total Changes	\$694	\$127	\$94	\$39	\$127
July Baseline Cash Balance before Prior-Year Carryover	\$23	(\$965)	(\$1,425)	(\$1,821)	(\$2,087)



Real Estate Transaction Taxes

Actual Collections and July 2007 Outlook

(\$ in millions)



Reasons for Structural Deficit

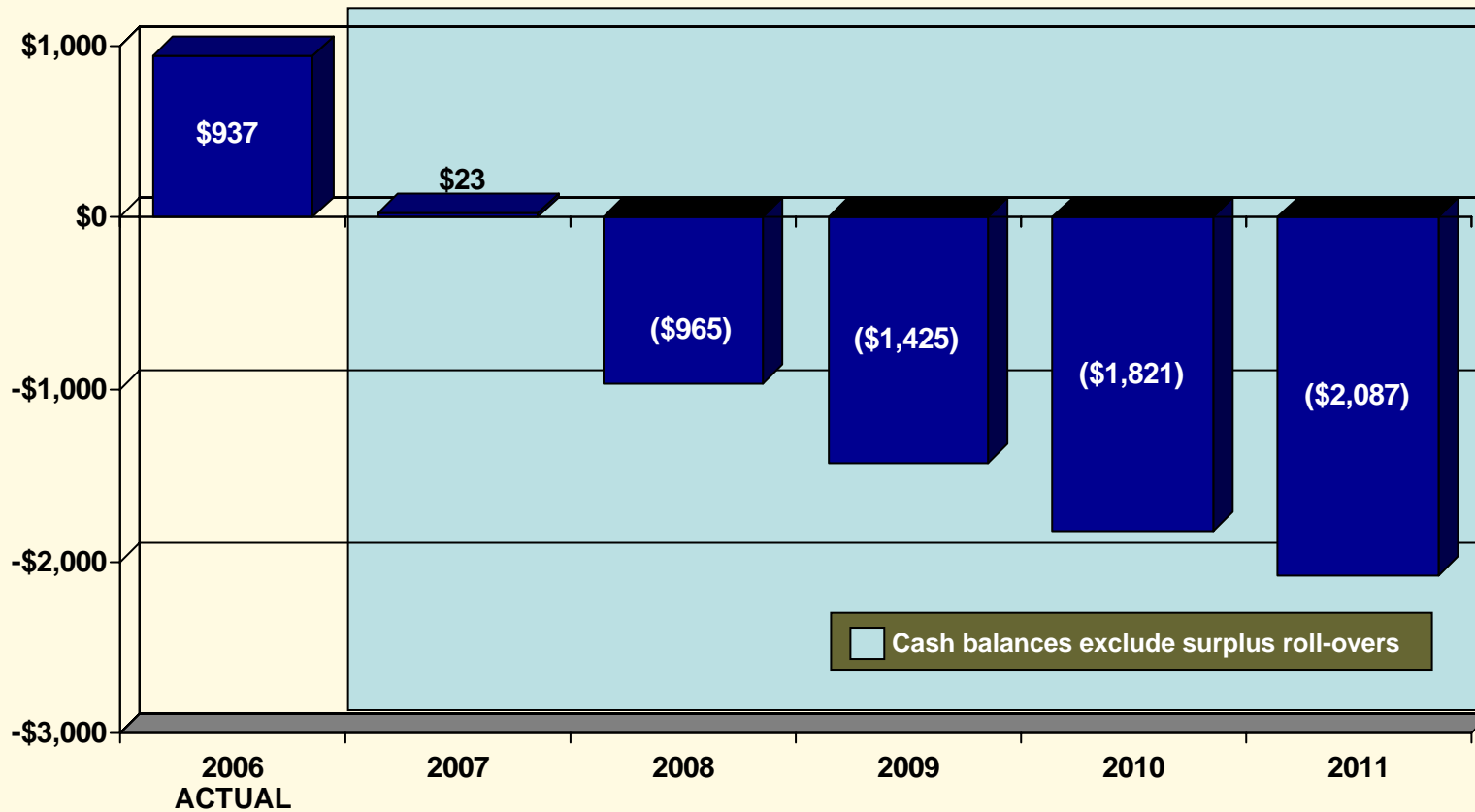
Excludes MTA Bus
(dollars in millions)

	<u>2004</u>	<u>2008</u>	<u>Percent Change</u>
Health & Welfare	\$711	\$976	37%
Pension	480	861	79%
Debt Service	848	1,546	82%



July Baseline

Excluding Policy, Gap-Closing
and Cash Management Actions
(\$ in millions)



Changes in closing cash balances from the February Plan primarily reflect improvements in 2007 real estate transaction tax receipts (\$502 million).



July Financial Plan

With Policy, Gap Closing and Cash Management Actions

(\$ in millions)

	2007	2008	2009	2010	2011
July Plan Baseline without Prior-Year Carry-Over	\$23	(\$965)	(\$1,425)	(\$1,821)	(\$2,086)
MTA Policy Actions	(\$92)	(\$59)	(\$114)	(\$119)	(\$120)
Additional State Tax Collections	\$10	\$338	\$169	\$236	\$251
Gap Closing Actions 2007 - 2009	\$88	\$359	\$473	\$558	\$686
Gap Closing Actions Post 2009	\$0	\$0	\$53	\$938	\$962
Policy and Gap Closing Policy Actions	\$6	\$638	\$581	\$1,613	\$1,778
Cash Management Actions	(\$648)	\$333	\$370	\$0	\$0
Total: Policy, Gap Closing and Cash Mgmt Actions	(\$642)	\$971	\$952	\$1,613	\$1,778
<i>Prior Year Carry-Overs</i>	937	317	323	0	0
July Plan Closing Cash Balance	\$317	\$323	(\$149)	(\$208)	(\$308)



July Financial Plan

Policy Actions

(\$ in millions)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
MTA POLICY ACTIONS					
Staten Island Service	(\$0)	(\$5)	(\$14)	(\$14)	(\$14)
Fulton Street	(56)	0	0	0	0
Bus Rapid Transit	(0)	(6)	(12)	(12)	(12)
Service Enhancement Fund	0	(30)	(60)	(60)	(60)
IESS Operations/Maintenance	0	(15)	(25)	(30)	(31)
NYCT Fire / Intrusion Alarms	(1)	(3)	(3)	(3)	(3)
Safety and Customer Satisfaction Pilot Programs	(35)	0	0	0	0
SUB-TOTAL: MTA POLICY ACTIONS	<u><u>(\$92)</u></u>	<u><u>(\$59)</u></u>	<u><u>(\$114)</u></u>	<u><u>(\$119)</u></u>	<u><u>(\$120)</u></u>



July Financial Plan

Gap Closing Actions

(\$ in millions)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
GAP CLOSING 2007 - 2009					
2008 Agency Program to Eliminate the Gap	\$7	\$47	\$59	\$55	\$52
Post-2008 Agency Program to Eliminate the Gap	0	0	87	87	87
2008 Increased Fare and Toll Yields - (6.5%) Early 2008	0	262	318	321	324
Legislative Actions	0	50	50	50	50
Downsizing	81	0	(41)	(41)	0
SUB-TOTAL: GAP CLOSING 2007-2009	<u>\$88</u>	<u>\$359</u>	<u>\$473</u>	<u>\$472</u>	<u>\$513</u>
 GAP CLOSING POST 2009					
2010 Increased Fare and Toll Yields - Alternate Year COLA	\$0	\$0	\$0	\$257	\$265
Post-2009 Agency Program to Eliminate the Gap	0	0	0	86	173
New Contracts Labor Contribution	0	0	53	82	85
New Governmental Aid	0	0	0	600	612
SUB-TOTAL: GAP CLOSING POST 2009	<u>\$0</u>	<u>\$0</u>	<u>\$53</u>	<u>\$1,024</u>	<u>\$1,135</u>



July Financial Plan

MTA Cash Management Actions

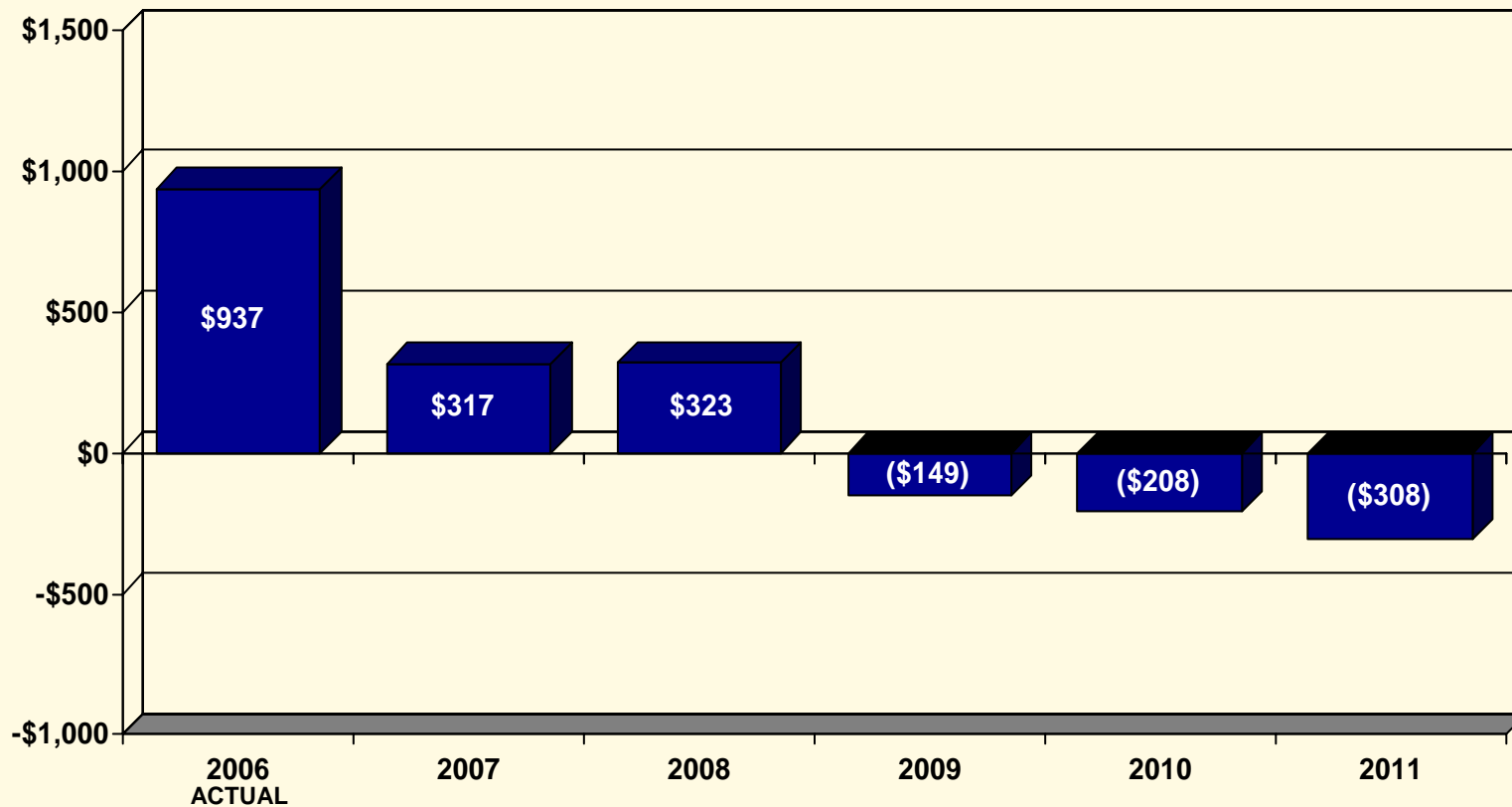
(\$ in millions)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
MTA CASH MANAGEMENT ACTIONS					
Early Debt Retirement	(\$298)	\$38	\$288	\$0	\$0
Forward Energy Contracts	(150)	79	83	0	0
Pension Pre-Payments	(200)	216	0	0	0
SUB-TOTAL: MTA CASH MANAGEMENT ACTIONS	<u>(\$648)</u>	<u>\$333</u>	<u>\$370</u>	<u>\$0</u>	<u>\$0</u>



July Financial Plan

Closing Cash Balance After Policy, Gap-Closing and Cash Management Actions (\$ in millions)



Major Risks

- **Cooling of the Real Estate Market**
 - If 2008 receipts are identical to 2004 receipts, then \$1,167 million drops out of the plan through 2011 (\$309 million in 2008)
- **Changing Economic Conditions**
- **Disruption in Energy Supply and Volatility in Prices**
- **Growth in Controllable Expenses**



Impact of Avoiding Fare Increases Until "Last Possible Moment"

(\$ in millions)

	<u>2007</u>	<u>2008</u>	<u>2009</u>
July Baseline	\$23	(\$965)	(\$1,425)
MTA Policy Actions	(\$92)	(\$59)	(\$114)
Additional State Tax Collections	10	338	169
Legislative Actions		50	50
Downsizing	81	0	(41)
2008 Agency PEGs	7	47	59
Post-2008 Agency PEGs (1.5% Annually)	0	0	87
New Contracts Labor Contribution	0	0	53
Prior Year Carryover	\$937	\$966	\$377
Resulting Surplus/(Gap)	\$966	\$377	(\$785)
Service Cut on 1/1/09 Required to Balance: 7%			\$420
Resulting Surplus/(Gap)			(\$365)
Fare/Toll Yield 15% July 1, 2009			\$365
Surplus/(Gap)			\$0



Process and Timeline for Fare/Toll Adjustments

- **July:** MTA Board authorizes public hearings
- **August/September:** Fare policy options developed for board consideration and public discussion
- **September/October:** Hearing notices
- **November:** Opportunity for all stakeholders to offer testimony in hearings throughout the MTA's 5,000-square-mile territory
- **December:** Board action
- **Early 2008:** Implementation



Today's Actions

- **Authorization to proceed with public hearings for fare and toll adjustments**
- **Approval to proceed with the Safety and Customer Satisfaction Pilot Initiative**
- **Approval to move forward with the Cash Management actions**



Recap

This plan advances a robust and affordable transportation network within the context of responsible multi-year planning.

- Fare increases are limited to normal inflationary growth**
- Gains in efficiency are expected of management**
- Funding partners are called upon to do their share**
- Labor is asked to make a modest contribution**
- Strategic investments are made in improving service, security, safety and maintenance**
- Cash surpluses are put to work**

