

**JULY MTA-WIDE FINANCIAL PLAN
FOR 2003-2004**

AND

PRELIMINARY 2004 AGENCY BUDGETS

**MTA Finance Committee
MTA Board**

**July 30, 2003
July 30, 2003**



Metropolitan Transportation Authority

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I. INTRODUCTION



Metropolitan Transportation Authority

State of New York

July 28, 2003

Members of the MTA Board:

The July 2003 Financial Plan for 2003 and 2004 and the MTA Preliminary 2004 Budget represent the first step in the MTA's extensive budget and financial planning process in accordance with the new policy adopted by the MTA Board in May 2003. In an effort to improve and expand the transparency of the agency and to provide the riding public and our investors with a better understanding of the MTA finances, the Financial Plan and Preliminary Budget presentation includes the following:

- The July 2003 Financial Plan Presentation
- The July MTA-wide Financial Plan for 2003-2004
- The Preliminary 2004 Agency Budgets
- Detailed MTA-wide Financial Plan ("SuperSpreadSheet")

In keeping with the new Board policy, the Financial Plan Update and the Preliminary 2004 Budget are being transmitted to the Governor, the Majority Leader of the State Senate, the Speaker of the State Assembly, the Mayor of New York City and the seven County Executives within the MTA service district, for review and comment. To provide easy access, all of these materials are being posted on the MTA website (www.mta.info) for public inspection and comment.

The proposed budget actions included in the Preliminary 2004 Budget are being presented to the MTA Board for review, analysis and comment. It is anticipated that each of the agency's budgets will be reviewed by their respective Board Committees in the month of September. Recommendations resulting from that process will then be incorporated into the Final Proposed 2004 Budget, which will be presented to the Board at its October meeting. Accompanying the Final Proposed Budget in October will also be a Four-Year Financial Plan ('04 through '07) designed to provide the Board as well as the public with a greater understanding of the MTA's long-term financial challenges. The Final 2004 Budget will be adopted in December and a revised four-year Financial Plan issued 60 days thereafter.

In March 2003, the Board approved a plan that was balanced on a cash basis with year-end cash balances of \$91.9 million in 2003 and \$19.7 million in 2004. The current July 2003 plan incorporates a reforecast of operating revenues and expenses for 2003 and the Preliminary Budget for 2004. Again, this plan remains in balance on a cash basis with projected year-end cash balances of \$186.3 million in 2003 and \$4.1 million in 2004.

As discussed below, the increase of \$94.4 million to the cash balance in 2003 over the March Plan is directly related to unanticipated increased receipts in the Mortgage Recording Taxes (MRT's)—increases which were noted in the March through July BudgetWatch Reports presented at the monthly Finance Committee meetings.

In developing the July Plan, operating agencies were required to identify specific actions for previously unspecified Program to Eliminate the Gap (PEG) actions and to include additional programs to offset certain New Needs; combined, these PEG actions total \$336.9 million. In addition, the plan provides additional funding for items such as pension cost increases (\$49.7 million [\$13.6 million in '03 and \$36.1 million in '04]) and debt service costs increases (\$45.9 million [+\$2.2 million in '03 and -\$48 million in '04]). On the revenue side, major adjustments include reduced fare revenues (\$54.1 million [\$31.1 million in '03 and \$ 23 million in '04]) and an upward re-estimate of revenue from the MRT's (\$144.7 million [\$117.1 million in '03 and \$27.6 million in '04]). The July Plan also continues to assume, as per our prior plan, that we will receive increased State and/or Local governmental assistance of \$121.3 million. Several of these items are described in more detail below.

Overall ridership declined year-to-date through May 2003 -- the LIRR (-3.4%), MNR (-0.3%), NYCT (-1.7%) and LI Bus (-2.3%) -- compared with the same five-month period in 2002. Recent changes in passenger behavioral patterns for purchasing and using fare media, stemming from the recent fare increase, have yet to stabilize. Nonetheless, based on the limited data available, the aggregate passenger revenue assumptions contained in the Mid-Year Forecast for 2003 as well as the Preliminary Budget for 2004 have been adjusted downward.

While MTA Bridges and Tunnels (B&T) has witnessed a 0.83% decrease in overall traffic year-to-date through May 2003 compared with the same period in 2002, its toll collections continue to exceed levels included in the March Plan. Therefore, the toll revenue assumption included in the Mid-Year Forecast for 2003 and the Preliminary 2004 Budget has been adjusted upward.

The Mid-Year Forecast for 2003 and Preliminary Budget for 2004 take a cautionary approach on projecting future revenue receipts. Of note are the MRT receipts, which were up considerably (\$35.9 million) July year-to-date as compared with the same period in 2002. As such, we have forecasted that current market trends for these taxes will continue to be favorable for the remainder of 2003, yielding an increase of \$117.1 million above the amount reflected in the March Plan; but, we anticipate that this trend will not continue throughout 2004, and the MRT revenue will, in fact, decline from current levels. Therefore the current forecast assumes a modest increase beyond the March Plan of only \$27.6 million in 2004 as compared with the \$117.1 million in 2003.

New needs in the Preliminary 2004 Budget include:

- Increased pension costs for all MTA agencies due to stock market performance and updated actuarial assumptions
- Increased MTA revenue-bond debt service costs reflecting greater than projected capital contract awards in 2002 and reordering the sequence of bond issuances
- Costs associated with new flagging procedures in NYCT
- Additional costs associated with restoration of subway service on the Manhattan Bridge
- LIRR fleet improvements to enhance safety and reliability
- MNR M-1, M-3 and locomotive overhauls and rehabilitations
- B&T major maintenance projects
- MTA Headquarters funding of agency security programs

Potential risks associated with the Preliminary 2004 Budget include the expectation of increased State and/or Local governmental assistance. This assumption was also included in the March Plan. Over the next several months, the extent to which increased State and/or Local assistance is available will be assessed and feedback will be provided to the Board.

In keeping with the recent Board directive to continue to pursue cost-saving initiatives throughout the MTA organization, the following areas, among others are being focused on:

- **Bus Efficiencies**

In light of recent labor agreements that facilitate productivity improvements through the consolidation of Transit Authority and Manhattan and Bronx Surface Transit Operating Authority (MaBSTOA) operations as well as on-going discussions with New York City to transfer private bus operations to MTA, savings in 2004 are expected. These savings, which would result from efficiencies in service and maintenance rationalization, will be more precisely estimated as plan development progresses.

- **Hiring vs. Overtime**

The cost and operational benefit of performing functions with new staff as opposed to utilizing overtime for more senior staff needs to be analyzed in the various agencies. It is possible that savings can be realized through an overtime control plan which incorporates hiring in targeted areas.

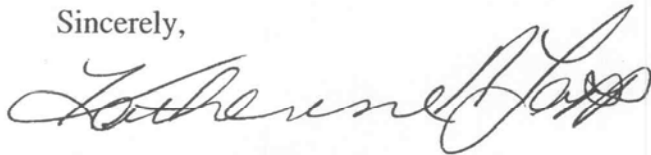
- **MTA Corporate Restructuring**

The MTA legislative staff will continue efforts to receive approval of the Legislature to proceed with MTA Corporate Restructuring. The March Plan assumed savings of \$5 million in 2003 and \$25 million in 2004. Since the necessary legislation has not yet been approved, the July Plan delays the savings assumption by one year to \$5 million in 2004.

I am confident that the new budget and financial reporting process implemented by the Board will reinforce for our customers, our investors and the public at large that the MTA is committed to transparency in its operations and finances so as to maintain their trust and confidence in the months and years to come. The MTA and its 64,000 hard working employees continue to serve over 8 million New Yorkers each day by providing the best transportation services in the nation. For those achievements, the Board, each of our Agency Presidents and our entire workforce deserve praise.

In conclusion, I take this opportunity to complement the MTA staff for their hard work over the past two months in preparing this Preliminary Budget. Similarly, the budget staffs of each of the agencies deserve praise for their long hours in preparing this material. It is this type of dedication that our customers deserve and will continue to receive from the MTA.

Sincerely,

A handwritten signature in black ink, appearing to read "Katherine N. Lapp", written in a cursive style.

Katherine N. Lapp
Executive Director and
Chief Operating Officer

Metropolitan Transportation Authority

*Overview of New Budget Process
2003-2004 Financial Plan Update
2004 Preliminary Budgets*

July 30, 2003

July 2003 Financial Plan Presentation

Contents of Presentation

- Overview of New Budget Process
- 2003-2004 Financial Plan Update, Including 2004 Preliminary Budgets
- Next Steps
- Additional Initiatives

New Budget and Financial Reporting Process

- July: Issuance of Mid-Year 2003 Financial Plan and Preliminary 2004 Budget
- September: MTA Board Committees Review, Analyze and Comment on Preliminary 2004 Budget
- October: Issuance of Final Proposed 2004 Budget Together with Four-Year Financial Plan (2004 through 2007)
- December: MTA Board Adopts Final 2004 Budget
- February: Issuance of Revised Four-Year Financial Plan

New Features

- ✓ Detail and Supporting Data Published Together with Overview Material
- ✓ Budget and Financial Plan Documents Transmitted to Elected Officials
- ✓ Posting of Budget and Financial Plan Documents on MTA Website (www.mta.info) for Public Review and Comment

Preliminary Budget: MTA 2003-2004 Financial Plan in Brief

	Favorable / (Unfavorable) (\$ in millions)						2004 Prelim vs 2003 Mid-Yr
	Revised 2003 Budget ^a	Adj	2003 Mid-Year Forecast ^b	Revised 2004 Projection ^a	Adj	2004 Preliminary Budget ^b	
MTA COMBINED SUMMARY							
<u>Revenue Summary:</u>							
Farebox Revenue	\$3,171.7	(\$31.1)	\$3,140.6	\$3,405.8	(\$23.0)	\$3,382.8	\$242.2
Other Revenue	264.1	1.5	265.6	275.6	2.9	278.5	12.9
Total Operating Revenue	\$3,435.8	(\$29.6)	\$3,406.2	\$3,681.4	(\$20.1)	\$3,661.3	\$255.1
<u>Expense Summary:</u>							
Non-Reimbursable Expenses	\$6,229.6	\$9.7	\$6,219.9	\$6,433.4	(\$77.8)	\$6,511.1	(\$291.3)
General Reserve	0.0	0.0	0.0	40.0	20.0	20.0	(20.0)
MTA Debt Service (excludes B&T and Service Contract Bonds)	451.7	(3.7)	455.4	684.5	(54.1)	738.6	(283.2)
Total Operating Expenses and Debt Service	\$6,681.3	\$6.0	\$6,675.3	\$7,157.8	(\$111.9)	\$7,269.7	(\$594.5)
Net Operating Deficit Before Subsidies	(\$3,245.5)	(\$23.6)	(\$3,269.1)	(\$3,476.4)	(\$132.0)	(\$3,608.4)	(\$339.3)
Total Subsidies	\$2,541.6	\$96.7	\$2,638.3	\$2,719.1	\$68.0	\$2,787.1	\$148.8
Total Conversion to Cash Basis	\$763.7	\$21.3	\$785.0	\$685.1	(\$46.1)	\$639.0	(\$146.0)
Net Cash Balance from Previous Year	32.0	0.0	32.0	91.9	94.4	186.3	154.3
Net Cash Balance After Subsidies	\$91.9	\$94.4	\$186.3	\$19.7	(\$15.6)	\$4.1	(\$182.2)

a) As approved in March 2003.

b) As estimated in July 2003.

Preliminary Budget: Programmatic Highlights

- In 2004, a six-month pilot for City Ticket will enable intra-City riders at LIRR and Metro-North stations located within New York City to purchase tickets at a discounted \$2.50 fare.
- In the Fall of 2003, the MetroCard Balance Protection Program will be available to 30-day Unlimited Ride Pass MetroCard customers to insure against losses.
- In 2004, revenue vehicle miles are estimated to increase 2.0% on subways, 3.8% on Metro-North and 4.5% on LIRR, compared with 2002.
- NYCT investment (\$21.1million) to improve worker safety by increasing flagging personnel in subways.
- NYCT Paratransit ridership grows in 2004, resulting in increased annual costs of \$40.2 million over 2003; \$62.9 million over 2002.

Continued...

Preliminary Budget: Programmatic Highlights (continued)

- LIRR's fleet of new M-7 cars will increase by 364 cars; Metro-North receives its first deliveries, totaling 150 cars in 2004.
- LIRR & Metro-North's Life Cycle Maintenance Programs will commence with the diesel fleets. Metro-North plans major equipment overhauls of locomotives and some of the M-1 fleet; LIRR plans fleet modification programs to improve reliability.
- Reassessment of EZ-Pass Tag program results in 744,000 fewer tags replaced, generating \$17 million of savings in 2003 and 2004.

Preliminary Budget: Changes to Bottom Line

	Favorable/ (Unfavorable) (\$ in millions)		
	<u>2003</u>	<u>2004</u>	<u>Total</u>
Closing Cash Balance - Approved March Plan	\$91.9	\$19.7	\$19.7
Less Unspecified PEGs - Approved March Plan	0.0	(94.9)	(94.9)
Less Increased Governmental Aid - Approved March Plan	0.0	(121.3)	(121.3)
Restated Cash Balance (before PEGs) - March Plan	\$91.9	(\$196.5)	(\$196.5)
New Needs			
- Reduced Fare Revenues	(31.1)	(23.0)	(54.1)
- Increased Pension Costs	(13.6)	(36.1)	(49.7)
- MTA Transportation Bond Debt Service	2.2	(48.1)	(45.9)
- Agency Security Costs	(15.7)	(27.2)	(42.9)
- All Other	<u>(95.9)</u>	<u>(131.3)</u>	<u>(227.2)</u>
	(154.1)	(265.7)	(419.8)
Specified PEGs	127.4	209.5	336.9
Subsidies			
- Regional Mortgage Recording Tax	117.1	27.6	144.7
- MTA Bridges & Tunnels Surplus - Debt Service	(0.9)	36.0	35.2
- MTA Bridges & Tunnels Surplus (other, excluding New Needs and PEGs)	0.1	(12.8)	(12.8)
- All Other (e.g., MMTOA, PBT, CDOT)	9.0	(28.2)	(19.2)
Use of General & Special Contingency Reserves	7.5	40.0	47.5
Agency Restructuring Savings	(5.0)	(20.0)	(25.0)
Other (changes in Subsidiaries, timing, etc.)	(6.7)	(1.5)	(8.2)
Increased Governmental Assistance	0.0	121.3	121.3
Change in Prior Year Cash Balance	0.0	94.4	----
Closing Cash Balance - July Plan	\$186.3	\$4.1	\$4.1

Preliminary Budget: New Needs – Reduced Fare Revenues

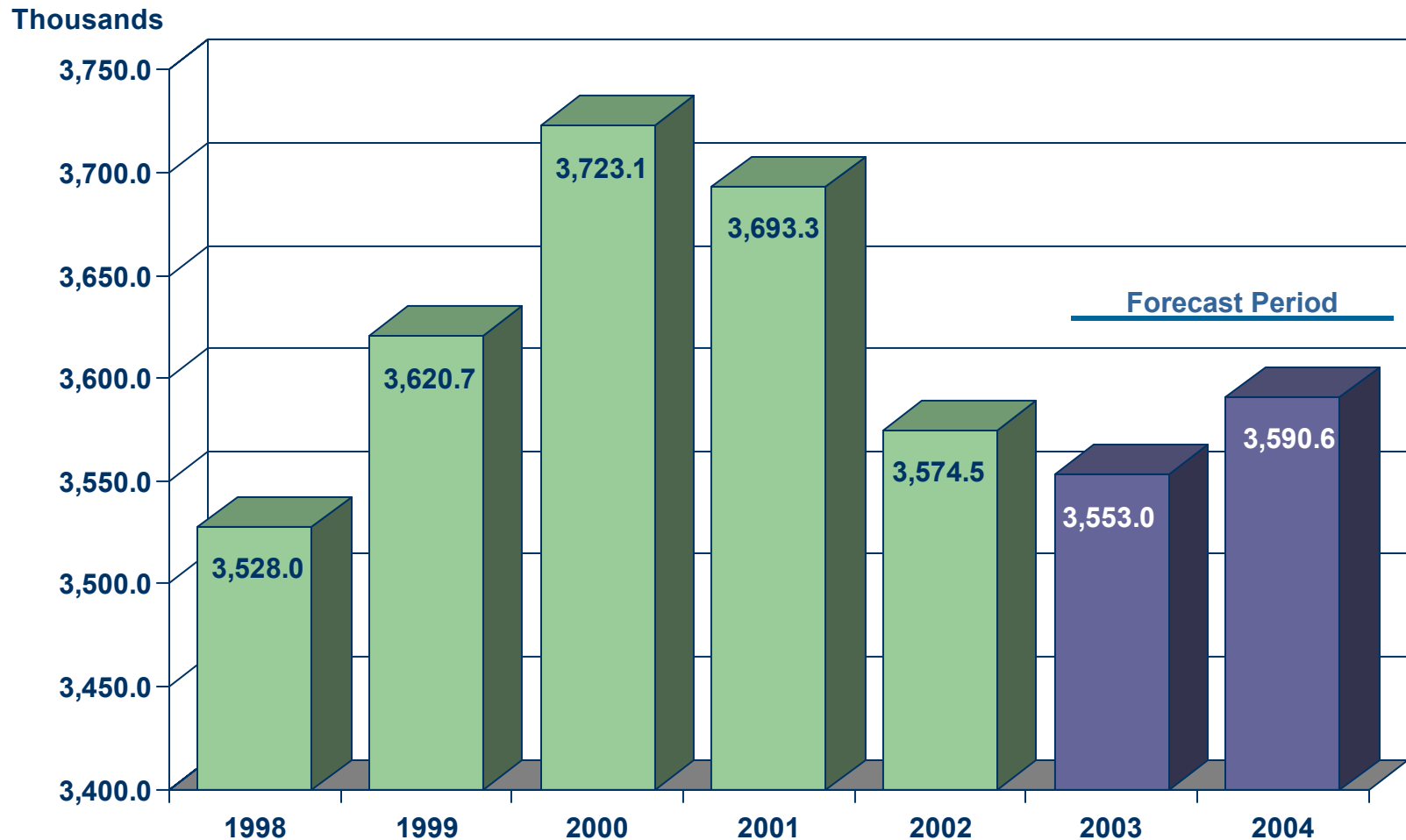
Change from Approved March Plan
Favorable / (Unfavorable)
(\$ in millions)

	<u>2003</u>	<u>2004</u>	<u>Two-Year</u> <u>Total</u>
New York City Transit	(\$27.4)	(\$31.6)	(\$59.0)
Long Island Rail Road	(9.2)	(4.1)	(13.4)
Metro-North Railroad	<u>5.6</u>	<u>12.7</u>	<u>18.3</u>
Total	(\$31.1)	(\$23.0)	(\$54.1)

Major Reasons for Change:

- Underlying economic factors
- Customers shifting to discounted media (“Bargain MetroCards”)

Preliminary Budget: New York City Employment

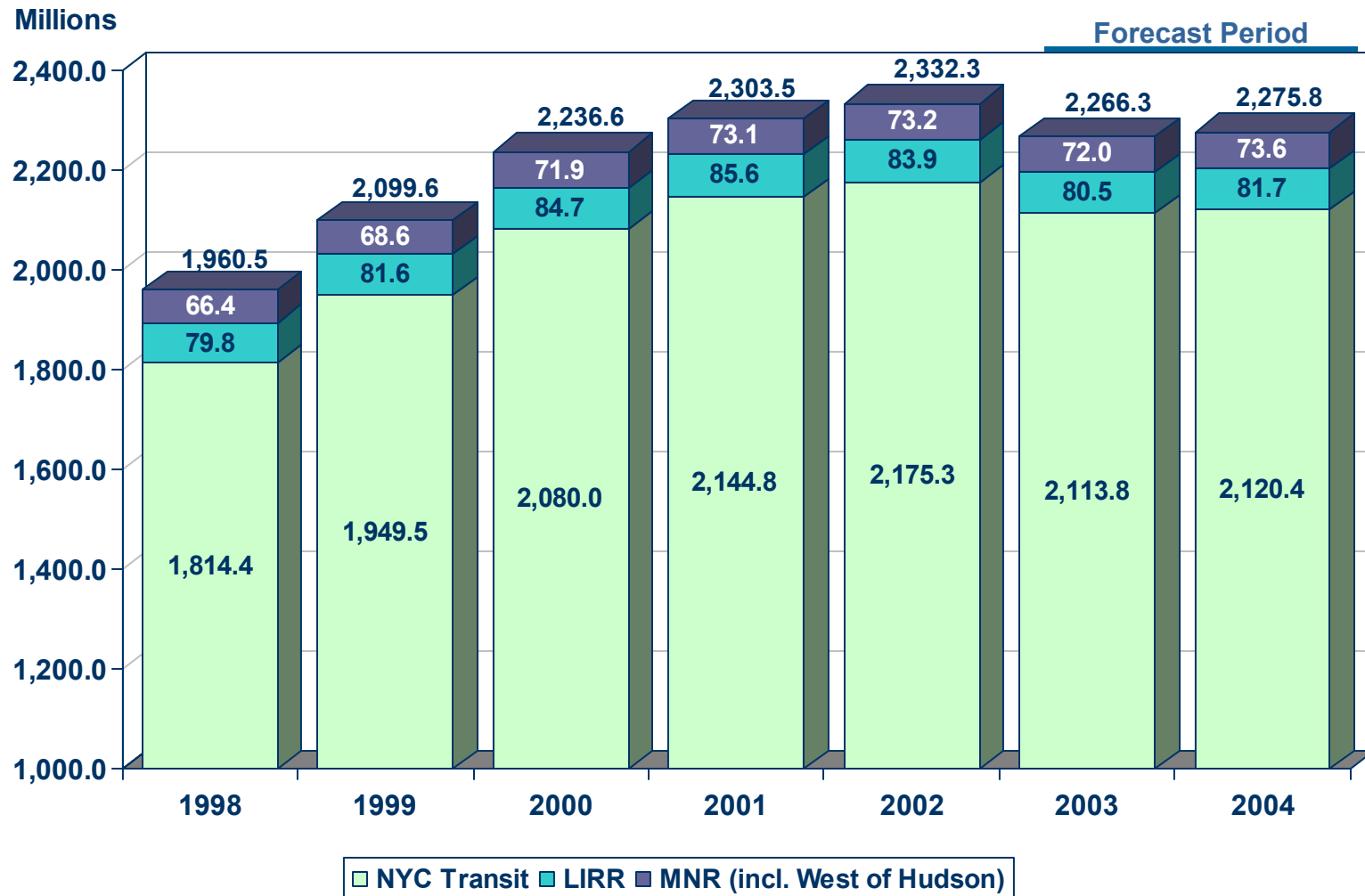


Preliminary Budget: Methodology for Projecting Employment

Regional employment forecasts provided by Global Insight were six months old at the time the MTA Financial Plan was updated, so MTA developed forecasts based on the following methodology:

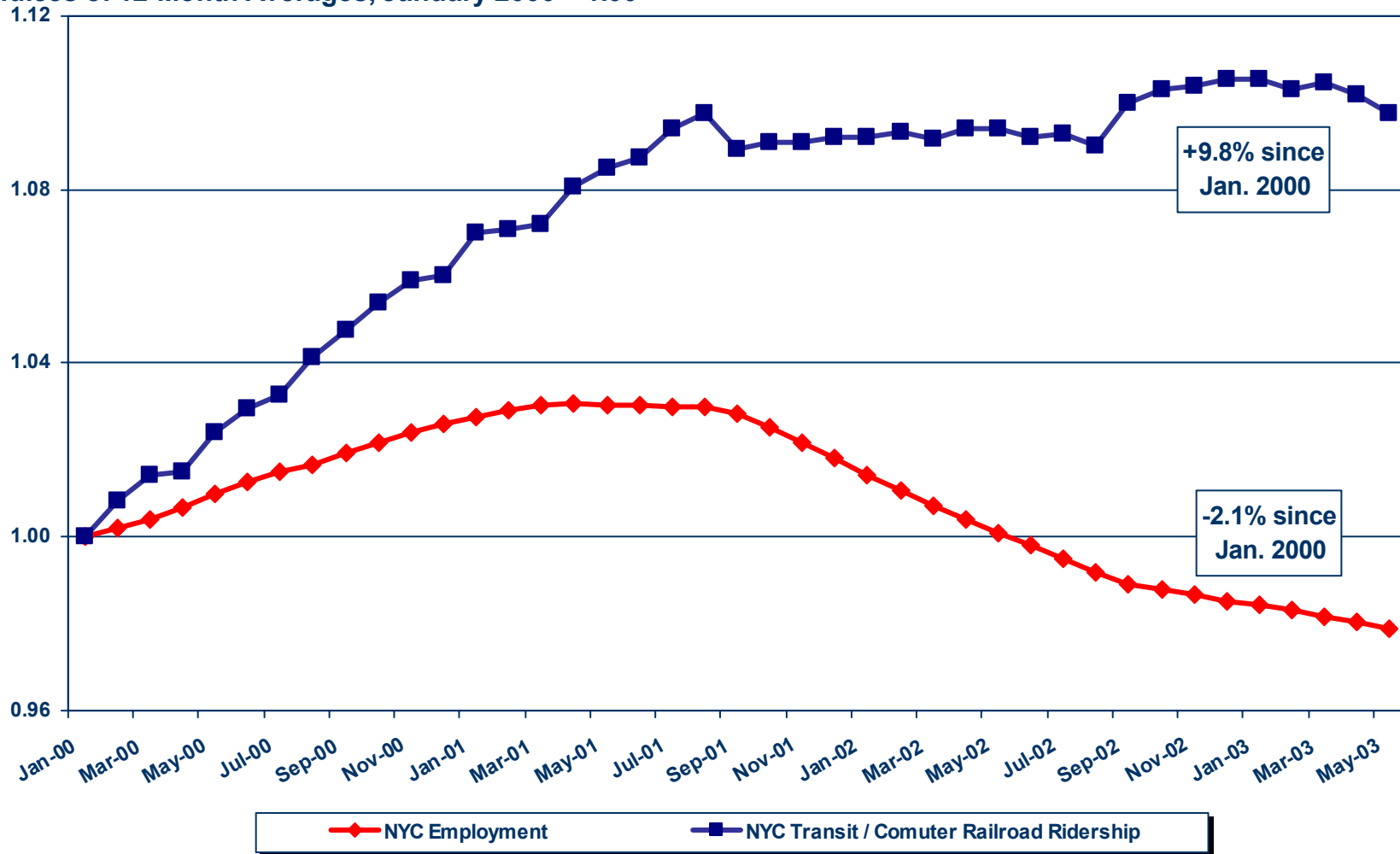
- Actual employment data, by sector, through March 2003 were obtained.
- The rates of change for each employment sector during the second quarter of 2003 were assumed to be consistent with the rate of change from the first quarter.
- The rate of change for each employment sector in the second half of 2003 was assumed to be the annual sector rate projected by Global Insight.
- The 2004 Global Insight sector rates of change were then applied to the MTA-estimated 2003 sector employment levels in order to estimate 2004 employment.

Preliminary Budget: Annual NYCT / Commuter Railroad Ridership



Preliminary Budget: NYCT / CR Ridership vs. Employment

Indices of 12-Month Averages, January 2000 = 1.00



Preliminary Budget: New Needs – Pension Costs

	Favorable / (Unfavorable) (\$ in millions)		<u>Two-Year</u> <u>Total</u>
	<u>2003</u>	<u>2004</u>	
New York City Transit	(\$4.0)	(\$25.6)	(\$29.6)
Long Island Rail Road	(8.0)	(6.2)	(14.2)
Metro-North Railroad	(0.4)	(3.6)	(4.0)
Bridges and Tunnels	0.4	0.9	1.2
MTA Headquarters	<u>(1.5)</u>	<u>(1.5)</u>	<u>(3.0)</u>
Total	(\$13.6)	(\$36.1)	(\$49.7)

Major Reasons for Change:

- Stock market performance
- In some cases, underlying demographic assumptions

Preliminary Budget: New Needs – Other

Significant other new needs include:

- **New York City Transit**
 - Flagging requirements (\$21.1 million)
 - MetroCard Vending Machine maintenance and servicing (\$9.5 million)
 - Increased electric power costs for subway service increases (\$6.0 million)
 - Restoration of Manhattan Bridge service (\$2.5 million)
- **Commuter Railroads**
 - LIRR capital program reassessment reduces reimbursement (\$19.7 million)
 - LIRR fleet improvements to enhance safety and reliability (\$6.6 million)
 - Metro-North locomotive, M-1 and M-3 overhauls/rehabilitations (\$6.3 million)
 - Expedited implementation of Metro-North's financial system (\$6.1 million)

Continued...

Preliminary Budget: New Needs – Other (continued)

- Bridges and Tunnels
 - Major Maintenance projects: roadway and joint repairs, building repairs (\$5.4 million)
- MTA Headquarters
 - MTA Capital Construction Company working capital (\$4.5 million)

Preliminary Budget: Specified PEGs by Agency

	Total Amount (\$ in millions)			Percent of PEG Program Total
	<u>2003</u>	<u>2004</u>	<u>2-Year Total</u>	<u>Total</u>
New York City Transit	\$41.3	\$88.0	\$129.3	38.4%
Long Island Rail Road	31.9	43.5	75.4	22.4%
Metro-North Railroad	31.8	23.5	55.3	16.4%
Bridges and Tunnels	17.3	51.6	68.9	20.5%
Long Island Bus	3.5	1.0	4.5	1.3%
Staten Island Railway	0.0	0.2	0.2	0.1%
MTA Headquarters	<u>1.6</u>	<u>1.7</u>	<u>3.3</u>	<u>1.0%</u>
Total	\$127.4	\$209.5	\$336.9	100.0%

Note: PEGs reflect greater efficiencies or other savings not adversely affecting service.

Preliminary Budget: Specified PEGs by Category

	Total Amount (\$ in millions)			Percent of PEG Program Total
	<u>2003</u>	<u>2004</u>	<u>2-Year Total</u>	<u>Total</u>
Administration	\$73.9	\$100.8	\$174.7	51.9%
Customer Convenience and Amenities	4.4	22.4	26.8	7.9%
Service	3.5	11.5	15.0	4.5%
Maintenance Efficiencies	28.2	44.2	72.3	21.5%
Revenue	15.5	26.4	42.0	12.5%
Other	<u>1.9</u>	<u>4.2</u>	<u>6.1</u>	<u>1.8%</u>
Total	\$127.4	\$209.5	\$336.9	100.0%

Note: PEGs reflect greater efficiencies or other savings not adversely affecting service.

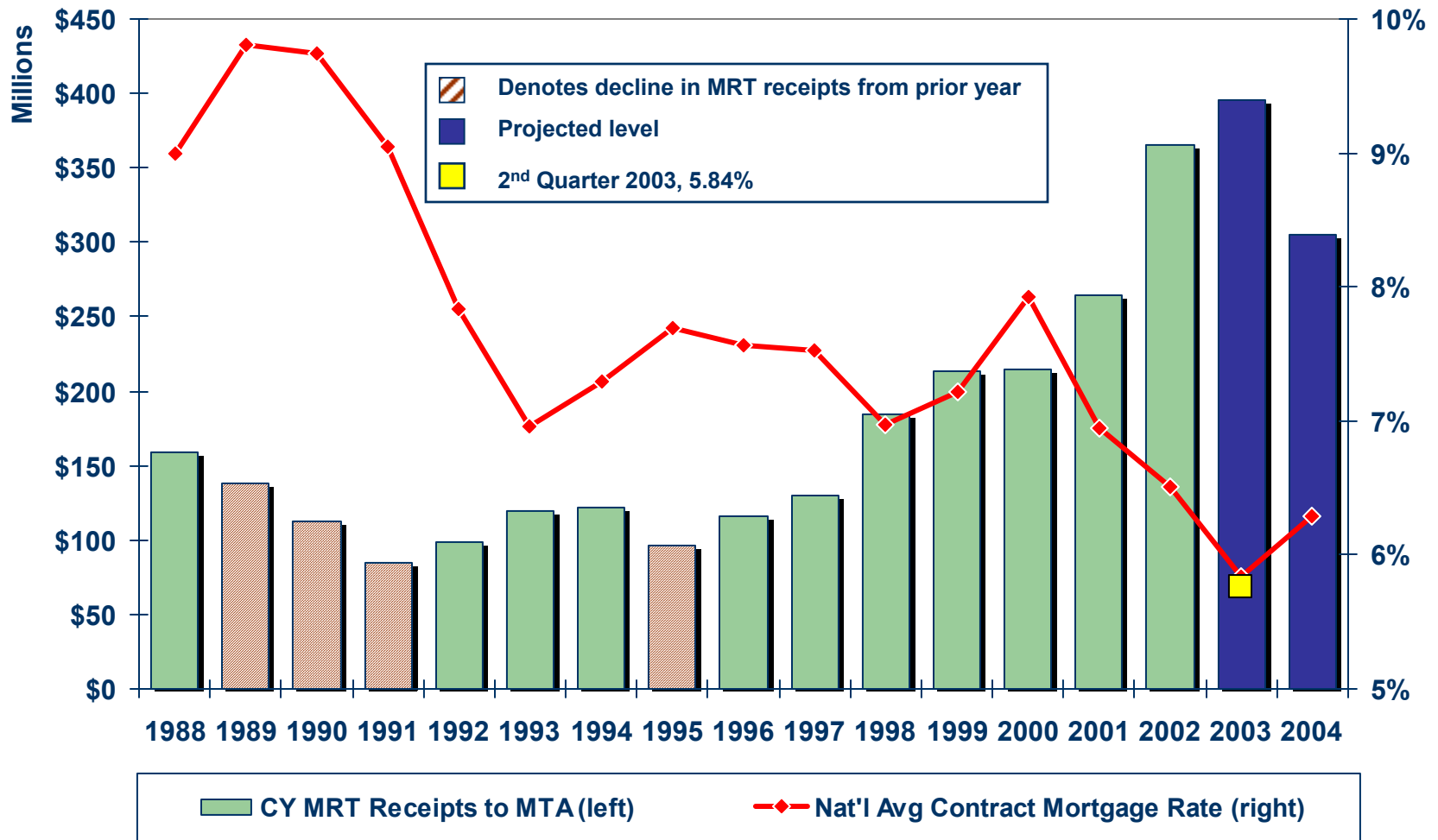
Preliminary Budget: Major PEGs By Agency

	(\$ in millions) <u>Two-Year Total</u>
New York City Transit	
Administrative reductions agency-wide	\$49.0
Reassessment of car equipment maintenance production activities	14.4
Subways reorganization	12.1
Cleaner savings	5.3
Long Island Rail Road	
Improved fleet reliability reduces maintenance costs	\$12.2
Rescheduled information systems initiatives	4.1
Life-cycle maintenance production schedule for M-1's and M-3's	3.0
Metro-North Railroad	
Connecticut fare increase	\$21.3
Payroll savings (e.g., vacancies, fringe savings)	7.4
New Jersey Transit delay in Secaucus Transfer opening	2.7
Bridges and Tunnels	
Increased traffic	\$19.4
Reduction in anticipated E-ZPass tag replacement	17.0
MTA Headquarters	
Personnel savings, non-represented personnel	\$3.3

Preliminary Budget: Subsidies – Mortgage Recording Tax

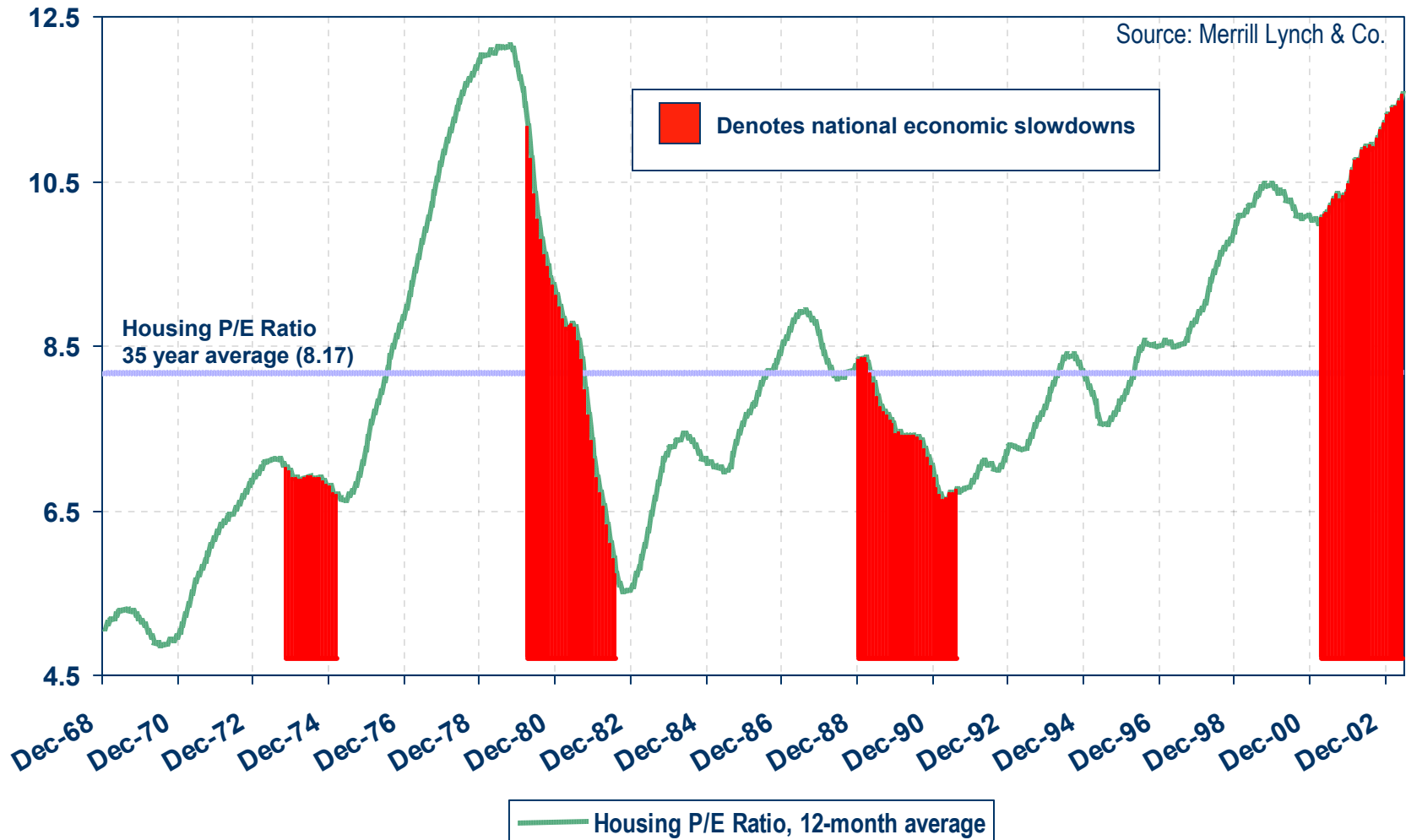
- Highly Volatile, Difficult to Predict
- Recent Developments Require Prudence

Preliminary Budget: Regional Mortgage Recording Tax



Preliminary Budget: National Housing P/E Ratio

Housing P/E = (# existing 1-family home sales) x (median price, existing 1-family homes) / (total personal disposable income)



Preliminary Budget: Use of Reserves

	(\$ in millions)		
	Two-Year Totals		
	Commuter		
	<u>Transit</u>	<u>Railroads</u>	<u>Total</u>
Reserves - Approved March Plan			
General Reserve	\$25.0	\$15.0	\$40.0
Special Reserve	0.0	27.5	27.5
Used in July Plan	<u>(5.0)</u>	<u>(42.5)</u>	<u>(47.5)</u>
Reserves - July Plan	\$20.0	\$0.0	\$20.0

Next Steps

- MTA Board to Review Preliminary 2004 Budget
- Solicit Public Comments at Committee and Board Meetings as well as Via E-Mail (www.mta.info)
- Receive Input from Elected Officials

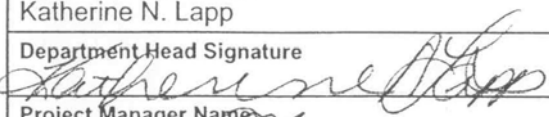
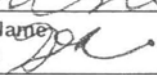
Additional Initiatives

- Beginning in Fall 2003, Issue Quarterly Financial Statements Reviewed by Outside Auditors
 - ✓ Currently, only audited annual statements are issued in April for preceding year.
- Beginning in 2004, Provide Financial Plan Allocations that can be Compared with the Quarterly Actuals
 - ✓ Currently, only annual plan vs. actual comparisons are provided. Monthly comparisons are provided for agency budgets only.

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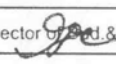
II. JULY MTA-WIDE FINANCIAL PLAN FOR 2003-2004

Staff Summary

Subject July 2003 Financial Plan Update/2004 Preliminary Budget
Department Executive Director
Department Head Name Katherine N. Lapp
Department Head Signature 
Project Manager Name Gary G. Caplan 

Date July 30, 2003
Vendor Name
Contract Number
Contract Manager Name
Table of Contents Ref #

Board Action					
Order	To	Date	Approval	Info	Other
1	Finance	7/30	X		
2	Board	7/30	x		

Internal Approvals			
Order	Approval	Order	Approval
3	Executive Director 		Civil Rights
	Chief of Staff	2	Legal 
1	Director of Bud. & Fin. Mgt. 		IST&P
	Procurement		Other

Narrative

PURPOSE:

To seek authorization of the MTA Board to disseminate the July 2003 Financial Plan and Preliminary 2004 Budget and related materials in conformance with the recently adopted MTA Budgeting procedures and to submit to the State these and related materials required for the "17-A" report.

DISCUSSION:

In May 2003, the MTA Board approved new budgeting and financial reporting procedures applicable to MTA and all of the operating agencies in order "to maintain public confidence in the MTA...increase the clarity of MTA finances and provide greater public access to this information." These procedures require that, "(i)n July of each year, the Executive Director will submit to the MTA Board a preliminary budget for the next year. The preliminary budget will also be transmitted to the Governor, the State Legislature, the Mayor of New York City and the County Executives of the seven counties for review and comment." The procedures further state that, "(a)ll budget documents with supporting detailed material will be available to the public and posted on our website (www.mta.info). These new procedures will be applied to the operating budget only because the MTA's Capital Plan is governed by extensive existing statutes."

The July materials are the first step of the new process that will be followed by presentation of an Executive Budget and Four Year-Financial Plan in October 2003, and Board Adoption of the 2004 Budget in December 2003. The purpose of the July presentation is to: (1) present MTA and Agency staff proposals to the MTA Board;(2) begin the process for the MTA Board to assess and determine fiscal priorities and directions to be incorporated into the next year's budget and related multi-year financial plans; (3) authorize MTA staff to publicly disseminate the staff proposals for comment; and (4) direct Agencies to use the updated 2003 Mid-Year Forecast in the regular monthly reporting of actuals to the Board for the remainder of 2003.

The materials presented for review and dissemination are: (1) a Summary of the MTA-wide Financial Plan Update for 2003 and 2004; (2) supporting data for the MTA-wide Financial Plan; (3) Agency budgets and supporting data for the 2003 Midyear Forecast and 2004 Preliminary Budget; and (4) the detailed MTA-wide Financial Plan ("SuperSpreadSheet"). These materials, along with related materials, would also be submitted to the State as required by Section 17-A of the State Transportation Law.

RECOMMENDATION:

It is recommended that the Board authorize staff to disseminate the attached materials as detailed above. In addition, it is recommended that the Board direct Agencies to use the 2003 Mid-Year Forecast in the regular monthly reporting of actuals to the Board for the remainder of 2003.

Metropolitan Transportation Authority
2003 - 2004
(\$ in millions)

Reconciliation: 2004 Preliminary Budget compared with Revised 2003 Budget			
	Favorable/(Unfavorable)		
	2003	2004	Two-Year Total
Closing Cash Balance: Revised 2003 Budget	\$91.9	\$19.7	\$19.7
<u>Operating Cash Deficits:</u>			
New York City Transit (excluding use of reserves)	(\$27.1)	(\$82.3)	(\$109.4)
Long Island Rail Road	(22.8)	(3.8)	(26.6)
Metro-North Railroad	21.5	(21.5)	0.1
Staten Island Railway	(0.1)	(0.3)	(0.4)
Long Island Bus	2.1	(0.3)	1.7
MTA Headquarters	(5.5)	(5.0)	(10.6)
Total Operating Cash Deficits	(32.0)	(113.1)	(145.1)
<u>MTA Transactions:</u>			
MTA Corporate Restructuring	(\$5.0)	(\$20.0)	(\$25.0)
Agency Security Costs	(\$15.7)	(\$27.2)	(\$42.9)
Use of Reserves	\$7.5	\$40.0	\$47.5
Revenue Bond Cash Debt Service	\$2.2	(\$48.1)	(\$45.9)
<u>Cash Subsidies:</u>			
B&T Surplus Transfer	\$11.4	\$58.8	\$70.2
State and Local Operating Assistance	0.1	0.1	0.1
MMTOA	15.3	(18.9)	(3.6)
Net PBT	(5.8)	(6.1)	(11.9)
Net MRT	117.1	27.6	144.7
Station Maintenance	1.2	1.2	2.4
CDOT	(6.7)	(11.9)	(18.6)
Investment Income	(1.1)	(2.5)	(3.5)
Urban Tax	6.0	9.9	15.9
Total Cash Subsidies	\$137.5	\$58.2	\$195.7
Total MTA Transactions	\$126.4	\$2.9	\$129.3
Other	(0.0)	0.1	0.0
Change in Prior Year Cash Balance	0.0	94.4	
Closing Cash Balance: 2004 Preliminary Budget	\$186.3	\$4.1	\$4.1

MTA New York City Transit
2003 - 2004
(\$ in millions)

Reconciliation: 2004 Preliminary Budget compared with Revised 2003 Budget			
	Favorable/(Unfavorable)		
	2003	2004	Two-Year Total
Closing Cash Balance: Revised 2003 Budget	\$25.3	\$17.3	\$17.3
Adjusted Operating Cash Deficit	(\$27.1)	(\$82.3)	(\$109.4)
Use of Reserves	<u>0.0</u>	<u>5.0</u>	<u>5.0</u>
Operating Cash Deficit	(\$27.1)	(\$77.3)	(\$104.4)
<u>MTA Transactions:</u>			
MTA Corporate Restructuring	(\$3.3)	(\$13.4)	(\$16.7)
Revenue Bond Cash Debt Service	\$3.6	(\$27.5)	(\$23.9)
<u>Cash Subsidies:</u>			
B&T Surplus Transfer	\$7.0	\$37.1	\$44.2
State and Local Operating Assistance	0.1	0.1	0.1
MMTOA	10.6	(13.0)	(2.4)
Net PBT	(6.9)	(6.9)	(13.8)
MRT	68.1	19.6	87.7
Urban Tax	<u>6.0</u>	<u>9.9</u>	<u>15.9</u>
Total Cash Subsidies	\$84.9	\$46.7	\$131.6
Total MTA Transactions	\$85.2	\$5.8	\$91.0
Other	0.0	0.1	0.1
Change in Prior Year Cash Balance	0.0	58.1	
Closing Cash Balance: 2004 Preliminary Budget	\$83.4	\$4.0	\$4.0

MTA Commuter Railroads

2003 - 2004

(\$ in millions)

Reconciliation: 2004 Preliminary Budget compared with Revised 2003 Budget			
	Favorable/(Unfavorable)		
	2003	2004	Two-Year Total
Closing Cash Balance: Revised 2003 Budget	\$66.5	\$2.4	\$2.4
<u>Operating Cash Deficits:</u>			
Long Island Rail Road	(\$22.8)	(\$3.8)	(\$26.6)
Metro-North Railroad	21.5	(21.5)	0.1
Staten Island Railway	(0.1)	(0.3)	(0.4)
Long Island Bus	2.1	(0.3)	1.7
MTA Headquarters	(5.5)	(5.0)	(10.6)
Total Operating Cash Deficits	(\$4.9)	(\$30.8)	(\$35.7)
<u>MTA Transactions:</u>			
MTA Corporate Restructuring	(\$1.7)	(\$6.6)	(\$8.3)
Agency Security Costs	(\$15.7)	(\$27.2)	(\$42.9)
Use of Reserves	\$7.5	\$35.0	\$42.5
Revenue Bond Cash Debt Service	(\$1.4)	(\$20.6)	(\$22.0)
<u>Cash Subsidies:</u>			
B&T Surplus Transfer	\$4.3	\$21.7	\$26.0
State and Local Operating Assistance	0.0	0.0	0.0
MMTOA	4.8	(5.9)	(1.2)
Net PBT	1.1	0.8	1.9
Net MRT	49.0	8.1	57.0
Station Maintenance	1.2	1.2	2.4
CDOT	(6.7)	(11.9)	(18.6)
Investment Income	(1.1)	(2.5)	(3.5)
Total Cash Subsidies	\$52.6	\$11.4	\$64.0
Total MTA Transactions	\$41.2	(\$8.0)	33.3
Other	(0.0)	0.0	(0.0)
Change in Prior Year Cash Balance	0.0	36.4	
Closing Cash Balance: 2004 Preliminary Budget	\$102.9	\$0.0	\$0.0

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**METROPOLITAN TRANSPORTATION AUTHORITY
CONSOLIDATED FINANCIAL PLAN PROJECTIONS
2003-2004
(\$ in millions)**

Favorable / (Unfavorable)							
	Revised 2003 Budget	Adjustment	2003 Mid-Year Forecast	Revised 2004 Projection	Adjustment	2004 Preliminary Budget	2004 Preliminary vs 2003 Mid-Year
NEW YORK CITY TRANSIT							
<u>Revenue Summary:</u>							
Farebox Revenue	\$2,398.4	(\$27.4)	\$2,371.0	\$2,575.6	(\$31.6)	\$2,544.0	\$173.0
Other Revenue	199.2	(0.9)	198.3	207.5	1.7	209.2	10.9
Total Operating Revenue	\$2,597.6	(\$28.3)	\$2,569.3	\$2,783.1	(\$29.9)	\$2,753.2	\$183.9
<u>Expense Summary:</u>							
Non-Reimbursable Expenses	\$4,141.5	(\$3.3)	\$4,144.8	\$4,231.3	(\$73.7)	\$4,305.0	(\$160.2)
General Reserve	0.0	0.0	0.0	25.0	5.0	20.0	(20.0)
NYCT Debt Service (excludes B&T and Service Contract Bonds)	311.1	(3.3)	314.4	454.0	(34.4)	488.4	(174.0)
Total Operating Expenses and Debt Service	\$4,452.6	(\$6.6)	\$4,459.2	\$4,710.3	(\$103.1)	\$4,813.4	(\$354.2)
Net Operating Deficit Before Subsidies	(\$1,855.0)	(\$34.9)	(\$1,889.9)	(\$1,927.2)	(\$133.0)	(\$2,060.2)	(\$170.3)
Total Subsidies	\$1,522.3	\$85.2	\$1,607.5	\$1,661.9	\$56.6	\$1,718.5	\$111.0
Total Conversion to Cash Basis	\$344.4	\$7.7	\$352.1	\$257.3	\$5.0	\$262.3	(\$89.9)
Net Cash Balance from Previous Year	13.7	0.0	13.7	25.3	58.1	83.4	69.8
Net Cash Balance After Subsidies	\$25.3	\$58.1	\$83.4	\$17.3	(\$13.3)	\$4.0	(\$79.4)

	Favorable / (Unfavorable)						
	Revised 2003 Budget	Adjustment	2003 Mid-Year Forecast	Revised 2004 Projection	Adjustment	2004 Preliminary Budget	2004 Preliminary vs 2003 Mid-Year
COMMUTER RAILROADS							
Revenue Summary:							
Farebox Revenue	\$773.3	(\$3.7)	\$769.6	\$830.2	\$8.6	\$838.8	\$69.2
Other Revenue	64.9	2.3	67.3	68.1	1.2	69.3	2.0
Total Operating Revenue	\$838.2	(\$1.4)	\$836.8	\$898.3	\$9.8	\$908.1	\$71.3
Expense Summary:							
Non-Reimbursable Expenses	\$2,088.1	\$13.0	\$2,075.1	\$2,202.1	(\$4.0)	\$2,206.1	(\$131.0)
General Reserve	0.0	0.0	0.0	15.0	15.0	0.0	0.0
CRR Debt Service (excludes B&T and Service Contract Bonds)	140.6	(0.4)	141.0	230.5	(19.7)	250.2	(109.2)
Total Operating Expenses and Debt Service	\$2,228.7	\$12.6	\$2,216.0	\$2,447.5	(\$23.8)	\$2,456.3	(\$240.3)
Net Operating Deficit Before Subsidies	(\$1,390.5)	\$11.3	(\$1,379.2)	(\$1,549.2)	\$1.0	(\$1,548.2)	(\$169.0)
Total Subsidies	\$1,019.3	\$11.5	\$1,030.8	\$1,057.2	\$11.4	\$1,068.6	\$37.8
Total Conversion to Cash Basis	\$419.3	\$13.6	\$432.9	\$427.9	(\$51.1)	\$376.7	(\$56.1)
Net Cash Balance from Previous Year	18.4	(0.0)	18.4	66.5	36.3	102.9	84.5
Net Cash Balance After Subsidies	\$66.5	\$36.3	\$102.9	\$2.4	(\$2.4)	\$0.0	(\$102.8)

STATEN ISLAND RAILWAY / LONG ISLAND BUS	Favorable / (Unfavorable)						
	Revised 2003 Budget	Adjustment	2003 Mid-Year Forecast	Revised 2004 Projection	Adjustment	2004 Preliminary Budget	2004 Preliminary vs 2003 Mid-Year
<i>Revenue Summary:</i>							
Farebox Revenue	\$37.0	\$0.4	\$37.4	\$39.2	\$0.7	\$40.0	\$2.6
Other Revenue	5.5	(0.2)	5.3	6.3	(0.5)	5.8	0.5
Total Operating Revenue	\$42.5	\$0.2	\$42.7	\$45.6	\$0.2	\$45.8	\$3.1
<i>Expense Summary:</i>							
Non-Reimbursable Expenses	\$121.6	\$1.5	\$120.0	\$125.6	(\$0.5)	\$126.0	(\$6.0)
Debt Service on Behalf of SIR or LI Bus	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Operating Expenses and Debt Service	\$121.6	\$1.5	\$120.0	\$125.6	(\$0.5)	\$126.0	(\$6.0)
Net Operating Deficit Before Subsidies	(\$79.1)	\$1.7	(\$77.4)	(\$80.0)	(\$0.2)	(\$80.2)	(\$2.9)
Total Subsidies	\$78.4	(\$2.3)	\$76.1	\$75.6	\$0.6	\$76.2	\$0.0
Total Conversion to Cash Basis	(\$1.3)	\$0.6	(\$0.7)	\$4.4	(\$0.3)	\$4.1	\$4.8
Net Cash Balance from Previous Year	1.9	0.0	1.9	0.0	0.0	0.0	(1.9)
Net Cash Balance After Subsidies	\$0.0	(\$0.0)	(\$0.0)	\$0.0	(\$0.0)	\$0.0	\$0.0

SUMMARY
MTA NYC TRANSIT
MULTI-YEAR FINANCIAL PLAN
(\$ in millions)

	Favorable / (Unfavorable)						2004 Preliminary vs 2003 Mid-Year
	Revised 2003 Budget	Adjustment	2003 Mid-Year Forecast	Revised 2004 Projection	Adjustment	2004 Preliminary Budget	
<u>Revenue Summary:</u>							
Subway Farebox Revenue	\$1,697.1	(\$28.7)	\$1,668.4	\$1,827.0	(\$32.8)	\$1,794.2	\$125.8
Bus Farebox Revenue	701.3	1.3	702.6	748.6	1.2	749.8	47.2
Other Revenue	199.2	(0.9)	198.3	207.5	1.7	209.2	10.9
Total Operating Revenue	\$2,597.6	(\$28.3)	\$2,569.3	\$2,783.1	(\$29.9)	\$2,753.2	\$183.9
<u>Operating Expense Summary:</u>							
Non-Reimbursable Expenses	\$4,141.5	(\$3.3)	\$4,144.8	\$4,231.3	(\$73.7)	\$4,305.0	(\$160.2)
General Reserve	0.0	0.0	0.0	25.0	5.0	20.0	(20.0)
NYCT Debt Service (excludes B&T and Service Contract Bonds)	311.1	(3.3)	314.4	454.0	(34.4)	488.4	(174.0)
Total Operating Expenses and Debt Service	\$4,452.6	(\$6.6)	\$4,459.2	\$4,710.3	(\$103.1)	\$4,813.4	(\$354.2)
Operating Deficit	(\$1,855.0)	(\$34.9)	(\$1,889.9)	(\$1,927.2)	(\$133.0)	(\$2,060.2)	(\$170.3)
Total Subsidies	\$1,522.3	\$85.2	\$1,607.5	\$1,661.9	\$56.6	\$1,718.5	\$111.0
<u>Conversion to Cash Basis:</u>							
Operating Cash Adjustment	\$42.8	\$1.2	\$43.9	\$253.3	\$8.0	\$261.2	\$217.3
Subsidy / Debt Service Cash Adjustment	301.7	6.6	308.2	4.0	(2.9)	1.1	(307.2)
Total Conversion to Cash Basis	\$344.4	\$7.7	\$352.1	\$257.3	\$5.0	\$262.3	(\$89.9)
Net Cash Balance from Previous Year	\$13.7	\$0.0	\$13.7	\$25.3	\$58.1	\$83.4	\$69.8
Net Cash Balance for Current Year	\$25.3	\$58.1	\$83.4	\$17.3	(\$13.3)	\$4.0	(\$79.4)

**MTA NEW YORK CITY TRANSIT
MULTI-YEAR FINANCIAL PLAN
EXPENSE SUMMARY SECTION
2003 - 2004
(\$ in millions)**

Expense Detail:

Favorable / (Unfavorable)							
	Revised 2003 Budget	Adjustment	2003 Mid-Year Forecast	Revised 2004 Projection	Adjustment	2004 Preliminary Budget	2004 Preliminary vs 2003 Mid-Year
Labor	\$3,244.0	(\$0.8)	\$3,244.9	\$3,355.2	(\$24.7)	\$3,379.9	(\$135.0)
Maintenance Materials	185.8	(5.9)	191.7	179.4	10.5	168.9	22.8
Rentals and Miscellaneous	285.7	7.2	278.5	301.5	4.6	296.9	(18.4)
Electric Power	147.0	(4.6)	151.6	145.4	(1.4)	146.8	4.8
Fuel For Buses	51.2	(0.5)	51.8	47.4	3.4	44.0	7.7
Public Liability	73.8	0.0	73.8	75.7	0.0	75.7	(1.9)
ADA Paratransit	153.9	1.3	152.6	193.2	0.3	192.8	(40.3)
Additional Agency PEG	0.0	0.0	0.0	(66.5)	(66.5)	0.0	0.0
General Reserve	0.0	0.0	0.0	25.0	5.0	20.0	(20.0)
Total Operating Expenses	\$4,141.5	(\$3.3)	\$4,144.8	\$4,256.3	(\$68.7)	\$4,325.0	(\$180.2)

SUMMARY
MTA NYC TRANSIT SUBSIDIES
MULTI-YEAR FINANCIAL PLAN
2003 - 2004
(\$ in millions)

	Favorable / (Unfavorable)						2004 Preliminary vs 2003 Mid-Year
	Revised 2003 Budget	Adjustment	2003 Mid-Year Forecast	Revised 2004 Projection	Adjustment	2004 Preliminary Budget	
<u>Available Accrued Subsidies:</u>							
Net B&T Accrued Current Year Allocation	\$114.6	\$10.1	\$124.7	\$73.9	\$40.1	\$114.0	(\$10.7)
State Operating Assistance	158.1	0.0	158.2	158.1	0.0	158.2	0.0
Federal Operating Assistance	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Local Operating Assistance	158.1	0.0	158.2	158.1	0.0	158.2	0.0
MMTOA Allocation (NYS Regional Taxes)	461.7	0.1	461.8	488.0	(13.0)	475.1	13.2
Gross PBT Receipts	407.6	0.0	407.6	445.4	0.0	445.4	37.7
Mortgage Recording Tax Transfer	89.4	68.1	157.5	83.6	19.6	103.2	(54.2)
Urban Tax	132.7	6.8	139.6	133.4	9.8	143.2	3.6
Increased Governmental Assistance and Other	0.0	0.0	0.0	121.3	0.0	121.3	121.3
Total Accrued Subsidies Available	\$1,522.3	\$85.2	\$1,607.5	\$1,661.9	\$56.6	\$1,718.5	\$111.0
<u>Available Cash Subsidies:</u>							
Net B&T Accrued Current Year Allocation	\$196.5	\$7.0	\$203.5	\$78.0	\$37.1	\$115.1	(\$88.5)
State Operating Assistance	158.1	0.0	158.2	158.1	0.0	158.2	0.0
Federal Operating Assistance	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Local Operating Assistance	158.1	0.0	158.2	158.1	0.0	158.2	0.0
MMTOA Allocation (NYS Regional Taxes)	451.2	10.6	461.8	488.0	(13.0)	475.1	13.2
Gross PBT Receipts	407.6	0.0	407.6	445.4	0.0	445.4	37.7
Mortgage Recording Tax Transfer	89.4	68.1	157.5	83.6	19.6	103.2	(54.2)
Urban Tax	137.2	6.0	143.2	133.3	9.9	143.2	0.0
Increased Governmental Assistance and Other	0.0	0.0	0.0	121.3	0.0	121.3	121.3
Stabilization Reserve	229.6	(0.0)	229.6	0.0	0.0	0.0	(229.6)
Total Cash Subsidies Available	\$1,827.8	\$91.8	\$1,919.6	\$1,666.0	\$53.6	\$1,719.6	(\$200.0)
Total Cash Flow Adjustments	\$305.5	\$6.6	\$312.0	\$4.0	(\$2.9)	\$1.1	(\$311.0)

SUMMARY
MTA COMMUTER RAILROADS
MULTI-YEAR FINANCIAL PLAN
(\$ in millions)

	Favorable / (Unfavorable)						
	Revised 2003 Budget	Adjustment	2003 Mid-Year Forecast	Revised 2004 Projection	Adjustment	2004 Preliminary Budget	2004 Preliminary vs 2003 Mid-Year
<u>Revenue Summary:</u>							
LIRR Farebox Revenue	\$405.2	(\$9.2)	\$396.0	\$439.2	(\$4.1)	\$435.1	\$39.1
MNR Farebox Revenue	368.0	5.6	373.6	391.0	12.7	403.7	30.1
Other Revenue	64.9	2.3	67.3	68.1	1.2	69.3	2.0
Total Operating Revenue	\$838.2	(\$1.4)	\$836.8	\$898.3	\$9.8	\$908.1	\$71.3
<u>Operating Expense Summary:</u>							
LIRR Non-Reimbursable Expenses	\$1,043.4	(\$5.6)	\$1,049.0	\$1,098.9	\$1.9	\$1,097.1	(\$48.0)
MNR Non-Reimbursable Expenses	813.0	9.2	803.7	841.8	(25.3)	867.2	(63.4)
MTAHQ Non-Reimbursable Expenses	231.7	9.4	222.3	261.3	19.4	241.9	(19.6)
General Reserve	0.0	0.0	0.0	15.0	15.0	0.0	0.0
CRR Debt Service (excludes B&T and Service Contract Bonds)	140.6	(0.4)	141.0	230.5	(19.7)	250.2	(109.2)
Total Operating Expenses and Debt Service	\$2,228.7	\$12.6	\$2,216.0	\$2,447.5	(\$8.8)	\$2,456.3	(\$240.3)
Operating Deficit	(\$1,390.5)	\$11.3	(\$1,379.2)	(\$1,549.2)	\$1.0	(\$1,548.2)	(\$169.0)
Total Subsidies	\$1,019.3	\$11.5	\$1,030.8	\$1,057.2	\$11.4	\$1,068.6	\$37.8
<u>Conversion to Cash Basis:</u>							
Operating Cash Adjustment	\$323.1	\$12.4	\$335.5	\$428.2	(\$46.3)	\$381.9	\$46.3
Subsidy / Debt Service Cash Adjustment	96.2	1.2	97.3	(0.3)	(4.8)	(5.1)	(102.5)
Total Conversion to Cash Basis	\$419.3	\$13.6	\$432.9	\$427.9	(\$51.1)	\$376.7	(\$56.1)
Net Cash Balance from Previous Year	\$18.4	(\$0.0)	\$18.4	\$66.5	\$36.3	\$102.9	\$84.5
Net Cash Balance for Current Year	\$66.5	\$36.3	\$102.9	\$2.4	(\$2.4)	\$0.0	(\$102.8)

**MTA LONG ISLAND RAIL ROAD
MULTI-YEAR FINANCIAL PLAN
2003 - 2004
(\$ in millions)**

	Favorable / (Unfavorable)						2004 Preliminary vs 2003 Mid-Year
	Revised 2003 Budget	Adjustment	2003 Mid-Year Forecast	Revised 2004 Projection	Adjustment	2004 Preliminary Budget	
<u>Revenue Detail:</u>							
Baseline Farebox Revenue	\$405.223	(\$9.240)	\$395.983	\$439.215	(\$4.122)	\$435.093	\$39.110
Special Services	1.888	0.013	1.901	1.924	0.020	1.944	0.043
Other	19.722	1.209	20.931	21.572	0.556	22.128	1.197
Total Non-Farebox Revenue	\$21.610	\$1.222	\$22.832	\$23.496	\$0.576	\$24.072	\$1.240
Total Operating Revenue	\$426.833	(\$8.018)	\$418.815	\$462.711	(\$3.546)	\$459.165	\$40.350
<u>Expense Detail:</u>							
Total Payroll	\$486.453	\$5.865	\$480.588	\$488.144	\$4.761	\$483.383	(\$2.795)
Fringe Benefits	181.445	1.718	179.727	198.868	1.641	197.227	(17.500)
Pension	71.322	(6.533)	77.855	74.592	(6.178)	80.770	(2.915)
Total Compensation Expenses	\$739.220	\$1.050	\$738.170	\$761.604	\$0.224	\$761.380	(\$23.210)
Materials and Supplies	\$66.062	(\$2.417)	\$68.479	\$77.318	\$8.157	\$69.161	(\$0.682)
Train Power	49.517	(0.427)	49.944	52.172	(0.440)	52.612	(2.668)
Joint Facilities	11.179	(0.196)	11.375	11.503	0.432	11.071	0.304
Depreciation	205.349	8.733	196.616	219.312	1.558	217.754	(21.138)
Other	112.064	2.038	110.026	130.189	12.167	118.022	(7.996)
Additional Agency PEG	0.000	0.000	0.000	(14.887)	(14.887)	0.000	0.000
Total Non-Compensation Expenses	\$444.171	\$7.731	\$436.440	\$475.607	\$6.987	\$468.620	(\$32.180)

	Favorable / (Unfavorable)						2004 Preliminary vs 2003 Mid-Year
	Revised 2003 Budget	Adjustment	2003 Mid-Year Forecast	Revised 2004 Projection	Adjustment	2004 Preliminary Budget	
Total Gross Operating Expenses	\$1,183.391	\$8.781	\$1,174.610	\$1,237.211	\$7.211	\$1,230.000	(\$55.390)
Less: Reimbursables	(\$139.972)	(\$14.403)	(\$125.569)	(\$138.272)	(\$5.343)	(\$132.929)	\$7.360
Total Net Operating Expenses	\$1,043.419	(\$5.622)	\$1,049.041	\$1,098.939	\$1.868	\$1,097.071	(\$48.030)
Total Cash Adjustment	\$228.908	(\$9.187)	\$219.721	\$230.201	(\$2.075)	\$228.126	\$8.405
Operating Cash Deficit	(\$387.678)	(\$22.827)	(\$410.505)	(\$406.027)	(\$3.753)	(\$409.780)	\$0.725

**MTA METRO NORTH RAILROAD
MULTI-YEAR FINANCIAL PLAN
2003 - 2004
(\$ in millions)**

Favorable / (Unfavorable)							
	Revised 2003 Budget	Adjustment	2003 Mid-Year Forecast	Revised 2004 Projection	Adjustment	2004 Preliminary Budget	2004 Preliminary vs 2003 Mid-Year
<u>Revenue Detail:</u>							
Baseline Farebox Revenue	\$368.029	\$5.556	\$373.585	\$391.014	\$12.705	\$403.719	\$30.134
Rents, Concessions and Utilities	22.182	1.502	23.684	22.965	0.888	23.853	\$0.169
Food and Beverage (Bar Car)	4.202	(0.287)	3.915	4.202	(0.187)	4.015	0.100
Other	0.499	(0.106)	0.393	0.509	(0.126)	0.383	(0.010)
Total Non-Farebox Revenue	\$26.883	\$1.109	\$27.992	\$27.676	\$0.575	\$28.251	\$0.259
Total Operating Revenue	\$394.912	\$6.665	\$401.577	\$418.690	\$13.280	\$431.970	\$30.393
<u>Expense Detail:</u>							
Total Payroll	\$342.979	\$2.041	\$340.938	\$350.880	(\$9.299)	\$360.179	(\$19.241)
Fringe Benefits	145.717	2.366	143.351	156.329	(1.305)	157.634	(14.283)
Total Compensation	\$488.696	\$4.407	\$484.289	\$507.209	(\$10.604)	\$517.813	(\$33.524)
Inventory and Supplies	\$52.302	\$1.274	\$51.028	\$51.086	(\$3.295)	\$54.380	(\$3.352)
Insurance and Claims	22.764	0.553	22.211	25.897	0.708	25.189	(2.978)
Total Propulsion	42.074	(0.883)	42.957	43.137	(2.986)	46.123	(3.166)
Occupancy	27.098	(0.532)	27.630	27.915	(0.991)	28.906	(1.276)
Contract Services	35.534	6.890	28.644	38.719	(3.103)	41.822	(13.178)
Business Expense	20.400	(0.115)	20.515	20.752	(1.005)	21.757	(1.242)
Depreciation	145.809	0.000	145.809	156.145	0.000	156.145	(10.336)
Other	(21.715)	(2.360)	(19.355)	(23.463)	1.510	(24.973)	5.618
Additional Agency PEG	0.000	0.000	0.000	(5.550)	(5.550)	0.000	0.000
Total Non-Compensation Expenses	\$324.266	\$4.827	\$319.439	\$334.638	(\$14.712)	\$349.350	(\$29.910)
Total Operating Expenses	\$812.962	\$9.234	\$803.728	\$841.847	(\$25.315)	\$867.163	(\$63.434)

	Favorable / (Unfavorable)						2004 Preliminary vs 2003 Mid-Year
	Revised 2003 Budget	Adjustment	2003 Mid-Year Forecast	Revised 2004 Projection	Adjustment	2004 Preliminary Budget	
Total Cash Adjustment¹	\$120.071	\$5.633	\$125.704	\$163.505	(\$9.432)	\$154.073	\$28.369
Total Operating Cash Deficit	(\$297.979)	\$21.532	(\$276.447)	(\$259.652)	(\$21.468)	(\$281.120)	(\$4.672)
CDOT Subsidy	\$62.996	(\$6.654)	\$56.342	\$63.629	(\$11.912)	\$51.717	(\$4.625)
MTA Operating Cash Deficit	(\$234.983)	\$14.878	(\$220.105)	(\$196.023)	(\$33.380)	(\$229.403)	(\$9.297)

MNR-West Subsidy Payment²

\$11.594 (\$1.172) **\$10.422** **\$12.483** \$0.095 **\$12.578** \$2.156

¹ Total Cash Adjustment does not include CDOT subsidy.

² The MNR-West Subsidy Payment is included in the generic expense categories. It is isolated above for informational purposes only.

**MTA HEADQUARTERS
MULTI-YEAR FINANCIAL PLAN
2003 - 2004
(\$ in millions)**

Favorable / (Unfavorable)							
	Revised 2003 Budget	Adjustment	2003 Mid-Year Forecast	Revised 2004 Projection	Adjustment	2004 Preliminary Budget	2004 Preliminary vs 2003 Mid-Year
<u>Revenue Detail:</u>							
Rental Income	\$7.936	\$0.000	\$7.936	\$8.167	\$0.024	\$8.191	\$0.255
Data Center Billings	4.688	0.000	4.688	4.825	0.013	4.838	0.150
Other	3.815	0.000	3.815	3.926	0.011	3.937	0.122
Total Revenue	\$16.439	\$0.000	\$16.439	\$16.918	\$0.048	\$16.966	\$0.527
<u>Expense Detail:</u>							
Employee Salaries	\$103.321	(\$0.337)	\$103.658	\$107.701	\$0.673	\$107.028	(\$3.370)
Employee Benefits	31.178	(0.081)	31.259	32.499	(0.142)	32.641	(1.382)
Total Compensation	\$134.499	(\$0.418)	\$134.917	\$140.200	\$0.531	\$139.669	(\$4.752)
Employee Expenses	\$2.511	\$0.000	\$2.511	\$2.584	(\$0.008)	\$2.592	(\$0.081)
Temporary Services	0.165	0.000	0.165	0.170	0.000	0.170	(0.005)
Total Personnel Services	\$137.175	(\$0.418)	\$137.593	\$142.954	\$0.523	\$142.431	(\$4.838)
Professional Services	\$30.813	(\$5.275)	\$36.088	\$29.912	(\$5.483)	\$35.395	\$0.693
Insurance Expenses	2.259	0.000	2.259	3.148	(0.007)	3.155	(0.896)
Promotion, Marketing and Printing	1.983	0.000	1.983	2.041	(0.006)	2.047	(0.064)
Office Furniture and Equipment	3.749	0.000	3.749	3.858	(0.011)	3.869	(0.120)
Automotive Expenses	2.168	0.000	2.168	2.231	(0.007)	2.238	(0.070)
Maintenance and Repair (Non-Auto)	15.711	0.000	15.711	16.169	(0.047)	16.216	(0.505)
Supplies	1.005	0.000	1.005	1.034	(0.003)	1.037	(0.032)
Occupancy	1.346	0.000	1.346	1.385	(0.004)	1.389	(0.043)
Communications	2.997	0.000	2.997	3.085	(0.009)	3.094	(0.097)
Utilities	0.988	0.000	0.988	1.017	(0.003)	1.020	(0.032)
DP Equipment Rental	3.926	0.000	3.926	4.041	(0.012)	4.053	(0.127)
Equipment - Other	0.631	0.000	0.631	0.649	(0.002)	0.651	(0.020)
Public Hearings	0.450	0.000	0.450	0.463	(0.001)	0.464	(0.014)
Finance Expense	35.160	2.107	33.053	46.477	(1.116)	47.593	(14.540)
Total All Other Expenses	\$103.186	(\$3.168)	\$106.354	\$115.510	(\$6.711)	\$122.221	(\$15.867)
Total Gross Expenses Before Depreciation	\$240.361	(\$3.586)	\$243.947	\$258.464	(\$6.188)	\$264.652	(\$20.705)

	Favorable / (Unfavorable)						2004 Preliminary vs 2003 Mid-Year
	Revised 2003 Budget	Adjustment	2003 Mid-Year Forecast	Revised 2004 Projection	Adjustment	2004 Preliminary Budget	
<u>Adjustments and Totals:</u>							
Less: Expense Recovery	\$34.929	\$0.000	\$34.929	\$35.949	\$0.105	\$36.054	\$1.125
Total Net Expenses Before Depreciation	\$205.432	(\$3.586)	\$209.018	\$222.515	(\$6.083)	\$228.598	(\$21.830)
Depreciation	\$18.775	\$5.500	\$13.275	\$18.775	\$5.500	\$13.275	\$0.000
Total Net Operating Expenses	\$224.207	\$1.914	\$222.293	\$241.290	(\$0.583)	\$241.873	(\$21.830)
Total Operating Deficit	(\$207.768)	\$1.914	(\$205.854)	(\$224.372)	(\$0.535)	(\$224.907)	(\$19.053)
<u>Cash Adjustments:</u>							
Transfer from MRT-2	\$0.000	\$38.854	\$38.854	\$0.000	\$27.195	\$27.195	(\$11.659)
Payable/Receivables	0.000	0.000	0.000	7.458	0.000	7.458	7.458
Depreciation	18.775	(5.500)	13.275	18.775	(5.500)	13.275	0.000
Capital Expenses	(20.779)	0.000	(20.779)	(20.779)	0.000	(20.779)	0.000
Transfer to Stabilization Fund	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Reserve for Security Reimbursement	(23.153)	(15.701)	(38.854)	23.153	(50.348)	(27.195)	11.659
Total Cash Adjustments	(\$25.157)	\$17.653	(\$7.504)	\$28.607	(\$28.653)	(\$0.046)	\$7.458
Total Operating Cash Deficit	(\$232.925)	\$19.567	(\$213.358)	(\$195.765)	(\$29.188)	(\$224.953)	(\$11.595)

SUMMARY
MTA COMMUTER RAILROAD SUBSIDIES
MULTI-YEAR FINANCIAL PLAN
2003 - 2004
(\$ in millions)

	Favorable / (Unfavorable)						2004 Preliminary vs 2003 Mid-Year
	Revised 2003 Budget	Adjustment	2003 Mid-Year Forecast	Revised 2004 Projection	Adjustment	2004 Preliminary Budget	
<u>Available Accrued Subsidies:</u>							
Net B&T Accrued Current Year Allocation	\$195.3	\$5.1	\$200.4	\$197.7	\$23.5	\$221.2	\$20.8
State Operating Assistance	29.3	0.0	29.3	29.3	0.0	29.3	0.0
Federal Operating Assistance	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Local Operating Assistance	29.3	0.0	29.3	29.3	0.0	29.3	0.0
MMTOA Allocation (NYS Regional Taxes)	267.6	0.0	267.6	279.6	(5.9)	273.7	6.0
Gross PBT Receipts	71.9	0.0	71.9	78.6	0.0	78.6	6.7
Mortgage Recording Tax Transfer	(99.7)	(72.7)	(172.4)	(94.1)	(20.7)	(114.7)	57.7
Mortgage Recording Tax Gross Receipts	333.6	82.8	416.4	343.8	24.7	368.5	(47.9)
Station Maintenance	120.6	4.0	124.7	124.5	4.2	128.7	4.0
CDOT Subsidy	63.0	(6.7)	56.3	63.6	(11.9)	51.7	(4.6)
Investment Income	2.9	(1.1)	1.8	4.9	(2.5)	2.5	0.6
Additional Mass Transportation Assistance Program	5.5	0.0	5.5	0.0	0.0	0.0	(5.5)
Increased Governmental Assistance and Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Accrued Subsidies Available	\$1,019.3	\$11.5	\$1,030.8	\$1,057.2	\$11.4	\$1,068.6	\$37.8
<u>Available Cash Subsidies:</u>							
Net B&T Accrued Current Year Allocation	\$236.3	\$4.3	\$240.7	\$197.5	\$21.7	\$219.1	(\$21.5)
State Operating Assistance	29.3	0.0	29.3	29.3	0.0	29.3	0.0
Federal Operating Assistance	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Local Operating Assistance	29.3	0.0	29.3	29.3	0.0	29.3	0.0
MMTOA Allocation (NYS Regional Taxes)	262.9	4.8	267.6	279.6	(5.9)	273.7	6.0
Gross PBT Receipts	71.9	0.0	71.9	78.6	0.0	78.6	6.7
Mortgage Recording Tax Transfer	(99.7)	(72.7)	(172.4)	(94.1)	(20.7)	(114.7)	57.7
Mortgage Recording Tax Gross Receipts	333.6	82.8	416.4	343.8	24.7	368.5	(47.9)
Station Maintenance	120.6	1.2	121.7	124.4	1.2	125.7	3.9
CDOT Subsidy	63.0	(6.7)	56.3	63.6	(11.9)	51.7	(4.6)
Investment Income	2.9	(1.1)	1.9	4.9	(2.5)	2.5	0.6
Additional Mass Transportation Assistance Program	5.5	0.0	5.5	0.0	0.0	0.0	(5.5)
Increased Governmental Assistance and Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Stabilization Reserve	60.0	0.0	60.0	0.0	0.0	0.0	(60.0)
Total Cash Subsidies Available	\$1,115.5	\$12.7	\$1,128.1	\$1,056.9	\$6.6	\$1,063.5	(\$64.7)
Total Cash Flow Adjustments	\$96.2	\$1.2	\$97.3	(\$0.3)	(\$4.8)	(\$5.1)	(\$102.5)

MTA BRIDGES & TUNNELS
MULTI-YEAR FINANCIAL PLAN
2003 - 2004
(\$ in millions)

Favorable / (Unfavorable)							
	Revised 2003 Budget	Adjustment	2003 Mid-Year Forecast	Revised 2004 Projection	Adjustment	2004 Preliminary Budget	2004 Preliminary vs 2003 Mid-Year
<u>Income Detail:</u>							
Toll Revenue	\$986.822	\$7.607	\$994.429	\$1,082.094	\$11.774	\$1,093.868	\$99.439
Leased Facilities	6.733	37.289	44.022	7.308	27.675	34.983	(9.039)
Investment Income	6.450	0.000	6.450	6.450	0.000	6.450	0.000
Total Gross Income	\$1,000.005	\$44.896	\$1,044.901	\$1,095.852	\$39.449	\$1,135.301	\$90.400
<u>Compensation Expense Detail:</u>							
Straight Time Pay	\$102.805	\$0.136	\$102.669	\$104.048	(\$4.279)	\$108.327	(\$5.658)
Overtime Pay	23.439	(2.868)	26.307	23.794	0.306	23.488	2.819
Total Payroll	\$126.244	(\$2.732)	\$128.976	\$127.842	(\$3.973)	\$131.815	(\$2.839)
Fringe Benefits	\$38.023	\$0.515	\$37.508	\$41.181	(\$2.525)	\$43.706	(\$6.198)
Total Compensation Expenses	\$164.267	(\$2.217)	\$166.484	\$169.023	(\$6.498)	\$175.521	(\$9.037)
<u>Non-Compensation Expense Detail:</u>							
Outside Technical and Maintenance Services	\$93.771	\$0.318	\$93.453	\$102.247	\$18.077	\$84.170	\$9.283
Major Maintenance and Bridge Painting	54.592	0.000	54.592	51.945	4.067	47.878	6.714
2 Broadway Operating Expenses	9.588	0.011	9.577	9.879	0.136	9.743	(0.165)
Maintenance of Toll Equipment	7.552	0.773	6.779	7.646	0.846	6.800	(0.021)
Power	4.530	0.000	4.530	4.589	0.290	4.299	0.231
Supplies & Materials	8.098	(0.293)	8.391	8.211	0.365	7.846	0.545
Equipment Purchases	2.664	(0.098)	2.762	3.387	0.272	3.115	(0.353)
Insurance	9.339	0.000	9.339	9.443	0.000	9.443	(0.104)
All Other Expenses	3.334	0.038	3.296	3.306	(0.454)	3.760	(0.464)
Additional Agency PEG	0.000	0.000	0.000	(8.000)	(8.000)	0.000	0.000
Total Non-Compensation Expenses	\$193.468	\$0.749	\$192.720	\$192.653	\$15.599	\$177.054	\$15.665

	Favorable / (Unfavorable)						2004 Preliminary vs 2003 Mid-Year
	Revised 2003 Budget	Adjustment	2003 Mid-Year Forecast	Revised 2004 Projection	Adjustment	2004 Preliminary Budget	
Capital and Other Reimbursements	(\$39.101)	(\$31.191)	(\$7.910)	(\$29.511)	(\$20.962)	(\$8.549)	\$0.639
Total Operating Expenses	\$318.634	(\$32.659)	\$351.294	\$332.165	(\$11.861)	\$344.026	\$7.267
Net Operating Income	\$681.371	\$12.236	\$693.607	\$763.687	\$27.588	\$791.275	\$97.668
<u>Deductions from Net Operating Income:</u>							
Investment Income	\$6.450		\$6.450	\$6.450		\$6.450	
Total Debt Service	343.029		343.906	459.284		423.250	
Construction Reserve and Capital Reimbursement Funds	11.467		11.467	14.140		14.140	
Capital Projects	10.533		6.673	12.206		12.206	
Total Deductions from Net Operating Income	\$371.479	\$2.983	\$368.496	\$492.080	\$36.033	\$456.046	(\$87.551)
Net Income Available for Transfer to MTA and NYCT	\$309.892	\$15.220	\$325.111	\$271.607	\$63.621	\$335.229	\$10.117
<u>Distribution of Funds to MTA:</u>							
Investment Income in Current Year	\$6.450	\$0.000	\$6.450	\$6.450	\$0.000	\$6.450	\$0.000
Accrued Current Year Allocation	195.312	5.085	200.397	197.720	23.499	221.219	20.822
Total Accrued Amount Distributed to MTA	\$201.762	\$5.085	\$206.847	\$204.170	\$23.499	\$227.669	\$20.822
<u>Distribution of Funds to NYCT:</u>							
First \$24 million of Surplus reserved for NYCT	\$24.000	\$0.000	\$24.000	\$24.000	\$0.000	\$24.000	\$0.000
Additional Accrued Current Year Allocation	90.580	10.134	100.714	49.888	40.122	90.010	(10.705)
Total Accrued Amount Distributed to NYCT	\$114.580	\$10.134	\$124.714	\$73.888	\$40.122	\$114.010	(\$10.705)
<u>Actual Cash Transfer to MTA and NYCT:</u>							
From Current Year Surplus	\$236.339	\$4.346	\$240.686	\$197.479	\$21.658	\$219.137	(\$21.549)
Investment Income in Prior Year	14.727	0.000	14.727	6.450	0.000	6.450	(8.277)
Total Cash Amount Distributed to MTA	\$251.066	\$4.346	\$255.413	\$203.929	\$21.658	\$225.587	(\$29.826)
Total Cash Amount Distributed to NYCT	\$196.483	\$7.049	\$203.532	\$77.957	\$37.123	\$115.080	(\$88.452)

Favorable / (Unfavorable)						
Revised 2003 Budget	Adjustment	2003 Mid-Year Forecast	Revised 2004 Projection	Adjustment	2004 Preliminary Budget	2004 Preliminary vs 2003 Mid-Year
<u>Debt Service Detail by Agency:</u>						
B&T Own Purpose DS + Total BICs DS						
NYCT Transportation DS + MRT Second Resolution DS						
MTA Transportation DS + MRT Second Resolution DS						
Total Debt Service by Agency						
<u>Total Accrued Amount for Transfer to MTA and NYCT:</u>						
Total Adjusted Net Income Available for Transfer						
Less: B&T Total Debt Service						
Less: first \$24 million reserved for NYCT						
Remainder of Total Accrued Amount for Transfer						
<u>Calculation of Actual Cash Transfer to MTA:</u>						
Distribution of Remainder to MTA						
(1/2) of Remainder + Make-up of NYCT's BIC Debt Service						
Less: MTA Total Debt Service						
MTA's Accrued Current Year Allocation						
Cash Conversion of MTA's Accrued Amount						
Current Year Amount						
Balance of Prior Year						
Cash Transfer to MTA						

	Favorable / (Unfavorable)						
	Revised 2003 Budget	Adjustment	2003 Mid-Year Forecast	Revised 2004 Projection	Adjustment	2004 Preliminary Budget	2004 Preliminary vs 2003 Mid-Year
<u>Calculation of Actual Cash Transfer to NYCT:</u>							
Distribution of Remainder to NYCT							
(1/2) of Remainder + Make-up of MTA's BIC Debt Service	\$275.632	\$7.671	\$283.303	\$308.209	\$13.607	\$321.816	\$38.513
Less: NYCT Total Debt Service	(185.051)	2.463	(182.589)	(258.321)	26.515	(231.806)	(49.217)
Plus: first \$24 million reserved for NYCT	24.000	0.000	24.000	24.000	0.000	24.000	0.000
NYCT's Accrued Current Year Allocation	\$114.580	\$10.134	\$124.714	\$73.888	\$40.122	\$114.010	(\$10.705)
Cash Conversion of NYCT's Accrued Amount							
Current Year Amount	\$183.259	\$9.121	\$192.380	\$66.499	\$36.110	\$102.609	(\$89.771)
Balance of Prior Year	13.224	(2.071)	11.152	11.458	1.013	12.471	1.319
Cash Transfer to NYCT	\$196.483	\$7.049	\$203.532	\$77.957	\$37.123	\$115.080	(\$88.452)
<u>B & T Charged Debt Service Detail by Type:</u>							
Project Debt Service							
B & T Own Purpose Debt Service	\$77.658	(\$0.753)	\$78.411	\$90.473	(\$0.374)	\$90.848	(\$12.436)
NYCT Transportation Project Debt Service	185.051	2.463	182.589	258.321	26.515	231.806	(49.217)
MTA Transportation Project Debt Service	80.320	(2.586)	82.906	110.489	9.892	100.597	(17.691)
Total Project Debt Service	\$343.029	(\$0.877)	\$343.906	\$459.284	\$36.033	\$423.250	(\$79.345)
MRT Second Resolution Debt Service							
For the benefit of: NYCT	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
For the benefit of: MTA	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total MRT Second Resolution Debt Service	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Beneficial Interest Certificates							
For the benefit of: NYCT	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
For the benefit of: MTA	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total BIC Debt Service	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total B & T Charged Debt Service	\$343.029	(\$0.877)	\$343.906	\$459.284	\$36.033	\$423.250	(\$79.345)

**MTA STATEN ISLAND RAILWAY
MULTI-YEAR FINANCIAL PLAN
2003 - 2004
(\$ in millions)**

	Favorable / (Unfavorable)						2004 Preliminary vs 2003 Mid-Year
	Revised 2003 Budget	Adjustment	2003 Mid-Year Forecast	Revised 2004 Projection	Adjustment	2004 Preliminary Budget	
<u>Revenue Detail:</u>							
Farebox Revenue	\$3.277	(\$0.091)	\$3.186	\$3.476	(\$0.054)	\$3.422	\$0.236
City P&E Reimbursement	1.141	0.000	1.141	1.255	0.000	1.255	0.114
Other	0.600	0.000	0.600	0.600	0.000	0.600	0.000
Total Operating Revenue	\$5.018	(\$0.091)	\$4.927	\$5.331	(\$0.054)	\$5.277	\$0.350
Capital Reimbursements	\$1.376	\$0.000	\$1.376	\$0.700	\$0.100	\$0.800	(\$0.576)
TOTAL REVENUE	\$6.394	(\$0.091)	\$6.303	\$6.031	\$0.046	\$6.077	(\$0.226)
<u>Non-Reimbursable Expense Detail:</u>							
Salaries and Wages	\$16.060	\$0.000	\$16.060	\$16.328	\$0.133	\$16.195	(\$0.135)
Fringe Benefits	4.789	0.000	4.789	4.897	(0.360)	5.257	(0.468)
Electric Power	1.932	0.000	1.932	1.948	0.016	1.932	0.000
Maintenance Materials	0.834	0.000	0.834	0.849	0.006	0.843	(0.009)
Rentals and Miscellaneous	1.451	0.000	1.451	1.391	0.014	1.377	0.074
Public Liability	0.300	0.000	0.300	0.300	0.000	0.300	0.000
Additional Agency PEG	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Non-Reimbursable Expenses	\$25.366	\$0.000	\$25.366	\$25.713	(\$0.191)	\$25.904	(\$0.538)
Capital Expenses	\$1.376	\$0.000	\$1.376	\$0.700	(\$0.100)	\$0.800	\$0.576
TOTAL EXPENSES	\$26.742	\$0.000	\$26.742	\$26.413	(\$0.291)	\$26.704	\$0.038

Favorable / (Unfavorable)							
	Revised 2003 Budget	Adjustment	2003 Mid-Year Forecast	Revised 2004 Projection	Adjustment	2004 Preliminary Budget	2004 Preliminary vs 2003 Mid-Year
Net Operating Deficit Before Subsidies	(\$20.348)	(\$0.091)	(\$20.439)	(\$20.382)	(\$0.245)	(\$20.627)	(\$0.188)
Net Operating Deficit After Subsidies	\$0.007	(\$0.035)	(\$0.028)	(\$0.169)	\$0.025	(\$0.144)	(\$0.116)
<u>Conversion to Cash Basis:</u>							
Operating Cash Adjustment	(\$0.242)	(\$0.000)	(\$0.242)	\$0.169	(\$0.025)	\$0.144	\$0.386
Subsidy / Debt Service Cash Adjustment	(0.035)	0.035	0.000	0.000	0.000	0.000	(0.000)
Total Conversion to Cash Basis	(\$0.277)	\$0.034	(\$0.242)	\$0.169	(\$0.025)	\$0.144	\$0.386
Net Cash Balance from Previous Year	\$0.270	\$0.001	\$0.270	\$0.000	\$0.000	\$0.000	(\$0.270)
Net Cash Balance	\$0.000	(\$0.000)	(\$0.000)	(\$0.000)	\$0.000	\$0.000	\$0.000

SUMMARY
MTA STATEN ISLAND RAILWAYS SUBSIDIES
MULTI-YEAR FINANCIAL PLAN
2003 - 2004
(\$ in millions)

Favorable / (Unfavorable)							
	Revised 2003 Budget	Adjustment	2003 Mid-Year Forecast	Revised 2004 Projection	Adjustment	2004 Preliminary Budget	2004 Preliminary vs 2003 Mid-Year
<u>Available Accrued Subsidies:</u>							
State Operating Assistance	\$0.524	(\$0.032)	\$0.492	\$0.524	(\$0.032)	\$0.492	\$0.000
Dedicated Taxes (MMTOA)	1.529	(0.093)	1.436	1.616	(0.139)	1.477	0.041
City Operating Assistance	0.524	(0.032)	0.492	0.524	(0.032)	0.492	0.000
MTA	17.779	0.212	17.991	17.550	0.472	18.022	0.031
Total Accrued Subsidies Available	\$20.355	\$0.056	\$20.411	\$20.213	\$0.270	\$20.483	\$0.072
<u>Available Cash Subsidies:</u>							
State Operating Assistance	\$0.524	(\$0.032)	\$0.492	\$0.524	(\$0.032)	\$0.492	\$0.000
Dedicated Taxes (MMTOA)	1.494	(0.058)	1.436	1.616	(0.139)	1.477	0.041
City Operating Assistance	0.524	(0.032)	0.492	0.524	(0.032)	0.492	0.000
MTA	17.779	0.212	17.991	17.550	0.472	18.022	0.031
Total Cash Subsidies Available	\$20.320	\$0.091	\$20.411	\$20.213	\$0.270	\$20.483	\$0.072
Total Cash Flow Adjustments	(\$0.035)	\$0.035	\$0.000	\$0.000	\$0.000	\$0.000	(\$0.000)

**MTA LONG ISLAND BUS
MULTI-YEAR FINANCIAL PLAN
(\$ in millions)**

Favorable / (Unfavorable)							
	Revised 2003 Budget	Adjustment	2003 Mid-Year Forecast	Revised 2004 Projection	Adjustment	2004 Preliminary Budget	2004 Preliminary vs 2003 Mid-Year
<u>Revenue Detail:</u>							
Passenger - Fixed Route	\$33.728	\$0.444	\$34.172	\$35.753	\$0.797	\$36.550	\$2.378
Passenger - Paratransit	0.925	0.032	0.957	1.040	0.042	1.082	0.125
Advertising	0.961	0.000	0.961	1.101	0.000	1.101	0.140
All Other	0.196	(0.038)	0.158	0.197	(0.004)	0.193	0.035
Contract	1.668	(0.163)	1.505	2.141	(0.560)	1.581	0.076
Total Operating Revenue	\$37.478	\$0.275	\$37.753	\$40.232	\$0.275	\$40.507	\$2.754
<u>Expense Detail:</u>							
Labor	\$60.609	\$0.438	\$60.171	\$62.311	\$0.141	\$62.170	(\$1.999)
Fringe Benefits	18.340	1.852	16.488	20.187	(0.308)	20.495	(4.007)
Total Compensation Expenses	\$78.949	\$2.290	\$76.659	\$82.498	(\$0.167)	\$82.665	(\$6.006)
Professional Services	\$1.782	\$0.001	\$1.781	\$1.939	\$0.137	\$1.802	(\$0.021)
Maintenance Services	2.123	0.056	2.067	2.391	0.156	2.235	(0.168)
Operating Services	1.065	(0.005)	1.070	1.151	(0.011)	1.162	(0.092)
Fuel, Oil and Lubricants	4.872	(0.637)	5.509	5.029	(0.242)	5.271	0.238
Material	4.042	0.068	3.974	4.145	0.029	4.116	(0.142)
Supplies	1.220	(0.090)	1.310	1.311	(0.063)	1.374	(0.064)
Tires	0.417	(0.001)	0.418	0.435	(0.005)	0.440	(0.022)
Utilities	1.836	(0.086)	1.922	2.012	0.124	1.888	0.034
Communications	0.299	0.002	0.297	0.315	0.009	0.306	(0.009)
Claims	3.320	(0.060)	3.380	2.450	(0.175)	2.625	0.755
Insurance	0.011	0.000	0.011	0.011	(0.001)	0.012	(0.001)
Leases and Rentals	0.104	0.001	0.103	0.109	0.002	0.107	(0.004)
Other	0.431	0.072	0.359	0.389	(0.052)	0.441	(0.082)
Total Non-Compensation Expenses	\$21.522	(\$0.679)	\$22.201	\$21.687	(\$0.092)	\$21.779	\$0.422

	Favorable / (Unfavorable)						2004 Preliminary vs 2003 Mid-Year
	Revised 2003 Budget	Adjustment	2003 Mid-Year Forecast	Revised 2004 Projection	Adjustment	2004 Preliminary Budget	
Total Gross Expenses	\$100.471	\$1.611	\$98.860	\$104.185	(\$0.259)	\$104.444	(\$5.584)
Capital Reimbursements	(\$4.278)	(\$0.102)	(\$4.176)	(\$4.335)	\$0.000	(\$4.335)	\$0.159
Total Net Operating Expenses	\$96.193	\$1.509	\$94.684	\$99.850	(\$0.259)	\$100.109	(\$5.425)
Net Operating Deficit Before Subsidies	(\$58.715)	\$1.784	(\$56.931)	(\$59.618)	\$0.016	(\$59.602)	(\$2.671)
Net Operating Deficit After Subsidies	(\$0.673)	(\$0.535)	(\$1.209)	(\$4.252)	\$0.322	(\$3.930)	(\$2.722)
<u>Conversion to Cash Basis:</u>							
Operating Cash Adjustment	(\$0.488)	\$0.266	(\$0.222)	\$0.527	(\$0.322)	\$0.205	\$0.427
Subsidy / Debt Service Cash Adjustment	(0.509)	0.269	(0.240)	3.725	0.000	3.725	3.965
Total Conversion to Cash Basis	(\$0.997)	\$0.535	(\$0.462)	\$4.252	(\$0.322)	\$3.930	\$4.392
Net Cash Balance from Previous Year	\$1.670	(\$0.000)	\$1.670	\$0.000	\$0.000	\$0.000	(\$1.670)
Total Adjustments	\$0.673	\$0.535	\$1.209	\$4.252	(\$0.322)	\$3.930	\$2.722
Net Cash Balance	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000

SUMMARY
MTA LONG ISLAND BUS SUBSIDIES
MULTI-YEAR FINANCIAL PLAN
2003 - 2004
(\$ in millions)

	Favorable / (Unfavorable)						2004 Preliminary vs 2003 Mid-Year
	Revised 2003 Budget	Adjustment	2003 Mid-Year Forecast	Revised 2004 Projection	Adjustment	2004 Preliminary Budget	
<u>Available Accrued Subsidies:</u>							
Nassau County	\$8.311	\$0.000	\$8.311	\$8.311	\$0.000	\$8.311	\$0.000
State of New York	19.074	(0.000)	19.074	19.754	(0.338)	19.416	0.342
Additional Mass Transportation Assistance Program	14.901	0.000	14.901	0.000	0.000	0.000	(14.901)
MTA	15.756	(2.319)	13.436	27.301	0.644	27.945	14.508
Total Accrued Subsidies Available	\$58.042	(\$2.319)	\$55.722	\$55.366	\$0.306	\$55.672	(\$0.051)
<u>Available Cash Subsidies:</u>							
Nassau County	\$8.311	\$0.000	\$8.311	\$8.311	\$0.000	\$8.311	\$0.000
State of New York	18.805	0.269	19.074	19.754	(0.338)	19.416	0.342
Additional Mass Transportation Assistance Program	14.662	0.000	14.662	3.725	0.000	3.725	(10.936)
MTA	15.756	(2.319)	13.436	27.301	0.644	27.945	14.508
Total Cash Subsidies Available	\$57.533	(\$2.050)	\$55.483	\$59.091	\$0.306	\$59.397	\$3.914
Total Cash Flow Adjustments	(\$0.509)	\$0.269	(\$0.240)	\$3.725	\$0.000	\$3.725	\$3.965

**MMTOA STATE DEDICATED TAXES
MULTI-YEAR FINANCIAL PLAN
2003 - 2004
(\$ in millions)**

	Favorable / (Unfavorable)						2004 Preliminary vs 2003 Mid-Year
	Revised 2003 Budget	Adjustment	2003 Mid-Year Forecast	Revised 2004 Projection	Adjustment	2004 Preliminary Budget	
<u>Forecast of MMTOA Gross Receipts:</u>							
District Sales Tax	\$382.625	\$19.308	\$401.933	\$419.175	(\$20.843)	\$398.332	(\$3.601)
Petroleum Business Tax	122.600	(5.067)	117.533	125.475	(26.519)	98.956	(18.577)
Franchise Tax on Transmission/Transportation Companies	80.500	0.160	80.660	83.000	0.000	83.000	2.340
Franchise Business Tax Surcharge	449.650	11.570	461.220	469.400	13.409	482.809	21.589
Investment Income	0.000	6.681	6.681	0.000	0.587	0.587	(6.094)
Total Gross Receipts Available for Allocation	\$1,035.375	\$32.652	\$1,068.027	\$1,097.050	(\$33.366)	\$1,063.684	(\$4.343)
<u>Allocation of Total Gross Receipts to DownState:</u>							
Total Gross Receipts	\$1,035.375	\$32.652	\$1,068.027	\$1,097.050	(\$33.366)	\$1,063.684	(\$4.343)
Less: Upstate Share of Gross Oil Company Receipts / PBT	(55.170)	2.280	(52.890)	(56.464)	11.934	(44.530)	8.360
Less: Upstate Share of Investment Income	0.000	(0.333)	(0.333)	0.000	(0.025)	(0.025)	0.308
Total Net DownState Share Available for Allocation	\$980.205	\$34.599	\$1,014.804	\$1,040.586	(\$21.457)	\$1,019.129	\$4.325
Less: Used for 18-B/other	(161.093)	0.000	(161.093)	(161.093)	0.000	(161.093)	0.000
Adjusted Total Net DownState Share for Allocation	\$819.112	\$34.599	\$853.711	\$879.493	(\$21.457)	\$858.036	\$4.325

	Favorable / (Unfavorable)						
	Revised 2003 Budget	Adjustment	2003 Mid-Year Forecast	Revised 2004 Projection	Adjustment	2004 Preliminary Budget	2004 Preliminary vs 2003 Mid-Year
<u>Allocation of Total Net DownState Share to NYCT/SIR:</u>							
NYCT/SIR Share	61.12%		61.12%	61.12%		61.12%	
From Total Net DownState Share	\$599.134	\$21.148	\$620.282	\$636.041	(\$13.115)	\$622.926	\$2.643
18-B Adjustment	(146.395)	0.000	(146.395)	(146.395)	0.000	(146.395)	0.000
Adjusted Total Net DownState Share	\$452.739	\$21.148	\$473.887	\$489.646	(\$13.115)	\$476.531	\$2.643
From Carryover	0.000	(10.645)	(10.645)	0.000	0.000	0.000	10.645
Total NYCT/SIR Share of Net DownState Share	\$452.739	\$10.503	\$463.242	\$489.646	(\$13.115)	\$476.531	\$13.288
Total SIR Share	1.494	(0.058)	1.436	1.616	(0.139)	1.477	0.041
Total NYCT Share of Net DownState Share	\$451.245	\$10.561	\$461.806	\$488.030	(\$12.977)	\$475.054	\$13.247
<u>Allocation of Total Net DownState Share to MTA:</u>							
MTA Share	27.71%		27.71%	27.71%		27.71%	
From Total Net DownState Share	\$271.618	\$9.588	\$281.205	\$288.349	(\$5.946)	\$282.404	\$1.198
Less: Used for 18-B/other	(8.736)	0.000	(8.736)	(8.736)	0.000	(8.736)	0.000
Adjusted Total Net DownState Share	\$262.882	\$9.588	\$272.469	\$279.613	(\$5.946)	\$273.668	\$1.198
From Carryover	0.000	(4.826)	(4.826)	0.000	0.000	0.000	4.826
Total MTA Share of Net DownState Share	\$262.882	\$4.762	\$267.643	\$279.613	(\$5.946)	\$273.668	\$6.024

**MORTGAGE RECORDING TAX
MULTI-YEAR FINANCIAL PLAN
2003 - 2004
(\$ in millions)**

	Favorable / (Unfavorable)						2004 Preliminary vs 2003 Mid-Year
	Revised 2003 Budget	Adjustment	2003 Mid-Year Forecast	Revised 2004 Projection	Adjustment	2004 Preliminary Budget	
MORTGAGE RECORDING TAX #261-1							
<u>Receipts Available for Transfer to NYCT and CRs:</u>							
Total Gross Receipts	\$148.177	\$67.067	\$215.244	\$148.918	\$10.922	\$159.840	(\$55.404)
Less: MTAHQ Operating Deficit	(218.089)	1.914	(216.175)	(234.964)	(0.559)	(235.522)	(19.347)
Net Receipts Available for Transfer	(\$69.912)	\$68.981	(\$0.931)	(\$86.045)	\$10.363	(\$75.682)	(\$74.751)
<u>Allocation of Net Receipts to NYCT/SIR Account:</u>							
NYCT/SIR Share	55%		55%	55%		55%	
From Net Receipts	(\$38.452)	\$37.939	(\$0.512)	(\$47.325)	\$5.700	(\$41.625)	(\$41.113)
Less: B&T Special Debt Service	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Transfer from MRT-2	38.452	(37.939)	0.512	47.325	(5.700)	41.625	41.113
Total NYCT/SIR Net Cash Share	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total SIR Net Cash Share	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total NYCT Net Cash Share	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
<u>Allocation of Net Receipts to Commuter Railroad Account:</u>							
Commuter Railroad Share	45%		45%	45%		45%	
From Net Receipts	(\$31.460)	\$31.041	(\$0.419)	(\$38.720)	\$4.664	(\$34.057)	(\$33.638)
Less: B&T Special Debt Service	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Less: Suburban Debt Service	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Transfer from MRT-2	31.460	(31.041)	0.419	38.720	(4.664)	34.057	33.638
Total Commuter Railroad Net Cash Share	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000

	Favorable / (Unfavorable)						
	Revised 2003 Budget	Adjustment	2003 Mid-Year Forecast	Revised 2004 Projection	Adjustment	2004 Preliminary Budget	2004 Preliminary vs 2003 Mid-Year
MORTGAGE RECORDING TAX #261-2							
<u>Receipts Available for Transfer to NYCT and CRs:</u>							
Total Receipts to Corporate Account	\$126.133	\$54.584	\$180.716	\$126.763	\$18.204	\$144.967	(\$35.749)
Opening Fund Balance	159.269	0.000	159.269	100.000	0.000	100.000	(59.269)
Transfer to Agency Operating Accounts	0.000	(38.854)	(38.854)	(23.153)	(4.442)	(27.595)	11.259
Reserve for Following Year/Cash Flow Provision	(100.000)	0.000	(100.000)	(8.747)	0.000	(8.747)	91.253
Investment Income	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Receipts Available for Transfer	\$185.402	\$15.730	\$201.132	\$194.863	\$13.762	\$208.625	\$7.493
<u>Use of Total Receipts:</u>							
Less: Transfer to MTA DORF Account	(\$10.365)	(\$4.597)	(\$14.962)	(\$10.417)	(\$1.101)	(\$11.518)	\$3.444
Less: Transfer to MTAHQ Funds	(69.912)	68.981	(0.931)	(86.045)	10.363	(75.682)	(74.751)
Net Receipts Available for Debt Service	\$105.124	\$80.114	\$185.238	\$98.401	\$23.025	\$121.425	(\$63.813)
<u>Allocation of Net Receipts to NYCT/SIR Corporate Account:</u>							
Projected NYCT/SIR Share	85.00%		85.00%	85.00%		85.00%	
From Net Receipts	\$89.356	\$68.097	\$157.452	\$83.641	\$19.571	\$103.211	(\$54.241)
B&T Special Debt Service	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total NYCT/SIR Cash Share	\$89.356	\$68.097	\$157.452	\$83.641	\$19.571	\$103.211	(\$54.241)
Total SIR Cash Share	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total NYCT Cash Share	\$89.356	\$68.097	\$157.452	\$83.641	\$19.571	\$103.211	(\$54.241)
<u>Allocation of Net Receipts to CRs Corporate Account:</u>							
Projected Commuter Railroad Share	15.00%		15.00%	15.00%		15.00%	
From Net Receipts	\$15.769	\$12.017	\$27.786	\$14.760	\$3.454	\$18.214	(\$9.572)
B&T Special Debt Service	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Commuter Railroad Net Cash Share	\$15.769	\$12.017	\$27.786	\$14.760	\$3.454	\$18.214	(\$9.572)

**METROPOLITAN TRANSPORTATION AUTHORITY
SUMMARY OF DEDICATED TAX FUND PROJECTIONS
MULTI-YEAR FINANCIAL PLAN
2003 - 2004
(\$ in millions)**

Favorable / (Unfavorable)							
	Revised 2003 Budget	Adjustment	2003 Mid-Year Forecast	Revised 2004 Projection	Adjustment	2004 Preliminary Budget	2004 Preliminary vs 2003 Mid-Year
Total Net PBT Collections Available for Distribution	\$1,366.784	\$43.697	\$1,410.482	\$1,481.676	\$59.427	\$1,541.103	\$130.621
<u>Distribution Shares:</u>							
MTA Total	34.00%		34.00%	34.00%		34.00%	
Other Transit	3.00%		3.00%	3.00%		3.00%	
Highway Trust Fund	63.00%		63.00%	63.00%		63.00%	
General Fund	0.00%		0.00%	0.00%		0.00%	
Share Total	100.00%		100.00%	100.00%		100.00%	
<u>Amount of Total Net Collections Available for the MTA:</u>							
MTA Total	\$464.707	\$14.857	\$479.564	\$503.770	\$20.205	\$523.975	\$44.411
NYCT/SIR Share of MTA Total	407.629	\$0.000	407.629	445.379	\$0.000	445.379	37.750
Commuter Railroad Share of MTA Total	71.935	0.000	71.935	78.596	0.000	78.596	6.662
MTA Total of Net Collections	\$479.564	\$0.000	\$479.564	\$523.975	\$0.000	\$523.975	\$44.411

	Favorable / (Unfavorable)						
	Revised 2003 Budget	Adjustment	2003 Mid-Year Forecast	Revised 2004 Projection	Adjustment	2004 Preliminary Budget	2004 Preliminary vs 2003 Mid-Year
<u>NYCT/SIR Share of Dedicated Tax Fund Pledged Account:</u>							
From MMTOA	\$452.739	\$10.503	\$463.242	\$489.646	(\$13.115)	\$476.531	\$13.288
From PBT	407.629	0.000	407.629	445.379	0.000	445.379	37.750
Investment Income	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Cash Adjustment	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Gross Receipts	\$860.368	\$10.503	\$870.872	\$935.025	(\$13.115)	\$921.910	\$51.038
Less: Debt Service	(\$140.785)	(\$6.891)	(\$147.676)	(\$193.782)	(\$6.895)	(\$200.676)	(\$53.000)
Total Net Receipts	\$719.584	\$3.612	\$723.195	\$741.243	(\$20.010)	\$721.233	(\$1.962)
MMTOA Share of Net Receipts	\$452.739	\$10.503	\$463.242	\$489.646	(\$13.115)	\$476.531	\$13.288
PBT Share of Net Receipts	266.844	(6.891)	259.953	251.597	(6.895)	244.702	(15.251)
Other Share of Net Receipts	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<u>CRR Share of Dedicated Tax Fund Pledged Account:</u>							
From MMTOA	\$262.882	\$4.762	\$267.643	\$279.613	(\$5.946)	\$273.668	\$6.024
From PBT	71.935	0.000	71.935	78.596	0.000	78.596	6.662
Investment Income	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Cash Adjustment	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Gross Receipts	\$334.816	\$4.762	\$339.578	\$358.210	(\$5.946)	\$352.264	\$12.686
Less: Debt Service	(\$38.344)	\$1.079	(\$37.266)	(\$54.922)	\$0.820	(\$54.102)	(\$16.836)
Total Net Receipts	\$296.472	\$5.840	\$302.312	\$303.288	(\$5.126)	\$298.162	(\$4.150)
MMTOA Share of Net Receipts	\$262.882	\$4.762	\$267.643	\$279.613	(\$5.946)	\$273.668	\$6.024
PBT Share of Net Receipts	33.590	1.079	34.669	23.674	0.820	24.494	(10.175)
Other Share of Net Receipts	0.000	0.000	0.000	0.000	0.000	0.000	0.000

Favorable / (Unfavorable)							
	Revised 2003 Budget	Adjustment	2003 Mid-Year Forecast	Revised 2004 Projection	Adjustment	2004 Preliminary Budget	2004 Preliminary vs 2003 Mid-Year
<u>NYCT/SIR Share of Operating and Capital Account:</u>							
Net MMTOA	\$452.739	\$10.503	\$463.242	\$489.646	(\$13.115)	\$476.531	\$13.288
Net PBT	266.844	(6.891)	259.953	251.597	(6.895)	244.702	(15.251)
Other	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Cash Adjustment	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Available for NYCT/SIR	\$719.584	\$3.612	\$723.195	\$741.243	(\$20.010)	\$721.233	(\$1.962)
SIR Share	\$1.500	(\$0.100)	\$1.400	\$1.600	(\$0.100)	\$1.500	\$0.100
NYCT Net Share	\$718.084	\$3.712	\$721.795	\$739.643	(\$19.910)	\$719.733	(\$2.062)
<u>CRR Share of Operating and Capital Account:</u>							
Net MMTOA	\$262.882	\$4.762	\$267.643	\$279.613	(\$5.946)	\$273.668	\$6.024
Net PBT	33.590	1.079	34.669	23.674	0.820	24.494	(10.175)
Other	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Cash Adjustment	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Available for Commuter Railroads	\$296.472	\$5.840	\$302.312	\$303.288	(\$5.126)	\$298.162	(\$4.150)

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III. PRELIMINARY 2004 AGENCY BUDGETS

MTA BRIDGES AND TUNNELS

Metropolitan Transportation Authority
MTA Bridges and Tunnels
Reconciliation of 2004 Preliminary Budget with Revised 2003 Budget
(\$ in millions)

	Variance: favorable / (unfavorable)		
	2003	2004	Two-Year Total
Net Operating Income Target - Approved March 2003 Plan	\$681.4	\$728.3	\$1,409.7
<i>Eliminate Unspecified PEG for 2004 - March 2003 Plan</i>	<i>\$0.0</i>	<i>(\$8.0)</i>	<i>(\$8.0)</i>
Adjusted Net Operating Income - March 2003 Plan	\$681.4	\$720.3	\$1,401.7
2004 Unspecified PEG Now Identified	\$0.0	\$8.0	\$8.0
Additional Operating PEG (includes revenue)	<u>17.3</u>	<u>43.6</u>	<u>60.9</u>
Total Operating PEG	\$17.3	\$51.6	\$69.0
New Needs	<u>(\$5.1)</u>	<u>(\$16.0)</u>	<u>(\$21.1)</u>
Total New Needs and Other Adjustments	(\$5.1)	(\$16.0)	(\$21.1)
Baseline Net Operating Income - July 2003 Plan	\$693.6	\$755.9	\$1,449.6
<i>variance: compared with Approved March 2003 Plan</i>	<i>\$12.3</i>	<i>\$27.6</i>	<i>\$39.9</i>

MTA BRIDGES AND TUNNELS
TABLE 1 - 2003-2004 FINANCIAL PLAN
(\$ in thousands)

	Revised 2003 Budget	2003 Mid-Year Forecast	Variance: Favorable/ (Unfavorable)	Revised 2004 Projection	2004 Preliminary Budget	Variance: Favorable/ (Unfavorable)
Revenues						
Toll Revenue	986,822	994,429	7,607	1,046,724	1,058,498	11,774
Other Income	6,733	44,022	37,289	7,308	34,983	27,675
Interest Income	6,450	6,450	0	6,450	6,450	0
Total Revenues	1,000,005	1,044,901	44,896	1,060,482	1,099,931	39,449
Personnel Expenses						
Employee Salaries-Regular	102,805	102,669	136	104,048	108,327	(4,279)
Employee Salaries-Overtime	23,439	26,307	(2,868)	23,794	23,488	306
Fringe Benefits	38,023	37,508	515	41,181	43,706	(2,525)
Total Personnel Expenses	164,267	166,484	(2,217)	169,023	175,521	(6,498)
Other than Personnel Services						
Outside Technical & Maintenance Services	93,771	93,453	318	102,247	84,170	18,077
Bridge Painting	29,500	29,500	0	29,000	19,500	9,500
Major Maintenance	25,092	25,092	0	22,945	28,378	(5,433)
2 Broadway Operating Expenses	9,588	9,577	11	9,879	9,743	136
Maint. of Toll Equipment	7,552	6,779	773	7,646	6,800	846
Power	4,530	4,530	0	4,589	4,299	290
Supplies	4,681	5,020	(339)	4,829	4,632	197
Equipment Purchases	2,664	2,762	(98)	3,387	3,115	272
Maintenance Materials	3,417	3,371	46	3,382	3,214	168
Insurance	9,339	9,339	0	9,443	9,443	0
Other	3,334	3,296	38	3,306	3,760	(454)
Total Other Than Personnel	193,468	192,720	748	200,653	177,054	23,599
Total Operating Expenses	357,735	359,204	(1,469)	369,676	352,575	17,101
Less: Capital & Other Reimbursements	39,101	7,910	(31,191)	29,511	8,549	(20,962)
Net Operating Expenses	318,634	351,294	(32,660)	340,165	344,026	(3,861)
Net Operating Income	681,371	693,607	12,236	720,317	755,905	35,588
Total Revenues	1,000,005	1,044,901	44,896	1,060,482	1,099,931	39,449
Net Operating Expenses	318,634	351,294	(32,660)	340,165	344,026	(3,861)
Net Operating Income	681,371	693,607	12,236	720,317	755,905	35,588
Additional Agency PEG	0	0	0	8,000	0	(8,000)
Net Operating Income	681,371	693,607	12,236	728,317	755,905	27,588

MTA BRIDGES AND TUNNELS
TABLE 1 - 2003-2004 FINANCIAL PLAN
(\$ in thousands)

	Revised 2003 Budget	2003 Mid-Year Forecast	Variance: Favorable/ (Unfavorable)	Revised 2004 Projection	2004 Preliminary Budget	Variance: Favorable/ (Unfavorable)
Net Operating Income	681,371	693,607	12,236	728,317	755,905	27,588
<u>Deductions from Operating Income:</u>						
Capitalized Assets	10,533	6,673	3,860	12,206	12,206	0
Reserves	11,467	11,467	0	14,140	14,140	0
Debt Service	343,029	343,906	(877)	459,283	423,251	36,032
Total Deduction from Operating Income	365,029	362,046	2,983	485,629	449,597	36,032
Income Available For Distribution	316,342	331,561	15,219	242,688	306,308	63,620
Distributable To:						
M.T.A. - Investment Income	6,450	6,450	0	6,450	6,450	0
M.T.A. - Distributable Income	195,312	200,397	5,085	180,035	203,533	23,498
N.Y.C.T. - Distributable Income	114,580	124,714	10,134	56,203	96,325	40,122
Total Distributable Income	316,342	331,561	15,219	242,688	306,308	63,620
Actual Cash Transfers:						
M.T.A. - Investment Income	14,727	14,727	0	6,450	6,450	0
M.T.A. - Transfers	236,110	240,686	4,576	181,563	203,220	21,657
N.Y.C.T. - Transfers	194,411	203,532	9,121	62,041	99,164	37,123
Total Cash Transfers	445,249	458,946	13,697	250,053	308,833	58,780
<u>ADJUSTED NET OPERATING INCOME</u>						
Total Revenues	1,000,005	1,044,901	44,896	1,060,482	1,099,931	39,449
Less: Investment Income	6,450	6,450	0	6,450	6,450	0
Net Operating Expenses	318,634	351,294	(32,660)	340,165	344,026	(3,861)
Capitalized Assets	10,533	6,673	3,860	12,206	12,206	0
Reserves	11,467	11,467	0	14,140	14,140	0
Total Deduction from Net Operating Income:	347,084	375,884	(28,800)	372,961	376,822	(3,861)
Adjusted Net Operating Income	652,921	669,017	16,096	687,521	723,109	35,588
Additional Agency PEG	0	0	0	8,000	0	(8,000)
Adj Net Operating Inc with GAP Closing	652,921	669,017	16,096	695,521	723,109	27,588

MTA BRIDGES AND TUNNELS
TABLE 1 - 2003-2004 FINANCIAL PLAN
(\$ in thousands)

	Revised 2003 Budget	2003 Mid-Year Forecast	Variance: Favorable/ (Unfavorable)	Revised 2004 Projection	2004 Preliminary Budget	Variance: Favorable/ (Unfavorable)
Adj Net Operating Inc with GAP Closing	652,921	669,017	16,096	695,521	723,109	27,588
<u>SUPPORT TO MASS TRANSIT</u>						
Total Revenues	1,000,005	1,044,901	44,896	1,060,482	1,099,931	39,449
Less: Net Operating Expenses	318,634	351,294	(32,660)	340,165	344,026	(3,861)
Additional Agency PEG	0	0	0	8,000	0	(8,000)
Net Operating Income	681,371	693,607	12,236	728,317	755,905	27,588
Deductions from Operating Income:						
B&T Debt Service	77,658	78,411	(753)	90,473	90,848	(375)
Capitalized Assets	10,533	6,673	3,860	12,206	12,206	0
Reserves	11,467	11,467	0	14,140	14,140	0
Total Deductions from Operating Income:	99,658	96,551	3,107	116,819	117,194	(375)
Total Available for Mass Transit	581,713	597,056	15,343	611,498	638,711	27,213

MTA BRIDGES AND TUNNELS
TABLE 1 - 2003-2004 FINANCIAL PLAN
(\$ in thousands)

Reconciliation of Revised 2003 Budget to 2003 Mid-Year Forecast

	Revised 2003 Budget	2003 Mid-Year Forecast	Variance: Favorable/ (Unfavorable)	Variance	Variance Explanations
<u>Revenues</u>					
Toll Revenue	\$986,822	\$994,429	\$7,607	\$7,607	Higher toll revenues resulting from greater than planned traffic levels through mid-June are expected to continue (\$8,786K) except at the Verrazano-Narrows Bridge where the expected lifting of restrictions in July 2003 on 2- and 3-axle trucks at the Holland Tunnel will result in lower truck traffic (-\$1,179K).
Other Income	\$6,733	\$44,022	\$37,289	\$25,804	Reclassification of 2003 security-related reimbursements from Capital & Other Reimbursements.
				\$10,500	Reclassification of 2002 security-related reimbursements from Capital & Other Reimbursements.
				\$1,140	Increase in miscellaneous E-ZPass fees associated with the tag replacement program and collections on revoked accounts.
				\$345	Income from fees paid by the Port Authority for B&T E-ZPass Plus customer usage at the three metropolitan area airport parking lots.
				(\$500)	Lower daily receipts from parking fees at the Battery Parking Garage.
Interest Income	\$6,450	\$6,450	\$0	\$0	No change in 2003
<u>Total Revenues</u>	\$1,000,005	\$1,044,901	\$44,896		
<u>Personnel Expenses</u>					
Employee Salaries-Regular	\$102,805	\$102,669	\$136	\$470	Re-estimate of salary and wage increases for represented and non-represented employees.
				(\$311)	Salaries for the hire of 35 BTOs for perimeter security for field deployment by the fourth quarter of 2003. (Offset by corresponding savings in overtime and fringe benefits - see below.)
				(\$23)	Other
Employee Salaries-Overtime	\$23,439	\$26,307	(\$2,868)	\$885	Overtime savings from the hire of 35 BTOs for perimeter security for field deployment by the fourth quarter of 2003.
				\$246	The result of re-estimated salary and wage increases on overtime for represented and non-represented employees.
				(\$3,997)	Additional overtime expenditures primarily due to unbudgeted orange and yellow alert status. (Orange alert was budgeted at 36 days; the revised budget increases to 87 orange alert days).
				(\$2)	Other

MTA BRIDGES AND TUNNELS
TABLE 1 - 2003-2004 FINANCIAL PLAN
(\$ in thousands)

	Revised 2003 Budget	2003 Mid-Year Forecast	Variance: Favorable/ (Unfavorable)	Variance	Variance Explanations
Fringe Benefits	\$38,023	\$37,508	\$515		
				\$672	The result of re-estimated salary and wage increases on fringe benefits for represented and non-represented employees.
				\$353	Revised estimate for pension expenditures from NYCERS based on actuals through June 2003.
				(\$400)	Fringe benefits for overtime expenditures due to increased orange and yellow alert status.
				(\$20)	Increase in fringe benefits from the hire of 35 BTOs for perimeter security.
				(\$90)	Other
Total Personnel Expenses	\$164,267	\$166,484	(\$2,217)		
<u>Other Than Personnel Exp.</u>					
Outside Tech. & Maint. Services	\$93,771	\$93,453	\$318		
				\$384	Lower expenditures for E-ZPass tags that resulted from an analysis of new account growth rates, tags returned, existing inventories, and tags needed for the B&T E-ZPass tag swap program.
				\$369	Re-estimate of B&T's preventive maintenance for electrical distribution systems.
				\$339	Revised estimate for bond insurance fees.
				\$234	Savings realized from planning studies including Environmental Assessment and Origin and Destination studies.
				(\$902)	Increase in credit card fee expenditures associated with both E-ZPass and E-ZPass Plus programs.
				(\$106)	Other
Bridge Painting	\$29,500	\$29,500	\$0	\$0	No change in 2003.
Major Maintenance	\$25,092	\$25,092	\$0	\$0	No change in 2003.
2 Broadway Operating Exp.	\$9,588	\$9,577	\$11	\$11	Decrease in 2 Broadway miscellaneous expenditures.
Maint. of Toll Equipment	\$7,552	\$6,779	\$773		
				\$694	A new contract for toll equipment maintenance has resulted in lower than planned expenditures.
				\$79	Other
Power	\$4,530	\$4,530	\$0	\$0	No change in 2003.

MTA BRIDGES AND TUNNELS
TABLE 1 - 2003-2004 FINANCIAL PLAN
(\$ in thousands)

	Revised 2003 Budget	2003 Mid-Year Forecast	Variance: Favorable/ (Unfavorable)	Variance	Variance Explanations
Supplies	\$4,681	\$5,020	(\$339)		
				(\$265)	Increase in purchase of firearms, clothing and equipment related to the hiring of additional security staff.
				(\$147)	Revised estimate for procurement credit card-related purchases.
				\$73	Other
Equipment Purchases	\$2,664	\$2,762	(\$98)		
				(\$200)	Revised estimate for automotive equipment.
				\$44	Revised estimate for security surveillance equipment.
				\$58	Other
Maintenance Materials	\$3,417	\$3,371	\$46		
				\$56	Lower expenditures for traffic cones based on current inventory.
				(\$10)	Other
Insurance	\$9,339	\$9,339	\$0		
				\$0	No change in 2003.
Other	\$3,334	\$3,296	\$38		
				\$99	Savings in photo and reproduction services and publications.
				\$40	Savings in postage.
				\$36	Savings in mail/delivery services.
				\$29	Re-estimate in the amount of advertising.
				(\$339)	Increase in miscellaneous E-ZPass expenditures.
				\$173	Other
Total OTPS	\$193,468	\$192,720	\$748		
<u>Capital & Other Reimb.</u>					
Capital & Other Reimbursements	\$39,101	\$7,910	\$31,191	\$31,191	Reimbursement for security expenditures moved to Other Income.
Net Operating Expenses	\$318,634	\$351,294	\$32,660		
NET OPERATING INCOME	\$681,371	\$693,607	\$12,236		

MTA BRIDGES AND TUNNELS
TABLE 1 - 2003-2004 FINANCIAL PLAN
(\$ in thousands)

Reconciliation of Revised 2004 Projection to 2004 Preliminary Budget

	Revised 2004 Projection	2004 Preliminary Budget	Variance: Favorable/ (Unfavorable)	Variance	Variance Explanations
<u>Revenues</u>					
Toll Revenue	\$1,046,724	\$1,058,498	\$11,774	\$11,774	Higher toll revenues resulting from greater than planned traffic levels through mid-June 2003 are expected to continue (\$14,131K) except at the Verrazano-Narrows Bridge where the expected lifting of restrictions in July 2003 on 2- and 3-axle trucks at the Holland Tunnel will result in lower truck traffic (-\$2,357K)
Other Income	\$7,308	\$34,983	\$27,675	\$26,195	Reclassification of 2004 security-related reimbursements from Capital & Other Reimbursements.
				\$1,140	Increase in miscellaneous E-ZPass fees associated with the tag replacement program and collections on revoked accounts.
				\$840	Income from fees paid by the Port Authority for B&T E-ZPass Plus customer usage at the three metropolitan area airport parking lots.
				(\$500)	Lower daily receipts from parking fees at the Battery Parking Garage.
Interest Income	\$6,450	\$6,450	\$0	\$0	No change in 2004
Total Revenues	\$1,060,482	\$1,099,931	\$39,449		
<u>Personnel Expenses</u>					
Employee Salaries-Regular	\$104,048	\$108,327	(\$4,279)	\$106	Lower Temp BTO salaries associated with BTO training relief.
				(\$2,208)	Hiring of 61 personnel for security positions, which is partially offset by savings in overtime and fringe benefits (see below).
				(\$1,336)	Re-estimate of future wage increases for represented and non-represented employees.
				(\$720)	Step-up increases for 2002 BTO hires.
				(\$79)	Salary for one Network Security Analyst to meet the additional requirements that are being developed through an MTA all-agency network security policy.
				(\$50)	Salary for one Accountant to assist with new accounting requirements including producing quarterly financial statements.
				\$8	Other

MTA BRIDGES AND TUNNELS
TABLE 1 - 2003-2004 FINANCIAL PLAN
(\$ in thousands)

	Revised 2004 Projection	2004 Preliminary Budget	Variance: Favorable/ (Unfavorable)	Variance	Variance Explanations
Employee Salaries-Overtime	\$23,794	\$23,488	\$306	\$5,188 (\$4,217) (\$684) (\$256) \$275	Savings from converting overtime into 61 additional security positions. Higher overtime for additional orange and additional yellow alert status. Higher BTO overtime associated with BTO training relief. The result of re-estimated salary and wage increases on overtime for represented and non-represented employees. Other
Fringe Benefits	\$41,181	\$43,706	(\$2,525)	\$882 \$519 (\$843) (\$544) (\$422) (\$275) (\$50) (\$1,792)	Revised estimate for 2004 pension expenditures. Savings in fringe benefits from converting overtime into 61 additional security positions. Fringe benefits associated with the salaries for 61 additional security personnel. Fringe benefits associated with the re-estimation of future wage increases for represented and non-represented employees. Fringe benefits for additional orange and additional yellow alert overtime. Fringe benefits for step-up increases for 2002 BTO hires. Fringe benefits for two new positions. Fringe rate increases for medical expenses (for all other employees not incorporated above), based on NYSHIP estimates.
Total Personnel Expenses	\$169,023	\$175,521	(\$6,498)		
<u>Other Than Personnel Exp.</u>					
Outside Tech. & Maint. Service	\$102,247	\$84,170	\$18,077	\$16,620 \$2,981 (\$1,667) \$143	Lower expenditures for E-ZPass tags that resulted from an analysis of new account growth rates, tags returned, existing inventories, and tags needed for the B&T E-ZPass tag swap program. B&T's share of expenditures to operate the E-ZPass New York Customer Service Center are projected to be lower than originally planned. Increase in credit card fee expenditures associated with both the E-ZPass and E-ZPass Plus programs. Other
Bridge Painting	\$29,000	\$19,500	\$9,500	\$9,500	Painting rescheduled at Throgs Neck Bridge until cable rewrapping capital project is completed.
Major Maintenance	\$22,945	\$28,378	(\$5,433)	(\$5,433)	Increases in various major maintenance projects.
2 Broadway Operating Exp.	\$9,879	\$9,743	\$136	\$136	Decrease in 2 Broadway miscellaneous expenditures.

MTA BRIDGES AND TUNNELS
TABLE 1 - 2003-2004 FINANCIAL PLAN
(\$ in thousands)

	Revised 2004 Projection	2004 Preliminary Budget	Variance: Favorable/ (Unfavorable)	Variance	Variance Explanations
Maint. of Toll Equipment	\$7,646	\$6,800	\$846	\$839	A new contract for toll equipment maintenance has resulted in lower than planned expenditures.
				\$7	Other
Power	\$4,589	\$4,299	\$290	\$276	Lower expected electrical expenditures from the New York Power Authority (NYPA).
				\$14	Other
Supplies	\$4,829	\$4,632	\$197	\$93	Lower expected expenditures for fuel oil and auto parts.
				\$104	Other
Equipment Purchases	\$3,387	\$3,115	\$272	\$136	Reduction in computer hardware purchases.
				\$56	Reduction in purchase of office equipment.
				\$45	Savings in furniture expenditures.
				\$35	Other
Maintenance Materials	\$3,382	\$3,214	\$168	\$44	Savings in general maintenance materials.
				\$53	Savings in purchases for hardware, tools and HVAC materials.
				\$71	Other
Insurance	\$9,443	\$9,443	\$0	\$0	No change in 2004.
Other	\$3,306	\$3,760	(\$454)	\$93	Re-estimate in the amount of advertising.
				\$73	Savings in miscellaneous communications expenditures.
				\$39	Savings in mail/delivery services.
				(\$339)	Increase in miscellaneous E-ZPass expenditures.
				(\$311)	Increase in expenditures for an emergency back-up phone system.
				\$30	Other
Total OTPS	\$200,653	\$177,054	\$23,599		

MTA BRIDGES AND TUNNELS
TABLE 1 - 2003-2004 FINANCIAL PLAN
(\$ in thousands)

	Revised 2004 Projection	2004 Preliminary Budget	Variance: Favorable/ (Unfavorable)
<u>Capital & Other Reimb.</u>			
Capital & Other Reimbursements	\$29,511	\$8,549	\$20,962
Net Operating Expenses	\$340,165	\$344,026	\$3,861
Additional Agency PEG	\$8,000	\$0	(\$8,000)
NET OPERATING INCOME	\$728,317	\$755,905	\$27,588

Variance	Variance Explanations
\$20,962	Reimbursement for security expenditures moved to Other Income.
(\$8,000)	PEG incorporated in 2004 revenues and expenses.

MTA Bridges and Tunnels
Plan-to-Plan Changes *
Favorable / (Unfavorable)
(\$ in millions)

	<u>2003</u>	<u>2004</u>	<u>Total</u>
Operating Surplus Transfer - Approved March Plan	\$432.8	\$275.4	\$708.3
Toll Revenue	7.6	11.8	19.4
Other Revenue	37.3	27.7	65.0
Expenses	(1.5)	9.1	7.6
Other Charges	(31.2)	(21.0)	(52.2)
B&T Debt Service	(0.8)	(0.4)	(1.1)
Debt Service for the Benefit of Mass Transit	(0.1)	36.4	36.3
Other	0.0	(4.9)	(4.9)
Operating Surplus Transfer - July Plan	\$444.2	\$334.2	\$778.4

* This includes New Needs (\$21.1 million) and PEGs (\$68.9 million), resulting in a net benefit of \$47.8 million.

MTA BRIDGES AND TUNNELS
TABLE 1 - 2002-2004 FINANCIAL PLAN
(\$ in thousands)

	2002 Actuals	2003 Mid-Year Forecast	Variance: Favorable/ (Unfavorable)	2004 Preliminary Budget	Variance: Favorable/ (Unfavorable)
<u>Revenues</u>					
Toll Revenue	933,134	994,429	61,295	1,058,498	64,069
Other Income	6,627	44,022	37,395	34,983	(9,039)
Interest Income	14,727	6,450	(8,277)	6,450	0
Total Revenues	954,488	1,044,901	90,413	1,099,931	55,030
<u>Personnel Expenses</u>					
Employee Salaries-Regular	94,029	102,669	(8,640)	108,327	(5,658)
Employee Salaries-Overtime	24,726	26,307	(1,581)	23,488	2,819
Fringe Benefits	31,668	37,508	(5,840)	43,706	(6,198)
Total Personnel Expenses	150,423	166,484	(16,061)	175,521	(9,037)
<u>Other than Personnel Services</u>					
Outside Technical & Maintenance Services	78,224	93,453	(15,229)	84,170	9,283
Bridge Painting	20,591	29,500	(8,909)	19,500	10,000
Major Maintenance	14,172	25,092	(10,920)	28,378	(3,286)
2 Broadway Operating Expenses	10,006	9,577	429	9,743	(166)
Maint. of Toll Equipment	6,670	6,779	(109)	6,800	(21)
Power	4,006	4,530	(524)	4,299	231
Supplies	4,522	5,020	(498)	4,632	389
Equipment Purchases	3,088	2,762	326	3,115	(353)
Maintenance Materials	2,419	3,371	(952)	3,214	157
Insurance	10,633	9,339	1,294	9,443	(104)
Other	4,898	3,296	1,602	3,760	(464)
Total Other Than Personnel	159,229	192,720	(33,491)	177,054	15,665
Total Operating Expenses	309,652	359,204	(49,552)	352,575	6,628
Less: Capital & Other Reimbursements	9,456	7,910	1,546	8,549	(639)
Net Operating Expenses	300,196	351,294	(51,098)	344,026	7,267
Net Operating Income	654,292	693,607	39,315	755,905	62,297
Total Revenues	954,488	1,044,901	90,413	1,099,931	55,030
Net Operating Expenses	300,196	351,294	(51,098)	344,026	7,267
Net Operating Income	654,292	693,607	39,315	755,905	62,297
Additional Agency PEG	0	0	0	0	0
Net Operating Income	654,292	693,607	39,315	755,905	62,297

MTA BRIDGES AND TUNNELS
TABLE 1 - 2002-2004 FINANCIAL PLAN
(\$ in thousands)

	2002 Actuals	2003 Mid-Year Forecast	Variance: Favorable/ (Unfavorable)	2004 Preliminary Budget	Variance: Favorable/ (Unfavorable)
Net Operating Income	654,292	693,607	39,315	755,905	62,297
<u>Deductions from Operating Income:</u>					
Capitalized Assets	5,132	6,673	(1,541)	12,206	(5,533)
Reserves	6,670	11,467	(4,797)	14,140	(2,673)
Debt Service	379,560	343,906	35,654	423,251	(79,345)
Total Deduction from Operating Income	391,362	362,046	29,316	449,597	(87,551)
Income Available For Distribution	262,930	331,561	68,631	306,308	(25,254)
Distributable To:					
M.T.A. - Investment Income	14,727	6,450	(8,277)	6,450	0
M.T.A. - Distributable Income	144,241	200,397	56,157	203,533	3,136
N.Y.C.T. - Distributable Income	103,963	124,714	20,752	96,325	(28,390)
Total Distributable Income	262,930	331,561	68,631	306,308	(25,254)
Actual Cash Transfers:					
M.T.A. - Investment Income	23,772	14,727	(9,045)	6,450	(8,277)
M.T.A. - Transfers	145,520	240,638	(95,118)	203,219	37,419
N.Y.C.T. - Transfers	105,499	203,495	(97,996)	99,164	104,331
Total Cash Transfers	274,791	458,860	(202,159)	308,833	133,473
<u>ADJUSTED NET OPERATING INCOME</u>					
Total Revenues	954,488	1,044,901	90,413	1,099,931	55,030
Less: Investment Income	14,727	6,450	(8,277)	6,450	0
Net Operating Expenses	300,196	351,294	(51,098)	344,026	7,267
Capitalized Assets	5,132	6,673	(1,541)	12,206	(5,533)
Reserves	6,670	11,467	(4,797)	14,140	(2,673)
Total Deduction from Net Operating Income	326,725	375,884	(49,159)	376,822	(939)
Adjusted Net Operating Income	627,763	669,017	41,254	723,109	54,091
Additional Agency PEG	0	0	0	0	0
Adj Net Operating Inc with GAP Closing	627,763	669,017	41,254	723,109	54,091

MTA BRIDGES AND TUNNELS
TABLE 1 - 2002-2004 FINANCIAL PLAN
(\$ in thousands)

	2002 Actuals	2003 Mid-Year Forecast	Variance: Favorable/ (Unfavorable)	2004 Preliminary Budget	Variance: Favorable/ (Unfavorable)
Adj Net Operating Inc with GAP Closing	627,763	669,017	41,254	723,109	54,091
<u>SUPPORT TO MASS TRANSIT</u>					
Total Revenues	954,488	1,044,901	90,413	1,099,931	55,030
Less: Net Operating Expenses	300,196	351,294	(51,098)	344,026	7,267
Additional Agency PEG	0	0	0	0	0
Net Operating Income	654,292	693,607	39,315	755,905	62,297
Deductions from Operating Income:					
B&T Debt Service	114,276	78,411	35,865	90,848	(12,437)
Capitalized Assets	5,132	6,673	(1,541)	12,206	(5,533)
Reserves	6,670	11,467	(4,797)	14,140	(2,673)
Total Deductions from Operating Income:	126,078	96,551	29,527	117,194	(20,643)
Total Available for Mass Transit	528,214	597,056	68,842	638,711	41,654

MTA Bridges and Tunnels

2003-2004 July Plan Submission

Program to Eliminate the Gap (PEGs)

(Dollars in Thousands)

	<i>Favorable/(Unfavorable) (*)</i>	
	2003 Mid-Year Forecast	2004 Preliminary Budget
<u>Administration</u>		
♦ Net increase in miscellaneous E-ZPass fees associated with the tag replacement program and collections on revoked accounts.	\$1,101	\$1,101
♦ Net income from fees paid by the Port Authority for B&T E-ZPass Plus customer usage at the three metropolitan area airport parking lots.	\$108	\$249
♦ Re-estimate of salary and wage increases for represented and non-represented employees.	\$1,388	\$0
♦ Lower expenditures for E-ZPass tags that resulted from an analysis of new account growth rates, tags returned, existing inventories, and tags needed for the B&T E-ZPass tag swap program.	\$384	\$16,620
♦ B&T's share of costs to operate the E-ZPass New York Customer Service Center are projected to be lower than originally planned.	\$0	\$2,981
♦ Timing and Other Adjustments	\$5,462	\$5,885
<i>Subtotal Administration:</i>	\$8,443	\$26,836
<u>Maintenance</u>		
♦ A new contract for toll equipment maintenance has resulted in lower than planned costs.	\$694	\$839
♦ Rescheduling of Throgs Neck Bridge painting to coincide with the completion of the cable re-wrapping capital project.	\$0	\$9,500
<i>Subtotal Maintenance:</i>	\$694	\$10,339
<u>Safety and Security</u>		
♦ Security deployment efficiencies.	\$554	\$2,657
<i>Subtotal Safety and Security:</i>	\$554	\$2,657
<u>Revenue</u>		
♦ Higher toll revenues resulting from greater than planned traffic levels through mid-June are expected to continue (\$8,786K in 2003 and \$14,131K in 2004) except at the Verrazano-Narrows Bridge where the expected lifting of restrictions on 2- and 3- axle trucks in July 2003 at the Holland Tunnel will result in lower truck traffic (-\$1,179K in 2003 and -\$2,357K in 2004).	\$7,607	\$11,774
<i>Subtotal Revenue:</i>	\$7,607	\$11,774
<i>Total:</i>	\$17,298	\$51,606

(*) Variances are against the 2003 March Plan.

MTA Bridges and Tunnels 2003-2004 July Plan Submission

New Needs (Dollars in Thousands)

Administration

Personnel Services

- ♦ Re-estimate of future wage increases for represented and non-represented employees.
- ♦ Increase in medical costs, based on latest NYSHIP estimates of 2004 rate increases.
- ♦ Salary and fringe benefits for one accountant to assist with new accounting requirements including producing quarterly financial statements.

OTPS

- ♦ Increase in credit card expenditures associated with higher E-ZPass traffic.

Subtotal Administration:

Maintenance

- ♦ Additional expenditures for various Major Maintenance projects.

Subtotal Maintenance:

Safety/Security

- ♦ Salaries and overtime associated with increased security coverage (61 positions)
- ♦ Salary and fringe benefits for a Network Security Analyst to meet the additional requirements that are being developed through an MTA all-agency network security policy.

Subtotal Safety/Security:

Total:

<i>Favorable/(Unfavorable) (*)</i>	
2003 Mid-Year Forecast	2004 Preliminary Budget
\$0	(\$2,136)
\$0	(\$2,360)
\$0	(\$73)
(\$665)	(\$1,076)
(\$665)	(\$5,645)
\$0	(\$5,433)
\$0	(\$5,433)
(\$4,397)	(\$4,827)
\$0	(\$113)
(\$4,397)	(\$4,940)
(\$5,062)	(\$16,018)

(*) Variances are against the 2003 March Plan

MTA BRIDGES AND TUNNELS

Headcount Chart

	2003 Mid-Year Forecast	2004 Preliminary Budget
<i>Department</i>	<i># Pos.</i>	<i># Pos.</i>
<i>Executive</i>	3	3
<i>EEO/AA</i>	1	1
<i>Law</i>	10	10
<i>Engineering & Construction</i>	168	168
<i>Procurement & Materials</i>	55	55
<i>Labor Relations</i>	5	5
<i>Internal Security</i>	62	63
<i>Health & Safety</i>	10	10
<i>Technology</i>	51	52
<i>Total CFO:</i>	94	95
<i>Total Staff Services:</i>	50	50
<i>Total Operations:</i>	1,140	1,200
<i>Total Maintenance:</i>	91	91
B&T TOTAL	1,740	1,803



Bridges and Tunnels

2003 Mid-Year Forecast and 2004 Preliminary Budget

July 2003



Financial Plan Summary

- Continues security, safety and customer service initiatives as approved by the Board in March.
- No service reductions.
- Provides Support to Mass Transit of \$1.236 billion, exceeding 2003-2004 goal by \$42.6 million.

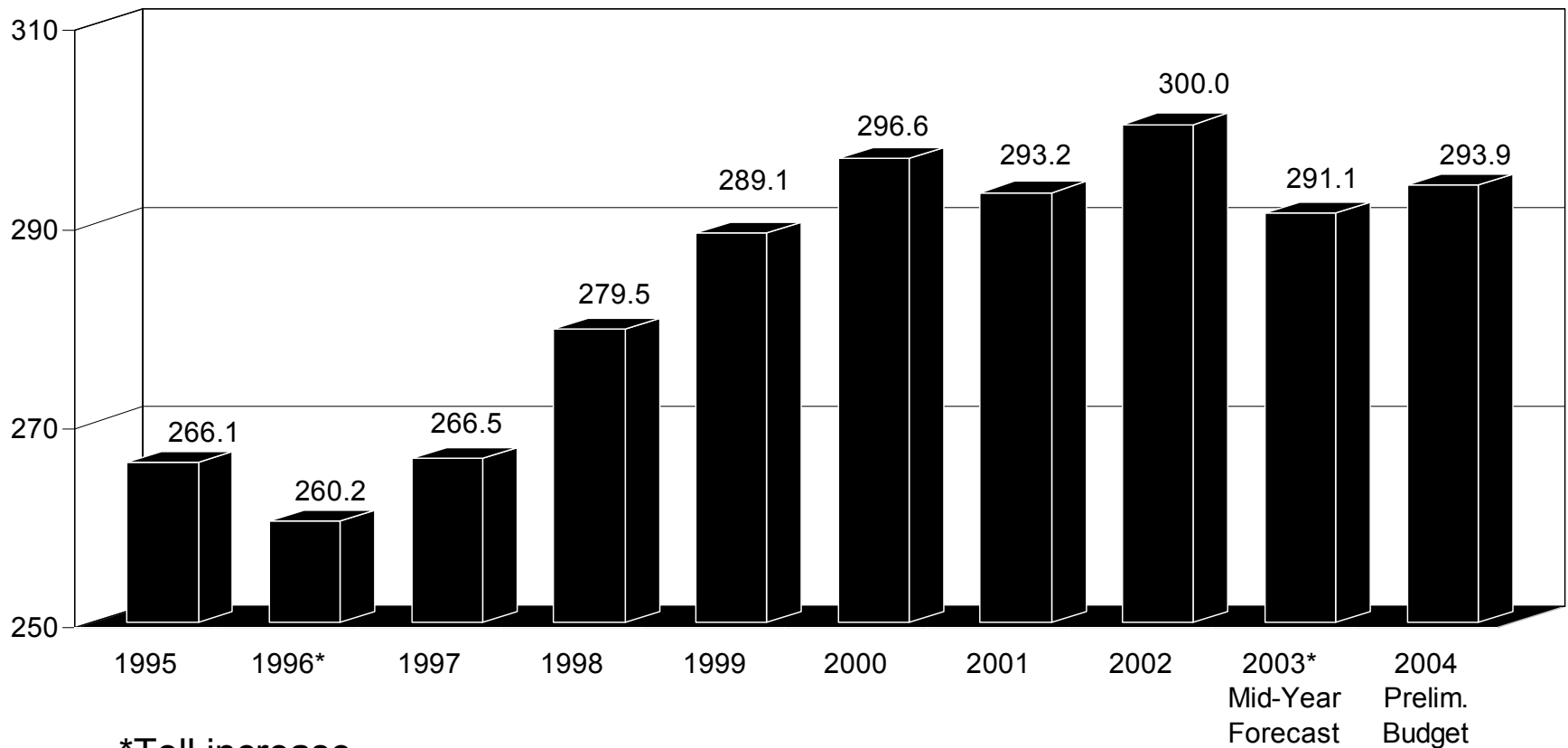


Traffic Assumptions

- 2003 volumes are expected to be below the record levels of 2002 due to:
 - economic conditions
 - unfavorable weather,
 - lifting of 2- and 3-axle truck restrictions at the Holland Tunnel in July, and
 - consumer choices influenced by the toll increase.
- City restrictions on single occupancy vehicles at the Brooklyn-Battery Tunnel are expected to continue through 2004.
- Traffic is forecast to increase by 1.0% in 2004.



1995-2004 Paid Traffic Volume (in millions)



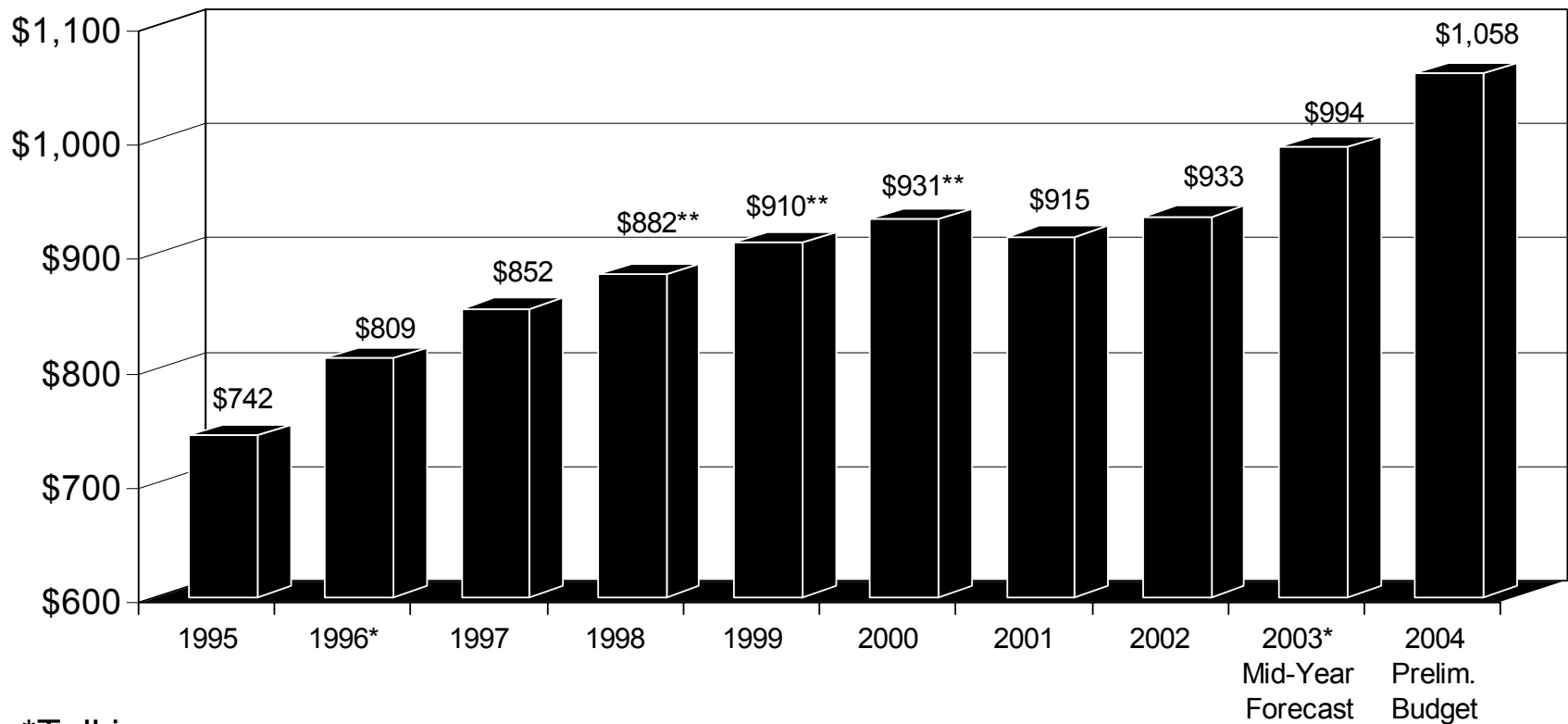


Toll Revenue Assumptions

- The toll increase, which was effective May 18, 2003, is expected to generate an additional \$61 million in 2003 and \$125 million in 2004 versus the 2002 Actuals.



1995-2004 Toll Revenues (\$ in millions)



*Toll increase.

**Excludes token write-offs of \$2.5 million in both 1998 and 1999, and \$9.7 million in 2000.



Major Adjustments to Financial Plan

(\$ in millions)

	<u>2003</u>	<u>2004</u>
March Plan Support to Mass Transit	\$581.7	\$611.5
Adjustments to March Plan: Better/(Worse)		
Toll Revenues	7.6	11.8
Re-estimates of salary and wage increases	1.4	(2.1)
Higher NYSHIP estimates for medical coverage	0.0	(2.4)
E-ZPass tags	0.4	16.6
E-ZPass credit card fees	(0.7)	(1.1)
Rescheduling of bridge painting	0.0	9.5
Major Maintenance	0.0	(5.4)
Maintenance of toll equipment	0.7	0.9
Capitalized Assets	3.9	0.0
Other	2.1	(0.6)
July Plan Support to Mass Transit	\$597.1	\$638.7



Bridges and Tunnels

2003-2004 Plan Summary

(\$ in millions)

	2003 Mid-Year Forecast	2004 Preliminary Budget
Revenues	\$1,044.9	\$1,099.9
Net Operating Expenses	<u>(351.3)</u>	<u>(344.0)</u>
Net Operating Income	\$693.6	\$755.9
Other Deductions ¹	<u>(96.5)</u>	<u>(117.2)</u>
Total Support to Mass Transit	\$597.1	\$638.7
2003-2004 Total Support to Mass Transit		\$1,235.8

¹Other deductions include Capitalized Assets, Reserves, and B&T Debt Service.

MTA LONG ISLAND BUS

Metropolitan Transportation Authority
MTA Long Island Bus
Reconciliation of 2004 Preliminary Budget with Revised 2003 Budget
(\$ in thousands)

	Variance: favorable / (unfavorable)		
	2003	2004	Two-Year Total
Net Operating Cash Deficit - Approved March 2003 Plan	(\$57,533)	(\$59,091)	(\$116,624)
<i>Eliminate Unspecified PEG for 2004 - March 2003 Plan</i>	\$0	\$0	\$0
Adjusted Operating Cash Deficit - March 2003 Plan	(\$57,533)	(\$59,091)	(\$116,624)
2004 Unspecified PEG Now Identified	\$0	\$0	\$0
Additional Operating PEG	<u>3,501</u>	<u>968</u>	<u>4,469</u>
Total Operating PEG	\$3,501	\$968	\$4,469
New Needs	<u>(1,451)</u>	<u>(1,274)</u>	<u>(2,725)</u>
Baseline Operating Cash Deficit - July 2003 Plan	(\$55,483)	(\$59,397)	(\$114,880)
<i>variance: compared with Approved March 2003 Plan</i>	\$2,050	(\$306)	\$1,744

Attachment A

MTA LONG ISLAND BUS

Reconciliation Tables of the Revised 2003 Budget to the 2003 Mid-Year Forecast and
Revised 2004 Projection to the Preliminary 2004 Budget

Schedule A – 1	Operating Budget Summary
Schedule A – 2	Operating Statement
Schedule A – 3	Expenses Summary
Schedule A – 4	Cash Summary
Schedule A – 5	Cash Adjustments

**MTA LONG ISLAND BUS
CONSOLIDATED
OPERATING BUDGET SUMMARY**
(Dollars Stated In Thousands)

Schedule A-1

	Revised 2003 Budget	2003 Mid-Year Forecast	Variance More/(Less) Budget	Revised 2004 Projection	2004 Preliminary Budget	Variance More/(Less) Projection
Revenue	\$37,478	\$37,753	\$275	\$40,232	\$40,507	\$275
<u>Expenses</u>						
Operating Expenses	100,471	98,860	(1,611)	104,185	104,444	259
Capital Reimbursements	<u>(4,278)</u>	<u>(4,176)</u>	<u>102</u>	<u>(4,335)</u>	<u>(4,335)</u>	<u>0</u>
Net Expenses	<u>96,193</u>	<u>94,684</u>	<u>(1,509)</u>	<u>99,850</u>	<u>100,109</u>	<u>259</u>
Net Operating Deficit Before Subsidies and Adjustments	<u>(58,715)</u>	<u>(56,931)</u>	<u>1,784</u>	<u>(59,618)</u>	<u>(59,602)</u>	<u>16</u>
<u>Adjustments to Operating Deficit</u>						
Prior Year Cash Balance	1,670	1,670	0	0	0	0
Cash Adjustments	<u>(488)</u>	<u>(222)</u>	<u>266</u>	<u>527</u>	<u>205</u>	<u>(322)</u>
Total Adjustments	<u>1,182</u>	<u>1,448</u>	<u>266</u>	<u>527</u>	<u>205</u>	<u>(322)</u>
Net Cash Deficit Before Subsidies	<u><u>(\$57,533)</u></u>	<u><u>(\$55,483)</u></u>	<u><u>\$2,050</u></u>	<u><u>(\$59,091)</u></u>	<u><u>(\$59,397)</u></u>	<u><u>(\$306)</u></u>

**MTA LONG ISLAND BUS
CONSOLIDATED
OPERATING STATEMENT**
(Dollars Stated In Thousands)

Schedule A - 2

	Revised 2003 Budget	2003 Mid-Year Forecast	Variance More/(Less) Budget	Revised 2004 Projection	2004 Preliminary Budget	Variance More/(Less) Projection
<u>Revenue</u>						
Passenger Fixed Route	\$33,728	\$34,172	\$444	\$35,753	\$36,550	\$797
Passenger Paratransit	925	957	32	1,040	1,082	42
Advertising	961	961	0	1,101	1,101	0
All Other	196	158	(38)	197	193	(4)
Contract	1,668	1,505	(163)	2,141	1,581	(560)
Total Operating Revenue	37,478	37,753	275	40,232	40,507	275
<u>Departmental Expenses</u>						
President	372	364	(8)	384	393	9
Finance	2,287	2,117	(170)	2,358	2,348	(10)
Administration	3,264	3,252	(12)	3,365	3,547	182
Legal	6,459	6,299	(160)	5,630	5,794	164
Information Technology	2,868	2,721	(147)	2,957	2,974	17
Operations	75,814	74,880	(934)	78,803	79,028	225
Paratransit	9,407	9,227	(180)	10,688	10,360	(328)
Total Expenses	100,471	98,860	(1,611)	104,185	104,444	259
<u>Other Charges and Credits</u>						
Capital Reimbursement	(4,278)	(4,176)	102	(4,335)	(4,335)	0
Depreciation	0	0	0	0	0	0
Total Other Charges and Credits	(4,278)	(4,176)	102	(4,335)	(4,335)	0
Net Income (Loss) Before Subsidies	(\$58,715)	(\$56,931)	\$1,784	(\$59,618)	(\$59,602)	\$16

**MTA LONG ISLAND BUS
CONSOLIDATED
EXPENSE BUDGET SUMMARY
BY MAJOR ACCOUNT**
(Dollars Stated In Thousands)

Schedule A-3

	Revised 2003 Budget	2003 Mid-Year Forecast	Variance More/(Less) Budget	Revised 2004 Projection	2004 Preliminary Budget	Variance More/(Less) Projection
Labor	\$60,609	\$60,171	(\$438)	\$62,311	\$62,170	(\$141)
Fringe Benefits	18,340	16,488	(1,852)	20,187	20,495	308
SUBTOTAL LABOR & FRINGES	\$78,949	\$76,659	(\$2,290)	\$82,498	\$82,665	\$167
Professional Services	\$1,782	\$1,781	(\$1)	\$1,939	\$1,802	(\$137)
Maintenance Services	2,123	2,067	(56)	2,391	2,235	(156)
Operating Services	1,065	1,070	5	1,151	1,162	11
Fuel, Oil, and Lubricants	4,872	5,509	637	5,029	5,271	242
Material	4,042	3,974	(68)	4,145	4,116	(29)
Supplies	1,220	1,310	90	1,311	1,374	63
Tires	417	418	1	435	440	5
Utilities	1,836	1,922	86	2,012	1,888	(124)
Communications	299	297	(2)	315	306	(9)
Claims	3,320	3,380	60	2,450	2,625	175
Insurance	11	11	0	11	12	1
Leases and Rentals	104	103	(1)	109	107	(2)
Depreciation	0	0	0	0	0	0
Other	431	359	(72)	389	441	52
SUBTOTAL NON-COMPENSATION	\$21,522	\$22,201	\$679	\$21,687	\$21,779	\$92
OPERATING EXPENSES	\$100,471	\$98,860	(\$1,611)	\$104,185	\$104,444	\$259
CAPITAL REIMBURSEMENTS	(4,278)	(4,176)	102	(4,335)	(4,335)	0
NET OPERATING EXPENSES	\$96,193	\$94,684	(\$1,509)	\$99,850	\$100,109	\$259

**MTA LONG ISLAND BUS
CONSOLIDATED OPERATIONS
CASH BUDGET SUMMARY
BY MAJOR ACCOUNT
(Dollars Stated In Thousands)**

Schedule A-4

	Revised 2003 Budget	2003 Mid-Year Forecast	Variance More/(Less) Budget	Revised 2004 Projection	2004 Preliminary Budget	Variance More/(Less) Projection
<u>CASH RECEIPTS</u>						
<u>Operating</u>						
Passenger	\$34,247	\$34,686	\$439	\$36,400	\$37,237	\$837
Other	4,026	4,315	289	4,691	4,609	(82)
Reimbursable Expenses	4,384	4,282	(102)	4,325	4,325	0
Total Cash Receipts	42,657	43,283	626	45,416	46,171	755
<u>CASH DISBURSEMENTS</u>						
Payroll	60,208	59,753	(455)	61,588	61,451	(137)
Fringe Benefits	14,754	14,936	182	15,373	16,419	1,046
Pension	4,622	2,259	(2,363)	4,879	4,954	75
Workers Compensation	1,050	1,100	50	1,000	1,000	0
Insurance	11	13	2	13	14	1
Fuel and Lubricants	4,932	5,564	632	5,049	5,276	227
Material	4,100	4,017	(83)	4,154	4,140	(14)
Supplies	1,220	1,286	66	1,296	1,309	13
Communications	312	310	(2)	317	319	2
Utilities	1,791	1,878	87	2,018	1,894	(124)
Leases and Rentals	520	519	(1)	540	543	3
Claims	3,100	3,600	500	2,600	2,725	125
Purchased Services	4,595	4,468	(127)	5,034	4,777	(257)
MetroCard Sales	75	150	75	75	150	75
Other	570	583	13	571	597	26
Total Cash Disbursements	101,860	100,436	(1,424)	104,507	105,568	1,061
Net Increase/(Decrease) In Cash	(59,203)	(57,153)	2,050	(59,091)	(59,397)	(306)
Beginning Cash Balance	1,670	1,670	0	0	0	0
Cash Balance Before Subsidies	(\$57,533)	(\$55,483)	\$2,050	(\$59,091)	(\$59,397)	(\$306)

**MTA LONG ISLAND BUS
CONSOLIDATED OPERATIONS
CASH ADJUSTMENTS**
(Dollars Stated In Thousands)

Schedule A-5

	Revised 2003 Budget	2003 Mid -Year Forecast	Variance More/ (less) Budget	Revised 2004 Projection	2004 Preliminary Budget	Variance More/ (less) Projection
Accounts Recievable	\$88	\$118	\$30	\$36	\$179	\$143
Inventory	(99)	(79)	20	(50)	(50)	0
Prepayments	(3)	(3)	0	0	0	0
Fixed Assets - Depreciation	0	0	0	0	0	0
- Aquistitions	0	0	0	0	0	0
Accounts Payable	60	12	(48)	72	39	(33)
Wages	226	273	47	473	474	1
Fringe Benefits	42	72	30	45	119	74
Vacation and Sick	155	155	0	205	205	0
Accrued Expenses	(13)	27	40	10	0	(10)
NYS Pension	(1,020)	(429)	591	(49)	(674)	(625)
Legal	0	0	0	0	0	0
Injury and Damages	220	(220)	(440)	(150)	(100)	50
Workers Compensation	(138)	(140)	(2)	(65)	13	78
Other	(6)	(8)	(2)	0	0	0
Net Cash Adjustments	(\$488)	(\$222)	\$266	\$527	\$205	(\$322)

Attachment B

MTA LONG ISLAND BUS

Financial Plan Tables

2002 Actual
2003 Mid-Year Forecast
2004 Preliminary Budget

Schedule B – 1	Operating Budget Summary
Schedule B – 2	Operating Statement
Schedule B – 3	Expense Summary
Schedule B – 4	Cash Summary
Schedule B – 5	Cash Adjustments

**MTA LONG ISLAND BUS
CONSOLIDATED
OPERATING BUDGET SUMMARY**
(Dollars Stated In Thousands)

Schedule B-1

	2002 Actual	2003 Mid-Year Forecast	Variance More/ (less)	2004 Preliminary Budget	Variance More/ (less)
Revenue	\$33,705	\$37,753	\$4,048	\$40,507	\$2,754
<u>Expenses</u>					
Operating Expenses	91,601	98,860	7,259	104,444	5,584
Capital Reimbursements	<u>(4,171)</u>	<u>(4,176)</u>	<u>(5)</u>	<u>(4,335)</u>	<u>(159)</u>
Net Expenses	<u>87,430</u>	<u>94,684</u>	<u>7,254</u>	<u>100,109</u>	<u>5,425</u>
Net Operating Deficit Before Subsidies and Adjustments	<u>(53,725)</u>	<u>(56,931)</u>	<u>(3,206)</u>	<u>(59,602)</u>	<u>(2,671)</u>
<u>Adjustments to Operating Deficit</u>					
Prior Year Cash Balance	990	1,670	680	0	(1,670)
Cash Adjustments	<u>1,647</u>	<u>(222)</u>	<u>(1,869)</u>	<u>205</u>	<u>427</u>
Total Adjustments	<u>2,637</u>	<u>1,448</u>	<u>(1,189)</u>	<u>205</u>	<u>(1,243)</u>
Net Cash Deficit Before Subsidies	<u><u>(\$51,088)</u></u>	<u><u>(\$55,483)</u></u>	<u><u>(\$4,395)</u></u>	<u><u>(\$59,397)</u></u>	<u><u>(\$3,914)</u></u>

**MTA LONG ISLAND BUS
CONSOLIDATED
OPERATING STATEMENT**
(Dollars Stated In Thousands)

Schedule B-2

	2002 Actual	2003 Mid-Year Forecast	Variance More/ (less)	2004 Preliminary Budget	Variance More/ (less)
<u>Revenue</u>					
Passenger Fixed Route	\$29,994	\$34,172	\$4,178	\$36,550	\$2,378
Passenger Paratransit	770	957	187	1,082	125
Advertising	719	961	242	1,101	140
All Other	214	158	(56)	193	35
Contract	2,008	1,505	(503)	1,581	76
Total Operating Revenue	33,705	37,753	4,048	40,507	2,754
<u>Departmental Expenses</u>					
President	338	364	26	393	29
Finance	1,974	2,117	143	2,348	231
Administration	2,775	3,252	477	3,547	295
Legal	5,651	6,299	648	5,794	(505)
Information Technology	2,413	2,721	308	2,974	253
Operations	70,401	74,880	4,479	79,028	4,148
Paratransit	8,049	9,227	1,178	10,360	1,133
Total Expenses	91,601	98,860	7,259	104,444	5,584
<u>Other Charges and Credits</u>					
Capital Reimbursement	(4,171)	(4,176)	(5)	(4,335)	(159)
Depreciation	0	0	0	0	0
Total Other Charges and Credits	(4,171)	(4,176)	(5)	(4,335)	(159)
Net Income (Loss) Before Subsidies	(\$53,725)	(\$56,931)	(\$3,206)	(\$59,602)	(\$2,671)

**MTA LONG ISLAND BUS
CONSOLIDATED
EXPENSE BUDGET SUMMARY
BY MAJOR ACCOUNT**
(Dollars Stated In Thousands)

Schedule B-3

	2002 Actual	2003 Mid-Year Forecast	Variance More/ (less)	2004 Preliminary Budget	Variance More/ (less)
Labor	\$58,545	\$60,171	\$1,626	\$62,170	\$1,999
Fringe Benefits	13,951	\$16,488	2,537	20,495	4,007
SUBTOTAL LABOR & FRINGES	\$72,496	\$76,659	\$4,163	\$82,665	\$6,006
Professional Services	\$1,622	\$1,781	\$159	\$1,802	\$21
Maintenance Services	1,923	\$2,067	144	2,235	168
Operating Services	899	\$1,070	171	1,162	92
Fuel, Oil, and Lubricants	4,460	\$5,509	1,049	5,271	(238)
Material	3,670	\$3,974	304	4,116	142
Supplies	1,077	\$1,310	233	1,374	64
Tires	386	\$418	32	440	22
Utilities	1,672	\$1,922	250	1,888	(34)
Communications	285	\$297	12	306	9
Claims	2,676	\$3,380	704	2,625	(755)
Insurance	10	\$11	1	12	1
Leases and Rentals	88	\$103	15	107	4
Depreciation	0	\$0	0	0	0
Other	337	\$359	22	441	82
SUBTOTAL NON-COMPENSATION	\$19,105	\$22,201	\$3,096	\$21,779	(\$422)
OPERATING EXPENSES	\$91,601	\$98,860	\$7,259	\$104,444	\$5,584
CAPITAL REIMBURSEMENTS	(4,171)	(\$4,176)	(5)	(4,335)	(159)
NET OPERATING EXPENSES	\$87,430	\$94,684	\$7,254	\$100,109	\$5,425

**MTA LONG ISLAND BUS
CONSOLIDATED OPERATIONS
CASH BUDGET SUMMARY
BY MAJOR ACCOUNT
(Dollars Stated In Thousands)**

Schedule B-4

	2002 Actual	2003 Mid-Year Forecast	Variance More/ (less)	2004 Preliminary Budget	Variance More/ (less)
<u>CASH RECEIPTS</u>					
<u>Operating</u>					
Passenger	\$30,565	\$34,686	\$4,121	\$37,237	\$2,551
Other	4,660	4,315	(345)	4,609	294
Reimbursable Expenses	4,047	4,282	235	4,325	43
Total Cash Receipts	39,272	43,283	4,011	46,171	2,888
<u>CASH DISBURSEMENTS</u>					
Payroll	57,933	59,753	1,820	61,451	1,698
Fringe Benefits	13,763	14,936	1,173	16,419	1,483
Pension	493	2,259	1,766	4,954	2,695
Workers Compensation	1,169	1,100	(69)	1,000	(100)
Insurance	13	13	0	14	1
Fuel and Lubricants	4,374	5,564	1,190	5,276	(288)
Material	3,513	4,017	504	4,140	123
Supplies	1,178	1,286	108	1,309	23
Communications	246	310	64	319	9
Utilities	1,523	1,878	355	1,894	16
Leases and Rentals	469	519	50	543	24
Claims	1,989	3,600	1,611	2,725	(875)
Purchased Services	4,074	4,468	394	4,777	309
MetroCard Sales	80	150	70	150	0
Other	533	583	50	597	14
Total Cash Disbursements	91,350	100,436	9,086	105,568	5,132
Net Increase/(Decrease) In Cash	(52,078)	(57,153)	(5,075)	(59,397)	(2,244)
Beginning Cash Balance	990	1,670	680	0	(1,670)
Cash Balance Before Subsidies	(\$51,088)	(\$55,483)	(\$4,395)	(\$59,397)	(\$3,914)

**MTA LONG ISLAND BUS
CONSOLIDATED OPERATIONS
CASH ADJUSTMENTS**
(Dollars Stated In Thousands)

Schedule B-5

	2002 Actual	2003 Mid -Year Forecast	Variance More/ (less)	2004 Preliminary Budget	Variance More/ (less)
Accounts Recievable	\$47	\$118	\$71	\$179	\$61
Inventory	147	(79)	(226)	(50)	29
Prepayments	0	(3)	(3)	0	3
Fixed Assets - Depreciation	0	0	0	0	0
- Aquistitions	0	0	0	0	0
Accounts Payable	92	12	(80)	39	27
Wages	294	273	(21)	474	201
Fringe Benefits	25	72	47	119	47
Vacation and Sick	239	155	(84)	205	50
Accrued Expenses	233	27	(206)	0	(27)
NYS Pension	(66)	(429)	(363)	(674)	(245)
Legal	0	0	0	0	0
Injury and Damages	494	(220)	(714)	(100)	120
Workers Compensation	143	(140)	(283)	13	153
Other	(1)	(8)	(7)	0	8
Net Cash Adjustments	\$1,647	(\$222)	(\$1,869)	\$205	\$427

Attachment C

MTA LONG ISLAND BUS

Major Assumptions in the 2004 Preliminary Budget

Attachment C

Major Assumptions in the 2004 Preliminary Budget

Revenues

- Fixed route general growth projections are zero percent for 2003 and .25% for 2004.
- As a result of the fare increase, fixed route passenger revenues are expected to increase \$5.8 million over two years. Ridership loss of 1.3 million (4.8%) is expected over the same period.
- Fixed route services continue to expand with Community Solutions for Transportation (CST), Job Access/Reverse Commute (JARC) and Congestion Mitigation/Air quality (CMAQ) grant funds. Passenger revenue from these services will increase approximately 1.2% per year for 2003 and 2004. Contract revenues in 2003 and 2004 reflect these service improvements.
- Paratransit revenues are expected to increase due to fare increase and growth projections of 12.0% in 2003 and 7.6% in 2004 are anticipated. Fleet is expanding by 5 vehicles in 2003 and 5 in 2004.

Expenses

- Labor provisions for represented personnel are consistent with the current labor settlement pattern, the regional CPI was used for non-represented employees.
- Fringe benefit CPI factors for 2003 and 2004 were 15% and 22%, respectively. The two predominant items that caused this large increase were pension and health costs. Health costs increased 11.5% in 2003 and are projected to increase from 13% to 17% in 2004, as determined by the State of New York, Department of Civil Service.
- Pension rate increases are determined by the New York State Employees Retirement System and were adjusted by the state comptroller (for 2003) are as follows:

	<u>2002</u>	<u>2003</u>	<u>2004</u>
Rate	1.2%	4.9%	10.1%
Increase		325%	106%

- Fuel CPI projections for 2004 indicate a 6.86% reduction for fixed route and 10.99% reduction for paratransit.
- Utility CPI projections for 2004 indicate a 4.81% reduction for fixed route and .29% reduction for paratransit.
- Expenses for service expansions for fixed route and paratransit are included in the 2004 preliminary budget.

Attachment D

MTA LONG ISLAND BUS

Reconciliation of 2004 Preliminary Budget with Revised 2003 Budget
PEGs and New Needs

Schedule D – 1 Summary Table

MTA LONG ISLAND BUS

Schedule D - 1

Reconciliation of 2004 Preliminary Budget with Revised 2003 Budget
(In Thousands)

	Variance Favorable / (Unfavorable)		
	2003	2004	Two Year
Net Cash Deficit Before Subsidies - Revised 2003 Budget	<u>(\$57,533)</u>	<u>(\$59,091)</u>	<u>(\$116,624)</u>
<u>Reconciling Items:</u>			
<u>PEG's:</u>			
Effects of NYSERS pension rate reduction for 2003	2,363	(75)	2,288
Effects of lower than anticipated revenue losses due to fare increase	439	837	1,276
Effects of wage increase elimination for non-represented and other labor savings	455	137	592
Other net revenue and expense changes	244	69	313
Total PEG's	<u>3,501</u>	<u>968</u>	<u>4,469</u>
<u>New Needs:</u>			
Effects of economy on fuel and utilities	(719)	(103)	(822)
Effects of New York State health insurance premiums and other fringe benefits	(182)	(1,046)	(1,228)
Effects of higher claims and workers compensation	(550)	(125)	(675)
Total New Needs	<u>(1,451)</u>	<u>(1,274)</u>	<u>(2,725)</u>
Total Reconciling Items	<u>2,050</u>	<u>(306)</u>	<u>1,744</u>
Net Cash Deficit Before Subsidies - 2004 Preliminary Budget	<u>(\$55,483)</u>	<u>(\$59,397)</u>	<u>(\$114,880)</u>

Attachment E

MTA LONG ISLAND BUS

Headcount Tables 2003 and 2004

**MTA LONG ISLAND BUS
OPERATING BUDGET SUMMARY
HEADCOUNT 2003 AND 2004**

Attachment - E

Department	2003 Mid-Year Forecast	2004 Preliminary Budget
President	4	4
Administration	25	25
Finance	26	26
Legal	24	24
Information Technology	24	24
Operations	876	884
Sub-total Fixed Route Operations	979	987
Paratransit Operations	199	207
Total MTA LI Bus Headcount	1,178	1,194

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MTA LONG ISLAND RAIL ROAD

Metropolitan Transportation Authority
MTA Long Island Railroad
Reconciliation of 2004 Preliminary Budget with Revised 2003 Budget
(\$ in millions)

	Variance: favorable / (unfavorable)		
	2003	2004	Two-Year Total
Net Operating Cash Deficit - Approved March 2003 Plan	(\$387.7)	(\$406.0)	(\$793.7)
<i>Eliminate Unspecified PEG for 2004 - March 2003 Plan</i>	<i>\$0.0</i>	<i>(\$14.9)</i>	<i>(\$14.9)</i>
Adjusted Operating Cash Deficit - March 2003 Plan	(\$387.7)	(\$420.9)	(\$808.6)
2004 Unspecified PEG Now Identified	\$0.0	\$14.9	\$14.9
Additional Operating PEG	<u>31.9</u>	<u>28.6</u>	<u>\$60.5</u>
Total Operating PEG	\$31.9	43.5	\$75.4
Passenger Revenues	(\$9.2)	(\$4.1)	(\$13.4)
Pension Costs	(8.0)	(6.2)	(\$14.2)
New Needs	<u>(37.5)</u>	<u>(22.0)</u>	<u>(\$59.5)</u>
Total New Needs and Other Adjustments	(\$54.7)	(\$32.3)	(\$87.1)
Baseline Operating Cash Deficit - July 2003 Plan	(\$410.5)	(\$409.8)	(\$820.3)
<i>variance: compared with Approved March 2003 Plan</i>	<i>(\$22.8)</i>	<i>(\$3.8)</i>	<i>(\$26.6)</i>

MTA LONG ISLAND RAIL ROAD
STATEMENT OF INCOME
2003 - 2004
(\$000)

	Revised 2003 Budget	2003 Mid-Year Forecast	2003 Variance	Revised 2004 Forecast	2004 Preliminary Budget	2004 Variance
<u>REVENUE</u>						
Passenger	\$405,223	\$395,983	(\$9,240)	\$439,215	\$435,093	(\$4,122)
Special Services	1,888	1,901	13	1,924	1,944	20
Other	19,722	20,931	1,209	21,572	22,128	556
TOTAL REVENUE	426,833	418,815	(8,018)	462,711	459,165	(3,546)
<u>OPERATING & MAINTENANCE EXPENSES</u>						
Engineering	116,878	117,177	(299)	123,845	121,290	2,555
Equipment	229,089	229,146	(57)	239,039	232,674	6,365
Transportation	249,241	251,880	(2,639)	259,594	258,501	1,093
Passenger Services	42,791	42,519	272	47,935	45,542	2,393
All Other	2,589	2,546	43	2,665	2,664	1
TOTAL OPERATING & MAINT. EXPENSES	640,588	643,268	(2,680)	673,078	660,670	12,407
<u>GENERAL & ADMIN. EXPENSES</u>						
Executive Vice President	329	316	13	338	335	3
Labor Relations	1,505	1,227	278	1,546	1,395	151
Procurements & Logistics	15,332	14,613	719	16,224	14,963	1,261
Human Resources	11,757	11,634	123	12,257	12,198	59
Strategic Investments	2,132	2,113	19	2,170	2,170	0
Diversity Management	335	327	8	341	346	(5)
Total Exec. Vice President	31,390	30,230	1,160	32,876	31,407	1,469
President	1,005	991	14	1,018	1,029	(11)
V.P. & Chief Financial Officer	10,389	10,277	112	10,781	10,784	(3)
Service Planning, Technology & CPM	31,904	31,485	419	38,626	33,033	5,593
Market Development & Public Affairs	9,399	9,278	121	10,123	9,753	370
General Counsel & Secretary	4,643	4,583	60	4,864	4,922	(58)
Claims & Suits	14,696	15,108	(412)	15,268	15,267	1
System Safety	2,862	2,831	31	3,106	2,970	136
Corporate Expense	55,518	57,183	(1,665)	64,806	66,687	(1,881)
Pension	71,322	77,855	(6,533)	74,592	80,770	(6,178)
G & A Overhead	(28,670)	(25,432)	(3,238)	(28,744)	(30,371)	1,627
Average Vacancy Rate	(6,976)	(5,232)	(1,744)	(5,880)	(7,604)	1,724
Unspecified Target Red.	0	0	0	(14,887)	0	(14,887)
TOTAL GENERAL & ADMIN. EXPENSES	197,482	209,157	(11,675)	206,550	218,647	(12,097)
TOTAL EXPENSES	838,070	852,425	(14,355)	879,627	879,318	310
NET OPERATING LOSS	(411,237)	(433,610)	(22,373)	(416,916)	(420,153)	(3,236)
<u>OTHER CHARGES AND CREDITS</u>						
Depreciation/Amortization	205,349	196,616	8,733	219,312	217,754	1,558
Other	0	0	0	0	0	0
TOTAL OTHER CHARGES & CREDITS	205,349	196,616	8,733	219,312	217,754	1,558
NET INCOME (LOSS)	(\$616,586)	(\$630,226)	(\$13,640)	(\$636,228)	(\$637,907)	(\$1,678)

() Denotes Unfavorable

MTA LONG ISLAND RAIL ROAD
STATEMENT OF EXPENSES
2003 - 2004
(\$000)

	Revised 2003 Budget	2003 Mid-Year Forecast	2003 Variance	Revised 2004 Forecast	2004 Preliminary Budget	2004 Variance
<u>PAYROLL EXPENSES</u>						
Regular	\$409,015	\$399,021	\$9,994	\$425,364	\$410,971	\$14,393
Overtime	77,438	81,567	(4,129)	62,780	72,412	(9,632)
TOTAL PAYROLL	486,453	480,588	5,865	488,144	483,383	4,761
 EMPLOYEE BENEFITS	 181,445	 179,727	 1,718	 198,868	 197,227	 1,641
 PENSION	 71,322	 77,855	 (6,533)	 74,592	 80,770	 (6,178)
 <u>NON- PAYROLL EXPENSES</u>						
Professional Services	16,882	16,084	798	20,898	15,190	5,708
Operating Services	4,948	4,831	117	5,585	5,072	513
Maintenance Services	22,080	20,628	1,452	26,622	23,724	2,898
Construction Services	150	189	(39)	10	0	10
Communication	6,184	5,927	257	8,123	6,176	1,947
Utilities	9,628	10,032	(404)	9,906	9,943	(37)
Leases & Rentals	6,903	6,622	281	7,235	7,630	(395)
Advertising	1,594	1,594	0	1,783	1,595	188
Insurance	15,449	14,929	520	17,796	16,808	988
Claims & Suits	14,696	15,108	(412)	15,268	15,267	1
Materials	60,479	62,937	(2,458)	71,398	63,249	8,149
Supplies	5,583	5,542	41	5,920	5,912	8
Train Power - Diesel	5,560	5,953	(393)	5,575	5,813	(238)
Train Power - Electric	43,957	43,991	(34)	46,597	46,799	(202)
Joint Facilities	11,179	11,375	(196)	11,503	11,071	432
Employee Expenses	2,787	2,929	(142)	2,936	2,699	237
Miscellaneous Expenses	1,772	1,793	(21)	2,036	1,928	108
Misc Charges and Credits	8,991	9,360	(369)	11,991	11,990	1
Unspecified Target Red.	0	0	0	(14,887)	0	(14,887)
TOTAL NON-PAYROLL	238,822	239,824	(1,002)	256,295	250,866	5,429
 REIMBURSABLE	 139,972	 125,569	 (14,403)	 138,272	 132,929	 (5,343)
 TOTAL NET EXPENSES	 \$838,070	 \$852,425	 (\$14,355)	 \$879,627	 \$879,318	 \$309

() Denotes Unfavorable

MTA LONG ISLAND RAIL ROAD
CASH STATEMENT
2002 - 2004
(\$000)

	Revised 2003 Budget	2003 Mid-Year Forecast	2003 Variance	Revised 2004 Projection	2004 Preliminary Budget	2004 Variance
<u>Cash Receipts</u>						
Passenger Collections	\$407,111	\$397,884	(\$9,227)	\$441,139	\$437,037	(\$4,102)
Capital Project Funding	165,013	155,378	(9,635)	159,975	160,828	853
MetroCard Sales	22,000	25,467	3,467	22,500	25,500	3,000
All Other	39,499	36,219	(3,280)	46,048	41,220	(4,828)
Total Receipts	<u>633,623</u>	<u>614,948</u>	<u>(18,675)</u>	<u>669,662</u>	<u>664,585</u>	<u>(5,077)</u>
<u>Cash Disbursements</u>						
Payroll	486,453	480,588	5,865	488,144	483,383	4,761
Fringe Benefits	178,877	179,727	(850)	198,868	197,227	1,641
Pensions	71,305	79,283	(7,978)	74,646	80,881	(6,235)
Professional Services	21,286	18,258	3,028	24,610	19,215	5,395
Operating Services	5,379	5,758	(379)	6,202	5,503	699
Maintenance Services	22,691	21,239	1,452	27,158	24,314	2,844
Construction Services	150	189	(39)	10	0	10
Communications	6,184	5,927	257	8,123	6,176	1,947
Utilities	9,628	10,032	(404)	9,906	9,943	(37)
Leases & Rentals	8,571	8,641	(70)	8,205	9,248	(1,043)
Advertising	1,594	1,594	0	1,783	1,595	188
Insurance	20,108	18,510	1,598	24,864	24,097	767
Judgement & Claims	13,922	13,881	41	13,968	13,967	1
Materials	75,543	78,126	(2,583)	100,043	91,867	8,176
Supplies	5,583	5,542	41	5,920	5,912	8
Train Power - Diesel	5,560	5,953	(393)	5,575	5,813	(238)
Train Power - Electric	43,957	43,991	(34)	46,597	46,799	(202)
Joint Facilities	11,179	11,375	(196)	11,503	11,071	432
Employee Expenses	2,787	2,929	(142)	2,936	2,699	237
Miscellaneous Expenses	1,242	1,263	(21)	1,277	1,437	(160)
MetroCard	22,000	25,467	(3,467)	22,500	25,500	(3,000)
Unspecified Target Reductions	0	0	0	(14,887)	0	(14,887)
Total Disbursements	<u>1,013,999</u>	<u>1,018,273</u>	<u>(4,274)</u>	<u>1,067,951</u>	<u>1,066,647</u>	<u>1,304</u>
Cash Operating Deficit	<u>(380,376)</u>	<u>(403,325)</u>	<u>(22,949)</u>	<u>(398,289)</u>	<u>(402,062)</u>	<u>(3,773)</u>
Capital Equipment	<u>(7,302)</u>	<u>(7,180)</u>	<u>122</u>	<u>(7,738)</u>	<u>(7,718)</u>	<u>20</u>
Total Cash Deficit	<u>(\$387,678)</u>	<u>(\$410,505)</u>	<u>(\$22,827)</u>	<u>(\$406,027)</u>	<u>(\$409,780)</u>	<u>(\$3,753)</u>

() Denotes Unfavorable

MTA LONG ISLAND RAIL ROAD
STATEMENT OF INCOME
2002- 2004
(\$000)

		2003	2004	Variance	
	2002	Mid-Year	Preliminary	2003 Mid-Year	2004 Prelim Bud
	Actual	Forecast	Budget	vs. 2002 Actual	vs. 2003 Mid-Yr Fcst
<u>REVENUE</u>					
Passenger	\$351,581	\$395,983	\$435,093	\$44,402	\$39,110
Special Services	1,837	1,901	1,944	64	43
Other	19,283	20,931	22,128	1,648	1,197
TOTAL REVENUE	372,701	418,815	459,165	46,114	40,350
<u>OPERATING & MAINTENANCE EXPENSES</u>					
Engineering	118,523	117,177	121,290	1,346	(4,113)
Equipment	214,540	229,146	232,674	(14,606)	(3,528)
Transportation	237,562	251,880	258,501	(14,318)	(6,621)
Passenger Services	41,554	42,519	45,542	(965)	(3,023)
All Other	2,352	2,546	2,664	(194)	(118)
TOTAL OPERATING & MAINT. EXPENSES	614,531	643,268	660,670	(28,737)	(17,402)
<u>GENERAL & ADMIN. EXPENSES</u>					
Executive Vice President	306	316	335	(10)	(19)
Labor Relations	1,407	1,227	1,395	180	(168)
Procurements & Logistics	14,881	14,613	14,963	268	(350)
Human Resources	11,427	11,634	12,198	(207)	(564)
Strategic Investments	1,867	2,113	2,170	(246)	(57)
Diversity Management	301	327	346	(26)	(19)
Total Exec. Vice President	30,189	30,230	31,407	(41)	(1,177)
President	957	991	1,029	(34)	(38)
V.P. & Chief Financial Officer	11,025	10,277	10,784	748	(507)
Service Planning, Technology & CPM	31,491	31,485	33,033	6	(1,548)
Market Development & Public Affairs	9,343	9,278	9,753	65	(475)
General Counsel & Secretary	4,437	4,583	4,922	(146)	(339)
Claims & Suits	7,565	15,108	15,267	(7,543)	(159)
System Safety	2,530	2,831	2,970	(301)	(139)
Corporate Expense	49,632	57,183	66,687	(7,551)	(9,504)
Pension	54,933	77,855	80,770	(22,922)	(2,915)
G & A Overhead	(26,528)	(25,432)	(30,371)	(1,096)	4,939
Average Vacancy Rate	0	(5,232)	(7,604)	5,232	2,372
Unspecified Target Red.	0	0	0	0	0
TOTAL GENERAL & ADMIN. EXPENSES	175,574	209,157	218,647	(33,583)	(9,490)
TOTAL EXPENSES	790,105	852,425	879,318	(62,320)	(26,893)
NET OPERATING LOSS	(417,404)	(433,610)	(420,153)	(16,206)	13,457
<u>OTHER CHARGES AND CREDITS</u>					
Depreciation/Amortization	173,692	196,616	217,754	(22,924)	(21,138)
Other	(1,689)	0	0	(1,689)	0
TOTAL OTHER CHARGES & CREDITS	172,003	196,616	217,754	(24,613)	(21,138)
NET INCOME (LOSS)	(\$589,407)	(\$630,226)	(\$637,907)	(\$40,819)	(\$7,681)

() Denotes Unfavorable

MTA LONG ISLAND RAIL ROAD
STATEMENT OF EXPENSES
2002 - 2004
(\$000)

		2003	2004	Variance	
	2002	Mid-Year	Preliminary	2003 Mid-Yr	2004 Prelim Bud
	Actual	Forecast	Budget	vs. 2002 Actual	vs. 2003 Mid-Yr Fcst
<u>PAYROLL EXPENSES</u>					
Regular	\$395,674	\$399,021	\$410,971	(\$3,347)	(\$11,950)
Overtime	82,421	81,567	72,412	854	9,155
TOTAL PAYROLL	478,095	480,588	483,383	(2,493)	(2,795)
EMPLOYEE BENEFITS	175,257	179,727	197,227	(4,470)	(17,500)
PENSION	54,933	77,855	80,770	(22,922)	(2,915)
<u>NON- PAYROLL EXPENSES</u>					
Professional Services	15,719	16,084	15,190	(365)	894
Operating Services	3,473	4,831	5,072	(1,358)	(241)
Maintenance Services	20,111	20,628	23,724	(517)	(3,096)
Construction Services	941	189	0	752	189
Communication	5,535	5,927	6,176	(392)	(249)
Utilities	10,112	10,032	9,943	80	89
Leases & Rentals	5,685	6,622	7,630	(937)	(1,008)
Advertising	1,921	1,594	1,595	327	(1)
Insurance	15,270	14,929	16,808	341	(1,879)
Claims & Suits	7,565	15,108	15,267	(7,543)	(159)
Materials	58,952	62,937	63,249	(3,985)	(312)
Supplies	5,885	5,542	5,912	343	(370)
Train Power - Diesel	5,127	5,953	5,813	(826)	140
Train Power - Electric	38,966	43,991	46,799	(5,025)	(2,808)
Joint Facilities	10,870	11,375	11,071	(505)	304
Employee Expenses	3,187	2,929	2,699	258	230
Miscellaneous Expenses	2,910	1,793	1,928	1,117	(135)
Misc Charges and Credits	5,644	9,360	11,990	(3,716)	(2,630)
Unspecified Target Red.	0	0	0	0	0
TOTAL NON-PAYROLL	217,873	239,824	250,866	(21,951)	(11,042)
REIMBURSABLE	136,053	125,569	132,929	(10,484)	7,360
TOTAL NET EXPENSES	\$790,105	\$852,425	\$879,318	(\$62,320)	(\$26,893)

() Denotes Unfavorable

MTA LONG ISLAND RAIL ROAD
CASH STATEMENT
2002 - 2004
(\$000)

		2003	2004	Variance	
	2002	2003	2004	2003 Mid-Year	2004 Prelim Bud
	Actual	Mid-Year	Preliminary	vs. 2002 Actual	vs. 2003 Mid-Yr Fcst
		Forecast	Budget		
<u>Cash Receipts</u>					
Passenger Collections	\$354,374	\$397,884	\$437,037	\$43,510	\$39,153
Capital Project Funding	175,740	155,378	160,828	(20,362)	5,450
MetroCard Sales	22,122	25,467	25,500	3,345	33
All Other	45,008	36,219	41,220	(8,789)	5,001
Total Receipts	<u>597,244</u>	<u>614,948</u>	<u>664,585</u>	<u>17,704</u>	<u>49,637</u>
<u>Cash Disbursements</u>					
Payroll	473,522	480,588	483,383	(7,066)	(2,795)
Fringe Benefits	175,391	179,727	197,227	(4,336)	(17,500)
Pensions	57,941	79,283	80,881	(21,342)	(1,598)
Professional Services	18,421	18,258	19,215	163	(957)
Operating Services	2,916	5,758	5,503	(2,842)	255
Maintenance Services	21,017	21,239	24,314	(222)	(3,075)
Construction Services	3,549	189	0	3,360	189
Communications	6,065	5,927	6,176	138	(249)
Utilities	9,420	10,032	9,943	(612)	89
Leases & Rentals	8,775	8,641	9,248	134	(607)
Advertising	2,538	1,594	1,595	944	(1)
Insurance	26,657	18,510	24,097	8,147	(5,587)
Judgement & Claims	11,684	13,881	13,967	(2,197)	(86)
Materials	107,955	78,126	91,867	29,829	(13,741)
Supplies	6,153	5,542	5,912	611	(370)
Train Power - Diesel	5,037	5,953	5,813	(916)	140
Train Power - Electric	39,872	43,991	46,799	(4,119)	(2,808)
Joint Facilities	11,558	11,375	11,071	183	304
Employee Expenses	3,814	2,929	2,699	885	230
Miscellaneous Expenses	1,084	1,263	1,437	(179)	(174)
MetroCard	21,982	25,467	25,500	(3,485)	33
Unspecified Target Reductions	0	0	0	0	0
Total Disbursements	<u>1,015,351</u>	<u>1,018,273</u>	<u>1,066,647</u>	<u>(2,922)</u>	<u>(48,309)</u>
Cash Operating Deficit	<u>(418,107)</u>	<u>(403,325)</u>	<u>(402,062)</u>	<u>14,782</u>	<u>1,263</u>
Capital Equipment	<u>(2,265)</u>	<u>(7,180)</u>	<u>(7,718)</u>	<u>(4,915)</u>	<u>(538)</u>
Total Cash Deficit	<u>(420,372)</u>	<u>(410,505)</u>	<u>(409,780)</u>	<u>9,867</u>	<u>725</u>
Impact of Opening/Closing Bal.	<u>(5,353)</u>	<u>0</u>	<u>0</u>	<u>5,353</u>	<u>0</u>
Total Cash Requested	<u>(\$425,725)</u>	<u>(\$410,505)</u>	<u>(\$409,780)</u>	<u>\$15,220</u>	<u>\$725</u>

() Denotes Unfavorable

MTA LONG ISLAND RAIL ROAD
RECONCILIATION OF CASH TO OPERATING DEFICIT
2002 - 2004
(\$000)

	2002	2003	2004
	<u>Actual</u>	<u>Mid-Year Forecast</u>	<u>Preliminary Budget</u>
Net Loss per Income Statement (accrued)	(\$589,407)	(\$630,226)	(\$637,907)
<u>Cash Adjustments:</u>			
Depreciation & Other Charges/Credits	177,647	196,616	217,754
Miscellaneous Charges & Credits	5,644	9,360	11,990
Cash Additions to Other Revenue	12,780	6,100	7,240
Material Purchases vs. Chargeouts	(10,856)	10,755	1,000
Capital Mat'l Purchased in 2002/Installed in 2003	(3,600)	3,600	0
Bad Debt Reserve	1,633	739	700
Legal Settlements - Cash vs. Accrual Basis	(4,119)	1,227	1,300
Pension - Cash vs. Actuarial basis	(3,008)	(1,428)	(111)
Payments Against Reserve for Environmental Issues	(359)	(2,065)	(4,000)
Operating Capital	(2,698)	(7,180)	(7,718)
Timing of Insurance Payments vs. Accrued	(3,612)	2,660	253
Change in Beg/End Balance	(5,353)	-	-
Other Adjustments	(417)	(663)	(282)
Total Cash Adjustments	163,682	219,721	228,126
 Total Cash Subsidy Requested:	 (\$425,725)	 (\$410,505)	 (\$409,780)

() Denotes Unfavorable

MTA Long Island Rail Road 2004 PRELIMINARY BUDGET

Major Assumptions

The primary assumptions underlying the 2004 Preliminary Budget are aimed at providing service efficiently while minimizing any impact on customers, and addressing the changing needs of the M-7 and M-1 fleets.

Revenue and Ridership

The regional economy, employment trends and the impacts of the 2003 fare increase are the primary drivers of the passenger ridership and revenue in 2004. Throughout 2003, month-over-month employment in New York City has been lower than in 2002 and 2001. Employment has also been lower than projected in the 2003 budget, resulting in reduced ridership projections for the 2003 forecast and the preliminary 2004 budget. The 2003 ridership forecast has been reduced to 80.5 million from a budget of 81.4 million and the 2004 budgeted ridership is now 81.7 million. This 1.5% growth is predicated on some recovery in both employment levels and the price elasticity effects of the fare increase.

Passenger revenue assumptions follow the ridership results, with the primary impact on the 2004 budget being the May 2003 fare increase. The 2004 budget of \$435.1 million represents an increase of 9.9% from the 2003 forecast.

Other revenues have performed favorably in 2003, especially rental income, fiber optics and miscellaneous revenues. These are projected to rise in 2004 with both inflation and continuing returns from rental and fiber optics revenues.

Expenses

Payroll – Straight Time and Overtime

The 2003 forecast projects a net under-run of \$5.9 million in payroll, with straight-time savings of nearly \$10 million offsetting an overtime overrun of \$4.1 million. Straight-time payroll savings reflect a recalculation of the pattern bargaining provision and higher-than-projected vacancy levels through year-end. Overtime overruns in 2003 are associated with additional crew-book overtime, advances and extensions of tours, additional tours, some open job coverage, and some weather-related impacts. Attrition has been high in recent years, and exacerbates vacancy situations in crafts with long training periods such as car repairmen. In order to mitigate the impact this is having in 2003 and into 2004, the LIRR is adding an extra class of car repairman in 2003. At the same time, the training course that has taken as long as nine months is being shortened to seven months; this is consistent with our labor agreements and does not impact on course content or quality. It does, however, bring those newly trained employees into full utilization sooner, enabling us to keep better pace with attrition.

In 2004, the recalculation of the pattern bargaining provision is carried forward and is the major reason for the variance in straight time, along with an increase in average positions over the 2003 forecast. The 2004 wage increase adjustment carries through into overtime, with offsets from lower levels of reimbursable project-related overtime.

Employee Benefits

The 2003 fringe benefit cost projections are driven primarily by the size of the active employee population as compared to plan and the rates for health and welfare benefits. With positions running below budget, the Railroad Retirement taxes and active employee health and welfare costs will both be favorable. However, the cost of retiree health and welfare continues to escalate as the rates rise faster than any other cost area and the population of retirees rises more quickly in recent years.

In 2004, an increase in position levels drives benefits costs up along with rapidly escalating rates for health and welfare benefits to active and retired employees. When compared with the March Forecast, costs are reduced as a result of lower positions.

Pension

Pension costs in 2003 and 2004 have risen rapidly of late, driven up by the same factors in both years. As with most pension plans, unfavorable market performance has diminished earnings returns and caused employer contribution requirements to rise in order to meet plan funding requirements. The LIRR is awaiting the final results of its first plan review in more than a decade. The results of this review will be used to identify the full level of under-funding that will need to be addressed.

Purchased Services

The timing and the overall level of use of outside services underpins the changes from plan in the 2003 forecast. Some of the changes in 2003 are associated with using less services because needs are less than projected (e.g., toilet servicing). However, most of the changes are due to timing delays of consulting, operating and maintenance work into 2004, including work related to the retirement of the M-1's.

The baseline for 2004 purchased services was driven by inflationary increases in existing contracts. Additions for timing delays from 2003 increased 2004 costs, but the biggest increases are associated with support for our ticket vending machines and ticket office machines. Specifically, 2004 will see new maintenance costs for the TVM's and TOM's that come off warranty in 2004, as well as an increase in debit/credit fees. Savings have resulted in 2004 as some proposed work has been rescheduled from 2004 into 2005 or later, including some structural painting and repairs. In addition, certain proposed systems projects have been eliminated.

Communications

For both 2003 and 2004, this expense area is projected to yield savings as a result of lower voice and data line charges. A switch replacement that was to have happened in 2004 is no longer needed, saving nearly \$2 million.

Utilities

The harsh winter of 2003 drove up utility costs in the 2003 forecast. However, the 2004 budget is driven by inflationary increases only.

Leases & Rentals

Underutilization of truck and trailer rentals reduces 2003 costs. Costs are increasing in 2004 for leased office space associated with the Greater Jamaica Development.

Advertising

This category of expense is being held to only essential advertising in 2003 and 2004. As a result, the 2004 budget shows no growth over 2003.

Insurance

As guided by MTA Risk Management, the projections of insurance costs are based on the Railroad's risk profile and the market for insurance. Over time, continuing improvements in employee and customer safety performance have resulted in positive results in both insurance costs and legal claims, which are reflected in the 2003 and 2004 assumptions.

Claims & Suits

The costs assumed in the accrued 2003 and 2004 financials are directly associated with the changing status of claims and lawsuits. As these issues progress through time, adjustments are made to reserves and actual expenditures are recognized.

Materials and Supplies

Additional material usage is expected in 2003 in both the Engineering and Equipment departments. Operating funds are needed to complete station work initiated as capital projects. Maintenance of the diesel fleet is consuming more materials than projected in the original 2003 budget. For 2004, the diesel maintenance plan is being scoped according to the changing plans for modifications.

Ongoing review of production plans for the electric fleet and inventories on hand will result in one-time reductions to the material purchase requirements in 2004.

Train Power – Diesel and Electric

Diesel rates in 2003 are higher than planned, and impact 2004 as well. Electric traction is following close to plan in 2003. In addition to inflationary impacts in 2004 costs, the higher consumption and demand rates of the M-7 cars have been factored in based upon the M-7's gradual replacement of the M-1's in the active fleet.

Joint Facilities

With no significant changes to Penn Station operating or maintenance activities, the changes in this account are largely associated with known work to be performed by Amtrak.

Employee Expenses

In 2003, overtime overruns are linked to increases in this account, primarily for meal payments. Specific reductions in 2004 were made in the PEG's to help meet the target, including reductions to tuition expense.

Reimbursable Expenses

A combination of delayed project work and planned flagging activity that has not materialized result in a sharply reduced reimbursable projection for 2003. A wide range of project changes affect this forecast, including the M-7 delivery delays, ESA work that has not started, less support required by DOT and other capital projects, and signal project changes. There is a roll-up affect of these changes on recovery of both material- handling and general and administrative overhead. Acceleration of work from 2004 into 2003 has provided some offset.

The overall size of projected reimbursable activity in 2004 has been scaled back. This results in part from the acceleration of some work into 2003, as well as more conservative assumptions about flagging activity levels. There is some offset from the 2003 work pushed back into 2004.

Other Assumptions

Service Levels

The main objective was to maintain train service levels and to deal with any necessary reductions by not going ahead with plans to add additional trains. Softening ridership levels have made train service additions initially proposed for start up in 2003 less critical, as standee levels have diminished.

Customer service changes will have little impact on customers. Ticket agent and ticket clerk positions are reduced where ticket vending machines are expected to serve customer needs. A proposed addition to the number of station cleaning positions has also been reduced.

Fleet

The AM Peak Requirement for 2004 (by year end) was reduced by the equivalent of one consist. This is consistent with the rate of M-7 deliveries and M-1 planned retirements, as well as the rate of ridership change projected into 2004. The spare ratio, once targeted to reach 15% will be reduced to approximately 12%; the strong mean distance between failure (MDBF) performance of the M-7 fleet to date makes the lower spare ratio less risky for the near term. In addition, the “spares” and “protect” M-1 cars are not as critical an issue, and retirements are projected to rise by 118 cars over prior assumptions.

Operating Performance

Both on-time performance and MDBF are projected to improve in 2004 over 2003. The on-time performance goal for 2004 is 94.8% and fleet-wide MDBF is projected to be 45,700 (nearly a 10% increase over the 2003 goal). Both of these goals are supported with the resources in the preliminary 2004 budget.

Safety

Continued improvement in employee safety is planned, with a projected reduction to the lost time and restricted duty case rate of nearly 27%. Similarly, customer safety is projected to improve, with a 10% drop in injuries per million customers. No significant reduction to safety-related resources is slated for 2004. Rather, some expansions of desirable programs (such as tree trimming) are deferred. Environmental clean-up costs are shifted out into future years, consistent with the pace that is occurring as LIRR works with NYSDEC to bring various locations into compliance.

Maintenance

The overall commitment to fleet maintenance is unchanged, consistent with the expectation of improved operating performance. There are a number of one-shot savings opportunities in the fleet maintenance area that will create savings in 2004 that are non-recurring. The normal cycle of completing certain targeted modification and overhaul programs and beginning other programs continues with both the M-1 and M-3 fleets, as well as the diesel C-3 coaches and DE

and DM locomotives. Material acquisitions associated with the ramp up of life cycle maintenance activities for both the M-3's and M-7's are reduced in 2004 by shifting these costs to 2005.

The type of fleet and fleet size will continue to change during 2004 with the continued introduction of the M-7 cars. By year-end 2004 there will be 364 M-7 cars and M-1 cars will be down to 424. Maintenance requirements are reduced on an ongoing basis with the increased number of M-1 car retirements. Periodic inspections (PIs) will also be reduced since M-7 cars require 92 day PIs versus M-1 cars that require 45/92 day PIs.

The review of material requirements also has resulted in an anticipated reduction in material purchases needed to support the 2004 production plan in the Equipment Support Shops.

Infrastructure maintenance is only slightly reduced, in signal system maintenance and rescheduling of roof repairs and bridge painting. Over the longer term, this work will have to take place in order to sustain a state of good repair.

MTA Long Island Rail Road
2003 - 2004 Operating Budget Projections
Program to Eliminate the Gap (PEGs)
(\$ in thousands)

	<i>Favorable/(Unfavorable)</i>			
	2003		2004	
	Mid-Year Forecast		Preliminary Budget	
	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>
<u>Administration:</u>				
<i>All Departments</i>				
Wage Increase assumptions		\$3,322		\$2,967
<i>Equipment</i>				
Availability & Employee Vacation Relief				425
Department Reorganization, Transfers and Position Abolishment's			14	1,116
<i>Engineering</i>				
Inventory Management System				38
Training - Technology				40
Vehicles - Improves Productivity				200
Employee Expenses - Mileage/Travel				100
Updated rates for LIRR vehicles (based on Metro-North stds.)		870		
<i>Transportation</i>				
Lower headcount - hiring freeze/attrition (primarily Mgmt.)		1,235		
Adjustment to pay rates (employee mix) and non-paid absences		827		
<i>Passenger Services</i>				
Non-paid absences (sick, family leave and disciplinary without pay)		125		
Reclassify Asst. Mgr Mail & Ride to Asst. Terminal Mgr.				10
Eliminate 2 bookkeeper positions				154
<i>Administrative Departments</i>				
<i>Finance</i>				
Vacancies and delayed hiring		234		
Hyperion System maintenance services		10		10
Operating services		3		1
Material reduction		9		6
Reimbursables		18		
Lower professional services				9
Lower tuition reimbursements				6
Lower bad debt expenses				59
<i>STC</i>				
Lower retiree sick/vacation buyback		111		
Lower voice data and leased line costs		262		
Resource Processing & Control delayed project completion until 2004		130		
Hand Held - Support Shop Phase II & 1870 Inspection		190		
Telecommunications - CDPD- M-7 late roll out		100		
Consultants for Backpay/Maintenance work		300		
Lower overtime				22
Lower voice charges due to telephone switch replacement				1,946
Lower leased office machines costs				110
Lower computer hardware costs				593
Lower miscellaneous expenses				3
Systems Initiatives (Financial suite; Life Cycle Maintenance; IVR TIC; etc.)				4,123
<i>President</i>				
Material		1		
Reduction of living expenses for acting President		21		
<i>Market Development and Public Affairs</i>				
Reduction to advertising				209
<i>Labor Relations</i>				
Open Positions		241		
Misc. non-payroll		12		
Transfer of Labor Council to Labor Relations Department			1	151

MTA Long Island Rail Road
2003 - 2004 Operating Budget Projections
Program to Eliminate the Gap (PEGs)
(\$ in thousands)

	2003 Mid-Year Forecast		2004 Preliminary Budget	
	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>
<i>Proc. & Logistics</i>				
Hiring delays and benefit adjustments		981		
Reduction in materials (vehicles)				234
<i>Human Resources</i>				
Lower medical lab testing fees		92		
Lower recruitment expenses		32		
Revised rate of increase on Medical Contract				55
Supplies (Postage reduced fewer mailings)				46
Reduction in Employee Expenses recruitment and tuition				20
Miscellaneous Non-payroll reductions				8
<i>Strategic Invest.</i>				
Open positions and benefit adjustments		90		
Reduction in professional services				80
Non-stock materials reduced (calibration items)				20
Miscellaneous payroll and non payroll adjustments				24
<i>Law</i>				
Reduction in surveillance services		60		
<i>OSA</i>				
Increase in reimbursable		5		
<i>Safety</i>				
Reduction in Maintenance services		30		
Reduce Corporate Safety Incentive Awards				115
<i>Other</i>				
Timing and Other Adjustments		2,883		3,969
Total	0	\$12,194 38.2%	15	\$16,868 38.8%

Customer Convenience and Amenities:

<i>Engineering</i>				
Right of Way Cleaning			8	537
Copague Station Stair Replacement				150
<i>Transportation</i>				
Less constructive payments per employee		474		
Weather-related busing services		130		
Relief day project overtime tours		1,924		
Removal of 2 new Ronkonkoma consists (elimination of proposed new service)		206		
Reassessment of East Side Access (payroll savings)				2,331
Joint Facilities reduction				400
Removal of 1 yard crew-tour				207
Availability changes: increase train service 1 day and engine service 1.75 days				666
Combine DM & MU crews				161
Change reporting location for engine service (Morris Park & Richmond Hill)				161
Reclassification of 20 train service positions - (from Conductor to Assistant Conductor and Collector)				419
Decrease in 2 passenger crews due to the elimination of proposed new service				537
Reduction of 2 Ushers- Penn Station ticketed waiting room				157

MTA Long Island Rail Road
2003 - 2004 Operating Budget Projections
Program to Eliminate the Gap (PEGs)
(\$ in thousands)

	2003 Mid-Year Forecast		2004 Preliminary Budget	
	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>
<i>Passenger Services</i>				
TVM software leasing		30		
Lower costs for kiosks for Ticket Vending Machines (TVMs)		30		
Eliminate 2 TVM/Agent additional team for Revenue Service Maintenance				185
Reduce Agent and Station Appearance Maintainer (SAM) positions (re-assessment of proposed additions)			16	1,024
Eliminate Asst. Terminal Mgr.				95
Reduce Jamaica Air Train Cleaning				92
Reduce Debit/Credit fees increase				467
Eliminate 2 ticket clerks from General Manager Office				132
Reduce Penn Station cleaning				200
Total	0	\$2,794 8.8%	24	\$7,921 18.2%

Service:

Revision of Holiday service -MLK and Columbus day reduction of tours (similar to Metro-North)				69
Total	0	0 0.0%	0	\$69 0.2%

Maintenance:

<i>Maintenance of Equipment</i>				
MU Mods Ending/Continuing			9	2,382
Diesel Mods Ending/Continuing			8	1,027
M-1 Retirements (118 more retirements - Less Maintenance)			18	3,194
Support Shop (Production Plan)			8	3,315
LCM (M3 & M7) Material (Lagged into 2005 - Timing of Receipts - M-7's)				3,000
45 Day PI (ATC - Speed Control M-7 - Assumed not required)			9	816
Environmental Clean-up Services				204
CRH (Toilet Servicing) and Manpower			1	980
Other Outside Services (CFR238 Report Writing & Lab Fees)				463
M-7 Track Lease (Reimbursable)				150
Lower headcount (hiring freeze/delays)		6,729		
Completion of Procedure Writing Program		360		
Lab fees and other professional services		178		
Toilet servicing (lower rates; smaller fleet size)		430		
M-1 Decommissioning (deferred M-1 retirements)		253		
Other lower maintenance services		186		
Support Shops material (lower costs and volume)		116		
Fewer boom truck and trailer rentals		160		
Misc. non-payroll		78		

MTA Long Island Rail Road
2003 - 2004 Operating Budget Projections
Program to Eliminate the Gap (PEGs)
(\$ in thousands)

	2003 Mid-Year Forecast		2004 Preliminary Budget	
	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>
<i>Engineering</i>				
Substation Roof Repairs				20
Negative Bonding				60
Signal System Maintenance				432
Meter Calibration & Hazardous Waste				60
Hillside Roof Repairs				300
Bridge Painting Program				150
Lower headcount - hiring freeze/delays				
- (Primarily Signalmen for East Side Access)		5,050		
Overtime - maintenance and project-related		1,413		
Track Car (TC-82) Post Processing Pilot cancelled		150		
Fewer environmental clean-ups		150		
Rubbish removal and other miscellaneous maintenance services		48		
Transformer Maintenance Program				100
Comm Cable Asbestos Abatement				220
Total	0	\$15,301	53	\$16,874
		48.0%		38.8%
<i>Safety/Security:</i>				
<i>Maintenance of Equipment</i>				
Training (CFR & M-7 - Phase 1)				108
Fleet Support Hazardous Material (delayed contracts)		306		
Fewer environmental services for plant maintenance		250		
<i>Engineering</i>				
Substation Fence Repairs				20
Safety Incentives				40
Comm Control Integration				135
Tree Trimming Program Increase				500
TR4 Radio Base Stations				135
Storm Damage				216
Speed Spectrum Wayside Radio				38
Guard Services (reimbursed through capital program)		226		
Total	0	\$782	0	\$1,192
		2.5%		2.7%
<i>Revenue Initiatives:</i>				
Rental income and fiber optic income	0	\$809	0	\$556
		2.5%		1.3%
Total PEGs	0	\$31,880	92	\$43,480

Programs to Eliminate the Gap

Administration

Changes to wage increase assumptions and the resulting impact on both pay and fringes are one of the major PEGs in the administrative area. For 2004, there are also positions eliminated that result from reduced functional requirements and reorganizations within and between departments.

Reductions to a variety of accounts including communications charges, advertising, leases, tuition, operating and professional services are spread throughout the company. However, the most significant changes for 2004 are the information services initiatives that cannot be undertaken so that the LIRR can remain within budgetary guidelines. These include systems for the Life Cycle Maintenance Programs, a Financial Suite, and upgrades or replacements to work order systems, automated voice response systems and other initiatives.

Customer Convenience and Amenities

A reassessment of the East Side Access project support requirements has resulted in 2004 payroll savings.

Service additions to meet expected ridership growth that were previously planned to start in 2003, then rescheduled to 2004, are now eliminated from 2004 altogether. With the failure of ridership growth to meet expectations, this change is reasonable and results in avoidance of cost growth associated with additional train crews, cars in service and traction power.

Significant savings in the Passenger Services Department were achieved by carefully reviewing its requirements for station appearance maintainers (SAM's) and ticket agents. The March Plan included a provision for 14 additional SAM's in 2004. By re-organizing the function, the LIRR was able to reduce the position increase to only 2 (a net decrease of 12 from the March Plan). The purchase of new Ticket Office Machines (TOM's) has resulted in a less labor-intensive operation that has allowed for a reallocation of tours and the elimination of vacant positions.

Maintenance

The LIRR has avoided any move into a state of deferred maintenance. PEGs in this area, such as deferred roof repairs and bridge painting, do not entirely eliminate work. Rather, work at specific sites where the impact can best be tolerated is rescheduled.

In 2003, a large portion of the savings for maintenance are due to straight-time payroll and benefits savings primarily as a result of delayed hiring in both the Engineering and Equipment departments. The savings in the Equipment department are offset by overtime increases. The savings within Engineering are primarily attributable to the reassessment of support requirements for the East Side Access (ESA) project.

Completion of some fleet (both MU and diesel) modification programs and changes in production and maintenance schedules have helped to reduce costs in 2004. Maintenance

requirements are also reduced on an ongoing basis with the increased number of M-1 car retirements. Review of material requirements also anticipates a reduction in material purchases needed to support the 2004 production plan in the Equipment Support Shops.

Service

There are proposed changes to the treatment of certain holidays, where diminishing ridership service validates a move to offer less train service.

Safety/Security

The Engineering PEGs in this area are not likely to have an impact on either safety or security. M/E training reductions also will not affect safety in an adverse way, as Federal requirements will be met.

MTA Long Island Rail Road
2003 - 2004 Operating Budget Projections
New Needs
(\$ in thousands)

	<i>Favorable/(Unfavorable)</i>			
	2003		2004	
	Mid-Year Forecast		Preliminary Budget	
	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>
<u>Administration:</u>				
<i>All Departments</i>				
Management vacation buyback		(\$1,224)		\$0
<i>Equipment</i>				
Leap Year Impact				(544)
Retiree vacation/sick leave payments		(1,590)		(964)
Fleet Engineering (3 heads for environmental engineering, .5 for mechanical engineering)			(4)	(292)
Fleet Engineering (PEMD Support)			(3)	(279)
Differential and other payroll adjustments		(339)		
Employee meal allowances associated with overtime		(193)		
<i>Engineering</i>				
Payroll rate variance		(422)		(916)
Retiree vacation/sick leave payments and Personal Day buyback		(1,278)		
Miscellaneous non-payroll		(46)		
<i>Transportation</i>				
Material - buyout of Penn Station Communication System		(50)		
Reimbursable due to less flagging support for DOT and Capital projects		(4,175)		
Extra tours for new Crew Mgmt. System and M-7 fleet training		(444)		
Compensatory payments and Yardmaster meal allowance		(219)		
UTU/BLE vacation buyback payments		(33)		
Higher price per gallon for diesel fuel		(366)		
Traction power - wayside power and delivery charges		(34)		
Miscellaneous non-payroll		(30)		
Corporate overhead rate changes				(633)
Net change of Reimb. Flagging/work train budget				(2,224)
Re-class 5 reimbursement management M-7 positions to operating				(755)
Net non payroll changes				(59)
Delayed implementation of staffing of equipment trains with Engineer and Conductor only		(268)		
<i>Passenger Services</i>				
Utilities costs		(159)		
Reimbursable project support		(59)		(65)
Rate adjustment for Agents and SAMs				(103)

MTA Long Island Rail Road
2003 - 2004 Operating Budget Projections
New Needs
(\$ in thousands)

	2003 Mid-Year Forecast		2004 Preliminary Budget	
	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>
<i>Administrative Departments</i>				
Long Island Association (LIA) membership		(8)		0
Homeless Outreach Program		0		(14)
Reimbursable support		(697)		(999)
Internet access monitor costs		0	(2)	(332)
Computer maintenance costs		0	(2)	(276)
Budgeted system training		(20)		0
Professional consultant services (accounting software, statistician services)		(89)		0
Armored car services		(25)		0
Installation of A/R system and treasury furniture purchased charged in 2003		(50)		0
Increase in claims & suits reserves		(412)		0
Payroll/benefit adjustments (rate changes, overtime, comp. time payments, etc.)		(196)		(133)
Position added in training department (train service)		0		(57)
Increase for M-7 Simulator		0		(13)
Misc non-payroll expenses (employee exp., tuition, supplies, etc)		(3)		(52)
Retiree Health and Welfare benefits		(2,074)		(2,112)
Misc Charges and Credits		(369)		0
Leases and rentals- Jamaica Development		0		(500)
Census Study - Diversity Mgmt.		0		(5)
Total	0	(\$14,872)	(11)	(\$11,327)
		39.7%		51.5%
<i>Customer Convenience and Amenities:</i>				
<i>Transportation</i>				
Delayed implementation of fare collection formula change and reclassification of Asst. Conductors as Collectors		(454)		
Greater crew and equipment manipulations to maintain On Time Performance		(2,225)		
<i>Passenger Services</i>				
Average headcount		(358)		
Vehicle purchase		(30)		
Hardware equipment purchase for ETVM		(40)		
Add ticket clerk positions				(305)
Web Ticket				(10)
<i>Information Services Department</i>				
Higher PSCC and Maintech				(100)
Higher computerized display services and AVIS				(54)
Web Ticket		(620)		
Total	0	(\$3,727)	0	(\$469)
		9.9%		2.1%
<i>Service:</i>				
<i>Transportation</i>				
Add back "shoulder" trains (labor/benefits)		(581)		
Total	0	(\$581)	0	0.0%
		1.5%		0.0%

MTA Long Island Rail Road
2003 - 2004 Operating Budget Projections
New Needs
(\$ in thousands)

	2003 Mid-Year Forecast		2004 Preliminary Budget	
	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>
<u>Maintenance:</u>				
<u>Equipment</u>				
Overtime - open job coverage, double-time, maintenance, weather-related		(5,811)		
Diesel material - higher than planned usage for maintenance and overhaul activities		(1,478)		
Fleet cleaning water consumption		(245)		
Reimbursable - delayed M-3 overhaul activity and fewer M-7 warranty repairs		(560)		
MU Modifications			(8)	(1,643)
Diesel Modifications			(6)	(4,968)
M1 - Decommissioning			(6)	(886)
HVAC (Helper to support Summer Season)				(34)
Toilet Repairs (OT - Labor)				(30)
Arch Street (Beneficial Use - Start-up) Labor - Lagged Positions Start 10/04			(10)	(959)
PEMD (Plant Maintenance - Increase Headcount per Willis Carroon Study)			(4)	(764)
Utilities (Water Usage)				(145)
Crew Board System				(140)
Crew Cab Bucket (PEMD), Material				(45)
Wash Tank Replacment				(143)
OFC Projects Ending (Reimbursable Impact)				(74)
<u>Engineering</u>				
Miscellaneous emergency repairs at Hillside Facility		(210)		
Materials for CPRB work at Auburndale and St. Albans		(974)		
Joint Facilities - higher tunnel maintenance		(196)		
Reimbursable activity: East Side Access (delayed hiring of 19 positions); delay in Babylon to Speonk Signalization Program; Port Washington Yard		(4,438)		
MW 2000 (Track training program) and outside training for Substation electricians		(222)		
<u>Transportation</u>				
Reimbursable - less flagging support for DOT and Capital projects		(4,175)		
Total	0	(\$18,309)	(34)	(\$9,831)
		48.8%		44.7%
<u>Safety/Security:</u>				
<u>Equipment</u>				
Training (M7 Basic & Advance, Training for (GF,CR,RCI,Elect)				(362)
Total	0	\$0	0	(\$362)
		0.0%		1.6%
Total New Needs	0	(\$37,489)	(45)	(\$21,989)

New Needs

Administration

The primary drivers of the New Needs in this area are: revised reimbursable activity and overhead assumptions; the escalation of Retiree health and welfare benefits costs; and the increases to pension.

Customer Convenience and Amenities, Service

New Needs in 2003 are related to greater crew costs necessary to maintain on-time performance and costs required to start up the Web Ticket program.

Maintenance

New needs in 2003 are related primarily to hiring delays within the Equipment Department and their associated impact on overtime (job coverage). Diesel fleet maintenance activities and repairs cause an increase in material consumption. Reimbursable capital activity also has a negative impact on expenses primarily resulting from delays in project activity (ESA, DOT project activity, etc.) that cause reimbursable revenue to be reduced.

During 2004, fleet modification programs continue in order to reduce component failures and improve reliability. Interior lighting upgrades on the M-3s, side door weather-stripping replacement and MU speed sensor design enhancement are a few of the programs to improve reliability. Much of the diesel fleet maintenance costs are associated with life cycle maintenance needs such as engine and truck overhauls. M-1 decommissioning will continue into 2004 with 134 M-1 cars being decommissioned. Also included in 2004 per a consultant study are plant maintenance needs to maintain existing equipment and facilities, as well as required staffing for the new Arch Street Shop.

Safety/Security

Incremental investment is needed in training in the Equipment department for M-7 fleet maintenance and continuing development of employees to fill higher skilled craft positions.

**MTA LONG ISLAND RAIL ROAD
OPERATING AND PROJECT EMPLOYEES**

EMPLOYEE POSITIONS BY DEPARTMENT AS OF 12/31

O = Operating

P = Project

T = Total

DEPARTMENT	2002 ACTUALS*			2003 MID-YEAR FORECAST			2004 PRELIMINARY BUDGET		
	O	P	T	O	P	T	O	P	T
Engineering	1,040	507	1,547	1,043	562	1,605	1,114	479	1,593
Equipment	1,728	36	1,764	1,835	56	1,891	1,841	46	1,887
Transportation	1,748	59	1,807	1,783	40	1,823	1,831	24	1,855
Passenger Services	424	0	424	381	0	381	383	0	383
All Other	21	2	23	23	2	25	23	2	25
Total Operating & Maint.	4,961	604	5,565	5,065	660	5,725	5,192	551	5,743
Executive Vice President	2	0	2	2	0	2	2	0	2
Labor Relations	12	0	12	13	0	13	12	0	12
Procurement & Logistics	150	24	174	162	24	186	162	23	185
Human Resources	101	0	101	98	0	98	99	0	99
Strategic Investment	16	21	37	18	23	41	18	23	41
Diversity Management	3	0	3	3	0	3	3	0	3
Total Exec. Vice President	284	45	329	296	47	343	296	46	342
President	3	0	3	3	0	3	3	0	3
V.P. & Chief Financial Officer	91	16	107	92	17	109	93	17	110
Svc. Plng., Technology & CPM	162	106	268	169	117	286	172	118	290
Market Dev. & Public Affairs	63	0	63	66	0	66	66	0	66
General Counsel & Sec.	26	0	26	31	0	31	32	0	32
System Safety	18	2	20	19	2	21	18	3	21
Total General & Admin.	647	169	816	676	183	859	680	184	864
Total	5,608	773	6,381	5,741	843	6,584	5,872	735	6,607

* Represents actual incumbents

**MTA LONG ISLAND RAIL ROAD
OPERATING AND PROJECT EMPLOYEES**

EMPLOYEE POSITIONS BY DEPARTMENT AS OF 12/31

O = Operating

P = Project

T = Total

DEPARTMENT	2003 MID-YEAR FORECAST			2004 PRELIMINARY BUDGET			VARIANCE		
	O	P	T	O	P	T	O	P	T
Engineering	1,043	562	1,605	1,114	479	1,593	(71)	83	12
Equipment	1,835	56	1,891	1,841	46	1,887	(6)	10	4
Transportation	1,783	40	1,823	1,831	24	1,855	(48)	16	(32)
Passenger Services	381	0	381	383	0	383	(2)	0	(2)
All Other	23	2	25	23	2	25	0	0	0
Total Operating & Maint.	5,065	660	5,725	5,192	551	5,743	(127)	109	(18)
Executive Vice President	2	0	2	2	0	2	0	0	0
Labor Relations	13	0	13	12	0	12	1	0	1
Procurement & Logistics	162	24	186	162	23	185	0	1	1
Human Resources	98	0	98	99	0	99	(1)	0	(1)
Strategic Investment	18	23	41	18	23	41	0	0	0
Diversity Management	3	0	3	3	0	3	0	0	0
Total Exec. Vice President	296	47	343	296	46	342	0	1	1
President	3	0	3	3	0	3	0	0	0
V.P. & Chief Financial Officer	92	17	109	93	17	110	(1)	0	(1)
Svc. Plng., Technology & CPM	169	117	286	172	118	290	(3)	(1)	(4)
Market Dev. & Public Affairs	66	0	66	66	0	66	0	0	0
General Counsel & Sec.	31	0	31	32	0	32	(1)	0	(1)
System Safety	19	2	21	18	3	21	1	(1)	0
Total General & Admin.	676	183	859	680	184	864	(4)	(1)	(5)
Total	5,741	843	6,584	5,872	735	6,607	(131)	108	(23)

() Denotes Unfavorable

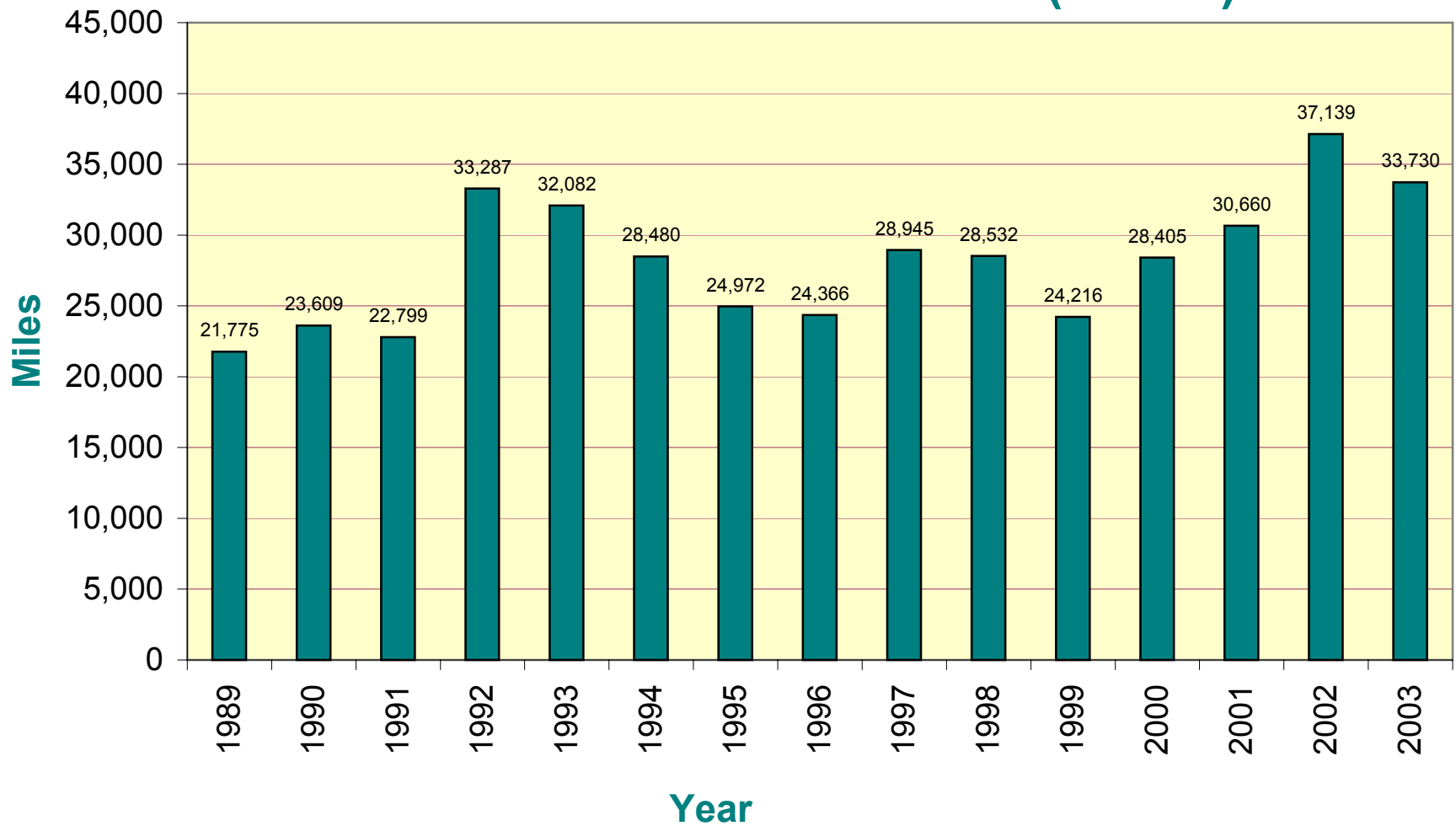
MTA Long Island Rail Road
Summary of Position Changes from 2003 Mid-Year Forecast to 2004 Preliminary Budget

Total increase of (23) year-end positions

Department	# of Positions	
Engineering	12	Signalmen positions re-estimated to conform to East Side Access construction schedules
Equipment	4	M-7 Re-organization
Transportation	(32)	(19) Train service, (13) Engineer trainees due to training and hiring plan
Psgr. Services	(2)	(2) Ticket Clerks due to tour requirements
Labor Relations	1	Transfer of 1 position to Law Department
Procurements	1	Executive Director Contracts position eliminated
Human Resources	(1)	(1) Training Specialist for M-7 added
VP & CFO	(1)	(1) New System Administrative position in Office of Management and Budget
Svc Plng, Tech & CPM	(4)	(2) System Engineers for M-7 support team (1) Programmer/Analyst for Automated Storage and Retrieval System (ASRS) (1) Position for Resource Process and Control System
Law	(1)	Transfer of (1) position from Labor Relations Department
Total	<u><u>(23)</u></u>	

MTA LIRR

Mean Distance Between Failures (MDBF)



MTA LIRR On Time Performance (OTP)



**Long Island Rail Road
Performance Metrics Summary**

On-Time Performance & Mean Distance Between Failures

<u>Year</u>	<u>OTP %</u>	<u>MDBF</u>
1989	87.4	21,775
1990	89.6	23,609
1991	89.6	22,799
1992	93.7	33,287
1993	92.9	32,082
1994	89.7	28,480
1995	90.9	24,972
1996	90.0	24,366
1997	92.2	28,945
1998	90.5	28,532
1999	91.0	24,216
2000	92.7	28,405
2001	93.1	30,660
2002	94.0	37,139
May YTD 2003	92.1	33,730

2003 Results:

2003 YTD results for both OTP and MDBF have been adversely impacted by harsh winter weather, particularly in February. Second quarter results were much stronger as MDBF exceeded 40,000 miles each month and OTP has approximated 95%.

MTA METRO-NORTH RAILROAD

Metropolitan Transportation Authority
MTA Metro-North Railroad
Reconciliation of 2004 Preliminary Budget with Revised 2003 Budget
(\$ in millions)

	Variance: favorable / (unfavorable)		
	2003	2004	Two-Year Total
Net Operating Cash Deficit - Approved March 2003 Plan	(\$298.0)	(\$259.7)	(\$557.6)
<i>Eliminate Unspecified PEG for 2004 - March 2003 Plan</i>	<i>\$0.0</i>	<i>(\$5.6)</i>	<i>(\$5.6)</i>
Adjusted Operating Cash Deficit - March 2003 Plan	(\$298.0)	(\$265.2)	(\$563.2)
2004 Unspecified PEG Now Identified	\$0.0	\$5.6	\$5.6
Additional Operating PEG	<u>\$31.8</u>	<u>\$17.9</u>	<u>\$49.7</u>
Total Operating PEG	\$31.8	\$23.5	\$55.3
New Needs	<u>(\$10.2)</u>	<u>(\$39.4)</u>	<u>(\$49.6)</u>
Total New Needs and Other Adjustments	(\$10.2)	(\$39.4)	(\$49.6)
Baseline Operating Cash Deficit - July 2003 Plan	(\$276.4)	(\$281.1)	(\$557.6)
variance: compared with Approved March 2003 Plan	\$21.5	(\$21.5)	\$0.1
Cash Deficit Variance Allocation			
Total	\$21.5	(\$21.5)	\$0.1
CDOT	\$6.7	\$11.9	\$18.6
MTA	\$14.9	(\$33.4)	(\$18.5)

METRO-NORTH RAILROAD
FINANCIAL PLAN COMPARISON - CURRENT PLAN VS PREVIOUS PLAN
(\$000S)
BY CATEGORY

	2003			2004		
	Revised Budget	Mid-Year Forecast	Increase/ (Decrease)	Revised Projections	Preliminary Budget	Increase (Decrease)
REVENUE						
PASSENGER	\$368,029	\$373,585	\$5,556	\$391,014	\$403,719	\$12,705
RENTS & CONCESSIONS	19,377	20,957	1,580	19,942	21,048	1,106
GCT UTILITIES	2,805	2,727	(78)	3,023	2,805	(218)
FOOD & BEVERAGE	4,202	3,915	(287)	4,202	4,015	(187)
OTHER	499	393	(106)	509	383	(126)
TOTAL OPERATING REVENUE	\$394,912	\$401,577	\$6,665	\$418,690	\$431,970	\$13,280
EXPENSES						
PAYROLL						
NON-AGREEMENT (N/A)	\$66,927	\$66,236	(\$691)	\$69,070	\$69,750	\$680
OTHER THAN TRAIN & ENGINE (OTE)	171,664	169,693	(1,971)	177,688	180,652	2,964
OTE - OVERTIME	20,277	20,429	152	18,601	21,021	2,420
TRAIN & ENGINE	70,623	70,857	234	71,429	74,084	2,655
T & E - OVERTIME	13,488	13,723	235	14,092	14,672	580
TOTAL LABOR	\$342,979	\$340,938	(\$2,041)	\$350,880	\$360,179	\$9,299
FRINGE	145,717	143,351	(2,366)	156,329	157,634	1,305
TOTAL PAYROLL	\$488,696	\$484,289	(\$4,406)	\$507,209	\$517,812	\$10,603
NON-PAYROLL						
INVENTORY & SUPPLIES	\$52,302	\$51,028	(\$1,274)	\$51,086	\$54,380	\$3,294
INSURANCE	7,664	7,111	(553)	11,077	10,369	(708)
CLAIMS	15,100	15,100	0	14,820	14,820	0
PROPULSION - ELECTRIC	35,940	36,268	328	37,031	39,373	2,342
PROPULSION - FUEL	6,134	6,689	555	6,106	6,750	644
OCCUPANCY	27,098	27,630	532	27,915	28,906	991
CONTRACT SERVICES	35,534	28,644	(6,890)	38,719	41,822	3,103
BUSINESS EXPENSES	20,400	20,515	115	20,752	21,757	1,005
OTHER	124,094	126,454	2,360	132,682	131,172	(1,510)
TOTAL NON-PAYROLL	\$324,266	\$319,439	(\$4,828)	\$340,188	\$349,350	\$9,162
TOTAL EXPENSES	\$812,962	\$803,728	(\$9,234)	\$847,397	\$867,163	\$19,765
TARGETED COST REDUCTIONS				(5,550)	0	5,550
TOTAL EXPENSES	\$812,962	\$803,728	(\$9,234)	\$841,847	\$867,163	\$25,315
NET OPERATING INCOME(LOSS)	(\$418,050)	(\$402,151)	\$15,899	(\$423,157)	(\$435,193)	(\$12,035)
ADJUSTMENTS						
OPERATING CAPITAL	(\$14,143)	(\$15,037)	(\$894)	(\$10,300)	(\$16,964)	(\$6,664)
WAGE PROVISION ADJUSTMENT	0	0	0	0	0	0
DEPRECIATION	145,809	145,809	0	156,145	156,145	0
OTHER	(11,595)	(5,068)	6,527	17,660	14,892	(2,768)
TOTAL ADJUSTMENTS	\$120,071	\$125,704	\$5,633	\$163,505	\$154,073	(\$9,432)
CASH DEFICIT	(\$297,979)	(\$276,447)	\$21,532	(\$259,652)	(\$281,120)	(\$21,467)
CDOT SHARE	(62,996)	(56,342)	6,654	(63,629)	(51,717)	11,912
MTA SHARE	(234,983)	(220,105)	14,878	(196,023)	(229,403)	(33,379)

METRO-NORTH RAILROAD
REVISED 2003 BUDGET AND 2004 PROJECTIONS
VS.
2003 MID-YEAR FORECAST AND 2004 PRELIMINARY BUDGET
BY DEPARTMENT
(\$000's)

	2003			2004		
	Revised Budget	Mid-Year Forecast	Increase/ (Decrease)	Revised Projections	Preliminary Budget	Increase (Decrease)
REVENUE						
PASSENGER	\$368,029	\$373,585	\$5,556	\$391,014	\$403,719	\$12,705
RENTS & CONCESSIONS	19,377	20,957	1,580	19,942	21,048	1,106
GCT UTILITIES	2,805	2,727	(78)	3,023	2,805	(218)
FOOD & BEVERAGE	4,202	3,915	(287)	4,202	4,015	(187)
OTHER	499	393	(106)	509	383	(126)
TOTAL OPERATING REVENUE	\$394,912	\$401,577	\$6,665	\$418,690	\$431,970	\$13,280
EXPENSES						
OPERATING & MAINTENANCE						
OPERATIONS	\$4,003	\$3,935	(\$68)	\$4,043	\$4,098	\$55
GRAND CENTRAL TERMINAL	35,857	35,848	(9)	36,769	37,106	337
OPERATIONS SERVICES	233,492	234,462	970	242,762	251,157	8,395
MAINTENANCE OF EQUIPMENT	140,474	137,390	(3,084)	140,620	147,242	6,623
MAINTENANCE OF WAY	128,042	125,890	(2,153)	134,641	136,711	2,070
METRO-NORTH WEST	11,594	10,422	(1,172)	12,483	12,578	95
TOTAL OPERATING & MAINTENANCE EXPENSE	\$553,464	\$547,947	(\$5,517)	\$571,318	\$588,893	\$17,575
GENERAL & ADMINISTRATION						
PRESIDENT	\$4,847	\$4,550	(\$297)	\$4,906	\$4,937	\$31
FINANCE	58,375	56,802	(1,573)	59,261	61,721	2,461
HUMAN RESOURCES	12,689	12,285	(404)	12,878	12,996	118
CAPITAL PROGRAMS	2,839	2,627	(212)	2,864	2,868	4
LEGAL	2,979	2,840	(139)	3,015	3,128	113
ENVIRONMENTAL COMPLIANCE & SVCS	3,878	3,575	(303)	3,973	3,809	(164)
VP PLANNING & DEVELOPMENT	8,660	8,520	(141)	9,655	8,833	(822)
CLAIMS SERVICES	27,115	26,362	(753)	30,329	29,735	(595)
SAFETY	6,650	4,676	(1,974)	7,094	5,696	(1,398)
DEPRECIATION	145,809	145,809	0	156,145	156,145	0
OTHER CORPORATE COST	(14,343)	(12,264)	2,079	(14,041)	(11,597)	2,444
TOTAL GENERAL & ADMINISTRATION	\$259,499	\$255,781	(\$3,718)	\$276,079	\$278,270	\$2,191
TARGETED COST REDUCTIONS				(5,550)	0	5,550
TOTAL EXPENSES	\$812,962	\$803,728	(\$9,234)	\$841,847	\$867,163	\$25,315
NET OPERATING INCOME(LOSS)	(\$418,050)	(\$402,151)	\$15,899	(\$423,157)	(\$435,193)	(\$12,035)
ADJUSTMENTS						
OPERATING CAPITAL	(\$14,143)	(\$15,037)	(\$894)	(\$10,300)	(\$16,964)	(\$6,664)
WAGE PROVISION ADJUSTMENT	0	0	0	0	0	0
DEPRECIATION	145,809	145,809	0	156,145	156,145	0
OTHER	(11,595)	(5,068)	6,527	17,660	14,892	(2,768)
TOTAL ADJUSTMENTS	\$120,071	\$125,704	\$5,633	\$163,505	\$154,073	(\$9,432)
CASH DEFICIT	(\$297,979)	(\$276,447)	\$21,532	(\$259,652)	(\$281,120)	(\$21,467)
CDOT SHARE	(62,996)	(56,342)	6,654	(63,629)	(51,717)	11,912
MTA SHARE	(234,983)	(220,105)	14,878	(196,023)	(229,403)	(33,379)

Metro-North Railroad
Explanation of Variance
2003 Mid-Year Forecast vs. 2003 Revised Budget
(\$000s)

	2003 Mid-Year Forecast vs.	Variance Explanations
	Revised Budget Increase/ (Decrease)	
<u>REVENUE</u>		
PASSENGER	5,556	State of Connecticut fare increase (+\$7.1m) offset by lower ridership trend (-\$1.5 m).
RENTS & CONCESSIONS	1,580	Increase advertising \$0.3m, increase parking \$0.3m, increase Grand Cenral Terminal(GCT) revenue \$1.0m.
GCT UTILITIES	(78)	Higher steam rates \$0.1m, lower electric rates \$0.1m, lower water and sewage fees \$0.05m.
FOOD & BEVERAGE	(287)	Lower sales.
OTHER	(106)	Primary lower interest income.
TOTAL OPERATING REVENUE	6,665	
<u>EXPENSES</u>		
<u>PAYROLL</u>		
N/A	(691)	Vacancies (-\$0.3m), Re-estimate of merit increase savings (-\$1.5m), Vacation Buyback (+\$1.3m), other (-\$0.2m).
OTE	(1,971)	Operations Services (Op. Svc.) vacancy & step (-\$1.3m), GCT swing from Capital to Operating (+\$0.3m), Maintenance of Way (M of W) step rate (-\$0.6m), Maintenance of Equipment (M of E) vacancy and step (-\$0.7m), Qualifying and Holiday Pay (+\$0.7m), Port Jervis Line positions cut/transfer to Operation Services (-\$0.2m), all other-\$0.2m).
OTE - OT	152	Primarily M of E and Op. Svc. costs.
T & E	234	Additional positions for revenue collection program and delay in position reductions related to deployment of Ticket Vending Machines.
T & E - OT	235	Additional Storm and Highbridge Yard coverage.
TOTAL LABOR	(2,041)	
FRINGE	(2,366)	Decrease in labor costs and lower fringe rates.
TOTAL PAYROLL	(4,406)	
<u>NON-PAYROLL</u>		
INVENTORY & SUPPLIES	(1,274)	Lower equipment maintenance for inclement weather.
INSURANCE	(553)	Lower auto (\$0.5m) and station (\$0.1m) premiums.
CLAIMS	0	
PROPULSION - ELECTRIC	328	Higher CL&P rates.
PROPULSION - FUEL	555	Increase in diesel fuel consumption.
OCCUPANCY	532	Reclass of Port Jervis Line lease costs from Other category.
CONTRACT SERVICES	(6,890)	Eliminate cost provision (-\$5.0m), lower Environmental Service fees (-\$1.8m).
BUSINESS EXPENSES	115	Increase in telephones (+\$0.2m) offset by lower miscellaneous expenditures.
OTHER	2,360	Lower overhead recovery credit (+\$1.8), Port Jervis lease reclass to Occupancy (-\$0.5m), lower New Jersey Transit Fare Holddown due to New York State fare increase (-\$0.6m), higher MTA Police cost (+\$0.6m), lower Amtrak recovery credit (+\$0.5m), Cortlandt land acquisition (+\$0.2m) and all other (+\$0.4m).
TOTAL NON-PAYROLL	(4,828)	
TOTAL EXPENSES	(9,234)	

Metro-North Railroad
Explanation of Variance
2003 Mid-Year Forecast vs. 2003 Revised Budget
(\$000s)

NET OPERATING INCOME(LOSS)	15,899
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ADJUSTMENTS

OPERATING CAPITAL	(894)
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WAGE PROVISION ADJUSTMENT	0
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DEPRECIATION	0
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OTHER	6,527
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TOTAL ADJUSTMENTS	<u>5,633</u>
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CASH DEFICIT	21,532
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Metro-North Railroad
Explanation of Variance
2004 Preliminary Budget vs. 2004 Revised Projections
(\$000s)

	<u>2004</u>	
	Preliminary Budget	
	vs.	
	Revised	Variance Explanations
	Projections	
	Increase/ (Decrease)	
<u>REVENUE</u>		
PASSENGER	12,705	State of Connecticut fare increase (+\$14.2 m), Lower ridership/revised trend (-\$1.5 m), revised socio-economic projections (+\$1.9m), reduced marketing efforts and other impacts (-\$1.9m).
RENTS & CONCESSIONS	1,106	Increase Parking and outlying station rents \$0.8m, increase Grand Central Terminal revenue \$0.3m.
GCT UTILITIES	(218)	Lower electric and water revenues.
FOOD & BEVERAGE	(187)	Lower sales.
OTHER	(126)	
TOTAL OPERATING REVENUE	13,280	
<u>EXPENSES</u>		
<u>PAYROLL</u>		
N/A	680	Inflation (-\$1.9m), change in initiatives (+\$0.9), increase in 2003 base for vacation buyback (+\$1.3), all other (+\$0.4m)
OTE	2,964	Inflation (+\$3.1m), Increase in payroll days (+\$1.3m), Changes in Initiatives (-\$1.0m), all other (\$0.4m).
OTE - OT	2,420	Inflation (+\$0.4m), Change in initiative for emergency coverage (+\$1.9m).
T & E	2,655	Inflation (+\$1.3m), Increase in 2004 payroll days (+\$0.5m), Change in Initiatives (+\$0.4m), all other (+\$0.4m).
T & E - OT	580	Inflation (+\$0.3m), Change in Initiatives (+\$0.1m), all other (+\$0.2m).
TOTAL LABOR	9,299	
FRINGE	1,305	Increase in labor costs offset by lower fringe rates.
TOTAL PAYROLL	10,603	
<u>NON-PAYROLL</u>		
INVENTORY & SUPPLIES	3,294	Inflation (-\$0.7m), change in initiatives +\$4.9m primarily for equipment maintenance programs, change in 2003 base (-\$1.3m), other (+\$0.3m).
INSURANCE	(708)	Inflation (-\$0.1m), change in 2003 insurance premium base (-\$0.6m).
CLAIMS	0	
PROPULSION - ELECTRIC	2,342	Increase in CL&P rates (+\$2.0m), change in Service Plan (+\$0.3m).
PROPULSION - FUEL	644	Increase in Service Plan cost (+\$0.1m), Change in 2003 base consumption (+\$0.5m).
OCCUPANCY	991	Inflation (-\$0.4m), Reclass of Port Jervis Line lease costs from Other (+\$1.5m), change in 2003 base for utility rates in GCT (-\$0.8m, increase Maintenance of Equipment utility consumption base at Poughkeepsie (+\$0.2m), Highbridge Yard utility costs (+\$0.2m), other (+\$0.2m).
	3,103	Inflation (-\$0.5m), Change in Initiatives total +\$9.8m (for Rolling Stock +\$6.2m, MW Maintenance +\$0.9, Facility Maintenance +\$1.2m, all other +\$1.5m), Change in 2003 Base (-\$6.2m).
CONTRACT SERVICES		
BUSINESS EXPENSES	1,005	Inflation (-\$0.3m), Change in Initiatives (+\$1.0m), Change in 2003 Base (+\$0.2m).
OTHER	4,040	Change in Initiatives (+\$2.6m primarily increase in legal/claim fees), Change in overhead and Work Train Recovery (+\$1.4m), Change in Inflation(-\$0.3m), Amtrak Recovery (+\$0.5m), other (-\$0.2m).
TOTAL NON-PAYROLL	14,712	
TOTAL EXPENSES	25,315	
NET OPERATING INCOME(LOSS)	(12,035)	

Metro-North Railroad
Explanation of Variance
2004 Preliminary Budget vs. 2004 Revised Projections
(\$000s)

ADJUSTMENTS

OPERATING CAPITAL	(6,664)
WAGE PROVISION ADJUSTMENT	0
DEPRECIATION	0
OTHER	(2,768)
TOTAL ADJUSTMENTS	<hr/> (9,432)
CASH DEFICIT	(21,467)

MTA METRO-NORTH RAILROAD
FINANCIAL PLAN BY CATEGORY
(\$000's)

				2003	2004
	2002	2003	2004	Mid-Year Forecast	Preliminary Budget
	Actual	Mid-Year Forecast	Preliminary Budget	vs	vs
				2002 Actual	2003 Mid-Year Forecast
				Increase(Decrease)	Increase(Decrease)
REVENUE					
Passenger	\$339,128	\$373,585	\$403,719	\$34,457	\$30,134
Rents & Concession	20,736	20,957	21,048	221	91
GCT Utilities	2,603	2,727	2,805	124	78
Bar Car	4,122	3,915	4,015	(207)	100
Miscellaneous	446	393	383	(53)	(10)
TOTAL REVENUE	\$367,035	\$401,577	\$431,970	\$34,542	\$30,393
EXPENSES					
Non Agreement Payroll	\$64,605	\$66,236	\$69,750	\$1,631	\$3,514
A-Other Than Train & Engine Payroll	162,983	169,693	180,652	6,710	10,959
A-Other Than Train & Engine Overtin	21,018	20,429	21,021	(589)	592
Train & Engine Payroll	66,458	70,857	74,084	4,399	3,227
Train & Engine Overtime	13,294	13,723	14,672	429	949
SUB-TOTAL PAYROLL	\$328,358	\$340,938	\$360,179	\$12,580	\$19,241
Fringe	137,411	143,351	157,634	5,940	14,282
TOTAL PAYROLL	\$465,769	\$484,289	\$517,812	\$18,520	\$33,523
Inventory & Supplies	\$46,102	\$51,028	\$54,380	\$4,926	\$3,352
Insurance & Claims	17,298	22,211	25,189	4,913	2,978
Propulsion	39,364	42,957	46,124	3,593	3,167
Occupancy	24,949	27,630	28,906	2,681	1,276
Contractual Services	25,452	28,644	41,822	3,192	13,178
Business Expenses	18,242	20,515	21,757	2,273	1,242
Other	(17,196)	(19,356)	(24,973)	(2,160)	(5,618)
SUB-TOTAL NON-PAYROLL	\$154,211	\$173,630	\$193,205	\$19,419	\$19,576
TOTAL UNADJUSTED EXPENSES	\$619,980	\$657,919	\$711,018	\$37,939	\$53,099
Depreciation	138,203	145,809	156,145	7,606	10,336
TOTAL EXPENSES	\$758,183	\$803,728	\$867,163	\$45,545	\$63,435
OPERATING DEFICIT	(\$391,148)	(\$402,151)	(\$435,193)	\$11,003	\$33,042

MTA METRO-NORTH RAILROAD
FINANCIAL PLAN BY DEPARTMENT
(\$000's)

	2002 Actual	2003 Mid-Year Forecast	2004 Preliminary Budget	2003 Mid-Year Forecast vs 2002 Actual Increase(Decrease)	2004 Preliminary Budget vs 2003 Mid-Year Forecast Increase(Decrease)
REVENUE					
Passenger	\$339,128	\$373,585	\$403,719	\$34,457	\$30,134
Rents & Concession	20,736	20,957	21,048	221	91
GCT Utilities	2,603	2,727	2,805	124	78
Bar Car	4,122	3,915	4,015	(207)	100
Miscellaneous	446	393	383	(53)	(10)
TOTAL REVENUE	\$367,035	\$401,577	\$431,970	\$34,542	\$30,393
EXPENSES					
President	\$4,404	\$4,550	\$4,937	\$146	\$387
Finance	52,554	56,802	61,721	4,248	4,920
Human Resources	11,249	12,285	12,996	1,036	711
Capital Programs	2,712	2,627	2,868	(85)	241
Legal	4,480	2,840	3,128	(1,640)	288
Environmental Compliance & Services	3,157	3,575	3,809	418	234
VP Planning & Development	9,015	8,520	8,833	(496)	313
Claims Services	27,587	26,362	29,735	(1,225)	3,373
Safety	3,633	4,676	5,696	1,043	1,020
Corporate	(18,713)	(12,264)	(11,597)	6,449	667
SUB-TOTAL ADMINISTRATION	\$100,078	\$109,972	\$122,125	\$9,894	\$12,153
Operations	\$4,066	\$3,935	\$4,098	(\$131)	\$163
Grand Central Terminal	35,547	35,848	37,106	301	1,258
Operation Services	220,088	234,462	251,157	14,374	16,695
Maintenance of Equipment	131,455	137,390	147,242	5,935	9,852
Maintenance of Way	119,599	125,890	136,711	6,291	10,822
Metro-North West	9,147	10,422	12,578	1,275	2,156
SUB-TOTAL OPERATIONS	\$519,902	\$547,947	\$588,893	\$28,045	\$40,946
TOTAL UNADJUSTED EXPENSES	\$619,980	\$657,919	\$711,018	\$37,939	\$53,099
Depreciation	138,203	145,809	156,145	7,606	10,336
TOTAL EXPENSES	\$758,183	\$803,728	\$867,163	\$45,545	\$63,435
OPERATING DEFICIT	(\$391,148)	(\$402,151)	(\$435,193)	\$11,003	\$33,042

MTA METRO-NORTH RAILROAD
REVENUE AND RIDERSHIP
(\$000's)

	2002 Actual	2003 Mid-Year Forecast	2004 Preliminary Budget	2003 Mid-Year Forecast vs 2002 Actual Increase(Decrease)	2004 Preliminary Budget vs 2003 Mid-Year Forecast Increase(Decrease)
REVENUE					
PASSENGER REVENUE:					
Harlem Line	\$97,963	\$110,897	\$120,481	\$12,934	\$9,584
Hudson Line	67,996	76,701	82,922	8,705	6,221
New Haven Line	173,169	185,987	200,316	12,818	14,329
SUB-TOTAL PASSENGER REVENUE	\$339,128	\$373,585	\$403,719	\$34,457	\$30,134
NON-PASSENGER REVENUE:					
Bar Car	\$4,122	\$3,915	\$4,015	(\$207)	\$100
GCT Rents & Concessions	11,453	10,929	10,570	(524)	(359)
Stations Rents & Concessions	9,283	10,028	10,478	745	450
GCT Utilities	2,603	2,727	2,805	124	78
Miscellaneous	446	393	383	(53)	(10)
SUB-TOTAL NON-PASS REVENUE	\$27,907	\$27,992	\$28,251	\$85	\$259
TOTAL REVENUES	\$367,035	\$401,577	\$431,970	\$34,542	\$30,393
RIDERSHIP					
Harlem Line	24,521	24,012	24,337	(509)	325
Hudson Line	14,011	13,697	13,771	(314)	74
New Haven Line	33,105	32,713	33,112	(392)	399
TOTAL RIDERSHIP	71,637	70,422	71,220	(1,215)	798

MTA METRO-NORTH RAILROAD
CASH RECEIPTS AND DISBURSEMENTS
(\$000's)

	2002 Actual	2003 Mid-Year Forecast	2004 Preliminary Budget	2003 Mid-Year Forecast vs 2002 Actual Increase(Decrease)	2004 Preliminary Budget vs 2003 Mid-Year Forecast Increase(Decrease)
RECEIPTS					
Passenger	\$350,678	\$385,289	\$416,434	\$34,611	\$31,145
Rents, Concession & Utilities	23,898	22,949	22,688	(949)	(261)
Amtrak Reimbursements	9,882	8,800	8,800	(1,082)	0
Force Account:					
MTA	75,285	90,841	98,113	15,556	7,272
CDOT	42,923	52,283	61,437	9,360	9,154
Other	20,105	9,518	8,678	(10,587)	(840)
SUB-TOTAL FORCE ACCT.	\$138,313	\$152,642	\$168,228	\$14,329	\$15,586
Miscellaneous	6,486	7,189	8,917	703	1,728
TOTAL RECEIPTS	\$529,257	\$576,869	\$625,067	\$47,612	\$48,198
DISBURSEMENTS:					
Payroll	\$375,828	\$391,800	\$403,334	\$15,972	\$11,534
Fringe	159,800	165,697	179,547	5,897	13,850
Inventory	71,931	89,862	96,759	17,931	6,897
Insurance	14,071	11,175	15,500	(2,896)	4,325
Claims	10,588	13,000	13,000	2,412	0
Propulsion	33,787	36,268	39,374	2,481	3,106
Occupancy	29,689	29,080	30,363	(609)	1,283
Contractual Services	42,053	51,377	67,672	9,324	16,295
Business Expenses	20,049	23,596	25,796	3,547	2,200
Metro-North West - Subsidy	8,303	7,262	3,859	(1,041)	(3,403)
Miscellaneous	27,109	32,923	33,564	5,814	641
TOTAL DISBURSEMENTS	\$793,208	\$852,040	\$908,768	\$58,832	\$56,728
NET DISBURSEMENTS	(\$263,951)	(\$275,171)	(\$283,701)	\$11,220	\$8,530
OPENING CASH BALANCE	(1,508)	(1,508)	(1,508)	0	0
CLOSING CASH BALANCE	165	(232)	(4,089)	(397)	(3,857)
CASH DEFICIT	(\$265,624)	(\$276,447)	(\$281,120)	\$10,823	\$4,673
MTA SUBSIDY	214,880	220,105	229,403	5,225	9,298
CDOT SUBSIDY	50,744	56,342	51,717	5,598	(4,625)

MTA METRO-NORTH RAILROAD
RECONCILIATION OF OPERATING DEFICIT TO CASH DEFICIT
(\$000's)

	2002 Actual	2003 Mid-Year Forecast	2004 Preliminary Budget
INCOME STATEMENT			
Operating Revenues	\$367,035	\$401,577	\$431,970
Operating Expenses	749,033	793,306	854,585
METRO NORTH Operating Deficit	(\$381,998)	(\$391,729)	(\$422,615)
CASH ADJUSTMENTS			
ADD:			
Metro North West Deficit	(\$9,147)	(\$10,422)	(\$12,578)
Operating Capital Projects	(5,474)	(15,037)	(16,964)
Delay in Force Account Receipts	3,961	(756)	(2,335)
Claims Accrual Adjustment	(2,463)	2,100	1,820
Deferred Wage Provision	(7,669)	0	0
Accrued vs.# of days paid	2,060	(7,210)	5,570
Sick Buy Back Accrual	797	855	880
Vacation Accrual	464	1,400	1,442
Other	(6,494)	(3,965)	6,615
SUB-TOTAL INCREASES TO DEFICIT	(\$23,965)	(\$33,035)	(\$15,550)
SUBTRACT:			
Depreciation	\$138,203	\$145,809	\$156,145
Miscellaneous Cash Receipts	2,136	2,508	900
SUB-TOTAL DECREASES TO DEFICIT	\$140,339	\$148,317	\$157,045
TOTAL CASH DEFICIT	(\$265,624)	(\$276,447)	(\$281,120)

NOTES TO FINANCIAL PLAN BY CATEGORY TABLE

REVENUE

In 2003, passenger revenues are forecasted at \$373.6 million and include average fare increases of 25% in NYS beginning May 1, 2003 and 15% in the State of Connecticut beginning July 1, 2003. The preliminary 2004 passenger revenue budget of \$403.7 million is \$30.1 million or 8.0% higher than the 2003 estimate and reflects the full year impact of both fare increases and an increase in ridership of 1.1%. Additional details can be found in the notes to Revenue and Ridership table.

Rents and Concessions revenue reflects net GCT rental revenue as well as advertising, parking, and concession revenues at outlying stations. The 2004 Rents and Concessions revenue reflects increased parking revenues from the addition of West of Hudson parking locations and increased advertising revenues.

GCT Utilities reflect the current level of utility usage by GCT retail tenants and outside buildings connected to the GCT steam and electricity distribution system. The 2004 utility revenue increase reflects anticipated receipts from NYCTA for chilled water usage.

Miscellaneous revenue projections include interest income, excursion revenues, and revenues from permits, service fees as well as miscellaneous refunds and rebates. The 2003 estimate primarily reflects lower interest income.

EXPENSES

The 2003 N/A payroll forecast assumes a zero wage increase for the year, but includes a vacation buy back provision; the 2004 N/A payroll includes a 3.0% wage increase and a vacation buy back provision. Both years reflect a reduction for approximately 40 turnover vacancies.

The 2004 agreement payroll assumes a 3.0% wage increase on top of a projected 2.3 % increase in 2003, and is discounted for step rate and vacancy savings. Labor costs also reflect provisions for accrued sick days and Rule 13C reimbursements. A provision of \$1.9 million has been included in the 2004 preliminary budget for an increase in pay days and for additional payments for weekend holidays that occur on scheduled employee rest days (July 4 and Christmas Day).

The railroad retirement tax component of fringe costs in the 2004 includes a Tier I contribution rate of 7.65% and a Tier II rate of 14.2%. Maximum creditable compensation levels in 2004 are projected to increase from \$87,000 to \$90,000 for Tier I and from \$64,500 to \$66,900 for Tier II. Also, in 2004 the Sick and Unemployment tax rate increases to 3.15%.

The Tier II contribution rate of 14.2% is expected to remain in effect through 2004.

The 2004 health and welfare costs reflect higher health care premiums and an increase in enrollment. The 2003 and 2004 pension benefit costs reflect current funding requirements and could increase, as new actuarial reviews become available.

Inventory and Supplies includes current material usage trends as well as increasing requirements in 2004 for the implementation of the M1 overhaul, M3 HVAC control replacement, Event Recorder Retrofit, and M4/M6 Inverter conversion programs. Inventory & Supplies costs in 2004 are inflated by 1.5%.

Insurance and Claims costs in the 2003 mid-year forecast reflect a one-time offset to insurance premiums based on favorable prior period actual loss experience. In 2004, Insurance costs reflect the full cost of current premiums, and are inflated by 1.5%. Claims costs total \$15.1 million in 2003 and \$14.8 million in 2004.

Propulsion costs reflect electric traction power and diesel fuel requirements for train operations. The 2003 Propulsion forecast reflects higher diesel fuel consumption and a mid-year increase in Connecticut Light and Power electric rates, which will again increase in 2004. All other prices reflect an inflationary increase of 1.5% in 2004.

Occupancy costs in the 2003 mid-year forecast reflect lower charges for electric power and higher steam prices in GCT, the full cost of current office rental charge, and the Port Jervis Line lease cost for the year. In 2004, Occupancy costs include a \$1.0 million increase in Port Jervis Line lease costs, and reflect inflationary price increases of 1.5%.

Contractual Services include fees for right-of-way maintenance from rail grinding to brush cutting, damaged equipment repairs, environmental abatement services, and maintenance cost

provisions for elevators, escalators, TSMs, computers and alarm systems, as well as provisions for rubbish removal, and vehicle procurements and repairs. In addition, professional service costs are included in this category for medical, legal, and audit fees, as well as costs for market research, real estate administration, training and other miscellaneous consultant services. The 2003 mid-year forecast includes the phased-in costs for ticket selling machine maintenance and a lower provision for expenditures associated with environmental services. The 2004 Preliminary Budget includes provisions for the overhaul of East and West-of-Hudson Service locomotives, rolling stock disposal costs, and additional costs for ticket selling machine maintenance. The 2004 costs have been inflated by 1.5%.

Business Expenses in 2003 reflect current cost trends, including those for data processing fees, printing costs, and telephone charges. In addition, the 2003 mid-year forecast and preliminary 2004 budget reflect the computer hardware and software procurements and data processing charges related to new technology initiatives. The costs in 2004 have been inflated by 1.5%.

Other Corporate Costs include the recovery of overhead and work equipment costs for capital projects (\$41.3 million in 2004) and cost recoveries for services rendered to other railroads (\$8.8 million in 2004). Other costs in 2004 also include provisions for MTA Police Services (\$10.1 million), subsidy for West of Hudson operations (\$3.9 million), credit card and other financial service fees (\$4.5 million), advertising costs (\$1.8 million), and interest expenses associated with the GCT lease agreement of (\$1.1 million). In addition, the category includes provisions for several miscellaneous charges including vacation accrual adjustment, bad debt, and incidental taxes.

NOTES TO REVENUE & RIDERSHIP TABLE

PASSENGER REVENUE

The 2003 passenger revenue mid-year forecast reflects the impact of an average 25% fare increase in NYS effective May 1, 2003 and an average 15% State of Connecticut fare increase beginning July 1, 2003. The 2004 preliminary budget for passenger revenue of \$403.7 million is \$30.1 million or 8.1% higher than the 2003 mid-year forecast reflecting the full-year impact of fare increases.

Ridership projections are developed primarily by the application of line segment ridership forecasting models that incorporate the impact of fare increases, economic and demographic factors, and government-supported mass transit initiatives. In addition, internal programs that improve and increase service, promote customer awareness and improve access to Metro-North are also incorporated into ridership forecasts.

The 2003 ridership forecast projects a 1.7% decrease compared to actual 2002 results, reflecting the impact of New York and Connecticut fare increases. In 2004, ridership projections are 1.1% higher than the 2003 forecast and reflect a 1.4% increase on the Harlem Line, a 0.5% increase on the Hudson Line, and a 1.2% increase on the New Haven Line.

BAR CAR REVENUE

Revenue projections from commissary services reflect current sales

trends, and include a projected 2004 increase in prices.

RENTS AND CONCESSIONS

Rents and Concessions revenues reflect current trends and include net GCT rental revenue, advertising proceeds, and parking and concession revenues from outlying stations. The 2004 Rents and Concessions revenue reflects increased parking fees generated by the addition of West of Hudson parking locations to the operating agreement with Allright, and increased advertising revenues.

UTILITIES

The 2003 mid-year forecast for GCT utilities reflects the current level of utility usage by GCT retail tenants and outside buildings connected to the GCT steam and electricity distribution system. The 2004 utility revenue increase reflects anticipated receipts from NYCTA for chilled water usage.

MISCELLANEOUS

Miscellaneous revenue projections include interest income, excursion revenues, and revenues from permits, service fees as well as miscellaneous refunds and rebates.

NOTES TO RECEIPTS AND DISBURSEMENTS TABLE

RECEIPTS

The 2004 preliminary budget for passenger receipts of \$416.4 million is \$31.1 million or 7.5% higher than the 2003 mid-year forecast. Details regarding revenue and ridership projections can be found in the Notes to the Revenue and Ridership table.

Rents, Concessions and Utility receipts reflect rental revenue at GCT and outlying stations, advertising and parking proceeds and payments for utilities supplied to GCT retail tenants and several outside buildings. Amtrak reimbursements represent the projected recovery of costs for use of Metro-North facilities. Force Account receipts represent the reimbursement of capital project activity, adjusted for current billing and payment trends. Major MTA projects include track improvements, equipment overhauls, station improvements, and facility and structural upgrades. State of Connecticut projects include equipment overhauls, fixed and moveable bridge improvement programs, track rehabilitation projects, power system upgrades, and yard construction projects.

Miscellaneous receipts include items such as insurance and claims reimbursements, scrap sales, payments for health and welfare benefits by former employees, CDOT reimbursement for station facilities, interest income, and cost recoveries from other railroads. The 2004 preliminary budget also includes a recovery estimate for revenue losses incurred due to the 9/11 World Trade Center terrorist attack. The recovery estimate is still under review and is not yet final.

DISBURSEMENTS

Disbursements in 2004 reflect the resources required to fund both existing basic programs and new program initiatives. Also included in these projections are reimbursable capital program costs.

Management payroll costs assume no wage increase in 2003, and 3.0% in 2004. Agreement payroll costs assume a 2.3% increase in 2003, and 3.0% in 2004.

Fringe payments incorporate the projected increases in maximum creditable contribution levels for railroad retirement taxes, health and welfare premiums, and pension benefits and life insurance coverage for agreement employees in accordance with labor contract provisions.

Expenditures for Inventory reflect current operating maintenance trends as well as capital program requirements. In 2004, increases reflect increased capital project expenditures as well as additional maintenance material for rolling stock rehabilitation programs and Port Jervis Line maintenance.

Insurance disbursements reflect Metro-North liability coverage requirements for both rail operations and capital construction projects. The 2003 mid-year forecast includes a one-time credit to premiums based on a favorable loss experience. Claims projections reflect anticipated settlement costs of outstanding personal injury claims.

Propulsion disbursements reflect only the electric traction power consumption requirements and include the rising costs of CL&P electric rates, service improvements, the impact of rolling stock replacements, and inflation.

Occupancy disbursements incorporate utility and office space rental costs. The 2003 mid-year forecast includes the cost of Port Jervis Line lease costs, which increase by \$1.0 million in 2004, and increased utility costs for the new Highbridge Yard facility.

Contractual Services include maintenance and professional service fees to support railroad operations as well as capital construction project expenditures. Disbursements for 2004 incorporate the payment of prior period (accrued) real estate management fees and miscellaneous services, an increased level of capital program expenditures, higher costs for

maintenance of ticket selling machines, equipment disposal costs, locomotive remanufacturing, track maintenance, and GCT landmark preservation expenditures.

Business Expenses disbursements in 2003 and 2004 reflect the computer hardware and software procurements and data processing fees associated with new technology initiatives, as well as current cost trends for printing and telecommunication charges and capital project activity.

Miscellaneous disbursements reflect the current level of payments for MetroCards, WCDOT bus fares, and assorted taxes, as well as the impact of reclassifications and adjustments to other disbursement line items. They also include current disbursement projections for police services, financial service fees, advertising costs, interest expenses associated with the GCT lease agreement and payment of prior period costs.

MTA Metro-North Railroad
2003 - 2004 Operating Budget Projections
Program to Eliminate the Gap (PEGs)
(\$ in thousands)

	2003		2004	
	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>
<u>Administration:</u>				
<i><u>SBP Initiatives</u></i>				
Hand Held Computers		--		\$100
Temporary Photographer		--		9
Advertising - (General Ridership)				825
Car Service - employees emergency rides				2
<i><u>All Other</u></i>				
Re-estimate of Merit Increase Savings		\$1,500		--
Higher Non-Agreement Vacancies and other payroll adjustments		491		--
Higher Agreement Vacancy and Step Rate discount savings		2,600		--
Miscellaneous Other than-Train-Engine (OTE) payroll adjustments		400		--
Lower Fringe Costs		2,366		--
Lower automobile and station liability insurance premiums		553		--
Lower Environmental Service fees for hazardous spills/emergencies		1,890		--
Lower NJT Fare Holddown from May 2003 NYS Fare Increase		600		--
Diesel Fuel Price Adjustment		--		1,003
West of Hudson Subsidy Change (Including Service Plan)		--		2,672
Timing and Other Adjustments		6,527		--
<i><u>Operating Capital</u></i>				
Corporate Data Network - Construction		--		\$1,500
Expansion of Help Desk and Satellite Offices (2003 to 2005)		--		100
GCT Welfare Facilities (M of E TR. 105 and GCT Porters)		24		--
Pass Bureau Video Imaging		8		--
Undefined Project Provision		--		103
Change in Capital Administration and Cash Adjustments		175		--
Subtotal Administration	0	\$17,134	0	\$6,314
		53.9%		26.9%
<u>Customer Convenience & Amenities:</u>				
<i><u>SBP Initiatives</u></i>				
West of Hudson Service Plan		--		\$197
Subtotal Customer Convenience & Amenties	0	\$0	0	\$197
		0.0%		0.8%
<u>Maintenance:</u>				
<i><u>Capital Project Impacts</u></i>				
Station Shelters/Heaters		--		\$30
<i><u>SBP Initiatives</u></i>				
Lower material requirements for inclement weather equipment damage		\$1,274		--
Reduction in Contract Maintenance provision		5,000		--
Equipment Strategy - West of Hudson Comet 3 Overhaul		--		800
Parking Meter Maintenance		--		128
Station & Facilities Maintenance Program - New Haven Line		--	27	2,417

MTA Metro-North Railroad
2003 - 2004 Operating Budget Projections
Program to Eliminate the Gap (PEGs)
(\$ in thousands)

	2003		2004	
	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>
<u>Operating Capital</u>				
Radio Shop Renovation and Expansion		339	--	--
Locomotive Fueling System		300	--	--
Purchase Vacuum Truck		300	--	--
Purchase Car Mover For North White Plains		250	--	--
Subtotal Maintenance	0	\$7,463	27	\$3,375
		23.5%		14.4%
<u>Revenue:</u>				
Passenger Revenue		\$5,556		\$12,705
Non Passenger Revenue		1,109		575
Subtotal Revenue	0	\$6,665	0	\$13,280
		21.0%		56.6%
<u>Other:</u>				
<u>SBP Initiatives</u>				
Medical Standards & Guidelines Update		--		\$30
Security Plan Costs		--		287
<u>Operating Capital</u>				
GCT Walkway Lighting		519		--
Subtotal Other	0	\$519	0	\$317
		1.6%		1.3%
Total PEGs	0	\$31,781	27	\$23,483

**MTA Metro-North Railroad
2003 - 2004 Operating Budget Projections
Explanations of Program to Eliminate the Gap (PEG)**

Administration:

SBP INITIATIVES:

Hand Held Computers	Provision reduced.
Temporary Photographer	Photographer - delayed retirement reduction extended for additional year.
West of Hudson Subsidy Change (Including Service Plan)	Reduction due to delay in Secaucus transfer.

ALL OTHER (NON-PROGRAMMATIC BASED CHANGES):

Note: Items in this category are inflation and miscellaneous changes and cash adjustments.

Re-estimate of Merit Increase Savings	See note above.
Higher Non-Agreement Vacancies and other payroll adjustments	See note above.
Higher Agreement Vacancy and Step Rate discount savings	See note above.
Miscellaneous OTE payroll adjustments	See note above.
Lower Fringe Costs	See note above.
Lower automobile and station liability insurance premiums	See note above.
Lower Environmental Service fees for hazardous spills/emergencies	See note above.
Lower NJT Fare Hold down from May 2003 NYS Fare Increase	See note above.
Timing and Other Adjustments	See note above.

**MTA Metro-North Railroad
2003 - 2004 Operating Budget Projections
Explanations of Program to Eliminate the Gap (PEG)**

Maintenance:

CAPITAL PROJECT IMPACTS:

Station Shelters/Heaters	Impact absorbed in existing budget.
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SBP INITIATIVES:

Equipment Strategy - W. of H. Comet 3 Overhaul	Schedule change.
--	------------------

Parking Meter Maintenance	All parking meter maintenance will be taken over by the contractor.
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S&F Maintenance Program-NHL	Program on the New Haven Line eliminated due to CDOT budget constraints.
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W of H Snow Removal	Service will be performed by the contractor.
---------------------	--

ALL OTHER (NON-PROGRAMMATIC BASED CHANGES):

Note: Items in this category are inflation and miscellaneous changes and cash adjustments.

Lower material requirements for inclement weather equipment damage	See note above.
--	-----------------

Reduction in Contract Maintenance provision	See note above.
---	-----------------

Operating Capital

Corporate Data Network - Construction	Reduced cost for 2004.
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Expansion of Help Desk and Satellite Offices (2003 to 2005)	Project schedule changed from 2003 to 2005.
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GCT Walkway Lighting	Project schedule changed to 2004.
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Radio Shop Renovation and Expansion	Project schedule changed.
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MTA Metro-North Railroad
2003 - 2004 Operating Budget Projections
Explanations of Program to Eliminate the Gap (PEG)

GCT Welfare Facilities (M of E TR. 105 and GCT Porters)	Cost adjustment.
Pass Bureau Video Imaging	Cost adjustment.
Purchase Vacuum Truck	Project schedule changed to 2005.
Purchase Car Mover For North White Plains	Item no longer required.
Remote Utility Billing System	Project schedule changed to 2005.

MTA Metro-North Railroad
2003 - 2004 Operating Budget Projections
New Needs
(\$ in thousands)

	<i>(unfavorable)</i>			
	2003		2004	
	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>
<u>Administration:</u>				
CAPITAL PROJECT IMPACTS:				
711 Beekman				(62)
Asset Management System Implementation and Expansion			2	(221)
Auto CAD Hardware & Software				(80)
Corporate Data Network				(54)
Oracle Licenses for New Financial Systems				(100)
SBP INITIATIVES:				
Accounts Receivable System Development and Implementation (Data Center)				(25)
Accounts Receivable System Phase II				(25)
Cellular Digital Pocket Data (CDPD) Consultant Services				(100)
Checkpoint VPN Licenses				(50)
Corporate Printing Budget				(7)
Desktops for Asset Management System, CDNP and New Financial Systems				(150)
Handheld PDA's				(40)
Increase CL&P Power Rates				(1,838)
Increase Payroll for Weekend Holidays				(2,728)
IT-PC Supplies Provision				(25)
IT-Vehicle Support Costs				(8)
Legal Fees/Human Resources Costs				(624)
Maintenance of Equipment - 6 Quality Control Technicians			6	(677)
MW-4 Revision and Technical Procedures Development				(150)
New HW & SW Development Tools				(15)
Software Maintenance				(153)
TSMs-Support Study & Bill Changers				(300)
Winter Gear				(63)
OPERATING CAPITAL:				
Asset Management System - Costs for Expansion				(150)
Application Modifications for OS & Oracle Upgrades (SW)				(50)
Automatic People Counting System - Implementation of Full System				(100)
Bar Coding for AMS/IMS Material				(900)
CMS Upgrades (Phase 4 Modification)				(100)
Data Warehouse for Financial System Data				(100)
Financial System Replacement		(1,821)		(4,278)
Vehicle Replacement Provision				(500)
Web Based Training Programs				(100)
Auto Cad Hardware & Software		(50)		
Misc Project Costs/Adjustments		(57)		
Expansion of Help Desk and Satellite Offices (2003-2005)		(100)		
Procurement Automated Hours of Service Scanner Equipment		(100)		
ALL OTHER (NON-PROGRAMMATIC BASED CHANGES)				
Non-Agreement Vacation Buyback Provision		(1,300)		
Higher Qualifying and Holiday Pay coverage		(700)		
Higher Train & Engine labor costs for revenue collection program and delay in Ticket				
Vending Machines (TVMs)-related staff cuts		(234)		
Higher Electric Propulsion rates from CL&P in the State of Connecticut		(328)		
Higher Diesel Fuel Propulsion consumption		(555)		
Higher Telephone Costs		(115)		
Lower Overhead Recovery from Capital projects		(1,800)		
Higher MTA Police Cost provision		(600)		
Lower Amtrak Recovery credits		(500)		
Acquisition of property at Cortlandt		(200)		

MTA Metro-North Railroad
2003 - 2004 Operating Budget Projections
New Needs
(\$ in thousands)

		2003		2004	
		<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>
Market Research Cost					(80)
Timing and Other Adjustments			(392)		(6,267)
Sub-Total Administration		0	(\$8,852)	8	(\$20,120)
			86.4%		51.1%

MTA Metro-North Railroad
2003 - 2004 Operating Budget Projections
New Needs
(\$ in thousands)

	2003		2004	
	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>
<u>Customer Convenience and Amenities:</u>				
CAPITAL PROJECT IMPACTS:				
Platform Extensions - Upper Harlem				(13)
TVMs-Phase II (Excluding Revenue)			7	(404)
TVMs/TOMs/Mail & Ride (Excluding Revenue)			1	(239)
SBP INITIATIVES:				
Grand Central Terminal Lower Level Bathroom			4	(287)
Ticket Office Rollout (VTTS)			1	(111)
Westchester County Department of Transportation Subsidy				(20)
OPERATING CAPITAL:				
Replacement of Ten (10) Hudson Rail Link Buses				(540)
Ticket Office Rollout of VTTS		(143)		
Sub-Total Customer Convenience & Amenities	0	(\$143)	13	(\$1,614)
		1.4%		4.1%

Service:

SBP INITIATIVES:				
Hudson Rail Link				(50)
Service Plan 2003			3	(460)
Service Plan 2004			1	(87)
Traveling Conductors - Permanent Program			4	(428)
Sub-Total Service	0	\$0	8	(\$1,025)
		0.0%		2.6%

Maintenance:

CAPITAL PROJECT IMPACTS:				
C-26 Track Program			2	(144)
Equipment Replacement Plan - Harlem & Hudson (Operating Costs)				(340)
Equipment Replacement Plan - Disposal Costs				(2,820)
GCT Ventilation Rehabilitation				(29)
Graybar Entrance Rehabilitation				(29)
Highbridge Yard Improvements			1	(840)
Hudson Line Station Rehabilitation			2	(198)
New Haven Shops & Yard - Car Washer/Wheel Shop			1	(112)
Signal & CTC Improvements Danbury Branch			1	(91)
Stamford Center Island				(46)
SBP INITIATIVES:				
Adopt-A-Station Landscape - Start-Up Costs				(25)
Annual Track Maintenance Programs				(916)
CSS Maintenance				(40)
Equipment Strategy - Genesis Locomotives Remanufacture				(2,000)
Equipment Strategy - HVAC Maintenance Contract				(10)
Equipment Strategy - M1 Rehabilitation Program (\$5 M)				(1,124)
Equipment Strategy - M3 HVAC Control Replacement Program			2	(949)
Equipment Strategy - W of H Locomotive Remanufacture				(2,170)
Fork Truck Replacement Plan				(84)
GEAC Consultants for Software Modification				(50)
Grade Crossing Event Recorders Maintenance				(100)
Increase Escalator Maintenance at White Plains Station				(100)
Landmark Preservation Maintenance				(500)
Roadway Equipment Maintenance				(100)
Signal Standards Consultant				(100)

MTA Metro-North Railroad
2003 - 2004 Operating Budget Projections
New Needs
(\$ in thousands)

	2003		2004	
	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>
West of Hudson Maintenance			(10)	(152)
OPERATING CAPITAL:				
Event Recorders Replacement				(200)
Kronos Expansion (Brewster & New Haven)				(200)
Radio Shop Renovation and Expansion				(340)
Rehab of Park Ave Air Vents - Phase 1				(150)
Replacement Antenna & Foundation at Woodlawn				(50)
Shop Equipment Replacement Plan (Includes New Haven Line and Harlem and Hudson equipment)		(108)		(40)
Purchase Snow Blower		(280)		
Repl Mitre Rail on Harlem River Lift Bridge		(100)		
ALL OTHER (NON-PROGRAMMATIC BASED CHANGES)				
Transfer of Grand Central Terminal forces from Capital Projects to Operating Maintenance		(329)		
Increase in Agreement Overtime Coverage Requirements		(387)		
Sub-Total Maintenance	0	(\$1,204)	(1)	(\$14,049)
		<i>11.7%</i>		<i>35.7%</i>

MTA Metro-North Railroad
2003 - 2004 Operating Budget Projections
New Needs
(\$ in thousands)

	2003		2004	
	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>
<u>Safety/Security:</u>				
CAPITAL PROJECT IMPACTS:				
Business Recovery				(29)
Corporate Network Security				(163)
GCT Walkway Lighting				(29)
New Haven Line Radio Communication Upgrade			1	(148)
Park Avenue Tunnel Alarm Rehabilitation			1	(84)
SBP INITIATIVES:				
Communication & Signals Fire Protection Provision				(100)
CTC/SCADA Training Provision				(75)
Event Recorder Retrofit			1	(698)
Firewall Security				(100)
FRA Mandate-Procedures				(40)
High Speed DC Circuit Breaker Relay Protection				(200)
Install New Proximity Detectors on Drawbridges (Annual Provision)				(70)
Network Security - Communication & Signals			1	(116)
Security Plan - Employee Security Cards				(3)
Security Plan - Grand Central Terminal Employee Training (Backfill)				(99)
Security Plan - Grand Central Terminal Weekly Inspection/Computerized Key System (Loc			1	(69)
OPERATING CAPITAL:				
Event Recorders Replacement				
Grand Central Terminal Walkway Lighting				(519)
Improve Conditions in Stock Area				(50)
New Security Monitoring and Control Tools		(50)		
Sub-Total Safety/Security	0	(\$50)	5	(\$2,592)
		0.5%		6.6%
GRAND TOTAL NEW NEEDS	0	(\$10,249)	33	(\$39,400)

**MTA Metro-North Railroad
2003-2004 Operating Budget Projections
Explanation of New Needs**

Administration:

CAPITAL PROJECT IMPACTS:

711 Beekman

Building to house MTA police and Metro-North personnel at Beacon.

Asset Management System Implementation and Expansion

Two Agreement-Other than Train & Engine positions added to IT & PD Department to support the completed Asset Management System

Autocad Hardware & Software

Cost of Auto CAD license maintenance

Corporate Data Network

In 2004, the cost of maintenance on 10 magnetic card swipes and Nortel equipment maintenance.

Oracle Licenses for New Financial Systems

6/4/2003: One-time cost of \$100K in 2004. New financial system will run on Oracle platform

SBP INITIATIVES:

Accounts Receivable System Development and Implementation (Data Center)

6/4/2003. Data Center charges for the new Accounts Receivable system

**MTA Metro-North Railroad
2003-2004 Operating Budget Projections
Explanation of New Needs**

Accounts Receivable System Phase II

Additional programming modifications to improve the new system.

Cellular Digital Pocket Data Consult Services

IT: Cellular digital pocket data (CDPD) to begin development of communication links between rolling stock (M7) to database - related to AMS

Checkpoint VPN Licenses

Licensing costs.

Corporate Printing Budget

Projected addition for seat notices.

Desktops for AMS, CDNP and New Financial Systems

Additional desktops required for new systems.

Handheld PDA's

Provide for the monthly access charges for handheld devices to be used by field forces to report on inspections, maintenance, system testing, infrastructure conditions, etc. Purchase of the PDAs is identified separately.

Increase CL&P Power Rates

CL&P is the electric traction power supplier on the New Haven Line.

Increase Payroll for Weekend Holidays

Cost adjustment for days on which a holiday falls on a weekend, such as July 4th or Christmas. Per labor agreement, employees are paid for an extra day.

**MTA Metro-North Railroad
2003-2004 Operating Budget Projections
Explanation of New Needs**

Legal Fees/Human Resource Costs

Cost of settlement of the Robinson case.

MW-4 Revision and Technical Procedures Development

Provide for a contract to revise and maintain the Track Maintenance Manual. This manual was adopted from Conrail Standards without any changes. All modifications to the standards were revised as Conrail made the changes. Now that Conrail no longer exists, we need to re-write the MW-4 to meet our standards and maintenance practices and develop a template for future revisions. As part of the DuPont Phase 2 Safety Plan, a procedure template was designed to capture procedures on job related tasks within the Track and Structures Department. No written procedures currently exist. A contracted technical writer would be used to gather information needed on a procedure, write the procedure and develop a procedure manual.

Initial cost: \$150K in 2004.

Roadway Equipment Maintenance

Due to the increase in the roadway equipment fleet as well as its age, the cost of maintenance has increased. In 2001 and 2002, the costs for roadway equipment parts and R7R of roadway equipment parts have overrun the budget by approximately \$100K. Through the first quarter of 2003, we are approximately \$25K unfavorable. An additional \$100K is needed in the Track Department material budget to account for these increased repair costs.

Software Maintenance

Maintenance of various existing software

TSMs-Support Study & Bill Changers

Scheit & Bachman

**MTA Metro-North Railroad
2003-2004 Operating Budget Projections
Explanation of New Needs**

Winter Gear

Triennial provision for purchase of parkas required by labor agreement.

ALL OTHER (NON-PROGRAMMATIC BASED CHANGES)

Note: Items in this category are inflation and miscellaneous changes and cash adjustments.

Non-Agreement Vacation Buyback Provision

See note above.

Higher Qualifying and Holiday Pay coverage

See note above.

Higher Train & Engine labor costs for revenue collection program and
delay in Ticket Vending Machines-related staff cuts

See note above.

Higher Electric Propulsion rates from CL&P in the State of Connecticut

See note above.

Higher Diesel Fuel Propulsion consumption

See note above.

Higher Telephone Costs

See note above.

**MTA Metro-North Railroad
2003-2004 Operating Budget Projections
Explanation of New Needs**

Lower Overhead Recovery from Capital projects

See note above.

Higher MTA Police Cost provision

See note above.

Lower Amtrak Recovery credits

See note above.

Acquisition of property at Cortlandt

Required for expansion of parking.

Miscellaneous cost adjustments

See note above.

Customer Convenience and Amenities:

CAPITAL PROJECT IMPACTS:

Ticket Vending Machines (TVMs)-Phase II (Excl Revenue)

90 new express TVMs for outlying stations, re-deploy some machines implemented in Phase I and redistribute in outlying stations. Leased line costs decrease with implementation for the infrastructure project.

**MTA Metro-North Railroad
2003-2004 Operating Budget Projections
Explanation of New Needs**

TVMs/TOMs/Mail & Ride (Excluding Revenue)

Also: M302-08-01. Install TVMs in Grand Central Terminal and some outlying stations; Install Ticket Operating Machines (TOMs) in Grand Central Terminal and outlying stations ticket selling offices. 90 new express TVMs for outlying stations to be installed in Phase II of this project.

SBP INITIATIVES:

Grand Central Terminal (GCT) Lower Level Bathroom

Men's and Ladies' room attendants for cleaning and servicing new bathrooms on lower level in GCT, 24 hours a day, 7 days a week.

Ticket Office Rollout (VTTS)

Support for rollout of VTTS to ticket offices.

Service:

SBP INITIATIVES:

Hudson Rail Link

Increase provision.

Traveling Conductors - Permanent Program

This is operated as a pilot project in 2003, but will become a permanent program. This involves the addition of positions to help eliminate ticket replication fraud. This enables conductors to periodically inspect all tickets on trains throughout the system.

**MTA Metro-North Railroad
2003-2004 Operating Budget Projections
Explanation of New Needs**

Maintenance:

CAPITAL PROJECT IMPACTS:

C-26 Track Program

Addition of two Maintenance of Way - Track positions to maintain drainage systems. Project (#301-T098) replaced catenary from Norwalk to Bridgeport.

Equipment Replacement Plan - Harlem & Hudson (Operations Costs)

In accordance with MNR's Rolling Stock Plan, there will be a significant change in the rolling stock fleet over the next several years as outdated electric cars, coaches and locomotives are replaced with modern equipment. Consequently, this financial plan modification reflects the operating costs and/or savings that result from the change in fleet composition. Calculations of the financial cost impacts are performed by car type using annual average car miles, maintenance and propulsion costs per car mile, and the number of cars being added or eliminated. The schedule of equipment replacement on the H&H lines is enumerated below:

M1 Cars - retire 70 cars in 2004, 10 cars in 2005 and 96 cars in 2007

M7 Cars - add 150 cars in 2004, add 30 cars in 2005, add 40 cars in 2006 and add 116 cars in 2007.

ACMU cars - retire 61 cars in 2004

Coaches - add 24 in 2004, add 10 in 2005

Locomotives - retire 7 FL9/10 in 2004, retire 3 F 10s in 2006

MTA Metro-North Railroad
2003-2004 Operating Budget Projections
Explanation of New Needs

Equipment Replacement Plan - Disposal Costs

In accordance with its Rolling Stock Plan, Metro-North will replace old and obsolete equipment with new M7 cars. Upon receipt of the new equipment, 272 cars will be disposed between 2004 and 2008. The cost of disposal totals \$8,160,000 and reflects a unit cost of \$30,000 per car. Costs include scrap dealer costs plus internal preparation, shipping and monitoring.

By car type:

178 M1 cars will be disposed (94 in 2004, 82 in 2005 and 96 in 2008).

61 ACMU cars will be disposed in 2004.

8 Comet Cars will be disposed in 2004.

25 Miscellaneous coaches and locomotives will be disposed in 2004.

GCT Ventilation Rehabilitation

Addition of a fan operator position to maintain the ventilation systems for three areas of Grand Central Terminal.

Graybar Entrance Rehabilitation

Addition of one full -time equivalent (FTE) position (1/2 cleaner & 1/2 carpenter) in GCT to maintain the entrance.

Highbridge Yard Improvements

Project involved the construction of a new facility north of MO on the Hudson Line to accommodate mid-day storage and servicing for equipment necessitated by the East Side Access Project. Facility is scheduled to open 6/03. Incremental 2004 costs include the balance of Pertains Services costs required to reflect full year of propulsion, staff and other miscellaneous costs added in 2003. 2004 impact also includes the addition of 6 support/maintenance positions; 3 for Track & Structures, 1 for Track, and 2 for Communication & Signals.

**MTA Metro-North Railroad
2003-2004 Operating Budget Projections
Explanation of New Needs**

Hudson Line Station Rehabilitation

Project involves stations from Morris Heights to Graystone. The 2004 costs reflect the addition of 4 positions in Track & Structures to maintain the elevators.

New Haven Shops & Yard - Car Washer/Wheel Shop

One Maintenance of Way-Track & Structures position and related material cost added for the maintenance of the car wash in 2003. Another Track & Structures position is scheduled to be added in 2006 to maintain the wheel truing shop.

Signal & CTC Improvements Danbury Branch

The addition of three Maintenance of Way-C&S positions to maintain.

Stamford Center Island

Maintenance of center island platforms constructed at Stamford station.

SBP INITIATIVES:

Adopt-A-Station Landscape - Start-Up Costs

The project involves the hiring of a contractor to maintain the landscaping currently maintained by Metro-North's forces or its parking lot contractor at select Metro-North stations in New York State. The project is envisioned as a "no-cost" project to Metro-North, though some Metro-North funding may be required to start off the program.

**MTA Metro-North Railroad
2003-2004 Operating Budget Projections
Explanation of New Needs**

Annual Track Maintenance Programs

Additional funds for annual track maintenance programs (East of Hudson only).

Due to budget constraints, the annual Ballast Cleaning program was abandoned for 2003 with the intention of resuming the program in 2004. This management initiative is to fund the Ballast Cleaning program, as well as provide additional funding to cover budget shortfalls in the other maintenance programs. The escalation clauses in the current multi-year contracts have not been provided for in the Budget Department's inflationary factors. Additional funding required as follows:

Ballast Cleaning: \$250K

Brush Cutting: \$413K

Rail Testing: \$30K

Rail Grinding: \$96K

Track Vac: \$200K

TC-82: \$27K

Total of items listed is \$1,016K

Equipment Strategy - M1 Rehabilitation Program (\$5 M)

Program to expand current in-house overhaul to a more comprehensive program. 8 OT&E positions plus material were added.

6/9/2003: Changed from \$19M to \$5M

Total of 96 cars will be done. 48 cars partial overhaul. Total project cost = \$5.0M: \$900K in 2003, \$3.5M in 2004, \$600K in 2005.

GEAC Consultants for Software Modification

Two Years: 2004 & 2005.

**MTA Metro-North Railroad
2003-2004 Operating Budget Projections
Explanation of New Needs**

Grade Crossing Event Recorders Maintenance

Annual provision.

Increase Escalator Maintenance at White Plains Station

To add funding for the contracted repairs to the escalators at the White Plains Station. Although there is a maintenance contract in place, it only covers the regular monthly cleaning and oiling of the escalators. Through the first 5 months of 2003, approximately \$60K in additional repair costs not included in the regular maintenance contract were incurred. It has become apparent that the funds budgeted for the maintenance of the escalators are not sufficient.

Signal Standards Consultant

6/6/2003: The project would use one of the Communication & Signals GEC consultants to collect and develop a concise Engineering Operations Manual (EOM) for use by the entire Signal Department. The EOM would contain all necessary design standards for equipment used at Metro-North and the installation standards used by the field construction forces. The EOM would also be used in contract specifications for pre-wired signal enclosures. The EOM would be used by current engineering staff and by new staff. In this manner, we can hire employees that need training and use the EOM as the formal training aid. The work would be split up over a two year period with \$100K being spent the first year and \$200K the next year.

W of H Maintenance

Port Jervis line.

**MTA Metro-North Railroad
2003-2004 Operating Budget Projections
Explanation of New Needs**

Safety/Security:

CAPITAL PROJECT IMPACTS:

Business Recovery

Alternate site costs; copy machine rental, maintenance on 3 magnetic card swipes, and 2 T-1 line charges.

Corporate Network Security

The cost of Internet security systems maintenance.

Grand Central Terminal Walkway Lighting

Addition of an Electrician for maintenance of walkway lighting.

New Haven Line Radio Communication Upgrade

One Radio/Communication position, 1 vehicle and vehicle maintenance.

Park Avenue Tunnel Alarm Rehabilitation

Addition of one maintenance of Way-Power position to maintain.

SBP INITIATIVES:

Communication & Signals Fire Protection Provision

This project would provide for the installation and maintenance of fire protection systems at various locations. We have recently experienced extensive equipment loss as a result of water damage from the current fire protection at ECC (Mott Haven). This project will begin an installation program of fire protection at Communication & Signals locations that will protect our equipment while affording fire protection.

**MTA Metro-North Railroad
2003-2004 Operating Budget Projections
Explanation of New Needs**

CTC/SCADA Training Provision

This project would provide continuing training for the engineers and maintenance forces tasked with maintaining and managing mission critical CTC and SCADA control systems located at the OCC and ECC. The training consists of off-site computer and network training and certifications. The training is necessary to keep the staff current with the changing technology and operating systems. It is necessary to maintain a high level of competence in maintaining the systems due to the critical nature of the operation and the need to provide efficient train service.

Firewall Security

Additional firewalls: 2004, 2009

High Speed DC Circuit Breaker Relay Protection

Add high speed relay protection to DC Traction Power breakers at M-42 and M-50 in Grand Central Terminal. Traction power feeds in Grand Central Terminal are subjected to unique conditions not found elsewhere on Metro-North. The high standby loads from equipment on lay over at Grand Central Terminal presents large base loading to the traction system which easily "masks" most high resistance short circuits within the terminal, i.e., burning third rail bracket fires, shorted jumper/feeder cables, etc. High speed electronic relays would "sense" the difference between the inductive/resistive loads of the equipment and any undesirable loads. The relay would trip the associated breaker and protect the system from further damage.

Install New Proximity Detectors on Drawbridges (Annual Provision)

This project would provide for the upgrade of existing proximity detectors used to detect the position of the mitre rails. The new equipment will be microprocessor based, and will provide an FRA approved detection system.

2004: 138th Street. More bridges in the following years.

**MTA Metro-North Railroad
2003-2004 Operating Budget Projections
Explanation of New Needs**

Network Security - Communication & Signals

The addition of the Network Security Engineer position is a result of the recommendation for CTC and SCADA Systems security audit. It was identified during the audit and, as a recommendation from the audit a full time position be added to protect and support the mission critical CTC and SCADA control networks. The position will be responsible to investigate and monitor the network for unauthorized users, manage the firewalls, and manage the security levels of the RTC and other users. With the addition of remove a viewing system in 2003, this position will be necessary. The position will be responsible for network security for both OCC and ECC, CTC and SCADA Systems.

Security Plan - Grand Central Terminal Weekly Inspect/Computerized Key System (Loc)

Add one Grand Central Terminal Locksmith to inspect, repair and maintain all key doors in GCT (perimeter and interior locks). Includes development and maintenance of a high security computerized keying system as well as a database of authorized key holders.

Operating Capital

Asset Management System - Costs for Expansion

Communication and Signals control. The large amount of testing equipment requires cyclical maintenance.

Application Modifications for OS & Oracle Upgrades (SW)

Software upgrade.

CMS Upgrades (Phase 4 Modification)

Crew Management system upgrade.

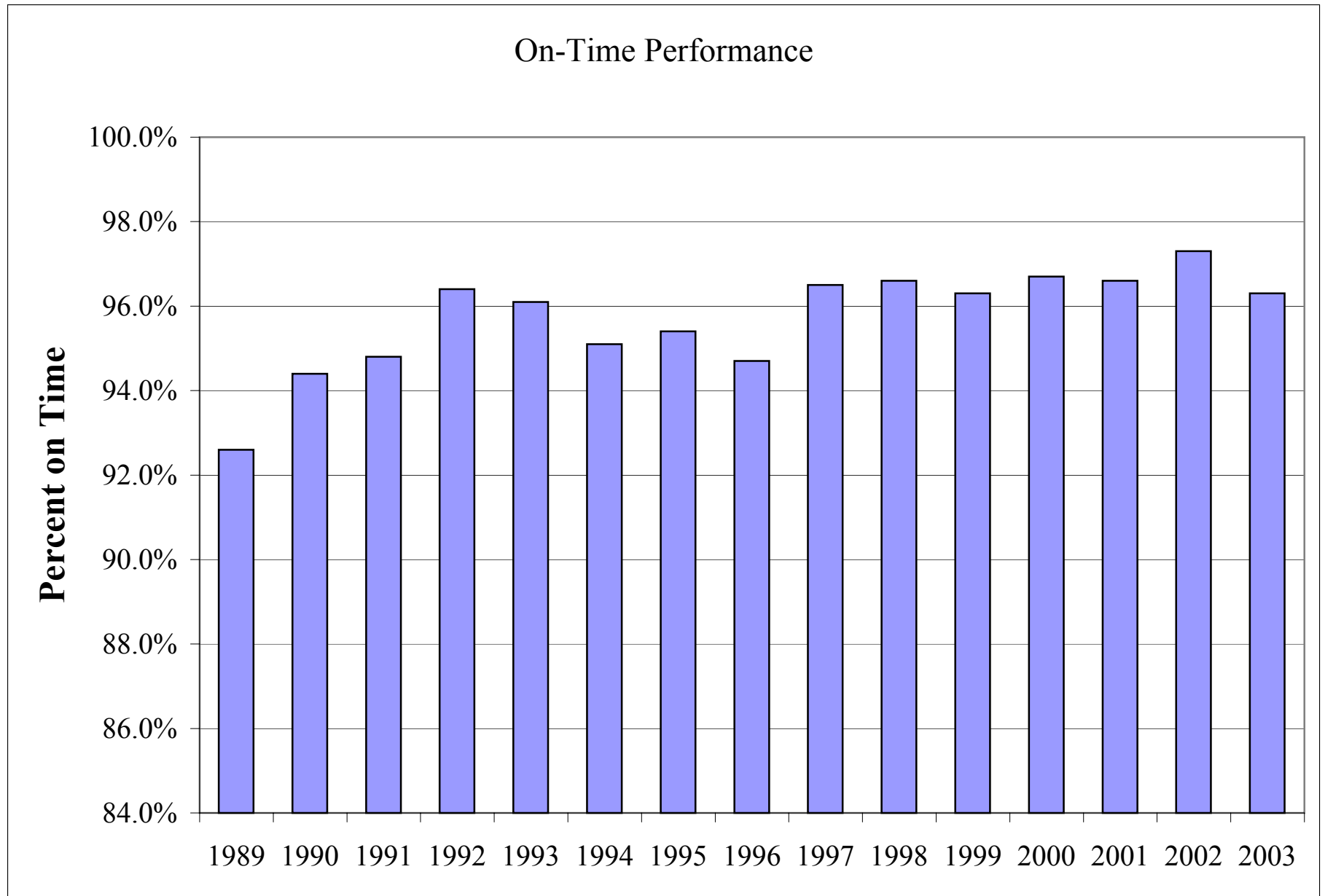
MTA METRO-NORTH RAILROAD
POSITIONS BY DEPARTMENT

	2002 Actuals			2003 Mid-Year Forecast			2004 Preliminary Budget		
	12/31/02			12/31/03			12/31/04		
	Operating	Capital	Total	Operating	Capital	Total	Operating	Capital	Total
President	6	0	6	6	0	6	6	0	6
Labor Relations	14	0	14	14	0	14	14	0	14
Safety	15	0	15	15	0	15	15	0	15
Corporate & Media Relations (1)	15	0	15	16	0	16	15	0	15
Legal	17	0	17	17	0	17	17	0	17
Claims Services	23	0	23	23	0	23	23	0	23
Environmental Compliance & Serv	6	0	6	6	0	6	6	0	6
Executive & Gen'l Counsel Division	96	0	96	97	0	97	96	0	96
VP Human Resources	2	0	2	2	0	2	2	0	2
Human Resources	60	0	60	62	0	62	62	0	62
Training	31	0	31	31	0	31	31	0	31
Workforce Diversity	3	0	3	4	0	4	4	0	4
Human Resources & Diversity	96	0	96	99	0	99	99	0	99
VP Planning & Development	4	1	5	3	2	5	3	2	5
Operations Planning	12	1	13	12	1	13	12	1	13
Capital Planning	0	14	14	0	14	14	0	14	14
Business Development & Facilities	4	10	14	4	10	14	4	10	14
Marketing	11	0	11	11	0	11	11	0	11
Industrial Engineering	6	3	9	5	4	9	5	4	9
Planning/Development Division	37	29	66	35	31	66	35	31	66
Executive Vice President	1	0	1	1	0	1	1	0	1
Controller (2)	121	10	131	123	10	133	123	8	131
Procurement & Material Mgmt	149	23	172	148	24	172	148	24	172
Information Technology (3)	107	9	116	112	9	121	117	7	124
Budget	13	3	16	13	3	16	13	3	16
Customer Service	64	0	64	68	0	68	68	0	68
Finance & Administration Division	455	45	500	465	46	511	470	42	512
Project Budget	0	12	12	0	13	13	0	13	13
Construction Management	3	37	40	3	36	39	3	36	39
Engineering & Design	3	61	64	3	60	63	3	60	63
Capital Division	6	110	116	6	109	115	6	109	115
VP Operations	28	4	32	28	4	32	28	4	32
GCT (4)	320	26	346	320	26	346	328	26	354
Operations Services (5)	1841	92	1933	1867	126	1993	1896	122	2018
Maintenance of Equipment (6)	1125	38	1163	1122	41	1163	1128	41	1169
Maintenance of Way (7)	1216	330	1546	1224	324	1548	1248	324	1572
Operations Division	4530	490	5020	4561	521	5082	4628	517	5145
Metro-North West	1	0	1	28	0	28	28	0	28
TOTAL	5221	674	5895	5291	707	5998	5362	699	6061

NOTES TO POSITION TABLE
2003 MID-YEAR FORECAST vs 2004 PRELIMINARY BUDGET

- | | |
|---|---|
| <p>(1) One temporary operating management position, added in December 2003 to replace a photographer who will retire, will be eliminated in June 2004.</p> <p>(2) Two capital agreement positions, added in 2002 to support revenue accounting and ticket stock control functions during the rollout of the new Ticket Selling Machines, will be eliminated in May 2004.</p> <p>(3) In January 2004, two operating management positions will be added to support the new Express TVMs, one operating management position will be added for the installation of PCs at 40 stations so that Ticket Agents can access the Visual Train Tracking and other customer information systems, and two capital management positions assigned to the development of the Asset Management System will be transferred to the operating budget to maintain this new system.</p> <p>(4) The increase of eight operating agreement positions reflects the following changes: the addition of four positions in January to clean and service the new lower level restrooms in GCT, the addition of one position in January to inspect, repair and maintain all key-locked doors in GCT, and the addition of three positions in August to maintain the rehabilitated Graybar Building entrance, the improved ventilation systems in GCT, and the new walkway lighting installed in GCT Yard.</p> <p>(5) Thirty operating agreement coach cleaner positions will be added in January and six operating T&E positions will be eliminated (three in April and three in November) as a result of the installation of TVMs, offset by the addition in July of five T&E positions to support service improvements. Four capital T&E positions added in November 2003 for the City Ticket Pilot Program will be eliminated in July 2004.</p> <p>(6) Six operating management positions (Quality Control Technicians) will be added in January to increase maintenance inspection levels.</p> | <p>(7) The increase of twenty-four operating positions reflects the addition of seven in Communications & Signals, three in Power, seven in Structures, and seven in Track. Details on the positions to be added in each M of W sub-department are outlined below:</p> <ul style="list-style-type: none">• <u>Communications and Signals Department</u> – one management position will be added in January to monitor and protect critical operation control networks, three agreement positions will be added in January (two to support the new Highbridge Yard and one to support New Haven Line radio communication upgrades) and three agreement positions will be added in October to maintain signal & CTC improvements on the Danbury Branch.• <u>Power Department</u> - three agreement positions will be added in January (one to maintain upgraded alarm systems in Park Avenue Tunnel and two to support Harmon Shop/Yard improvements).• <u>Structures Department</u> – three agreement positions will be added in January to maintain the new Highbridge Yard facility and four agreement positions will be added in July to maintain recently rehabilitated stations on the Hudson Line.• <u>Track Department</u> - six agreement positions will be added in January (two to maintain the C-26 track installation, one to support the new Highbridge Yard, and three to operate a new high-speed vacuum truck) and one position will be added in October for maintenance on the new Mid-Harlem Third Track. |
|---|---|

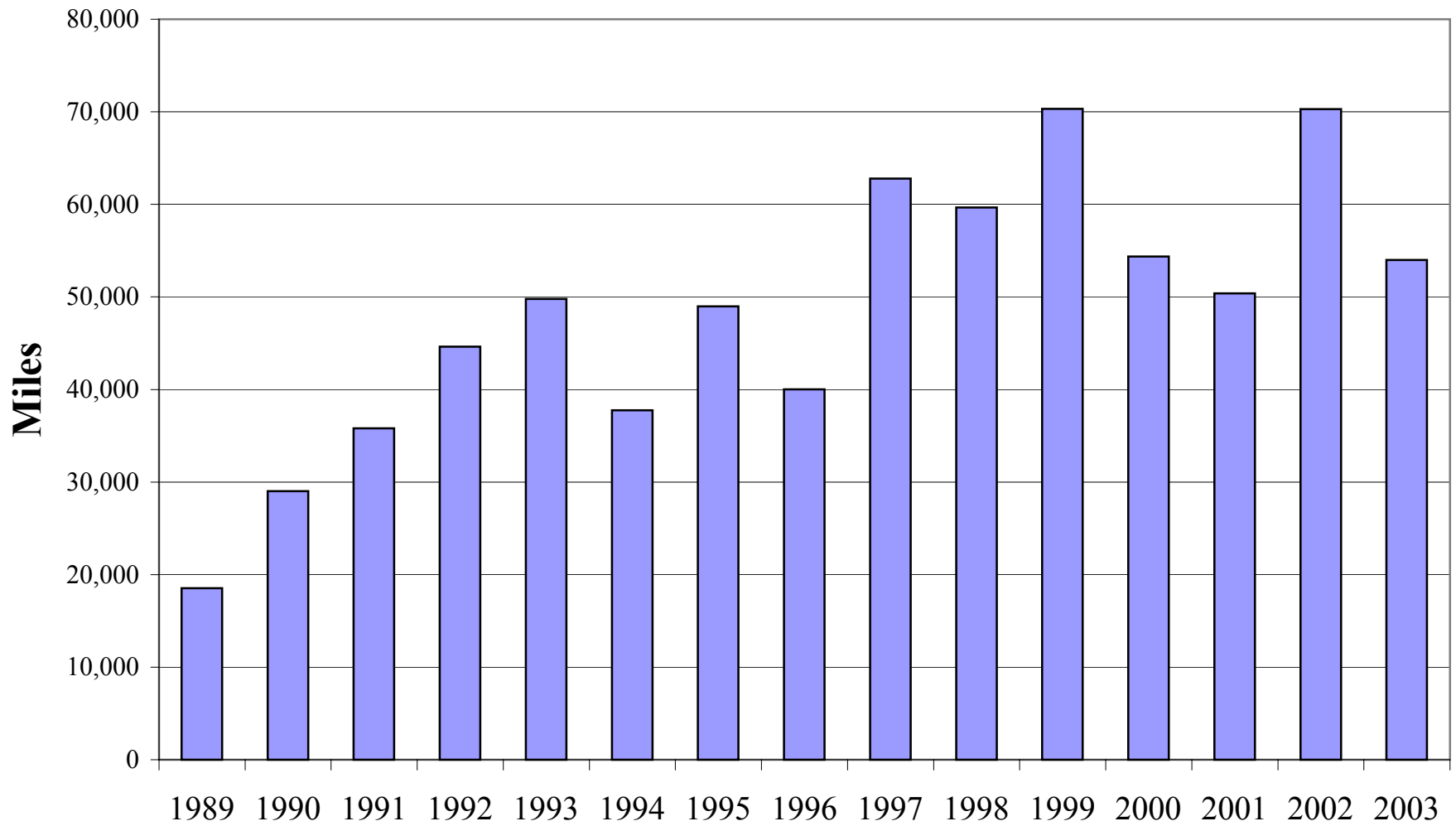
**METRO-NORTH RAILROAD
SELECTED PERFORMANCE INDICATORS**



Note: Year 2003 is May YTD.

**METR0-NORTH RAILROAD
SELECTED PERFORMANCE INDICATORS**

Mean Distance Between Failures
(In Thousands of Miles)



Note: Year 2003 is May YTD.

MTA METRO-NORTH RAILROAD
SELECTED PERFORMANCE INDICATORS

<u>Year</u>	<u>On-Time Performance</u>	<u>Mean Distance Between Failures (in thousands of miles)</u>
1989	92.6%	18,521
1990	94.4%	29,012
1991	94.8%	35,810
1992	96.4%	44,636
1993	96.1%	49,782
1994	95.7%	37,764
1995	95.4%	48,977
1996	94.7%	40,007
1997	96.5%	62,785
1998	96.6%	59,672
1999	96.3%	70,328
2000	96.7%	54,355
2001	96.6%	50,390
2002	97.3%	70,288
2003*	96.3%	53,998

* As of May 2003

MTA HEADQUARTERS

Metropolitan Transportation Authority
MTA Headquarters
Reconciliation of 2004 Preliminary Budget with Revised 2003 Budget
(\$ in thousands)

	Variance: favorable / (unfavorable)		
	2003	2004	Two-Year Total
Net Operating Cash Deficit - Approved March 2003 Plan	(\$232,925)	(\$195,765)	(\$428,690)
<i>Eliminate Unspecified PEG for 2004 - March 2003 Plan</i>	\$0	\$0	\$0
Adjusted Operating Cash Deficit - March 2003 Plan	(\$232,925)	(\$195,765)	(\$428,690)
2004 Unspecified PEG Now Identified	\$0	\$0	\$0
Additional Operating PEG	<u>1,637</u>	<u>1,690</u>	<u>3,327</u>
Total Operating PEG	\$1,637	\$1,690	\$3,327
Additional Pension Reserve	(\$1,500)	(\$1,500)	(\$3,000)
Total Finance Expense	2,107	(1,116)	991
Depreciation	5,500	5,500	11,000
Total Cash Adjustments	17,653	(28,203)	(10,550)
New Needs	<u>(5,830)</u>	<u>(5,109)</u>	<u>(10,939)</u>
Total New Needs and Other Adjustments	\$17,930	(\$30,428)	(\$12,498)
Baseline Operating Cash Deficit - July 2003 Plan	(\$213,358)	(\$224,503)	(\$437,861)
<i>variance: compared with Approved March 2003 Plan</i>	\$19,567	(\$28,738)	(\$9,171)

MTA Headquarters
Reconciliation of 2004 Preliminary Budget with Revised 2003 Budget
(In Thousands)

	Favorable / (Unfavorable)	
	<u>2003</u>	<u>2004</u>
Total Cash Expenses - Revised 2003 Budget	(\$232,925)	(\$195,765)
Total Operating PEG	\$1,637	\$1,690
New Needs		
Increased Financial Reporting Requirements	(\$250)	(\$372)
Planned staff reductions for General Counsel not implemented	(418)	(348)
Additional Professional Services	(1,162)	(396)
Fare Increase Litigation Reserve	(1,000)	0
Reserve for Accounting Adjustment	(1,000)	(1,000)
Working Capital for MTA Capital Construction Company	(2,000)	(2,500)
Additional Pension Reserve	(1,500)	(1,500)
Other	0	(493)
Total New Needs	(\$7,330)	(\$6,609)
Finance Expense (Support for Subsidiaries)		
Long Island Bus	\$2,320	(\$644)
Staten Island Railway	(212)	(472)
Total Finance Expense	\$2,107	(\$1,116)
Depreciation	\$5,500	\$5,500
Cash Adjustments		
Reimburse Agency Security Costs from MRT Receipts	\$38,854	\$27,195
Reimbursable Agency Security Costs	(15,701)	(50,348)
Depreciation	(5,500)	(5,500)
Other	0	450
Total Cash Adjustments	\$17,653	(\$28,203)
Total Changes	\$19,567	(\$28,738)
Total Cash Expenses - 2004 Preliminary Budget	<u>(\$213,358)</u>	<u>(\$224,503)</u>

MTA Headquarters
2004 Preliminary Budget
(In Thousands)

	Revised 2003 Budget	2003 Mid-Year Forecast	Variance Favorable (Unfavorable)	Revised 2004 Projection	2004 Preliminary Budget	Variance Favorable (Unfavorable)
Revenue Detail						
Rental Income	\$7,936	\$7,936	\$0	\$8,167	\$8,191	\$24
Data Center Billings	4,688	4,688	0	4,825	4,838	13
Other	3,815	3,815	0	3,926	3,937	11
Total Revenue	\$16,439	\$16,439	\$0	\$16,918	\$16,966	\$48
Expense Detail						
Employee Salaries	\$103,321	\$103,658	(\$337)	\$107,701	107,028	\$673
Employee Benefits	31,178	31,259	(81)	32,499	32,641	(142)
Total Compensation	\$134,499	\$134,917	(\$418)	\$140,200	\$139,669	\$531
Employee Expenses	2,511	2,511	0	2,584	2,592	(8)
Temporary Services	165	165	0	170	170	0
Total Personnel Services	\$137,175	\$137,593	(\$418)	\$142,954	\$142,431	\$523
Professional Services	30,813	36,088	(5,275)	29,912	35,395	(5,483)
Insurance Expenses	2,259	2,259	0	3,148	3,155	(7)
Promo., Market. & Print.	1,983	1,983	0	2,041	2,047	(6)
Office Furn. & Equip.	3,749	3,749	0	3,858	3,869	(11)
Automotive Expenses	2,168	2,168	0	2,231	2,238	(7)
Maint. & Rep. (Non-Auto)	15,711	15,711	0	16,169	16,216	(47)
Supplies	1,005	1,005	0	1,034	1,037	(3)
Occupancy	1,346	1,346	0	1,385	1,389	(4)
Communications	2,997	2,997	0	3,085	3,094	(9)
Utilities	988	988	0	1,017	1,020	(3)
D.P. Equip. Rental	3,926	3,926	0	4,041	4,053	(12)
Equipment - Other	631	631	0	649	651	(2)
Public Hearing	450	450	0	463	464	(1)
Finance Expense	35,160	33,053	2,107	46,477	47,593	(1,116)
Total All Other Expenses	\$103,186	\$106,354	(\$3,168)	\$115,510	\$122,221	(\$6,711)
Total Gross Expenses Before Depreciation	\$240,361	\$243,947	(\$3,586)	\$258,464	\$264,652	(\$6,188)
Less: Expense Recovery	(34,929)	(34,929)	0	(35,949)	(36,054)	105
Total Net Expenses Before Depreciation	\$205,432	\$209,018	(\$3,586)	\$222,515	\$228,598	(\$6,083)
Depreciation	18,775	13,275	5,500	18,775	13,275	5,500
Total Net Operating Expenses	\$224,207	\$222,293	\$1,914	\$241,290	\$241,873	(\$583)
Total Operating Deficit	(\$207,768)	(\$205,854)	\$1,914	(\$224,372)	(\$224,907)	(\$535)
Cash Adjustments	(25,157)	(7,504)	17,653	28,607	404	(28,203)
Total Cash Deficit	(\$232,925)	(\$213,358)	\$19,567	(\$195,765)	(\$224,503)	(\$28,738)

MTA Headquarters
2004 Preliminary Budget
Year-to-Year Comparison
(In Thousands)

	2002 Actuals	2003 Mid-Year Forecast	Variance Favorable (Unfavorable)	2004 Preliminary Budget	Variance Favorable (Unfavorable)
Revenue Detail					
Rental Income	\$6,484	\$7,936	\$1,452	\$8,191	\$255
Data Center Billings	4,040	4,688	648	4,838	150
Other	3,675	3,815	140	3,937	122
Total Revenue	\$14,199	\$16,439	\$2,240	\$16,966	\$527
Expense Detail					
Employee Salaries	\$92,064	\$103,658	(\$11,594)	\$107,028	(\$3,370)
Employee Benefits	26,903	31,259	(4,356)	32,641	(1,382)
Total Compensation	\$118,967	\$134,917	(\$15,950)	\$139,669	(\$4,752)
Employee Expenses	2,195	2,511	(316)	2,592	(81)
Temporary Services	484	165	319	170	(5)
Total Personnel Services	\$121,646	\$137,593	(\$15,947)	\$142,431	(\$4,838)
Professional Services	19,759	36,088	(16,329)	35,395	693
Insurance Expenses	2,325	2,259	66	3,155	(896)
Promo., Market. & Print.	9,769	1,983	7,786	2,047	(64)
Office Furn. & Equip.	1,157	3,749	(2,592)	3,869	(120)
Automotive Expenses	1,467	2,168	(701)	2,238	(70)
Maint. & Rep. (Non-Auto)	9,970	15,711	(5,741)	16,216	(505)
Supplies	824	1,005	(181)	1,037	(32)
Occupancy	189	1,346	(1,157)	1,389	(43)
Communications	2,706	2,997	(291)	3,094	(97)
Utilities	1,240	988	252	1,020	(32)
D.P. Equip. Rental	3,741	3,926	(185)	4,053	(127)
Equipment - Other	492	631	(139)	651	(20)
Public Hearing	245	450	(205)	464	(14)
Finance Expense	17,600	33,053	(15,453)	47,593	(14,540)
Total All Other Expenses	\$71,484	\$106,354	(\$34,870)	\$122,221	(\$15,867)
Total Gross Expenses Before Depreciation	\$193,130	\$243,947	(\$50,817)	\$264,652	(\$20,705)
Less: Expense Recovery	(28,668)	(34,929)	6,261	(36,054)	1,125
Total Net Expenses Before Depreciation	\$164,462	\$209,018	(\$44,556)	\$228,598	(\$19,580)
Depreciation	13,464	13,275	189	13,275	0
Total Net Operating Expenses	\$177,926	\$222,293	(\$44,367)	\$241,873	(\$19,580)
Total Operating Deficit	(\$163,727)	(\$205,854)	(\$42,127)	(\$224,907)	(\$19,053)
Cash Adjustments	(16,600)	(7,504)	9,096	404	7,908
Total Cash Deficit	(\$180,327)	(\$213,358)	(\$33,031)	(\$224,503)	(\$11,145)

**MTA Headquarters
2004 Preliminary Budget
Revenues and Generic Expenses**

Revenues

Revenues in the 2004 Preliminary Budget were adjusted to agree with an inflation rate of 3.22% for the 3 major sources of revenues: Rentals, primarily for Metro North and other ground floor occupancy of MTA facilities; Data Center Revenues, primarily charges for use of the Data Center; Other, primarily for Transit Museum revenues related both to the Museum itself and its retail operations.

Expenses

Salaries

Salaries were adjusted in the 2004 Preliminary Budget to reflect personnel savings for non-represented personnel. Adjustments were also made for any headcount adjustments mainly in the Real Estate division, and the Budget and Financial Management department.

Fringe Benefits

The fringe benefits rate for MTA Headquarters employees in the 2004 Preliminary Budget was increased from 24% to 25% percent primarily for higher anticipated health care costs.

Employee Expenses

Employee Expenses, those expenses for such areas as travel, meeting and lodging, membership dues and subscriptions, tuition reimbursements, and seminars and professional training were inflated at 3.22% in the 2004 Preliminary Budget.

Temporary Services

Temporary services costs were inflated at 3.22% in the 2004 Preliminary Budget.

Professional Services

Professional services primarily reflect anticipated contributions to the Pension Funds of \$1.5 million in each of the years 2003 and 2004 in order to strengthen the New York State Retirement Fund which has under performed for the past several years; the establishing of an accounting reserve of \$1.0 million in each of the years 2003 and 2004 in order to begin the process of implementing an all-agency accounting system; the establishing of working capital of \$2.0 million and \$2.5 million in each of the years 2003 and 2004, respectively, to fund the MTA Capital Construction Company.

Insurance Expenses

Insurance expenses, those expenses for general liability, self-insurance, and auto insurance were inflated at 3.22% in the 2004 Preliminary Budget.

Promotion, Marketing & Printing

Promotion, Marketing & Printing costs were inflated at 3.22% in the 2004 Preliminary Budget.

Office Furniture & Equipment

Expenses for the purchase of furniture for the office and computer equipment as well as rentals for duplicating equipment were inflated at 3.22% in the 2004 Preliminary Budget.

Automotive Expenses

Expenses for the purchase, rental, and maintenance of automobiles were inflated at 3.22% in the 2004 Preliminary Budget.

Maintenance & Repairs

Expenses for all maintenance and repair contract and maintenance of computer equipment were inflated at 3.22% in the 2004 Preliminary Budget.

Supplies

Expenses for duplicating and non-duplicating office supplies were inflated at 3.22% in the 2004 Preliminary Budget.

Occupancy

Rental expenditures for 341, 345, and 347 Madison Avenue and 460 West 34th Street were inflated at 3.22% in the 2004 Preliminary Budget.

Communications

Expenses for telephone, radio equipment and licenses and mail and messenger services were inflated at 3.22% in the 2004 Preliminary Budget.

Utilities

Expenses for heating fuel and gas, electric and water were inflated at 3.22% in the 2004 Preliminary Budget.

D.P. Equipment Rentals

Data Processing equipment rental and software licenses for peripheral equipment and machine maintenance were inflated at 3.22% in the 2004 Preliminary Budget.

Equipment – Other

Expenses for equipment other than automobile and office equipment purchases and rentals were inflated at 3.22% in the 2004 Preliminary Budget.

Depreciation and Amortization

Depreciation and amortization expenses have been adjusted to exclude depreciation and amortization charges related to 2 Broadway.

Public Hearings

Expenditures related to advertising in newspapers and use of professional services for public hearings were inflated at 3.22% in the 2004 Preliminary Budget.

Finance Expense

Adjustment of MTA's subsidy support provided LI Bus and Staten Island Railway based on the 2004 Preliminary Budget submitted by each Agency.

Security Costs

Reflects adjustments that correspond to what is currently contained in the Agencies' Budgets.

MTA Headquarters
2004 Preliminary Budget
Programs to Eliminate the Gap/New Needs
(In Thousands)

	2003 Mid-Year Forecast	2004 Preliminary Budget
Programs to Eliminate the Gap (PEGs)		
Professional Services		
Personnel savings, non-represented personnel	\$1,637	\$0
Salaries		
Personnel savings (inflation impact)	0	1,321
Fringe		
Personnel savings (inflation impact)	0	369
Total PEGs	\$1,637	\$1,690
New Needs		
Salaries		
General Counsel:		
Headcount (3) and contingent staff reductions that did not materialize.	(\$337)	(\$348)
Budget and Financial Management		
Additional staff (10 employees) for increased financial plan reporting	0	(300)
Total Salaries	(\$337)	(\$648)
Fringe Benefits		
General Counsel:		
Additional fringe costs on above.	(\$81)	\$0
Budget and Financial Management		
Additional fringe costs on above.	0	(72)
Increase fringe benefits rate to 25% for MTAHQ and ESA	0	(439)
Total Fringe Benefits	(\$81)	(\$511)
Professional Services		
Budget Division 2002 underpayment of NY State Assessment	(\$254)	(\$190)
Vacation Buy-back	(708)	0
General Counsel - Office of Civil Rights Training Contract	(200)	(206)
Total Professional Services	(\$1,162)	(\$396)
Other Inflation Impacts	\$0	(\$54)
Other Adjustments		
Fare Increase Litigation Reserve	(\$1,000)	\$0
Financial Systems Consultant	(250)	0
Reserve for Accounting Adjustment	(1,000)	(1,000)
Working capital for MTA Capital Construction Company	(2,000)	(2,500)
Additional Pension Reserve	(1,500)	(1,500)
Total Other Adjustments	(\$5,750)	(\$5,000)
Total Needs	(\$7,330)	(\$6,609)

**Metropolitan Transportation Authority Headquarters
2004 Preliminary Budget
Headcount**

	2003 Mid-Year <u>Forecast</u>	2004 Preliminary <u>Budget</u>
<u>Headquarters</u>		
Executive Office	6	6
Administration	184	184
Audit	100	100
Budget and Financial Management	99	99
DED Corp. Affairs & Communications	56	56
DED General Counsel	80	80
Chief of Staff	5	5
Planning	9	9
East Side Access	49	49
Finance	12	12
Labor Relations	30	30
PCAC	1	1
Safety Programs	0	0
Vending Fare Media	7	7
Corporate Account	<u>3</u>	<u>3</u>
Total MTA Headquarters Operations	<u>641</u>	<u>641</u>
Public Safety	727	727
Total MTA	<u><u>1,368</u></u>	<u><u>1,368</u></u>

MTA NEW YORK CITY TRANSIT

Metropolitan Transportation Authority
MTA New York City Transit
Reconciliation of 2004 Preliminary Budget with Revised 2003 Budget
(\$ in millions)

	Variance: favorable / (unfavorable)		
	2003	2004	Two-Year Total
Net Operating Cash Deficit - Approved March 2003 Plan	(\$1,504.4)	(\$1,236.7)	(\$2,741.1)
<i>Eliminate Unspecified PEG for 2004 - March 2003 Plan</i>	<i>\$0.0</i>	<i>(\$66.5)</i>	<i>(\$66.5)</i>
Adjusted Operating Cash Deficit - March 2003 Plan	(\$1,504.4)	(\$1,303.2)	(\$2,807.6)
2004 Unspecified PEG Now Identified	\$0.0	\$66.5	\$66.5
Additional Operating PEG	<u>41.3</u>	<u>21.5</u>	<u>62.8</u>
Total Operating PEG	\$41.3	\$88.0	\$129.3
Passenger Revenues	(\$28.9)	(\$31.6)	(\$60.5)
Pension Costs	(4.0)	(25.6)	(29.6)
Paratransit Revenue (Impact of Urban Tax)	0.4	0.7	1.1
Use of Reserves	0.0	5.0	5.0
New Needs	<u>(35.9)</u>	<u>(47.2)</u>	<u>(83.1)</u>
Total New Needs and Other Adjustments	(\$68.4)	(\$98.7)	(\$167.1)
Baseline Operating Cash Deficit - July 2003 Plan	(\$1,531.5)	(\$1,313.9)	(\$2,845.4)
<i>variance: compared with Approved March 2003 Plan</i>	<i>(\$27.1)</i>	<i>(\$77.2)</i>	<i>(\$104.3)</i>

MTA New York City Transit
2004 Preliminary Budget
Cash Reconciliation with Revised 2003 Budget
\$ - millions

	Variance: Favorable/(Unfavorable)		
	2003 Operating Cash Deficit	2004 Operating Cash Deficit	Total Operating Cash Deficit
March 2003 Revised Budget	(1,504.4)	(1,236.7)	(2,741.1)
Eliminate Unspecified PEG's	0.0	(66.5)	(66.5)
Adjusted March 2003 Plan	(1,504.4)	(1,303.2)	(2,807.6)
PEG Adjustments:			
Department of Subways Reorganization	0.0	12.1	12.1
Administrative Reductions:			
Subways/Buses	6.9	14.8	21.7
Other Departments	12.9	14.4	27.3
Revised Inflaters	0.0	4.6	4.6
Car Equipment Program Changes	0.0	14.4	14.4
Bus Fuel Re-estimate	(0.3)	3.7	3.4
MetroCard Balance Protection Re-estimate	1.0	3.2	4.2
Excess Employee Costs	1.7	(14.9)	(13.2)
Cleaner Savings	0.0	5.3	5.3
Reimbursable Budget Change Impact	2.3	3.8	6.1
All Other PEGs	16.8	26.6	43.4
Total PEGs	41.3	88.0	129.3
New Needs:			
Flagging Requirement	(8.2)	(12.9)	(21.1)
MVM Maintenance and Servicing	(2.0)	(4.0)	(6.0)
Change in Employee Average Rates	(4.0)	(4.2)	(8.2)
Manhattan Bridge Service and Support	0.0	(2.5)	(2.5)
Electric Power Re-estimate	(4.6)	(1.4)	(6.0)
MetroCard Card Stock Costs	(1.7)	(1.8)	(3.5)
Capital Overhead Rate Change	(1.6)	(1.7)	(3.3)
All Other New Needs	(13.8)	(18.7)	(32.5)
Total New Needs	(35.9)	(47.2)	(83.1)
Net PEGs/New Needs	5.4	40.8	46.2
Other Adjustments:			
Passenger Revenue	(28.9)	(31.6)	(60.5)
Pension	(4.0)	(25.6)	(29.6)
Paratransit Revenue (Urban Tax Impact)	0.4	0.7	1.1
Contingency Reserve (Use Of Reserves)	0.0	5.0	5.0
Total Other Adjustments	(32.5)	(51.5)	(84.0)
Baseline Operating Cash Deficit (July 2003 Plan)	(1,531.5)	(1,313.9)	(2,845.4)
Variance vs. 2003 Revised Budget	(27.1)	(77.2)	(104.3)

MTA New York City Transit
2004 Preliminary Budget
Statement of Operations*

(\$ - Millions)	Revised 2003 Budget	2003 Mid-Year Forecast	Variance More/ (Less)	Revised 2004 Projection	2004 Preliminary Budget	Variance More/ (Less)
Revenues:						
Subway	1,697.1	1,668.4	(28.7)	1,827.0	1,794.2	(32.8)
Bus	701.3	702.6	1.3	748.6	749.8	1.2
Passenger Revenue	2,398.4	2,371.0	(27.4)	2,575.6	2,544.0	(31.6)
Sr. Citizen Reimbursement	13.8	13.8	0.0	13.8	13.8	0.0
School Fare Reimbursement	90.0	90.0	0.0	90.0	90.0	0.0
Paratransit	34.3	34.7	0.4	39.6	40.3	0.7
Other Operating Revenue	61.1	59.8	(1.3)	64.0	65.1	1.1
Total Operating Revenue	2,597.6	2,569.3	(28.3)	2,783.0	2,753.2	(29.8)
Police Reimbursement	4.6	5.1	0.5	4.4	4.9	0.5
Capital and Other Reimbursements	759.6	768.1	8.5	683.5	698.0	14.5
Total Revenues	3,361.8	3,342.5	(19.3)	3,470.9	3,456.1	(14.8)
Expenses:						
Salaries & Wages	2,479.2	2,477.8	(1.4)	2,501.2	2,485.5	(15.7)
Fringe Benefits	914.7	917.2	2.5	987.4	1,030.3	42.9
Reimbursable Overhead	<u>(149.9)</u>	<u>(150.2)</u>	<u>(0.3)</u>	<u>(133.4)</u>	<u>(135.9)</u>	<u>(2.5)</u>
Labor	3,244.0	3,244.8	0.8	3,355.2	3,379.9	24.7
Maintenance Materials	185.8	191.7	5.9	179.4	168.9	(10.5)
Rentals & Miscellaneous	285.8	278.5	(7.3)	301.5	296.9	(4.6)
Electric Power	147.0	151.5	4.5	145.4	146.8	1.4
Diesel Fuel	51.2	51.8	0.6	47.4	44.0	(3.4)
Public Liability	73.8	73.8	0.0	75.7	75.7	0.0
Paratransit	153.9	152.6	(1.3)	193.2	192.8	(0.4)
Sub-Total Operating Expenses	4,141.5	4,144.7	3.2	4,297.8	4,305.0	7.2
Contingency Reserve/General Reserve	0.0	0.0	0.0	25.0	20.0	(5.0)
Additional Agency PEG	0.0	0.0	0.0	(66.5)	0.0	66.5
Total Operating Expenses	4,141.5	4,144.7	3.2	4,256.3	4,325.0	68.7
Police Expenses	4.6	5.1	0.5	4.4	4.9	0.5
Capital and Other Reimbursable Expenses	759.6	768.1	8.5	683.5	698.0	14.5
Total Expenses	4,905.7	4,917.9	12.2	4,944.2	5,027.9	83.7
Operating Balance	(1,543.9)	(1,575.4)	(31.5)	(1,473.3)	(1,571.8)	(98.5)
Cash Flow Adjustments	39.5	43.9	4.4	236.6	257.9	21.3
Net Operating Cash Deficit	(1,504.4)	(1,531.5)	(27.1)	(1,236.7)	(1,313.9)	(77.2)

**Excluding Subsidies and Debt Service*

MTA New York City Transit
2004 Preliminary Budget
Cash Receipts and Expenditures*

(\$ - Millions)	Revised 2003 Budget	2003 Mid-Year Forecast	Variance More/ (Less)	Revised 2004 Projection	2004 Preliminary Budget	Variance More/ (Less)
Receipts:						
Passenger Revenue	2,415.3	2,386.4	(28.9)	2,581.2	2,549.6	(31.6)
Senior Citizen Reimbursement	13.8	13.8	0.0	13.8	13.8	0.0
School Fare Reimbursement	90.0	90.0	0.0	90.0	90.0	0.0
Paratransit	34.3	34.7	0.4	39.6	40.3	0.7
Other Operating Revenue	65.3	64.1	(1.2)	123.4	124.5	1.1
Total Operating Revenue	2,618.7	2,589.0	(29.7)	2,848.0	2,818.2	(29.8)
Police Reimbursement	3.3	3.6	0.3	4.5	5.0	0.5
Capital and Other Reimbursements	819.1	825.9	6.8	691.5	705.2	13.7
Total Receipts	3,441.1	3,418.5	(22.6)	3,544.0	3,528.4	(15.6)
Expenditures:						
Salaries & Wages	2,973.4	2,975.0	1.6	2,858.5	2,849.5	(9.0)
Fringe Benefits	<u>916.0</u>	<u>920.2</u>	<u>4.2</u>	<u>1,006.2</u>	<u>1,031.2</u>	<u>25.0</u>
Labor	3,889.4	3,895.2	5.8	3,864.7	3,880.7	16.0
Maintenance Materials	244.4	242.7	(1.7)	219.8	207.1	(12.7)
Rentals & Miscellaneous	493.6	488.8	(4.8)	483.4	482.3	(1.1)
Electric Power	147.8	152.4	4.6	146.2	147.6	1.4
Diesel Fuel	52.3	52.8	0.5	47.4	44.0	(3.4)
Public Liability	61.4	61.5	0.1	60.7	60.6	(0.1)
Contingency Reserve/General Reserve	0.0	0.0	0.0	25.0	20.0	(5.0)
Additional Agency PEG	0.0	0.0	0.0	(66.5)	0.0	66.5
Total Expenditures	4,888.9	4,893.4	4.5	4,780.7	4,842.3	61.6
Inter-Agency Loan	(56.6)	(56.6)	0.0	0.0	0.0	0.0
Net Operating Cash Deficit	(1,504.4)	(1,531.5)	(27.1)	(1,236.7)	(1,313.9)	(77.2)

**Excluding Subsidies and Debt Service*

MTA New York City Transit
2004 Preliminary Budget
Cash Flow Adjustments*

<i>(\$ - Millions)</i>	Revised 2003 Budget	2003 Mid-Year Forecast	Variance More/ (Less)	Revised 2004 Projection	2004 Preliminary Budget	Variance More/ (Less)
Revenues:						
Passenger Revenue	16.9	15.4	(1.5)	5.6	5.6	0.0
Senior Citizen Reimbursement	0.0	0.0	0.0	0.0	0.0	0.0
School Fare Reimbursement	0.0	0.0	0.0	0.0	0.0	0.0
Paratransit	0.0	0.0	0.0	0.0	0.0	0.0
Other Operating Revenue	4.2	4.3	0.1	59.4	59.4	0.0
Total Operating Revenue	21.1	19.7	(1.4)	65.0	65.0	0.0
Police Reimbursement	(1.2)	(1.5)	(0.3)	0.1	0.1	0.0
Capital and Other Reimbursements	59.4	57.8	(1.6)	8.0	7.2	(0.8)
Total Revenues	79.3	76.0	(3.3)	73.1	72.3	(0.8)
Expenses:						
Salaries & Wages	(94.0)	(94.9)	(0.9)	18.1	17.3	(0.8)
Fringe Benefits	<u>92.1</u>	<u>91.4</u>	<u>(0.7)</u>	<u>73.1</u>	<u>94.8</u>	<u>21.7</u>
Labor	(1.9)	(3.5)	(1.6)	91.2	112.1	20.9
Maintenance Materials	5.7	15.2	9.5	5.4	8.9	3.5
Rentals & Miscellaneous	1.8	1.6	(0.2)	51.8	49.5	(2.3)
Electric Power	0.0	0.0	0.0	0.0	0.0	0.0
Diesel Fuel	(1.1)	(1.1)	0.0	0.0	0.0	0.0
Public Liability	12.3	12.3	0.0	15.1	15.1	0.0
Total Expenses	16.8	24.5	7.7	163.5	185.6	22.1
Inter-Agency Loan	(56.6)	(56.6)	0.0	0.0	0.0	0.0
Total Cash Flow Adjustments	39.5	43.9	4.4	236.6	257.9	21.3

**Excluding Subsidies and Debt Service*

MTA New York City Transit
2004 Preliminary Budget
Statement of Operations*

(\$ - Millions)	<u>2002 Actuals</u>	<u>2003 Mid Year Forecast</u>	<u>Variance More/ (Less)</u>	<u>2004 Preliminary Budget</u>	<u>Variance More/ (Less)</u>
Revenues:					
Subway	1,506.1	1,668.4	162.3	1,794.2	125.8
Bus	631.2	702.6	71.4	749.8	47.2
Passenger Revenue	2,137.3	2,371.0	233.7	2,544.0	173.0
Senior Citizen Reimbursement	13.8	13.8	0.0	13.8	0.0
School Fare Reimbursement	90.0	90.0	0.0	90.0	0.0
Paratransit	32.0	34.7	2.7	40.3	5.6
Other Operating Revenue	60.4	59.8	(0.6)	65.1	5.3
Total Operating Revenue	2,333.5	2,569.3	235.8	2,753.2	183.9
Police Reimbursement	4.4	5.1	0.7	4.9	(0.2)
Capital and Other Reimbursements	766.0	768.1	2.1	698.0	(70.1)
Total Revenues	3,103.9	3,342.5	238.6	3,456.1	113.6
Expenses:					
Salaries & Wages	2,428.1	2,477.8	49.7	2,485.5	7.7
Fringe Benefits	771.4	917.2	145.8	1,030.3	113.1
Reimbursable Overhead	<u>(165.7)</u>	<u>(150.2)</u>	<u>15.5</u>	<u>(135.9)</u>	<u>14.3</u>
Labor	3,033.8	3,244.8	211.0	3,379.9	135.1
Maintenance Materials	193.2	191.7	(1.5)	168.9	(22.8)
Rentals & Miscellaneous	270.4	278.5	8.1	296.9	18.4
Electric Power	148.6	151.5	2.9	146.8	(4.7)
Diesel Fuel	44.1	51.8	7.7	44.0	(7.8)
Public Liability	73.3	73.8	0.5	75.7	1.9
Paratransit	129.9	152.6	22.7	192.8	40.2
Sub-Total Operating Expenses	3,893.3	4,144.7	251.4	4,305.0	160.3
Contingency Reserve/General Reserve	0.0	0.0	0.0	20.0	20.0
Total Operating Expenses	3,893.3	4,144.7	251.4	4,325.0	180.3
Police Expenses	4.4	5.1	0.7	4.9	(0.2)
Capital and Other Reimbursable Expenses	766.0	768.1	2.1	698.0	(70.1)
Total Expenses	4,663.7	4,917.9	254.2	5,027.9	110.0
Operating Balance	(1,559.8)	(1,575.4)	(15.6)	(1,571.8)	3.6
Cash Flow Adjustments	220.6	43.9	(176.7)	257.9	214.0
Net Operating Cash Deficit	(1,339.2)	(1,531.5)	(192.3)	(1,313.9)	217.6

*Excluding Subsidies and Debt Service.

MTA New York City Transit
2004 Preliminary Budget
Cash Receipts and Expenditures*

(\$ - Millions)	<u>2002 Actuals</u>	<u>2003 Mid Year Forecast</u>	<u>Variance More/ (Less)</u>	<u>2004 Preliminary Budget</u>	<u>Variance More/ (Less)</u>
Receipts:					
Passenger Revenue	2,155.2	2,386.4	231.2	2,549.6	163.2
Senior Citizen Reimbursement	13.8	13.8	0.0	13.8	0.0
School Fare Reimbursement	90.0	90.0	0.0	90.0	0.0
Paratransit	31.6	34.7	3.1	40.3	5.6
Other Operating Revenue	100.6	64.1	(36.5)	124.5	60.4
Total Operating Revenue	2,391.2	2,589.0	197.8	2,818.2	229.2
Police Reimbursement	4.2	3.6	(0.6)	5.0	1.4
Capital and Other Reimbursements	745.5	825.9	80.4	705.2	(120.7)
Total Receipts	3,140.9	3,418.5	277.6	3,528.4	109.9
Expenditures:					
Salaries & Wages	2,811.7	2,975.0	163.3	2,849.5	(125.5)
Fringe Benefits	<u>795.4</u>	<u>920.2</u>	<u>124.8</u>	<u>1,031.2</u>	<u>111.0</u>
Labor	3,607.1	3,895.2	288.1	3,880.7	(14.5)
Maintenance Materials	253.1	242.7	(10.4)	207.1	(35.6)
Rentals & Miscellaneous	466.2	488.8	22.6	482.3	(6.5)
Electric Power	148.7	152.4	3.7	147.6	(4.8)
Diesel Fuel	43.7	52.8	9.1	44.0	(8.8)
Public Liability	63.3	61.5	(1.8)	60.6	(0.9)
Contingency Reserve/General Reserve	0.0	0.0	0.0	20.0	20.0
Stabilization Fund	(45.4)	0.0	45.4	0.0	0.0
Total Expenditures	4,536.7	4,893.4	356.7	4,842.3	(51.1)
Inter-Agency Loan	56.6	(56.6)	(113.2)	0.0	56.6
Net Operating Cash Deficit	(1,339.2)	(1,531.5)	(192.3)	(1,313.9)	217.6

**Excluding Subsidies and Debt Service.*

MTA New York City Transit
2004 Preliminary Budget
Cash Flow Adjustments*

<i>(\$ - Millions)</i>	2002 Actuals	2003 Mid Year Forecast	Variance More/ (Less)	2004 Preliminary Budget	Variance More/ (Less)
Revenues:					
Passenger Revenue	17.9	15.4	(2.5)	5.6	(9.8)
Senior Citizen Reimbursement	0.0	0.0	0.0	0.0	0.0
School Fare Reimbursement	0.0	0.0	0.0	0.0	0.0
Paratransit	(0.4)	0.0	0.4	0.0	0.0
Other Operating Revenue	40.2	4.3	(35.9)	59.4	55.1
Total Operating Revenue	57.7	19.7	(38.0)	65.0	45.3
Police Reimbursement	(0.2)	(1.5)	(1.3)	0.1	1.6
Capital and Other Reimbursements	(20.5)	57.8	78.3	7.2	(50.6)
Total Revenues	37.0	76.0	39.0	72.3	(3.7)
Expenses:					
Salaries & Wages	27.2	(94.9)	(122.1)	17.3	112.2
Fringe Benefits	<u>62.0</u>	<u>91.4</u>	<u>29.4</u>	<u>94.8</u>	<u>3.4</u>
Labor	89.2	(3.5)	(92.7)	112.1	115.6
Maintenance Materials	(5.7)	15.2	20.9	8.9	(6.3)
Rentals & Miscellaneous	(14.2)	1.6	15.8	49.5	47.9
Electric Power	0.7	0.0	(0.7)	0.0	0.0
Diesel Fuel	1.1	(1.1)	(2.2)	0.0	1.1
Public Liability	10.5	12.3	1.8	15.1	2.8
Stabilization Fund	45.4	0.0	(45.4)	0.0	0.0
Total Expenses	127.0	24.5	(102.5)	185.6	161.1
Inter-Agency Loan	56.6	(56.6)	(113.2)	0.0	56.6
Total Cash Flow Adjustments	220.6	43.9	(176.7)	257.9	214.0

**Excluding Subsidies and Debt Service.*

MTA New York City Transit 2004 Preliminary Budget Ridership and Revenue Assumptions

2003 Forecast

- Preliminary results were available through May 2003.
- Through April, ridership was 0.6% below budget and revenue was 0.5% below budget.
- Total May ridership was 0.1% above budget. Ridership after the fare increase (May 4-31) was also 0.1% above budget, due to lower than expected ridership loss from the fare increase (-2.0% actual compared to budgeted -3.8%), offset by 0.4% loss from rainy weather in May and 1.3% negative impact from all other factors, principally the underlying trend.
- The May 4-31 ridership variance from budget is projected to continue for the remainder of the year, except for the weather impact, which is only assumed for June. As a result ridership is projected to be 0.1% above budget in June, 0.5% above budget from July to December, and 0.1% above budget for the full year.
- May revenue was 1.8% below budget. May 4-31 revenue was 1.9% below budget, with 0.5% revenue loss due to the use of old fare media and 0.5% revenue loss due to rainy weather. Customer switching to Bonus MetroCard and 30-day Unlimited Ride Passes has had a positive impact on ridership levels, while at the same time reducing the average fare paid per trip. This switching – where customer look for the least expensive option for their travel behavior – has been greater than projected.
- The forecast for the rest of the year assumes continuation of the 1.9% increase over budget due to lower than expected ridership loss, offset by revenue losses of 1.7% due to lower average fares, 1.5% due to other factors, and 0.5% due to weather in June. As a result revenue is projected to be 1.8% below budget in June, 1.3% below budget from July to December, and 1.1% below budget for the whole year.

2004 Preliminary Budget

- 2004 Ridership is projected to be 0.3% above the March projection for 2004. A 1.8% positive variance due to lower than expected ridership loss is projected to be mostly offset by 1.3% negative impact from the underlying trend and 0.2% decrease due to a lower forecast of economic growth in 2004.
- 2004 Revenue is projected to be 1.2% below the March projection for 2004. The move to discounted media is expected to result in a 1.9% positive revenue variance due to lower than expected ridership loss and a decline of 1.4% due to lower average fares. Also, impacting results are a 1.5% reduction due to the underlying trend and 0.2% reduction due to the lower economic growth forecast.

MTA New York City Transit
2004 Preliminary Budget
Ridership and Passenger Revenue Change from 2003 Revised Budget
Total (Subway & Bus)
(millions)

	<u>Jan-Apr</u>		<u>May-June</u>		<u>July-Dec</u>		<u>Total</u>			
	<u>Ridership</u>	<u>Revenue</u>	<u>Ridership</u>	<u>Revenue</u>	<u>Ridership</u>	<u>Revenue</u>	<u>Ridership</u>		<u>Revenue</u>	
	<u>Amount</u>	<u>% Change</u>	<u>Amount</u>	<u>% Change</u>	<u>Amount</u>	<u>% Change</u>	<u>Amount</u>	<u>% Change</u>	<u>Amount</u>	<u>% Change</u>
2003										
Revised Budget	710.8	\$687.5	358.5	\$427.1	1,042.7	\$1,283.8	2,112.0		\$2,398.4	
Fare Increase Impacts										
Smaller Ridership Loss			6.0	\$7.7	18.8	\$24.0	24.8	1.2%	\$31.7	1.3%
Lower Average Fare				(\$6.3)		(\$21.5)	0.0	0.0%	(\$27.8)	-1.2%
Use of Old Fare Media				(\$1.0)			0.0	0.0%	(\$1.0)	0.0%
Weather			(1.4)	(\$2.0)			(1.4)	-0.1%	(\$2.0)	-0.1%
<u>All Other (underlying trend)</u>	<u>(4.1)</u>	<u>(\$3.7)</u>	<u>(4.1)</u>	<u>(\$6.0)</u>	<u>(13.4)</u>	<u>(\$18.6)</u>	<u>(21.6)</u>	<u>-1.0%</u>	<u>(\$28.3)</u>	<u>-1.2%</u>
TOTAL CHANGES	(4.1)	(\$3.7)	0.5	(\$7.6)	5.4	(\$16.1)	1.8	0.1%	(\$27.4)	-1.1%
FORECAST	706.7	\$683.8	359.0	\$419.5	1,048.1	\$1,267.7	2,113.8		\$2,371.0	
2004										
Projection							2,116.6		\$2,575.6	
Fare Increase Impacts										
Smaller Ridership Loss							38.0	1.8%	\$48.2	1.9%
Lower Average Fare							0.0	0.0%	(\$35.6)	-1.4%
Economic Growth							(4.3)	-0.2%	(\$5.5)	-0.2%
<u>All Other (underlying trend)</u>							<u>(27.9)</u>	<u>-1.3%</u>	<u>(\$38.7)</u>	<u>-1.5%</u>
TOTAL CHANGES							5.8	0.3%	(\$31.6)	-1.2%
PRELIMINARY BUDGET TOTAL							2,122.4		\$2,544.0	

MTA New York City Transit 2004 Preliminary Operating Budget Proposal

May Fare Increase Impacts

Non-Student Ridership Loss	Estimated		Net Revenue Increase (excl. old fare media)	Estimated	
	Expected	Actual		Expected	Actual
Subway	-2.9%	-1.3%	Subway	21.3%	21.9%
Bus	-6.6%	-3.9%	Bus	18.2%	18.4%
Total	-4.1%	-2.2%	Total	20.4%	20.9%

Non-Student Average Fare

	<u>Subway</u>	<u>Bus</u>	<u>Total</u>
<u>2003 Annual</u>			
2003 Budget	\$1.28	\$1.07	\$1.21
2003 Forecast	\$1.27	\$1.05	\$1.20
<u>July-December 2003</u>			
2003 Budget	\$1.37	\$1.16	\$1.30
2003 Forecast	\$1.36	\$1.12	\$1.28
2004 Projection	\$1.37	\$1.15	\$1.30
2004 Preliminary Budget	\$1.35	\$1.12	\$1.28

Market Share Assumptions

	7-Day	30-Day	1-day	Bonus	Regular	Single-Ride Tickets	Cash/ Token	Total
2003 Budget	29.3%	15.8%	5.2%	27.4%	12.4%	1.9%	8.1%	100.0%
2003 Forecast	28.8%	17.3%	3.4%	26.7%	13.8%	1.6%	8.5%	100.0%
2004 Projection	29.0%	16.7%	4.8%	29.2%	12.9%	2.4%	5.0%	100.0%
2004 Preliminary Budget	29.0%	18.8%	2.3%	27.8%	14.1%	2.1%	5.9%	100.0%

**MTA New York City Transit
2004 Preliminary Budget
Major Operating Expense Assumptions**

2004 Operating Expenses are projected at \$4,305.0 million, a net increase of \$160.3 million or 3.9 percent above the 2003 Mid Year Forecast level.

Included in this net increase are the following factors:

- Pension costs are projected to increase by \$108.8 million based upon current actuarial data. This significant increase is driven by recent legislative changes and lower investment returns.
- Expense inflation and net contractual wage and fringe benefit increases of \$52.4 million are principally due to wage rate increases of 3.0 percent and projected health & welfare increases of 12.0 percent. These increases are based upon the current TWU contract. This category includes the non-recurrence of \$37.6 million of 2003 lump-sum bonus payments in lieu of wage increases and \$44.5 million of non-cash expenses representing the assumption of the TWU Health Benefit Trust liabilities.
- Paratransit expenses are budgeted to increase by \$39.9 million or 26.1 percent. This significant increase is required to continue to meet a projected 15 percent ridership growth and the legally-mandated "zero denial rate."
- Net expense reductions of \$40.8 million largely represent the 2004 Preliminary Budget's "Program to Eliminate the Gap." These reductions are primarily in administration and other areas that do not jeopardize maintenance or reliability standards, or the safety and security of our passengers and employees.

MTA New York City Transit
2004 Preliminary Operating Budget Proposal
Pension Summary
(\$ - millions)

	2003 Budget		2004 Prelim. Budget		2004 Prelim. Budget M/(L) Than 2003 Budget	
	2003	2004	2003	2004	2003	2004
Expenses:						
NYCERS	66.5	121.6	60.2	169.0	(6.3)	47.4
OA Pension	125.7	132.6	135.3	134.8	9.6	2.2
Total Expenses	192.2	254.2	195.5	303.8	3.3	49.6
CFA:						
NYCERS	(29.5)	(28.5)	(28.9)	(52.7)	0.6	(24.2)
OA Pension	(25.9)	(42.7)	(25.8)	(42.5)	0.1	0.2
Total Expenses	(55.4)	(71.2)	(54.7)	(95.2)	0.7	(24.0)
Cash:						
NYCERS	37.0	93.1	31.3	116.3	(5.7)	23.2
OA Pension	99.8	89.9	109.5	92.3	9.7	2.4
Total Expenses	136.8	183.0	140.8	208.6	4.0	25.6

Forecast Sources/Assumptions:

NYCERS

Office of the Actuary Projection, 6/16/03, Appendix II

Based on FY03 Valuation, recog of COLA liability over 10 years rather than 5,
actual invest results for FY02 forecast Invest results for FY03 of 0%.

Also, headcount changes to 12/03, TWU contract wage increases.

OA Pension

Milliman Forecast Model (5/5/03), Baseline Scenario (#6)

Based on 2002 Valuation, actual 2002 invest results, actual 2002 new entrants
actual 2002 COLA, actual 2002 wage increase (TWU contract thereafter).

Also, actual Dec 02 wage base, headcount changes to 12/03.

**MTA New York City Transit
2004 Preliminary Operating Budget Proposal
Technical Adjustments**

Revised OTPS Inflation

	Prev (9/02)	Inflated	Inflation Cost		Curr (5/03)	Inflated	Inflation Cost		More/(Less)			
	Inflator	Amount	Increment	Cum	Inflator	Cum	Amount	Increment	Cum	Inflator	Increment	Cum
Material												
2003		185,844				1.0000	185,844					
2004	1.0163	188,873	3,029	3,029	1.0122	1.0122	188,111	2,267	2,267	-0.41%	(762)	(762)
R&M Excl Paratransit												
2003		280,469				1.0000	280,469					
2004	1.0290	288,603	8,134	8,134	1.0154	1.0154	284,788	4,319	4,319	-1.36%	(3,814)	(3,814)
Total Infl												
2003		738,277					738,277					
2004		751,285	13,008	13,008			746,709	8,432	8,432		(4,576)	(4,576)

MTA New York City Transit
Preliminary 2004 Operating Budget Proposal

Program to Eliminate the Gap (PEG) and New Needs
Two-Year Total (2003 and 2004)
(\$ in millions)

Program to Eliminate the GAP								
	Administration	Customer Convenience	Maintenance	Safety/Security	Direct Service	Service Support	Total Service	Agency Total
Subways	25.809	9.520	27.031	0.000	0.000	5.821	5.821	68.181
Buses (including Paratransit)	7.985	1.619	3.500	0.000	3.413	3.045	6.458	19.562
MetroCard Operations	3.807	4.721	0.176	0.057	0.000	2.652	2.652	11.413
Executive Vice President	10.614	0.000	0.000	0.000	0.000	0.000	0.000	10.614
Telecommunications and Information Services	11.265	0.000	0.770	0.000	0.000	0.000	0.000	12.035
Law	1.024	0.000	0.000	0.000	0.000	0.000	0.000	1.024
Labor Relations	0.400	0.000	0.000	0.000	0.000	0.000	0.000	0.400
System Safety	0.265	0.000	0.000	0.000	0.000	0.000	0.000	0.265
Non-Departmental	18.983	0.000	(13.179)	0.000	0.000	0.000	0.000	5.804
Total	\$80.152	\$15.860	\$18.298	\$0.057	\$3.413	\$11.518	\$14.931	\$129.298
<i>% of Total</i>	<i>62.0%</i>	<i>12.3%</i>	<i>14.2%</i>	<i>0.0%</i>	<i>2.6%</i>	<i>8.9%</i>	<i>11.5%</i>	<i>100.0%</i>

New Needs								
	Administration	Customer Convenience	Maintenance	Safety/Security	Direct Service	Service Support	Total Service	Agency Total
Subways	(0.124)	0.000	(2.541)	(22.654)	(6.000)	(5.716)	(11.716)	(37.035)
Buses (including Paratransit)	(0.680)	0.000	(4.805)	0.000	(2.079)	(1.016)	(3.095)	(8.580)
MetroCard Operations	(0.191)	(0.693)	(3.933)	0.000	0.000	(5.803)	(5.803)	(10.620)
Executive Vice President	(0.231)	0.000	(0.598)	(0.578)	0.000	(0.540)	(0.540)	(1.947)
Telecommunications and Information Services	(2.791)	(0.308)	(0.981)	0.000	0.000	(1.835)	(1.835)	(5.915)
Law	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Labor Relations	(0.776)	0.000	0.000	0.000	0.000	0.000	0.000	(0.776)
System Safety	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Non-Departmental	(17.709)	0.000	0.000	0.000	(0.517)	0.000	(0.517)	(18.226)
Total	(\$22.502)	(\$1.001)	(\$12.858)	(\$23.232)	(\$8.596)	(\$14.910)	(\$23.506)	(\$83.099)
<i>% of Total</i>	<i>27.1%</i>	<i>1.2%</i>	<i>15.5%</i>	<i>28.0%</i>	<i>10.3%</i>	<i>17.9%</i>	<i>28.3%</i>	<i>100.0%</i>

MTA New York City Transit
2004 Preliminary Operating Budget Proposal

Program to Eliminate the Gap (PEG) and New Needs
Two-Year Total
2004 End-of-Year Positions

Program to Eliminate the GAP							
	Administration	Customer Convenience	Maintenance	Safety/Security	Direct Service	Service Support	Agency Total
Subways	198	84	316	0	0	76	674
Buses (including Paratransit)	48	30	7	0	0	42	127
MetroCard Operations	3	(3)	4	0	0	0	4
Executive Vice President	15	0	0	0	0	0	15
Telecommunications and Information Services	15	0	0	0	0	0	15
Law	3	0	0	0	0	0	3
Labor Relations	6	0	0	0	0	0	6
System Safety	2	0	0	0	0	0	2
Non-Departmental	0	0	0	0	0	0	0
Total	290	111	327	0	0	118	846

New Needs							
	Administration	Customer Convenience	Maintenance	Safety/Security	Direct Service	Service Support	Agency Total
Subways	0	0	(19)	(211)	0	(35)	(265)
Buses (including Paratransit)	0	0	(1)	0	0	0	(1)
MetroCard Operations	1	1	(47)	0	0	(10)	(55)
Executive Vice President	0	0	(3)	0	0	0	(3)
Telecommunications and Information Services	0	(2)	0	0	0	(13)	(15)
Law	0	0	0	0	0	0	0
Labor Relations	(4)	0	0	0	0	0	(4)
System Safety	0	0	0	0	0	0	0
Non-Departmental	4	0	0	0	0	0	4
Total	1	(1)	(70)	(211)	0	(58)	(339)

MTA New York City Transit
2004 Preliminary Operating Budget Proposal

Program to Eliminate the Gap (PEG)
(\$ in thousands)

		2003 Mid-Year Forecast and 2004 Preliminary Budget favorable / (unfavorable)			
Dept./Div.	Description	2003		2004	
		EOY Positions	\$000	EOY Positions	\$000
Administration:					
Subways	Administrative Reduction			35	2,501
Subways	DP/Normal Replacement Savings		320		
RTO	1/4-Day Availability Improvement			8	492
RTO	Eliminate 1 Stillwell Manager	1	33	1	110
RTO	Eliminate TCS (Timekeeping System) Disaster Recover	3	85	3	186
RTO	Subdivision 'B' - Rent Savings				200
MOW	180 Livingston Sreet/2 Broadway				200
MOW	Infrastructure Reorganization			49	4,039
MOW	MOW Engineering Reductions			5	367
MOW	Rentals & Miscellaneous (R&M) Reductions				765
MOW	Reclassification of Reimbursable Expenses			4	547
MOW	Signals/Electrical Reorganization			11	1,182
MOW	Track Reorganization			33	2,929
Car Equipment	AC Compressor Motors Savings				536
Car Equipment	Administrative Reductions			4	270
Car Equipment	Capital Wheel Purchase		1,290		1,778
Car Equipment	Expand Maintenance Supervisor I Span of Control			25	2,116
Car Equipment	Non-Inventory Maintenance Materiel		1,880		1,000
Stations	Managerial and Supervisory Vacancies - 2003		1,191		
Stations	Reduce Field Managers and Supervisors			20	1,792
Buses	Administrative Reorganization			39	3,825
Buses	Amsterdam Closure (2003-4)	27	530		1,072
Buses	Housekeeping Cleaner Reduction			9	476
Paratransit	Fuel Tax and Call Center Dispatcher Savings		1,559		523
Ops Planning	Eliminate Administrative Manager Quota	1	96	1	106
Ops Planning	Reduce 63rd Street Traffic Checks		261		
Ops Planning	Reduce Passenger Environmental Survey Frequency				1,138
System Safety	Eliminate 2 Clerical Positions			2	218
System Safety	Salary/Wage Underruns - 2003		47		
Law	Position Reductions/Downgrades			3	366
Law	R&M Savings				658
Executive VP	Other Than Personal Services (OTPS) Reduction		100		103
HR	Employee Activity Fund Savings				45
HR	Opt-Out Program for Transit Workers Union HBT				526
HR	Reduce 4 Managers, 2 Professional/Technical/Engineer Positions			6	571
HR	Track Safety Training - Vendor Reimbursement				21
HR	Unemployment Claims Processing			(1)	372
OMB	Reduce Professional/Technical/Engineer Position			1	88
OMB	Salary & Wage Underrun		116		(54)
MCO	Administrative Reductions			2	381
MCO	New Revenue Facilities - OTPS Savings				382
MCO	Reduce Funpass Commissions				886
MCO	Reduce General Advertising		700		700
MCO	Reduce High Production Encoding Machine (HPEM) Maintenance				89
MCO	Reduce Outside Printing				100
MCO	Reduce Retail Sales Support			1	69
MCO	Reduce Targeted Advertising		250		250
TIS	Administrative Efficiencies			7	533
TIS	Leased Telephone Equipment Savings		1,500		1,500
TIS	Managerial Efficiencies			8	983
TIS	Nortel Router Maintenance				122
TIS	Real Estate Budget Adjustment		2,353		607
TIS	Subways Master Plan Revision		1,250		(255)
TIS	Telephone Bill Savings		600		
TIS	Vacancy Savings Provision		2,072		
Non-Departmental	Eliminate Reserves		5,900		
Labor Relations	Position Reductions			6	375
Labor Relations	R&M Savings				25

MTA New York City Transit
2004 Preliminary Operating Budget Proposal

Program to Eliminate the Gap (PEG)
(\$ in thousands)

		2003 Mid-Year Forecast and 2004 Preliminary Budget favorable / (unfavorable)			
Dept./Div.	Description	2003		2004	
		EOY Positions	\$000	EOY Positions	\$000
Materiel	Copier Cost Savings		850		494
Materiel	Other R&M Savings		122		122
Materiel	Redbird Barging Savings		397		
Materiel	Refuse & Recycling Savings		348		348
Materiel	Salary & Wage Underrun		300		
Materiel	Uniforms Savings				750
Supply Logistics	Tiffany Rent/Utilities Re-Estimate		1,158		1,158
Controller	Eliminate Clerical Positions			2	109
Controller	Eliminate Vacancies			6	454
Controller	Salary & Wage Underrun		425		
Controller	Title Realignment				90
NYCT-Wide	Impact of Reimbursable Changes		2,329		3,754
NYCT-Wide	Military Leave Reforecast		2,100		
NYCT-Wide	Payroll/FICA Cash Flow Adjustment		1,300		(1,000)
NYCT-Wide	Revised Inflatons				4,600
Total		32	\$31,462	290	\$48,690
<u>Customer Convenience:</u>					
Sr.VP-Subways	Reduce Work Experience Program (WEP) Program			1	79
RTO	Platform Controller Reduction	21	182	21	1,205
Car Equipment	Cleaner Reduction - Full Attrition				1,640
Car Equipment	Reduce WEP Program Support			3	309
Stations	Cleaner Reduction - Full Attrition				2,083
Stations	Close Booth (station redesign and rehabilitation) - Howard Beach	5	43	5	290
Stations	Close Booth (station redesign and rehabilitation) - Myrtle Ave			3	87
Stations	Defer Customer Relations Workshop (CRW) Training '04 to '05	15	395	22	1,274
Stations	Delay Cleaner Increase-Rehabilitated Stations				312
Stations	Reduce 2 Graffiti Teams - 1 Yr			4	268
Stations	Reduce Elevator Operators			22	1,146
Stations	Reduce WEP Program			3	207
Buses	Cleaner Reduction Rapid Wash			30	1,619
MCO	MetroCard Balance Protection		1,000	(11)	3,192
MCO	MetroCard Mobile Sales Savings			2	218
MCO	Travel Information Center - Eliminate Nights			6	311
Total		41	\$1,620	111	\$14,240

MTA New York City Transit
2004 Preliminary Operating Budget Proposal

Program to Eliminate the Gap (PEG)
(\$ in thousands)

2003 Mid-Year Forecast and 2004 Preliminary Budget
favorable / (unfavorable)

Dept./Div.	Description	2003		2004	
		EOY Positions	\$000	EOY Positions	\$000
<u>Maintenance:</u>					
RTO	Eliminate 3 Conductors - Painting Support			3	184
MOW	Elevator & Escalator (E&E) Maintenance - Eliminate Scheduled Increase			16	630
MOW	Eliminate Fiberglass Walkway Program			21	1,276
MOW	Eliminate Insulated Joints Preventive Maintenance			8	512
MOW	Extend Signal Maintenance Cycles			43	2,849
MOW	Increase Signal work order backlog			19	1,235
MOW	Power Operations and Electrical Maintenance Reduction			30	1,908
MOW	Reduce Container Plates Replacement			7	432
MOW	Reduce Intensive Trackbed Cleaning			14	901
MOW	Reduce Stationary Engineers & High Pressure Plant Tenders (HPPTs)			10	673
MOW	Reduce Third Rail Tube Cleaning			7	485
MOW	Reduce Track Yellow Defect Program			12	768
MOW	Token Booth Air Conditioners				143
Car Equipment	Car Floor Program Revision			41	6,484
Car Equipment	Reduce Unscheduled Repair Position			40	2,765
Car Equipment	Scheduled Maintenance System (SMS) Program Revision			35	5,116
Stations	Defer Emergency Exit Painting			2	134
Stations	Reduce Rubbing Board Painting			4	268
Stations	Reduce Stairway Riser Painting			4	268
Buses	Bus Stop Painting		300		300
Buses	Buses Base Shop Program Revision		2,206	(38)	(4,593)
Buses	Clean Fuel - Additional Buses			18	1,281
Buses	CRT Pilot Grant		657		343
Buses	Engine Change Reduction (75)			6	2,226
Buses	Heavy Scheduled Operations (HSO) Vendor Costs				(1,619)
Buses	MCI HSO Only Savings			21	2,826
Buses	Seat Conversions		(27)		
Buses	Tarrytown HSO/Relines		(400)		
MCO	Bus Revenue Maintenance Savings			4	176
TIS	Electronics Maintenance Division (EMD) OTPS Reduction		260		510
NYCT-Wide	Excess Employee Costs		1,721		(14,900)
Total			\$4,717	327	\$13,581
<u>Safety/Security:</u>					
MCO	Reduce Contracted Security				57
Total			\$0		\$57
<u>Service:</u>					
Buses	Bus Fuel Re-estimate		(318)		3,731
Total - Direct Service			(\$318)		\$3,731
RTO	Eliminate Transportation Supervision System (TSS) Investments	11	439	34	2,416
RTO	Eliminate 1 Assistant Train Dispatcher Job	1	11	1	74
RTO	Eliminate 1 Yard Dispatcher Job - Subdivision 'B'	1	12	1	81
RTO	Eliminate Revenue Collection Train Operator			5	171
RTO	Tower Operator Efficiencies	7	68	7	452
RTO	Yard & Station Switching Efficiencies	14	144	14	953
Car Equipment	Restructure Rail Car Inspector Yard Coverage			14	1,000
Buses	2004 Road Dispatcher Reduction			21	1,661
Buses	Road Control Reductions			4	317
Buses	Shifting / Bus Moves			17	1,067
MCO	Station Automation Reforecast	(17)	3,152		(500)
Total - Service Support		17	\$3,826	118	\$7,692
Total - All Service (both Direct and Support)		17	\$3,508	118	\$11,423
GRAND TOTAL - Operating PEG		90	\$41,307	846	\$87,991

**MTA New York City Transit
2004 Preliminary Operating Budget Proposal**

Explanations of Program to Eliminate the Gap Detail

<u>Category</u>	<u>Dept/Div</u>	<u>Description</u>	<u>Change from March Budget: Better/(Worse)</u>				<u>Comments</u>
			<u>2003</u>	<u>\$000</u>	<u>2004</u>	<u>\$000</u>	
<u>EOY Pos</u>					<u>EOY Pos</u>		
<u>I. Program to Eliminate the Gap - Initiatives Valued at \$2M+ (including related items)</u>							
<u>Subways Management and Supervision Reorganization</u>							
Administration	MOW	Infrastructure Reorganization			49	4,039	Reorganization of Division of Infrastructure to increase span of control - merging responsibility centers with similar functions
Administration	MOW	Signals/Electrical Reorg			11	1,182	Reorganization/consolidation of the Signals and Electrical Divisions. Results in the elimination of 8 Mgrs and 3 Supervisory positions.
Administration	MOW	Track Reorganization			33	2,929	Reorganize Track Division to increase span of control - includes merging responsibility centers with similar functions.
Administration	Car Equipment	Expand MS I Span of Control			25	2,116	Increase the span of control for Maintenance Supervisors conducting inspections of the fleet.
Administration	Stations	Reduce Field Managers and Supv			20	1,792	Reorganization of zones resulted in reduction of field Managers and Supervisors.
		SUBTOTAL			138	12,058	
<u>Administrative Reductions - Subways and Buses</u>							
Administration	Subways	Administrative Staff Reduction			35	2,501	Administrative positions will be reduced throughout the Dept. of Subways
Administration	Subways	DP/Normal Replacement Savings		320			Savings from not replacing DP equipment in Subways.
Administration	RTO	1/4 Day Availability Improvemt			8	492	Improvements in employee availability for Train Operators, Conductors and Tower Operators.
Administration	RTO	Eliminate 1 Stillwell Manager	1	33	1	110	Major portion (phase 2) of the Stillwell Av Rehab will be completed in spring of '04, thus a Manager can be eliminated.
Administration	RTO	Eliminate TCS Disaster Recover	3	85	3	186	RTO has not experienced major problems with TCS timekeeping system thus they are eliminating the support positions.
Administration	RTO	Subdiv B Rent Savings				200	Rent adjustment for new facility due to the consolidation of SubDivision B (Assistant Chief Transportation Officer, Crew & Timekeeping Offices) and SubDivision C (construction flagging).
Administration	MOW	180 Livingston St				200	Rent savings.
Administration	MOW	MOW Engineering Reductions			5	367	Reduction of 5 positions (3 PTE's and 2 hourlies), in part due to consolidation of workload.
Administration	MOW	R&M Reductions				765	Reduced contract maintenance and real estate rental budgets.
Administration	MOW	Reclassification of Reimb Expenses			4	547	Conversion of 4 positions that support the Capital Pogram in MOW from NonReim to Reimb status. In addition, SubDiv C OTPS is converted to Reimb in RTO.

**MTA New York City Transit
2004 Preliminary Operating Budget Proposal**

Explanations of Program to Eliminate the Gap Detail

Change from March Budget: Better/(Worse)							
Category	Dept/Div	Description	2003		2004	Comments	
			EOY Pos	\$000	EOY Pos		\$000
Administration	Car	AC Compressor Motors Savings			536	AC compressor motors unit price savings	
	Equipment						
Administration	Car	Administrative Reductions			4	270	Reduce the number of administrative positions in the General Superintendents' offices, North and South Divisions.
	Equipment						
Administration	Car	Capital Wheel Purchase		1,290		1,778	Capital funding is being made available to purchase 13,400 wheels for DCE's SMS program.
	Equipment						
Administration	Car	Non-Inventory Maintenance Mat'l		1,880		1,000	Reduce non-inventory maintenance material budget for discretionary sundry material purchases.
	Equipment						
Administration	Stations	Mgr'l and Supv'ry Vacancies - 2003		1,191			Maintain Managerial and Supervisory vacancies throughout 2003, partially offset by hourly overrun.
Administration	Buses	Admin Reorg			39	3,825	Reduction of 39 admin positions resulting from reorganization and other administrative efficiencies.
Administration	Buses	Amsterdam Closure (2003-4)	27	530		1,072	One-time savings due to the closing of the Amsterdam Annex while renovations are delayed at Manhattanville (CNG) and Mother Clara Hale depots.
Administration	Buses	Housekeeping Cleaner Reduc			9	476	Savings of 9 cleaner positions due to reductions in interior and exterior facility cleaning.
Administration	Paratransit	Fuel Tax and Command Center Dispatcher Savings		1,559		523	Savings primarily from fuel tax savings derived from the implementation of fuel card and direct delivery programs.
		SUBTOTAL	31	6,888	108	14,848	

**MTA New York City Transit
2004 Preliminary Operating Budget Proposal**

Explanations of Program to Eliminate the Gap Detail

<u>Change from March Budget: Better/(Worse)</u>							
<u>Category</u>	<u>Dept/Div</u>	<u>Description</u>	<u>2003</u>	<u>2004</u>		<u>Comments</u>	
			<u>EOY Pos</u>	<u>\$000</u>	<u>EOY Pos</u>		<u>\$000</u>
Administrative Reductions - Other Departments							
Administration	Ops	Elim Admin Mgr Quota	1	96	1	106	Eliminated managerial position
	Planning						
Administration	Ops	Elim Assoc Analyst					Administrative reduction
	Planning						
Administration	Ops	Reduce 63St Traffic Checks		261			Completed studies of passenger travel trends earlier than planned because sufficient information has been attained.
	Planning						
Administration	Ops	Reduce PES Frequency				1,138	Reduce frequency of Passenger Environmental Survey from 4 annually to twice a year.
	Planning						
Administration	Sys Safety	Eliminate 2 Clerical Positions			2	218	Administrative reduction in investigative units
Administration	Sys Safety	Salary/Wage Underruns - 2003		47			Savings based on 2003 underruns.
Administration	Law	Position Reductions/Downgrades			3	366	Administrative reduction and title downgrades.
Administration	Law	R&M Savings				658	Reduced budget expenditures for OTPS including: \$235K - processing of worker compensation medical invoices will be assumed in-house; \$300K - lower projection of outside counsel usage.
Administration	Executive VP	OTPS Reduction		100		103	Reduction of various OTPS accounts.
Administration	HR	Employee Activity Fund Savings				45	Reduced discretionary funding for extra curricular employee activities.
Administration	HR	Opt-Out Pgm for TWU HBT				526	Now that NYCT has responsibility for administering TWU health benefits, anticipated increased enrollement of represented titles with spousal coverage in the 'benefit opt-out' program.
Administration	HR	Reduce 4 Mgrs, 2 PTE's			6	571	Administrative reduction - 4 managers from operations training and employment services and 2 PTE's from employment services and occupational health.
Administration	HR	Track Safety Training - Vendor Reimb				21	Implement policy to charge vendors for track safety training costs.
Administration	HR	Unemployment Claims Processing			(1)	372	Eliminate vendor and assume processing of unemployment insurance claims in-house.
Administration	OMB	S&W Underrun/Reduce PTE Position		116	1	34	2003: Projected salary and wage underrun. 2004: Administrative reduction - 1 analyst position
Administration	MCO	Administrative Reductions			2	381	Eliminate a managerial and clerical position from the Customer Information and Communications Support Unit, as well as miscellaneous OTPS (i.e., furniture, office supplies).
Administration	MCO	New Revenue Facil - OTPS Savings				382	Combining three Revenue facilities into the new Maspeth site allows reduction in rent and parking OTPS.

**MTA New York City Transit
2004 Preliminary Operating Budget Proposal**

Explanations of Program to Eliminate the Gap Detail

<u>Category</u>	<u>Dept/Div</u>	<u>Description</u>	<u>Change from March Budget: Better/(Worse)</u>				<u>Comments</u>
			<u>2003</u>	<u>2004</u>	<u>EOY Pos</u>	<u>\$000</u>	
Administration	MCO	Reduce Funpass Commissions				886	Merchants currently receive a 5% commission for selling Funpasses. Lowering the commission rate to 3% would put the Funpass on par with other MetroCards sold by vendors.
Administration	MCO	Reduce General Advertising		700		700	Reduction in general advertising (encompassing both print and radio/TV advertising) designed to promote NYC mass transit ridership and MetroCard use.
Administration	MCO	Reduce HPEM Maintenance				89	NYC Transit Revenue Processing Unit will now be able to provide most of the preventive maintenance and remedial repair services on NYC Transit's 16 HPEM units.
Administration	MCO	Reduce Outside Printing				100	Reduction in miscellaneous outside printing (including brochures, guides and timetables), as well continued effort to bring printing in-house allows this expense to be reduced.
Administration	MCO	Reduce Retail Sales Support			1	69	Elimination of 1 position which supports the Retail Sales Program (i.e., solicit merchants, provide application processing).
Administration	MCO	Reduce Targeted Advertising		250		250	Eliminate newspaper advertising of weekend service diversion information.
Administration	TIS	Administrative Efficiencies			7	533	Eliminate PT&E and clerical positions in Finance and EMD because of organizational realignments.
Administration	TIS	Leased Telephone Equip Savings		1,500		1,500	In 2002, TIS performed an analysis of leased telephone equipment. As a result, a significant portion of the monthly leased items were discontinued or leased for reduced rates.
Administration	TIS	Managerial Efficiencies			8	983	Organizational realignments allowed the elimination of eight managerial positions.
Administration	TIS	Nortel Router Maintenance				122	Savings due to change in contracted maintenance support.
Administration	TIS	Real Estate Budget Adjustment		2,353		607	Surplus funds above budget identified in real estate account.
Administration	TIS	Subways Master Plan Revision		1,250		(255)	Savings due to a reduction in scope and assessment of liquidated damages.
Administration	TIS	Telephone Bill Savings		600			Savings due to credits from prior year bills.
Administration	TIS	Vacancy Savings Provision		2,072			Savings due to vacancies.
Administration	Labor Relations	Position Reductions			6	375	Elimination of three PT&E positions, two clerical positions, and one operating supervisor position.
Administration	Labor Relations	R&M Savings				25	Reduce OTPS associated with the Employee Recognition Program.

**MTA New York City Transit
2004 Preliminary Operating Budget Proposal**

Explanations of Program to Eliminate the Gap Detail

<u>Category</u>	<u>Dept/Div</u>	<u>Description</u>	<u>Change from March Budget: Better/(Worse)</u>				<u>Comments</u>
			<u>2003</u>	<u>2004</u>	<u>EOY Pos</u>	<u>\$000</u>	
Administration	Materiel	Copier Cost Savings		850		494	Savings in the various photocopier accounts result from the reduced rates available via the all-agency contract, and accounting for usage when replacing the machines.
Administration	Materiel	Other R&M Savings		122		122	Savings in advertising fees (reduction and consolidation of ads) and postage (E-bids allow vendors to download bid packages via the internet).
Administration	Materiel	Redbird Barging Savings		397			Savings due to fewer cars being reefed in 2003 than had been originally planned, combined with lower transportation costs.
Administration	Materiel	Refuse & Recycling Savings		348		348	Savings due to contract rates being lower than originally projected.
Administration	Materiel	Salary & Wage Underrun		300			Savings taken in 2003 as a result of vacancy savings.
Administration	Materiel	Uniforms Savings				750	Savings are the result of lower garment prices.
Administration	Supply	Tiffany Rent/Utilities Re-Estimate		1,158		1,158	Elimination of utility expense for Tiffany Warehouse. Funding is provided elsewhere in NYC Transit budget for this.
Administration	Logistics						
Administration	Controller	Elim Clerical Positions			2	109	Reduction of two clerical positions in treasury and timekeeping.
Administration	Controller	Eliminate Vacancies			6	454	Eliminate 6 positions currently vacant in payroll, operations accounting and disbursement sections.
Administration	Controller	Salary & Wage Underrun		425			Savings taken in 2003 as a result of vacancy savings.
Administration	Controller	Title Realignment				90	Realignment of various budgeted titles with actual incumbent titles.
SUBTOTAL			1	12,945	44	14,430	

**MTA New York City Transit
2004 Preliminary Operating Budget Proposal**

Explanations of Program to Eliminate the Gap Detail

Change from March Budget: Better/(Worse)							
Category	Dept/Div	Description	2003		2004	Comments	
			EOY Pos	\$000	EOY Pos		\$000
Cleaner Reductions - Subways and Buses							
Cust Convenience	Car	Cleaner Reduction - Full Attrition			1,640	Reduction in cleaners at various terminals & lay-up locations by maintaining full attrition -- vacancies	
	Equipment						
Cust Convenience	Stations	Cleaner Reduction - Full Attrition			2,083	Reduction in Cleaners at various stations by maintaining full attrition -- vacancies	
Cust Convenience	Buses	Cleaner Reduction Rapid Wash			30	1,619	Reduction of 30 bus cleaners resulting from modified exterior bus cleaning schedule.
SUBTOTAL					30	5,342	
Individual Initiatives Valued at \$2M+ (by Category)							
Administration	NYCT-Wide	Impact of Reimbursable Changes		2,329		3,754	Increase in reimbursable overhead resulting from reimbursable budget changes.
Administration	NYCT-Wide	Revised Inflators				4,600	Impact of updated OTPS inflators for 2004 and out.
Cust Convenience	MCO	MetroCard Balance Protection		1,000	(11)	3,192	Savings taken against initial reserve as a result of reassessing programmatic needs.
Maintenance	MOW	Extend Signal Mtce Cycles			43	2,849	Extend Signal maintenance cycles by 25% - on the 30, 60, or 90 day maintenance cycles of selected equipment including stop equipment, junction boxes, automatic transfer switches and other allied equipment.
Maintenance	Car	Car Floor Program Revision			41	6,484	Savings from workscope modifications for the R62A and R68 car classes.
	Equipment						
Maintenance	Car	Reduce Unscheduled Repair Pos			40	2,765	Reduce the number of Car Inspectors (dedicated to unscheduled repairs) from all maintenance shops with new car fleets, and from the Overhaul Shops.
	Equipment						
Maintenance	Car	SMS Program Revision			35	5,116	Revision to the retirement date of the R44's will result in savings to their SMS workscope.
	Equipment						
Maintenance	NYCT-Wide	Excess Employee Costs		1,721		(14,900)	Budget reserve to cover payroll costs of employees made excess due to budget reductions. In 2003, excess costs are projected to underrun budgeted reserve, resulting in net savings.
Service - Direct	Buses	Bus Fuel Re-estimate		(318)		3,731	Adjustment in bus fuel costs due to new inflation assumptions.
Service - Support	RTO	Elim TSS Investments	11	439	34	2,416	Elimination of the scheduled increase in Train Service Supervisors since past investments have achieved desired supervision levels.
SUBTOTAL			11	5,171	182	20,007	
TOTAL - Initiatives Valued at \$2M+			43	25,004	502	66,685	

**MTA New York City Transit
2004 Preliminary Operating Budget Proposal**

Explanations of Program to Eliminate the Gap Detail

<u>Category</u>	<u>Dept/Div</u>	<u>Description</u>	<u>Change from March Budget: Better/(Worse)</u>				<u>Comments</u>
			<u>2003</u>	<u>2004</u>	<u>EOY Pos</u>	<u>\$000</u>	
			<u>EOY Pos</u>	<u>\$000</u>	<u>EOY Pos</u>	<u>\$000</u>	
<u>II. Program to Eliminate the Gap - Other Initiatives by Category</u>							
<u>Administration</u>							
Administration	Non-Dept'l	Eliminate Reserves		5,900			Eliminate 2003 contingency reserves.
Administration	NYCT-Wide	Military Leave Reforecast		2,100			Employee availability savings due to less usage than expected.
Administration	NYCT-Wide	Payroll/FICA Cash Flow Adjustment		1,300		(1,000)	Timing adjustment.
		SUBTOTAL		9,300		(1,000)	
<u>Customer Convenience</u>							
Cust Convenience	Sr.VP-Subways	Reduce WEP Program			1	79	Reduce WEP Staffing by 1 Assc Analyst due to anticipated level of WEP participants (total 500 participants).
Cust Convenience	RTO	Platform Controller Reduction	21	182	21	1,205	Reduce 21 Platform Conductor jobs (4 from Subdivision "A" and 17 from Subdivision "B").
Cust Convenience	Car Equipment	Reduce WEP Program Support			3	309	Reduction reflects sizing for 250 WEP program workforce (current number of participants provided by NYC).
Cust Convenience	Stations	Defer CRW Training '04 to '05	15	395	22	1,274	The 2 day Customer Relations Workshop is being deferred to 2005 and 2006.
Cust Convenience	Stations	Reduce Elevator Operators			22	1,146	Reduce Elevator Operators at 5 Stations in Manhattan. One elevator at each station will retain 24x7 elevator operator coverage.
Cust Convenience	Stations	Delay Cleaner Increase-Rehab'd Sta's				312	Postponement of investment until 2005.
Cust Convenience	Stations	Close Booth - Howard Beach	5	43	5	290	Reconstruction of Howard Beach station due to AirTrain resulted in consolidation of booths and the elimination of booth N182A.
Cust Convenience	Stations	Reduce 2 Graffiti Teams - 1 Yr			4	268	Reduce 2 Graffiti Removal Teams.
Cust Convenience	Stations	Reduce WEP Program			3	207	Reduction reflects sizing for 250 WEP program workforce (current number of participants provided by NYC).
Cust Convenience	Stations	Close Booth - Myrtle Ave			3	87	Close P/T Booth - Myrtle Ave H026 due to scheduled station rehabilitation work. July '04 - Dec '05.
Cust Convenience	MCO	Travel Info Center - Elim Nights			6	311	Reducing Travel and Information Center operating hours from 24 hours per day to 6AM - 10PM allows 6 positions to be eliminated. Majority of calls are received between these hours, so customer impact is expected to be minimal.
Cust Convenience	MCO	MetroCard Mobile Sales Savings			2	218	Elimination of one MetroCard bus and one MetroCard van allows one managerial position and one bus operator position to be eliminated.
		SUBTOTAL	41	620	92	5,706	

**MTA New York City Transit
2004 Preliminary Operating Budget Proposal**

Explanations of Program to Eliminate the Gap Detail

<u>Category</u>	<u>Dept/Div</u>	<u>Description</u>	<u>Change from March Budget: Better/(Worse)</u>				<u>Comments</u>
			<u>2003</u>	<u>2004</u>	<u>EOY Pos</u>	<u>\$000</u>	
Maintenance							
Maintenance	RTO	Eliminate 3 CR - Painting Support		3	184		Elimination of 3 Conductor positions that support station painting jobs in MOW.
Maintenance	MOW	Pwr Ops and Elec Mtce Reduction		30	1,908		Reduction of various substation, cable and emergency crews. Emergency and service disruptions will continue to receive full priority and impact will be minimal.
Maintenance	MOW	Elim Fiberglass Walkway Pgm		21	1,276		Any further degradation in wooden walkways will be replaced with wood (instead of fiberglass) until they are replaced through the Capital Program.
Maintenance	MOW	Reduce Signal Work Order Resources		19	1,235		Reduce positions assigned to address low-priority signal work orders.
Maintenance	MOW	Reduce Intensive Trackbed Cleaning		14	901		Reduce the intensive trackbed cleaning program by 67%. Track will rely on the efficiency and reliability of the Vacuum Train to reduce the impact of not scraping in wet areas. Infrastructure's drain clearing efforts also provide benefits in preventing standing water that results in mud buildup. Track will maintain a crew of 7 to provide cleaning coverage in the most difficult areas.
Maintenance	MOW	Reduce Track Yellow Defect Pgm		12	768		Eliminate 2 of 4 dedicated gangs from the Track Yellow Defect Backlog Elimination Program. The annual backlog repair goal for these gangs will be reduced from 600 to 300.
Maintenance	MOW	Reduce Stationary Eng's & HPPT's		10	673		Reduce the number of people assigned to Stationary Engineering mobile gangs by 4 Stationary Engineers and 6 High Pressure Plant Tenders. The inspection cycles will be reduced from 3 times/day to twice daily. This should have no impact on equipment operations.
Maintenance	MOW	E&E Mtce - Elim Scheduled Increase		16	630		Maintain existing 2004 Elevator & Escalator maintenance support - eliminate increment of 16 positions.
Maintenance	MOW	Elim IJ's Preventive Maintenance		8	512		Elimination of program, begun in 2002, to perform preventive maintenance on track insulated joints. No quantifiable reduction in delays has been documented as a result of this work.
Maintenance	MOW	Reduce Third Rail Tube Cleaning		7	485		3rd rail tube cleaning cycle will be reduced from twice to once/year. In addition, the improved reliability and efficiency of the vacuum train will mitigate the impact of the reduced cleaning cycle. Cleanliness will be monitored. If additional cleaning is required, it will be provided.

**MTA New York City Transit
2004 Preliminary Operating Budget Proposal**

Explanations of Program to Eliminate the Gap Detail

Change from March Budget: Better/(Worse)							
Category	Dept/Div	Description	2003	2004		Comments	
			EOY Pos	\$000	EOY Pos		\$000
Maintenance	MOW	Reduce Container Plates Repl'mt			7	432	50% reduction of container plates gangs. Areas will be prioritized - container plates located in wet areas and where base corroded rail is found will be addressed. Container plates in dry areas do not present a problem and do not need to be replaced.
Maintenance	MOW	Token Booth Air Conditioners				143	Reduce purchase of replacement token booth air conditioners.
Maintenance	Stations	Reduce Rubbing Board Painting			4	268	Reduce rubbing board painting by 50% for 1 year.
Maintenance	Stations	Reduce Stairway Riser Painting			4	268	Reduce stairway riser painting for 1 year.
Maintenance	Stations	Defer Emerg Exit Painting			2	134	Defer emergency exit painting for 1 year.
Maintenance	Buses	Clean Fuel - Additional Buses			18	1,281	Savings in increased maintenance and fuel costs due to delivery delays of CNG and hybrid buses.
Maintenance	Buses	CRT Pilot Grant		657		343	Reimbursement for CRT demonstrations performed by Buses for the NYS Dept of Environmental Conservation
Maintenance	Buses	Bus Stop Painting		300		300	Savings from continuing the bus bus stop painting program at reduced levels.
Maintenance	Buses	Seat Conversions		(27)			Labor associated with changing seat cushions to hard seats on MCI buses.
Maintenance	Buses	Buses Base Shop Program Revision		2,206	(38)	(4,593)	Base shop program revision incorporating revised scopes and cycle changes for various upgrade and overhaul programs. Net cost increase in 2004 is more than offset by savings in 2003 and anticipated outyear savings.
Maintenance	Buses	Engine Change Reduction (75)			6	2,226	Savings associated with revised engine change scope - from 150 to 75.
Maintenance	Buses	MCI GOH Savings/ Vendor HSO's		(400)	21	1,207	Savings primarily from deferring general overhauls on MCI buses until 2006 (excluding heavy scheduled operation portion of workscope, which cannot be deferred).
Maintenance	MCO	Bus Revenue Maintenance Savings			4	176	Reconfiguration of depot bus fleet in the eight Manhattan and Bronx depots will provide more evenly distributed fleet assignments, and allow a reduction of two Revenue Equipment Maintainers and two Maintenance Supervisors.
Maintenance	TIS	Electronics Mtce Division OTPS Reduction		260		510	Savings taken in various EMD R&M and MM accounts.
SUBTOTAL				2,996	168	11,267	

**MTA New York City Transit
2004 Preliminary Operating Budget Proposal**

Explanations of Program to Eliminate the Gap Detail

<u>Category</u>	<u>Dept/Div</u>	<u>Description</u>	<u>Change from March Budget: Better/(Worse)</u>				<u>Comments</u>
			<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	
			<u>EOY Pos</u>	<u>\$000</u>	<u>EOY Pos</u>	<u>\$000</u>	
<u>Safety/Security</u>							
Safety/Security	MCO	Reduce Contracted Security				57	A review of security operations allows the elimination of security position at Jay Street.
		SUBTOTAL				57	
<u>Service - Support</u>							
Service - Support	RTO	Yard & Station Switching Effic	14	144	14	953	Reduction of 14 Train Operator Switching jobs due to work program efficiencies.
Service - Support	RTO	Tower Operator Efficiencies	7	68	7	452	Reduction of 7 Tower Operators through work program efficiencies.
Service - Support	RTO	Eliminate Rev Collect TO			5	171	Effective July '04 revenue collection will be done by armored trucks; as a result RTO can eliminate Train Operators on revenue trains.
Service - Support	RTO	Eliminate 1 YD Job Sub B	1	12	1	81	Work Program efficiencies will allow elimination of 1 Yard Dispatcher job at Coney Island Yard.
Service - Support	RTO	Eliminate 1 ATD Job	1	11	1	74	Eliminate 1 Assistant Train Dispatcher job at Grand Central due to enhanced Lexington Ave management procedures.
Service - Support	Car Equipment	Restructure RCI Yard Coverage			14	1,000	Restructure Road Car Inspector tours for pre-service inspections, maximizing yard assignments through staggered shifts during off-peak AM and PM rush hours, when the majority of trains are layed-up in yards.
Service - Support	Buses	2004 Road Dispatcher Reduction			21	1,661	Savings associated with the reduction of 21 road control dispatchers.
Service - Support	Buses	Shifting / Bus Moves			17	1,067	Represents a reduction of 1 shifter per depot with the exception of 100th Street.
Service - Support	Buses	Road Control Reductions			4	317	Savings associated with the reduction of 4 command center console dispatchers.
Service - Support	MCO	Station Automation Reforecast	(17)	3,152		(500)	Savings taken against initial reserve established for Station Automation Plan.
		SUBTOTAL	6	3,387	84	5,276	
		TOTAL - Other Initiatives	47	16,303	344	21,306	
TOTAL PROGRAM TO ELIMINATE THE GAP			90	41,307	846	87,991	

MTA NYC TRANSIT

2004 PRELIMINARY OPERATING BUDGET PROPOSAL

BUS FUEL COST RE-ESTIMATE

	2003 Re-Estimate	Inflator	2004 Prelim Budget
Annual Bus Miles	118,717,426		118,717,426
Less CNG Operation	7,503,595		9,324,004
Total Diesel Bus Miles	111,213,831		109,393,422
Average Miles per Gallon	2.59		2.59
DOB Bus Gallons	42,914,238		42,211,794
DOB Non-Bus Gallons	1,523,382		1,523,382
Total DOB Gallons	44,437,620		43,735,176
Non-DOB Gallons	1,294,764		1,294,764
Total All Gallons	45,732,384		45,029,940
Cost per Gallon	\$1.0324	0.8197	\$0.8462
Total DOB Diesel Cost	\$45,999,386		\$37,008,838
Total Non-DOB Diesel Cost	\$1,214,423		\$1,095,633
Total Diesel Fuel Cost	\$47,213,809		\$38,104,471
<u>CNG Service (Based on DOB Information)</u>			
CNG Buses Miles	7,503,595		9,324,004
Average Cost per Mile	\$0.5691	0.8197	\$0.47
CNG Annual Cost	\$4,270,589		\$4,349,609
CNG Inflation			(\$784,444)
CNG 2000 Cash Flow Adjust	\$0		
Total CNG Accrued	\$4,320,000		\$4,349,609
Total Bus Fuel Costs - Base	\$51,533,809		\$42,454,080
<u>Year 2004-2006 SBP - Program Elements in 2003 Module (6/10/03)(inflation in base above)</u>			
Clean Fuel Bus Plan - Additional Clean Fuel Buses(200)			\$1,666,000
2003 NR Platform Budget - Mtce			\$319,000
Stillwell Mtce & Shifting			(\$78,000)
Bus Svce Adj (Mtce) - F073	\$219,000		\$0
Total Program Elements	\$219,000		\$1,907,000
Program Elements Inflation			(\$343,924)
NEW FORECAST	\$51,752,809		\$44,017,156
2003 BUDGET	\$51,216,000		\$47,748,000
Forecast M/(L) 2003 Budget	\$536,809		(\$3,730,844)

MTA New York City Transit
2004 Preliminary Operating Budget Proposal

New Needs
(\$ in thousands)

		2003 Mid-Year Forecast and 2004 Preliminary Budget favorable / (unfavorable)			
Dept./Div.	Description	2003		2004	
		EOY Positions	\$000	EOY Positions	\$000
<u>Administration:</u>					
Sr.VP-Subways	NYCT Community Services		(50)		(69)
Stations	Title Swap - Signage/Lighting		(3)		(2)
Buses	Administer Extra OA Operator Pick		(235)		
Buses	Transit Workers Union MOU-Meal Allowance		(155)		(309)
Paratransit	Title Change		8		11
MCO	Photo Identification System		(40)	1	(76)
MCO	Revenue Processing Equipment Maintenance				(75)
TIS	Cubic Upgrade Support				(350)
TIS	E-mail upgrade		(1,300)		
TIS	RSMIS Rollout				(501)
TIS	Unified Timekeeping System (UTS) Development				(640)
Non-Dept'I	Kronos Funding				(2,500)
Non-Dept'I	Union Release Positions (transfer)	4	222	4	244
Labor Relations	Contract Settlement OTPS		(300)		
Labor Relations	Union Release Positions (transfer)	(4)	(226)	(4)	(250)
Materiel	Miscellaneous OTPS Cost Increases		(100)		(100)
Supply Logistics	Position Upgrade		(14)		(17)
NYCT-Wide	All Other Technical Adjustments		(484)		(200)
NYCT-Wide	Average Wage Rates		(4,000)		(4,200)
NYCT-Wide	Capital Expenditures/Reimbursements (net)		(1,800)		(700)
NYCT-Wide	Other Operating Revenue Re-Estimate		(1,200)		200
NYCT-Wide	Provision for Overhead Rate Change		(1,624)		(1,667)
Total			(\$11,301)	1	(\$11,201)
<u>Customer Convenience:</u>					
MCO	Additional TRIPS Funding				(82)
MCO	MetroCard Claims				(312)
MCO	Reduced Fare Investment	1	(174)	1	(125)
TIS	Reduced Fare Investment	(2)	(108)	(2)	(200)
Total		(1)	(\$282)	(1)	(\$719)
<u>Maintenance:</u>					
MOW	Capital Impact - HVAC / Rail Control Center (RCC)			(14)	(643)
MOW	Environmental Study-Consent Decree			(1)	(549)
MOW	Facility Contract Maintenance Costs				(1,082)
Stations	Increase Maintenance for Rehabilitated Stations			(4)	(267)
Buses	Air Compressor Intervention		(1,098)		(468)
Buses	Air Intake Modification - Articulated Buses				(549)
Buses	Bus Line Supervisor Bonus		(200)		(200)
Buses	Engine Repowering Requirements		(1,700)		
Buses	Line Supervisor/Unscheduled OverTime Swap	(1)	1	(1)	
Buses	Power Steering Hoses		(156)		
Buses	TWU MOU-P&E Differential		(167)		(268)
MCO	MetroCard Vending Machines (MVM) Maintenance Increase	(47)	(716)	(47)	(3,037)
MCO	Revenue Facility Maintenance				(180)
TIS	Electronics Maintenance Division Overtime		(350)		
TIS	MVM Bill Handler Unit Maintenance				(434)
TIS	MVM Bill Handler Units		(197)		
Supply Logistics	Reclassify Automated Fare Collection (AFC) Storeroom Positions	(3)	(219)	(3)	(379)
Total		(51)	(\$4,802)	(70)	(\$8,056)

MTA New York City Transit
2004 Preliminary Operating Budget Proposal

New Needs
(\$ in thousands)

		2003 Mid-Year Forecast and 2004 Preliminary Budget favorable / (unfavorable)			
Dept./Div.	Description	2003		2004	
		EOY Positions	\$000	EOY Positions	\$000
<u>Safety/Security:</u>					
Sr.VP-Subways	Transit Property Protection Agents (TPPA) Coverage - 100 Street Depot	(6)	(306)	(6)	(426)
Sr.VP-Subways	TPPA Coverage - 180 Livingston	(4)	(142)	(4)	(253)
RTO	New Flagging Call On Procedure	(6)	(253)	(6)	(549)
MOW	Fire Safety Director		(190)		(250)
MOW	Flagging Requirements			(178)	(11,188)
MOW	Signals Overtime-2003 Projection		(7,955)		
Stations	Flagging Requirements			(17)	(1,142)
Materiel	Safety Shoes - Increased Costs		(69)		(509)
Total		(16)	(\$8,915)	(211)	(\$14,317)
<u>Service:</u>					
MOW	Power Re-Estimate		(4,600)		(1,400)
Buses	2003 Bus Service Re-Estimate		(822)		640
Buses	TWU MOU-Headway Allowance		(442)		(1,455)
Non-Dept'l	Provision for Toll Increase		(199)		(318)
Total - Direct Service			(\$6,063)		(\$2,533)
RTO	Automated Train Supervision - Training 2004				(728)
RTO	Communication Based Train Control - Training 2004			(14)	(1,095)
RTO	Manhattan Bridge Re-Opening Support			(20)	(1,810)
RTO	RTO Average Hours		(1,000)		(1,000)
RTO	Unionport Tower Staff Adjustment			(1)	(83)
Buses	Grand Street Shuttle / M Shuttle				(60)
Buses	Orchard Beach Service Requirements		(259)		(267)
Buses	Stillwell - Maintenance & Shifting		(442)		12
Ops Planning	Rail Scheduling Software				(540)
MCO	Additional Card Stock Costs		(1,665)		(1,796)
MCO	Manhattan Bridge Re-Opening Customer Information				(643)
MCO	MVM Revenue Servicing	(10)	(126)	(10)	(573)
MCO	Projected Unscheduled Overtime		(1,000)		
TIS	Rail Control Center			(9)	(1,663)
TIS	SONET Telecommunications Staff			(4)	(172)
Total - Service Support		(10)	(\$4,492)	(58)	(\$10,418)
Total - All Service (both Direct and Support)		(10)	(\$10,555)	(58)	(\$12,951)
GRAND TOTAL - New Needs		(78)	(\$35,855)	(339)	(\$47,244)

**MTA New York City Transit
2004 Preliminary Operating Budget Proposal**

Explanations of New Needs Detail

Change from March Budget: Better/(Worse)

<u>Category</u>	<u>Dept/Div</u>	<u>Description</u>	<u>EOY Pos</u>	<u>2003</u> <u>\$000</u>	<u>EOY Pos</u>	<u>2004</u> <u>\$000</u>	<u>Comments</u>
<u>I. New Needs Valued at \$1M+ (including related items)</u>							
<u>New Flagging Procedures</u>							
Safety/Security	MOW	Flagging Requirements			(178)	(11,188)	In order to increase worker safety, System Safety redefined flagging guidelines, and in many instances rules and procedures were modified to eliminate point to point flagging and replace it with full flagging, which requires additional resources to operate.
Safety/Security	Stations	Flagging Requirements			(17)	(1,142)	Same as for MOW above.
Safety/Security	MOW	Signals Overtime-2003 Projection		(7,955)			To cover vacancies and to provide for increased flagging requirements in 2003.
Safety/Security	RTO	New Flagging Call On Procedure	(6)	(253)	(6)	(549)	Additional Command Center staff are required to handle large volume of flagging calls resulting from the new flagging procedures.
SUBTOTAL			(6)	(8,208)	(201)	(12,879)	
<u>MVM Maintenance and Servicing</u>							
Maintenance	MCO	MVM Maintenance Increase	(47)	(716)	(47)	(3,037)	Increased MVM maintenance required due to increased volume of dollar bills and increased overall MVM utilization.
Service - Support	MCO	MVM Revenue Servicing	(10)	(126)	(10)	(573)	Increased MVM servicing and revenue collection required due to increased MVM utilization.
Maintenance	TIS	MVM Bill Handler Unit Maint				(434)	Staff required at Central Electronics Shop to support increased maintenance of MVM Bill Handler Units.
Maintenance	TIS	MVM Bill Handler Units		(197)			Same as above -- 2003 requirement.
Service - Support	MCO	Projected UOT Overun		(1,000)			Projected overtime needed for various MCO functions in 2003: MVM revenue servicing, MVM maintenance, and station automation plan.
SUBTOTAL			(57)	(2,039)	(57)	(4,044)	
<u>Manhattan Bridge Service Restoration</u>							
Service - Support	RTO	Manh Bridge Re-Opening Support			(20)	(1,810)	Required support for service plan when both sides of the bridge are available for service including tower operation and supervision at several locations, and terminal operations at Whitehall Street for the "W".
Service - Support	MCO	Manh Bridge Re-Opening Cust Info				(643)	Funding for customer information dissemination to support major service changes resulting from Manhattan Bridge reopening.
Service - Support	Buses	Grand St Shuttle / M Shuttle				(60)	Retain dispatcher required to support the Grand St Shuttle until Manhattan Bridge reopening.
SUBTOTAL					(20)	(2,513)	

**MTA New York City Transit
2004 Preliminary Operating Budget Proposal**

Explanations of New Needs Detail

Change from March Budget: Better/(Worse)

<u>Category</u>	<u>Dept/Div</u>	<u>Description</u>	<u>EOY Pos</u>	<u>2003</u> <u>\$000</u>	<u>EOY Pos</u>	<u>2004</u> <u>\$000</u>	<u>Comments</u>
Other New Needs Valued at \$1M+ (by category)							
Administration	TIS	E-mail upgrade		(1,300)			Investment required for e-mail upgrade to ensure continued vendor support, which will end for current e-mail versions on 12/31/03.
Administration	Non-Dept'l	Kronos Funding				(2,500)	Current version of Kronos (time-keeping system) is no longer supported by vendor and must be maintained by in-house staff on a "crisis mode" basis. Investment needed to upgrade to new version.
Administration	NYCT-Wide	Average Wage Rates		(4,000)		(4,200)	Re-estimate based on updated separations and hiring data.
Administration	NYCT-Wide	Provision for Overhead Rate Change		(1,624)		(1,667)	Reflects new overhead rate to take effect July 2003.
Maintenance	MOW	Facility Contract Mtce Costs				(1,082)	Budget correction for price escalation of the Janitorial contract and to reflect actual unbudgeted expenditures for fire sprinkler, fuel tank, rolling steel doors, and facilities maintenance costs.
Maintenance	Buses	Engine Repowering Requirements		(1,700)			Funding to complete engine repowering for buses which were not funded by the capital program yet are required due to delivery delays of new buses and to be in compliance with the Governor's Clean Air mandate.
Service - Direct	MOW	Power Re-Estimate		(4,600)		(1,400)	Based on actual results through May 2003.
Service - Direct	Buses	TWU MOU-Headway Allowance		(442)		(1,455)	Impact of TWU agreement signed December 2002.
Service - Direct	Non-Dept'l	Prov for Toll Increase		(199)		(318)	Impact of MTA B&T toll increase on NYCT bus routes.
Service - Support	RTO	CBTC Training 2004			(14)	(1,095)	Required to train personnel in Subdivision B to operate new CBTC system on the "L" line. Required to support capital program investment.
Service - Support	RTO	RTO Average Hours		(1,000)		(1,000)	This reflects actual unbudgeted expenditures caused by RTO timekeeping system limitations.
Service - Support	MCO	Additional Card Stock Costs		(1,665)		(1,796)	Impact of the increased number of MetroCards sold since the fare hike.
Service - Support	TIS	Rail Control Center			(9)	(1,663)	TIS staff needed to test, accept and support mission critical systems at the new Rail Control Center.
SUBTOTAL				(16,530)	(23)	(18,176)	
SUBTOTAL \$1M+ NEW NEEDS			(63)	(26,777)	(301)	(37,612)	

**MTA New York City Transit
2004 Preliminary Operating Budget Proposal**

Explanations of New Needs Detail

Change from March Budget: Better/(Worse)

<u>Category</u>	<u>Dept/Div</u>	<u>Description</u>	<u>2003</u>		<u>2004</u>		<u>Comments</u>
			<u>EOY Pos</u>	<u>\$000</u>	<u>EOY Pos</u>	<u>\$000</u>	
<u>II. Other New Needs by Category</u>							
Administration							
Administration	Sr.VP-Subways	NYCT Community Services		(50)		(69)	Increased contract costs for this MTA-mandated program.
Administration	Stations	Title Swap - Signage/Lighting		(3)		(2)	Title change required to support changes in signage and lighting work.
Administration	Buses	Administer Extra OA Operator Pick		(235)			Funding needed for a general OA pick to support the opening of West Farms and 100St Depots
Administration	Buses	TWU MOU-Meal Allowance		(155)		(309)	Impact of TWU agreement signed December 2002.
Administration	Paratransit	Title Change		8		11	Position downgrade.
Administration	MCO	Photo Identification System		(40)	1	(76)	Equipment needed for new Photo Identification Card system.
Administration	MCO	Revenue Processing Eqpmt Mtce				(75)	Funding required for post-warranty maintenance of 2 RPS currency counters.
Administration	TIS	Cubic Upgrade Support				(350)	Investment for required system upgrade.
Administration	TIS	RSMIS Rollout				(501)	Investment required to support RSMIS rollout and enhanced requirements.
Administration	TIS	UTS Development				(640)	Positions needed to support rollout of UTS in Dept. of Buses and to continue development of RTO modules.
Administration	Non-Dept'l	Union Release Positions (transfer)	4	222	4	244	Transfer from Non-Dept'l to Labor Relations. Per TWU agreement, positions were budgeted as of March.
Administration	Labor Relations	Contract Settlement OTPS		(300)			Miscellaneous costs associated with the new union contract.
Administration	Labor Relations	Union Release Positions (transfer)	(4)	(226)	(4)	(250)	See above.
Administration	Materiel	Misc OTPS Cost Increases		(100)		(100)	Investment for various OTPS cost increases.
Administration	Supply Logistics	Position Upgrade		(14)		(17)	Upgrade for field operations position.
Administration	NYCT-Wide	All Other Technical Adjustments		(484)		(200)	Miscellaneous technical items.
Administration	NYCT-Wide	Capital Expenditures/Reimb (net)		(1,800)		(700)	Based on revised 2003-2004 reimbursable projections.
Administration	NYCT-Wide	Other Operating Revenue Re-Est		(1,200)		200	Re-estimated based on updated actual results for advertising, interest and fare media expenses.
		SUBTOTAL		(4,377)	1	(2,834)	

**MTA New York City Transit
2004 Preliminary Operating Budget Proposal**

Explanations of New Needs Detail

Change from March Budget: Better/(Worse)

<u>Category</u>	<u>Dept/Div</u>	<u>Description</u>	<u>EOY Pos</u>	<u>2003</u> <u>\$000</u>	<u>EOY Pos</u>	<u>2004</u> <u>\$000</u>	<u>Comments</u>
Customer Convenience							
Cust Convenience	MCO	Additional TRIPS Funding				(82)	System support required for new TRIPS system (provides travel information to customers).
Cust Convenience	MCO	MetroCard Claims				(312)	Investment of 12 part-time staff needed to handle increased number of customer claims.
Cust Convenience	MCO	Reduced Fare Investment	1	(174)	1	(125)	Investment for new Photo Identification Card system.
Cust Convenience	TIS	Reduced Fare Investment	(2)	(108)	(2)	(200)	Investment for system maintenance of new Photo Identification Card system.
		SUBTOTAL	(1)	(282)	(1)	(719)	
Maintenance							
Maintenance	MOW	Capital Impact - HVAC / RCC			(14)	(643)	New HVAC units installed through the Capital Program result in new maintenance requirements. New RCC (capital project) requires maintenance including janitorial and custodial services, heating fuel, natural gas, and building management system.
Maintenance	MOW	Environmental Study-Consent Decree			(1)	(549)	As a result of a consent decree with the NYS DEC, NYC Transit must perform a drainage study at 23 Subways locations to determine if petroleum and hazardous substances are being discharged into the groundwater.
Maintenance	Stations	Increase Mtce for Rehab'd Stations			(4)	(267)	Rehabilitated stations have additional fixtures and finishes (e.g. tiles, lighting, floors) that require additional maintenance. Previous investments were not made when these stations came on line and there is a growing backlog of work.
Maintenance	Buses	Air Compressor Intervention		(1,098)		(468)	As part of Buses Shop savings program, bus upgrade cycles were lengthened from 3 to 4 or 5 years. However, air compressor life could not be extended, so they will be replaced via campaign on a 3 year cycle.
Maintenance	Buses	Air Intake Mod - Artic Buses				(549)	A technical modification to the Shop program for the Artic Air Intake System required to protect the engine and turbo charger from excessive wear which could result in potential fire damage.
Maintenance	Buses	Bus Line Supervisor Bonus		(200)		(200)	Bonuses for worker task time compliance.
Maintenance	Buses	Line Supervisor/UOT Swap	(1)	1	(1)		Technical adjustment
Maintenance	Buses	Power Steering Hoses		(156)			Increased failures of power steering hoses in 1997 New Flyer buses indicated that the hoses were reaching the end of their life cycle and required replacement.
Maintenance	Buses	TWU MOU-P&E Differential		(167)		(268)	Impact of TWU agreement signed December 2002.
Maintenance	MCO	Revenue Facility Mtce				(180)	Maintenance services needed for new revenue facility, due to open in 2004.
Maintenance	TIS	EMD Overtime		(350)			Overtime needed in Electronics Maintenance Division due to security initiatives and increased Central Electronics Shop work.
Maintenance	Supply Logistics	Reclassify AFC Storeroom Pos	(3)	(219)	(3)	(379)	Reclassification of 3 storeroom workers from reimbursable to non-reimbursable due to closeout of AFC capital projects.
		SUBTOTAL	(4)	(2,189)	(23)	(3,503)	

**MTA New York City Transit
2004 Preliminary Operating Budget Proposal**

Explanations of New Needs Detail

Change from March Budget: Better/(Worse)

Category	Dept/Div	Description	2003	2004	EOY Pos	\$000	Comments
			EOY Pos	\$000			
Safety/Security							
Safety/Security	Sr.VP-Subways	TPPA Coverage - 100 St Depot	(6)	(306)	(6)	(426)	The reconstructed depot has two entrances/exits thus it requires one additional 24X7 post coverage.
Safety/Security	Sr.VP-Subways	TPPA Coverage - 180 Livingston	(4)	(142)	(4)	(253)	Due to relocation of the Employment Center from 1250 B'way and relocation of the Jay Street MAC to 180 Livingston, additional resources were required to provide the MAC with 24x7 security coverage.
Safety/Security	MOW	Fire Safety Director		(190)		(250)	Per building codes, coverage is required 24X7 at 370 Jay St, and 12X5 (6am - 6pm) at 130 Liv. This provides for coverage during off-hours (adequate coverage on day tour already).
Safety/Security	Materiel	Safety Shoes - Increased Costs		(69)		(509)	Higher unit costs and increased number of shoes ordered for Dept. of Buses.
		SUBTOTAL	(10)	(707)	(10)	(1,438)	
Service - Direct							
Service - Direct	Buses	2003 Bus Service Re-Estimate		(822)		640	Reflects actual schedules implemented.
		SUBTOTAL		(822)		640	
Service - Support							
Service - Support	RTO	ATS Training 2004				(728)	Required to train supervisory personnel to operate new ATS system throughout Subdivision A. Required to support capital program initiative.
Service - Support	RTO	Unionport Tower Staff Adj			(1)	(83)	This position is required to support Phase 2 of the White Plains Road signal modernization project.
Service - Support	Buses	Orchard Beach Service Req'mts		(259)		(267)	This is a recurring service to the Orchard beach community which had not been budgeted. This corrects the budget to reflect actual service.
Service - Support	Buses	Stillwell - Mtce & shifting		(442)		12	Maintenance and shifting allocation of resources based on increased shuttle service requirements for the Stillwell project.
Service - Support	Ops Planning	Rail Scheduling Software				(540)	Investment required to implement new HASTUS scheduling software for subway service.
Service - Support	TIS	SONET Telecommunications Staff			(4)	(172)	Investment needed for 24x7 coverage of SONET/ATM Operations Center.
		SUBTOTAL		(701)	(5)	(1,778)	
		SUBTOTAL OTHER NEW NEEDS	(15)	(9,078)	(38)	(9,632)	
		TOTAL NEW NEEDS	(78)	(35,855)	(339)	(47,244)	

MTA NYC TRANSIT
2003-2004 PRELIMINARY FINANCIAL PLAN
POWER COST RE-ESTIMATE
(millions)

MOW Power Account	Re-estimate 2003	Prelim Budget 2004
2003 Non-reimbursable Power Base	145.437	145.437
<hr/>		
2003 SBP		
2003 Platform Budget	0.118	0.118
2003 Platform budget - Annual		(0.173)
2003 Weather Adjustment	1.385	
SBP Total	1.503	(0.055)
Inflation Assumption	0.000	0.000
2003 BUDGET	146.940	145.382
<hr/>		
<u>2003 BUDMOD CHANGES</u>		
2003 Platform Bud Mod	0.040	
2003 BUDMOD	146.980	145.382
<hr/>		
<u>2003 FORECAST CHANGES</u>		
Demand (partially Weather related)	1.100	
Weather	0.400	
WTC Credit to Reimbursable	(0.400)	
Price & Consumption	1.400	1.400
Correct Estimated Meter Readings	2.100	
TOTAL FORECAST CHANGES - June 30, 2003	4.600	1.400
<hr/>		
TOTAL NEW FORECAST	151.580	146.782
<hr/>		
Forecast M/(L) 2003 Budget	4.640	1.400

MTA New York City Transit
2004 Preliminary Operating Budget Proposal
2003 MetroCard Stock Cost Forecast

	NYCT Trips*	Avg # of Uses	# of MetroCards	Cost per Card	Cost
<u>7-Day Pass</u>					
Pre-Encoded	97,503,173	20.0	4,871,087		
TBT-Encoded/MVM	467,553,610	20.0	23,358,158		
Total 7-Day Pass	565,056,783		28,229,245	\$0.04536	\$1,280,479
<u>30-Day Pass</u>					
Pre-Encoded	7,873,133	69.3	113,600		
TBT-Encoded/MVM	312,265,539	69.3	4,505,604		
Total 30-Day Pass	320,138,671		4,619,203	\$0.04536	\$209,527
<u>Fun Pass</u>					
Pre-Encoded	17,688,645	4.2	4,217,727		
MVM Encoded	48,290,285	4.2	11,514,462		
Total Fun Pass	65,978,930		15,732,188	\$0.04536	\$713,612
Total Passes	951,174,384		48,580,637		\$2,203,618
<u>Bonus</u>					
Pre-Encoded	76,838,621	14.9	5,163,811		
TBT-Encoded/MVM	444,404,017	22.9	19,428,219		
Total Bonus	521,242,638		24,592,030	\$0.04536	\$1,115,494
<u>Regular Fare MetroCard</u>					
\$1.50/\$2.00 Pre-Encoded	27,592	1.1	24,350		
\$3.00/\$4.00 Pre-Encoded	22,778,484	2.3	10,051,011		
\$6.00 Pre-Encoded	5,340,759	4.6	1,153,917		
TBT-Encoded/MVM	207,242,374	4.1	50,950,013		
Total Regular Fare MetroCard	230,048,449		62,179,291	\$0.04536	\$2,820,453
NYCDOT/LIB/HRL			10,000,000	\$0.04536	\$453,600
Increase Disaster Recovery			6,000,000	\$0.04536	\$272,160
Utilize AirTrain Cards			(15,000,000)	\$0.04536	(\$680,400)
Gold MetroCard Subtotal	1,702,465,471		136,351,957		\$6,184,925
Single-Ride MetroCard	31,785,080	1.0	31,785,080	\$0.00945	\$300,369
Subtotal	1,734,250,551		168,137,037		\$6,485,294
Cash/Token	123,189,184				
Total Subway and Bus	1,857,439,736		168,137,037		\$6,485,294
Student MetroCard			3,500,000	\$0.04000	\$140,000
Board of Education Gold			300,000	\$0.04536	\$13,608
Elderly & Disabled			350,000	\$0.04536	\$15,876
Employee (EPIC) Pass			28,000	\$0.18000	\$5,040
Transit Bureau			15,000	\$0.04000	\$600
Access Passes**			15,000	\$0.04000	\$600
Triplex***			13,700,000	\$0.02890	\$395,930
2003 Forecast			186,045,037		\$7,056,948
2003 Budget					\$5,392,000
Change					\$1,664,948

* Unlinked trips excluding students, senior/disabled & RR monthly joint tickets.

** Building, mobility instructor, & temporary transportation passes

*** Includes RR and \$2.00 triplex cards.

MTA New York City Transit
2004 Preliminary Operating Budget Proposal
2004 Stock Cost

	Trips*	Avg # of Uses	# of MetroCards	Cost per Card	Cost
<u>7-Day Pass</u>					
Pre-Encoded	98,758,409	20.0	4,933,797		
<u>TBT-Encoded/MVM</u>	<u>473,572,799</u>	<u>20.0</u>	<u>23,658,866</u>		
Total 7-Day Pass	572,331,208		28,592,663	\$0.04536	\$1,296,963
<u>30-Day Pass</u>					
Pre-Encoded	8,551,405	69.3	123,386		
<u>TBT-Encoded/MVM</u>	<u>339,167,275</u>	<u>69.3</u>	<u>4,893,763</u>		
Total 30-Day Pass	347,718,679		5,017,149	\$0.04536	\$227,578
<u>Fun Pass</u>					
Pre-Encoded	12,954,827	4.2	3,088,983		
<u>MVM Encoded</u>	<u>35,366,886</u>	<u>4.2</u>	<u>8,432,973</u>		
Total Fun Pass	48,321,713		11,521,956	\$0.04536	\$522,636
Total Passes	968,371,600		45,131,767		\$2,047,177
<u>Bonus</u>					
Pre-Encoded	82,444,595	14.5	5,687,758		
<u>TBT-Encoded/MVM</u>	<u>456,524,489</u>	<u>20.5</u>	<u>22,224,776</u>		
Total Bonus	538,969,084		27,912,534	\$0.04536	\$1,266,113
<u>Regular Fare MetroCard</u>					
\$2.00 Pre-Encoded	29,249	1.1	25,812		
\$4.00 Pre-Encoded	24,146,531	2.3	10,654,662		
<u>TBT-Encoded/MVM</u>	<u>214,027,572</u>	<u>3.5</u>	<u>61,372,878</u>		
Total Regular Fare MetroCard	238,203,351		72,053,353	\$0.04536	\$3,268,340
NYCDOT/LIB/HRL			10,000,000	\$0.04536	\$453,600
Gold MetroCard Subtotal	1,745,544,036		155,097,654		\$7,035,230
Single-Ride MetroCard	41,708,756	1.0	41,708,756	\$0.00945	\$394,148
Subtotal	1,787,252,792		196,806,410		\$7,429,377
Cash (Buses Only)	85,996,632				
Total Subway and Bus	1,873,249,424		196,806,410		\$7,429,377
Student MetroCard			3,500,000	\$0.04000	\$140,000
Board of Education Gold			300,000	\$0.02730	\$8,190
Elderly & Disabled			356,000	\$0.04536	\$16,148
Employee (EPIC) Pass			4,000	\$0.18000	\$720
Transit Bureau			15,000	\$0.04000	\$600
Access Passes**			15,000	\$0.04000	\$600
Triplex***			13,700,000	\$0.02890	\$395,930
2004 Preliminary Budget			214,696,410		\$7,991,565
2004 Projection					\$6,195,565
Change					\$1,796,000

* Unlinked trips excluding students, senior/disabled & RR monthly joint tickets.

** Building, mobility instructor, & temporary transportation passes

*** Includes RR and \$2.00 triplex cards.

**MTA New York City Transit
2004 Preliminary Budget Proposal
Technical Adjustments
Overhead Rate Change**

Construction Rate changes from 130% to 128% effective July 2003. Return to 130% effective July 2004 (reflecting increased pension expense).

		Jul-Dec <u>2003</u>	Jan-Jun <u>2004</u>
Direct Labor		81,223	83,350
Change in Overhead	-2.0%	<u>-1,624</u>	<u>-1,667</u>

MTA New York City Transit
2004 Preliminary Budget
Headcount (Authorized Positions)

	Non-Reimbursable		Reimbursable		Total	
	2003 Mid-Year Forecast	2004 Preliminary Budget	2003 Mid-Year Forecast	2004 Preliminary Budget	2003 Mid-Year Forecast	2004 Preliminary Budget
Subways						
Senior Vice President	542	506	35	35	577	541
Rapid Transit Operations	6,896	6,872	1,012	936	7,908	7,808
Maintenance of Way	5,016	4,941	1,973	1,842	6,989	6,783
Car Equipment	4,727	4,524	319	231	5,046	4,755
Stations	6,183	6,160	171	122	6,354	6,282
Sub-total	23,364	23,003	3,510	3,166	26,874	26,169
Buses						
Buses Excluding Paratransit	14,124	14,055	182	88	14,306	14,143
Paratransit	104	104	-	-	104	104
Sub-total	14,228	14,159	182	88	14,410	14,247
Exec. Vice President						
Executive Vice President	18	18	2	1	20	19
Operations Planning	185	199	43	42	228	241
Human Resources	454	450	9	9	463	459
Office of Management & Budget	33	32	1	1	34	33
Materiel	159	159	104	103	263	262
Supply Logistics	586	570	-	-	586	570
Controller	189	181	59	59	248	240
Sub-total	1,624	1,609	218	215	1,842	1,824
President	20	20	-	-	20	20
System Safety	69	67	25	25	94	92
Law	246	243	37	37	283	280
MetroCard Operations	1,328	1,306	42	27	1,370	1,333
Telecommunications & Information Services	1,170	1,148	-	-	1,170	1,148
Labor Relations	108	102	291	214	1,461	1,362
Non-departmental	3	3	2	2	110	104
Capital Program Management	-	-	-	-	3	3
	-	-	1,566	1,566	1,566	1,566
Total	42,160	41,660	5,873	5,340	48,033	47,000

**MTA New York City Transit
Preliminary 2004 Budget Submission**

**Change in EOY Positions:
2004 Budget more/(less) than 2003 Forecast
Non-Reimbursable**

<u>Department</u>	<u>Total</u>	<u>Division</u>	<u>Total</u>	<u>Item Description</u>	<u>Positions</u>
Subways	(361)	SVP	(36)	Admin/Support Staff Reduction	(36)
		RTO	(24)	1/4 Day Availability Improvemt	(8)
				Capital Program Impacts	1
				CBTC/ATS/RCC	14
				Eliminate 3 CR Supp Painting	(3)
				Eliminate Rev Collect TO	(5)
				Manhattan Bridge	(23)
		MOW	(75)	Admin/Support Staff Reduction	(5)
				Apprentice Program	(12)
				Capital Program Impacts	(7)
				CBTC/ATS/RCC	14
				Container Plates Replacement	(7)
				Extend Sig Mtce Cycles	(43)
				Fiberglass Walkway Install	(21)
				Flagging Requirements	178
				IJ's Preventive Maintenance	(8)
				Incr Signal work order backlog	(19)
				Intensive Trackbed Cleaning	(14)
				Manhattan Bridge	(3)
				Meggering Test Squad	2
				MOW Management Reorganization	(93)
				Pwr Op and Elec Mtce Reduction	(30)
				Stationary Engineers & HPPT's	(10)
				Third Rail Tube Cleaning	(7)
				TWU and Other Mandates	22
				Yellow Defect Backlog Elmin	(12)
		DCE	(203)	145 St. Terminal Cleaning Supr	(1)
				Admin/Support Staff Reduction	(4)
				Admin/Support Staff Reduction	(3)
				Car Flooring	(88)
				Expand MS I Span of Control	(25)
				Install A/C Comp. on R46 Cars	2
				Reduce Unscheduled Repair Pos	(40)
				Restructure RCI Yard Coverage	(14)
				SMS	(94)
				Warranty Savings R142/A Rev4	64
		Stations	(23)	Admin/Support Staff Reduction	(23)
				Capital Program Impacts	(4)
				Clean Rehabilitated Stations	6
				Flagging Requirements	17
				Manhattan Bridge	(3)
				One-time Maintenance Deferrals	(14)
				Reduce Elevator Operators	(22)
				Rehabilitated Stations, Mtce.	4
				Stillwell Rehab	18
				Tunnel Lighting	(7)
				TWU and Other Mandates	5

**MTA New York City Transit
Preliminary 2004 Budget Submission**

**Change in EOY Positions:
2004 Budget more/(less) than 2003 Forecast
Non-Reimbursable**

<u>Department</u>	<u>Total</u>	<u>Division</u>	<u>Total</u>	<u>Item Description</u>	<u>Positions</u>
Buses	(69)	Buses (excl Para)	(69)	Administrative Staff Reductions	(12)
				Depot Mtce and Support Reductions	(90)
				Shop Plan Adjustments	20
				TWU Contract Impacts	13
		Paratransit	0		
EVP	(15)	OEVP	0		
		Ops Planning	14	TWU/MOU	14
		Human Resources	(4)	Admin Staff Reductions	(5)
				TWU/MOU	1
		OMB	(1)	Admin Staff Reductions	(1)
		Materiel	0		
		Supply Logistics	(16)	Maintenance Savings	(16)
		Controller	(8)	Admin Staff Reduction	(8)
President					
System Safety	(2)			Admin Staff Reduction	(2)
Law	(3)			Admin Staff Reduction	(3)
MCO	(22)			Admin Staff Reduction	(20)
				Maintenance Savings	(4)
				Customer Service	2
TIS	(22)			Admin Staff Reduction	(22)
Labor Relations	(6)			Admin Staff Reduction	(6)
Non-Departmental					
CPM					
NYCT Total	(500)				

**MTA New York City Transit
Preliminary 2004 Budget Submission**

**Change in EOY Positions:
2004 Budget more/(less) than 2003 Forecast
Reimbursable**

<u>Department</u>	<u>Total</u>	<u>Division</u>	<u>Total</u>	<u>Item Description</u>	<u>Positions</u>		
Subways	(344)	SVP	0		0		
		RTO	(76)	Stillwell Rehab	(76)		
		MOW	(131)	All Other	3		
				Cable Projects Support	(12)		
				Canarsie Pos/Neg Cable	(31)		
				Canarsie Yard	(8)		
				Critical Sig Safety Eng-Ph II	(7)		
				Jackson Avenue Switches	(16)		
				Jay Str Circuit Breaker House	(9)		
				LWP Signal Mod (T/E/S) Phase 2	(25)		
				Manh Bridge Elec/Signals Work	(10)		
				Misc - In-house construction	17		
				Nassau Loop Reconf/tion	(23)		
				Signal Mod-Flushing Line	(25)		
				Software-based Sig Sys-CBTC	(3)		
				Stillwell Terminal	(13)		
				Trade OT for Hdct - Cap	20		
				Underriver Tube Alarm	11		
				DCE	(88)	New Car Acceptance and Warranty	8
						Overhaul 21 Crane Cars	(10)
						P&T Staff - Shop Equipment	(2)
						Stillwell Rehab	(3)
						WARRANTY TA LABOR R142/A REV 4	(69)
						WARRANTY WORK FOR R143 / REV 3	(12)
		Stations	(49)	Capital Prgm Support Reduction	(14)		
				Lighting Program Increase	40		
				Station Mezzanine Lighting	(18)		
				Tunnel Lighting - 6th Ave	(47)		
				Tunnel Lighting CPM Support	(10)		
Buses	(94)	Buses (excl Para)	(94)	Stillwell Support	(58)		
				Clean Air Program	(36)		
		Paratransit	0				
EVP	(3)	OEVP	(1)		(1)		
		Ops Planning	(1)	Admin Staff Reduction	(1)		
		Human Resources	0				
		OMB	0				

**MTA New York City Transit
Preliminary 2004 Budget Submission**

**Change in EOY Positions:
2004 Budget more/(less) than 2003 Forecast
Reimbursable**

<u>Department</u>	<u>Total</u>	<u>Division</u>	<u>Total</u>	<u>Item Description</u>	<u>Positions</u>
		Materiel	(1)	Admin Staff Reduction	(1)
		Supply Logistics	0		
		Controller	0		
President					
System Safety					
Law					
MCO	(15)		(15)	Admin Staff Reduction	(4)
				Customer Service	(11)
TIS	(77)		(77)	Admin Staff Reduction	(22)
				Maintenance Savings	(40)
				Customer Service	(15)
Labor Relations					
Non-Departmental					
CPM					
NYCT Total	(533)				

MTA New York City Transit

Subways - 24 Hour Terminal On-Time Performance (Weekday)



24 Hour Terminal On-Time Performance has increased from 83.8 percent in 1989 to 96.3 percent in 2002. Through May 2003, On-Time Performance has further increased to 97.1 percent.

MTA New York City Transit

Buses - Systemwide Enroute On-Time Performance

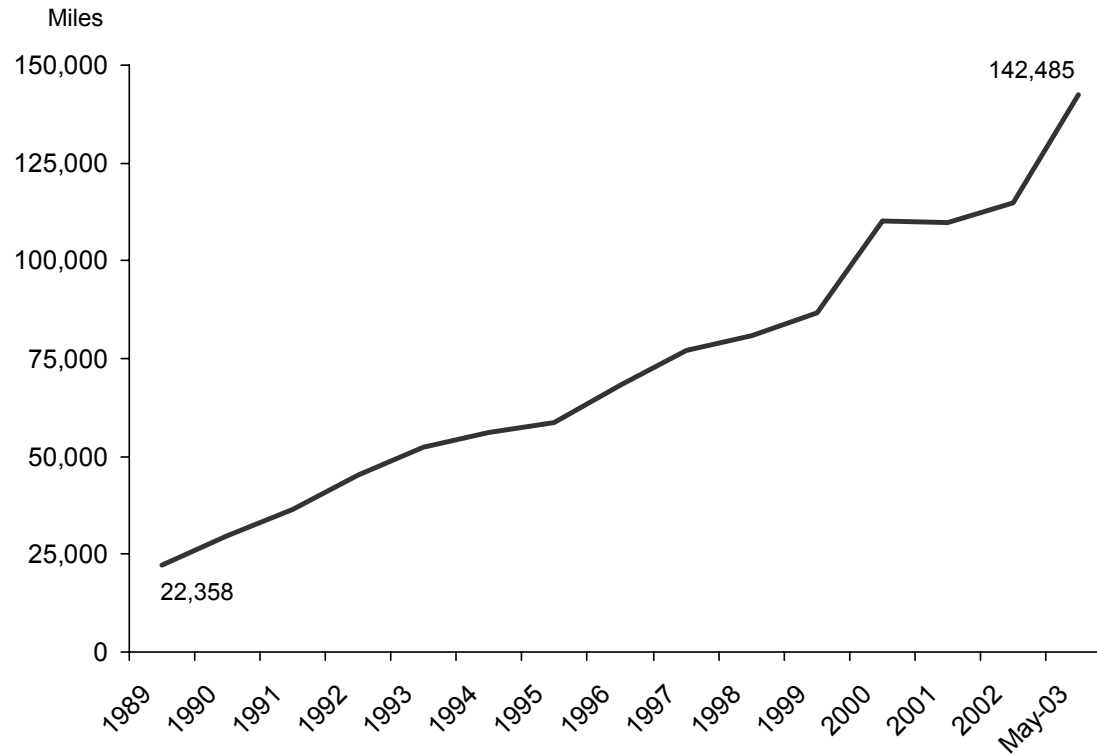


Systemwide Enroute On-Time Performance increased from 53.3 percent in 1995 to 74.5 percent in the first quarter of 2003.

Note: New On-Time Performance indicator (1 minute early to +5 minutes late as compliant) was fully reported starting from 2001. Previous 24-hour OTP indicator (0 to +5 minutes late is compliant) was reported from 1995 to 2000.

MTA New York City Transit

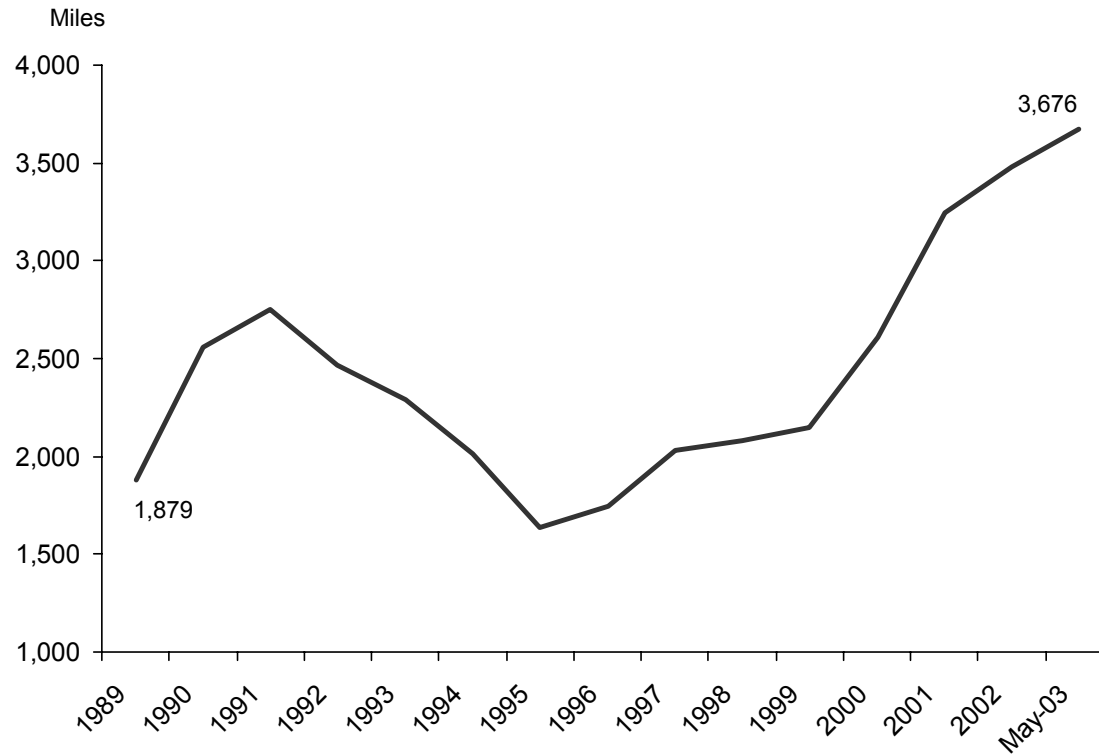
Subways Mean Distance Between Failures



Mean Distance Between Failures has expanded from 22,358 miles in 1989 to 142,485 miles through May 2003, an increase of 537 percent.

MTA New York City Transit

Buses Mean Distance Between Failures



Through year-to-date May, Mean Distance Between Failures was 3,676 miles, an increase of 1,797 miles (96 percent) from 1989

MTA STATEN ISLAND RAILWAY

Metropolitan Transportation Authority
MTA Staten Island Railway
Reconciliation of 2004 Preliminary Budget with Revised 2003 Budget
(\$ in thousands)

	Variance: favorable / (unfavorable)		
	2003	2004	Two-Year Total
Net Operating Cash Deficit - Approved March 2003 Plan	(\$20,590)	(\$20,213)	(\$40,803)
<i>Eliminate Unspecified PEG for 2004 - March 2003 Plan</i>	\$0	\$0	\$0
Adjusted Operating Cash Deficit - March 2003 Plan	(\$20,590)	(\$20,213)	(\$40,803)
2004 Unspecified PEG Now Identified	\$0	\$0	\$0
Additional Operating PEG	<u>0</u>	<u>234</u>	<u>234</u>
Total Operating PEG	\$0	\$234	\$234
Passenger Revenues	(\$91)	(\$55)	(\$146)
Pension Costs	0	(216)	(216)
New Needs	<u>0</u>	<u>(234)</u>	<u>(234)</u>
Total New Needs and Other Adjustments	(\$91)	(\$505)	(\$596)
Baseline Operating Cash Deficit - July 2003 Plan	(\$20,681)	(\$20,484)	(\$41,165)
<i>variance: compared with Approved March 2003 Plan</i>	(\$91)	(\$271)	(\$362)

**MTA Staten Island Railway
2004 Preliminary Budget
Statement of Operations***

(\$ - Millions)	Revised 2003 Budget	2003 Mid Year Forecast	Variance More/ (Less)	Revised 2004 Projection	2004 Preliminary Budget	Variance More/ (Less)
Revenues:						
Passenger Revenue	3.3	3.2	(0.1)	3.5	3.4	(0.1)
Fare Reimbursement	1.1	1.1	0.0	1.3	1.3	0.0
Other Operating Revenue	0.6	0.6	0.0	0.6	0.6	0.0
Total Operating Revenue	5.0	4.9	(0.1)	5.4	5.3	(0.1)
Capital Reimbursements	1.4	1.4	0.0	0.7	0.8	0.1
Total Revenues	6.4	6.3	(0.1)	6.1	6.1	0.0
Expenses:						
Salaries & Wages	16.1	16.1	0.0	16.4	16.2	(0.2)
Fringe Benefits	4.8	4.8	0.0	4.9	5.3	0.4
Labor	20.9	20.9	0.0	21.3	21.5	0.2
Electric Power	1.9	1.9	0.0	1.9	1.9	0.0
Maintenance Materials	0.8	0.8	0.0	0.8	0.8	0.0
Rentals & Miscellaneous	1.5	1.5	0.0	1.4	1.4	0.0
Public Liability	0.3	0.3	0.0	0.3	0.3	0.0
Total Operating Expenses	25.4	25.4	0.0	25.7	25.9	0.2
Capital Reimbursable Expenses	1.4	1.4	0.0	0.7	0.8	0.1
Total Expenses	26.8	26.8	0.0	26.4	26.7	0.3
Nonreimbursable Balance	(20.4)	(20.5)	(0.1)	(20.3)	(20.6)	(0.3)
Cash Flow Adjustments	(0.2)	(0.2)	0.0	0.1	0.1	0.0
Net Operating Cash Deficit	(20.6)	(20.7)	(0.1)	(20.2)	(20.5)	(0.3)

*Excluding Subsidies

**MTA Staten Island Railway
2004 Preliminary Budget
Cash Receipts and Expenditures***

<i>(\$ - Millions)</i>	Revised 2003 Budget	2003 Mid Year Forecast	Variance More/ (Less)	Revised 2004 Projection	2004 Preliminary Budget	Variance More/ (Less)
Receipts:						
Operating Receipts	4.8	4.7	(0.1)	5.3	5.2	(0.1)
Capital Reimbursements	1.4	1.4	0.0	0.9	0.9	0.0
Total Receipts	6.2	6.1	(0.1)	6.2	6.1	(0.1)
Expenditures:						
Salaries & Wages	17.1	17.1	0.0	16.8	16.7	(0.1)
Fringe Benefits	5.2	5.2	0.0	5.1	5.5	0.4
Labor	22.3	22.3	0.0	21.9	22.2	0.3
Electric Power	1.9	1.9	0.0	1.9	1.9	0.0
Maintenance Materials	0.8	0.8	0.0	0.9	0.8	(0.1)
Rentals & Miscellaneous	1.5	1.5	0.0	1.4	1.4	0.0
Public Liability	0.3	0.3	0.0	0.3	0.3	0.0
Total Expenditures	26.8	26.8	0.0	26.4	26.6	0.2
Net Operating Cash Deficit	(20.6)	(20.7)	(0.1)	(20.2)	(20.5)	(0.3)

*Excluding Subsidies

MTA Staten Island Railway
2004 Preliminary Budget
Cash Flow Adjustments*

<i>(\$ - Millions)</i>	Revised 2003 Budget	2003 Mid Year Forecast	Variance More/ (Less)	Revised 2004 Projection	2004 Preliminary Budget	Variance More/ (Less)
Revenues:						
Operating Revenue	(0.2)	(0.2)	0.0	0.0	0.0	0.0
Capital Reimbursements	0.0	0.0	0.0	0.1	0.1	0.0
Total Revenues	(0.2)	(0.2)	0.0	0.1	0.1	0.0
Total Expenses	0.0	0.0	0.0	0.0	0.0	0.0
Total Cash Flow Adjustments	(0.2)	(0.2)	0.0	0.1	0.1	0.0

*Excluding Subsidies

**MTA Staten Island Railway
2004 Preliminary Budget
Statement of Operations***

(\$ - Millions)	2002 Actual	2003 Mid Year Forecast	Variance More/ (Less)	2004 Preliminary Budget	Variance More/ (Less)
Revenues:					
Passenger Revenue	3.0	3.2	0.2	3.4	0.2
Fare Reimbursement	0.9	1.1	0.2	1.3	0.2
Other Operating Revenue	0.6	0.6	0.0	0.6	0.0
Total Operating Revenue	4.5	4.9	0.4	5.3	0.4
Capital Reimbursements	1.2	1.4	0.2	0.8	(0.6)
Total Revenues	5.7	6.3	0.6	6.1	(0.2)
Expenses:					
Salaries & Wages	15.8	16.1	0.3	16.2	0.1
Fringe Benefits	4.9	4.8	(0.1)	5.3	0.5
Labor	20.7	20.9	0.2	21.5	0.6
Electric Power	1.9	1.9	0.0	1.9	0.0
Maintenance Materials	0.8	0.8	0.0	0.8	0.0
Rentals & Miscellaneous	1.4	1.5	0.1	1.4	(0.1)
Public Liability	0.3	0.3	0.0	0.3	0.0
Total Operating Expenses	25.1	25.4	0.3	25.9	0.5
Capital Reimbursable Expenses	1.2	1.4	0.2	0.8	(0.6)
Total Expenses	26.3	26.8	0.5	26.7	(0.1)
Nonreimbursable Balance	(20.6)	(20.5)	0.1	(20.6)	(0.1)
Cash Flow Adjustments	(0.9)	(0.2)	0.7	0.1	0.3
Net Operating Cash Deficit	(21.5)	(20.7)	0.8	(20.5)	0.2

*Excluding Subsidies

**MTA Staten Island Railway
2004 Preliminary Budget
Cash Receipts and Expenditures***

<i>(\$ - Millions)</i>	2002 Actual	2003 Mid Year Forecast	Variance More/ (Less)	2004 Preliminary Budget	Variance More/ (Less)
Receipts:					
Operating Receipts	4.5	4.7	0.2	5.2	0.5
Capital Reimbursements	1.3	1.4	0.1	0.9	(0.5)
Total Receipts	5.8	6.1	0.3	6.1	0.0
Expenditures:					
Salaries & Wages	17.1	17.1	0.0	16.7	(0.4)
Fringe Benefits	5.2	5.2	0.0	5.5	0.3
Labor	22.3	22.3	0.0	22.2	(0.1)
Electric Power	1.9	1.9	0.0	1.9	0.0
Maintenance Materials	0.8	0.8	0.0	0.8	0.0
Rentals & Miscellaneous	1.8	1.5	(0.3)	1.4	(0.1)
Public Liability	0.5	0.3	(0.2)	0.3	0.0
Total Expenditures	27.3	26.8	(0.5)	26.6	(0.2)
Net Operating Cash Deficit	(21.5)	(20.7)	0.8	(20.5)	0.2

*Excluding Subsidies

**MTA Staten Island Railway
2004 Preliminary Budget
Cash Flow Adjustments***

<i>(\$ - Millions)</i>	2002 Actual	2003 Mid Year Forecast	Variance More/ (Less)	2004 Preliminary Budget	Variance More/ (Less)
Revenues:					
Operating Revenue	0.0	(0.2)	(0.2)	0.0	0.2
Capital Reimbursements	0.1	0.0	(0.1)	0.1	0.1
Total Revenues	0.1	(0.2)	(0.3)	0.1	0.3
Total Expenses	(1.0)	0.0	1.0	0.0	0.0
Total Cash Flow Adjustments	(0.9)	(0.2)	0.7	0.1	0.3

*Excluding Subsidies

**MTA Staten Island Railway
2004 Preliminary Budget
Ridership and Revenue**

Ridership (Thousands)

	Base Non-Student Trips	Change From Prior Year	Average Fare	Students	Trips	<u>Grand Total</u> Change/ Prior Year
2003	2,838.2	-4.9%	\$1.12	610.7	3,448.9	-4.1%
2004	2,863.0	0.9%	\$1.20	610.7	3,473.7	0.7%

Revenue (\$ Thousands)

	Passenger Revenue	Student Reimbursement	Senior Reimbursement	Total
2003	\$3,186.1	\$1,106.9	\$33.7	\$4,326.7
2004	\$3,421.7	\$1,221.4	\$33.7	\$4,676.8

2004 Preliminary Budget Passenger Revenue Compared to Revised 2003 Budget

	Revised 2003 Budget	2004 Preliminary Budget	<u>Change From Revised Budget</u>	
			\$	%
2003	\$3,277.1	\$3,186.1	-\$91.0	-2.8%
2004	\$3,476.4	\$3,421.7	-\$54.7	-1.6%

Components of Revenue Change

<u>Revenue Change from Revised 2003 Budget</u>			
<u>Period</u>	<u>(\$ Thousands)</u>	<u>%</u>	<u>Primary Reason for Variance</u>
2003			
Jan-Apr	-\$49.0	-5.3%	Ridership was 5.5% below Revised Budget
May 1-3	-\$2.0	-8.4%	Ridership was 8.7% below Revised Budget
May 4-31*	-\$4.0	-1.5%	Ridership was 1.6% below Revised Budget, partially offset by positive net revenue impact from use of old passes/bonus.
Jun-Dec	-\$36.0	-1.6%	Assumes continuation of May 4-31 ridership variance; with the average fare close to Revised 2003 Budget average.
2003 Total	-\$91.0	-2.8%	

2004 Preliminary Budget assumes no economic growth, continuation of May 4 - Dec 2003 ridership variance from the Revised 2003 Budget, and average fare close to the Revised 2003 Budget.

* The Revised 2003 Budget assumed a 2.5% ridership decrease due to the fare increase. The lower May ridership variance from the Revised 2003 Budget may be due in part to customers shifting from express bus to SIR due to the \$4.00 express bus fare.

**MTA Staten Island Railway
2004 Preliminary Budget
Program Details/Major Expense Assumptions**

- **Pension Contribution** – The January 1, 2003 draft Actuarial Valuation (received in June, 2003), established the employer contribution rate at 10.26% of payroll. This factor was applied to the 2004 Preliminary Budget to yield an increase of \$216,000 in Pension expenses.
- **Salaries and Wages** – The Signal Modernization Program was originally planned for completion at the end of 2003. Three (3) positions in support of that program were budgeted to be returned to operating positions in 2004. However, the program completion has been delayed and this support will be required for one additional year. Consequently, the 2004 Preliminary Budget was reduced by \$167,000 to restore the reimbursable support to the Signals Program along with corresponding fringe costs of \$67,000.
- **Inflators** – The 2004 Preliminary Budget increased by \$209,000 to reflect economic and demographic forecasts provided by the MTA.

Salaries & Wages	\$ 34	3.0% to 3.22%
H & W	208	2.6% to 12.0%
Taxes	3	3.0% to 3.22%
Power	(16)	0.8% to 0.0%
Material	(6)	1.84% to 1.22%
R&M	(14)	2.6% to 1.54% ¹
	<u>\$ 209</u>	

MTA Staten Island Railway
Cash Reconciliation of 2004 Preliminary Budget with Revised 2003 Budget

<i>(\$ - thousands)-Changes Better/(Worse)</i>	<u>2003</u>	<u>2004</u>	<u>Total</u>
Net Operating Cash Deficit - Revised 2003 Budget	(\$20,590)	(\$20,213)	(\$40,803)
Redeployment of 3 Positions to Reimbursable in Support of Signals Modernization Program Continuation	0	234	234
Capital Reimbursements/Expenditures Net	0	(25)	(25)
Net Impact Due To Change in Inflation Assumption	0	(209)	(209)
Passenger Revenue Re-estimate	(91)	(55)	(146)
Pension Revaluation	0	(216)	(216)
Total Changes	(91)	(271)	(362)
Net Operating Cash Deficit - 2004 Preliminary Budget	<u>(20,681)</u>	<u>(20,484)</u>	<u>(41,165)</u>

**MTA Staten Island Railway
2004 Preliminary Budget
Headcount**

<u>Department</u>	<u>2003 Mid Year Forecast</u>	<u>2004 Preliminary Budget</u>
Maintenance		
Signals/Power:		
- Signals	11	11
- Power	11	11
Maintenance of Way:		
- Track	33	33
- 3rd Rail	9	9
- Non Revenue Shop	7	7
Buildings and Bridges	24	24
Operations		
Cleaning	22	22
Mechanical	37	37
Transportation	99	99
Other		
Executive	14	14
General Office	13	13
Police	24	24
Purchase/Stores	9	9
Total	313	313

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**IV. APPENDIX
DETAILED MTA-WIDE FINANCIAL PLAN
(SuperSpreadSheet)**

SUMMARY
MTA NYC TRANSIT
MULTI-YEAR FINANCIAL PLAN
(\$ in millions)

Line		ACTUAL	FORECAST	
Number		2002	2003	2004
10	<u>Revenue Summary:</u>			
11				
12	Farebox Revenue	\$2,137.3	\$2,371.0	\$2,544.0
13	Other Revenue	196.2	198.3	209.2
14	Current Total Subsidies	<u>1,524.1</u>	<u>1,607.5</u>	<u>1,718.5</u>
15				
16	Total Revenue	\$3,857.6	\$4,176.9	\$4,471.7
17				
18				
19	<u>Operating Expense Summary:</u>			
20				
21	Non-Reimbursable Expenses	\$3,893.3	\$4,144.8	\$4,325.0
22	Existing Debt Service	<u>152.3</u>	<u>199.0</u>	<u>313.7</u>
23				
24	Total Operating Expenses	\$4,045.5	\$4,343.8	\$4,638.7
25				
26				
27	Total Net Revenue	(\$187.9)	(\$166.9)	(\$167.0)
28				
29				
30	Total Cash Adjustment	\$262.3	\$352.1	\$259.0
31				
32				
33	Gross Cash Balance	\$74.4	\$185.2	\$92.0
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Financial Stabilization Program:

	ACTUAL	FORECAST	
	2002	2003	2004
Business Tax Surcharge (17%)	\$0.0	\$0.0	\$0.0
Additional State Aid	0.0	0.0	0.0
Additional Local Aid	0.0	0.0	0.0
Additional School Aid	0.0	0.0	0.0
No Toll Increases	0.0	0.0	0.0
No Fare Increases	0.0	0.0	0.0
Improved Farebox Revenue - Quicker Recovery	0.0	0.0	0.0
Improved Toll Revenue - Quicker Recovery	0.0	0.0	0.0
Other Option	0.0	0.0	0.0
Programmatic Disallowances	0.0	0.0	0.0
Cut based on 1.75% Expense Reduction	0.0	0.0	0.0
Other Option	0.0	0.0	0.0
Financial Stabilization Program	0.0	0.0	0.0
	0.0	0.0	0.0
	0.0	0.0	0.0
Security Costs offset by Capital Program Reductions	0.0	0.0	0.0
Capital Program Debt Service on B and T Revenue Bonds	0.0	(0.0)	0.0
Capital Program Debt Service on PBT and Farebox Bonds	(86.4)	(147.7)	(200.7)
Operating Capital Transfer	0.0	0.0	0.0
NYCT Baseline "New Needs", excluding inflation	0.0	0.0	0.0
Other Option	0.0	0.0	0.0
Impact on JP Morgan Chase Loan Payback	0.0	0.0	0.0
MTA Corporate Restructuring	0.0	0.0	3.3
NYCT 2001 Overspending and Payback	0.0	0.0	0.0
Debt Restructuring Savings Offset (Deferred Gain)	0.0	32.3	26.0
Debt Service Pre-payment	0.0	0.0	0.0
Other Option (Cash Balance)	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total Financial Stabilization Program	(\$86.4)	(\$115.4)	(\$171.4)
Net Cash Balance from Previous Year	\$25.7	\$13.7	\$83.4
Adjusted Net Cash Balance	\$13.7	\$83.4	\$4.0

SUMMARY
MTA COMMUTER RAILROADS
MULTI-YEAR FINANCIAL PLAN
(\$ in millions)

Line Number		ACTUAL	FORECAST	
		2002	2003	2004
10	<u>Revenue Summary:</u>			
11				
12	Farebox Revenue	\$690.7	\$769.6	\$838.8
13	Other Revenue	63.2	67.3	69.3
14	Current Total Subsidies	<u>945.2</u>	<u>1,030.8</u>	<u>1,068.6</u>
15				
16	Total Revenue	\$1,699.1	\$1,867.6	\$1,976.7
17				
18				
19	<u>Operating Expense Summary:</u>			
20				
21	Non-Reimbursable Expenses	\$1,898.2	\$2,075.1	\$2,206.1
22	Existing Debt Service (including GCT DS)	<u>56.3</u>	<u>110.1</u>	<u>163.6</u>
23				
24	Total Operating Expenses	\$1,954.5	\$2,185.2	\$2,369.7
25				
26				
27	Total Net Revenue	(\$255.4)	(\$317.6)	(\$392.9)
28				
29				
30	Total Cash Adjustment	\$224.2	\$432.9	\$375.0
31				
32				
33	Gross Cash Balance	(\$31.2)	\$115.3	(\$17.9)
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Financial Stabilization Program:

	ACTUAL	FORECAST	
	2002	2003	2004
Business Tax Surcharge (17%)	\$0.0	\$0.0	\$0.0
Additional State Aid	0.0	0.0	0.0
Additional Local Aid	0.0	0.0	0.0
Additional School Aid	0.0	0.0	0.0
No Toll Increases	0.0	0.0	0.0
No Fare Increases	0.0	0.0	0.0
Improved Farebox Revenue - Quicker Recovery	0.0	0.0	0.0
Improved Toll Revenue - Quicker Recovery	0.0	0.0	0.0
Other Option	0.0	0.0	0.0
Programmatic Disallowances	0.0	0.0	0.0
Cut based on 1.75% Expense Reduction	0.0	0.0	0.0
Other Option	0.0	0.0	0.0
Financial Stabilization Program	0.0	0.0	0.0
	0.0	0.0	0.0
	0.0	0.0	0.0
Security Costs offset by Capital Program Reductions	0.0	0.0	0.0
Capital Program Debt Service on B and T Revenue Bonds	0.0	(0.0)	0.0
Capital Program Debt Service on PBT and Farebox Bonds	(17.4)	(49.5)	(104.2)
Operating Capital Transfer	0.0	0.0	0.0
LIRR Baseline "New Needs"	0.0	0.0	0.0
MNR Baseline "New Needs"	0.0	0.0	0.0
Impact on JP Morgan Chase Loan Payback	0.0	0.0	0.0
Advance on MTA Capital Reimbursements	0.0	0.0	0.0
LIRR Payback of 2001 Overspending	0.0	0.0	0.0
MNR Payback of 2001 Overspending	0.0	0.0	0.0
MTA Corporate Restructuring	0.0	0.0	1.7
Debt Restructuring Savings Offset (Deferred Gain)	0.0	18.6	17.5
Debt Service Pre-payment	0.0	0.0	0.0
Other Option	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total Financial Stabilization Program	(\$17.4)	(\$30.9)	(\$85.0)
Net Cash Balance from Previous Year	\$67.0	\$18.4	\$102.9
Adjusted Net Cash Balance	\$18.4	\$102.9	\$0.0

**SUMMARY
MTA COMBINED
MULTI-YEAR FINANCIAL PLAN
(\$ in millions)**

Line Number		ACTUAL	FORECAST	
		2002	2003	2004
10	<u>Revenue Summary:</u>			
11				
12	Farebox Revenue	\$2,828.0	\$3,140.6	\$3,382.8
13	Other Revenue	259.4	265.6	278.5
14	Current Total Subsidies	<u>2,469.3</u>	<u>2,638.3</u>	<u>2,787.1</u>
15				
16	Total Revenue	\$5,556.7	\$6,044.5	\$6,448.4
17				
18				
19	<u>Operating Expense Summary:</u>			
20				
21	Non-Reimbursable Expenses	\$5,791.5	\$6,219.9	\$6,531.1
22	Existing Debt Service (including GCT DS)	<u>208.6</u>	<u>309.1</u>	<u>477.3</u>
23				
24	Total Operating Expenses	\$6,000.1	\$6,529.0	\$7,008.4
25				
26				
27	Total Net Revenue	(\$443.3)	(\$484.5)	(\$559.9)
28				
29				
30	Total Cash Adjustment	\$486.5	\$785.0	\$634.0
31				
32				
33	Gross Cash Balance	\$43.2	\$300.6	\$74.1
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Financial Stabilization Program:

	ACTUAL	FORECAST	
	2002	2003	2004
Business Tax Surcharge (17%)	\$0.0	\$0.0	\$0.0
Additional State Aid	0.0	0.0	0.0
Additional Local Aid	0.0	0.0	0.0
Additional School Aid	0.0	0.0	0.0
No Toll Increases	0.0	0.0	0.0
No Fare Increases	0.0	0.0	0.0
Improved Farebox Revenue - Quicker Recovery	0.0	0.0	0.0
Improved Toll Revenue - Quicker Recovery	0.0	0.0	0.0
Other Option	0.0	0.0	0.0
Programmatic Disallowances	0.0	0.0	0.0
Cut based on 1.75% Expense Reduction	0.0	0.0	0.0
Other Option	0.0	0.0	0.0
Financial Stabilization Program	0.0	0.0	0.0
	0.0	0.0	0.0
	0.0	0.0	0.0
Security Costs offset by Capital Program Reductions	0.0	0.0	0.0
Capital Program Debt Service on B and T Revenue Bonds	0.0	(0.0)	0.0
Capital Program Debt Service on PBT and Farebox Bonds	(103.8)	(197.2)	(304.9)
Operating Capital Transfer	0.0	0.0	0.0
NYCT Baseline "New Needs", excluding inflation	0.0	0.0	0.0
LIRR Baseline "New Needs"	0.0	0.0	0.0
MNR Baseline "New Needs"	0.0	0.0	0.0
Other Option	0.0	0.0	0.0
Impact on JP Morgan Chase Loan Payback	0.0	0.0	0.0
Advance on MTA Capital Reimbursements	0.0	0.0	0.0
MTA Corporate Restructuring	0.0	0.0	5.0
NYCT 2001 Overspending and Payback	0.0	0.0	0.0
LIRR Payback of 2001 Overspending	0.0	0.0	0.0
MNR Payback of 2001 Overspending	0.0	0.0	0.0
Debt Restructuring Savings Offset	0.0	50.9	43.5
Debt Service Pre-payment	0.0	0.0	0.0
Offset to B&T Incremental Debt Service in B&T section	0.0	0.0	0.0
Total Financial Stabilization Program	(\$103.8)	(\$146.3)	(\$256.3)
Net Cash Balance from Previous Year	\$92.7	\$32.1	\$186.4
Adjusted Net Cash Balance	\$32.1	\$186.4	\$4.1

MTA LONG ISLAND RAIL ROAD
MULTI-YEAR FINANCIAL PLAN
2000 - 2004
(\$ in millions)

Line Number		ACTUAL	FORECAST	
		2002	2003	2004
10	<u>Revenue Detail:</u>			
11				
12	Baseline Farebox Revenue	\$351.581	\$395.983	\$435.093
13				
14	Freight	\$0.000	\$0.000	\$0.000
15	Special Services	1.837	1.901	1.944
16	Other	<u>19.283</u>	<u>20.931</u>	<u>22.128</u>
17				
18	Total Non-Farebox Revenue	\$21.120	\$22.832	\$24.072
19				
20	Total Operating Revenue	\$372.701	\$418.815	\$459.165
21				
22				
23	<u>Expense Detail:</u>			
24				
25	Total Payroll	\$478.095	\$480.588	\$483.383
26	Fringe Benefits	175.257	179.727	197.227
27	Pension	<u>54.933</u>	<u>77.855</u>	<u>80.770</u>
28				
29	Total Compensation Expenses	\$708.285	\$738.170	\$761.380
30				
31	Materials and Supplies	\$64.837	\$68.479	\$69.161
32	Train Power	44.093	49.944	52.612
33	Joint Facilities	10.870	11.375	11.071
34	Depreciation	173.692	196.616	217.754
35	Other	96.384	110.026	118.022
36	Additional Agency PEG	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>
37				
38	Total Non-Compensation Expenses	\$389.876	\$436.440	\$468.620
39				
40	Total Gross Operating Expenses	\$1,098.161	\$1,174.610	\$1,230.000

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ACTUAL	FORECAST	
2002	2003	2004

Less: Reimbursables (\$136.053) (\$125.569) (\$132.929)

Total Net Operating Expenses \$962.108 \$1,049.041 \$1,097.071

Total Cash Adjustment \$163.682 \$219.721 \$228.126

Operating Cash Deficit (\$425.725) (\$410.505) (\$409.780)

PAYROLL DETAIL
(\$ in millions)

Total Straight Time \$395.674 \$399.021 \$410.971
Total Overtime 82.421 81.567 72.412

Total Payroll \$478.095 \$480.588 \$483.383

Materials and Supplies
(\$ in millions)

Materials \$58.952 \$62.937 \$63.249
Supplies 5.885 5.542 5.912

Total Materials & Supplies \$64.837 \$68.479 \$69.161

Propulsion Costs
(\$ in millions)

Diesel Fuel \$5.127 \$5.953 \$5.813
Electric Power 38.966 43.991 46.799

Total Propulsion Costs \$44.093 \$49.944 \$52.612

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	ACTUAL	FORECAST	
	2002	2003	2004
Other Costs (\$ in millions)			
Other (from statement of income)	(\$1.689)	\$0.000	\$0.000
Other (from statement of expenses)			
Professional Services	\$15.719	\$16.084	\$15.190
Operating Services	3.473	4.831	5.072
Maintenance Services	20.111	20.628	23.724
Construction Services	0.941	0.189	0.000
Communications	5.535	5.927	6.176
Utilities	10.112	10.032	9.943
Leases & Rentals	5.685	6.622	7.630
Advertising	1.921	1.594	1.595
Insurance	15.270	14.929	16.808
Claims & Suits	7.565	15.108	15.267
Employee Expenses	3.187	2.929	2.699
Miscellaneous Expenses	2.910	1.793	1.928
Miscellaneous Charges and Credits	<u>5.644</u>	<u>9.360</u>	<u>11.990</u>
Total Other Expenses	\$98.073	\$110.026	\$118.022
Cash Adjustments (\$ in millions)			
Operating Capital	(\$2.698)	(\$7.180)	(\$7.718)
Depreciation and Other Charges	172.003	205.976	229.744
Pension	(3.008)	(1.428)	(0.111)
Cash Additions to Other Revenue	12.780	6.100	7.240
Legal Settlements	(4.119)	1.227	1.300
Back Pay	0.000	0.000	0.000
Force Account Insurance	0.000	0.000	0.000
Insurance Refunds/(Premiums)/Recovery	(11.387)	2.660	0.253
Timing of Capital Receipts and Advance	53.066	0.000	0.000
Cash Advance on Insurance Settlement	0.000	0.000	0.000
Material Purchases vs Chargeouts	0.000	10.755	1.000
Payments Against Reserve for Enviromental Issues	0.000	0.739	0.700
Bad Debt Reserve	0.000	(2.065)	(4.000)
Other Adjustments	<u>(52.955)</u>	<u>2.937</u>	<u>(0.282)</u>
Total Cash Adjustment	\$163.682	\$219.721	\$228.126

**MTA METRO NORTH RAILROAD
MULTI-YEAR FINANCIAL PLAN
2000 - 2004
(\$ in millions)**

Line Number		ACTUAL			FORECAST		
		2002	2003	2004	2003	2004	2004
10	<u>Revenue Detail:</u>						
11							
12	Baseline Farebox Revenue	\$339.128	\$373.585	\$403.719			
13							
14	Rents, Concessions and Utilities	\$23.339	\$23.684	\$23.853			
15	Food and Beverage (Bar Car)	4.122	3.915	4.015			
16	Other	<u>0.446</u>	<u>0.393</u>	<u>0.383</u>			
17							
18	Total Non-Farebox Revenue	\$27.907	\$27.992	\$28.251			
19							
20	Total Operating Revenue	\$367.035	\$401.577	\$431.970			
21							
22							
23	<u>Expense Detail:</u>						
24							
25	Total Payroll	\$328.359	\$340.938	\$360.179			
26	Fringe Benefits	<u>137.411</u>	<u>143.351</u>	<u>157.634</u>			
27							
28	Total Compensation	\$465.770	\$484.289	\$517.813			
29							
30	Inventory and Supplies	\$46.101	\$51.028	\$54.380			
31	Insurance and Claims	17.298	22.211	25.189			
32	Total Propulsion	39.364	42.957	46.123			
33	Occupancy	24.950	27.630	28.906			
34	Contractual Services	25.451	28.644	41.822			
35	Business Expense	18.240	20.515	21.757			
36	Depreciation	138.203	145.809	156.145			
37	Other	(17.197)	(19.355)	(24.973)			
38	Additional Agency PEG	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>			
39							
40	Total Non-Compensation Expenses	\$292.410	\$319.439	\$349.350			
41							
42	Total Operating Expenses	\$758.180	\$803.728	\$867.163			

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	ACTUAL	FORECAST	
	2002	2003	2004
Total Cash Adjustment ¹	\$125.521	\$125.704	\$154.073
Total Operating Cash Deficit	(\$265.624)	(\$276.447)	(\$281.120)
CDOT Subsidy	50.744	56.342	51.717
MTA Operating Cash Deficit	(\$214.880)	(\$220.105)	(\$229.403)
MNR-West Subsidy Payment ²	\$9.147	\$10.422	\$12.578

¹ Total Cash Adjustment does not include CDOT subsidy.

² The MNR-West Subsidy Payment is included in the generic expense categories. It is isolated above for informational purposes only.

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	ACTUAL	FORECAST	
	2002	2003	2004
PAYROLL DETAIL (\$ in millions)			
<i>Payroll by Type of Employee:</i>			
Non-Agreement	\$64.605	\$66.236	\$69.750
Agreement: OTE Regular	\$162.985	\$169.693	\$180.652
Agreement: OTE Overtime	21.017	20.429	21.021
Agreement: T&E Regular	66.458	70.857	74.084
Agreement: T&E Overtime	<u>13.294</u>	<u>13.723</u>	<u>14.672</u>
Total Agreement Payroll	\$263.754	\$274.702	\$290.429
Total Payroll	\$328.359	\$340.938	\$360.179
Insurance and Claims (\$ in millions)			
Insurance	\$9.260	\$7.111	\$10.369
Claims	<u>8.038</u>	<u>15.100</u>	<u>14.820</u>
Total Insurance and Claims	\$17.298	\$22.211	\$25.189
Total Propulsion (\$ in millions)			
Electric Power	\$0.000	\$36.268	\$39.373
Diesel Fuel	<u>0.000</u>	<u>6.689</u>	<u>6.750</u>
Total Propulsion	\$39.364	\$42.957	\$46.123
TOTAL OTHER COSTS	\$121.006	\$126.454	\$131.172

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ACTUAL		FORECAST	
2002		2003	2004
Cash Adjustment			
(\$ in millions)			
Operating Capital Expenses	(\$5.474)	(\$15.037)	(\$16.964)
Wage Provision Adjustment	(7.669)	0.000	0.000
Depreciation	138.203	145.809	156.145
Other	0.461	(5.068)	14.892
Cash Advance	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>
Total Cash Adjustment¹	\$125.521	\$125.704	\$154.073

**MTA HEADQUARTERS
MULTI-YEAR FINANCIAL PLAN
2000 - 2004
(\$ in millions)**

Line Number		ACTUAL			FORECAST		
		2002	2003	2004	2003	2004	2004
28	<u>Revenue Detail:</u>						
29							
30	Rental Income	\$6.484	\$7.936	\$8.191			
31	Data Center Billings	4.040	4.688	4.838			
32	Other	<u>3.675</u>	<u>3.815</u>	<u>3.937</u>			
33							
34	Total Revenue	\$14.199	\$16.439	\$16.966			
35							
36							
37	<u>Expense Detail:</u>						
38							
39	Employee Salaries	\$92.064	\$103.658	\$107.028			
40	Employee Benefits	<u>26.903</u>	<u>31.259</u>	<u>32.641</u>			
41							
42	Total Compensation	\$118.967	\$134.917	\$139.669			
43							
44	Employee Expenses	\$2.195	\$2.511	\$2.592			
45	Temporary Services	<u>0.484</u>	<u>0.165</u>	<u>0.170</u>			
46							
47	Total Personnel Services	\$121.646	\$137.593	\$142.431			
48							
49	Professional Services	\$19.759	\$36.088	\$35.395			
50	Insurance Expenses	2.325	2.259	3.155			
51	Promotion, Marketing and Printing	9.769	1.983	2.047			
52	Office Furniture and Equipment	1.157	3.749	3.869			
53	Automotive Expenses	1.467	2.168	2.238			
54	Maintenance and Repair (Non-Auto)	9.970	15.711	16.216			
55	Supplies	0.824	1.005	1.037			
56	Occupancy	0.189	1.346	1.389			
57	Communications	2.706	2.997	3.094			
58	Utilities	1.240	0.988	1.020			
59	DP Equipment Rental	3.741	3.926	4.053			
60	Equipment - Other	0.492	0.631	0.651			
61	Public Hearings	0.245	0.450	0.464			
62	Provision for Asset Replacement	0.000	0.000	0.000			
63	Relocation	0.000	0.000	0.000			
64	Finance Expense	17.600	33.053	47.593			
65	Additional Agency PEG	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>			
66							
67	Total All Other Expenses	\$71.484	\$106.354	\$122.221			
68							
69	Total Gross Expenses Before Depreciation	\$193.130	\$243.947	\$264.652			

70				
71		ACTUAL	FORECAST	
72		2002	2003	2004
73	<i>Adjustments and Totals:</i>			
74				
75	Less: Expense Recovery	\$28.668	\$34.929	\$36.054
76				
77	Total Net Expenses Before Depreciation	\$164.462	\$209.018	\$228.598
78				
79	Depreciation	\$13.464	\$13.275	\$13.275
80				
81	Total Net Operating Expenses	\$177.926	\$222.293	\$241.873
82				
83	MTA Consolidated Operations	\$0.000	\$0.000	\$0.000
84				
85	Total Operating Deficit	(\$163.727)	(\$205.854)	(\$224.907)
86				
87	Total Cash Adjustments	(\$16.600)	(\$7.504)	\$0.404
88				
89	Total Operating Cash Deficit	(\$180.327)	(\$213.358)	(\$224.503)

90				
91		ACTUAL	FORECAST	
92		2002	2003	2004
93	Cash Adjustment Detail			
94	(\$ in millions)			
95				
96	<u>Revenue Related Items:</u>			
97				
98	Cash Advance	\$0.000	\$0.000	\$0.000
99	Reimburse Agency Security Costs from MRT	0.000	38.854	27.195
100	Other	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>
101				
102	Total Revenue Related Items	\$0.000	\$38.854	\$27.195
103				
104				
105	<u>Cash Requirement Items:</u>			
106				
107	GCT Development	\$0.000	\$0.000	\$0.000
108	Building Management Systems (M1)	0.000	0.000	0.000
109	MTA-Wide Computer Upgrades and Acquisitions (M2)	0.000	0.000	0.000
110	MTAHQ Computer Upgrades and Acquisitions (M3)	0.000	0.000	0.000
111	BICs	0.000	0.000	0.000
112	Police Reimbursement	0.000	0.000	0.000
113	Payable/Receivables	5.015	0.000	7.458
114	Depreciation	13.464	13.275	13.275
115	Capital	(17.638)	(20.779)	(20.779)
116	Reimbursable Agency Security Costs	0.000	(38.854)	(27.195)
117	Provision for Asset Replacement	0.000	0.000	0.000
118	Reserve / Contingency	0.000	0.000	0.000
119	MTA Consolidated Services	(22.055)	0.000	0.000
120	Transfer of Federal Subsidy to Capital Program	0.000	0.000	0.000
121	Transfer to/from Stabilization Fund	0.000	0.000	0.000
122	Benefits Savings	0.000	0.000	0.000
123	Other: First Mutual	0.000	0.000	0.000
124	Other (Balancing Actions)	4.614	0.000	0.450
125				
126	Total Cash Requirement Items	(\$16.600)	(\$46.358)	(\$26.791)
127				
128				
129	Operating to Capital Transfer	\$0.000	\$0.000	\$0.000
130				
131				
132	Total Cash Adjustment	(\$16.600)	(\$7.504)	\$0.404

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		ACTUAL		
		FORECAST		
		2002	2003	2004
Finance Detail (\$ in millions)				
Finance Expense		0.000	1.626	1.626
<u>Subsidy Detail</u>				
Staten Island Railway		\$17.600	\$17.991	\$18.022
Long Island Bus		\$0.000	\$13.436	\$27.945
Total Subsidies to Subsidiaries		\$17.600	\$31.427	\$45.967
Total Finance Expense		\$17.600	\$33.053	\$47.593
Additional Agency PEG		\$0.000	\$0.000	\$0.000
Miscellaneous Detail (\$ in millions)				
Data Center Depreciation		NA	NA	NA
Total Cash Adjustment Less DC Depreciation		NA	NA	NA
Commuter Railroad IG Share		(\$2.383)	(\$2.385)	(\$2.424)
Contingency		\$0.000	\$0.000	\$0.000
PCAC		\$0.000	\$0.000	\$0.000

**GRAND CENTRAL DEVELOPMENT
MULTI-YEAR FINANCIAL PLAN
2000 - 2004
(\$ in millions)**

Line Number		ACTUAL	FORECAST	
		2002	2003	2004
54				
55	<u>Debt Service Detail:</u>			
56				
57	Gross Debt Service	\$1.235	\$1.235	\$1.235
58	Interest Income	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>
59				
60	Net Debt Service (CR Existing DS)	\$1.235	\$1.235	\$1.235

2 BROADWAY
MULTI-YEAR FINANCIAL PLAN
2000 - 2004
(\$ in millions)

Line Number		ACTUAL 2002	FORECAST 2003	2004
74	<u>Detail of MTA Total:</u>			
75				
76	Total Ground Lease	\$20.845	\$20.845	\$22.839
77	Total Operating Expenses	16.405	16.812	17.247
78	MTAHQ Portion	0.000	0.000	0.000
79	Credit for Total Retail Revenue	(1.500)	(3.000)	(3.078)
80	Total Debt Service	32.185	32.112	32.041
81				
82	MTA Total	\$67.934	\$66.768	\$69.049
83				
84				
85	Allocation of Total Cost by Agency			
86				
87				
88	<u>Allocation for New York City Transit</u>			
89				
90	Allocation Rate: Lease, Operating and Revenue	80.0%	80.0%	80.0%
91				
92	Ground Lease	\$16.676	\$16.676	\$18.271
93	Operating Expenses	13.124	13.449	13.798
94	Credit for Retail Revenue	(1.200)	(2.400)	(2.462)
95				
96	NYCT Total: Lease, Operating and Revenue	\$28.600	\$27.725	\$29.607
97				
98	Allocation Rate: Debt Service based on OS	68.7%	68.7%	68.7%
99	Allocation Rate: Debt Service based on Occupancy	80.0%	80.0%	80.0%
100				
101	Debt Service based on OS	\$22.111	\$22.061	\$22.012
102	Debt Service based on Occupancy	3.637	3.629	3.621
103				
104	NYCT Total: Debt Service	\$25.748	\$25.689	\$25.633
105				
106	NYCT TOTAL	\$54.347	\$53.415	\$55.239
107				
108				
109	<u>Allocation for Bridges and Tunnels</u>			
110				
111	Allocation Rate: Lease, Operating and Revenue	20.0%	20.0%	20.0%
112				
113	Ground Lease	\$4.169	\$4.169	\$4.568
114	Operating Expenses	3.281	3.362	3.449
115	Credit for Retail Revenue	(0.300)	(0.600)	(0.616)
116				
117	B&T Total: Lease, Operating and Revenue	\$7.150	\$6.931	\$7.402

118				
119		ACTUAL	FORECAST	
120		2002	2003	2004
121				
122	Allocation Rate: Debt Service based on OS	10.3%	10.3%	10.3%
123	Allocation Rate: Debt Service based on Occupancy	20.0%	20.0%	20.0%
124				
125	Debt Service based on OS	\$3.315	\$3.307	\$3.300
126	Debt Service based on Occupancy	3.122	3.115	3.108
127				
128	B&T Total: Debt Service	\$6.437	\$6.422	\$6.408
129				
130	B&T TOTAL	\$13.587	\$13.354	\$13.810
131				
132				
133	<u>Allocation for Consolidated Services</u>			
134				
135	Allocation Rate: Lease, Operating and Revenue	0.0%	0.0%	0.0%
136				
137	Ground Lease	\$0.000	\$0.000	\$0.000
138	Operating Expenses	0.000	0.000	0.000
139	Credit for Retail Revenue	0.000	0.000	0.000
140				
141	MTACS Total: Lease, Operating and Revenue	\$0.000	\$0.000	\$0.000
142				
143	Allocation Rate: Debt Service based on OS	0.0%	0.0%	0.0%
144	Allocation Rate: Debt Service based on Occupancy	0.0%	0.0%	0.0%
145				
146	Debt Service based on OS	\$0.000	\$0.000	\$0.000
147	Debt Service based on Occupancy	0.000	0.000	0.000
148				
149	MTACS Total: Debt Service	\$0.000	\$0.000	\$0.000
150				
151	MTACS TOTAL	\$0.000	\$0.000	\$0.000
152				
153				
154	<u>NYC Transit Detail:</u>			
155				
156	<u>Allocation Rates: Lease, Operating and Revenue</u>			
157				
158	Reimbursable Rate	45.0%	45.0%	45.0%
159	Non-Reimbursable Rate	55.0%	55.0%	55.0%
160				
161				
162	<u>Expenses: Lease, Operating and Revenue</u>			
163				
164	Reimbursable Rate	\$12.870	\$12.476	\$13.323
165	Non-Reimbursable Rate	15.730	15.249	16.284
166				
167	NYCT Total: Lease, Operating and Revenue	\$28.600	\$27.725	\$29.607

**MTA NEW YORK CITY TRANSIT
MULTI-YEAR FINANCIAL PLAN
REVENUE SECTION
2000 - 2004
(\$ in millions)**

Line		ACTUAL	FORECAST		
Number		2002	2003	2004	
11	Farebox Revenue Detail				
12					
13					
14	Total Farebox Revenue:				
15					
16	Rapid Division	\$1,506.100	\$1,668.400	\$1,794.200	
17	Surface Division	631.200	702.600	749.800	
18					
19	Total Farebox Revenue	\$2,137.300	\$2,371.000	\$2,544.000	
20					
21					
22	Token Liability / Other Adjustments	\$0.000	\$0.000	\$0.000	
23					
24					
25	Grand Total Farebox Revenue	\$2,137.300	\$2,371.000	\$2,544.000	
26					
27					
28	Other Revenue Detail				
29					
30	Paratransit	\$32.000	\$34.749	\$40.309	
31	State School Reimbursement	45.000	45.000	45.000	
32	City School Reimbursement	45.000	45.000	45.000	
33	City Elderly Reimbursement	13.800	13.800	13.800	
34	Advertising	55.100	59.000	64.300	
35	Real Estate (Combines Real Estate Services/Rentals)	11.000	11.500	11.900	
36	Real Estate Services (Station Concessions prior to 2001)	0.000	0.000	0.000	
37	Interest	2.300	1.900	1.900	
38	Transit Adjudication Bureau (TAB)	6.200	6.000	6.200	
39	Real Estate Rentals	0.000	0.000	0.000	
40	Other	(14.200)	(18.600)	(19.200)	
41					
42	Total Other Revenue	\$196.200	\$198.349	\$209.209	
43					
44	Total Operating Revenue	\$2,333.500	\$2,569.349	\$2,753.209	
45					

**MTA NEW YORK CITY TRANSIT
MULTI-YEAR FINANCIAL PLAN
EXPENSE SUMMARY SECTION
2000 - 2004
(\$ in millions)**

<u>Expense Detail:</u>	ACTUAL	FORECAST	
	<u>2002</u>	<u>2003</u>	<u>2004</u>
Salary and Wages	\$2,428.077	\$2,477.868	\$2,485.476
Fringe Benefits	771.384	917.176	1,030.346
Reimbursable Overhead	(165.712)	(150.175)	(135.926)
Maintenance Materials	193.160	191.714	168.887
Rentals and Miscellaneous	270.405	278.505	296.903
Electric Power	148.642	151.580	146.782
Fuel For Buses	44.126	51.753	44.017
Public Liability	73.331	73.808	75.701
ADA Paratransit	129.863	152.579	192.848
Subway Car Purchase	0.000	0.000	0.000
Capital and Fund Transfers	0.000	0.000	0.000
MetroCard (Net Expenses)	0.000	0.000	0.000
Contingency Reserve	0.000	0.000	20.000
Other (1989) / Baseline "New Needs"	0.000	0.000	0.000
Additional Agency PEG	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>
Total Operating Expenses	\$3,893.277	\$4,144.808	\$4,325.034
Debt Service and State Cost Recovery	\$152.265	\$199.000	\$313.700
Total Expenses	\$4,045.541	\$4,343.808	\$4,638.734
Total Reimbursable Expense	\$770.383	\$773.207	\$702.863
<u>Reimbursable Expense Detail:</u>			
Police	\$4.394	\$5.125	\$4.881
Capital Engineering	259.665	269.861	278.101
Car Overhaul Program	0.000	0.000	0.000
Flagging, Worktrain, and Other	<u>506.324</u>	<u>498.221</u>	<u>419.880</u>
Total Reimbursable Expenses	\$770.383	\$773.207	\$702.863

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**MTA NEW YORK CITY TRANSIT
MULTI-YEAR FINANCIAL PLAN
CASH FLOW ADJUSTMENTS
2000 - 2004
(\$ in millions)**

	ACTUAL	FORECAST	
	<u>2002</u>	<u>2003</u>	<u>2004</u>
<u>Detail of Revenue Cash Flow Adjustments:</u>			
Farebox	\$17.900	\$15.400	\$5.600
Senior Citizen, School Reimbursement & Paratransit	(0.435)	0.000	0.000
Other Operating Revenue	40.200	4.300	59.400
Transit Police Reimbursement	(0.175)	(1.536)	0.122
Capital Reimbursement	(20.489)	57.789	7.195
Restore City Pension Skim	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>
Subtotal: Revenue Cash Adjustments	\$37.001	\$75.953	\$72.317

		ACTUAL	FORECAST	
		2002	2003	2004
114				
115				
116	<u>Detail of Expense Cash Flow Adjustments:</u>			
117				
118	Payroll Adjustment: Accrual/Cash	\$12.314	(\$91.957)	\$17.280
119	Sick Leave and Vacation Reserve	14.023	0.000	0.000
120	Retroactive Wages/Fringes	0.373	(3.190)	0.000
121	NYCERS Pension	(0.977)	28.917	52.752
122	OA Pension	9.660	25.777	42.502
123	FICA, Health, Welfare, Other	21.959	35.550	(0.995)
124	Workers Compensation Reserve/Board/Difference	31.124	1.400	0.500
125	Electric Power	0.000	0.000	0.000
126	Public Liability	10.479	12.333	15.068
127	Paratransit Expense	(2.052)	1.400	2.600
128	Inventory: Operations	2.147	15.209	8.931
129	Payment Lag	(45.991)	(0.883)	46.954
130	Op./Cap. Transfer to TA Capital Program due to B&T BICs	(4.814)	(3.781)	0.000
131	Debt Service	38.165	0.000	0.000
132	Accrual for Labor Settlement Bonus Payment	0.000	0.000	0.000
133	Payment to City	0.000	0.000	0.000
134	Pay-As-You Go Capital	0.000	0.000	0.000
135	Transfer (to) / from Stabilization Fund	0.000	0.000	0.000
136	1998 General Reserve	45.400	0.000	0.000
137	Prepay Expenses	<u>28.500</u>	<u>0.000</u>	<u>0.000</u>
138				
139	Subtotal: Expense Cash Adjustments	\$160.310	\$20.776	\$185.593
140				
141	Cash Advance on Insurance Settlement	56.600	(56.600)	0.000
142				
143	Total Operating Cash Adjustments	\$253.911	\$40.129	\$257.910
144				
145				
146	Baseline Operating Cash Deficit	(\$1,339.217)	(\$1,531.549)	(\$1,313.915)
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**MTA NEW YORK CITY TRANSIT
MULTI-YEAR FINANCIAL PLAN
PARATRANSIT MODEL
2000 - 2004
(\$ in millions)**

<u>Revenue Detail:</u>	ACTUAL	FORECAST	
	<u>2002</u>	<u>2003</u>	<u>2004</u>
Ridership	2.228	2.633	3.028
<i>Cost per Ride</i>	<i>\$1.50</i>	<i>\$1.84</i>	<i>\$2.00</i>
Passenger Revenue	\$3.710	\$4.854	\$6.056
Urban Tax	\$11.168	\$9.305	\$9.547
City Share (as per Memorandum of Understanding)	17.157	20.589	24.706
Other Revenue	\$28.325	\$29.893	\$34.253
Total Paratransit Revenue	\$32.035	\$34.748	\$40.309

**Staten Island Railway
Financial Plan Summary
2000 - 2004
(\$ in millions)**

Line Number		ACTUAL	FORECAST	
		2002	2003	2004
10				
11				
12				
13	TOTAL REVENUE	\$5.729	\$6.303	\$6.077
14				
15	TOTAL EXPENSES	\$26.297	\$26.742	\$26.704
16				
17	Net Operating Deficit Before Subsidies	(\$20.568)	(\$20.439)	(\$20.627)
18				
19				
20	TOTAL STATE/CITY SUBSIDIES	\$2.946	\$2.420	\$2.461
21				
22				
23	Deficit After State/City Subsidies	(\$17.622)	(\$18.019)	(\$18.166)
24				
25				
26	Operating Cash Adjustment	(\$0.904)	(\$0.242)	\$0.144
27	Subsidy Cash Adjustment	0.782	0.000	0.000
28				
29	TOTAL CASH ADJUSTMENTS	(\$0.122)	(\$0.242)	\$0.144
30				
31	Prior Year Cash Balance	0.414	0.270	0.000
32				
33	Total Adjustments	\$0.292	\$0.028	\$0.144
34				
35				
36	Net Cash Balance	(\$17.330)	(\$17.991)	(\$18.022)
37				
38				
39	MTA INTERNAL SUBSIDY	\$17.600	\$17.991	\$18.022
40				
41				
42	Adjusted Net Cash Balance	\$0.270	\$0.000	\$0.000
43				

**MTA STATEN ISLAND RAILWAY
MULTI-YEAR FINANCIAL PLAN
2000 - 2004
(\$ in millions)**

	ACTUAL	FORECAST	
	2002	2003	2004
<u>Revenue Detail:</u>			
Farebox Revenue	\$2.952	\$3.186	\$3.422
City P&E Reimbursement	0.951	1.141	1.255
Other	0.629	0.600	0.600
Total Operating Revenue	\$4.532	\$4.927	\$5.277
Capital Reimbursements	\$1.197	\$1.376	\$0.800
TOTAL REVENUE	\$5.729	\$6.303	\$6.077
<u>Non-Reimbursable Expense Detail:</u>			
Salaries and Wages	\$15.795	\$16.060	\$16.195
Fringe Benefits	4.824	4.789	5.257
Electric Power	1.940	1.932	1.932
Maintenance Materials	0.835	0.834	0.843
Rentals and Miscellaneous	1.406	1.451	1.377
Public Liability	0.300	0.300	0.300
Additional Agency PEG	0.000	0.000	0.000
Total Non-Reimbursable Expenses	\$25.100	\$25.366	\$25.904
Capital Expenses	\$1.197	\$1.376	\$0.800
TOTAL EXPENSES	\$26.297	\$26.742	\$26.704
Net Operating Deficit Before Subsidies	(\$20.568)	(\$20.439)	(\$20.627)

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ACTUAL	FORECAST	
2002	2003	2004

Adjustments to Operating Deficit:

Operating Cash Adjustment	(\$0.904)	(\$0.242)	\$0.144
Prior Year Cash Balance	0.414	0.270	0.000

Net Operating Cash Balance	(\$21.058)	(\$20.411)	(\$20.483)
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CITY / MTA SUBSIDY DETAIL
(\$ in millions)

City Subsidy	\$0.000	\$0.000	\$0.000
MTA Internal Subsidy	17.600	17.991	18.022

Total City / MTA Subsidy	\$17.600	\$17.991	\$18.022
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CASH RESULTS & ADJUSTMENT
(\$ in millions)

Total Revenue	\$4.545	\$4.685	\$5.277
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Capital Reimbursements	\$1.300	\$1.376	\$0.944
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Non-Reimbursable Cash Expense Detail:

Labor Related	\$22.317	\$22.225	\$22.252
Electric Power	1.940	1.932	1.932
Maintenance Materials	0.826	0.834	0.843
Rentals and Miscellaneous	1.753	1.451	1.377
Public Liability	0.481	0.300	0.300
Targeted Deficit Reductions	0.000	0.000	0.000
Accounts Payable	0.000	0.000	0.000

Total Cash Expense	\$27.317	\$26.742	\$26.704
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Total Operating Cash Adjustment	(\$0.904)	(\$0.242)	\$0.144
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SUMMARY
MTA STATEN ISLAND RAILWAYS SUBSIDIES
MULTI-YEAR FINANCIAL PLAN
2000 - 2004
(\$ in millions)

Line Number		ACTUAL 2002	FORECAST 2003 2004	
10				
11	<u>Available Accrued Subsidies:</u>			
12				
13	State Operating Assistance	\$0.524	\$0.492	\$0.492
14	Dedicated Taxes (MMTOA)	1.898	1.436	1.477
15	City Operating Assistance	0.524	0.492	0.492
16	City Subsidy	0.000	0.000	0.000
17				
18	Total Accrued Subsidies Available	\$2.946	\$2.420	\$2.461
19				
20				
21	<u>Available Cash Subsidies:</u>			
22				
23	State Operating Assistance	\$0.591	\$0.492	\$0.492
24	Dedicated Taxes (MMTOA)	2.613	1.436	1.477
25	City Operating Assistance	0.524	0.492	0.492
26	City Subsidy	0.000	0.000	0.000
27				
28	Total Cash Subsidies Available	\$3.728	\$2.420	\$2.461
29				
30				
31	<u>Cash Flow Adjustment Detail:</u>			
32				
33	State Operating Assistance	\$0.066	\$0.000	\$0.000
34	Dedicated Taxes (MMTOA)	0.715	0.000	0.000
35	City Operating Assistance	0.000	0.000	0.000
36	City Subsidy	0.000	0.000	0.000
37				
38	Total Cash Flow Adjustments	\$0.782	\$0.000	\$0.000

MTA BRIDGES & TUNNELS
MULTI-YEAR FINANCIAL PLAN
2000 - 2004
(\$ in millions)

Line Number		ACTUAL			FORECAST		
		2002			2003		
10	<u>Income Detail:</u>						
11							
12	Toll Revenue	\$933.134	\$994.429	\$1,093.868			
13	Leased Facilities	6.627	44.022	34.983			
14	Investment Income	<u>14.727</u>	<u>6.450</u>	<u>6.450</u>			
15							
16	Total Gross Income	\$954.488	\$1,044.901	\$1,135.301			
17							
18							
19	<u>Compensation Expense Detail:</u>						
20							
21	Straight Time Pay	\$94.029	\$102.669	\$108.327			
22	Overtime Pay	<u>24.726</u>	<u>26.307</u>	<u>23.488</u>			
23							
24	Total Payroll	\$118.755	\$128.976	\$131.815			
25							
26	Fringe Benefits	<u>31.668</u>	<u>37.508</u>	<u>43.706</u>			
27							
28	Total Compensation Expenses	\$150.423	\$166.484	\$175.521			
29							
30							
31	<u>Non-Compensation Expense Detail:</u>						
32							
33	Payment-in-Lieu of Taxes	\$0.000	\$0.000	\$0.000			
34	Outside Technical and Maintenance Services	78.224	93.453	84.170			
35	Major Maintenance and Bridge Painting	34.763	54.592	47.878			
36	2 Broadway Operating Expenses	10.006	9.577	9.743			
37	Maintenance of Toll Equipment	6.670	6.779	6.800			
38	Power	4.006	4.530	4.299			
39	Supplies & Materials	6.941	8.391	7.846			
40	Equipment Purchases	3.088	2.762	3.115			
41	Insurance	10.633	9.339	9.443			
42	Coliseum	0.000	0.000	0.000			
43	All Other Expenses	4.898	3.296	3.760			
44	Additional Agency PEG	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>			
45							
46	Total Non-Compensation Expenses	\$159.229	\$192.720	\$177.054			
47							
48	Capital and Other Reimbursements	<u>(\$9.456)</u>	<u>(\$7.910)</u>	<u>(\$8.549)</u>			
49							
50	Total Operating Expenses	\$300.196	\$351.294	\$344.026			
51							
52	Net Operating Income	\$654.292	\$693.607	\$791.275			
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	ACTUAL	FORECAST	
	2002	2003	2004
<u>Deductions from Net Operating Income:</u>			
Investment Income	\$14.727	\$6.450	\$6.450
Total Debt Service	379.561	343.906	423.250
Construction Reserve and Capital Reimbursement Funds	6.670	11.467	14.140
Capital Projects	<u>5.132</u>	<u>6.673</u>	<u>12.206</u>
Total Deductions from Net Operating Income	\$406.090	\$368.496	\$456.046
Net Income Available for Transfer to MTA and NYCT	\$248.202	\$325.111	\$335.229
<u>Distribution of Funds to MTA:</u>			
Investment Income in Current Year	\$14.727	\$6.450	\$6.450
Accrued Current Year Allocation	<u>148.101</u>	<u>200.397</u>	<u>221.219</u>
Total Accrued Amount Distributed to MTA	\$162.828	\$206.847	\$227.669
<u>Distribution of Funds to NYCT:</u>			
First \$24 million of Surplus reserved for NYCT	\$24.000	\$24.000	\$24.000
Additional Accrued Current Year Allocation	<u>76.101</u>	<u>100.714</u>	<u>90.010</u>
Total Accrued Amount Distributed to NYCT	\$100.101	\$124.714	\$114.010
<u>Actual Cash Transfer to MTA and NYCT:</u>			
From Current Year Surplus	\$145.520	\$240.686	\$219.137
Investment Income in Prior Year	<u>23.772</u>	<u>14.727</u>	<u>6.450</u>
Total Cash Amount Distributed to MTA	\$169.292	\$255.413	\$225.587
Total Cash Amount Distributed to NYCT	\$105.499	\$203.532	\$115.080

	ACTUAL	FORECAST	
	2002	2003	2004
<u>Debt Service Detail by Agency:</u>			
B&T Own Purpose DS + Total BICs DS	\$121.838	\$78.411	\$90.848
NYCT Transportation DS + MRT Second Resolution DS	161.001	182.589	231.806
MTA Transportation DS + MRT Second Resolution DS	96.722	82.906	100.597
Total Debt Service by Agency	\$379.561	\$343.906	\$423.250
<u>Total Accrued Amount for Transfer to MTA and NYCT:</u>			
Total Adjusted Net Income Available for Transfer	\$627.763	\$669.017	\$758.479
Less: B&T Total Debt Service	(121.838)	(78.411)	(90.848)
Less: first \$24 million reserved for NYCT	(24.000)	(24.000)	(24.000)
Remainder of Total Accrued Amount for Transfer	\$481.925	\$566.606	\$643.631
<u>Calculation of Actual Cash Transfer to MTA:</u>			
Distribution of Remainder to MTA			
(1/2) of Remainder + Make-up of NYCT's BIC Debt Service	\$244.824	\$283.303	\$321.816
Less: MTA Total Debt Service	(96.722)	(82.906)	(100.597)
MTA's Accrued Current Year Allocation	\$148.101	\$200.397	\$221.219
Cash Conversion of MTA's Accrued Amount			
Current Year Amount	\$128.911	\$225.507	\$199.097
Balance of Prior Year	16.609	15.179	20.040
Cash Transfer to MTA	\$145.520	\$240.686	\$219.137
<u>Calculation of Actual Cash Transfer to NYCT:</u>			
Distribution of Remainder to NYCT			
(1/2) of Remainder + Make-up of MTA's BIC Debt Service	\$237.102	\$283.303	\$321.816
Less: NYCT Total Debt Service	(161.001)	(182.589)	(231.806)
Plus: first \$24 million reserved for NYCT	24.000	24.000	24.000
NYCT's Accrued Current Year Allocation	\$100.101	\$124.714	\$114.010
Cash Conversion of NYCT's Accrued Amount			
Current Year Amount	\$90.757	\$192.380	\$102.609
Balance of Prior Year	14.742	11.152	12.471
Cash Transfer to NYCT	\$105.499	\$203.532	\$115.080

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		ACTUAL		
		FORECAST		
		2002	2003	2004
<u>B & T Charged Debt Service Detail by Type:</u>				
Project Debt Service				
B & T Own Purpose Debt Service		\$114.276	\$78.411	\$90.848
NYCT Transportation Project Debt Service		161.001	182.589	231.806
MTA Transportation Project Debt Service		<u>96.722</u>	<u>82.906</u>	<u>100.597</u>
Total Project Debt Service		\$371.999	\$343.906	\$423.250
MRT Second Resolution Debt Service				
For the benefit of: NYCT		\$0.000	\$0.000	\$0.000
For the benefit of: MTA		<u>0.000</u>	<u>0.000</u>	<u>0.000</u>
Total MRT Second Resolution Debt Service		\$0.000	\$0.000	\$0.000
Beneficial Interest Certificates				
For the benefit of: NYCT		\$7.562	\$0.000	\$0.000
For the benefit of: MTA		<u>0.000</u>	<u>0.000</u>	<u>0.000</u>
Total BIC Debt Service		\$7.562	\$0.000	\$0.000
Total B & T Charged Debt Service		\$379.561	\$343.906	\$423.250

Long Island Bus
Financial Plan Summary
2000 - 2004
(\$ in millions)

Line Number		ACTUAL	FORECAST	
		2002	2003	2004
10				
11				
12				
13	TOTAL REVENUE	\$33.705	\$37.753	\$40.507
14				
15	TOTAL NET EXPENSES	\$87.430	\$94.684	\$100.109
16				
17	Net Operating Deficit Before Subsidies	(\$53.725)	(\$56.931)	(\$59.602)
18				
19				
20	TOTAL STATE/LOCAL SUBSIDIES	\$51.266	\$42.286	\$27.727
21				
22				
23	Deficit After State/Local Subsidies	(\$2.459)	(\$14.645)	(\$31.875)
24				
25				
26	Operating Cash Adjustment	\$1.647	(\$0.222)	\$0.205
27	Subsidy Cash Adjustment	\$1.492	(\$0.240)	\$3.725
28				
29	TOTAL CASH ADJUSTMENTS	\$3.139	(\$0.462)	\$3.930
30				
31	Prior Year Cash Balance	0.990	1.670	0.000
32				
33	Total Adjustments	\$4.129	\$1.209	\$3.930
34				
35				
36	Net Cash Balance	\$1.670	(\$13.436)	(\$27.945)
37				
38				
39	MTA Internal Subsidy	\$0.000	\$13.436	\$27.945
40				
41				
42	Adjusted Net Cash Balance	\$1.670	\$0.000	\$0.000
43				

**MTA LONG ISLAND BUS
MULTI-YEAR FINANCIAL PLAN
(\$ in millions)**

	ACTUAL	FORECAST	
	2002	2003	2004
<u>Revenue Detail:</u>			
Passenger - Fixed Route	\$29.994	\$34.172	\$36.550
Passenger - Paratransit	0.770	0.957	1.082
Advertising	0.719	0.961	1.101
All Other	0.214	0.158	0.193
Contract	2.008	1.505	1.581
Total Operating Revenue	\$33.705	\$37.753	\$40.507
<u>Expense Detail:</u>			
Labor	\$58.545	\$60.171	\$62.170
Fringe Benefits	13.951	16.488	20.495
Total Compensation Expenses	\$72.496	\$76.659	\$82.665
Professional Services	\$1.622	\$1.781	\$1.802
Maintenance Services	1.923	2.067	2.235
Operating Services	0.899	1.070	1.162
Fuel, Oil and Lubricants	4.460	5.509	5.271
Material	3.670	3.974	4.116
Supplies	1.077	1.310	1.374
Tires	0.386	0.418	0.440
Utilities	1.672	1.922	1.888
Communications	0.285	0.297	0.306
Claims	2.676	3.380	2.625
Insurance	0.010	0.011	0.012
Leases and Rentals	0.088	0.103	0.107
Depreciation	0.000	0.000	0.000
Other	0.337	0.359	0.441
Total Non-Compensation Expenses	\$19.105	\$22.201	\$21.779
Total Gross Expenses	\$91.601	\$98.860	\$104.444

89				
90		ACTUAL	FORECAST	
91		<u>2002</u>	<u>2003</u>	<u>2004</u>
92				
93	Capital Reimbursements	(\$4.171)	(\$4.176)	(\$4.335)
94				
95	Total Net Operating Expenses	\$87.430	\$94.684	\$100.109
96				
97				
98	Net Operating Deficit Before Subsidies	(\$53.725)	(\$56.931)	(\$59.602)
99				
100	<u>Adjustments to Operating Deficit:</u>			
101				
102	Cash Adjustment	\$1.647	(\$0.222)	\$0.205
103	Prior Year Cash Balance	0.990	1.670	0.000
104				
105	Net Operating Cash Balance	(\$51.088)	(\$55.483)	(\$59.397)
106				
107				
108	CASH RESULTS			
109	(\$ in millions)			
110				
111				
112	Total Revenue	\$35.225	\$39.001	\$41.846
113				
114				
115	Total Gross Expenses	\$91.350	\$100.436	\$105.568
116				
117				
118	Capital Reimbursements	(\$4.047)	(\$4.282)	(\$4.325)
119				
120				
121	CASH ADJUSTMENTS			
122	(\$ in millions)			
123				
124				
125	<u>Non-Subsidy Cash Adjustment Detail:</u>			
126				
127	Total Operating Revenue	\$1.520	\$1.248	\$1.339
128	Total Net Expenses	0.127	(1.470)	(1.134)
129				
130	Total Non-Subsidy Cash Adjustment	\$1.647	(\$0.222)	\$0.205

SUMMARY
MTA LONG ISLAND BUS SUBSIDIES
MULTI-YEAR FINANCIAL PLAN
2000 - 2004
(\$ in millions)

Line Number		ACTUAL			FORECAST		
		2002			2003		
10							
11	<u>Available Accrued Subsidies:</u>						
12							
13	NON-NEW YORK STATE DETAIL						
14	(\$ in millions)						
15							
16	Nassau County	\$10.311	\$8.311	\$8.311			
17	Federal	0.000	0.000	0.000			
18							
19	Total Non-New York State Subsidies	\$10.311	\$8.311	\$8.311			
20							
21							
22	NEW YORK STATE DETAIL						
23	(\$ in millions)						
24							
25	<u>18-B Program:</u>						
26							
27	General Fund	\$2.077	\$2.077	\$2.077			
28	MTOA	0.884	0.884	0.884			
29							
30	Total 18-B Program Subsidies	\$2.961	\$2.961	\$2.961			
31							
32	<u>Non 18-B MTOA Program:</u>						
33							
34	MTOA	\$16.135	\$14.805	\$15.147			
35	MTOA Plus	1.657	0.000	0.000			
36	Supplement	5.323	0.000	0.000			
37							
38	Total Non 18-B MTOA Program Subsidies	\$23.115	\$14.805	\$15.147			
39							
40	DMTTF Operating (PBT)	0.936	1.308	1.308			
41							
42	Additional State General Fund Aid	13.943	14.901	0.000			
43							
44	Total New York State Subsidies	\$40.955	\$33.975	\$19.416			
45							
46							
47	Total Accrued Subsidies Available	\$51.266	\$42.286	\$27.727			

	Available Cash Subsidies:		
	ACTUAL	FORECAST	
	2002	2003	2004
NON-NEW YORK STATE CASH DETAIL			
(\$ in millions)			
Nassau County	\$10.311	\$8.311	\$8.311
Federal	0.000	0.000	0.000
Total Non-New York State Cash Subsidies	\$10.311	\$8.311	\$8.311
NEW YORK STATE CASH DETAIL			
(\$ in millions)			
General Fund	\$2.596	\$2.077	\$2.077
MTOA	1.105	0.884	0.884
Total 18-B Program Subsidies	\$3.701	\$2.961	\$2.961
Non 18-B MTOA Program:			
LI Bus Share	1.62%	1.57%	1.57%
Gross MTOA, MTOA Plus and Supplement	\$16.458	\$15.963	\$16.031
Less: Used for 18-B/other	(1.105)	(0.884)	(0.884)
Net MTOA, MTOA Plus and Supplement	\$15.353	\$15.079	\$15.147
From Carryover	11.765	(0.274)	0.000
Total Non 18-B MTOA Subsidies	\$27.118	\$14.805	\$15.147
DMTTF Operating (PBT)	\$1.170	\$1.308	\$1.308
Additional State General Fund Aid	10.457	14.662	3.725
Total New York State Cash Subsidies	\$42.447	\$33.735	\$23.141
Total Cash Subsidies Available	\$52.758	\$42.046	\$31.452
Cash Flow Adjustment Detail:			
Nassau County	\$0.000	\$0.000	\$0.000
Federal	0.000	0.000	0.000
18-B MTOA	0.740	0.000	0.000
Non 18-B MTOA	4.003	(0.000)	0.000
DMTTF Operating (PBT)	0.234	0.000	0.000
Additional State General Fund Aid	(3.486)	(0.239)	3.725
Total Cash Flow Adjustments	\$1.492	(\$0.240)	\$3.725

**INFLATION FACTORS
BASED ON THE CONSUMER PRICE INDEX**

Source: DRI-WEFA

Date: May 2003

Line Number		ACTUAL	FORECAST	
		2002	2003	2004
9				
10	<u>CPI-U National (US City Average):</u>			
11	Annual change	1.0158	1.0237	1.0154
12	Post - 2003 cumulative change			1.0154
13	Post - 2004 cumulative change			
14				
15	<u>CPI-U Regional (MTA Region):</u>			
16	Annual change	1.0305	1.0326	1.0322
17	Post - 2003 cumulative change			1.0322
18	Post - 2004 cumulative change			
19				
20				
21	<u>Medical Care Component:</u>			
22	Annual change	1.0469	1.0283	1.0375
23	Post - 2003 cumulative change			1.0375
24	Post - 2004 cumulative change			
25				
26				
27	<u>Metal & Metal Products:</u>			
28	Annual change	1.0072	1.0183	1.0236
29	Post - 2003 cumulative change			1.0236
30	Post - 2004 cumulative change			
31				
32				
33	<u>Transportation Equipment:</u>			
34	Annual change	0.9986	1.0085	1.0122
35	Post - 2003 cumulative change			1.0122
36	Post - 2004 cumulative change			
37				
38				
39	<u>PPI - Fuels and Related Products, Refined Petroleum Products</u>			
40	Annual change	0.9214	1.2040	0.8419
41	Post - 2003 cumulative change			0.8419
42	Post - 2004 cumulative change			
43				
44				

	ACTUAL	FORECAST	
	2002	2003	2004
<u>PPI - Fuels and Related Products, Electric Power</u>			
Annual change	0.9993	1.0348	0.9936
Post - 2003 cumulative change			0.9936
Post - 2004 cumulative change			
<u>Current-Dollar GDP: (Chained Price Index, Gross Domestic Product)</u>			
Annual change	1.0119	1.0174	1.0179
Post - 2003 cumulative change			1.0179
Post - 2004 cumulative change			
<u>Total Retail Sales for New York PMSA:</u>			
Annual change	1.0224	0.9775	0.9910
Post - 2003 cumulative change			0.9910
Post - 2004 cumulative change			
<u>Corporate Profits Before Taxes</u>			
Annual change	1.0036	1.1445	1.2579
Post - 2003 cumulative change			1.2579
Post - 2004 cumulative change			
<u>Regional Disposable Personal Income in Current Dollars:</u>			
Annual change			
Post - 2002 cumulative change			
Post - 2003 cumulative change			
<u>90-Day T-Bill Rate (in percent):</u>	1.70%	1.20%	1.60%
<u>Chain Price Index, Industrial Structure:</u>			
Annual change	1.0231	1.0260	1.0269
Post - 2003 cumulative change			1.0269
Post - 2004 cumulative change			
<u>PPI - Fuels and Related Products, Gas Fuels</u>			
Annual change	0.6702	1.8510	0.7664
Post - 2003 cumulative change			0.7664
Post - 2004 cumulative change			

SUMMARY
MTA COMMUTER RAILROAD SUBSIDIES
MULTI-YEAR FINANCIAL PLAN
2000 - 2004
(\$ in millions)

Line Number		ACTUAL	FORECAST	
		2002	2003	2004
10	<i>Available Accrued Subsidies:</i>			
11				
12	B &T Accrued Current Year Allocation	\$148.101	\$200.397	\$221.219
13	State Operating Assistance	29.252	29.252	29.252
14	Federal Operating Assistance	0.000	0.000	0.000
15	Local Operating Assistance	29.252	29.252	29.252
16	MMTOA Allocation (NYS Regional Taxes)	286.209	267.643	273.668
17	Gross PBT Receipts (includes DS)	64.612	71.935	78.596
18	Mortgage Recording Tax Transfer	(111.353)	(172.415)	(114.729)
19	Mortgage Recording Tax Gross Receipts	308.923	416.376	368.465
20	Station Maintenance	116.842	124.685	128.719
21	CDOT Subsidy	50.744	56.342	51.717
22	Investment Income	2.621	1.850	2.467
23	Additional State General Fund Aid (AMTAP)	20.000	5.478	0.000
24	New Governmental Assistance	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>
25				
26	Total Gross Accrued Subsidies Available	\$945.203	\$1,030.795	\$1,068.625
27				
28	Less: PBT Debt Service for CRs	(\$17.430)	(\$37.266)	(\$54.102)
29				
30	Total Net Accrued Subsidies Available	\$927.773	\$993.529	\$1,014.523
31				
32				
33	Total Cash Flow Adjustments	(\$23.574)	\$97.349	(\$5.136)
34				

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Subsidy Cash Detail (\$ in millions)

	ACTUAL	FORECAST	
	2002	2003	2004
<u>Available Cash Subsidies:</u>			
Net B&T Accrued Current Year Allocation	\$145.520	\$240.686	\$219.137
State Operating Assistance	36.565	29.252	29.252
Federal Operating Assistance	0.000	0.000	0.000
Local Operating Assistance	29.252	29.252	29.252
MMTOA Allocation (NYS Regional Taxes)	316.247	267.643	273.668
Gross PBT Receipts	65.483	71.935	78.596
Mortgage Recording Tax Transfer	(111.353)	(172.415)	(114.729)
Mortgage Recording Tax Gross Receipts	308.923	416.376	368.465
Station Maintenance	117.628	121.745	125.665
CDOT Subsidy	50.744	56.342	51.717
Investment Income	2.621	1.850	2.467
Additional Mass Transportation Assistance Program	20.000	5.478	0.000
Increased Governmental Assistance and Other	0.000	0.000	0.000
Stabilization Reserve	(60.000)	60.000	0.000
Total Gross Cash Subsidies Available	\$921.630	\$1,128.143	\$1,063.489

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Subsidy Cash Flow Adjustment Detail (\$ in millions)

	ACTUAL	FORECAST	
	2002	2003	2004
Total Gross Subsidies Available			
B &T Accrued Current Year Allocation	(\$2.581)	\$40.289	(\$2.082)
State Operating Assistance	7.313	0.000	0.000
Federal Operating Assistance	0.000	0.000	0.000
Local Operating Assistance	0.000	0.000	0.000
MMTOA Allocation (NYS Regional Taxes)	30.038	0.000	0.000
Gross PBT Receipts (includes DS)	0.871	0.000	0.000
Mortgage Recording Tax Transfer	0.000	0.000	0.000
Mortgage Recording Tax Gross Receipts	0.000	0.000	0.000
Station Maintenance	0.786	(2.940)	(3.054)
CDOT Subsidy	0.000	0.000	0.000
Investment Income	0.000	0.000	(0.000)
Additional State General Fund Aid	0.000	0.000	0.000
New Governmental Assistance	0.000	0.000	0.000
Transfer to/from Stabilization Fund	(60.000)	60.000	0.000
Total Cash Flow Adjustments	(\$23.574)	\$97.349	(\$5.136)

SUMMARY
MTA NYC TRANSIT SUBSIDIES
MULTI-YEAR FINANCIAL PLAN
2000 - 2004
(\$ in millions)

Line Number		ACTUAL	FORECAST	
		2002	2003	2004
10	<u>Available Accrued Subsidies:</u>			
11				
12	B & T Accrued Current Year Allocation	\$100.101	\$124.714	\$114.010
13	State Operating Assistance	158.148	158.180	158.180
14	Federal Operating Assistance	0.000	0.000	0.000
15	Local Operating Assistance	158.148	158.180	158.180
16	MMTOA Allocation (NYS Regional Taxes)	573.342	461.806	475.054
17	Gross PBT Receipts (includes DS)	366.870	407.629	445.379
18	Mortgage Recording Tax Transfer	0.000	157.452	103.211
19	Urban Tax	167.519	139.571	143.200
20	Increased Governmental Assistance and Other	<u>0.000</u>	<u>0.000</u>	<u>121.300</u>
21				
22	Total Gross Accrued Subsidies Available	\$1,524.100	\$1,607.533	\$1,718.513
23				
24	Less: PBT Debt Service for NYCT	(\$86.402)	(\$147.676)	(\$200.676)
25				
26	Total Net Accrued Subsidies Available	\$1,437.698	\$1,459.857	\$1,517.837
27				
28	NYC Pension-Savings Recapture	\$0.000	\$0.000	\$0.000
29				
30	Total Cash Flow Adjustments	\$8.382	\$312.018	\$1.070
31				

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Subsidy Cash Detail
(\$ in millions)

	ACTUAL	FORECAST	
	<u>2002</u>	<u>2003</u>	<u>2004</u>
<u>Available Cash Subsidies:</u>			
Net B&T Accrued Current Year Allocation	\$105.499	\$203.532	\$115.080
State Operating Assistance	178.149	158.180	158.180
Federal Operating Assistance	0.000	0.000	0.000
Local Operating Assistance	158.148	158.180	158.180
MMTOA Allocation (NYS Regional Taxes)	788.571	461.806	475.054
Gross PBT Receipts	371.072	407.629	445.379
Mortgage Recording Tax Transfer	0.000	157.452	103.211
Urban Tax	160.642	143.200	143.200
Increased Governmental Assistance and Other	0.000	0.000	121.300
Stabilization Reserve	(229.571)	229.571	0.000
Total Gross Cash Subsidies Available	\$1,532.510	\$1,919.551	\$1,719.584

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Subsidy Cash Flow Adjustment Detail (\$ in millions)

	ACTUAL	FORECAST	
	2002	2003	2004
B and T	\$5.398	\$78.818	\$1.070
State Operating Assistance	20.002	0.000	0.000
Federal Operating Assistance	0.000	0.000	0.000
Local Operating Assistance	0.000	0.000	0.000
Metro MTOA	215.229	0.000	0.000
PBT	4.202	0.000	0.000
MRT	0.000	0.000	0.000
Urban MTOA	(6.877)	3.629	0.000
New Governmental Assistance	0.000	0.000	0.000
Transfer to/from Stabilization Fund	(229.571)	229.571	0.000
Total Cash Flow Adjustments	\$8.382	\$312.018	\$1.070

SUMMARY
CRR / NYCT COMBINED SUBSIDIES
MULTI-YEAR FINANCIAL PLAN
2000 - 2004
(\$ in millions)

Line Number		ACTUAL	FORECAST	
		2002	2003	2004
10	<u>Available Accrued Subsidies:</u>			
11				
12	B & T Accrued Current Year Allocation	\$248.202	\$325.111	\$335.229
13	State Operating Assistance	187.400	187.432	187.432
14	Federal Operating Assistance	0.000	0.000	0.000
15	Local Operating Assistance	187.400	187.432	187.432
16	MMTOA Allocation (NYS Regional Taxes)	859.551	729.449	748.721
17	Gross PBT Receipts (includes DS)	431.482	479.564	523.975
18	Mortgage Recording Tax Transfer	(111.353)	(14.962)	(11.518)
19	Mortgage Recording Tax Gross Receipts	308.923	416.376	368.465
20	Station Maintenance	116.842	124.685	128.719
21	CDOT Subsidy	50.744	56.342	51.717
22	Investment Income	2.621	1.850	2.467
23	Urban Tax	167.519	139.571	143.200
24	Additional State General Fund Aid (AMTAP)	20.000	5.478	0.000
25	New Governmental Assistance	0.000	0.000	121.300
26				
27	Total Gross Accrued Subsidies Available	\$2,469.332	\$2,638.328	\$2,787.139
28				
29	Less: PBT Debt Service	(\$103.832)	(\$184.942)	(\$254.778)
30				
31	Total Net Accrued Subsidies Available	\$2,365.500	\$2,453.386	\$2,532.360
32				
33	NYC Pension-Savings Recapture	\$0.000	\$0.000	\$0.000
34				
35	Total Cash Flow Adjustments	(\$15.192)	\$409.366	(\$4.065)
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**CRR / NYCT Combined
Subsidy Cash Detail
(\$ in millions)**

	ACTUAL	FORECAST	
<u><i>Available Cash Subsidies:</i></u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
B &T Accrued Current Year Allocation	\$251.019	\$444.218	\$334.217
State Operating Assistance	214.714	187.432	187.432
Federal Operating Assistance	0.000	0.000	0.000
Local Operating Assistance	187.400	187.432	187.432
MMTOA Allocation (NYS Regional Taxes)	1,104.818	729.449	748.721
Gross PBT Receipts (includes DS)	436.555	479.564	523.975
Mortgage Recording Tax Transfer	(111.353)	(14.962)	(11.518)
Mortgage Recording Tax Gross Receipts	308.923	416.376	368.465
Urban MTOA	160.642	143.200	143.200
Station Maintenance	117.628	121.745	125.665
CDOT Subsidy	50.744	56.342	51.717
Investment Income	2.621	1.850	2.467
Additional State General Fund Aid	20.000	5.478	0.000
Increased Governmental Assistance and Other	0.000	0.000	121.300
Transfer to/from Stabilization Fund	(289.571)	289.571	0.000
Total Gross Cash Subsidies Available	\$2,454.140	\$3,047.694	\$2,783.073

CRR / NYCT Combined
Subsidy Cash Flow Adjustment Detail
(\$ in millions)

	ACTUAL	FORECAST	
	2002	2003	2004
Total Gross Subsidies Available	\$0.000	\$0.000	\$0.000
B & T Accrued Current Year Allocation	\$2.817	\$119.106	(\$1.012)
State Operating Assistance	27.315	0.000	0.000
Federal Operating Assistance	0.000	0.000	0.000
Local Operating Assistance	0.000	0.000	0.000
MMTOA Allocation (NYS Regional Taxes)	245.267	0.000	0.000
Gross PBT Receipts (includes DS)	5.073	0.000	0.000
Mortgage Recording Tax Transfer	0.000	0.000	0.000
Mortgage Recording Tax Gross Receipts	0.000	0.000	0.000
Urban MTOA	(6.877)	3.629	0.000
Station Maintenance	0.786	(2.940)	(3.054)
CDOT Subsidy	0.000	0.000	0.000
Investment Income	0.000	0.000	(0.000)
Additional State General Fund Aid	0.000	0.000	0.000
New Governmental Assistance	0.000	0.000	0.000
Transfer to/from Stabilization Fund	(289.571)	289.571	0.000
Total Cash Flow Adjustments	(\$15.192)	\$409.366	(\$4.065)

**MMTOA STATE DEDICATED TAXES
MULTI-YEAR FINANCIAL PLAN
2000 - 2004
(\$ in millions)**

Line Number		ACTUAL	FORECAST	
		2002	2003	2004
9	<u>Forecast of MMTOA Gross Receipts:</u>			
10				
11	Sales Tax	\$360.932	\$401.933	\$398.332
12	Gross Oil Company Receipts / PBT	133.162	117.533	98.956
13	Long-Lines Tax	87.298	80.660	83.000
14	1991 "Spin-Up" / 1995-1996 RAF Payment	0.000	0.000	0.000
15	Business Tax Surcharge	465.592	461.220	482.809
16	Investment Income	<u>28.204</u>	<u>6.681</u>	<u>0.587</u>
17				
18	Total Gross Receipts Available for Allocation	\$1,075.187	\$1,068.027	\$1,063.684
19				
20				
21	<u>Allocation of Total Gross Receipts to DownState:</u>			
22				
23	Total Gross Receipts	\$1,075.187	\$1,068.027	\$1,063.684
24	Less: Upstate Share of Gross Oil Company Receipts / PBT	<u>(59.923)</u>	<u>(52.890)</u>	<u>(44.530)</u>
25	Upstate Percent Share of Investment Income	5.72%	4.98%	4.19%
26	Less: Upstate Share of Investment Income	<u>(1.614)</u>	<u>(0.333)</u>	<u>(0.025)</u>
27				
28	Total Net DownState Share Available for Allocation	\$1,013.650	\$1,014.804	\$1,019.129
29	Less: Used for 18-B/other	<u>(174.755)</u>	<u>(161.093)</u>	<u>(161.093)</u>
30	Adjusted Total Net DownState Share for Allocation	\$838.895	\$853.711	\$858.036
31				
32				
33	<u>Allocation of Total Net DownState Share to NYCT/SIR:</u>			
34				
35	NYCT/SIR Share	62.74%	61.12%	61.12%
36	From Total Net DownState Share	\$635.968	\$620.282	\$622.926
37	18-B Adjustment	<u>(155.894)</u>	<u>(146.395)</u>	<u>(146.395)</u>
38	Adjusted Total Net DownState Share	\$480.074	\$473.887	\$476.531
39	From Carryover	<u>311.110</u>	<u>(10.645)</u>	<u>0.000</u>
40				
41	Total NYCT/SIR Share of Net DownState Share	\$791.184	\$463.242	\$476.531
42	Total SIR Share	2.613	1.436	1.477
43	Total NYCT Share of Net DownState Share	\$788.571	\$461.806	\$475.054
44				
45				
46	<u>Allocation of Total Net DownState Share to MTA:</u>			
47				
48	MTA Share	25.79%	27.71%	27.71%
49	From Total Net DownState Share	\$261.449	\$281.205	\$282.404
50	Less: Used for 18-B/other	<u>(10.920)</u>	<u>(8.736)</u>	<u>(8.736)</u>
51	Adjusted Total Net DownState Share	\$250.529	\$272.469	\$273.668
52	From Carryover	<u>65.718</u>	<u>(4.826)</u>	<u>0.000</u>
53				
54	Total MTA Share of Net DownState Share	\$316.247	\$267.643	\$273.668

SUMMARY OF MORTGAGE RECORDING TAX PROJECTIONS
MULTI-YEAR FINANCIAL PLAN
2000 - 2004
(\$ in millions)

Line Number		ACTUAL	FORECAST	
		2002	2003	2004
8	MORTGAGE RECORDING TAX #261-1			
9				
10				
11	<u>Receipts Available for Transfer to NYCT and CRs:</u>			
12				
13	Total Gross Receipts	\$197.570	\$215.244	\$159.840
14	Less: MTAHQ Operating Deficit	<u>(197.570)</u>	<u>(216.175)</u>	<u>(235.522)</u>
15				
16	Net Receipts Available for Transfer	\$0.000	(\$0.931)	(\$75.682)
17				
18				
19	<u>Allocation of Net Receipts to NYCT/SIR Account:</u>			
20				
21	NYCT/SIR Share	55%	55%	55%
22	From Net Receipts	\$0.000	(\$0.512)	(\$41.625)
23	Less: B&T Special Debt Service	<u>(86.110)</u>	<u>0.000</u>	<u>0.000</u>
24	Transfers from MRT-2	<u>86.110</u>	<u>0.512</u>	<u>41.625</u>
25				
26	Total NYCT/SIR Net Cash Share	\$0.000	\$0.000	\$0.000
27	Total SIR Net Cash Share	0.000	0.000	0.000
28	Total NYCT Net Cash Share	\$0.000	\$0.000	\$0.000
29				
30				
31	<u>Allocation of Net Receipts to Commuter Railroad Account:</u>			
32				
33	Commuter Railroad Share	45%	45%	45%
34	From Net Receipts	\$0.000	(\$0.419)	(\$34.057)
35	Less: B&T Special Debt Service	<u>(14.996)</u>	<u>0.000</u>	<u>0.000</u>
36	Less: Suburban Debt Service	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>
37	Transfers from MRT-2	<u>14.996</u>	<u>0.419</u>	<u>34.057</u>
38				
39	Total Commuter Railroad Net Cash Share	\$0.000	\$0.000	\$0.000
40				

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		ACTUAL	FORECAST	
		2002	2003	2004
MORTGAGE RECORDING TAX #261-2				
<u>Receipts Available for Transfer to NYCT and CRs:</u>				
Total Receipts to Corporate Account		\$168.177	\$180.716	\$144.967
Opening Fund Balance (starting in 1998)		111.735	159.269	100.000
Transfer (to)/from Agency Operating Accounts		(11.131)	(38.854)	(27.595)
Reserve for Following Year/Cash Flow Provision		(159.269)	(100.000)	(8.747)
Investment Income		<u>1.841</u>	<u>0.000</u>	<u>0.000</u>
Total Receipts Available for Transfer		\$111.353	\$201.132	\$208.625
<u>Use of Total Receipts:</u>				
Less: Transfer to MTA DORF Account		(\$10.246)	(\$14.962)	(\$11.518)
Less: Transfer to MTAHQ Funds		0.000	(0.931)	(75.682)
Net Receipts Available for Debt Service		\$101.107	\$185.238	\$121.425
<u>Allocation of Net Receipts to NYCT/SIR Corporate Account:</u>				
Projected NYCT/SIR Share		85.17%	85.00%	85.00%
From Net Receipts		\$86.110	\$157.452	\$103.211
B&T Special Debt Service		<u>(86.110)</u>	<u>0.000</u>	<u>0.000</u>
Total NYCT/SIR Cash Share		\$0.000	\$157.452	\$103.211
Total SIR Cash Share		0.000	0.000	0.000
Total NYCT Cash Share		\$0.000	\$157.452	\$103.211
<u>Allocation of Net Receipts to CRs Corporate Account:</u>				
Projected Commuter Railroad Share		14.83%	15.00%	15.00%
From Net Receipts		\$14.996	\$27.786	\$18.214
B&T Special Debt Service		<u>(14.996)</u>	<u>0.000</u>	<u>0.000</u>
Total Commuter Railroad Net Cash Share		\$0.000	\$27.786	\$18.214

**METROPOLITAN TRANSPORTATION AUTHORITY
SUMMARY OF DEDICATED TAX FUND PROJECTIONS
MULTI-YEAR FINANCIAL PLAN
2000 - 2004
(\$ in millions)**

Line Number		ACTUAL	FORECAST	
		2002	2003	2004
11	Calculation of Total Net Collections Available for Distribution			
12				
13	PBT Growth Rate			
14				
15	<u>Forecast of Base PBT Collections for Distribution:</u>			
16				
17	Fiscal Year Collections (starting with 1992-1993 fiscal year)	NA	NA	NA
18				
19	Conversion to Calendar Year Collections for Base PBT	\$935.706	\$886.691	\$906.103
20	Month Cash Lag / DOT Special Programs	<u>(13.001)</u>	<u>4.085</u>	<u>(1.618)</u>
21				
22	Net Base PBT Collections Available for Distribution	\$922.706	\$890.776	\$904.485
23				
24	<u>Forecast of Supplemental PBT Collections for Distribution:</u>			
25				
26	Supplemental PBT Collections	\$361.280	\$519.706	\$636.618
27	Month Cash Lag / DOT Special Programs	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>
28				
29	Net Supplemental PBT Collections Available for Distribution	\$361.280	\$519.706	\$636.618
30				
31	Total Net PBT Collections Available for Distribution	\$1,283.986	\$1,410.482	\$1,541.103
32				
33				
34	<u>Distribution Shares:</u>			
35				
36	MTA Total	34.00%	34.00%	34.00%
37	Other Transit	3.00%	3.00%	3.00%
38	Highway Trust Fund	63.00%	63.00%	63.00%
39	General Fund	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
40				
41	Share Total	\$1.000	\$1.000	\$1.000
42				
43				
44	<u>Amount of Total Net Collections Available for the MTA:</u>			
45				
46	MTA Total	\$436.555	\$479.564	\$523.975
47				
48	NYCT/SIR Share of MTA Total	371.072	407.629	445.379
49	Commuter Railroad Share of MTA Total	<u>65.483</u>	<u>71.935</u>	<u>78.596</u>
50				
51	MTA Total of Net Collections	\$436.555	\$479.564	\$523.975
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	ACTUAL	FORECAST	
	2002	2003	2004
<u>NYCT/SIR Share of Dedicated Tax Fund Pledged Account:</u>			
From MMTOA	\$791.184	\$463.242	\$476.531
From PBT	371.072	407.629	445.379
Investment Income	0.000	0.000	0.000
Cash Adjustment	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>
Total Gross Receipts	\$1,162.256	\$870.872	\$921.910
Less: Debt Service	(\$86.402)	(\$147.676)	(\$200.676)
Total Net Receipts	\$1,075.854	\$723.195	\$721.233
MMTOA Share of Net Receipts	\$791.184	\$463.242	\$476.531
PBT Share of Net Receipts	284.670	259.953	244.702
Other Share of Net Receipts	0.000	0.000	0.000
<u>Commuter Railroad Share of Dedicated Tax Fund Pledged Account:</u>			
From MMTOA	\$316.247	\$267.643	\$273.668
From PBT	65.483	71.935	78.596
Investment Income	0.000	0.000	0.000
Cash Adjustment	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>
Total Gross Receipts	\$381.730	\$339.578	\$352.264
Less: Debt Service	(\$17.430)	(\$37.266)	(\$54.102)
Total Net Receipts	\$364.300	\$302.312	\$298.162
MMTOA Share of Net Receipts	\$316.247	\$267.643	\$273.668
PBT Share of Net Receipts	48.053	34.669	24.494
Other Share of Net Receipts	0.000	0.000	0.000

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NYCT/SIR Share of Operating and Capital Account:

	ACTUAL	FORECAST	
	2002	2003	2004
Net MMTOA	\$791.184	\$463.242	\$476.531
Net PBT	284.670	259.953	244.702
Other	0.000	0.000	0.000
Cash Adjustment	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>
Total Available for NYCT/SIR	\$1,075.854	\$723.195	\$721.233
SIR Share	\$2.600	\$1.400	\$1.500
NYCT Net Share	\$1,073.254	\$721.795	\$719.733

Commuter Railroad Share of Operating and Capital Account:

Net MMTOA	\$316.247	\$267.643	\$273.668
Net PBT	48.053	34.669	24.494
Other	0.000	0.000	0.000
Cash Adjustment	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>
Total Available for Commuter Railroads	\$364.300	\$302.312	\$298.162

**Metropolitan Transportation Authority
Summary of Total Debt Service
2002 - 2010**

Assumes no Post-2004 Capital Program

Line Number		2002	2003	2004	2005	2006	2007	2008	2009	2010
8	<u>New York City Transit:</u>									
9										
10	Transportation (Farebox) Revenue Bonds	\$152.3	\$199.0	\$313.7	\$337.9	\$380.7	\$457.6	\$506.3	\$540.2	\$547.4
11	Dedicated Tax Fund Bonds (PBT Bonds)	86.4	147.7	200.7	271.1	328.1	338.8	339.2	339.2	339.2
12	Debt Restructuring Savings Offset (Deferred Gain)	0.0	(32.3)	(26.0)	0.0	0.0	0.0	0.0	0.0	0.0
13	<i>Sub-Total</i>	\$238.7	\$314.4	\$488.4	\$609.0	\$708.8	\$796.4	\$845.5	\$879.4	\$886.7
14										
15	B&T General Purpose Revenue Bonds	\$161.0	\$182.6	\$231.8	\$247.0	\$245.1	\$245.4	\$244.6	\$245.2	\$245.3
16	MRT Second Resolution Bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
17	Beneficial Interest Certificates	7.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
18	<i>Sub-Total of B&T Charged DS</i>	\$168.6	\$182.6	\$231.8	\$247.0	\$245.1	\$245.4	\$244.6	\$245.2	\$245.3
19										
20	MRT First Resolution Bonds	\$86.1	\$-0.0	\$-0.0	\$-0.0	\$-0.0	\$-0.0	\$-0.0	\$-0.0	\$-0.0
21										
22	Total Debt Service	\$493.3	\$497.0	\$720.2	\$856.0	\$953.9	\$1,041.8	\$1,090.2	\$1,124.6	\$1,132.0
23										
24										
25	<u>Commuter Railroads:</u>									
26										
27	Transportation (Farebox) Revenue Bonds	\$56.3	\$122.3	\$213.6	\$248.4	\$268.8	\$293.1	\$296.9	\$303.3	\$303.6
28	Dedicated Tax Fund Bonds (PBT Bonds)	17.4	37.3	54.1	58.7	59.8	59.9	59.9	59.9	59.9
29	Debt Restructuring Savings Offset (Deferred Gain)	0.0	(18.6)	(17.5)	0.0	0.0	0.0	0.0	0.0	0.0
30	<i>Sub-Total</i>	\$73.8	\$141.0	\$250.2	\$307.1	\$328.6	\$352.9	\$356.8	\$363.2	\$363.5
31										
32	B&T General Purpose Revenue Bonds	\$96.7	\$82.9	\$100.6	\$107.7	\$107.0	\$107.7	\$107.5	\$107.6	\$107.7
33	MRT Second Resolution Bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
34	Beneficial Interest Certificates	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
35	<i>Sub-Total of B&T Charged DS</i>	\$96.7	\$82.9	\$100.6	\$107.7	\$107.0	\$107.7	\$107.5	\$107.6	\$107.7
36										
37	MRT First Resolution Bonds	\$15.0	\$-0.0	\$-0.0	\$-0.0	\$-0.0	\$-0.0	\$-0.0	\$-0.0	\$-0.0
38										
39	Total Debt Service	\$185.5	\$223.9	\$350.8	\$414.8	\$435.6	\$460.6	\$464.3	\$470.8	\$471.2
40										
41										
42	<u>Bridges and Tunnels:</u>									
43										
44	B&T General Purpose Revenue Bonds	\$114.3	\$78.4	\$90.8	\$97.1	\$100.7	\$109.7	\$115.3	\$117.2	\$117.7
45										
46										
47	<u>MTA Total:</u>									
48										
49	Transportation (Farebox) Revenue Bonds	\$208.6	\$321.3	\$527.3	\$586.3	\$649.5	\$750.6	\$803.2	\$843.5	\$851.1
50	Dedicated Tax Fund Bonds (PBT Bonds)	103.8	184.9	254.8	329.9	387.9	398.7	399.1	399.1	399.1
51	Debt Restructuring Savings Offset (Deferred Gain)	0.0	(50.9)	(43.5)	0.0	0.0	0.0	0.0	0.0	0.0
52	<i>Sub-Total</i>	\$312.4	\$455.4	\$738.6	\$916.1	\$1,037.5	\$1,149.3	\$1,202.3	\$1,242.6	\$1,250.2
53										
54										
55	B&T General Purpose Revenue Bonds	\$372.0	\$343.9	\$423.2	\$451.8	\$452.8	\$462.8	\$467.4	\$470.0	\$470.7
56	MRT Second Resolution Bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
57	Beneficial Interest Certificates	7.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
58	<i>Sub-Total of B&T Charged DS</i>	\$379.6	\$343.9	\$423.2	\$451.8	\$452.8	\$462.8	\$467.4	\$470.0	\$470.7
59										
60	MRT First Resolution Bonds	\$101.1	\$-0.0	\$-0.0	\$-0.0	\$-0.0	\$-0.0	\$-0.0	\$-0.0	\$-0.0
61										
62	Total Debt Service	\$793.1	\$799.3	\$1,161.8	\$1,367.9	\$1,490.2	\$1,612.2	\$1,669.7	\$1,712.6	\$1,720.9

MTA NYC Transit
Capital Program Cash Flow Summary
December 2002 Update
(\$ in millions)

Line Number		Total	@ 12/31/02	2000-2004 Program						
8	Total Pool Funds Assumptions:									
9										
10	Unsold Bonds Available	\$3,858	\$240	\$4,543						
11										
12	Available Non-Bond Funds		\$372	\$3,807						
13	Cash Balances		372	3,446						
14	Projected Investment Income		0	104						
15	Pay As You Go		0	0						
16	Additional State Contribution		0	0						
17	Future Non-Bond Receipts (Other)		0	0						
18	Sale of Assets and Leases			257						
19										
20	Funding Plan Adjustments		\$2,752							
21	Bonds		0							
22	Non-Bonds		2,752							
23										
24										
25										
26		2002	2003	2004	2005	2006	2007	2008	2009	Remainder 2010 Total
27	Infrastructure Detail:									
28										
29	1982 - 1991		\$22	\$4	\$2	\$2	\$0	\$1	\$0	\$1 \$33
30										
31	1992 - 1999		203	181	124	85	33	13	7	4 650
32										
33	Contingency		1	1	1	0	0	0	0	0 3
34										
35	Other		0	0	0	0	0	0	0	0 0
36										
37	Total Infrastructure Cash Flow		\$226	\$186	\$127	\$87	\$33	\$14	\$7	\$5 \$686
38										
39	Rolling Stock: 1995 - 1999		\$188	\$0	\$0	\$0	\$0	\$0	\$0	\$0 \$188
40										
41	2000 - 2004 Total Cash Flow		\$994	\$1,487	\$1,703	\$1,345	\$883	\$449	\$141	\$47 \$7,049
42										
43	Funding Adjustment Detail:									
44										
45	Replacement of BANs		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0 \$0
46										
47	Reconstruction of the 1/9 Subway Line		0	0	0	0	0	0	0	0 0
48										
49	WTC-Related Security Projects		0	67	195	129	0	0	0	0 391
50										
51	Pool Fund Actual Expenditures	\$1,432	\$417	0	0	0	0	0	0	0 6,269
52										
53	Total Adjustments		\$417	\$67	\$195	\$129	\$0	\$0	\$0	\$0 \$808
54										
55	Total Cash Flow	\$1,432	\$1,825	\$1,740	\$2,026	\$1,561	\$916	\$463	\$148	\$52 \$14,582
56										
57										
58	Bond Detail:									
59	Beginning Balance	\$6,041	\$6,041	\$5,180	\$4,511	\$3,201	\$1,640	\$724	\$261	\$113
60	Gross Drawdowns	1,432	1,825	1,740	2,026	1,561	916	463	148	52 14,582
61	Cash Drawdowns	(738)	0	0	0	0	0	0	0	0 (2,798)
62	Other Drawdowns	(695)	(965)	(1,070)	(716)	0	0	0	0	0 (3,446)
63	Net Drawdowns	0	861	669	1,310	1,561	916	463	148	52 8,340
64	Ending Balance	6,041	5,180	4,511	3,201	1,640	724	261	113	61
65										
66										
67	Non-Bond Detail:									
68	Beginning Balance	\$1,777	\$1,393	\$1,504	\$1,149	\$434	\$434	\$434	\$434	\$434
69	Drawdowns	1,432	965	1,070	716	0	0	0	0	0 6,243
70	Ending Balance	345	429	434	434	434	434	434	434	434
71										
72										
73	Debt Restructuring Detail:									
74	Cash Defeasance	(\$469)	\$0	\$0	\$0					
75	November 2001 DTF / PBT Series (2001A)	282	0	0	0					
76	Released Reserves & New Money Bonds	695	965	1,070	716					
77	Other Cash Receipts	204	84	5	0					
78	Net Cash Available	713	1,049	1,075	716					

MTA NYC Transit
Capital Program Cash Flow Summary
December 2002 Update for 2000 - 2004
(\$ in millions)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>Total</u>
<u>Commitments</u>							
Baseline Projects	\$4,214.2	\$1,733.5	\$381.4				\$9,987.8
* Network Expansion Projects	71.0	52.0	1,358.8				1,822.0
WTC-Related Projects	<u>161.6</u>	<u>133.0</u>	<u>257.8</u>				<u>552.4</u>
Total Commitments	\$4,446.8	\$1,918.5	\$1,998.0				\$12,362.2

Sources

Federal: Section 3 & Section 9 (TEA 21)	\$614.5	\$621.8	\$639.7				\$2,978.2
Federal New Start	5.0	0.0	47.0				52.0
Federal Flexible	42.4	42.4	0.0				191.2
City	106.0	106.0	106.0				530.0
Leases of Rolling Stock / Coliseum	199.0	58.0	0.0				257.0
WTC Insurance Proceeds / FEMA Grant	161.6	99.8	0.0				261.4
Program Income	5.2	25.9	5.2				95.7
B&T Investment Income	0.0	0.0	0.0				8.2
Debt Restructuring - Released Reserves	260.3	256.5	0.0				516.7
Debt Restructuring - New Money Bonds	435.1	708.1	1,070.3	715.6			2,929.1
Total Non-Pool Sources	\$929.5	\$870.0	\$792.7				\$4,012.8
Need Funded by Cash Pool Sources	464.5	340.4	5.2				877.6
Need Funded by Restructuring Bonds	435.1	708.1	1,070.3	715.6			2,929.1
Need Funded by Bond Pool Sources	<u>2,617.8</u>	<u>0.0</u>	<u>129.9</u>	(715.6)			<u>4,542.7</u>
Need Funded by Pool Sources	\$3,355.7	\$915.5	\$947.5				\$7,797.0

(Adjusted for WTC-related project spending)

	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>	<u>Year 7</u>
Cash Flow Assumption	20%	30%	20%	10%	5%

<u>Projected Cash Flow</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
2000	193.680	290.520	193.680	96.840	48.420				
2001	160.990	321.980	482.970	321.980	160.990	80.495			
2002	167.785	335.570	671.140	1,006.710	671.140	335.570	167.785		
2003		45.775	91.550	183.100	274.650	183.100	91.550	45.775	
2004			47.375	94.750	189.500	284.250	189.500	94.750	47.375
Total Cash Flow	522.455	993.845	1,486.715	1,703.380	1,344.700	883.415	448.835	140.525	47.375

MTA Commuter Railroads
Capital Program Cash Flow Summary
December 2002 Update
(\$ in millions)

Line Number		Total	@ 12/31/02	2000-2004 Program							
8	Total Pool Funds Assumptions:										
9											
10	Unsold Bonds Available	\$1,389	\$0	\$2,520							
11											
12	Available Non-Bond Funds		\$1	\$1,304							
13	Cash Balances		1	1,200							
14	Projected Investment Income		0	104							
15	Pay As You Go		0	0							
16	Future Non-Bond Receipts (Other)		0	0							
17	Sale of Assets and Leases		0	0							
18											
19	Funding Plan Adjustments	\$1,875									
20	Bonds		0								
21	Non-Bonds		1,875								
22											
23											
24											
25		2002	2003	2004	2005	2006	2007	2008	2009	Remainder 2010	Total
26	Infrastructure Detail:										
27											
28	1982 - 1991		\$6	\$8	\$5	\$4	\$0	\$0	\$0	\$0	\$23
29											
30	1992 - 1999		42	67	44	23	7	4	1	1	191
31											
32	Contingency		1	2	1	1	0	0	0	0	6
33											
34	Other		0	0	0	0	0	0	0	0	0
35											
36	Total Infrastructure Cash Flow		\$49	\$77	\$50	\$28	\$7	\$4	\$1	\$1	\$217
37											
38	Rolling Stock: 1992 - 1999		\$241	\$26	\$0	\$0	\$0	\$0	\$0	\$0	\$268
39											
40	2000 - 2004 Total Cash Flow		\$517	\$747	\$819	\$538	\$268	\$114	\$10	\$1	\$3,015
41											
42	Funding Adjustment Detail:										
43											
44	Replacement of BANs		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
45											
46	WTC-Related Security Projects		0	40	56	16	0	0	0	0	112
47											
48	Pool Fund Actual Expenditures	\$694	\$183	0	0	0	0	0	0	0	3,154
49											
50	Total Adjustments		\$183	\$40	\$56	\$16	\$0	\$0	\$0	\$0	\$296
51											
52	Total Cash Flow	\$694	\$991	\$890	\$925	\$583	\$275	\$118	\$11	\$2	\$6,765
53											
54											
55	Bond Detail:										
56	Beginning Balance	\$2,345	\$2,345	\$1,588	\$740	\$683	\$100	\$0	\$0	\$0	
57	Gross Drawdowns	694	991	890	740	583	100	0	0	0	6,274
58	Cash Drawdowns	(452)	0	0	0	0	0	0	0	0	(1,165)
59	Other Drawdowns	(242)	(234)	(42)	(683)	0	0	0	0	0	(1,200)
60	Net Drawdowns	0	757	848	57	583	100	0	0	0	3,909
61	Ending Balance	2,345	1,588	740	683	100	0	0	0	0	
62											
63											
64	Non-Bond Detail:										
65	Beginning Balance	\$1,135	\$676	\$494	\$1,134	\$266	\$266	\$92	(\$27)	(\$37)	
66	Drawdowns	694	234	42	868	0	175	118	11	2	2,856
67	Ending Balance	440	443	452	266	266	92	(27)	(37)	(39)	
68											
69											
70	Debt Restructuring Detail:										
71	Cash Defeasance	(\$334)	\$0	\$0	\$0						
72	November 2001 DTF / PBT Series (2001A)	61	0	0	0						
73	Released Reserves & New Money Bonds	242	234	42	683						
74	Other Cash Receipts	2	2	9	0						
75	Net Cash Available	(29)	236	51	683						

MTA Commuter Railroads
Capital Program Cash Flow Summary
December 2002 Update for 2000 - 2004
(\$ in millions)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>Total</u>
<u>Commitments</u>							
Baseline Projects	\$1,498.0	\$309.8	\$295.9				\$3,512.1
* Network Expansion Projects	646.1	240.2	363.6				1,584.6
WTC-Related Projects	<u>0.0</u>	<u>80.0</u>	<u>32.2</u>				<u>112.2</u>
Total Commitments	\$2,144.1	\$630.0	\$691.7				\$5,208.9

Sources

Federal: Section 3 & Section 9 (TEA 21)	\$214.8	\$178.1	\$246.2				\$1,005.0
Federal New Start	14.6	141.1	382.3				548.0
Federal Flexible	12.6	15.0	12.2				65.0
City	5.0	0.0	0.0				5.0
Leases of Rolling Stock / Coliseum	0.0	0.0	0.0				0.0
FEMA Grant	0.0	60.0	0.0				60.0
Program Income	2.2	2.2	9.1				82.0
B&T Investment Income	0.0	0.0	0.0				21.8
Debt Restructuring - Released Reserves	54.1	160.2	0.0				214.3
Debt Restructuring - New Money Bonds	188.1	73.4	41.9	682.7			986.1
Total Non-Pool Sources	\$247.0	\$394.2	\$640.7				\$1,683.0
Need Funded by Cash Pool Sources	56.3	162.4	9.1				318.1
Need Funded by Restructuring Bonds	188.1	73.4	41.9	682.7			986.1
Need Funded by Bond Pool Sources	<u>1,652.7</u>	<u>0.0</u>	<u>0.0</u>	(682.7)			<u>2,221.7</u>
Need Funded by Pool Sources	\$1,897.1	\$155.8	\$18.8				\$3,413.7

(Adjusted for WTC-related project spending)

	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>	<u>Year 7</u>
Cash Flow Assumption	20%	30%	20%	10%	5%

<u>Projected Cash Flow</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
2000	102.880	154.320	102.880	51.440	25.720				
2001	82.760	165.520	248.280	165.520	82.760	41.380			
2002	94.855	189.710	379.420	569.130	379.420	189.710	94.855		
2003		7.790	15.580	31.160	46.740	31.160	15.580	7.790	
2004			0.940	1.880	3.760	5.640	3.760	1.880	0.940
Total Cash Flow	280.495	517.340	747.100	819.130	538.400	267.890	114.195	9.670	0.940

MTA Bridges and Tunnels Capital Program Cash Flow Summary 2000 - 2004 (\$ in millions)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<u>Commitments</u>						

Total Base Program Commitments	\$174.6	\$349.4	\$98.6
Total WTC-Related Security Projects	\$0.0	\$41.9	\$35.7

	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>	<u>Year 7</u>
Cash Flow Assumption	20%	30%	20%	10%	5%

<u>Projected Cash Flow</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
2000	40.000	60.000	40.000	20.000	10.000				
2001	20.650	41.300	61.950	41.300	20.650	10.325			
2002	8.728	17.457	34.913	52.370	34.913	17.457	8.728		
2003		17.468	34.937	69.873	104.810	69.873	34.937	17.468	
2004			4.928	9.857	19.713	29.570	19.713	9.857	4.928

Total Cash Flow	69.378	136.225	176.728	193.400	190.087	127.225	63.378	27.325	4.928
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MTA Bridges and Tunnels
Capital Program Cash Flow Summary
December 2002 Update
(\$ in millions)

Line		current	2000 - 2004								
Number		plan	plan								
8	Planned Funds	\$1,127									
9	Expenditures	286									
10	Total Gross Bonding Cash Flow	\$841	\$1,029								
11											
12											
13											
14		2002	2003	2004	2005	2006	2007	2008	2009	Remainder	
15										2010	Total
16	1992 - 1996	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$317
17											
18	1997 - 1999 / 1992 - 1999 (starting in 2001)	31	20	12	8	5	3	1	0	0	567
19											
20	2000 - 2004	109	136	177	193	190	127	63	27	5	1,029
21											
22	WTC-Related Security Projects	0	0	21	39	18	0	0	0	0	78
23											
24	Total Gross Bonding Cash Flow	\$140	\$156	\$210	\$240	\$213	\$130	\$64	\$27	\$5	\$1,991
25											
26	<u>Adjustments:</u>										
27											
28	VRDB Proceed Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$26
29	Annual Construction Reserve Contribution	7	11	14	15	16	17	18	19	20	210
30	Prior Construction Reserve Balance / Other	<u>134</u>	<u>145</u>	<u>196</u>	<u>225</u>	<u>81</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(16)</u>	<u>891</u>
31											
32	Total Adjustments	\$140	\$156	\$210	\$240	\$98	\$17	\$18	\$19	\$4	\$1,127
33											
34											
35	Total Net Bonding Cash Flow	\$0	\$0	\$0	\$0	\$115	\$113	\$46	\$8	\$1	\$863
36											
37											
38	<u>Debt Restructuring Detail:</u>										
39	Proceeds from BANs and Series 2002A	140	\$65	\$0	\$0						
40	Released Reserves & New Money Bonds	0	80	164	225	81					
41	FEMA Grant	0	0	31	0						
42	Carryover	(7)	0	0	0	0	0	0	0	(16)	
43	Net Cash Available	134	145	196	225	81	0	0	0	(16)	891

MTA DEBT SERVICE MODEL Interest Rate Assumptions

Line Number		<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
8	Projected Interest Rates:									
9										
10	B&T Revenue Bonds @ 1.50x Coverage	5.25%	4.82%	5.14%	5.21%	5.35%	5.51%	5.38%	5.38%	5.38%
11	B&T Revenue Bonds @ 1.25x Coverage	5.25%	4.82%	5.14%	5.21%	5.35%	5.51%	5.38%	5.38%	5.38%
12										
13	Dedicated Tax Bonds	5.25%	4.82%	5.14%	5.21%	5.35%	5.51%	5.38%	5.38%	5.38%
14										
15	B&T Revenue Bonds @ 1.25x Coverage for benefit of:	5.25%	4.82%	5.14%	5.21%	5.35%	5.51%	5.38%	5.38%	5.38%
16										
17	Farebox Revenue Bonds	5.25%	4.82%	5.14%	5.21%	5.35%	5.51%	5.38%	5.38%	5.38%
18										
19										
20	Credit Spread									
21	Issuance Cost									

MTA DEBT SERVICE MODEL
B and T Revenue Bonds

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<i>B and T Own Purpose Bonds:</i>									
Unfunded Cash Need (Bonds Needed)	\$0.000	\$0.000	\$0.000	\$0.000	\$115.372	\$113.085	\$46.238	\$8.185	\$1.186
<i>Bonding @ 1.50x Coverage:</i>									
Net Income	\$654.292	\$693.607	\$791.275	\$791.275	\$791.275	\$791.275	\$791.275	\$791.275	\$791.275
Bonding Coverage @ 1.50x	\$436.195	\$462.405	\$527.517	\$527.517	\$527.517	\$527.517	\$527.517	\$527.517	\$527.517
Existing Transportation Project Debt Service	<u>\$371.999</u>	<u>\$343.906</u>	<u>\$423.251</u>	<u>\$451.760</u>	<u>\$448.707</u>	<u>\$458.813</u>	<u>\$465.746</u>	<u>\$469.684</u>	<u>\$470.680</u>
Net Income Available to Support New Bonds	\$64.196	\$118.499	\$104.266	\$75.757	\$78.810	\$68.704	\$61.771	\$57.832	\$56.836
Potential New Bonds	\$859.151	\$1,585.903	\$1,395.423	\$1,013.877	\$1,054.738	\$919.480	\$826.697	\$773.988	\$760.658
Bond Proceeds for Capital Program	\$0.000	\$0.000	\$0.000	\$0.000	\$115.372	\$113.085	\$46.238	\$8.185	\$1.186
Bond Proceeds / Reserve Fund / Issuance Costs	\$0.000	\$0.000	\$0.000	\$0.000	\$119.640	\$117.269	\$47.949	\$8.488	\$1.230
Incremental Debt Service on New Bonds	\$0.000	\$0.000	\$0.000	\$0.000	\$4.048	\$4.039	\$1.628	\$0.288	\$0.042
Revised Existing Debt Service	<u>\$371.999</u>	<u>\$343.906</u>	<u>\$423.251</u>	<u>\$451.760</u>	<u>\$452.755</u>	<u>\$462.852</u>	<u>\$467.374</u>	<u>\$469.972</u>	<u>\$470.722</u>
Adjusted Net Income	\$282.293	\$349.701	\$368.024	\$339.515	\$338.520	\$328.423	\$323.901	\$321.303	\$320.553
Unfunded Need in Excess of Bond Proceeds	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
<i>Bonding @ 1.25x Coverage:</i>									
Net Income	\$654.292	\$693.607	\$791.275	\$791.275	\$791.275	\$791.275	\$791.275	\$791.275	\$791.275
Bonding Coverage @ 1.25x	\$523.434	\$554.886	\$633.020	\$633.020	\$633.020	\$633.020	\$633.020	\$633.020	\$633.020
Existing Debt Service	<u>\$371.999</u>	<u>\$343.906</u>	<u>\$423.251</u>	<u>\$451.760</u>	<u>\$452.755</u>	<u>\$462.852</u>	<u>\$467.374</u>	<u>\$469.972</u>	<u>\$470.722</u>
Net Income Available to Support New Bonds	\$151.435	\$210.980	\$209.769	\$181.260	\$180.265	\$170.168	\$165.646	\$163.048	\$162.298
Potential New Bonds	\$2,005.194	\$2,793.648	\$2,777.622	\$2,400.123	\$2,386.950	\$2,253.248	\$2,193.375	\$2,158.964	\$2,149.038
Bond Proceeds for Capital Program	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Bond Proceeds / Reserve Fund / Issuance Costs	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Incremental Debt Service on New Bonds	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Revised Existing Debt Service	<u>\$371.999</u>	<u>\$343.906</u>	<u>\$423.251</u>	<u>\$451.760</u>	<u>\$452.755</u>	<u>\$462.852</u>	<u>\$467.374</u>	<u>\$469.972</u>	<u>\$470.722</u>
Adjusted Net Income	\$282.293	\$349.701	\$368.024	\$339.515	\$338.520	\$328.423	\$323.901	\$321.303	\$320.553
Unfunded Need in Excess of Bond Proceeds	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Incremental Debt Service Per Year	\$0.000	\$0.000	\$0.000	\$0.000	\$4.048	\$4.039	\$1.628	\$0.288	\$0.042
Full Year Incremental Debt Service	\$0.000	\$0.000	\$0.000	\$0.000	\$8.096	\$8.078	\$3.256	\$0.576	\$0.084
Cumulative Incremental Debt Service	(\$0.003)	\$0.001	(\$0.002)	(\$0.002)	\$4.045	\$12.128	\$17.800	\$19.717	\$20.044

MTA DEBT SERVICE MODEL
Bonds for NYC Transit

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Unfunded Cash Need (Bonds Needed)	\$0.000	\$860.745	\$669.265	\$1,310.158	\$1,560.600	\$916.415	\$462.835	\$147.525	\$52.375
<u>Petroleum Business Tax Bonds:</u>									
Net Income	\$371.072	\$407.629	\$445.379	\$457.952	\$457.952	\$457.952	\$457.952	\$457.952	\$457.952
Bonding Coverage @ 1.35x	\$274.868	\$301.948	\$329.910	\$339.223	\$339.223	\$339.223	\$339.223	\$339.223	\$339.223
Existing Debt Service	<u>\$86.402</u>	<u>\$118.348</u>	<u>\$176.995</u>	<u>\$224.373</u>	<u>\$317.853</u>	<u>\$338.406</u>	<u>\$339.210</u>	<u>\$339.221</u>	<u>\$339.231</u>
Net Income Available to Support New Bonds	\$188.466	\$183.600	\$152.915	\$114.850	\$21.370	\$0.818	\$0.014	\$0.002	\$0.000
Potential New Bonds	\$2,498.504	\$2,433.994	\$2,027.204	\$1,522.573	\$283.308	\$10.839	\$0.185	\$0.030	\$0.000
Bond Proceeds for Capital Program	\$0.000	\$860.745	\$669.265	\$1,310.158	\$283.308	\$10.839	\$0.185	\$0.030	\$0.000
Bond Proceeds / Reserve Fund / Issuance Costs	\$0.000	\$920.501	\$716.604	\$1,403.209	\$303.594	\$11.623	\$0.198	\$0.032	\$0.000
Incremental Debt Service on New Bonds	\$0.000	\$29.328	\$23.681	\$46.739	\$10.272	\$0.400	\$0.007	\$0.001	\$0.000
Revised Existing Debt Service	\$86.402	\$147.676	\$200.676	\$271.112	\$328.125	\$338.806	\$339.216	\$339.222	\$339.231
Adjusted Net Income	\$284.670	\$259.953	\$244.702	\$186.839	\$129.826	\$119.146	\$118.735	\$118.729	\$118.720
Unfunded Need in Excess of Bond Proceeds	\$0.000	\$0.000	\$0.000	\$0.000	\$1,277.292	\$905.576	\$462.650	\$147.495	\$52.375
Total Incremental Debt Service Per Year	\$0.000	\$29.328	\$23.681	\$46.739	\$10.272	\$0.400	\$0.007	\$0.001	\$0.000
Full Year Incremental Debt Service	\$0.000	\$58.657	\$47.363	\$93.477	\$20.544	\$0.801	\$0.013	\$0.002	\$0.000
Cumulative Incremental Debt Service	\$86.402	\$147.676	\$200.676	\$271.112	\$328.125	\$338.806	\$339.216	\$339.222	\$339.231
<u>NYCT Farebox Revenue Bonds:</u>									
Total Gross Revenue	\$3,857.600	\$4,176.882	\$4,471.722	\$4,471.722	\$4,471.722	\$4,471.722	\$4,471.722	\$4,471.722	\$4,471.722
Bonding Coverage @ 1.00x	\$3,857.600	\$4,176.882	\$4,471.722	\$4,471.722	\$4,471.722	\$4,471.722	\$4,471.722	\$4,471.722	\$4,471.722
Existing Debt Service	<u>227.458</u>	<u>274.194</u>	<u>388.894</u>	<u>413.098</u>	<u>411.099</u>	<u>500.429</u>	<u>565.214</u>	<u>610.189</u>	<u>620.773</u>
Net Income Available to Support New Bonds	\$3,630.142	\$3,902.688	\$4,082.829	\$4,058.624	\$4,060.623	\$3,971.294	\$3,906.509	\$3,861.534	\$3,850.950
Potential New Bonds	\$47,560.372	\$51,131.141	\$53,491.255	\$53,174.144	\$53,200.335	\$52,029.978	\$51,181.196	\$50,591.959	\$50,453.290
Bond Proceeds for Capital Program	\$0.000	\$0.000	\$0.000	\$0.000	\$1,277.292	\$905.576	\$462.650	\$147.495	\$52.375
Bond Proceeds / Reserve Fund / Issuance Costs	\$0.000	\$0.000	\$0.000	\$0.000	\$1,324.552	\$939.082	\$479.768	\$152.953	\$54.313
Incremental Debt Service on New Bonds	\$0.000	\$0.000	\$0.000	\$0.000	\$44.816	\$32.343	\$16.287	\$5.192	\$1.844
Revised Existing Debt Service	\$227.458	\$274.194	\$388.894	\$413.098	\$455.915	\$532.771	\$581.501	\$615.381	\$622.616
Adjusted Gross Revenue	\$3,630.142	\$3,902.688	\$4,082.829	\$4,058.624	\$4,015.808	\$3,938.951	\$3,890.221	\$3,856.341	\$3,849.106
Unfunded Need in Excess of Bond Proceeds	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Incremental Debt Service Per Year	\$0.000	\$0.000	\$0.000	\$0.000	\$44.816	\$32.343	\$16.287	\$5.192	\$1.844
Full Year Incremental Debt Service	\$0.000	\$0.000	\$0.000	\$0.000	\$89.632	\$64.685	\$32.574	\$10.385	\$3.688
Cumulative Incremental Debt Service	\$0.000	\$0.000	\$0.000	\$0.005	\$44.821	\$121.978	\$170.608	\$192.087	\$199.123

MTA DEBT SERVICE MODEL
Bonds for Commuter Railroads

	2002	2003	2004	2005	2006	2007	2008	2009	2010
Unfunded Cash Need (Bonds Needed)	\$0.000	\$757.040	\$848.200	\$57.191	\$582.500	\$100.163	\$0.000	\$0.000	\$0.000
<u>Petroleum Business Tax Bonds:</u>									
Net Income	\$65.483	\$71.935	\$78.596	\$80.815	\$80.815	\$80.815	\$80.815	\$80.815	\$80.815
Bonding Coverage @ 1.35x	\$48.506	\$53.285	\$58.219	\$59.863	\$59.863	\$59.863	\$59.863	\$59.863	\$59.863
Existing Debt Service	<u>\$17.430</u>	<u>\$24.068</u>	<u>\$50.464</u>	<u>\$57.740</u>	<u>\$59.749</u>	<u>\$59.861</u>	<u>\$59.863</u>	<u>\$59.864</u>	<u>\$59.865</u>
Net Income Available to Support New Bonds	\$31.076	\$29.217	\$7.755	\$2.123	\$0.114	\$0.002	\$0.000	\$0.000	\$0.000
Potential New Bonds	\$411.978	\$387.329	\$102.815	\$28.141	\$1.517	\$0.028	\$0.000	\$0.000	\$0.000
Bond Proceeds for Capital Program	\$0.000	\$387.329	\$102.815	\$28.141	\$1.517	\$0.028	\$0.000	\$0.000	\$0.000
Bond Proceeds / Reserve Fund / Issuance Costs	\$0.000	\$414.218	\$110.087	\$30.139	\$1.625	\$0.031	\$0.000	\$0.000	\$0.000
Incremental Debt Service on New Bonds	\$0.000	\$13.198	\$3.638	\$1.004	\$0.055	\$0.001	\$0.000	\$0.000	\$0.000
Revised Existing Debt Service	\$17.430	\$37.266	\$54.102	\$58.744	\$59.804	\$59.862	\$59.863	\$59.864	\$59.865
Adjusted Net Income	\$48.053	\$34.669	\$24.494	\$22.071	\$21.011	\$20.953	\$20.952	\$20.951	\$20.950
Unfunded Need in Excess of Bond Proceeds	\$0.000	\$369.711	\$745.385	\$29.050	\$580.983	\$100.135	\$0.000	\$0.000	\$0.000
Total Incremental Debt Service Per Year	\$0.000	\$13.198	\$3.638	\$1.004	\$0.055	\$0.001	\$0.000	\$0.000	\$0.000
Full Year Incremental Debt Service	\$0.000	\$26.395	\$7.276	\$2.008	\$0.110	\$0.002	\$0.000	\$0.000	\$0.000
Cumulative Incremental Debt Service	\$17.430	\$37.266	\$54.102	\$58.744	\$59.804	\$59.862	\$59.863	\$59.864	\$59.865
<u>CRs Farebox Revenue Bonds:</u>									
Total Gross Revenue	\$1,699.138	\$1,867.626	\$1,976.726	\$1,976.726	\$1,976.726	\$1,976.726	\$1,976.726	\$1,976.726	\$1,976.726
Bonding Coverage @ 1.00x	\$1,699.138	\$1,867.626	\$1,976.726	\$1,976.726	\$1,976.726	\$1,976.726	\$1,976.726	\$1,976.726	\$1,976.726
Existing Debt Service	<u>\$147.177</u>	<u>\$200.964</u>	<u>\$278.934</u>	<u>\$338.214</u>	<u>\$339.289</u>	<u>\$380.332</u>	<u>\$387.774</u>	<u>\$394.181</u>	<u>\$394.485</u>
Gross Revenue Available to Support New Bonds	\$1,551.961	\$1,666.661	\$1,697.792	\$1,638.512	\$1,637.437	\$1,596.394	\$1,588.952	\$1,582.546	\$1,582.242
Potential New Bonds	\$20,333.046	\$21,835.797	\$22,243.658	\$21,466.998	\$21,452.913	\$20,915.191	\$20,817.684	\$20,733.751	\$20,729.768
Bond Proceeds for Capital Program	\$0.000	\$369.711	\$745.385	\$29.050	\$580.983	\$100.135	\$0.000	\$0.000	\$0.000
Bond Proceeds / Reserve Fund / Issuance Costs	\$0.000	\$383.391	\$772.964	\$30.125	\$602.480	\$103.840	\$0.000	\$0.000	\$0.000
Incremental Debt Service on New Bonds	\$0.000	\$12.215	\$25.544	\$1.003	\$20.385	\$3.576	\$0.000	\$0.000	\$0.000
Revised Existing Debt Service	\$147.177	\$213.180	\$304.478	\$339.217	\$359.674	\$383.908	\$387.774	\$394.181	\$394.485
Adjusted Gross Revenue	\$1,551.961	\$1,654.446	\$1,672.248	\$1,637.509	\$1,617.052	\$1,592.818	\$1,588.952	\$1,582.546	\$1,582.242
Unfunded Need in Excess of Bond Proceeds	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Incremental Debt Service Per Year	\$0.000	\$12.215	\$25.544	\$1.003	\$20.385	\$3.576	\$0.000	\$0.000	\$0.000
Full Year Incremental Debt Service	\$0.000	\$24.431	\$51.088	\$2.007	\$40.770	\$7.153	\$0.000	\$0.000	\$0.000
Cumulative Incremental Debt Service	\$0.000	\$12.216	\$50.075	\$76.619	\$98.009	\$121.970	\$125.547	\$125.545	\$125.543

MTA DEBT SERVICE MODEL
B&T Revenue Bonds for the benefit of:

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<i>For the benefit of: Commuter Railroads</i>									
Net Income	\$654.292	\$693.607	\$791.275	\$791.275	\$791.275	\$791.275	\$791.275	\$791.275	\$791.275
Bonding Coverage @ 1.25x	\$523.434	\$554.886	\$633.020	\$633.020	\$633.020	\$633.020	\$633.020	\$633.020	\$633.020
Existing Debt Service	<u>\$470.722</u>	<u>\$470.722</u>	<u>\$470.722</u>	<u>\$470.722</u>	<u>\$470.722</u>	<u>\$470.722</u>	<u>\$470.722</u>	<u>\$470.722</u>	<u>\$470.722</u>
Net Income Available to Support New Bonds	\$52.712	\$84.164	\$162.298	\$162.298	\$162.298	\$162.298	\$162.298	\$162.298	\$162.298
Potential New Bonds	\$694.273	\$1,108.532	\$2,137.650	\$2,137.650	\$2,137.650	\$2,137.650	\$2,137.650	\$2,137.650	\$2,137.650
Bond Proceeds for Capital Program	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Bond Proceeds / Reserve Fund / Issuance Costs	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Incremental Debt Service on New Bonds	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Revised Existing Debt Service	<u>\$470.722</u>	<u>\$470.722</u>	<u>\$470.722</u>	<u>\$470.722</u>	<u>\$470.722</u>	<u>\$470.722</u>	<u>\$470.722</u>	<u>\$470.722</u>	<u>\$470.722</u>
Adjusted Net Income	\$183.570	\$222.885	\$320.553	\$320.553	\$320.553	\$320.553	\$320.553	\$320.553	\$320.553
Unfunded Need in Excess of Bond Proceeds	\$0.000	\$369.711	\$745.385	\$29.050	\$580.983	\$100.135	\$0.000	\$0.000	\$0.000
Total Incremental Debt Service Per Year	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Full Year Incremental Debt Service	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Cumulative Incremental Debt Service	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
<i>For the benefit of: NYC Transit</i>									
Net Income	\$654.292	\$693.607	\$791.275	\$791.275	\$791.275	\$791.275	\$791.275	\$791.275	\$791.275
Bonding Coverage @ 1.25x	\$523.434	\$554.886	\$633.020	\$633.020	\$633.020	\$633.020	\$633.020	\$633.020	\$633.020
Existing Debt Service	<u>\$470.722</u>	<u>\$470.722</u>	<u>\$470.722</u>	<u>\$470.722</u>	<u>\$470.722</u>	<u>\$470.722</u>	<u>\$470.722</u>	<u>\$470.722</u>	<u>\$470.722</u>
Net Income Available to Support New Bonds	\$52.712	\$84.164	\$162.298	\$162.298	\$162.298	\$162.298	\$162.298	\$162.298	\$162.298
Potential New Bonds	\$694.273	\$1,108.532	\$2,137.650	\$2,137.650	\$2,137.650	\$2,137.650	\$2,137.650	\$2,137.650	\$2,137.650
Bond Proceeds for Capital Program	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Bond Proceeds / Reserve Fund / Issuance Costs	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Incremental Debt Service on New Bonds	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Revised Existing Debt Service	<u>\$470.722</u>	<u>\$470.722</u>	<u>\$470.722</u>	<u>\$470.722</u>	<u>\$470.722</u>	<u>\$470.722</u>	<u>\$470.722</u>	<u>\$470.722</u>	<u>\$470.722</u>
Adjusted Net Income	\$183.570	\$222.885	\$320.553	\$320.553	\$320.553	\$320.553	\$320.553	\$320.553	\$320.553
Unfunded Need in Excess of Bond Proceeds	\$0.000	\$0.000	\$0.000	\$0.000	\$1,277.292	\$905.576	\$462.650	\$147.495	\$52.375
Total Incremental Debt Service Per Year	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Full Year Incremental Debt Service	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Cumulative Incremental Debt Service	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000