

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	(\$213,358)	(\$224,503)

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>