

## **VI. AGENCY FINANCIAL PLANS AND BUDGETS**

# **MTA BRIDGES AND TUNNELS**

**MTA Bridges & Tunnels**  
**Final Proposed Budget for 2004 and Financial Plan for 2004-2007**

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## **MTA Bridges and Tunnels**

### **Final Proposed Budget for 2004 and Financial Plan for 2004-2007**

#### **Mission**

MTA Bridges and Tunnels operates seven bridges and two tunnels that form essential links for vehicular highway transportation in the New York City metropolitan region, and also provide financial support for mass transit. On an average day more than 800,000 vehicles use the nine crossings, generating more than \$1 billion in annual toll revenue. With approximately two-thirds of this toll revenue dedicated to mass transit, Bridges and Tunnels performs a unique and vital function on behalf of regional mobility.

B&T's mission is carried out through 14 different departments, including the Operations workforce that manages the facilities on a day-to-day basis, and the Engineering and Construction Department that is responsible for maintaining the structural integrity of the facilities. The Operations Department employs 70 percent of the workforce, with Engineering and Construction employing another 10 percent. Each of the other B&T departments report directly to the agency president and perform a wide variety of critical functions in support of B&T's dual responsibilities of moving vehicles across its facilities as efficiently as possible and providing essential and significant financial assistance to the other MTA agencies.

#### **Financial Review**

For 2003, a total of \$711.1 million is projected in net operating income, exceeding the July Mid-Year Forecast by \$17.5 million. In its 2004 Final Proposed Budget, B&T is projecting that \$763.0 million will be provided to the MTA in net operating income. This is an increase of \$7.1 million from the Preliminary Budget prepared in July. Overall, for the 2003-2004 period, a total of \$1,474.1 million in net operating income is projected, exceeding the MTA established target by \$24.6 million. For 2005 to 2007, B&T will continue to meet the financial goals set for it by the MTA, and projects that a total of almost \$2.2 billion will be provided in net operating income over that three-year period.

Highlights of the major changes are outlined below.

#### 2004 Final Proposed Budget vs. 2003 October Forecast

As noted above, for the 2004 Final Proposed Budget, B&T is projecting net operating income of \$763.0 million, \$51.9 million above the 2003 October Forecast. Toll revenue is projected to reach \$1.075 billion in 2004, an increase of almost \$65.9 million over the anticipated 2003 level due to lower than anticipated elasticity of demand for the May 2003 toll increase compared to prior toll increases and the full-year effect on 2004 of the toll increase. Total revenue, which includes investment income and other income, is projected to reach \$1.114 billion in 2004, an increase of \$52.7 million from the 2003 October Forecast. Total operating expenses in 2004 are projected to be \$359.2 million, which is \$0.7 million above the 2003 October Forecast. The major expense variances

from the 2003 October Forecast are as follows: Personnel Services (PS): In 2004, PS expenses are projected to be \$183.1 million, an increase of \$14.6 million from the 2003 October Forecast. The primary variances from the 2003 October Forecast include:

- Salaries: (\$5.3 million increase)
  - Increased expenditures due to 61 security hires.
- Fringe benefits (\$10.4 million increase), which include:
  - Medical insurance premium increases (\$3.8 million increase)
  - NYCERS pension employer contribution increases (\$3.7 million increase)
  - Workers Compensation payment increase (\$1.2 million increase)
  - FICA expense increases due to additional hires and salary increases (\$1.2 million increase).

Other Than Personnel Services (OTPS): The 2004 Final Proposed OTPS Budget is projected to be \$176.0 million, \$13.9 million below the 2003 October Forecast. The significant variances from the 2003 October OTPS Forecast include the following:

- Outside Technical & Maintenance Services (\$7.3 million decrease)
  - Lower E-ZPass tag expenditures of \$15.6 million resulting from an analysis of new account growth rates, tags returned, existing inventories, and tags needed for the B&T tag swap program.
  - Increase in expenses of \$2.5 million in E-ZPass Customer Service Center stemming primarily from expected growth in new accounts.
  - Additional E-ZPass credit card fees of \$1.9 million due to increased E-ZPass traffic and greater usage of E-ZPass Plus at the three major airports in the metropolitan area.
  - Increase in expenditures for bond insurance fees to support the capital program (2.7 million increase).
  - Increase in expenditures for the rescheduling of an Origin & Destination study (\$0.5 million increase).
  - Other increases in preventive maintenance program, medical exams, miscellaneous consulting services, and maintenance of office and copier equipment (\$1.1 million increase).
- Bridge Painting (\$10.0 million decrease)
  - Rescheduling of bridge painting at the Throgs Neck Bridge to coincide with the completion of the cable rewinding capital project beginning in 2005 and continuing through 2008, expected to reduce the duration of time that customers are inconvenienced from scaffolding and associated work.
- Major Maintenance (\$3.6 million increase)
  - Additional major maintenance expenditures in 2004, primarily consisting of rehabilitation of the Triborough Bridge Manhattan Service

Building (\$1.9 million increase) and the continuation of miscellaneous repairs at the Henry Hudson and Throgs Neck Bridges (\$2.0 million increase).

#### 2004 Final Proposed Budget vs. 2004 Preliminary Budget

For the 2004 Final Proposed Budget, B&T is projecting a \$7.1 million increase in net operating income over the 2004 Preliminary Budget of \$755.9 million. Toll revenue is projected to increase by \$16.9 million due to the expected continuation of higher traffic volumes than anticipated after the May 2003 toll increase. Total operating expenses for the 2004 Final Proposed Budget are also projected to increase by \$6.6 million above the 2004 Preliminary Budget of \$352.6 million. The major expense variances are as follows:

Personnel Services: For the 2004 Final Proposed Budget, Personnel Services expenses are projected to be \$183.1 million, \$7.6 million above the 2004 Preliminary Budget of \$175.5 million. The major variances include:

- Overtime (\$1.9 million increase)
  - Additional overtime in the Operations Department for traffic control responsibilities associated with capital projects (\$2.2 million increase).
- Fringe benefits (\$5.2 million increase)
  - Medical insurance premium increases (\$1.9 million increase)
  - NYCERS pension employer contribution increases (\$1.4 million increase)
  - Workers Compensation payment increase (\$1.8 million increase).

Other Than Personnel Services (OTPS): Total OTPS expenses are projected to be \$176.0 million, \$1.0 million less than the 2004 Preliminary Budget. The major changes include:

- Outside Technical & Maintenance Services (\$1.2 million decrease)
  - Lower than planned expenses for the E-ZPass Customer Service Center and the program to dispose of retired E-ZPass tags in an environmentally safe manner (\$0.6 million decrease).
  - Increase in bond insurance fees to support the capital program, along with the rescheduling of an origin and destination survey (\$1.4 million increase).

#### 2004 Final Proposed Budget vs. 2002 Actuals

For the 2004 Final Proposed Budget, B&T is projecting net operating income to increase by \$108.7 million over the 2002 Actual results of \$654.3 million. As a result of the higher toll rates, toll revenue is projected to increase by \$142.3 million in 2004 compared to 2002. Other income in 2004 is estimated to be \$27.0 million greater than 2002 levels primarily due to the addition of security reimbursements from the MTA. Investment income is expected to drop \$10.1 million in 2004 compared to 2002 primarily

because the bond refinancing activities undertaken by the MTA in recent years has eliminated the need for maintaining debt service reserve funds, which generated a substantial share of total Investment Income in 2002. Total operating expenses are projected to increase by \$49.5 million above the 2002 Actual results of \$309.7 million.

Personnel Services expenses are projected to increase by \$32.7 million primarily due to increased and sustained security needs (\$10.6 million), an adjustment for pattern bargaining (\$3.0 million), and increases in medical insurance premiums (\$7.4 million), NYCERS pension employer contributions (\$4.4 million), and worker's compensation payments (\$2.4 million).

Other Than Personnel Services Budget (OTPS) are estimated to increase by \$16.8 million due primarily to: Outside Technical & Maintenance Services (\$4.8 million increase), Bridge Painting (\$1.1 million decrease), and Major Maintenance (\$14.2 million increase).

#### 2003 October Forecast vs. 2003 Mid-Year Forecast

For the 2003 October Forecast, B&T's is projecting net operating income of \$711.1 million, \$17.5 million above the 2003 Mid-Year Forecast. Despite an estimated loss of approximately \$1.1 million from the August blackout, toll revenue is projected to increase to \$1.009 billion. As previously stated, the increase is due to a smaller traffic decline after the May 2003 toll increase than has been historically experienced. B&T is projecting total operating expenses to be \$0.8 million less than the 2003 Mid-Year Forecast of \$359.2 million.

#### 2005-2007 Financial Plan

B&T's 2005-2007 Financial Plan is projecting a moderate increase in toll revenues and expense growth that, with the exception of painting and employee benefits, such as pension and medical expenses, is consistent with the rate of inflation. The major assumptions underlying the revenue and expense projections are as follows:

##### Revenue:

- Annual growth in paid traffic is estimated to average 0.7% from 2005 through 2007, based on a continuation of recent trends and the current projections issued by Global Insight for regional employment and national inflation.
- Other income, which totals \$37.0 million in 2005, \$39.0 million in 2006, and \$41.3 million in 2007, includes security reimbursements from the MTA, net income from the Battery Parking Garage, miscellaneous E-ZPass fees, and revenue from E-ZPass Plus fees at the three major airports in the metropolitan area.
- Investment income from general and operating fund balances reflects the current projections for return rates on low-risk, short-term investments.



#### Personnel Services:

- In 2005, the proposed Personnel Services budget is \$196.8 million, \$13.7 million above the 2004 Final Proposed Budget. Besides the increase for pattern bargaining, there is also a \$5.3 million increase in employer NYCERS pension contribution, \$1.0 million increase for Workers Compensation expenses, and increases in medical costs.
- In 2006, the proposed Personnel Services budget is \$210.6 million. The increase is due to a CPIU increase of 3.23%, \$1.0 million increase for Workers Compensation expenses, and increases in medical costs.
- In 2007, the proposed Personnel Services budget is \$223.0 million. The increase is due to a CPIU increase of 3.22%, \$1.0 million for Workers Compensation expenses, and increases in medical costs.

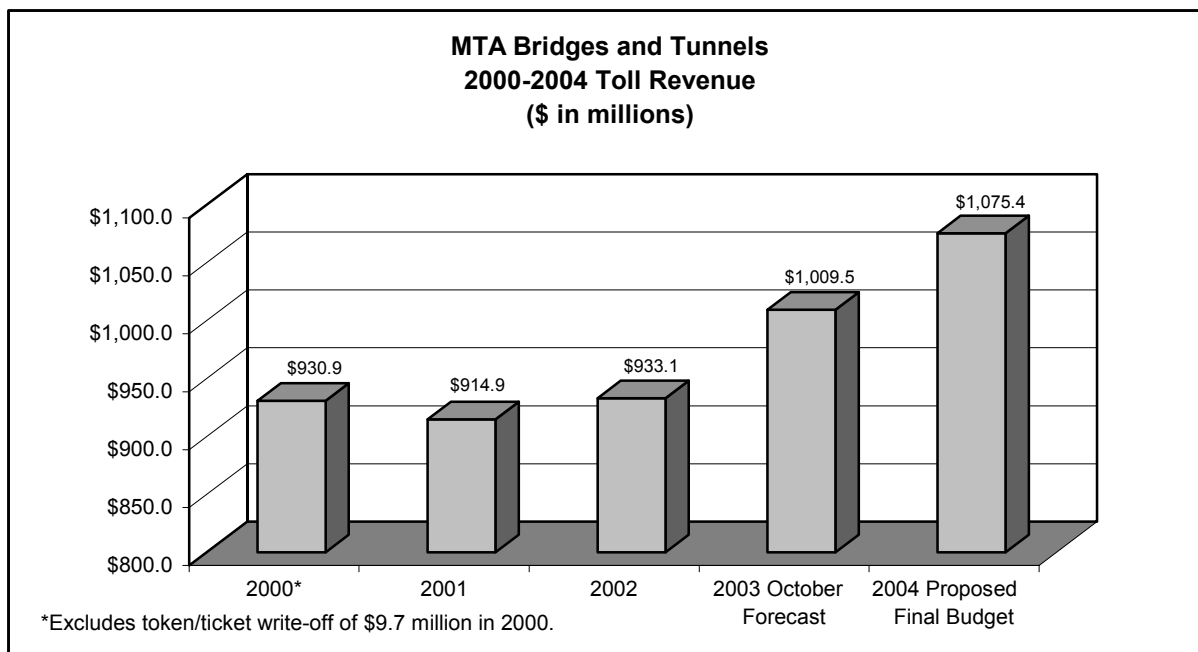
#### Other Than Personnel Services (OTPS):

- Outside Technical & Maintenance Services:
  - The E-ZPass tag swap program began in 2002 and an estimated 2.5 million tags will be replaced by the end of 2007. Through 2004, 1.5 million tags will have been swapped, leaving 1.0 million tags to be replaced from 2005 through 2007.
  - Other E-ZPass-related expenditures, including B&T's share of costs for running the Customer Service Center and credit card fees associated with customer account replenishments reflect continued growth in new accounts and E-ZPass traffic.
- Bridge Painting:
  - Additional expenditures will be needed to maintain ongoing painting projects and to paint the Throgs Neck Bridge in 2005 and the Triborough Bridge Queens suspension span starting in 2006.
- Major Maintenance:
  - Anticipated completion of some structural rehabilitation projects in 2005 is expected to lower funding requirements by \$2.4 million in 2006 and 2007.

#### Revenue Forecast

Toll revenues are the main source of B&T income, accounting for more than 95% of total revenues. In 2004, toll revenues are projected to be \$1.075 billion, \$65.9 million above the 2003 October Forecast level. The increase is largely due to the annualization of the toll increase that was implemented on May 18th, 2003. The toll increase is expected to generate an additional \$76.4 million in 2003 and \$142.3 million in 2004 compared to the 2002 actuals (see chart below). In addition, modest improvements in regional employment, as indicated in the economic projections issued by Global Insight in August 2003, are expected to result in higher traffic levels that will produce further gains in toll revenue.

The 2003 October Forecast and the 2004 Final Proposed Budget for toll revenues are \$15.1 million and \$16.9 million higher than the 2003 Mid-Year Forecast and the 2004 Preliminary Budget, respectively. As noted, the changes are primarily due to higher

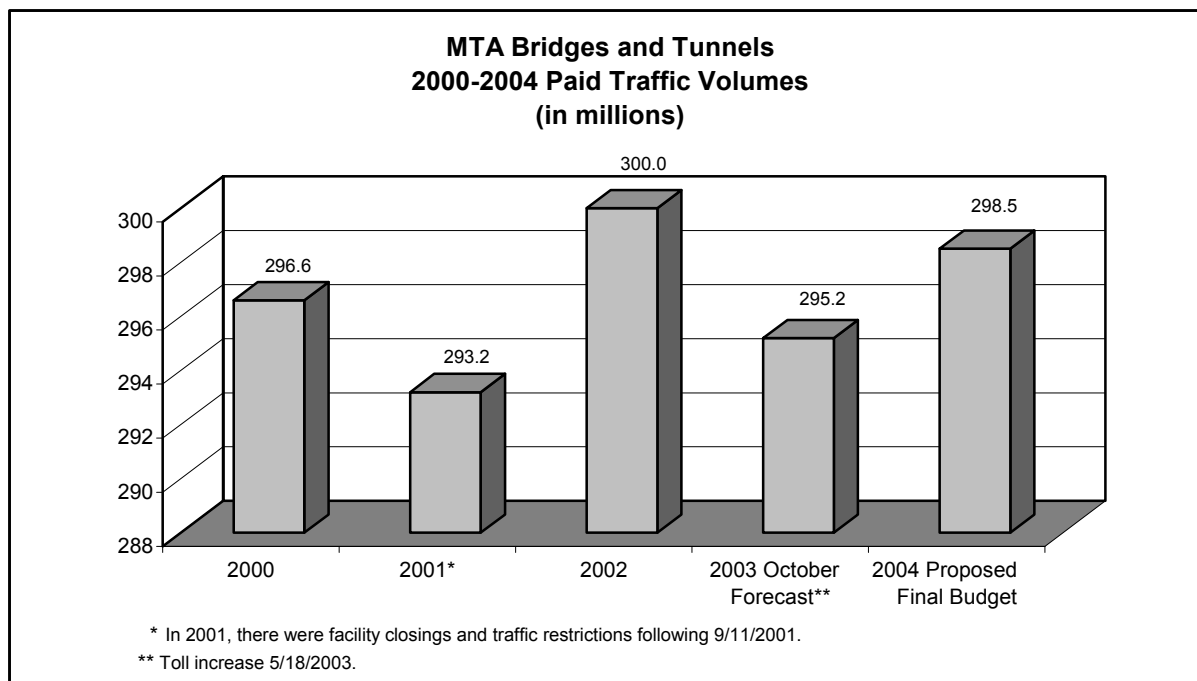


than projected traffic since the toll increase was implemented in May 2003. Although traffic in 2003 is forecast to be below 2002 levels, recent trends indicate that the traffic declines will not be as dramatic as what was experienced during previous toll increase periods.

E-ZPass is likely a prime factor in the disparity between the recent and historical traffic trends associated with a toll increase. During the last toll increase in 1996 discounted tokens were sold at all facilities, tokens were hoarded prior to the toll increase and E-ZPass was a new system, in place at only three of B&T's nine crossings. In 2003, by contrast, interoperable E-ZPass systems are being operated by 17 agencies in seven states throughout the eastern United States and market shares at MTA B&T are averaging 70%.

Paid traffic levels are forecast to reach 295.2 million vehicles in 2003 and 298.5 million vehicles in 2004. Traffic volumes in 2003 are expected to be below the record levels of 2002 due to economic conditions, unfavorable weather, and the aforementioned consumer choices influenced by the toll increase. In addition, traffic restrictions that had been in place since September 11, 2001 on two- and three-axle trucks at the Holland Tunnel, and which resulted in commercial traffic diversions to the Verrazano-Narrows Bridge (VNB), were lifted in July 2003. Subsequently, a decline in commercial traffic at the VNB occurred in July, and this trend is expected to continue throughout 2004. A ban on Manhattan-bound single occupancy vehicles during morning peak hours at the Brooklyn-Battery Tunnel has been in effect since the tunnel reopened to traffic in 2002, and is expected to continue through 2004.

In the out years, annual growth in paid traffic is estimated to average 0.7% from 2005 through 2007, based on a continuation of recent trends and the current projections issued by Global Insight for regional employment and national inflation. Toll revenues are forecast to grow 0.5% on average and account for modest declines in the average



toll resulting from expected increases in E-ZPass market shares and the discounts available to E-ZPass customers. Paid traffic volumes are estimated to be 300.0, 302.8, and 304.8 million vehicles in 2005, 2006 and 2007 respectively. Toll revenues are forecast at \$1.079, \$1.087, and \$1.093 billion in 2005, 2006 and 2007 respectively.

In addition to toll revenues, B&T expects to generate \$45.9 million in other income in 2003, and \$33.6 million in 2004 from a variety of sources including security reimbursements from the MTA, net income from the Battery Parking Garage, miscellaneous E-ZPass fees, and fees for B&T E-ZPass Plus customer usage at the three metropolitan area airport parking lots.

B&T also earns investment income from operating fund balances. Through May 2003, interest earnings were realized on debt-service reserve funds as well, but the recent bond refinancing undertaken by the MTA no longer requires the maintenance of such funds. Investment income has subsequently been reduced from \$6.5 million per year in the 2003 Mid-Year Forecast and the 2004 Preliminary Budget to \$5.5 million in the 2003 October Forecast and to \$4.6 million in the 2004 Final Proposed Budget.

### **Expense Budget Highlights**

Several of the budget increases, savings and revenue enhancements discussed in previous sections of this report, have been classified as New Needs or PEGs, as detailed below.

#### New Needs (2003-2007)

The following expense budget increases have been identified as New Needs for the plan period. All increases, with the exception of painting, are measured against the baseline established for new needs in March 2003.

- Personnel Services:
  - Re-estimate of future wage increases for represented and non-represented employees and step-up increases for represented employees
  - Increases in medical costs based on the latest NYSHIP estimates of 2004 rate increases and estimates for medical increases for 2005 to 2007.
  - Increased security coverage, including salaries, overtime and associated fringe benefits.
- Other Than Personnel Services:
  - Re-estimate of credit card fee expenditures due to higher E-ZPass traffic.
  - Additional estimated expenditures for various Major Maintenance projects.
  - Painting needs are expected to increase significantly beginning in 2005 against the baseline of \$19.5 million that is established in the 2004 Final Proposed Budget. The higher funding level reflects the current market trend of escalating unit prices, which have dramatically increased by as much as 70% to 80% in certain circumstances.

#### Program to Eliminate the Gap (2003-2007)

For the plan period, B&T has identified the following major revenue enhancements and expenditure reductions that will be recurring throughout the plan period (All PEGS are measured against the baselines for 2003 and 2004 established in March 2003.):

- Security deployment efficiencies resulting from the conversion of overtime hours into 61 new positions will save an estimated \$0.6 million 2003 and \$2.7 million in 2004. Savings are expected to reach \$3.0 million by 2007.
- Based on current expenditure trends, B&T's share of costs to operate the E-ZPass Customer Service Center are expected to be lower than originally planned. In addition, B&T has negotiated a contract for the disposal of retired tags that is expected to result in more favorable terms than was previously anticipated.
- Since the inception of E-ZPass, B&T has maintained a schedule of fees for miscellaneous services; for example, lost tag fees. The continuing growth in market share and tag swap administration has generated increases in E-ZPass fee income that exceeded prior expectations.
- By the end of 2003, E-ZPass Plus customers will be able to use E-ZPass to pay for their parking fees at all three major metropolitan airports. John F. Kennedy International Airport has been accepting E-ZPass Plus since

December 2002, LaGuardia began in late June 2003 and Newark International is expected to begin later this year. B&T collects fees for B&T customer usage.

### **Programmatic Review**

B&T's programmatic objectives are organized around its three strategic business plan goals of 1) Improving Customer and Employee Safety; 2) Improving Customer Service; and 3) Improving Cost Effectiveness. This financial plan enables B&T to continue its initiatives in each of these areas, as outlined below.

#### Safety

Since implementing the MTA All-Agency Initiative, B&T has reduced employee lost time and restricted duty cases by more than 80 percent. This ongoing effort, which includes safety audits, incentive programs to encourage employee groups to achieve zero lost time incidents and a new 2003 initiative of an accident investigation course that helps line supervisors determine the root cause of incidents, has led to a lost time injury rate of 3.6 through August of 2003.

Improving customer safety is always a unique challenge to B&T because, unlike the other MTA agencies, B&T customers operate their own vehicles. Overall collision rates have decreased sharply in 2003, declining by 13.2% for the year to date through August compared to the same period in 2002 despite the inclement weather conditions experienced in the City through much of the year. However, the rate of collisions with serious injuries (i.e. those that require medical attention at the scene) has increased by 5.7% in 2003 through August. Traffic safety initiatives are reviewed and coordinated through ACROBAT (Achieving Collision Reduction on Bridges and Tunnels), a joint Operations and Engineering and Construction program that identifies locations with high occurrences of incidents and implements safety enhancements to achieve facility-specific collision reduction goals.

Safety is also enhanced through B&T's capital and major maintenance programs. Several construction projects at B&T facilities (some underway and others scheduled) will improve safety and/or driving conditions for customers, including electrical upgrades, deck rehabilitations and roadway repairs. In addition, as part of its capital program, B&T will be expanding ITS (Intelligent Transportation Systems) technologies at several facilities that increase safety and enhance detection and clearance of traffic incidents. Examples include weather information systems that provide real time information on bridge surface and wind conditions, and a fiber optic system that by 2005 will link weather recording stations, cameras and other ITS systems to help provide information to motorists.

It is also important to note that since September 11th, B&T's facility personnel have taken on new security roles at each bridge and tunnel. This financial plan enables more than 60 new positions for security to be added to the workforce (for a total of 263 since 9/11). These workforce additions enable B&T to be an effective first line in the civil

defense of critical infrastructure and to be a legitimate force extension in the coordinated efforts of other law enforcement agencies.

#### Customer Service

The E-ZPass electronic toll collection system is B&T's most important customer service innovation. By providing customers with the convenience of paying tolls electronically and using one system throughout the region, the popularity of E-ZPass is still growing seven years after it was first implemented at B&T. Through this financial plan, B&T is continuing an initiative begun in 2002 of replacing first generation E-ZPass tags. In addition to the cost savings discussed earlier, this customer service initiative has minimized the potential for operational disruptions by supplying B&T customers with new tags before the older tags expire. Nearly one million E-ZPass tags have been replaced through July 2003; an additional 0.5 million tags will be replaced by the end of 2004.

During the fourth quarter of 2003, B&T will begin a program to dispose of retired E-ZPass tags in an environmentally safe manner. An estimated 1.7 million tags will be disposed by the end of 2003, at a cost of \$0.2 million. On average, 300,000 tags per year are expected to be disposed from 2004 through 2007 at an average annual cost of \$31,400.

B&T and its IAG partners are also expanding the use of E-ZPass tags for non-toll transactions. As noted earlier, E-ZPass Plus customers are now able to pay their parking fees at two of the three major airports in the metropolitan area. The third will become available to E-ZPass Plus customers by the end of this year. At two Long Island McDonald's restaurants B&T customers can utilize their E-ZPass to make purchases in the drive through lane. Currently, over 40% of the drive-through customers who have an E-ZPass tag mounted on their windshield, use E-ZPass Plus to pay for their purchases.

ITS technologies are also utilized by B&T to improve customer convenience and traffic management. Real time traffic scenes are now available to the public on the MTA website; variable message signs are in use at several B&T locations and the number will be expanded during this financial plan period; and a new enhanced, ITS-based central operations center will be completed by 2005. Initiatives such as these provide enhanced traveler information to customers, helping to improve traffic flow and minimize delays.

Other initiatives beyond E-ZPass and ITS are also being undertaken to improve traffic flow at the facilities and performance indicators have been established by the Operations Department to monitor the effectiveness of these efforts. For example, in 2003 B&T established a goal of completing 98.5% of personnel changeovers in staffed toll lanes in 90 seconds or less; year to date through August, performance is at 98.74%. B&T's goal for average queue waiting time (combined E-ZPass and cash lanes) is 40 seconds or less during peak periods; year to date the combined average queue time at the facilities was 20 seconds. Wrecker response time averaged approximately six and

one half minutes during the first half of 2003, approximately three percent better than the same period in 2002.

#### Improve Cost Effectiveness

Since being incorporated into the MTA, B&T has provided nearly \$12 billion in Support to Mass Transit (net operating income minus B&T debt service minus capitalized assets minus capital reserves). Many of the initiatives discussed elsewhere in this report, such as E-ZPass, have not only enabled B&T to realize staffing and other efficiencies over the years, but have enabled more vehicles to be processed per hour at the bridges and tunnels, leading directly to higher traffic volume and higher revenue. Since the end of 1995, when E-ZPass was introduced, traffic has increased by over 35 million vehicles or 13 percent (compared to total annual volumes forecast for 2003). B&T's facilities would not have been able to accommodate this increase as easily as they have without the E-ZPass system. Today, E-ZPass accounts for 70.2% of the average weekday traffic and a remarkable 80.0% of weekday truck crossings.

In addition to increasing revenue or reducing costs through the PEG program discussed elsewhere in this plan, B&T is undertaking other actions to increase the efficiency of its operations. Initiatives include a continuing review of toll collection scheduling, initiation of a computerized preventive maintenance program to help reduce long term maintenance and capital costs and the initiation of new collective bargaining negotiations that will seek to reduce costs in a variety of areas and eliminate outdated work rules. Finally, the completion of different security systems being carried out through the capital program may provide an opportunity in 2005 and beyond to reduce some of the security positions added since the September 11<sup>th</sup> attacks. An analysis of these areas will be conducted, in concert with the MTA, when the security systems are nearer to completion.

#### **Positions (2003-2007) (Full-Time and Full-time Equivalents)**

In 2003 B&T has 1,747 positions; 1,319 are represented and 428 are non-represented. Within the non-represented, 312 are non-reimbursable and 116 are reimbursable. The number of reimbursable staff is currently projected to remain static through 2007.

In 2004, B&T's headcount will increase by 64 positions, largely due to identified security needs (61 of the 64 positions). These security hires will be offset by a reduction in overtime. In 2005, there is only an addition of 1 non-represented position due to the completion of the managerial trainee program.

**MTA BRIDGES AND TUNNELS**  
**ACCRUAL STATEMENT OF OPERATIONS BY CATEGORY**  
**2002-2004**  
(\$ in millions)

TABLE I

	2002 Actuals	2003 October Forecast	2004		Favorable/(Unfavorable) 2004 Final Proposed Budget vs. 2004 Preliminary Budget	
			Preliminary Budget	Final Proposed Budget	2003 October Forecast	2004 Preliminary Budget
<b><u>Revenues</u></b>						
Toll Revenue	933.134	1,009.494	1,058.498	1,075.420	65.926	16.922
Other Income	6.627	45.928	34.983	33.597	(12.331)	(1.386)
Interest Income	14.727	5.529	6.450	4.585	(0.944)	(1.865)
<b>Total Revenues</b>	<b>954.488</b>	<b>1,060.951</b>	<b>1,099.931</b>	<b>1,113.602</b>	<b>52.651</b>	<b>13.671</b>
<b><u>Personnel Expenses</u></b>						
Employee Salaries-Regular	94.029	103.523	108.327	108.797	(5.274)	(0.470)
Employee Salaries-Overtime	24.726	26.477	23.488	25.428	1.050	(1.940)
Fringe Benefits: Pension	1.179	1.869	4.239	5.593	(3.724)	(1.354)
Fringe Benefits: Health	13.094	16.761	18.282	19.875	(3.114)	(1.593)
Fringe Benefits: Welfare	2.789	2.942	3.008	3.639	(0.697)	(0.631)
Fringe Benefits: Other	14.606	16.936	18.177	19.803	(2.867)	(1.626)
<b>Total Personnel Expenses</b>	<b>150.423</b>	<b>168.509</b>	<b>175.521</b>	<b>183.135</b>	<b>(14.626)</b>	<b>(7.614)</b>
<b><u>Other than Personnel Services</u></b>						
Outside Technical & Maintenance Services	78.224	90.272	84.170	82.977	7.295	1.193
Bridge Painting	20.591	29.500	19.500	19.500	10.000	0.000
Major Maintenance	14.172	24.806	28.378	28.378	(3.572)	0.000
2 Broadway Operating Expenses	10.006	9.577	9.743	9.743	(0.166)	(0.000)
Maint. of Toll Equipment	6.670	6.752	6.800	6.791	(0.039)	0.009
Power	4.006	4.530	4.299	4.299	0.231	0.000
Supplies	4.522	5.551	4.632	4.778	0.773	(0.146)
Equipment Purchases	3.088	2.862	3.115	3.105	(0.242)	0.010
Maintenance Materials	2.419	3.410	3.214	3.148	0.262	0.066
Insurance	10.633	9.339	9.443	9.464	(0.125)	(0.021)
Other	4.898	3.339	3.760	3.866	(0.527)	(0.106)
<b>Total Other Than Personnel</b>	<b>159.229</b>	<b>189.939</b>	<b>177.054</b>	<b>176.047</b>	<b>13.891</b>	<b>1.007</b>
<b>Total Operating Expenses</b>	<b>309.652</b>	<b>358.447</b>	<b>352.575</b>	<b>359.182</b>	<b>(0.735)</b>	<b>(6.607)</b>
<b>Less: Capital &amp; Other Reimbursements</b>	<b>9.456</b>	<b>8.600</b>	<b>8.549</b>	<b>8.567</b>	<b>0.033</b>	<b>(0.018)</b>
<b>Net Operating Expenses</b>	<b>300.196</b>	<b>349.847</b>	<b>344.026</b>	<b>350.615</b>	<b>(0.768)</b>	<b>(6.589)</b>
<b>Net Operating Income</b>	<b>654.292</b>	<b>711.104</b>	<b>755.905</b>	<b>762.987</b>	<b>51.883</b>	<b>7.082</b>
Total Revenues	954.488	1,060.951	1,099.931	1,113.602	52.651	13.671
Net Operating Expenses	300.196	349.847	344.026	350.615	(0.768)	(6.589)
<b>Net Operating Income</b>	<b>654.292</b>	<b>711.104</b>	<b>755.905</b>	<b>762.987</b>	<b>51.883</b>	<b>7.082</b>
Additional Agency PEG	0.000	0.000	0.000	0.000	0.000	0.000
<b>Net Operating Income</b>	<b>654.292</b>	<b>711.104</b>	<b>755.905</b>	<b>762.987</b>	<b>51.883</b>	<b>7.082</b>



**MTA BRIDGES AND TUNNELS**  
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**2002-2004**  
(\$ in millions)

TABLE I

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<b>Net Operating Income</b>	<b>654.292</b>	<b>711.104</b>	<b>755.905</b>	<b>762.987</b>	<b>51.883</b>	<b>7.082</b>
<b><u>Deductions from Operating Income:</u></b>						
Capitalized Assets	5.132	6.446	12.206	9.976	(3.530)	2.230
Reserves	6.670	11.467	14.140	14.140	(2.673)	0.000
Debt Service	379.560	344.151	423.251	425.207	(81.056)	(1.956)
<b>Total Deduction from Operating Income</b>	<b>391.362</b>	<b>362.064</b>	<b>449.597</b>	<b>449.323</b>	<b>(87.259)</b>	<b>0.274</b>
<b>Income Available For Distribution</b>	<b>262.930</b>	<b>349.040</b>	<b>306.308</b>	<b>313.664</b>	<b>(35.376)</b>	<b>7.356</b>
<b>Distributable To:</b>						
M.T.A. - Investment Income	14.727	5.529	6.450	4.585	(0.944)	(1.865)
M.T.A. - Distributable Income	144.241	209.658	203.534	208.633	(1.025)	5.099
N.Y.C.T. - Distributable Income	103.963	133.853	96.324	100.446	(33.407)	4.122
<b>Total Distributable Income</b>	<b>262.930</b>	<b>349.040</b>	<b>306.308</b>	<b>313.664</b>	<b>(35.376)</b>	<b>7.356</b>
<b>Actual Cash Transfers:</b>						
M.T.A. - Investment Income	23.772	14.727	6.450	5.529	(9.198)	(0.921)
M.T.A. - Transfers	145.520	248.265	203.220	208.736	(39.530)	5.515
N.Y.C.T. - Transfers	105.499	211.001	99.163	103.787	(107.214)	4.624
<b>Total Cash Transfers</b>	<b>274.791</b>	<b>473.993</b>	<b>308.833</b>	<b>318.051</b>	<b>(155.942)</b>	<b>9.218</b>
<b><u>ADJUSTED NET OPERATING INCOME</u></b>						
Total Revenues	954.488	1,060.951	1,099.931	1,113.602	52.651	13.671
Less: Investment Income	14.727	5.529	6.450	4.585	(0.944)	(1.865)
Net Operating Expenses	300.196	349.847	344.026	350.615	(0.768)	(6.589)
Capitalized Assets	5.132	6.446	12.206	9.976	(3.530)	2.230
Reserves	6.670	11.467	14.140	14.140	(2.673)	0.000
<b>Total Deduction from Net Operating Income:</b>	<b>326.725</b>	<b>373.289</b>	<b>376.822</b>	<b>379.316</b>	<b>(6.027)</b>	<b>(2.494)</b>
<b>Adjusted Net Operating Income</b>	<b>627.763</b>	<b>687.662</b>	<b>723.109</b>	<b>734.286</b>	<b>46.624</b>	<b>11.177</b>
Additional Agency PEG	0.000	0.000	0.000	0.000	0.000	0.000
<b>Adj Net Operating Inc with GAP Closing</b>	<b>627.763</b>	<b>687.662</b>	<b>723.109</b>	<b>734.286</b>	<b>46.624</b>	<b>11.177</b>

**MTA BRIDGES AND TUNNELS**  
**ACCRUAL STATEMENT OF OPERATIONS BY CATEGORY**  
**2002-2004**  
(\$ in millions)

TABLE I

	2002 Actuals	2003 October Forecast	2004		Favorable/(Unfavorable) 2004 Final Proposed Budget vs. 2004 Preliminary Budget	
			Preliminary Budget	Final Proposed Budget	2003 October Forecast	2004 Preliminary Budget
<b>Adj Net Operating Inc with GAP Closing</b>	<b>627.763</b>	<b>687.662</b>	<b>723.109</b>	<b>734.286</b>	<b>46.624</b>	<b>11.177</b>
<b><u>SUPPORT TO MASS TRANSIT</u></b>						
Total Revenues	954.488	1,060.951	1,099.931	1,113.602	52.651	13.671
Less: Net Operating Expenses	300.196	349.847	344.026	350.615	(0.768)	(6.589)
Additional Agency PEG	0.000	0.000	0.000	0.000	0.000	0.000
<b>Net Operating Income</b>	<b>654.292</b>	<b>711.104</b>	<b>755.905</b>	<b>762.987</b>	<b>51.883</b>	<b>7.082</b>
<b>Deductions from Operating Income:</b>						
B&T Debt Service	114.276	78.436	90.848	91.043	(12.607)	(0.195)
Capitalized Assets	5.132	6.446	12.206	9.976	(3.530)	2.230
Reserves	6.670	11.467	14.140	14.140	(2.673)	0.000
<b>Total Deductions from Operating Income:</b>	<b>126.078</b>	<b>96.349</b>	<b>117.194</b>	<b>115.159</b>	<b>(18.810)</b>	<b>2.035</b>
<b>Total Support to Mass Transit</b>	<b>528.214</b>	<b>614.755</b>	<b>638.711</b>	<b>647.828</b>	<b>33.073</b>	<b>9.117</b>

**MTA Bridges and Tunnels**  
**FINANCIAL PLAN COMPARISON BY CATEGORY (ACCRUED)**  
**2003 OCTOBER FORECAST VS. MID-YEAR FORECAST**  
(\$ in millions)

Table I -A-

	2003				Favorable/Unfavorable October Forecast vs. Mid-Year Forecast
	Mid-Year Forecast	July Year-to-date Actuals	August to December Forecast	October Forecast	
<b><u>Revenues</u></b>					
Toll Revenue	994.429	562.789	446.705	1,009.494	15.065
Other Income	44.022	17.296	28.632	45.928	1.906
Interest Income	6.450	3.561	1.968	5.529	(0.921)
<b>Total Revenues</b>	<b>1,044.901</b>	<b>583.646</b>	<b>477.305</b>	<b>1,060.951</b>	<b>16.050</b>
<b><u>Personnel Expenses</u></b>					
Employee Salaries-Regular	102.669	56.616	46.907	103.523	(0.854)
Employee Salaries-Overtime	26.307	15.985	10.492	26.477	(0.170)
Fringe Benefits: Pension	1.869	0.941	0.928	1.869	0.000
Fringe Benefits: Health	16.244	9.711	7.050	16.761	(0.517)
Fringe Benefits: Welfare	2.942	2.041	0.901	2.942	0.000
Fringe Benefits: Other	16.453	6.087	10.849	16.936	(0.483)
<b>Total Personnel Expenses</b>	<b>166.484</b>	<b>91.381</b>	<b>77.128</b>	<b>168.509</b>	<b>(2.025)</b>
<b><u>Other than Personnel Services</u></b>					
Outside Technical & Maintenance Services	93.453	45.947	44.324	90.272	3.181
Bridge Painting	29.500	11.254	18.246	29.500	0.000
Major Maintenance	25.092	5.391	19.415	24.806	0.286
2 Broadway Operating Expenses	9.577	5.458	4.119	9.577	0.000
Maint. of Toll Equipment	6.779	2.850	3.903	6.752	0.027
Power	4.530	2.339	2.191	4.530	0.000
Supplies	5.020	3.541	2.010	5.551	(0.530)
Equipment Purchases	2.762	0.898	1.964	2.862	(0.100)
Maintenance Materials	3.371	1.547	1.863	3.410	(0.039)
Insurance	9.339	4.869	4.470	9.339	(0.000)
Other	3.296	1.255	2.084	3.339	(0.043)
<b>Total Other Than Personnel</b>	<b>192.720</b>	<b>85.349</b>	<b>104.589</b>	<b>189.939</b>	<b>2.781</b>
<b>Total Operating Expenses</b>	<b>359.204</b>	<b>176.730</b>	<b>181.717</b>	<b>358.447</b>	<b>0.756</b>
<b>Less: Capital &amp; Other Reimbursements</b>	<b>7.910</b>	<b>5.173</b>	<b>3.427</b>	<b>8.600</b>	<b>(0.690)</b>
<b>Net Operating Expenses</b>	<b>351.294</b>	<b>171.557</b>	<b>178.290</b>	<b>349.847</b>	<b>1.446</b>
<b>Net Operating Income</b>	<b>693.607</b>	<b>412.089</b>	<b>299.015</b>	<b>711.104</b>	<b>17.497</b>
Total Revenues	1,044.901	583.646	477.305	1,060.951	16.050
Net Operating Expenses	351.294	171.557	178.290	349.847	1.446
<b>Net Operating Income</b>	<b>693.607</b>	<b>412.089</b>	<b>299.015</b>	<b>711.104</b>	<b>17.497</b>
Additional Agency PEG	0.000	0.000	0.000	0.000	0.000
<b>Net Operating Income</b>	<b>693.607</b>	<b>412.089</b>	<b>299.015</b>	<b>711.104</b>	<b>17.497</b>

2003

	Mid-Year Forecast	July Year-to-date Actuals	August to December Forecast	October Forecast	Favorable/Unfavorable October Forecast vs. Mid-Year Forecast
<b>Net Operating Income</b>	<b>693.607</b>	<b>412.089</b>	<b>299.015</b>	<b>711.104</b>	<b>17.497</b>
<b><u>Deductions from Operating Income:</u></b>					
Capitalized Assets	6.673	1.094	5.352	6.446	0.227
Reserves	11.467	6.692	4.775	11.467	0.000
Debt Service	343.906	182.292	161.859	344.151	(0.245)
<b>Total Deduction from Operating Income</b>	<b>362.046</b>	<b>190.078</b>	<b>171.986</b>	<b>362.064</b>	<b>(0.018)</b>
<b>Income Available For Distribution</b>	<b>331.561</b>	<b>222.011</b>	<b>127.029</b>	<b>349.040</b>	<b>17.479</b>
<b>Distributable To:</b>					
M.T.A. - Investment Income	6.450	3.561	1.968	5.529	(0.921)
M.T.A. - Distributable Income	200.397	129.543	80.115	209.658	9.261
N.Y.C.T. - Distributable Income	124.714	88.907	44.946	133.853	9.139
<b>Total Distributable Income</b>	<b>331.561</b>	<b>222.011</b>	<b>127.029</b>	<b>349.040</b>	<b>17.479</b>
<b>Actual Cash Transfers:</b>					
M.T.A. - Investment Income	14.727	3.561	11.166	14.727	0.000
M.T.A. - Transfers	240.686	171.698	76.568	248.265	7.579
N.Y.C.T. - Transfers	203.532	185.697	25.304	211.001	7.469
<b>Total Cash Transfers</b>	<b>458.945</b>	<b>360.955</b>	<b>113.038</b>	<b>473.993</b>	<b>15.048</b>
<b><u>ADJUSTED NET OPERATING INCOME</u></b>					
Total Revenues	1,044.901	583.646	477.305	1,060.951	16.050
Less: Investment Income	6.450	3.561	1.968	5.529	(0.921)
Net Operating Expenses	351.294	171.557	178.290	349.847	1.446
Capitalized Assets	6.673	1.094	5.352	6.446	0.227
Reserves	11.467	6.692	4.775	11.467	0.000
<b>Total Deduction from Net Operating Income:</b>	<b>375.884</b>	<b>182.904</b>	<b>190.385</b>	<b>373.289</b>	<b>2.594</b>
<b>Adjusted Net Operating Income</b>	<b>669.017</b>	<b>400.742</b>	<b>286.920</b>	<b>687.662</b>	<b>18.645</b>
Additional Agency PEG	0.000	0.000	0.000	0.000	0.000
<b>Adj Net Operating Inc with GAP Closing</b>	<b>669.017</b>	<b>400.742</b>	<b>286.920</b>	<b>687.662</b>	<b>18.645</b>

2003

	Mid-Year Forecast	July Year-to-date Actuals	August to December Forecast	October Forecast	Favorable/Unfavorable October Forecast vs. Mid-Year Forecast
<b>Adj Net Operating Inc with GAP Closing</b>	<b>669.017</b>	<b>400.742</b>	<b>286.920</b>	<b>687.662</b>	<b>18.645</b>
<b><u>SUPPORT TO MASS TRANSIT</u></b>					
Total Revenues	1,044.901	583.646	477.305	1,060.951	16.050
Less: Net Operating Expenses	351.294	171.557	178.290	349.847	1.446
Additional Agency PEG	0.000	0.000	0.000	0.000	0.000
<b>Net Operating Income</b>	<b>693.607</b>	<b>412.089</b>	<b>299.015</b>	<b>711.104</b>	<b>17.497</b>
<b>Deductions from Operating Income:</b>					
B&T Debt Service	78.411	43.348	35.088	78.436	(0.025)
Capitalized Assets	6.673	1.094	5.352	6.446	0.227
Reserves	11.467	6.692	4.775	11.467	0.000
<b>Total Deductions from Operating Income:</b>	<b>96.551</b>	<b>51.134</b>	<b>45.215</b>	<b>96.349</b>	<b>0.202</b>
<b>Total Support to Mass Transit</b>	<b>597.056</b>	<b>360.955</b>	<b>253.800</b>	<b>614.755</b>	<b>17.699</b>

**MTA BRIDGES AND TUNNELS**  
**ACCRUAL STATEMENT OF OPERATIONS BY CATEGORY**  
**2003-2007**  
(\$ in millions)

TABLE IV

	<b>2003 October Forecast</b>	<b>2004 Final Proposed Budget</b>	<b>2005 Plan</b>	<b>2006 Plan</b>	<b>2007 Plan</b>
<b><u>Revenues</u></b>					
Toll Revenue	1,009.494	1,075.420	1,079.189	1,087.197	1,092.728
Other Income	45.928	33.597	36.984	39.048	41.332
Interest Income	5.529	4.585	5.444	6.017	7.736
<b>Total Revenues</b>	<b>1,060.951</b>	<b>1,113.602</b>	<b>1,121.617</b>	<b>1,132.262</b>	<b>1,141.796</b>
<b><u>Personnel Expenses</u></b>					
Employee Salaries-Regular	103.523	108.797	113.559	118.060	122.706
Employee Salaries-Overtime	26.477	25.428	26.251	27.098	27.970
Fringe Benefits: Pension	1.869	5.593	10.882	15.430	18.017
Fringe Benefits: Health	16.761	19.875	21.545	23.354	25.316
Fringe Benefits: Welfare	2.942	3.639	3.945	4.276	4.635
Fringe Benefits: Other	16.936	19.803	20.619	22.401	24.309
<b>Total Personnel Expenses</b>	<b>168.509</b>	<b>183.135</b>	<b>196.801</b>	<b>210.619</b>	<b>222.953</b>
<b><u>Other than Personnel Services</u></b>					
Outside Technical & Maintenance Services	90.272	82.977	88.858	88.321	90.834
Bridge Painting	29.500	19.500	23.324	39.785	49.486
Major Maintenance	24.806	28.378	26.481	27.008	27.610
2 Broadway Operating Expenses	9.577	9.743	9.924	10.121	10.347
Maint. of Toll Equipment	6.752	6.791	6.916	7.054	7.211
Power	4.530	4.299	4.255	4.265	4.299
Supplies	5.551	4.778	4.864	4.965	5.082
Equipment Purchases	2.862	3.105	3.162	3.225	3.297
Maintenance Materials	3.410	3.148	3.207	3.270	3.343
Insurance	9.339	9.464	9.639	9.831	10.050
Other	3.339	3.866	3.926	3.991	4.066
<b>Total Other Than Personnel</b>	<b>189.939</b>	<b>176.047</b>	<b>184.555</b>	<b>201.837</b>	<b>215.626</b>
<b>Total Operating Expenses</b>	<b>358.447</b>	<b>359.182</b>	<b>381.356</b>	<b>412.456</b>	<b>438.579</b>
<b>Less: Capital &amp; Other Reimbursements</b>	<b>8.600</b>	<b>8.567</b>	<b>8.845</b>	<b>9.131</b>	<b>9.425</b>
<b>Net Operating Expenses</b>	<b>349.847</b>	<b>350.615</b>	<b>372.511</b>	<b>403.325</b>	<b>429.154</b>
<b>Net Operating Income</b>	<b>711.104</b>	<b>762.987</b>	<b>749.106</b>	<b>728.937</b>	<b>712.642</b>
Total Revenues	1,060.951	1,113.602	1,121.617	1,132.262	1,141.796
Net Operating Expenses	349.847	350.615	372.511	403.325	429.154
<b>Net Operating Income</b>	<b>711.104</b>	<b>762.987</b>	<b>749.106</b>	<b>728.937</b>	<b>712.642</b>
Additional Agency PEG	0.000	0.000	0.000	0.000	0.000
<b>Net Operating Income</b>	<b>711.104</b>	<b>762.987</b>	<b>749.106</b>	<b>728.937</b>	<b>712.642</b>

**MTA BRIDGES AND TUNNELS**  
**ACCRUAL STATEMENT OF OPERATIONS BY CATEGORY**  
**2003-2007**  
(\$ in millions)

TABLE IV

	2003 October Forecast	2004 Final Proposed Budget	2005 Plan	2006 Plan	2007 Plan
<b>Net Operating Income</b>	<b>711.104</b>	<b>762.987</b>	<b>749.106</b>	<b>728.937</b>	<b>712.642</b>
<b><u>Deductions from Operating Income:</u></b>					
Capitalized Assets	6.446	9.976	10.161	10.363	10.594
Reserves	11.467	14.140	14.402	14.689	15.017
Debt Service	344.151	425.207	453.714	455.663	469.572
<b>Total Deduction from Operating Income</b>	<b>362.064</b>	<b>449.323</b>	<b>478.277</b>	<b>480.715</b>	<b>495.183</b>
<b>Income Available For Distribution</b>	<b>349.040</b>	<b>313.664</b>	<b>270.829</b>	<b>248.222</b>	<b>217.459</b>
<b><u>Distributable To:</u></b>					
M.T.A. - Investment Income	5.529	4.585	5.444	6.017	7.736
M.T.A. - Distributable Income	209.658	208.633	190.839	178.639	162.196
N.Y.C.T. - Distributable Income	133.853	100.446	74.546	63.566	47.527
<b>Total Distributable Income</b>	<b>349.040</b>	<b>313.664</b>	<b>270.829</b>	<b>248.222</b>	<b>217.459</b>
<b>Actual Cash Transfers:</b>					
M.T.A. - Investment Income	14.727	5.529	4.585	5.444	6.017
M.T.A. - Transfers	248.265	208.736	192.618	179.859	163.840
N.Y.C.T. - Transfers	211.001	103.786	77.136	64.664	49.131
<b>Total Cash Transfers</b>	<b>473.993</b>	<b>318.051</b>	<b>274.339</b>	<b>249.967</b>	<b>218.988</b>
<b><u>ADJUSTED NET OPERATING INCOME</u></b>					
Total Revenues	1,060.951	1,113.602	1,121.617	1,132.262	1,141.796
Less: Investment Income	5.529	4.585	5.444	6.017	7.736
Net Operating Expenses	349.847	350.615	372.511	403.325	429.154
Capitalized Assets	6.446	9.976	10.161	10.363	10.594
Reserves	11.467	14.140	14.402	14.689	15.017
<b>Total Deduction from Net Operating Income:</b>	<b>373.289</b>	<b>379.316</b>	<b>402.518</b>	<b>434.394</b>	<b>462.501</b>
<b>Adjusted Net Operating Income</b>	<b>687.662</b>	<b>734.286</b>	<b>719.099</b>	<b>697.868</b>	<b>679.295</b>
Additional Agency PEG	0.000	0.000	0.000	0.000	0.000
<b>Adj Net Operating Inc with GAP Closing</b>	<b>687.662</b>	<b>734.286</b>	<b>719.099</b>	<b>697.868</b>	<b>679.295</b>

**MTA BRIDGES AND TUNNELS**  
**ACCRUAL STATEMENT OF OPERATIONS BY CATEGORY**  
**2003-2007**  
(\$ in millions)

TABLE IV

	<b>2003 October Forecast</b>	<b>2004 Final Proposed Budget</b>	<b>2005 Plan</b>	<b>2006 Plan</b>	<b>2007 Plan</b>
<b>Adj Net Operating Inc with GAP Closing</b>	<b>687.662</b>	<b>734.286</b>	<b>719.099</b>	<b>697.868</b>	<b>679.295</b>
<b><u>SUPPORT TO MASS TRANSIT</u></b>					
Total Revenues	1,060.951	1,113.602	1,121.617	1,132.262	1,141.796
Less: Net Operating Expenses	349.847	350.615	372.511	403.325	429.154
Additional Agency PEG	0.000	0.000	0.000	0.000	0.000
<b>Net Operating Income</b>	<b>711.104</b>	<b>762.987</b>	<b>749.106</b>	<b>728.937</b>	<b>712.642</b>
<b>Deductions from Operating Income:</b>					
B&T Debt Service	78.436	91.043	97.289	101.817	114.695
Capitalized Assets	6.446	9.976	10.161	10.363	10.594
Reserves	11.467	14.140	14.402	14.689	15.017
<b>Total Deductions from Operating Income:</b>	<b>96.349</b>	<b>115.159</b>	<b>121.852</b>	<b>126.869</b>	<b>140.306</b>
<b>Total Support to Mass Transit</b>	<b>614.755</b>	<b>647.828</b>	<b>627.254</b>	<b>602.068</b>	<b>572.336</b>



**MTA BRIDGES AND TUNNELS**  
**ACCRUAL STATEMENT OF OPERATIONS BY DEPARTMENT**  
**2002-2004**  
(\$ in millions)

TABLE VII

	2002 Actuals	2003 October Forecast	2004		Favorable/(Unfavorable) 2004 Final Proposed Budget vs. 2004 Preliminary Budget	
			Preliminary Budget	Final Proposed Budget	2003 October Forecast	2004 Preliminary Budget
<b><u>Revenues</u></b>						
Toll Revenue	933.134	1,009.494	1,058.498	1,075.420	65.926	16.922
Other Income	6.627	45.928	34.983	33.597	(12.332)	(1.386)
Interest Income	14.727	5.529	6.450	4.585	(0.944)	(1.865)
<b>Total Revenues</b>	<b>954.488</b>	<b>1,060.951</b>	<b>1,099.931</b>	<b>1,113.602</b>	<b>52.650</b>	<b>13.671</b>
<b><u>Expense by Category</u></b>						
Fringe Benefits: Pension	1.179	1.869	4.239	5.593	(3.724)	(1.354)
Fringe Benefits: Health	13.094	16.761	18.282	19.875	(3.114)	(1.593)
Fringe Benefits: Welfare	2.789	2.942	3.008	3.639	(0.697)	(0.631)
Fringe Benefits: Other	14.606	16.936	18.177	19.803	(2.867)	(1.626)
<b>Total Expenses by Category</b>	<b>31.668</b>	<b>38.508</b>	<b>43.706</b>	<b>48.910</b>	<b>(10.402)</b>	<b>(5.204)</b>
<b><u>Expenses by Department</u></b>						
Operations & Maintenance	108.632	119.198	122.645	121.637	(2.440)	1.007
Engineering & Construction	49.150	68.864	62.807	62.547	6.317	0.260
Executive	0.276	0.297	0.346	0.319	(0.022)	0.027
Law	12.198	10.839	10.947	10.958	(0.119)	(0.011)
Internal Security	5.439	6.376	6.492	6.500	(0.124)	(0.008)
Procurement & Materials	2.861	3.110	3.288	3.322	(0.212)	(0.033)
Labor Relations	0.462	0.495	0.507	0.506	(0.011)	0.002
Office of the CFO	72.024	80.105	69.680	70.624	9.481	(0.944)
Technology	8.915	8.709	9.316	9.135	(0.425)	0.181
Human Resources & Public Affairs	4.974	4.776	5.646	5.792	(1.016)	(0.145)
Health & Safety	0.820	0.925	0.919	0.990	(0.065)	(0.071)
EEO	0.341	0.405	0.421	0.417	(0.012)	0.004
2 Broadway Operating Expenses	10.006	9.577	9.743	9.743	(0.166)	0.000
Non-Departmental	1.887	6.264	6.111	7.784	(1.520)	(1.673)
<b>Total Expenses by Department</b>	<b>277.984</b>	<b>319.939</b>	<b>308.869</b>	<b>310.272</b>	<b>9.667</b>	<b>(1.403)</b>
<b>Total Operating Expenses</b>	<b>309.652</b>	<b>358.447</b>	<b>352.575</b>	<b>359.182</b>	<b>(0.735)</b>	<b>(6.607)</b>
<b>Less: Capital &amp; Other Reimbursements</b>	<b>9.456</b>	<b>8.600</b>	<b>8.549</b>	<b>8.567</b>	<b>0.033</b>	<b>(0.018)</b>
<b>Net Operating Expenses</b>	<b>300.196</b>	<b>349.847</b>	<b>344.026</b>	<b>350.615</b>	<b>(0.768)</b>	<b>(6.589)</b>
<b>Net Operating Income</b>	<b>654.292</b>	<b>711.104</b>	<b>755.905</b>	<b>762.987</b>	<b>51.883</b>	<b>7.081</b>
Total Revenues	954.488	1,060.951	1,099.931	1,113.602	52.650	13.671
Net Operating Expenses	300.196	349.847	344.026	350.615	(0.768)	(6.589)
<b>Net Operating Income</b>	<b>654.292</b>	<b>711.104</b>	<b>755.905</b>	<b>762.987</b>	<b>51.883</b>	<b>7.081</b>
Additional Agency PEG	0.000	0.000	0.000	0.000	0.000	0.000
<b>Net Operating Income</b>	<b>654.292</b>	<b>711.104</b>	<b>755.905</b>	<b>762.987</b>	<b>51.883</b>	<b>7.081</b>

**MTA BRIDGES AND TUNNELS**  
**ACCRUAL STATEMENT OF OPERATIONS BY DEPARTMENT**  
**2002-2004**  
(\$ in millions)

TABLE VII

	2002 Actuals	2003 October Forecast	2004		Favorable/(Unfavorable) 2004 Final Proposed Budget vs. 2004 Preliminary Budget	
			Preliminary Budget	Final Proposed Budget	2003 October Forecast	2004 Preliminary Budget
<b>Net Operating Income</b>	<b>654.292</b>	<b>711.104</b>	<b>755.905</b>	<b>762.987</b>	<b>51.883</b>	<b>7.081</b>
<b><u>Deductions from Operating Income:</u></b>						
Capitalized Assets	5.132	6.446	12.206	9.976	(3.530)	2.230
Reserves	6.670	11.467	14.140	14.140	(2.673)	0.000
Debt Service	379.560	344.151	423.251	425.207	(81.056)	(1.956)
<b>Total Deduction from Operating Income</b>	<b>391.362</b>	<b>362.064</b>	<b>449.597</b>	<b>449.323</b>	<b>(87.259)</b>	<b>0.274</b>
<b>Income Available For Distribution</b>	<b>262.930</b>	<b>349.040</b>	<b>306.308</b>	<b>313.664</b>	<b>(35.376)</b>	<b>7.355</b>
<b>Distributable To:</b>						
M.T.A. - Investment Income	14.727	5.529	6.450	4.585	(0.944)	(1.865)
M.T.A. - Distributable Income	144.241	209.658	203.534	208.633	(1.025)	5.099
N.Y.C.T. - Distributable Income	103.963	133.853	96.324	100.446	(33.407)	4.121
<b>Total Distributable Income</b>	<b>262.930</b>	<b>349.040</b>	<b>306.308</b>	<b>313.664</b>	<b>(35.376)</b>	<b>7.355</b>
<b>Actual Cash Transfers:</b>						
M.T.A. - Investment Income	23.772	14.727	6.450	5.529	(9.198)	(0.921)
M.T.A. - Transfers	145.520	248.265	203.220	208.736	(39.530)	5.515
N.Y.C.T. - Transfers	105.499	211.001	99.163	103.786	(107.214)	4.623
<b>Total Cash Transfers</b>	<b>274.791</b>	<b>473.993</b>	<b>308.834</b>	<b>318.051</b>	<b>(155.942)</b>	<b>9.217</b>
<b><u>ADJUSTED NET OPERATING INCOME</u></b>						
Total Revenues	954.488	1,060.951	1,099.931	1,113.602	52.650	13.671
Less: Investment Income	14.727	5.529	6.450	4.585	(0.944)	(1.865)
Net Operating Expenses	300.196	349.847	344.026	350.615	(0.768)	(6.589)
Capitalized Assets	5.132	6.446	12.206	9.976	(3.530)	2.230
Reserves	6.670	11.467	14.140	14.140	(2.673)	0.000
<b>Total Deduction from Net Operating Income:</b>	<b>326.725</b>	<b>373.289</b>	<b>376.822</b>	<b>379.316</b>	<b>(6.027)</b>	<b>(2.494)</b>
<b>Adjusted Net Operating Income</b>	<b>627.763</b>	<b>687.662</b>	<b>723.109</b>	<b>734.286</b>	<b>46.624</b>	<b>11.176</b>
Additional Agency PEG	0.000	0.000	0.000	0.000	0.000	0.000
<b>Adj Net Operating Inc with GAP Closing</b>	<b>627.763</b>	<b>687.662</b>	<b>723.109</b>	<b>734.286</b>	<b>46.624</b>	<b>11.176</b>

**MTA BRIDGES AND TUNNELS**  
**ACCRUAL STATEMENT OF OPERATIONS BY DEPARTMENT**  
**2002-2004**  
(\$ in millions)

TABLE VII

	2002 Actuals	2003 October Forecast	2004		Favorable/(Unfavorable) 2004 Final Proposed Budget vs. 2004 Preliminary Budget	
			Preliminary Budget	Final Proposed Budget	2003 October Forecast	2004 Preliminary Budget
<b>Adj Net Operating Inc with GAP Closing</b>	<b>627.763</b>	<b>687.662</b>	<b>723.109</b>	<b>734.286</b>	<b>46.624</b>	<b>11.176</b>
<b><u>SUPPORT TO MASS TRANSIT</u></b>						
Total Revenues	954.488	1,060.951	1,099.931	1,113.602	52.650	13.671
Less: Net Operating Expenses	300.196	349.847	344.026	350.615	(0.768)	(6.589)
Additional Agency PEG	0.000	0.000	0.000	0.000	0.000	0.000
<b>Net Operating Income</b>	<b>654.292</b>	<b>711.104</b>	<b>755.905</b>	<b>762.987</b>	<b>51.883</b>	<b>7.081</b>
<b>Deductions from Operating Income:</b>						
B&T Debt Service	114.276	78.436	90.848	91.043	(12.607)	(0.195)
Capitalized Assets	5.132	6.446	12.206	9.976	(3.530)	2.230
Reserves	6.670	11.467	14.140	14.140	(2.673)	0.000
<b>Total Deductions from Operating Income:</b>	<b>126.078</b>	<b>96.349</b>	<b>117.194</b>	<b>115.159</b>	<b>(18.810)</b>	<b>2.035</b>
<b>Total Support to Mass Transit</b>	<b>528.214</b>	<b>614.755</b>	<b>638.711</b>	<b>647.828</b>	<b>33.073</b>	<b>9.116</b>

**MTA BRIDGES AND TUNNELS**  
**FINANCIAL PLAN COMPARISON BY DEPARTMENT**  
**2003 October Forecast vs. Mid-Year Forecast**  
(\$ in millions)

TABLE VII-A

2003					
	Mid-Year Forecast	July Year-to-date Actuals	August to December Forecast	October Forecast	Favorable/Unfavorable October Forecast vs. Mid-Year Forecast
<b>Revenues</b>					
Toll Revenue	994.429	562.789	446.705	1,009.494	15.065
Other Income	44.022	17.296	28.632	45.928	1.906
Interest Income	6.450	3.561	1.968	5.529	(0.921)
<b>Total Revenues</b>	<b>1,044.901</b>	<b>583.646</b>	<b>477.305</b>	<b>1,060.951</b>	<b>16.050</b>
<b>Expenses by Category</b>					
Fringe Benefits: Pension	1.869	0.941	0.928	1.869	0.000
Fringe Benefits: Health	16.244	9.711	7.050	16.761	(0.517)
Fringe Benefits: Welfare	2.942	2.041	0.901	2.942	0.000
Fringe Benefits: Other	16.453	6.087	10.849	16.936	(0.483)
<b>Total Expenses by Category</b>	<b>37.508</b>	<b>18.780</b>	<b>19.728</b>	<b>38.508</b>	<b>(1.000)</b>
<b>Expenses by Department</b>					
Operations & Maintenance	120.992	65.183	54.014	119.198	1.794
Engineering & Construction	69.443	24.536	44.328	68.864	0.579
Executive	0.341	0.168	0.129	0.297	0.044
Law	10.799	5.461	5.378	10.839	(0.040)
Internal Security	6.529	2.966	3.410	6.376	0.153
Procurement & Materials	3.180	1.758	1.352	3.110	0.071
Labor Relations	0.502	0.276	0.219	0.495	0.008
Office of the CFO	81.721	42.610	37.495	80.105	1.616
Technology	8.933	4.435	4.274	8.709	0.224
Human Resources & Public Affairs	4.801	2.677	2.100	4.776	0.025
Health & Safety	0.834	0.510	0.415	0.925	(0.091)
EEO	0.413	0.193	0.213	0.405	0.008
2 Broadway Operating Expenses	9.577	5.458	4.119	9.577	0.000
Non-Departmental	3.632	1.720	4.544	6.264	(2.632)
<b>Total Expenses by Department</b>	<b>321.696</b>	<b>157.950</b>	<b>161.989</b>	<b>319.939</b>	<b>1.757</b>
<b>Total Operating Expenses</b>	<b>359.204</b>	<b>176.730</b>	<b>181.717</b>	<b>358.447</b>	<b>0.757</b>
<b>Less: Capital &amp; Other Reimbursements</b>	7.910	5.173	3.427	8.600	(0.690)
<b>Net Operating Expenses</b>	<b>351.294</b>	<b>171.557</b>	<b>178.290</b>	<b>349.847</b>	<b>1.447</b>
<b>Net Operating Income</b>	<b>693.607</b>	<b>412.089</b>	<b>299.015</b>	<b>711.104</b>	<b>17.497</b>
Total Revenues	1,044.901	583.646	477.305	1,060.951	16.050
Net Operating Expenses	351.294	171.557	178.290	349.847	1.447
<b>Net Operating Income</b>	<b>693.607</b>	<b>412.089</b>	<b>299.015</b>	<b>711.104</b>	<b>17.497</b>
Additional Agency PEG	0.000	0.000	0.000	0.000	0.000
<b>Net Operating Income</b>	<b>693.607</b>	<b>412.089</b>	<b>299.015</b>	<b>711.104</b>	<b>17.497</b>

**MTA BRIDGES AND TUNNELS**  
**FINANCIAL PLAN COMPARISON BY DEPARTMENT**  
**2003 October Forecast vs. Mid-Year Forecast**  
(\$ in millions)

TABLE VII-A

2003					
	Mid-Year Forecast	July Year-to-date Actuals	August to December Forecast	October Forecast	Favorable/Unfavorable October Forecast vs. Mid-Year Forecast
<b>Net Operating Income</b>	<b>693.607</b>	<b>412.089</b>	<b>299.015</b>	<b>711.104</b>	<b>17.497</b>
<b><u>Deductions from Operating Income:</u></b>					
Capitalized Assets	6.673	1.094	5.352	6.446	0.227
Reserves	11.467	6.692	4.775	11.467	0.000
Debt Service	343.906	182.292	161.859	344.151	(0.245)
<b>Total Deduction from Operating Income</b>	<b>362.046</b>	<b>190.078</b>	<b>171.986</b>	<b>362.064</b>	<b>(0.018)</b>
<b>Income Available For Distribution</b>	<b>331.561</b>	<b>222.011</b>	<b>127.029</b>	<b>349.040</b>	<b>17.479</b>
<b>Distributable To:</b>					
M.T.A. - Investment Income	6.450	3.561	1.968	5.529	(0.921)
M.T.A. - Distributable Income	200.397	129.543	80.115	209.658	9.261
N.Y.C.T. - Distributable Income	124.714	88.907	44.946	133.853	9.139
<b>Total Distributable Income</b>	<b>331.561</b>	<b>222.011</b>	<b>127.029</b>	<b>349.040</b>	<b>17.479</b>
<b>Actual Cash Transfers:</b>					
M.T.A. - Investment Income	14.727	3.561	11.166	14.727	0.000
M.T.A. - Transfers	240.686	171.698	76.568	248.265	7.579
N.Y.C.T. - Transfers	203.532	185.697	25.304	211.001	7.469
<b>Total Cash Transfers</b>	<b>458.945</b>	<b>360.956</b>	<b>113.037</b>	<b>473.993</b>	<b>15.048</b>
<b><u>ADJUSTED NET OPERATING INCOME</u></b>					
Total Revenues	1,044.901	583.646	477.305	1,060.951	16.050
Less: Investment Income	6.450	3.561	1.968	5.529	(0.921)
Net Operating Expenses	351.294	171.557	178.290	349.847	1.447
Capitalized Assets	6.673	1.094	5.352	6.446	0.227
Reserves	11.467	6.692	4.775	11.467	0.000
<b>Total Deduction from Net Operating Income:</b>	<b>375.884</b>	<b>182.904</b>	<b>190.385</b>	<b>373.289</b>	<b>0.753</b>
<b>Adjusted Net Operating Income</b>	<b>669.017</b>	<b>400.742</b>	<b>286.920</b>	<b>687.662</b>	<b>18.645</b>
Additional Agency PEG	0.000	0.000	0.000	0.000	0.000
<b>Adj Net Operating Inc with GAP Closing</b>	<b>669.017</b>	<b>400.742</b>	<b>286.920</b>	<b>687.662</b>	<b>18.645</b>

**MTA BRIDGES AND TUNNELS**  
**FINANCIAL PLAN COMPARISON BY DEPARTMENT**  
**2003 October Forecast vs. Mid-Year Forecast**  
(\$ in millions)

TABLE VII-A

	2003				
	Mid-Year Forecast	July Year-to-date Actuals	August to December Forecast	October Forecast	Favorable/Unfavorable October Forecast vs. Mid-Year Forecast
<b>Adj Net Operating Inc with GAP Closing</b>	<b>669.017</b>	<b>400.742</b>	<b>286.920</b>	<b>687.662</b>	<b>18.645</b>
<b><u>SUPPORT TO MASS TRANSIT</u></b>					
Total Revenues	1,044.901	583.646	477.305	1,060.951	16.050
Less: Net Operating Expenses	351.294	171.557	178.290	349.847	1.447
Additional Agency PEG	0.000	0.000	0.000	0.000	0.000
<b>Net Operating Income</b>	<b>693.607</b>	<b>412.089</b>	<b>299.015</b>	<b>711.104</b>	<b>17.497</b>
<b>Deductions from Operating Income:</b>					
B&T Debt Service	78.411	43.348	35.088	78.436	(0.025)
Capitalized Assets	6.673	1.094	5.352	6.446	0.227
Reserves	11.467	6.692	4.775	11.467	0.000
<b>Total Deductions from Operating Income:</b>	<b>96.551</b>	<b>51.134</b>	<b>45.215</b>	<b>96.349</b>	<b>0.202</b>
<b>Total Support to Mass Transit</b>	<b>597.056</b>	<b>360.955</b>	<b>253.800</b>	<b>614.755</b>	<b>17.699</b>

**MTA BRIDGES AND TUNNELS**  
**ACCRUAL STATEMENT OF OPERATIONS BY DEPARTMENT**  
**2003-2007**  
(\$ in millions)

TABLE VIII

	<b>2003 October Forecast</b>	<b>2004 Final Proposed Budget</b>	<b>2005 Plan</b>	<b>2006 Plan</b>	<b>2007 Plan</b>
<b><u>Revenues</u></b>					
Toll Revenue	1,009.494	1,075.420	1,079.189	1,087.197	1,092.728
Other Income	45.928	33.597	36.984	39.048	41.332
Interest Income	5.529	4.585	5.444	6.017	7.736
<b>Total Revenues</b>	<b>1,060.951</b>	<b>1,113.602</b>	<b>1,121.617</b>	<b>1,132.262</b>	<b>1,141.796</b>
<b><u>Expenses by Category</u></b>					
Fringe Benefits: Pension	1.869	5.593	10.882	15.430	18.017
Fringe Benefits: Health	16.761	19.875	21.545	23.354	25.316
Fringe Benefits: Welfare	2.942	3.639	3.945	4.276	4.635
Fringe Benefits: Other	16.936	19.803	20.619	22.401	24.309
<b>Total Expenses by Category:</b>	<b>38.508</b>	<b>48.910</b>	<b>56.991</b>	<b>65.461</b>	<b>72.277</b>
<b><u>Expenses by Department</u></b>					
Operations & Maintenance	119.198	121.637	128.488	133.030	137.782
Engineering & Construction	68.864	62.547	65.340	82.803	93.600
Executive	0.297	0.319	0.338	0.349	0.360
Law	10.839	10.958	11.198	11.432	11.696
Internal Security	6.376	6.500	6.935	7.149	7.374
Procurement & Materials	3.110	3.322	3.538	3.659	3.784
Labor Relations	0.495	0.506	0.536	0.553	0.571
Office of the CFO	80.105	70.624	76.489	75.849	78.219
Technology	8.709	9.135	9.495	9.739	10.001
Human Resources & Public Affairs	4.776	5.792	6.034	6.194	6.365
Health & Safety	0.925	0.990	1.041	1.070	1.100
EEO	0.405	0.417	0.430	0.440	0.451
2 Broadway Operating Expense	9.577	9.743	9.924	10.121	10.347
Non-Departmental	6.264	7.784	4.577	4.608	4.653
<b>Total Expenses by Department</b>	<b>319.939</b>	<b>310.272</b>	<b>324.365</b>	<b>346.995</b>	<b>366.302</b>
<b>Total Operating Expenses</b>	<b>358.447</b>	<b>359.182</b>	<b>381.356</b>	<b>412.456</b>	<b>438.579</b>
<b>Less: Capital &amp; Other Reimbursements</b>	<b>8.600</b>	<b>8.567</b>	<b>8.845</b>	<b>9.131</b>	<b>9.425</b>
<b>Net Operating Expenses</b>	<b>349.847</b>	<b>350.615</b>	<b>372.511</b>	<b>403.325</b>	<b>429.154</b>
<b>Net Operating Income</b>	<b>711.104</b>	<b>762.987</b>	<b>749.106</b>	<b>728.937</b>	<b>712.642</b>
Total Revenues	1,060.951	1,113.602	1,121.617	1,132.262	1,141.796
Net Operating Expenses	349.847	350.615	372.511	403.325	429.154
<b>Net Operating Income</b>	<b>711.104</b>	<b>762.987</b>	<b>749.106</b>	<b>728.937</b>	<b>712.642</b>
Additional Agency PEG	0.000	0.000	0.000	0.000	0.000
<b>Net Operating Income</b>	<b>711.104</b>	<b>762.987</b>	<b>749.106</b>	<b>728.937</b>	<b>712.642</b>

**MTA BRIDGES AND TUNNELS**  
**ACCRUAL STATEMENT OF OPERATIONS BY DEPARTMENT**  
**2003-2007**  
(\$ in millions)

TABLE VIII

	<b>2003 October Forecast</b>	<b>2004 Final Proposed Budget</b>	<b>2005 Plan</b>	<b>2006 Plan</b>	<b>2007 Plan</b>
<b>Net Operating Income</b>	<b>711.104</b>	<b>762.987</b>	<b>749.106</b>	<b>728.937</b>	<b>712.642</b>
<b><u>Deductions from Operating Income:</u></b>					
Capitalized Assets	6.446	9.976	10.161	10.363	10.594
Reserves	11.467	14.140	14.402	14.689	15.017
Debt Service	344.151	425.207	453.714	455.663	469.572
<b>Total Deduction from Operating Income</b>	<b>362.064</b>	<b>449.323</b>	<b>478.277</b>	<b>480.715</b>	<b>495.183</b>
<b>Income Available For Distribution</b>	<b>349.040</b>	<b>313.664</b>	<b>270.829</b>	<b>248.222</b>	<b>217.459</b>
<b>Distributable To:</b>					
M.T.A. - Investment Income	5.529	4.585	5.444	6.017	7.736
M.T.A. - Distributable Income	209.658	208.633	190.839	178.638	162.196
N.Y.C.T. - Distributable Income	133.853	100.446	74.546	63.567	47.527
<b>Total Distributable Income</b>	<b>349.040</b>	<b>313.664</b>	<b>270.829</b>	<b>248.222</b>	<b>217.459</b>
<b>Actual Cash Transfers:</b>					
M.T.A. - Investment Income	14.727	5.529	4.585	5.444	6.017
M.T.A. - Transfers	248.265	208.736	192.618	179.858	163.840
N.Y.C.T. - Transfers	211.001	103.787	77.136	64.665	49.131
<b>Total Cash Transfers</b>	<b>473.993</b>	<b>318.051</b>	<b>274.340</b>	<b>249.967</b>	<b>218.988</b>
<b><u>ADJUSTED NET OPERATING INCOME</u></b>					
Total Revenues	1,060.951	1,113.602	1,121.617	1,132.262	1,141.796
Less: Investment Income	5.529	4.585	5.444	6.017	7.736
Net Operating Expenses	349.847	350.615	372.511	403.325	429.154
Capitalized Assets	6.446	9.976	10.161	10.363	10.594
Reserves	11.467	14.140	14.402	14.689	15.017
<b>Total Deduction from Net Operating Income:</b>	<b>373.289</b>	<b>379.316</b>	<b>402.518</b>	<b>434.394</b>	<b>462.501</b>
<b>Adjusted Net Operating Income</b>	<b>687.662</b>	<b>734.286</b>	<b>719.099</b>	<b>697.868</b>	<b>679.295</b>
Additional Agency PEG	0.000	0.000	0.000	0.000	0.000
<b>Adj Net Operating Inc with GAP Closing</b>	<b>687.662</b>	<b>734.286</b>	<b>719.099</b>	<b>697.868</b>	<b>679.295</b>



**MTA BRIDGES AND TUNNELS**  
**ACCRUAL STATEMENT OF OPERATIONS BY DEPARTMENT**  
**2003-2007**  
(\$ in millions)

TABLE VIII

	<b>2003 October Forecast</b>	<b>2004 Final Proposed Budget</b>	<b>2005 Plan</b>	<b>2006 Plan</b>	<b>2007 Plan</b>
<b>Adj Net Operating Inc with GAP Closing</b>	<b>687.662</b>	<b>734.286</b>	<b>719.099</b>	<b>697.868</b>	<b>679.295</b>
<b><u>SUPPORT TO MASS TRANSIT</u></b>					
Total Revenues	1,060.951	1,113.602	1,121.617	1,132.262	1,141.796
Less: Net Operating Expenses	349.847	350.615	372.511	403.325	429.154
Additional Agency PEG	0.000	0.000	0.000	0.000	0.000
<b>Net Operating Income</b>	<b>711.104</b>	<b>762.987</b>	<b>749.106</b>	<b>728.937</b>	<b>712.642</b>
<b>Deductions from Operating Income:</b>					
B&T Debt Service	78.436	91.043	97.289	101.817	114.695
Capitalized Assets	6.446	9.976	10.161	10.363	10.594
Reserves	11.467	14.140	14.402	14.689	15.017
<b>Total Deductions from Operating Income:</b>	<b>96.349</b>	<b>115.159</b>	<b>121.852</b>	<b>126.869</b>	<b>140.306</b>
<b>Total Support to Mass Transit</b>	<b>614.755</b>	<b>647.828</b>	<b>627.254</b>	<b>602.068</b>	<b>572.336</b>

**MTA BRIDGES AND TUNNELS**  
**OPERATING BUDGET PROJECTIONS**  
**NEW NEEDS**  
**2003 - 2004**  
(\$ in thousands)

**TABLE IX-A**

	Favorable/(Unfavorable)											
	2003						2004					
	Mid-Year		Adjustments		October Forecast		Preliminary Budget		Adjustments		Final Proposed Budget	
	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars
<b><u>Administration</u></b>												
<b>Personnel Services</b>												
♦ Re-estimate of future wage increases for represented and non-represented employees.	0	\$0	0	\$0	0	\$0	0	(\$2,136)	0	\$0	0	(\$2,136)
♦ Increase in medical costs, based on latest NYSHIP estimates of 2004 rate increases.	0	\$0	0	(\$751)	0	(\$751)	0	(\$2,360)	0	(\$1,105)	0	(\$3,465)
♦ Overtime and fringe benefits associated with increased security coverage.	0	(\$4,397)	0	\$5	0	(\$4,392)	0	(\$4,827)	0	(\$734)	0	(\$5,561)
♦ Overtime and fringe benefits associated with capital projects.	0	\$0	0	\$0	0	\$0	0	\$0	0	(\$2,438)	0	(\$2,438)
♦ Salary and fringe benefits for one accountant to assist with new accounting requirements including producing quarterly financial statements.	0	\$0	0	\$0	0	\$0	1	(\$73)	0	(\$3)	1	(\$76)
♦ 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.	0	\$0	0	\$0	0	\$0	1	(\$113)	0	(\$4)	1	(\$117)
<b>OTPS</b>												
♦ Re-estimate of credit card fee expenditures due to higher E-ZPass traffic.	0	(\$665)	0	\$0	0	(\$665)	0	(\$1,076)	0	\$0	0	(\$1,076)
<b>Subtotal Administration:</b>	0	<b>(\$5,062)</b>	0	<b>(\$746)</b>	0	<b>(\$5,808)</b>	2	<b>(\$10,585)</b>	0	<b>(\$4,284)</b>	2	<b>(\$14,869)</b>
<b><u>Maintenance</u></b>												
♦ Additional expenditures for various Major Maintenance projects.	0	\$0	0	\$0	0	\$0	0	(\$5,433)	0	\$0	0	(\$5,433)
<b>Subtotal Maintenance:</b>	0	<b>\$0</b>	0	<b>\$0</b>	0	<b>\$0</b>	0	<b>(\$5,433)</b>	0	<b>\$0</b>	0	<b>(\$5,433)</b>
<b>Total:</b>	0	<b>(\$5,062)</b>	0	<b>(\$746)</b>	0	<b>(\$5,808)</b>	2	<b>(\$16,018)</b>	0	<b>(\$4,284)</b>	2	<b>(\$20,302)</b>

**MTA BRIDGES AND TUNNELS**  
**OPERATING BUDGET PROJECTIONS**  
**NEW NEEDS**  
**2005 - 2007**  
(\$ in thousands)

TABLE IX-B

(Unfavorable)						
	<b>2005 Plan</b>		<b>2006 Plan</b>		<b>2007 Plan</b>	
	Positions	Dollars	Positions	Dollars	Positions	Dollars
<b><u>Administration</u></b>						
<b>Personnel Services</b>						
• Re-estimate of future wage increases for represented and non-represented employees.	0	(\$1,920)	0	(\$1,982)	0	(\$2,046)
• Increase in medical costs, based on latest NYSHIP estimates of 2004 rate increases.	0	(\$5,147)	0	(\$6,941)	0	(\$8,887)
• Overtime and fringe benefits associated with increased security coverage.	0	(\$8,203)	0	(\$10,574)	0	(\$12,838)
• Overtime and fringe benefits associated with capital projects.	0	(\$2,517)	0	(\$2,598)	0	(\$2,682)
• Salary and fringe benefits for one accountant to assist with new accounting requirements including producing quarterly financial statements.	1	(\$81)	1	(\$87)	1	(\$91)
• 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.	1	(\$125)	1	(\$134)	1	(\$141)
<b>OTPS</b>						
• Re-estimate of credit card fee expenditures due to higher E-ZPass traffic.	0	(\$1,359)	0	(\$1,668)	0	(\$2,022)
<b>Subtotal Administration:</b>	<b>2</b>	<b>(\$19,352)</b>	<b>2</b>	<b>(\$23,984)</b>	<b>2</b>	<b>(\$28,707)</b>
<b><u>Maintenance</u></b>						
• Additional expenditures for various Major Maintenance projects.	0	(\$3,536)	0	(\$4,063)	0	(\$4,665)
<b>Subtotal Maintenance:</b>	<b>0</b>	<b>(\$3,536)</b>	<b>0</b>	<b>(\$4,063)</b>	<b>0</b>	<b>(\$4,665)</b>
<b>Total:</b>	<b>2</b>	<b>(\$22,888)</b>	<b>2</b>	<b>(\$28,047)</b>	<b>2</b>	<b>(\$33,372)</b>
<b>New Needs Beginning in 2005:</b>						
<b><u>Maintenance</u></b>						
• Additional expenditures for Bridge Painting.	0	(\$3,824)	0	(\$20,285)	0	(\$29,986)

**MTA BRIDGES AND TUNNELS**  
**OPERATING BUDGET PROJECTIONS**  
**PROGRAMS TO ELIMINATE THE GAP (PEGS)**  
**2003 - 2004**  
(\$ in thousands)

**TABLE X-A**

	<i>Favorable/(Unfavorable)</i>											
	<b>2003</b>						<b>2004</b>					
	<b>Mid-Year</b>		<b>Adjustments</b>		<b>October Forecast</b>		<b>Preliminary Budget</b>		<b>Adjustments</b>		<b>Final Proposed Budget</b>	
	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>
<b><u>Administration</u></b>												
♦ Net increase in miscellaneous E-ZPass fees associated with the tag replacement program and collections on revoked accounts.	0	\$1,101	0	\$1,374	0	\$2,475	0	\$1,101	0	\$206	0	\$1,307
♦ 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.	0	\$108	0	\$0	0	\$108	0	\$249	0	\$0	0	\$249
♦ Re-estimate of salary and wage increases for represented and non-represented employees.	0	\$1,388	0	\$0	0	\$1,388	0	\$0	0	\$0	0	\$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.	0	\$384	0	\$0	0	\$384	0	\$16,620	0	\$0	0	\$16,620
♦ B&T's share of costs to operate the E-ZPass New York Customer Service Center, and to dispose retired tags, are projected to be lower than originally planned.	0	\$0	0	\$1,718	0	\$1,718	0	\$2,981	0	\$592	0	\$3,573
♦ Timing and Other Adjustments	0	\$5,462	0	\$86	0	\$5,548	0	\$5,885	0	(\$6,354)	0	(\$469)
<b><i>Subtotal Administration:</i></b>	<b>0</b>	<b>\$8,443</b>	<b>0</b>	<b>\$3,178</b>	<b>0</b>	<b>\$11,621</b>	<b>0</b>	<b>\$26,836</b>	<b>0</b>	<b>(\$5,556)</b>	<b>0</b>	<b>\$21,280</b>
<b><u>Maintenance</u></b>												
♦ A new contract for toll equipment maintenance has resulted in lower than planned costs.	0	\$694	0	\$0	0	\$694	0	\$839	0	\$0	0	\$839
♦ Rescheduling of Throgs Neck Bridge painting to coincide with the completion the cable rewinding capital project.	0	\$0	0	\$0	0	\$0	0	\$9,500	0	\$0		\$9,500
<b><i>Subtotal Maintenance:</i></b>	<b>0</b>	<b>\$694</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$694</b>	<b>0</b>	<b>\$10,339</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$10,339</b>
<b><u>Other</u></b>												
♦ Security deployment efficiencies.		\$554				\$554	61	\$2,657			61	\$2,657
<b><i>Subtotal Safety and Security:</i></b>	<b>0</b>	<b>\$554</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$554</b>	<b>61</b>	<b>\$2,657</b>	<b>0</b>	<b>\$0</b>	<b>61</b>	<b>\$2,657</b>
<b><u>Revenue</u></b>												
♦ Higher toll revenues resulting from greater than planned traffic levels through August are expected to continue.	0	\$7,607	0	\$15,065	0	\$22,672	0	\$11,774	0	\$16,922	0	\$28,696
<b><i>Subtotal Revenue:</i></b>	<b>0</b>	<b>\$7,607</b>	<b>0</b>	<b>\$15,065</b>	<b>0</b>	<b>\$22,672</b>	<b>0</b>	<b>\$11,774</b>	<b>0</b>	<b>\$16,922</b>	<b>0</b>	<b>\$28,696</b>
<b><i>Total:</i></b>	<b>0</b>	<b>\$17,298</b>	<b>0</b>	<b>\$18,243</b>	<b>0</b>	<b>\$35,541</b>	<b>61</b>	<b>\$51,606</b>	<b>0</b>	<b>\$11,366</b>	<b>61</b>	<b>\$62,972</b>

**MTA BRIDGES AND TUNNELS**  
**OPERATING BUDGET PROJECTIONS**  
**PROGRAMS TO ELIMINATE THE GAP (PEGS)**  
**2005 - 2007**  
(\$ in thousands)

**TABLE X-B**

	<i>Favorable</i>					
	<b>2005 Plan</b>		<b>2006 Plan</b>		<b>2007 Plan</b>	
	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>
<b><u>Administration</u></b>						
♦ Net increase in miscellaneous E-ZPass fees associated with the tag replacement program and collections on revoked accounts.	0	\$1,328	0	\$1,012	0	\$1,012
♦ 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.	0	\$265	0	\$282	0	\$301
♦ Re-estimate of salary and wage increases for represented and non-represented employees.	0	\$0	0	\$0	0	\$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.	0	\$10,556	0	\$12,259	0	\$11,597
♦ B&T's share of costs to operate the E-ZPass New York Customer Service Center, and to dispose retired tags, are projected to be lower than originally planned.	0	\$4,147	0	\$3,802	0	\$2,891
♦ Timing and Other Adjustments						
<b><i>Subtotal Administration:</i></b>	<b>0</b>	<b>\$16,296</b>	<b>0</b>	<b>\$17,355</b>	<b>0</b>	<b>\$15,801</b>
<b><u>Maintenance</u></b>						
♦ A new contract for toll equipment maintenance has resulted in lower than planned costs.	0	\$717	0	\$583	0	\$430
♦ Rescheduling of Throgs Neck Bridge painting to coincide with the completion the cable rewrapping capital project.	0	\$5,676		\$0		\$0
<b><i>Subtotal Maintenance:</i></b>	<b>0</b>	<b>\$6,393</b>	<b>0</b>	<b>\$583</b>	<b>0</b>	<b>\$430</b>
<b><u>Other</u></b>						
♦ Security deployment efficiencies.	61	\$2,806	61	\$2,896	61	\$2,988
<b><i>Subtotal Safety and Security:</i></b>	<b>61</b>	<b>\$2,806</b>	<b>61</b>	<b>\$2,896</b>	<b>61</b>	<b>\$2,988</b>
<b><u>Revenue</u></b>						
♦ Higher toll revenues resulting from greater than planned traffic levels through August are expected to continue.	0	\$32,465	0	\$40,473	0	\$46,004
<b><i>Subtotal Revenue:</i></b>	<b>0</b>	<b>\$32,465</b>	<b>0</b>	<b>\$40,473</b>	<b>0</b>	<b>\$46,004</b>
<b><i>Total:</i></b>	<b>61</b>	<b>\$57,960</b>	<b>61</b>	<b>\$61,307</b>	<b>61</b>	<b>\$65,223</b>

TABLE XI - A(i)

**MTA BRIDGES & TUNNELS**  
**TOTAL POSITIONS 2002 - 2004**  
 Full-Time and Full-Time Equivalents (FTEs)  
 NON-REIMBURSABLE AND REIMBURSABLE

	2002 Actual			2003 October Forecast			2004 Final Proposed Budget		
	<u>Represented</u>	<u>Non- Represented</u>	<u>Total</u>	<u>Represented</u>	<u>Non- Represented</u>	<u>Total</u>	<u>Represented</u>	<u>Non- Represented</u>	<u>Total</u>
<b>List Departments Below</b>									
Executive	0	3	3	0	3	3	0	4	4
EEO	0	1	1	0	1	1	0	1	1
Law	0	10	10	0	10	10	0	10	10
Engineering & Construction	14	145	159	16	152	168	16	152	168
Procurement & Materials	21	29	50	25	30	55	25	30	55
Labor Relations	0	5	5	0	5	5	0	5	5
Internal Security	39	20	59	42	21	63	42	22	64
Health & Safety	0	10	10	0	10	10	0	10	10
Technology	13	38	51	17	40	57	17	41	58
Total CFO:	48	41	89	49	45	94	50	45	95
Total Staff Services:	21	24	45	22	28	50	22	28	50
Total Operations/Maintenance:	1101	80	1,181	1148	83	1,231	1208	83	1,291
<b>B&amp;T TOTAL</b>	<b>1,257</b>	<b>406</b>	<b>1,663</b>	<b>1,319</b>	<b>428</b>	<b>1,747</b>	<b>1,380</b>	<b>431</b>	<b>1,811</b>

TABLE XI - A(ii)

**MTA BRIDGES & TUNNELS**  
**TOTAL POSITIONS 2005 - 2007**  
 Full-Time and Full-Time Equivalents (FTEs)  
 NON-REIMBURSABLE AND REIMBURSABLE

	2005 Plan			2006 Plan			2007 Plan		
	<u>Represented</u>	<u>Non-Represented</u>	<u>Total</u>	<u>Represented</u>	<u>Non-Represented</u>	<u>Total</u>	<u>Represented</u>	<u>Non-Represented</u>	<u>Total</u>
<b>List Departments Below</b>									
Executive	0	4	4	0	4	4	0	4	4
EEO	0	1	1	0	1	1	0	1	1
Law	0	10	10	0	10	10	0	10	10
Engineering & Construction	16	152	168	16	152	168	16	152	168
Procurement & Materials	25	30	55	25	30	55	25	30	55
Labor Relations	0	5	5	0	5	5	0	5	5
Internal Security	42	23	65	42	23	65	42	23	65
Health & Safety	0	10	10	0	10	10	0	10	10
Technology	17	41	58	17	41	58	17	41	58
Total CFO:	50	45	95	50	45	95	50	45	95
Total Staff Services:	22	28	50	22	28	50	22	28	50
Total Operations/Maintenance:	1208	83	1,291	1208	83	1,291	1208	83	1,291
<b>B&amp;T TOTAL</b>	<b>1,380</b>	<b>432</b>	<b>1,812</b>	<b>1,380</b>	<b>432</b>	<b>1,812</b>	<b>1,380</b>	<b>432</b>	<b>1,812</b>

TABLE XI - B(i)

**MTA BRIDGES & TUNNELS**  
**POSITIONS 2002 - 2004**  
**Full-Time and Full-Time Equivalents (FTEs)**  
**NON-REIMBURSABLE**

	<b>2002 Actual</b>			<b>2003 October Forecast</b>			<b>2004 Final Proposed Budget</b>		
	<u>Represented</u>	<u>Non- Represented</u>	<u>Total</u>	<u>Represented</u>	<u>Non- Represented</u>	<u>Total</u>	<u>Represented</u>	<u>Non- Represented</u>	<u>Total</u>
<b>List Departments Below</b>									
Executive	0	3	3	0	3	3	0	4	4
EEO	0	1	1	0	1	1	0	1	1
Law	0	10	10	0	10	10	0	10	10
Engineering & Construction	14	41	55	16	48	64	16	48	64
Procurement & Materials	21	29	50	25	30	55	25	30	55
Labor Relations	0	5	5	0	5	5	0	5	5
Internal Security	39	20	59	42	21	63	42	22	64
Health & Safety	0	5	5	0	4	4	0	4	4
Technology	13	32	45	17	34	51	17	35	52
Total CFO:	48	41	89	49	45	94	50	45	95
Total Staff Services:	21	24	45	22	28	50	22	28	50
Total Operations/Maintenance:	1101	80	1,181	1148	83	1,231	1208	83	1,291
<b>B&amp;T TOTAL</b>	<b>1,257</b>	<b>291</b>	<b>1,548</b>	<b>1,319</b>	<b>312</b>	<b>1,631</b>	<b>1,380</b>	<b>315</b>	<b>1,695</b>



TABLE XI - B(ii)

**MTA BRIDGES & TUNNELS**  
**POSITIONS 2005 - 2007**  
**Full-Time and Full-Time Equivalents (FTEs)**  
**NON-REIMBURSABLE**

	2005 Plan			2006 Plan			2007 Plan		
	<u>Represented</u>	<u>Non-Represented</u>	<u>Total</u>	<u>Represented</u>	<u>Non-Represented</u>	<u>Total</u>	<u>Represented</u>	<u>Non-Represented</u>	<u>Total</u>
<b>List Departments Below</b>									
Executive	0	4	4	0	4	4	0	4	4
EEO	0	1	1	0	1	1	0	1	1
Law	0	10	10	0	10	10	0	10	10
Engineering & Construction	16	48	64	16	48	64	16	48	64
Procurement & Materials	25	30	55	25	30	55	25	30	55
Labor Relations	0	5	5	0	5	5	0	5	5
Internal Security	42	23	65	42	23	65	42	23	65
Health & Safety	0	4	4	0	4	4	0	4	4
Technology	17	35	52	17	35	52	17	35	52
Total CFO:	50	45	95	50	45	95	50	45	95
Total Staff Services:	22	28	50	22	28	50	22	28	50
Total Operations/Maintenance:	1208	83	1,291	1208	83	1,291	1208	83	1,291
<b>B&amp;T TOTAL</b>	<b>1,380</b>	<b>316</b>	<b>1,696</b>	<b>1,380</b>	<b>316</b>	<b>1,696</b>	<b>1,380</b>	<b>316</b>	<b>1,696</b>

TABLE XI - C(i)

**MTA BRIDGES & TUNNELS**  
**POSITIONS 2002 - 2004**  
**Full-Time and Full-Time Equivalents (FTEs)**  
**REIMBURSABLE**

	2002 Actual			2003 October Forecast			2004 Final Proposed Budget		
	<u>Represented</u>	<u>Non- Represented</u>	<u>Total</u>	<u>Represented</u>	<u>Non- Represented</u>	<u>Total</u>	<u>Represented</u>	<u>Non- Represented</u>	<u>Total</u>
<b>List Departments Below</b>									
Executive	0	0	0	0	0	0	0	0	0
EEO	0	0	0	0	0	0	0	0	0
Law	0	0	0	0	0	0	0	0	0
Engineering & Construction	0	104	104	0	104	104	0	104	104
Procurement & Materials	0	0	0	0	0	0	0	0	0
Labor Relations	0	0	0	0	0	0	0	0	0
Internal Security	0	0	0	0	0	0	0	0	0
Health & Safety	0	5	5	0	6	6	0	6	6
Technology	0	6	6	0	6	6	0	6	6
Total CFO:	0	0	0	0	0	0	0	0	0
Total Staff Services:	0	0	0	0	0	0	0	0	0
Total Operations/Maintenance:	0	0	0	0	0	0	0	0	0
<b>B&amp;T TOTAL</b>	<b>0</b>	<b>115</b>	<b>115</b>	<b>0</b>	<b>116</b>	<b>116</b>	<b>0</b>	<b>116</b>	<b>116</b>

TABLE XI - C(ii)

**MTA BRIDGES & TUNNELS**  
**POSITIONS 2005 - 2007**  
**Full-Time and Full-Time Equivalents (FTEs)**  
**REIMBURSABLE**

	2005 Plan			2006 Plan			2007 Plan		
	<u>Represented</u>	<u>Non-Represented</u>	<u>Total</u>	<u>Represented</u>	<u>Non-Represented</u>	<u>Total</u>	<u>Represented</u>	<u>Non-Represented</u>	<u>Total</u>
<i>List Departments Below</i>									
Executive	0	0	0	0	0	0	0	0	0
EEO	0	0	0	0	0	0	0	0	0
Law	0	0	0	0	0	0	0	0	0
Engineering & Construction	0	104	104	0	104	104	0	104	104
Procurement & Materials	0	0	0	0	0	0	0	0	0
Labor Relations	0	0	0	0	0	0	0	0	0
Internal Security	0	0	0	0	0	0	0	0	0
Health & Safety	0	6	6	0	6	6	0	6	6
Technology	0	6	6	0	6	6	0	6	6
Total CFO:	0	0	0	0	0	0	0	0	0
Total Staff Services:	0	0	0	0	0	0	0	0	0
Total Operations/Maintenance:	0	0	0	0	0	0	0	0	0
<b>B&amp;T TOTAL</b>	<b>0</b>	<b>116</b>	<b>116</b>	<b>0</b>	<b>116</b>	<b>116</b>	<b>0</b>	<b>116</b>	<b>116</b>

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**MTA LONG ISLAND BUS**

**MTA Long Island Bus**  
**Final Proposed Budget for 2004 and Financial Plan for 2004-2007**

## **MTA LONG ISLAND BUS**

### **FINAL PROPOSED BUDGET FOR 2004 AND FINANCIAL PLAN FOR 2004 – 2007**

MTA Long Island Bus provides safe, reliable, convenient and efficient transit bus service throughout Nassau, eastern Queens and western Suffolk Counties. LI Bus operates 338 fixed route buses, servicing more than 31 million passengers on 54 routes. In addition LI Bus operates 79 paratransit buses, providing service to over 287,000 customers in 2002. Paratransit ridership has grown by 19% in 2002 and by 12% in 2003 (projected). Fixed route ridership is projected to exceed 30 million passengers in 2004, while paratransit ridership is projected to increase by 5% to an historic high of 341,000 passengers.

LI Bus continues to meet the increasing demands for paratransit services with fleet expansion and improved systems for scheduling, bus operator communications and facility modifications. Through the use of JobAccess/Reverse Commute ("JARC"), Community Solutions for Transportation ("CST") and Congestion Mitigation/Air Quality ("CMAQ") grants, LI Bus will continue to provide added services to meet demand for weekend, job access and reverse commute services on the fixed route system.

#### **Financial Review**

LI Bus faces a severe financial hardship due to the shortfall in Nassau County's operating subsidy for 2004. The proposed 2004 County budget reduces the subsidy contribution to LI Bus by \$4.9 million. This follows a \$2 million reduction in the County's 2003 funding. A public hearing for potential reductions in service levels has been approved by the MTA Board. Service reduction strategies will be used to offset the loss of \$4.9 million in Nassau County's subsidy contribution. Service level reductions are not reflected in LI Bus's 2004 financial plan at this time. The Nassau County Legislature is required to pass a budget by October 31, 2003. Once the adopted subsidy level is known, LI Bus will revise its plan.

The 2004 Final Proposed Budget was established to continue schedule fixed route service with a .25% ridership growth and to expand services with Community Solutions for Transportation, Job Access/Reverse Commute and Congestion Mitigation/Air Quality grant funds. Paratransit ridership is projected to grow at a 5% rate. The Paratransit Fleet is expanding by five vehicles in 2004.

Total revenue for 2004 will increase \$2.7 million over the 2003 October Forecast as a result of the fare increase implemented in May 2003. Expenses are budgeted to increase by \$6.1 million in 2004, due primarily to increased spending in labor, health and welfare and general CPI increases. As compared to the Preliminary 2004 Budget, the 2004 Final Proposed Budget is slightly higher, \$.4 million, due primarily to the increasing cost of fuel and utilities.

The 2003 October Forecast compared favorably to the 2003 Mid-Year Forecast by \$0.3 million. This was the result of increased contract revenue and lower labor costs, offset by continued increases in fuel and utility costs.

The 2004 Final Proposed Budget recognizes an increase of \$6.9 million in total revenue over 2002 actuals, primarily due to the effects of the May 2003 fare increase. Expenses will increase by \$13.2 million as a result of negotiated wage increases (\$3.5 million); higher pension contributions (\$3.9 million); increased health and welfare premium rates (\$2.5 million); increased cost of fuel (\$1.2 million) and CPI increases over the two year period.

The 2005-2007 Financial Plan assumes a fixed route ridership growth of less than one half a percent each year and a paratransit ridership growth of approximately 4% over the three-year period.

<b><u>Ridership</u></b> (in thousands)	<b><u>2002</u></b>	<b><u>2003</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>
Fixed route service	31,037	29,976	30,125	30,185	30,366	30,518
Paratransit service	287	321	341	361	376	384

Expenses are projected to increase by their corresponding CPI with exceptions in the categories of pension 5%; health and welfare 8.4%, fuel and utilities (decreasing by 5% in 2005 and 2006, increasing by 3% in 2007).

### **Programmatic Review**

LI Bus will replace 58 full-size diesel buses with Compressed Natural Gas (CNG) powered buses in 2004. This purchase will complete the commitment to bring the fixed route fleet to 100% CNG fuel.

LI Bus began the process to purchase five expansion paratransit buses in 2004, and replace 19 paratransit buses in 2005.

The Automated Vehicle Location System will be fully deployed in 2004, providing increased efficiency and management of the fixed route fleet by monitoring, measuring and optimizing schedule and route adherence.

LI Bus's training center is scheduled to be in operation in 2004. The training center will offer a wide variety of training services, and include a bus simulator for bus operator training and accident simulation.

In 2004, LI Bus will also advance a Disaster Recovery Center to provide a fully functional recovery site for the facilities and its operations. It will also include a business recovery site for Long Island Rail Road.

LI Bus will be entering the design phase in 2004 to modify its existing Paratransit facility. Modification completion is scheduled for 2005.

### **Positions**

Non represented positions are projected to increase a total of four in 2007 from the 2003 October Forecast, while represented positions are projected to increase by 48.



These increases are in response to the increasing CST, JARC and CMAQ grant service plans and the projected increases in Paratransit ridership of 5% in 2004 and 4% per year for 2005 through 2007.

TABLE I

**MTA LONG ISLAND BUS**  
**ACCRUAL STATEMENT OF OPERATIONS BY CATEGORY**  
**2002 - 2004**  
(\$ in millions)

					Favorable/(Unfavorable)	
					2004	
					Final Proposed Budget vs.	
	2002	2003	2004		2003	2004
	Actual	October	Preliminary	Final	October	Preliminary
		Forecast	Budget	Budget	Forecast	Budget
<b>Revenue</b>						
Passenger Fixed Route	\$29.994	\$34.232	\$36.550	\$36.646	\$2.414	\$0.096
Passenger Paratransit	0.770	0.943	1.082	1.072	0.129	(0.010)
Advertising	0.719	0.961	1.101	1.101	0.140	0.000
All Other	0.214	0.158	0.193	0.193	0.035	0.000
Contract	2.008	1.624	1.581	1.581	(0.043)	0.000
<b>Total Operating Revenue</b>	<b>\$33.705</b>	<b>\$37.918</b>	<b>\$40.507</b>	<b>\$40.593</b>	<b>\$2.675</b>	<b>\$0.086</b>
Labor - Straight	\$52.724	\$55.145	\$57.379	\$57.303	(\$2.158)	\$0.076
Overtime	5.821	4.907	4.791	4.787	0.120	0.004
	<u>\$58.545</u>	<u>\$60.052</u>	<u>\$62.170</u>	<u>\$62.090</u>	<u>(\$2.038)</u>	<u>\$0.080</u>
Fringe Benefits - Pension	\$0.428	\$1.817	\$4.280	\$4.280	(\$2.463)	\$0.000
- Medical	7.899	8.866	10.181	10.379	(1.513)	(0.198)
- Other	5.624	5.702	6.034	6.002	(0.300)	0.032
	<u>\$13.951</u>	<u>\$16.385</u>	<u>\$20.495</u>	<u>\$20.661</u>	<u>(\$4.276)</u>	<u>(\$0.166)</u>
<b>SUBTOTAL LABOR &amp; FRINGES</b>	<b>\$72.496</b>	<b>\$76.437</b>	<b>\$82.665</b>	<b>\$82.751</b>	<b>(\$6.314)</b>	<b>(\$0.086)</b>
Professional Services	\$1.622	\$1.719	\$1.802	\$1.749	(\$0.030)	\$0.053
Maintenance Services	1.923	2.048	2.235	2.196	(0.148)	0.039
Operating Services	0.899	1.066	1.162	1.156	(0.090)	0.006
Fuel, Oil, and Lubricants	4.460	5.774	5.271	5.666	0.108	(0.395)
Material	3.670	3.974	4.116	4.116	(0.142)	0.000
Supplies	1.077	1.321	1.374	1.346	(0.025)	0.028
Tires	0.386	0.418	0.440	0.439	(0.021)	0.001
Utilities	1.672	2.043	1.888	2.003	0.040	(0.115)
Communications	0.285	0.291	0.306	0.300	(0.009)	0.006
Claims	2.676	3.230	2.625	2.725	0.505	(0.100)
Insurance	0.010	0.011	0.012	0.012	(0.001)	0.000
Leases and Rentals	0.088	0.103	0.107	0.107	(0.004)	0.000
Depreciation	0.000	0.000	0.000	0.000	0.000	0.000
Other	0.337	0.283	0.441	0.364	(0.081)	0.077
<b>SUBTOTAL NON-COMPENSATION</b>	<b>\$19.105</b>	<b>\$22.281</b>	<b>\$21.779</b>	<b>\$22.179</b>	<b>\$0.102</b>	<b>(\$0.400)</b>
<b>OPERATING EXPENSES</b>	<b>\$91.601</b>	<b>\$98.718</b>	<b>\$104.444</b>	<b>\$104.930</b>	<b>(\$6.212)</b>	<b>(\$0.486)</b>
CAPITAL REIMBURSEMENTS	(4.171)	(4.176)	(4.335)	(4.335)	0.159	0.000
<b>NET OPERATING EXPENSES</b>	<b>\$87.430</b>	<b>\$94.542</b>	<b>\$100.109</b>	<b>\$100.595</b>	<b>(\$6.053)</b>	<b>(\$0.486)</b>
<b>Net Deficit Before Subsidies</b>	<b>(\$53.725)</b>	<b>(\$56.624)</b>	<b>(\$59.602)</b>	<b>(\$60.002)</b>	<b>(\$3.378)</b>	<b>(\$0.400)</b>

TABLE I-A

**MTA LONG ISLAND BUS**  
**FINANCIAL PLAN COMPARISON BY CATEGORY (ACCRUED)**  
**2003 OCTOBER FORECAST VS. MID-YEAR FORECAST**  
(\$ in millions)

	2003				Favorable/(Unfavorable) October Forecast vs. Mid-Year Forecast
	Mid-Year Forecast	July Year-to-date Actuals	August to December Forecast	October Forecast	
<b><u>Revenue</u></b>					
Passenger Fixed Route	\$34.172	\$18.850	\$15.382	\$34.232	\$0.060
Passenger Paratransit	0.957	0.509	0.434	0.943	(0.014)
Advertising	0.961	0.561	0.400	0.961	0.000
All Other	0.158	0.075	0.083	0.158	0.000
Contract	1.505	1.079	0.545	1.624	0.119
<b>Total Operating Revenue</b>	<b>\$37.753</b>	<b>\$21.074</b>	<b>\$16.844</b>	<b>\$37.918</b>	<b>\$0.165</b>
Labor - Straight	55.260	30.841	24.304	55.145	0.115
Overtime	4.911	2.941	1.966	4.907	0.004
Labor Total	60.171	33.782	26.270	60.052	0.119
Fringe Benefits - Pension	1.817	0.871	0.946	1.817	0.000
- Medical	8.866	5.981	2.885	8.866	0.000
- Other	5.805	2.244	3.458	5.702	0.103
Fringe Benefit Total	16.488	9.096	7.289	16.385	0.103
<b>SUBTOTAL LABOR &amp; FRINGES</b>	<b>\$76.659</b>	<b>\$42.878</b>	<b>\$33.559</b>	<b>\$76.437</b>	<b>\$0.222</b>
Professional Services	1.781	0.816	0.903	1.719	0.062
Maintenance Services	2.067	1.067	0.981	2.048	0.019
Operating Services	1.070	0.679	0.387	1.066	0.004
Fuel, Oil, and Lubricants	5.509	3.247	2.527	5.774	(0.265)
Material	3.974	2.271	1.703	3.974	0.000
Supplies	1.310	0.770	0.551	1.321	(0.011)
Tires	0.418	0.243	0.175	0.418	0.000
Utilities	1.922	1.306	0.737	2.043	(0.121)
Communications	0.297	0.161	0.130	0.291	0.006
Claims	3.380	1.909	1.321	3.230	0.150
Insurance	0.011	0.006	0.005	0.011	0.000
Leases and Rentals	0.103	0.048	0.055	0.103	0.000
Depreciation	0.000	0.000	0.000	0.000	0.000
Other	0.359	0.091	0.192	0.283	0.076
<b>SUBTOTAL NON-COMPENSATION</b>	<b>22.201</b>	<b>12.614</b>	<b>9.667</b>	<b>22.281</b>	<b>(0.080)</b>
<b>OPERATING EXPENSES</b>	<b>\$98.860</b>	<b>\$55.492</b>	<b>\$43.226</b>	<b>\$98.718</b>	<b>\$0.142</b>
CAPITAL REIMBURSEMENTS	(4.176)	(2.440)	(1.736)	(4.176)	0.000
NET OPERATING EXPENSES	94.684	53.052	41.490	94.542	0.142
NET DEFICIT BEFORE SUBSIDY	<b>(\$56.931)</b>	<b>(\$31.978)</b>	<b>(\$24.646)</b>	<b>(\$56.624)</b>	<b>\$0.307</b>

TABLE I-B

**MTA LONG ISLAND BUS**  
**FINANCIAL PLAN COMPARISON BY CATEGORY (CASH)**  
**2003 OCTOBER FORECAST VS. MID-YEAR FORECAST**  
(\$ in millions)

	2003				Favorable/(Unfavorable) October Forecast vs. Mid-Year Forecast
	Mid-Year Forecast	July Year-to-date Actuals	August to December Forecast	October Forecast	
<b>CASH RECEIPTS</b>					
<u>Operating</u>					
Passenger	\$34.686	\$19.056	\$15.676	\$34.732	\$0.046
Other	4.315	2.698	1.717	4.415	\$0.100
Reimbursable Expenses	4.282	1.657	2.625	4.282	\$0.000
<b>Total Operating Cash Receipts</b>	<b>43.283</b>	<b>23.411</b>	<b>20.018</b>	<b>43.429</b>	<b>0.146</b>
<b>CASH DISBURSEMENTS</b>					
Payroll	59.753	33.091	26.552	59.643	0.110
Fringe Benefits	14.936	8.632	6.202	14.834	0.102
Pension	2.259	0.000	2.259	2.259	0.000
Workers Compensation	1.100	0.697	0.403	1.100	0.000
Insurance	0.013	0.000	0.013	0.013	0.000
Fuel and Lubricants	5.564	3.148	2.671	5.819	(0.255)
Material	4.017	2.378	1.639	4.017	0.000
Supplies	1.286	0.780	0.506	1.286	0.000
Communications	0.310	0.130	0.187	0.317	(0.007)
Utilities	1.878	1.326	0.552	1.878	0.000
Leases and Rentals	0.519	0.292	0.328	0.620	(0.101)
Claims	3.600	1.598	2.052	3.650	(0.050)
Purchased Services	4.468	2.574	1.813	4.387	0.081
MetroCard Sales	0.150	0.076	0.074	0.150	0.000
Other	0.583	0.309	0.274	0.583	0.000
<b>Total Operating Cash Disbursements</b>	<b>100.436</b>	<b>55.031</b>	<b>45.525</b>	<b>100.556</b>	<b>(0.120)</b>
<b>Net Inc/(Dec) In Cash</b>	<b>(57.153)</b>	<b>(31.620)</b>	<b>(25.507)</b>	<b>(57.127)</b>	<b>0.026</b>
<b>Beginning Cash Balance</b>	<b>1.670</b>	<b>1.670</b>	<b>0.000</b>	<b>1.670</b>	<b>0.000</b>
<b>Total Operating Cash Deficit</b>	<b>(\$55.483)</b>	<b>(\$29.950)</b>	<b>(\$25.507)</b>	<b>(\$55.457)</b>	<b>\$0.026</b>

TABLE II

**MTA LONG ISLAND BUS**  
**CASH RECEIPTS AND EXPENDITURES**  
**2002 - 2004**  
(\$ in millions)

					Favorable/(Unfavorable)	
			2004		2004 Final Proposed Budget vs.	
	2002 Actual	2003 October Forecast	Preliminary Budget	Final Proposed Budget	2003 October Forecast	2004 Preliminary Budget
CASH RECEIPTS						
Operating						
Passenger	30.565	34.732	37.237	37.317	2.585	0.080
Other	4.660	4.415	4.609	4.609	0.194	0.000
Reimbursable Expenses	4.047	4.282	4.325	4.325	0.043	0.000
Total Cash Receipts	39.272	43.429	46.171	46.251	2.822	0.080
CASH DISBURSEMENTS						
Payroll	57.933	59.643	61.451	61.381	(1.738)	0.070
Fringe Benefits	13.763	14.834	16.419	16.544	(1.710)	(0.125)
Pension	0.493	2.259	4.954	4.954	(2.695)	0.000
Workers Compensation	1.169	1.100	1.000	1.000	0.100	0.000
Insurance	0.013	0.013	0.014	0.014	(0.001)	0.000
Fuel and Lubricants	4.374	5.819	5.276	5.586	0.233	(0.310)
Material	3.513	4.017	4.140	4.140	(0.123)	0.000
Supplies	1.178	1.286	1.309	1.309	(0.023)	0.000
Communications	0.246	0.317	0.319	0.319	(0.002)	0.000
Utilities	1.523	1.878	1.894	1.989	(0.111)	(0.095)
Leases and Rentals	0.469	0.620	0.543	0.543	0.077	0.000
Claims	1.989	3.650	2.725	2.775	0.875	(0.050)
Purchased Services	4.074	4.387	4.777	4.777	(0.390)	0.000
MetroCard Sales	0.080	0.150	0.150	0.150	0.000	0.000
Other	0.533	0.583	0.597	0.552	0.031	0.045
Total Cash Disbursements	91.350	100.556	105.568	106.033	(5.477)	(0.465)
Net Inc/(Dec) In Cash	(52.078)	(57.127)	(59.397)	(59.782)	(2.655)	(0.385)
Beginning Cash Balance	0.990	1.670	0.000	0.000	(1.670)	0.000
CASH DEFICIT	(51.088)	(55.457)	(59.397)	(59.782)	(4.325)	(0.385)

**MTA LONG ISLAND BUS**  
**CASH FLOW ADJUSTMENTS**  
**2002 - 2004**  
(\$ in millions)

	Favorable/(Unfavorable)					
			2004		2004 Final Proposed Budget vs.	
	2002 Actual	2003 October Forecast	Preliminary Budget	Final Proposed Budget	2003 October Forecast	2004 Preliminary Budget
Accounts Recievable	\$0.047	\$0.088	\$0.179	\$0.179	\$0.091	\$0.000
Inventory	0.147	(0.099)	(0.050)	(0.050)	0.049	0.000
Prepayments	0.000	(0.003)	0.000	0.000	0.003	0.000
Fixed Assets - Depreciation	0.000	0.000	0.000	0.000	0.000	0.000
- Aquistitions	0.000	0.000	0.000	0.000	0.000	0.000
Accounts Payable	0.092	0.060	0.039	0.039	(0.021)	0.000
Wages	0.294	0.226	0.474	0.474	0.248	0.000
Fringe Benefits	0.025	0.042	0.119	0.119	0.077	0.000
Vacation and Sick	0.239	0.155	0.205	0.205	0.050	0.000
Accrued Expenses	0.233	(0.013)	0.000	0.000	0.013	0.000
NYS Pension	(0.066)	(1.020)	(0.674)	(0.674)	0.346	0.000
Legal	0.000	0.000	0.000	0.000	0.000	0.000
Injury and Damages	0.494	0.220	(0.100)	(0.100)	(0.320)	0.000
Workers Compensation	0.143	(0.138)	0.013	0.013	0.151	0.000
Other	(0.001)	(0.006)	0.000	0.000	0.006	0.000
<b>Net Cash Adjustments</b>	<b>\$1.647</b>	<b>(\$0.488)</b>	<b>\$0.205</b>	<b>\$0.205</b>	<b>\$0.693</b>	<b>\$0.000</b>

TABLE IV

**MTA LONG ISLAND BUS**  
**ACCRUAL STATEMENT OF OPERATIONS BY CATEGORY**  
**2003 - 2007**  
(\$ in millions)

	<b>2003 October Forecast</b>	<b>2004 Final Proposed Budget</b>	<b>2005 Plan</b>	<b>2006 Plan</b>	<b>2007 Plan</b>
<b>Revenue</b>					
Passenger Fixed Route	\$34.232	\$36.646	\$36.712	\$36.941	\$37.126
Passenger Paratransit	0.943	1.072	1.133	1.179	1.204
Advertising	0.961	1.101	1.164	1.214	1.262
All Other	0.158	0.193	0.193	0.194	0.195
Contract	1.624	1.581	2.589	1.505	1.507
<b>Total Operating Revenue</b>	<b>\$37.918</b>	<b>\$40.593</b>	<b>\$41.791</b>	<b>\$41.033</b>	<b>\$41.294</b>
Labor - Straight	\$55.145	\$57.303	\$59.745	\$61.647	\$63.632
Overtime	4.907	4.787	4.991	5.150	5.316
Total labor	<u>\$60.052</u>	<u>\$62.090</u>	<u>\$64.736</u>	<u>\$66.797</u>	<u>\$68.948</u>
Fringe Benefits - Pension	1.817	4.280	4.494	4.719	4.955
- Medical	8.866	10.379	11.251	12.196	13.220
- Other	5.702	6.002	6.302	6.617	6.948
Total Fringe Benefits	<u>\$16.385</u>	<u>\$20.661</u>	<u>\$22.047</u>	<u>\$23.532</u>	<u>\$25.123</u>
<b>SUBTOTAL LABOR &amp; FRINGES</b>	<b>\$76.437</b>	<b>\$82.751</b>	<b>\$86.783</b>	<b>\$90.329</b>	<b>\$94.071</b>
Professional Services	1.719	1.749	1.833	1.917	1.979
Maintenance Services	2.048	2.196	2.312	2.428	2.506
Operating Services	1.066	1.156	1.259	1.362	1.406
Fuel, Oil, and Lubricants	5.774	5.666	5.376	5.086	5.250
Material	3.974	4.116	4.244	4.372	4.513
Supplies	1.321	1.346	1.419	1.492	1.540
Tires	0.418	0.439	0.457	0.475	0.490
Utilities	2.043	2.003	1.953	1.903	1.964
Communications	0.291	0.300	0.314	0.328	0.339
Claims	3.230	2.725	2.810	2.895	2.988
Insurance	0.011	0.012	0.013	0.014	0.014
Leases and Rentals	0.103	0.107	0.112	0.117	0.121
Other	0.283	0.364	0.396	0.428	0.442
<b>SUBTOTAL NON-COMPENSATION</b>	<u>\$22.281</u>	<u>\$22.179</u>	<u>\$22.499</u>	<u>\$22.819</u>	<u>\$23.554</u>
<b>OPERATING EXPENSES</b>	<b>\$98.718</b>	<b>\$104.930</b>	<b>\$109.282</b>	<b>\$113.148</b>	<b>\$117.625</b>
<b>CAPITAL REIMBURSEMENTS</b>	<u>(4.176)</u>	<u>(4.335)</u>	<u>(4.360)</u>	<u>(4.391)</u>	<u>(4.532)</u>
<b>NET OPERATING EXPENSES</b>	<u>94.542</u>	<u>100.595</u>	<u>104.922</u>	<u>108.757</u>	<u>113.093</u>
<b>Net Deficit Before Subsidy</b>	<b>(\$56.624)</b>	<b>(\$60.002)</b>	<b>(\$63.131)</b>	<b>(\$67.724)</b>	<b>(\$71.799)</b>

**MTA LONG ISLAND BUS**  
**CASH RECEIPTS AND EXPENDITURES**  
**2003 - 2007**  
(\$ in millions)

	<b>2003 October Forecast</b>	<b>2004 Final Proposed Budget</b>	<b>2005 Plan</b>	<b>2006 Plan</b>	<b>2007 Plan</b>
<b>CASH RECEIPTS:</b>					
<b><u>Operating</u></b>					
Passenger	\$34.732	\$37.317	\$37.380	\$37.649	\$37.778
Other	4.415	4.609	5.055	5.013	5.163
Reimbursable Expenses	4.282	4.325	4.355	4.386	4.518
<b>Total Cash Receipts</b>	<b>43.429</b>	<b>46.251</b>	<b>46.790</b>	<b>47.048</b>	<b>47.459</b>
<b>CASH DISBURSEMENTS:</b>					
Payroll	59.643	61.381	64.374	66.734	68.736
Fringe Benefits	14.834	16.544	17.208	17.930	18.639
Pension	2.259	4.954	5.201	5.445	5.608
Workers Compensation	1.100	1.000	1.000	1.000	1.030
Insurance	0.013	0.014	0.014	0.014	0.014
Fuel and Lubricants	5.819	5.586	5.059	5.018	5.169
Material	4.017	4.140	4.294	4.381	4.512
Supplies	1.286	1.309	1.446	1.472	1.516
Communications	0.317	0.319	0.325	0.340	0.350
Utilities	1.878	1.989	2.001	2.058	2.120
Leases and Rentals	0.620	0.543	0.571	0.592	0.610
Claims	3.650	2.775	2.800	2.900	2.987
Purchased Services	4.387	4.777	5.184	5.453	5.617
MetroCard Sales	0.150	0.150	0.175	0.200	0.206
Other	0.583	0.552	0.629	0.676	0.696
<b>Total Cash Disbursements</b>	<b>100.556</b>	<b>106.033</b>	<b>110.281</b>	<b>114.213</b>	<b>117.810</b>
<b>Net Inc/(Dec) In Cash</b>	<b>(57.127)</b>	<b>(59.782)</b>	<b>(63.491)</b>	<b>(67.165)</b>	<b>(70.351)</b>
<b>Beginning Cash Balance</b>	<b>1.670</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>CASH DEFICIT</b>	<b>(55.457)</b>	<b>(59.782)</b>	<b>(63.491)</b>	<b>(67.165)</b>	<b>(70.351)</b>



Table VI

**MTA LONG ISLAND BUS**  
**CONSOLIDATED OPERATIONS**  
**CASH ADJUSTMENTS**  
**2003-2007**  
(\$ in millions)

	<b>2003 October Forecast</b>	<b>2004 Final Proposed Budget</b>	<b>2005 Plan</b>	<b>2006 Plan</b>	<b>2007 Plan</b>
Accounts Recievable	\$0.088	\$0.179	\$0.118	\$0.036	\$0.109
Inventory	(0.099)	(0.050)	(0.079)	(0.050)	(0.025)
Prepayments	(0.003)	0.000	(0.003)	0.000	0.000
Fixed Assets - Depreciation	0.000	0.000	0.000	0.000	0.000
- Aquistitions	0.000	0.000	0.000	0.000	0.000
Accounts Payable	0.060	0.039	0.012	0.072	0.059
Wages	0.226	0.474	0.273	0.473	0.385
Fringe Benefits	0.042	0.119	0.072	0.045	0.089
Vacation and Sick	0.155	0.205	0.155	0.205	0.185
Accrued Expenses	(0.013)	0.000	0.027	0.010	0.000
NYS Pension	(1.020)	(0.674)	(0.429)	(0.049)	(0.030)
Legal	0.000	0.000	0.000	0.000	0.000
Injury and Damages	0.220	(0.100)	(0.220)	(0.150)	(0.200)
Workers Compensation	(0.138)	0.013	(0.140)	(0.065)	0.013
Other	(0.006)	0.000	(0.008)	0.000	0.000
<b>Net Cash Adjustments</b>	<b>(\$0.488)</b>	<b>\$0.205</b>	<b>(\$0.222)</b>	<b>\$0.527</b>	<b>\$0.585</b>

**MTA LONG ISLAND BUS**  
**OPERATING BUDGET PROJECTIONS**  
**NEW NEEDS**  
**2003 - 2004**  
(\$ in thousands)

TABLE IX-A

	Favorable/(Unfavorable)											
	2003						2004					
	Mid-Year		Adjustments		October Forecast		Preliminary Budget		Adjustments		Final Proposed Budget	
	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars
Effects of economy on fuel & utilities		(719)		(386)		(1,105)		(103)		(510)		(613)
Effects of NYS health insurance premiums		(182)				(182)		(1,046)		(198)		(1,244)
Effects of higher claims & workers compensation		(550)		210		(340)		(125)		(38)		(163)
TOTAL		(1,451)		(176)		(1,627)		(1,274)		(746)		(2,020)

TABLE IX - B

**MTA LONG ISLAND BUS**  
**OPERATING BUDGET PROJECTIONS**  
**NEW NEEDS**  
**2005-2007**

(\$ In Thousands)

	Favorable/(Unfavorable)					
	<b>2005</b>		<b>2006</b>		<b>2007</b>	
	<b>Plan</b>		<b>Plan</b>		<b>Plan</b>	
	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>
Effects of economy on fuel & utilities		\$340		\$340		\$340
Effects of NYS health insurance premiums		(1,140)		(1,008)		(846)
Effects of higher claims & workers compensation		0		0		0
<b>TOTAL</b>		<b>(\$800)</b>		<b>(\$668)</b>		<b>(\$506)</b>

Table X-A

**MTA LONG ISLAND BUS**  
**OPERATING BUDGET PROJECTIONS**  
**PROGRAMS TO ELIMINATE THE GAP (PEGs)**  
**2003-2004**  
(\$ In Thousands)

Favorable (Unfavorable)											
2003						2004					
Mid-Year		Adjustments		October Forecast		Preliminary Budget		Adjustments		Final Proposed Budget	
<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>
Effects of NYSERS pension rate loss due to fare increase	2,363		0		2,363		(75)		0		(75)
Effects of lower than anticipated revenue	439		46		485		827		86		913
Effects of wage increase elimination for non-represented & other savings	455		119		574		137		80		217
Other net revenue & expense changes	244		439		683		69		119		188
<b>TOTAL</b>	<b>3,501</b>		<b>604</b>		<b>4,105</b>		<b>958</b>		<b>285</b>		<b>1,243</b>

TABLE X-B

**MTA LONG ISLAND BUS**  
**OPERATING BUDGET PROJECTIONS**  
**PROGRAMS TO ELIMINATE THE GAP (PEGs)**  
**2005-2007**

(\$ In Thousands)

	Favorable					
	<b>2005</b>		<b>2006</b>		<b>2007</b>	
	<b>Plan</b>		<b>Plan</b>		<b>Plan</b>	
	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>
Effects of lower than anticipated revenue loss due to fare increase		\$913		\$913		\$913
Effects of wage increase elimination for non-represented & other savings		223		230		237
Other net revenue and expense changes		194		200		206
<b>TOTAL</b>		<b>\$1,330</b>		<b>\$1,343</b>		<b>\$1,356</b>

TABLE XI - A(i)

**MTA LONG ISLAND BUS**  
**TOTAL POSITIONS 2002 - 2004**  
**Full-Time and Full-Time Equivalents (FTEs)**  
**NON-REIMBURSABLE AND REIMBURSABLE**

	2002 Actual			2003 October Forecast			2004 Final Proposed Budget		
	<u>Represented</u>	<u>Non- Represented</u>	<u>Total</u>	<u>Represented</u>	<u>Non- Represented</u>	<u>Total</u>	<u>Represented</u>	<u>Non- Represented</u>	<u>Total</u>
<b><u>Departments</u></b>									
President		4	4		4	4		4	4
Administration		25	25		25	25		25	25
Finance		24	24	2	24	26	2	24	26
Legal		24	24		24	24		24	24
Information Technology		22	22		24	24		24	24
Operations	815	38	853	836	40	876	844	40	884
Paratransit	136	41	177	158	41	199	162	45	207
	<u>951</u>	<u>178</u>	<u>1,129</u>	<u>996</u>	<u>182</u>	<u>1,178</u>	<u>1,008</u>	<u>186</u>	<u>1,194</u>

TABLE XI - A(ii)

**MTA LONG ISLAND BUS**  
**TOTAL POSITIONS 2005 - 2007**  
**Full-Time and Full-Time Equivalents (FTEs)**  
**NON-REIMBURSABLE AND REIMBURSABLE**

	<b>2005 Plan</b>			<b>2006 Plan</b>			<b>2007 Plan</b>		
	<u>Represented</u>	<u>Non- Represented</u>	<u>Total</u>	<u>Represented</u>	<u>Non- Represented</u>	<u>Total</u>	<u>Represented</u>	<u>Non- Represented</u>	<u>Total</u>
<b><u>Departments</u></b>									
President		4	4		4	4		4	4
Administration		25	25		25	25		25	25
Finance	2	24	26	2	24	26	2	24	26
Legal		24	24		24	24		24	24
Information Technology		24	24		24	24		24	24
Operations	854	40	894	857	40	897	860	40	900
Paratransit	170	45	215	176	45	221	182	45	227
	<u>1,026</u>	<u>186</u>	<u>1,212</u>	<u>1,035</u>	<u>186</u>	<u>1,221</u>	<u>1,044</u>	<u>186</u>	<u>1,230</u>

TABLE XI - B(i)

**MTA LONG ISLAND BUS**  
**POSITIONS 2002 - 2004**  
**Full-Time and Full-Time Equivalents (FTEs)**  
**NON-REIMBURSABLE**

	<b>2002 Actual</b>			<b>2003 October Forecast</b>			<b>2004 Final Proposed Budget</b>		
	<u>Represented</u>	<u>Non- Represented</u>	<u>Total</u>	<u>Represented</u>	<u>Non- Represented</u>	<u>Total</u>	<u>Represented</u>	<u>Non- Represented</u>	<u>Total</u>
<b><u>Departments</u></b>									
President		4	4		4	4		4	4
Administration		25	25		25	25		25	25
Finance		22	22		22	22	2	22	24
Legal		23	23		23	23		23	23
Information Technology		17	17		19	19		19	19
Operations	815	34	849	836	34	870	844	34	878
Paratransit	136	41	177	158	41	199	162	45	207
	<u>951</u>	<u>166</u>	<u>1,117</u>	<u>994</u>	<u>168</u>	<u>1,162</u>	<u>1,008</u>	<u>172</u>	<u>1,180</u>



TABLE XI - B(ii)

**MTA LONG ISLAND BUS**  
**POSITIONS 2005 - 2007**  
**Full-Time and Full-Time Equivalents (FTEs)**  
**NON-REIMBURSABLE**

	<b>2005 Plan</b>			<b>2006 Plan</b>			<b>2007 Plan</b>		
	<u>Represented</u>	<u>Non- Represented</u>	<u>Total</u>	<u>Represented</u>	<u>Non- Represented</u>	<u>Total</u>	<u>Represented</u>	<u>Non- Represented</u>	<u>Total</u>
<b><u>Departments</u></b>									
President		4	4		4	4		4	4
Administration		25	25		25	25		25	25
Finance	2	22	24	2	22	24	2	22	24
Legal		23	23		23	23		23	23
Information Technology		19	19		19	19		19	19
Operations	854	34	888	857	34	891	860	34	894
Paratransit	170	45	215	176	45	221	182	45	227
	<u>1,026</u>	<u>172</u>	<u>1,198</u>	<u>1,035</u>	<u>172</u>	<u>1,207</u>	<u>1,044</u>	<u>172</u>	<u>1,216</u>

TABLE XI - C(i)

**MTA LONG ISLAND BUS**  
**POSITIONS 2002 - 2004**  
**Full-Time and Full-Time Equivalents (FTEs)**  
**REIMBURSABLE**

	2002 Actual			2003 October Forecast			2004 Final Proposed Budget		
	Non-			Non-			Non-		
	<u>Represented</u>	<u>Represented</u>	<u>Total</u>	<u>Represented</u>	<u>Represented</u>	<u>Total</u>	<u>Represented</u>	<u>Represented</u>	<u>Total</u>
<b><u>Departments</u></b>									
President									
Administration									
Finance		2	2		2	2		2	2
Legal		1	1		1	1		1	1
Information Technology		5	5		5	5		5	5
Operations		4	4		6	6		6	6
Paratransit									0
		<u>12</u>	<u>12</u>		<u>14</u>	<u>14</u>		<u>14</u>	<u>14</u>

TABLE XI - C(ii)

**MTA LONG ISLAND BUS**  
**POSITIONS 2005 - 2007**  
**Full-Time and Full-Time Equivalents (FTEs)**  
**REIMBURSABLE**

	2005 Plan			2006 Plan			2007 Plan		
	<u>Represented</u>	<u>Non- Represented</u>	<u>Total</u>	<u>Represented</u>	<u>Non- Represented</u>	<u>Total</u>	<u>Represented</u>	<u>Non- Represented</u>	<u>Total</u>
<b><u>Departments</u></b>									
President									
Administration									
Finance		2	2		2	2		2	2
Legal		1	1		1	1		1	1
Information Technology		5	5		5	5		5	5
Operations		6	6		6	6		6	6
Paratransit									
		<u>14</u>	<u>14</u>		<u>14</u>	<u>14</u>		<u>14</u>	<u>14</u>

**MTA LONG ISLAND RAIL ROAD**

**MTA Long Island Rail Road**  
**Final Proposed Budget for 2004 and Financial Plan for 2004-2007**

## **MTA LONG ISLAND RAIL ROAD**

### **Final Proposed Budget for 2004 and Financial Plan for 2004-2007**

#### **Mission**

The Long Island Rail Road is committed to providing excellent rail transportation service, which exceeds Customer expectations and is worthy of the Public's trust and support. Our aim is to operate a safe, accessible, clean, cost-effective, Customer-focused rail transportation system that runs on time, is comfortable, user-friendly and provides the region with a valued and indispensable service.

#### **Service Information**

The MTA Long Island Rail Road is the largest commuter railroad in the country, operating nearly 750 trains a day on 11 different lines and carrying about 290,000 customers each day. It extends from three major New York City terminals -- Penn Station in Manhattan, Flatbush Avenue in Brooklyn, and Hunterspoint Avenue/Long Island City in Queens -- to the easternmost tip of Long Island. All but one of the 11 branches passes through the Jamaica hub, where customers may change trains to connect with other branches. Third-rail electric service is offered on the Port Washington, Ronkonkoma, Babylon, Hempstead, West Hempstead, Long Beach and Far Rockaway Branches, and diesel service is provided on the lines to Oyster Bay, Port Jefferson, Montauk and Greenport.

Traditionally serving a Manhattan-bound market, the LIRR has undertaken extensive efforts to augment its reverse-commute and off-peak services to meet the needs of businesses in Nassau and Suffolk counties.

The Railroad's diesel fleet consists of 134 bi-level coaches and 46 DE-30 and DM-30 locomotives. The DE-30s are standard diesel locomotives, while the DM-30s utilize dual-mode technology, allowing them to operate as standard diesels in non-electrified territory, and as electric locomotives in third-rail territory. In electric mode, the DM-30s can operate directly into Penn Station, offering many diesel branch customers a one-seat ride into the City. The Railroad is currently replacing a large portion of its electric fleet as well, with 678 new M-7 cars arriving over the next several years.

#### **Financial Review**

The LIRR's 2004 Final Proposed Budget encompasses those resource requirements that will best enable the Railroad to fulfill its service obligations as efficiently as possible, while minimizing any impacts on our customers. The budget also takes into account the resource impacts of the evolving needs of the new M-7 fleet and the retiring M-1 fleet. As the 2004 final budget was prepared, it was built to be consistent with the latest MTA Financial Plan guidance and constraints.

The 2004 Revenue budget totals \$455.0 million, and the total expense budget is \$1.1 billion, of which \$911.5 million is for operating expenses and the balance is associated with such non-cash items as depreciation. The cash budget for 2004 incorporates \$661.3 million in cash receipts and \$1.1 billion in cash disbursements. The net cash requirement is \$(438.9) million, as driven by operating expenses paid for in 2004, revenues received in 2004, and other adjustments to cash flow. While much of the operating budget has a direct impact on cash flow, there are some items such as material purchases for capital work that only appear in the cash budget. In addition, the differences between accrued and cash budgets reflect natural lags between when costs are expected to be incurred and when they will be paid for.

On an accrued basis, both revenues and expenses are higher in the 2004 Final Budget than in the 2003 October forecast. Operating expenses of \$911.5 million reflect growth of \$54.4 million over the 2003 October forecast, and total revenues of \$455.0 million are \$36.6 million higher than in the October forecast. While the resulting operating deficit rises \$38.9 million to \$(674.2) million in 2004, the projected cash deficit (or subsidy requirement) of \$(438.9) million in 2004 is higher by \$25.4 million. This is a consequence of larger cash adjustments (e.g., for depreciation) in the 2004 budget.

In order to stay within the financial plan, and cover contractual and inflationary increases, reductions known as "Programs to Eliminate the Gap" (or PEGs) have been made in 2004. The PEGs for 2004 total \$50.6 million and encompass a wide range of activities eliminated, downsized or deferred. Some positions were eliminated as a result of reduced functional requirements and reorganizations within and between departments. In other cases, proposed additional positions were not added to the workforce.

Major PEGs are associated with the completion of certain maintenance programs and one-time reductions to material acquisition requirements. The latter enable us to draw down inventory to support maintenance; the former were largely replaced with new maintenance programs (as seen in the 2004 New Needs). Reductions to a variety of expenses including communications, 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 are deferred so that the LIRR can remain within budgetary guidelines. These include systems for a Financial Suite, upgrades or replacements to work order systems, crew scheduling construction system and automated voice response systems. The Financial Suite will be coordinated with the MTA.

New Needs and Other Adjustments for 2004 total \$68.5 million, resulting from a combination of changes to programmed activities and non-programmatic cost increases. 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 increase to diesel fleet maintenance costs are associated with life cycle maintenance needs such as engine

and truck overhauls. Another New Need is associated with a higher rate of M-1 decommissioning in 2004, with 134 M-1 cars being decommissioned. Also included in 2004 are new plant maintenance needs to maintain existing equipment and facilities, as well as staffing for the new Arch Street Shop.

Other “New Needs” are actually associated with rapidly rising costs for existing levels of activity; these would be considered “non-programmatic” increases. For example, the escalation of Retiree health and welfare benefits costs largely reflects changes to the price of these benefits rather than any change planned by the LIRR. Health and welfare costs for active and retired employees continue to grow at a far faster pace than projected by medical services inflators. Pension is another non-programmatic area of “new need”, where annual required contributions for the pre-1988 pension plans have increased enormously over the last two years. This growth of about \$60 million results in annual total pension expenses projected being twice what they were in 2000 for the next few decades.

One major change occurred between the Preliminary and Final 2004 Budgets, with net expenses rising by \$32.1 million, and overall cash requirements rising by \$29.1 million primarily due to revised pension funding projections. In April 2001, LIRR entered into a contract with a new firm to perform actuarial services for its pension plan. As a normal industry practice during the transition the new actuary replicated the prior firm’s actuarial valuation as of January 1, 2000 to confirm the plan’s valuation process and so that it could perform the actuarial valuation as of January 2001. This new firm conducted analysis, which determined that the unfunded accrual pension liability (UAL) for the company pension plans was understated. A number of factors contributed to several errors going undetected, but principally it resulted from a failure to reconcile the pension ledger and the failure of the actuary to perform an experience study (a periodic review by the actuary of the assumptions impacting the plans assets and liabilities). These problems were further exacerbated by (1) a change in the federal retirement laws, which allowed employees to effectively advance their retirement by two years, which resulted in a substantial increase in the number of retirements; (2) the impact of overtime on the earnings calculation; and (3) the decline in the market value of the Plans’ assets due to the poor performance of the financial markets. Lastly, the repayment period for the UAL had been restored to its earlier schedule. As a result it is estimated that unless there is a significant increase to the Annual Required Contribution (ARC) the plan would be depleted of its assets by 2015. The actuary has recommended an annual increase to the ARC of approximately \$30 million. To help address the issue in the short term, the MTA will subsidize the full increase in the ARC for 2004. However, the MTA Financial Plan assumes that the subsidy will be reduced by \$9.8 million in 2005, \$19.6 million in 2006 and eliminated in 2007.

Another change between the Preliminary and Final 2004 Budgets was the recognition of City Ticket expense impacts (and assumed full cost recovery from MTA) that is valued at \$964 thousand. This primarily affects Passenger Services and Transportation departmental expenses. In addition to labor impacts, there are costs identified for associated ticket vending machine operation and maintenance. Elimination of a



previously identified PEG for reduction of shoulder-peak trains added costs primarily in Transportation labor.

In recognition of ongoing operational needs, \$1.9 million was added for replacement of over-the-road vehicles, with offsets from operating capital. Further accrued and cash reductions to materials were made as a result of further refinement of the 2004 production plan. Funding was restored for certain information services initiatives, in particular to support life cycle maintenance activities. The single largest change was recognition of additional Pension expense of \$29.1 million in the 2004 Final Budget statements.

When looking at the expenses in the 2004 Final Budget as compared to actual expenses for 2002, total operating expenses rise by \$121.4 million. The highest rates of growth are seen in categories the LIRR has the least direct control over. For example, while total payroll grows by 1.5%, Employee Benefits grow by nearly 13% and Pension rises by 100%. Electric traction cost rise by 20% or nearly \$8 million, and diesel costs rise by 13%; these contrast sharply with inflation projections that anticipate decreases in 2004. Because of unusually low expenses in 2002, Claims and Suits nearly double, increasing by \$7.1 million. Even as operating expenses rise significantly, the overall cash deficit rises less sharply from 2002 to 2004, with subsidy requirements rising from \$(425.7) million to \$(438.9).

Total Revenues in the 2003 October accrued forecast are \$418.4 million and total net operating expenses are \$857.1 million. This results in a forecasted net operating loss of \$(438.7) million. With \$196.6 million of depreciation factored in, the October net loss is forecast to be \$(635.3) million. On a gross basis, operating expenses are forecast to be \$978.1 million, of which labor-related costs total \$739.4 million, or just over 75%. The October cash forecast anticipates a \$(413.5) million total cash deficit, with receipts of \$609.7 million and disbursements and operating capital equipment of \$1.023 billion.

As compared to the Mid-Year forecast on an accrued basis, the October forecast reflects slightly lower Passenger Revenues offset by slightly higher Other Revenues for a net change of \$(0.4) million in revenues. October net expenses are \$(4.7) million higher than at Mid-Year, driven by labor overruns of \$(0.4) in straight time and \$(1.1) in overtime, \$(2.1) in additional claims and suits expense, and \$(4.5) in additional reimbursable shortfalls. Lower forecasted expenses for materials, joint facilities and advertising provide about \$3.3 million in offsets.

On a cash basis, the October cash deficit of \$(413.5) million has increased \$(2.9) from the Mid-Year forecast, primarily due to the impact of the August blackout. Cash receipts are projected to be \$(5.3) million lower, primarily as related to capital project funding recovery which is consistent with the forecast for less reimbursable activity, and the loss of revenue associated with the August blackout. Total disbursements are forecast for October to be \$2.4 million lower than at Mid-Year, primarily because of lower forecasted materials and operating capital equipment purchases, partially offset by an increase in expenditures related to the August blackout.

The Blackout of 2003 resulted in some cost increases in labor, busing, materials and loss of reimbursables. For purposes of this forecast, those incremental expenses of \$2.1 million (\$1.5 million in labor) and \$0.8 of revenue loss are included in the October forecast. These numbers are preliminary; reimbursement is pending. The largest change between forecasts is the projected additional shortfall in reimbursable activity. Ongoing performance in 2003 indicates that further delays are expected in signal-related projects and the M-3 overhauls compared to the Mid-Year forecast. In addition, less flagging work for the DOT is expected in 2003. The increase to claims and suits is an adjustment to reserves with no cash impact. The reduction to materials largely reflects purchases delayed from 2003 into 2004.

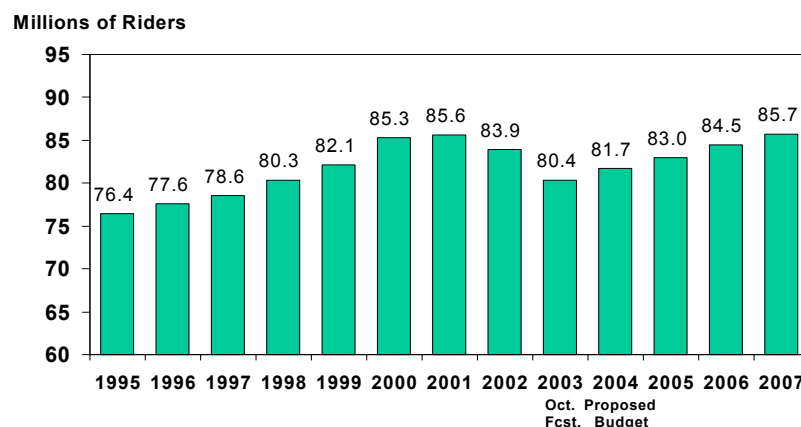
The major assumptions for the years 2005 through 2007 are: no significant change to overall service levels; continued improvement in on-time performance, mean distance between failures, safety and other key measures; wage increases driven by pattern bargaining through contract term (and CPI thereafter) and increases in average headcount; and increases to capital reimbursable activity levels. In addition, non-payroll items cut from 2004, particularly in purchased services and leases and rentals, are added back into 2005.

## Revenue Forecast

The primary source of revenue for the LIRR is the farebox, which represents nearly 95% of 2004 Final Budget revenues. The regional economy, employment trends and the impacts of the fare increase are the primary drivers of passenger ridership and revenue in 2004. With employment trends falling short of expectations in the last couple of years, ridership projections have been adversely affected. The 2004 final budget projects ridership of 81.7 million, an increase of 1.7% over the October 2003 forecast. This growth is predicated on some recovery in employment and from the price elasticity effects of the fare increase.

Passenger revenue assumptions follow the ridership results, with the primary impact on the 2004 Final budget being the May 2003 fare increase. As ridership recovers, the revenue projections climb to \$431.0 million in 2004 Final budget.

## RIDERSHIP



Non-farebox sources of revenue have remained healthy. Growth in special services revenues for beverage and snack sales on board and at Penn and Jamaica continues to be slow but steady. Other revenues (rental income, advertising, fiber optics and miscellaneous revenues) are projected to reach \$22.1 million in the 2004 budget.

Consistent with the passenger revenue performance experienced throughout 2003, the 2004 Final proposed budget shows passenger revenues lower than projected in the Preliminary budget. The \$4.1million reduction in the passenger revenue estimate is a reflection of reduced on-board sales as sales have shifted to ticket machines and ticket windows. This is, in part, indicative of success in the underlying strategy to encourage customers to buy tickets before boarding. All Other Revenue projections were unchanged between preliminary and final budgets.

The 2004 passenger revenue budget of \$431.0 million represents an increase of 9.0% over the 2003 forecast. Special Services revenues rise by 0.6% over the October 2003 forecast, and all Other Revenues rise by \$0.8 million, or about 3.8%. This increase reflects inflationary increases more than increases in volumes of activity.

### **Expense Budget Highlights**

The major items encompassed in the New Needs in future years are outlined below. Among the non-programmatic needs are the impacts of escalating Retiree health and welfare benefits costs and increases to pension expense; these affect all the years in the financial plan.

In the area of service, New Needs for 2003 related to greater crew costs necessary to maintain on-time performance are carried forward into 2004-2007. Costs required to start up the Web Ticket program continue. Eliminating a PEG in the Preliminary budget that reduced shoulder peak trains creates a new need in the Final 2004 Budget that carries forward into the outer years. New maintenance needs in 2003 for increased material consumption for diesel fleet maintenance and repairs carry forward as well.

Each year there are fleet modification programs that start and others that conclude, with varying impacts on labor and material requirements. In addition to programs aimed at reducing component failures and improving reliability, there are new needs associated with life cycle maintenance needs for the diesel fleet and other fleets, with major impacts on material requirements in the outer years. M-1 decommissioning will continue into 2004 with 134 M-1 cars being decommissioned; this higher level of decommissioning creates a new need in 2004. Looking into 2004 and beyond, there are also new needs for plant maintenance for existing equipment and facilities, as well as expanded physical plant.

The new needs for 2005-2007 are wide-ranging and include many needs that carry forward such as retiree health and welfare, changes to reimbursable activity recovery, and the restoration of shoulder trains initiated in 2004. The continuing impacts of

starting up the Arch Street facility and new maintenance modifications are also seen in the out-years. Among the major new items in 2005-2007 are systems initiative investments, such as support for life cycle maintenance as well as hardware and software. Increasing needs in the administrative area are also seen in rising insurance costs. In support of customer service, positions and train power costs are being added in the transportation department. The start-up of the Air Train facility in Jamaica and the completed Jamaica improvements also create new needs. Materials for life cycle maintenance and the shift of maintenance activities from M-1's to M-7's add to resources needed in the Equipment department.

In the course of preparing each year's budget or forecast, there is an ongoing process of offsetting the new needs such as those described above with reductions, or PEGs, to close any fiscal gaps. The major PEGs included in future years are outlined below. Changes to wage increase assumptions and the resulting impact on both pay and fringes carry forward from 2003, with future-year impacts on base rates of pay. For 2004, there are also positions eliminated that result from reduced functional requirements and reorganizations within and between departments; these reductions carry forward.

The Long Island Rail Road's budgeted overtime of \$73.6 million for 2004 represents a reduction of approximately \$9.1 million from the forecasted expenditure of \$81.9 million for 2003. This reduction is primarily attributable to some unusual events in 2003 and specific efforts to reduce overtime in 2004. Extraordinary weather-related costs and the August blackout in 2003 generated additional costs of \$3.4 million. In 2004, craft positions that were open in the Maintenance of Equipment Department during 2003 are assumed filled for the 2004 budget year, reducing overtime by \$4.5 million. In addition, relief day overtime in the Transportation Department is reduced in 2004 as a result of increases to average headcount, saving \$1.7 million. The overall reduction in budgeted overtime expense for 2004 of \$9.6 million is slightly offset by the overtime increases for the City Ticket Pilot Program of \$0.7 million. In the years 2005 through 2007, overtime continues to reflect these savings and all increases are associated with inflation only.

Reductions to a variety of accounts including communications charges, advertising, leases, tuition, operating and professional services are spread throughout the company. However, some of these changes are short-lived with costs added back in 2005 associated with temporarily deferred activities. In particular, system initiatives and upgrades cannot be deferred indefinitely without adversely affecting operational performance.

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 some cases within the financial plan period.

Some of the largest dollar reductions in 2003 and 2004 are associated with close review of production plan material requirements. When compared to inventory on hand and

revised production output levels, significant one-time reductions to material purchases have been incorporated in the forecast and final budget.

Looking out into the 2005-2007 time period, most of the expense PEGs reflect items carried forward from the 2003-2004 years. Examples of these include the effect of wage increases driven by pattern bargaining, lower voice and data charges, completion of maintenance modifications, retirement of M-1 cars, and reduction of station appearance maintainer positions. In addition there are new PEGs in 2005-2007, including reduction in training needs for M-7's, reduced hazardous material abatement requirements for rolling stock, lower diesel running repair expenditures as reliability increases, and lower MTA computer charges.

## **Programmatic Review**

The main objective in the 2004 Budget is to maintain train service levels and to deal with any necessary financial reductions by not implementing proposals to add trains and making modest alterations to levels of customer service where necessary. Softening ridership levels have made train service additions in 2004 less critical, as standee levels have diminished. Other customer service changes will have little impact on customers as ticket agent and ticket clerk positions are reduced where ticket vending machines are expected to serve customer needs. Some station cleaning positions have also been reduced.

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 to date of the M-7 fleet 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, so retirements are projected to rise.

Both on-time performance and MDBF are projected to improve in 2004. 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.

Continued improvement in employee safety is planned, with a projected reduction to the lost time and restricted duty case rate of nearly 27% from the 2003 goal level. 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.

The overall commitment to fleet maintenance is unchanged, consistent with the expectation of improved operating performance. The normal cycle of completing certain 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, closer to when the work will be performed.

The fleet mix 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 as more M-1 cars are retired. 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. Continual review of material requirements will also tighten up the relationship between each fleet and its associated material inventory.

### **Impact on Operating Budget of Capital Reimbursables (2003-2007) Baseline Projections for the 2004 Final Proposed Budget**

In the final year of the 2000-2004 Capital Program, the mix of project work runs through the typical range of track and signal work, station renovations, parking, yard expansions, and system improvements. Reimbursables in 2004 are \$134 million, of which direct labor is \$55 million, overheads are \$74 million and non-payroll (including material handling) makes up the balance. Also included in reimbursables is flagging support for third parties including NYSDOT and NYCDOT. Because of funds shifted forward from 2004 track program into earlier years, the level of track activity is lower than usual. However, signal work is increasing, providing some offset to force account levels.

Overall, there are fewer reimbursable positions in 2004 than in 2003, with a drop from 806 to 735. One change was made to avoid a problem that arose in 2003 with positions to support the East Side Access (ESA) project. When the need for LIRR's support for that project was reassessed, the LIRR's 2003 forecast was adversely affected, resulting in a loss of nearly \$2 million in reimbursable overhead revenue. To avoid a similar impact in 2004, the budget excludes ESA positions from both the gross and the reimbursable so that financial projections are not distorted. Reimbursable support for the project will be provided once plans are developed.

2003 October forecast for reimbursables is \$121.1 million, with direct labor of \$51.2 million and overheads of \$66.1 million. Some of the increase in 2004 is associated with reimbursable work deferred from 2003, particularly signal projects and completion of the M-3 overhauls.

The following major projects will reach beneficial use in the 2004 Final Proposed Budget:

- Long Beach Parking Facility
- Arch Street Yard
- Valley Interlocking & West Hempstead Branch Rehabilitation
- M-3 Overhauls
- Queens Interlocking
- Fiber Optic Network
- 2004 Track Program
- Signalization Patchogue-Speonk

In addition, these major projects from 2000-2004 (or earlier capital programs) will also reach beneficial use in 2005-2007:

- East River Tunnel Rehabilitation
- Babylon Substation Upgrade
- PA System Replacement
- Jamaica Station
- East River Tunnel Ventilation
- ASRS/Warehouse Control System
- Mineola Intermodal Center

## **Headcount**

The number of total positions rises steadily until 2005, where it roughly plateaus at 6,660 positions. Most of the total 209-position growth over the 2003 forecast is in represented, non-reimbursable positions in Engineering (72), Maintenance of Equipment (61) and Transportation (33). The growth in non-represented, non-reimbursable positions is primarily in Engineering and Maintenance of Equipment and results from anticipated filling of current vacancies. Reimbursable positions also increase slightly, in Maintenance of Equipment (11) for the next phase of the M-3 overhaul project and in Transportation (2) for flagging.

**MTA LONG ISLAND RAIL ROAD**  
**ACCRUAL STATEMENT OF OPERATIONS BY CATEGORY**  
**2002 - 2004**  
(\$ in millions)

			<b>2004</b>		<b>Favorable/(Unfavorable) 2004 Final Proposed Budget vs.</b>	
	<b>2002 Actual</b>	<b>2003 October Forecast</b>	<b>Preliminary Budget</b>	<b>Final Proposed Budget</b>	<b>2003 October Forecast</b>	<b>2004 Preliminary Budget</b>
<b><u>Revenue</u></b>						
Passenger	\$351.581	\$395.196	\$435.093	\$430.956	\$35.760	(\$4.137)
Special Services	1.837	1.933	1.944	1.944	0.011	0.000
Other	19.283	21.315	22.128	22.128	0.813	0.000
Total Revenue	372.701	418.444	459.165	455.028	36.584	(4.137)
<b><u>Payroll Expenses</u></b>						
Regular	395.674	399.389	410.971	411.348	(11.959)	(0.377)
Overtime	82.421	82.637	72.412	73.554	9.083	(1.142)
Total Payroll	478.095	482.026	483.383	484.902	(2.876)	(1.519)
<b><u>Employee Benefits</u></b>						
Health & Welfare - Active	54.810	60.286	70.866	70.936	(10.650)	(0.070)
Health & Welfare - Retiree	20.728	25.182	29.229	29.229	(4.047)	0.000
Other	99.719	93.971	97.132	97.430	(3.459)	(0.298)
Total Employee Benefits	175.257	179.439	197.227	197.595	(18.156)	(0.368)
<b>Pension</b>	54.933	77.855	80.770	109.848	(31.993)	(29.078)
<b><u>Non - Payroll Expenses</u></b>						
Professional Services	15.719	15.826	15.190	17.317	(1.491)	(2.127)
Operating Services	3.473	5.462	5.072	5.072	0.390	0.000
Maintenance Services	20.111	20.415	23.724	23.899	(3.484)	(0.175)
Construction Services	0.941	0.189	0.000	0.155	0.034	(0.155)
Communication	5.535	5.685	6.176	6.176	(0.491)	0.000
Utilities	10.112	10.204	9.943	9.943	0.261	0.000
Leases & Rentals	5.685	6.653	7.630	7.131	(0.478)	0.499
Advertising	1.921	1.204	1.595	1.595	(0.391)	0.000
Insurance	15.270	14.946	16.808	17.029	(2.083)	(0.221)
Claims & Suits	7.565	17.197	15.267	14.692	2.505	0.575
Materials	58.952	60.658	63.249	63.801	(3.143)	(0.551)
Supplies	5.885	5.345	5.912	5.972	(0.627)	(0.060)
Train Power - Diesel	5.127	6.006	5.813	5.813	0.193	0.000
Train Power - Electric	38.966	44.233	46.799	46.799	(2.566)	(0.000)
Joint Facilities	10.870	10.702	11.071	11.071	(0.369)	0.000
Employee Expenses	3.187	3.104	2.699	2.700	0.404	(0.001)
Miscellaneous Expenses	2.910	1.916	1.928	1.927	(0.011)	0.001
Misc Charges and Credits	5.644	9.080	11.990	11.990	(2.910)	0.000
Total Non-Payroll	217.873	238.825	250.867	253.082	(14.257)	(2.215)
<b>Reimbursable</b>	136.053	121.051	132.929	133.960	12.909	1.031
<b>Total Net Expenses</b>	790.105	857.094	879.318	911.467	(54.373)	(32.149)
<b>Net Operating Loss</b>	(417.404)	(438.650)	(420.153)	(456.439)	(17.789)	(36.286)
<b><u>Other Charges and Credits</u></b>						
Depreciation and Amortization	173.692	196.616	217.754	217.754	(21.138)	0.000
Other	(1.689)	0.000	0.000	0.000	0.000	0.000
Total Other Charges and Credits	172.003	196.616	217.754	217.754	(21.138)	0.000
<b>Net Income (Loss)</b>	(\$589.407)	(\$635.266)	(\$637.907)	(\$674.193)	(\$38.927)	(\$36.286)



TABLE I-A

**MTA LONG ISLAND RAIL ROAD**  
**FINANCIAL PLAN COMPARISON BY CATEGORY (ACCRUED)**  
**2003 OCTOBER FORECAST VS. MID-YEAR FORECAST**  
(\$ in millions)

	2003				Favorable/(Unfavorable) October Forecast vs. Mid-Year Forecast
	Mid-Year Forecast	July Year-to-date Actuals	August to December Forecast	October Forecast	
<b><u>Revenue</u></b>					
Passenger	\$395.983	\$218.144	\$177.052	\$395.196	(\$0.787)
Special Services	1.901	1.111	0.822	1.933	0.032
Other	20.931	13.365	7.950	21.315	0.384
<b>TOTAL REVENUE</b>	<b>418.815</b>	<b>232.620</b>	<b>185.824</b>	<b>418.444</b>	<b>(0.371)</b>
<b><u>Payroll Expenses</u></b>					
Regular	399.021	231.103	168.286	399.389	(0.368)
Overtime	81.567	48.569	34.068	82.637	(1.070)
<b>Total Payroll</b>	<b>480.588</b>	<b>279.672</b>	<b>202.354</b>	<b>482.026</b>	<b>(1.438)</b>
<b><u>Employee Benefits</u></b>					
Health & Welfare - Active	60.398	35.070	25.216	60.286	0.112
Health & Welfare - Retiree	25.182	14.523	10.659	25.182	0.000
Other	94.147	59.370	34.601	93.971	0.176
<b>Total Employee Benefits</b>	<b>179.727</b>	<b>108.963</b>	<b>70.476</b>	<b>179.439</b>	<b>0.288</b>
<b>Pension</b>	<b>77.855</b>	<b>41.803</b>	<b>36.052</b>	<b>77.855</b>	<b>0.000</b>
<b><u>Non - Payroll Expenses</u></b>					
Professional Services	16.084	7.397	8.429	15.826	0.258
Operating Services	4.831	3.024	2.438	5.462	(0.631)
Maintenance Services	20.628	9.456	10.959	20.415	0.213
Construction Services	0.189	0.007	0.182	0.189	0.000
Communication	5.927	2.788	2.897	5.685	0.242
Utilities	10.032	6.141	4.063	10.204	(0.172)
Leases & Rentals	6.622	3.620	3.033	6.653	(0.031)
Advertising	1.594	0.703	0.501	1.204	0.390
Insurance	14.929	7.507	7.439	14.946	(0.017)
Claims & Suits	15.108	6.788	10.409	17.197	(2.089)
Materials	62.937	33.126	27.532	60.658	2.279
Supplies	5.542	2.758	2.587	5.345	0.197
Train Power - Diesel	5.953	3.572	2.434	6.006	(0.053)
Train Power - Electric	43.991	24.185	20.048	44.233	(0.242)
Joint Facilities	11.375	6.823	3.879	10.702	0.673
Employee Expenses	2.929	1.821	1.283	3.104	(0.175)
Miscellaneous Expenses	1.793	1.138	0.778	1.916	(0.123)
Misc Charges and Credits	9.360	(0.995)	10.075	9.080	0.280
<b>Total Non-Payroll</b>	<b>239.824</b>	<b>119.857</b>	<b>118.968</b>	<b>238.825</b>	<b>0.999</b>
<b>Reimbursable</b>	<b>125.569</b>	<b>67.046</b>	<b>54.005</b>	<b>121.051</b>	<b>(4.518)</b>
<b>Total Net Expenses</b>	<b>852.425</b>	<b>483.249</b>	<b>373.845</b>	<b>857.094</b>	<b>(4.669)</b>
<b>Net Operating Loss</b>	<b>(433.610)</b>	<b>(250.629)</b>	<b>(188.021)</b>	<b>(438.650)</b>	<b>(5.040)</b>
<b><u>Other Charges and Credits</u></b>					
Depreciation and Amortization	196.616	114.692	81.924	196.616	0.000
Other	0.000	0.000	0.000	0.000	0.000
<b>Total Other Charges and Credits</b>	<b>196.616</b>	<b>114.692</b>	<b>81.924</b>	<b>196.616</b>	<b>0.000</b>
<b>Net Income (Loss)</b>	<b>(\$630.226)</b>	<b>(\$365.321)</b>	<b>(\$269.945)</b>	<b>(\$635.266)</b>	<b>(\$5.040)</b>

TABLE I-B

**MTA LONG ISLAND RAIL ROAD**  
**FINANCIAL PLAN COMPARISON BY CATEGORY (CASH)**  
**2003 OCTOBER FORECAST VS. MID-YEAR FORECAST**  
(\$ in millions)

2003				
Mid-Year Forecast	July Year-to-date Actuals	August to December Forecast	October Forecast	Favorable/(Unfavorable) October Forecast vs. Mid-Year Forecast
<b><u>Operating Cash Receipts</u></b>				
Passenger Collections	\$397.884	\$219.302	\$177.827	\$397.129 (\$0.755)
Capital Project Funding	155.378	77.972	72.887	150.859 (4.519)
MetroCard Sales	25.467	14.270	11.197	25.467 0.000
All Other Revenue	36.219	22.529	13.675	36.204 (0.015)
Total Receipts	614.948	334.073	275.586	609.659 (5.289)
<b><u>Operating Cash Disbursements</u></b>				
Payroll	480.588	277.809	204.217	482.026 (1.438)
Fringe Benefits	179.727	112.224	67.215	179.439 0.288
Pensions	79.283	40.743	38.540	79.283 0.000
Professional Services	18.258	10.407	7.593	18.000 0.258
Operating Services	5.758	2.871	3.518	6.389 (0.631)
Maintenance Services	21.239	11.173	9.853	21.026 0.213
Construction Services	0.189	0.479	(0.290)	0.189 0.000
Communications	5.927	3.311	2.374	5.685 0.242
Utilities	10.032	6.766	3.438	10.204 (0.172)
Leases & Rentals	8.641	4.815	3.857	8.672 (0.031)
Advertising	1.594	1.745	(0.541)	1.204 0.390
Insurance	18.510	19.505	(1.031)	18.474 0.036
Judgement & Claims	13.881	4.186	9.695	13.881 0.000
Materials	78.126	52.588	22.910	75.498 2.628
Supplies	5.542	3.425	1.920	5.345 0.197
Train Power - Diesel	5.953	3.163	2.843	6.006 (0.053)
Train Power - Electric	43.991	23.029	21.204	44.233 (0.242)
Joint Facilities	11.375	6.588	4.114	10.702 0.673
Employee Expenses	2.929	2.194	0.910	3.104 (0.175)
Miscellaneous Expenses	1.263	0.658	0.728	1.386 (0.123)
MetroCard	25.467	13.926	11.541	25.467 0.000
Total Disbursements	1,018.273	601.605	414.608	1,016.213 2.060
<b>Cash Operating Deficit</b>	<b>(403.325)</b>	<b>(267.532)</b>	<b>(139.022)</b>	<b>(406.554) (3.229)</b>
Capital Equipment	(7.180)	(1.081)	(5.818)	(6.899) 0.281
<b>Total Cash Deficit</b>	<b>(410.505)</b>	<b>(268.613)</b>	<b>(144.840)</b>	<b>(413.453) (2.948)</b>
Impact of Opening/Closing Bal.	0.000	0.648	(0.648)	0.000 0.000
<b>Total Operating Cash Deficit</b>	<b>(\$410.505)</b>	<b>(\$267.965)</b>	<b>(\$145.488)</b>	<b>(\$413.453) (\$2.948)</b>

TABLE II

**MTA LONG ISLAND RAIL ROAD**  
**CASH RECEIPTS AND EXPENDITURES**

**2002 - 2004**

(\$ in millions)

				Favorable/(Unfavorable)	
				<b>2004 Final</b>	
				<b>Proposed Budget</b>	
				<b>vs.</b>	
		<b>2004</b>			
	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>	<b>2004</b>
	<b>Actual</b>	<b>October</b>	<b>Preliminary</b>	<b>October</b>	<b>Preliminary</b>
		<b>Forecast</b>	<b>Budget</b>	<b>Forecast</b>	<b>Budget</b>
			<b>Final</b>		
			<b>Proposed</b>		
			<b>Budget</b>		
<b><u>Operating Cash Receipts</u></b>					
Passenger Collections	\$354.374	\$397.129	\$437.037	\$432.900	\$35.771 (\$4.137)
Capital Project Funding	175.740	150.859	160.828	159.665	8.806 (1.163)
MetroCard Sales	22.122	25.467	25.500	27.000	1.533 1.500
All Other Revenue	45.008	36.204	41.220	41.763	5.559 0.543
<b>Total Receipts</b>	<b>597.244</b>	<b>609.659</b>	<b>664.585</b>	<b>661.328</b>	<b>51.669 (3.257)</b>
<b><u>Operating Cash Disbursements</u></b>					
Payroll	473.522	482.026	483.383	484.902	(2.876) (1.519)
Fringe Benefits	175.391	179.439	197.227	197.595	(18.156) (0.368)
Pensions	57.941	79.283	80.881	109.959	(30.676) (29.078)
Professional Services	18.421	18.000	19.215	21.342	(3.342) (2.127)
Operating Services	2.916	6.389	5.503	5.503	0.886 0.000
Maintenance Services	21.017	21.026	24.314	24.489	(3.463) (0.175)
Construction Services	3.549	0.189	0.000	0.155	0.034 (0.155)
Communications	6.065	5.685	6.176	6.176	(0.491) 0.000
Utilities	9.420	10.204	9.943	9.943	0.261 0.000
Leases & Rentals	8.775	8.672	9.248	8.749	(0.077) 0.499
Advertising	2.538	1.204	1.595	1.595	(0.391) 0.000
Insurance	26.657	18.474	24.097	23.240	(4.766) 0.857
Judgement & Claims	11.684	13.881	13.967	13.392	0.489 0.575
Materials	107.955	75.498	91.867	86.887	(11.389) 4.980
Supplies	6.153	5.345	5.912	5.972	(0.627) (0.060)
Train Power - Diesel	5.037	6.006	5.813	5.813	0.193 0.000
Train Power - Electric	39.872	44.233	46.799	46.799	(2.566) 0.000
Joint Facilities	11.558	10.702	11.071	11.071	(0.369) 0.000
Employee Expenses	3.814	3.104	2.699	2.700	0.404 (0.001)
Miscellaneous Expenses	1.084	1.386	1.437	1.436	(0.050) 0.001
MetroCard	21.982	25.467	25.500	27.000	(1.533) (1.500)
<b>Total Disbursements</b>	<b>1,015.351</b>	<b>1,016.213</b>	<b>1,066.647</b>	<b>1,094.718</b>	<b>(78.505) (28.071)</b>
<b>Cash Operating Deficit</b>	<b>(418.107)</b>	<b>(406.554)</b>	<b>(402.062)</b>	<b>(433.390)</b>	<b>(26.836) (31.328)</b>
Capital Equipment	(2.265)	(6.899)	(7.718)	(5.468)	1.431 2.250
<b>Total Cash Deficit</b>	<b>(420.372)</b>	<b>(413.453)</b>	<b>(409.780)</b>	<b>(438.858)</b>	<b>(25.405) (29.078)</b>
Impact of Opening/Closing Bal.	(5.353)	0.000	0.000	0.000	0.000 0.000
<b>Operating Cash Deficit</b>	<b>(\$425.725)</b>	<b>(\$413.453)</b>	<b>(\$409.780)</b>	<b>(\$438.858)</b>	<b>(\$25.405) (\$29.078)</b>

TABLE III

**MTA LONG ISLAND RAIL ROAD**  
**CASH FLOW ADJUSTMENTS**  
**2002 - 2004**  
(\$ in millions)

	Favorable/(Unfavorable)					
	2002 Actual	2003 October Forecast	2004		2004 Final Proposed Budget vs.	
			Preliminary Budget	Final Proposed Budget	2003 October Forecast	2004 Preliminary Budget
<b>Net Loss per Income Statement (accrued)</b>	(\$589.407)	(\$635.266)	(\$637.907)	(\$674.193)	(\$38.927)	(\$36.286)
<b>Cash Adjustments:</b>						
Depreciation & Other Charges/Credits	177.647	196.616	217.754	217.754	21.138	(0.000)
Miscellaneous Charges & Credits	5.644	9.080	11.991	11.990	2.910	(0.001)
Timing of Capital Project Receipts	0.000	3.600	0.000	0.000	(3.600)	0.000
Cash Additions to Other Revenue	12.780	5.701	7.240	7.240	1.539	0.000
Material Purchases vs. Chargeouts	(10.856)	11.104	1.000	6.532	(4.572)	5.532
Capital Mat'l Purchased in 2002/Installed in 2003	(3.600)	0.000	0.000	0.000	0.000	0.000
Bad Debt Reserve	1.633	0.739	0.700	0.700	(0.039)	0.000
Legal Settlements - Cash vs. Accrual Basis	(4.119)	3.316	1.300	1.300	(2.016)	0.000
Pension - Cash vs. Actuarial basis	(3.008)	(1.428)	(0.111)	(0.111)	1.317	0.000
Payments Against Reserve for Environmental Issues	(0.359)	(2.065)	(4.000)	(4.000)	(1.935)	0.000
Operating Capital	(2.698)	(6.899)	(7.718)	(5.468)	1.431	2.250
Timing of Insurance Payments vs. Accrued	(3.612)	2.713	0.253	0.253	(2.460)	0.000
Change in Beg/End Balance	(5.353)	0.000	0.000	0.000	0.000	0.000
Other Adjustments	(0.417)	(0.664)	(0.282)	(0.855)	(0.191)	(0.573)
<b>Total Cash Adjustments</b>	<u>163.682</u>	<u>221.813</u>	<u>228.127</u>	<u>235.335</u>	<u>13.522</u>	<u>7.208</u>
<b>Total Cash Subsidy Requested:</b>	<u>(\$425.725)</u>	<u>(\$413.453)</u>	<u>(\$409.780)</u>	<u>(\$438.858)</u>	<u>(\$25.405)</u>	<u>(\$29.078)</u>

TABLE IV

**MTA LONG ISLAND RAIL ROAD**  
**ACCRUAL STATEMENT OF OPERATIONS BY CATEGORY**  
**2003 - 2007**  
(\$ in millions)

	<b>2003 October Forecast</b>	<b>2004 Final Proposed Budget</b>	<b>2005 Plan</b>	<b>2006 Plan</b>	<b>2007 Plan</b>
<b><u>Revenue</u></b>					
Passenger	\$395.196	\$430.956	\$434.349	\$441.713	\$447.659
Special Services	1.933	1.944	1.967	1.989	2.014
Other	21.315	22.128	23.597	25.314	26.605
<b>TOTAL REVENUE</b>	<b>418.444</b>	<b>455.028</b>	<b>459.913</b>	<b>469.016</b>	<b>476.278</b>
<b><u>Payroll Expenses</u></b>					
Regular	399.389	411.348	423.552	436.563	451.178
Overtime	82.637	73.554	75.470	77.871	80.285
<b>Total Payroll</b>	<b>482.026</b>	<b>484.902</b>	<b>499.022</b>	<b>514.434</b>	<b>531.463</b>
<b><u>Employee Benefits</u></b>					
Health & Welfare - Active	60.286	70.936	77.492	84.018	91.010
Health & Welfare - Retiree	25.182	29.229	31.684	34.345	37.230
Other	93.971	97.430	100.771	104.592	106.475
<b>Total Employee Benefits</b>	<b>179.439</b>	<b>197.595</b>	<b>209.947</b>	<b>222.955</b>	<b>234.715</b>
<b>Pension</b>	<b>77.855</b>	<b>109.848</b>	<b>114.743</b>	<b>120.029</b>	<b>126.690</b>
<b><u>Non - Payroll Expenses</u></b>					
Professional Services	15.826	17.317	18.276	19.177	19.677
Operating Services	5.462	5.072	5.466	5.572	5.694
Maintenance Services	20.415	23.899	27.843	28.478	31.863
Construction Services	0.189	0.155	0.155	0.155	0.155
Communication	5.685	6.176	6.059	6.413	6.555
Utilities	10.204	9.943	10.577	10.778	11.019
Leases & Rentals	6.653	7.131	12.228	9.449	9.869
Advertising	1.204	1.595	1.624	1.656	1.694
Insurance	14.946	17.029	19.528	22.405	25.713
Claims & Suits	17.197	14.692	14.964	15.262	15.417
Materials	60.658	63.801	82.469	108.604	123.454
Supplies	5.345	5.972	6.090	6.237	6.374
Train Power - Diesel	6.006	5.813	6.234	6.671	7.108
Train Power - Electric	44.233	46.799	47.960	49.015	49.203
Joint Facilities	10.702	11.071	11.275	11.499	11.756
Employee Expenses	3.104	2.700	2.860	2.917	2.980
Miscellaneous Expenses	1.916	1.927	1.985	2.020	2.067
Misc Expenses	9.080	11.990	11.990	8.990	9.015
Pension Shortfall Make-up	0.000	0.000	(9.772)	(19.604)	(24.116)
Unspecified PEGs	0.000	0.000	(28.471)	(51.266)	(53.082)
<b>Total Non-Payroll</b>	<b>238.825</b>	<b>253.082</b>	<b>249.340</b>	<b>244.428</b>	<b>262.415</b>
<b>Reimbursable</b>	<b>121.051</b>	<b>133.960</b>	<b>144.105</b>	<b>147.910</b>	<b>154.511</b>
<b>Total Net Expenses</b>	<b>857.094</b>	<b>911.467</b>	<b>928.947</b>	<b>953.936</b>	<b>1,000.772</b>
<b>Net Operating Loss</b>	<b>(438.650)</b>	<b>(456.439)</b>	<b>(469.034)</b>	<b>(484.920)</b>	<b>(524.494)</b>
<b><u>Other Charges and Credits</u></b>					
Depreciation and Amortization	196.616	217.754	227.633	244.759	254.332
Other	0.000	0.000	0.000	0.000	0.000
<b>Total Other Charges and Credits</b>	<b>196.616</b>	<b>217.754</b>	<b>227.633</b>	<b>244.759</b>	<b>254.332</b>
<b>Net Income (Loss)</b>	<b>(\$635.266)</b>	<b>(\$674.193)</b>	<b>(\$696.667)</b>	<b>(\$729.679)</b>	<b>(\$778.826)</b>

TABLE V

**MTA LONG ISLAND RAIL ROAD**  
**CASH RECEIPTS AND EXPENDITURES**  
**2003 - 2007**  
(\$ in millions)

	<b>2003 October Forecast</b>	<b>2004 Final Proposed Budget</b>	<b>2005 Plan</b>	<b>2006 Plan</b>	<b>2007 Plan</b>
<b><u>Operating Cash Receipts:</u></b>					
Passenger Collections	\$397.129	\$432.900	\$436.316	\$443.702	\$449.673
Capital Project Funding	150.859	159.665	171.201	175.221	181.889
MetroCard Sales	25.467	27.000	27.500	28.000	28.500
All Other Revenue	36.204	41.763	39.229	41.382	43.150
Total Receipts	<u>609.659</u>	<u>661.328</u>	<u>674.246</u>	<u>688.305</u>	<u>703.212</u>
<b><u>Operating Cash Disbursements:</u></b>					
Payroll	482.026	484.902	499.022	514.434	531.463
Fringe Benefits	179.439	197.595	209.947	222.955	234.715
Pensions	79.283	109.959	114.743	120.029	126.690
Professional Services	18.000	21.342	22.801	21.703	22.204
Operating Services	6.389	5.503	5.905	6.020	6.151
Maintenance Services	21.026	24.489	28.444	29.091	32.490
Construction Services	0.189	0.155	0.155	0.155	0.155
Communications	5.685	6.176	6.059	6.413	6.555
Utilities	10.204	9.943	10.577	10.778	11.019
Leases & Rentals	8.672	8.749	13.876	11.130	11.587
Advertising	1.204	1.595	1.624	1.656	1.694
Insurance	18.474	23.240	26.783	28.933	32.387
Judgement & Claims	13.881	13.392	13.640	13.912	14.037
Materials	75.498	86.887	111.567	138.737	154.344
Supplies	5.345	5.972	6.090	6.237	6.374
Train Power - Diesel	6.006	5.813	6.234	6.671	7.108
Train Power - Electric	44.233	46.799	47.960	49.015	49.203
Joint Facilities	10.702	11.071	11.275	11.499	11.756
Employee Expenses	3.104	2.700	2.860	2.917	2.980
Miscellaneous Expenses	1.386	1.436	1.484	1.510	1.545
MetroCard	25.467	27.000	27.500	28.000	28.500
Pension Shortfall Make-up	0.000	0.000	(9.772)	(19.604)	(24.116)
Unspecified PEGs	0.000	0.000	(28.471)	(51.266)	(53.082)
Total Disbursements	<u>1,016.213</u>	<u>1,094.718</u>	<u>1,130.303</u>	<u>1,160.925</u>	<u>1,215.759</u>
<b>Cash Operating Deficit</b>	<u>(406.554)</u>	<u>(433.390)</u>	<u>(456.057)</u>	<u>(472.620)</u>	<u>(512.547)</u>
Capital Equipment	(6.899)	(5.468)	(7.457)	(7.442)	(7.418)
<b>Total Cash Deficit</b>	<u>(413.453)</u>	<u>(438.858)</u>	<u>(463.514)</u>	<u>(480.062)</u>	<u>(519.965)</u>
Impact of Opening/Closing Bal.	0.000	0.000	0.000	0.000	0.000
<b>Operating Cash Deficit</b>	<u>(\$413.453)</u>	<u>(\$438.858)</u>	<u>(\$463.514)</u>	<u>(\$480.062)</u>	<u>(\$519.965)</u>

TABLE VI

**MTA LONG ISLAND RAIL ROAD**  
**CASH FLOW ADJUSTMENTS**  
**2003 - 2007**  
(\$ in millions)

	Favorable/(Unfavorable)				
	<b>2003 October Forecast</b>	<b>2004 Final Proposed Budget</b>	<b>2005 Plan</b>	<b>2006 Plan</b>	<b>2007 Plan</b>
<b>Net Loss per Income Statement (accrued)</b>	(\$635.266)	(\$674.193)	(\$696.667)	(\$729.679)	(\$778.826)
<b>Cash Adjustments:</b>					
Depreciation & Other Charges/Credits	196.616	217.754	227.633	244.759	254.332
Miscellaneous Charges & Credits	9.080	11.990	11.990	8.990	9.015
Timing of Capital Project Receipts	3.600	0.000	0.000	0.000	0.000
Cash Additions to Other Revenue	5.701	7.240	3.600	3.600	3.600
Material Purchases vs. Chargeouts	11.104	6.532	1.000	0.400	0.000
Capital Mat'l Purchased in 2002/Installed in 2003	0.000	0.000	0.000	0.000	0.000
Bad Debt Reserve	0.739	0.700	0.713	0.727	0.743
Legal Settlements - Cash vs. Accrual Basis	3.316	1.300	1.324	1.350	1.380
Pension - Cash vs. Actuarial basis	(1.428)	(0.111)	0.000	0.000	0.000
Payments Against Reserve for Environmental Issues	(2.065)	(4.000)	(4.500)	(2.500)	(2.500)
Operating Capital	(6.899)	(5.468)	(7.457)	(7.442)	(7.418)
Timing of Insurance Payments vs. Accrued	2.713	0.253	(0.607)	0.291	0.291
Change in Beg/End Balance	0.000	0.000	0.000	0.000	0.000
Other Adjustments	(0.664)	(0.855)	(0.543)	(0.558)	(0.582)
<b>Total Cash Adjustments</b>	<b>221.813</b>	<b>235.335</b>	<b>233.153</b>	<b>249.617</b>	<b>258.861</b>
<b>Total Cash Subsidy Requested:</b>	<u><u>(\$413.453)</u></u>	<u><u>(\$438.858)</u></u>	<u><u>(\$463.514)</u></u>	<u><u>(\$480.062)</u></u>	<u><u>(\$519.965)</u></u>

TABLE VII

**MTA LONG ISLAND RAIL ROAD**  
**ACCRUAL STATEMENT OF OPERATIONS BY DEPARTMENT**  
**2002 - 2004**  
(\$ in millions)

	2002 Actual	2003 October Forecast	2004		Favorable/(Unfavorable)	
			Preliminary Budget	Final Proposed Budget	2004 Final Proposed Budget vs.	
					2003 October Forecast	2004 Preliminary Budget
<b><u>Revenue</u></b>						
Passenger	\$351.581	\$395.196	\$435.093	\$430.956	\$35.760	(\$4.137)
Special Services	1.837	1.933	1.944	1.944	0.011	0.000
Other	19.283	21.315	22.128	22.128	0.813	0.000
Total Revenue	372.701	418.444	459.165	455.028	36.584	(4.137)
<b><u>Operating &amp; Maintenance Expenses</u></b>						
Engineering	118.523	118.150	121.290	121.549	(3.399)	(0.258)
Equipment	214.540	227.322	232.674	231.650	(4.327)	1.025
Transportation	237.562	252.712	258.501	259.489	(6.777)	(0.988)
Passenger Services	41.554	43.708	45.542	45.543	(1.835)	(0.001)
All Other	2.352	2.448	2.664	2.664	(0.216)	0.000
Total Operating & Maint. Expenses	614.531	644.340	660.671	660.895	(16.555)	(0.224)
<b><u>General &amp; Admin. Expenses</u></b>						
Executive Vice President	0.306	0.308	0.335	0.335	(0.027)	0.000
Labor Relations	1.407	1.279	1.395	1.395	(0.116)	0.000
Procurements & Logistics	14.881	14.705	14.963	16.878	(2.173)	(1.915)
Human Resources	11.427	11.593	12.198	12.209	(0.616)	(0.011)
Strategic Investments	1.867	2.027	2.170	2.170	(0.143)	0.000
Diversity Management	0.301	0.324	0.346	0.349	(0.025)	(0.003)
Total Executive Vice President	30.189	30.236	31.407	33.336	(3.100)	(1.929)
President	0.957	1.218	1.029	1.029	0.189	0.000
V.P. & Chief Financial Officer	11.025	10.253	10.784	10.784	(0.531)	0.000
Service Planning, Technology & CPM	31.491	30.585	33.033	33.133	(2.548)	(0.100)
Market Development & Public Affairs	9.343	8.717	9.753	9.753	(1.036)	0.000
General Council & Secretary	4.437	4.561	4.922	4.954	(0.393)	(0.032)
Claims and Suits	7.565	17.197	15.267	14.692	2.505	0.575
System Safety	2.530	2.946	2.970	2.970	(0.024)	0.000
Corporate Expense	49.632	57.200	66.687	67.914	(10.714)	(1.227)
Pension	54.933	77.855	80.770	109.848	(31.993)	(29.078)
G & A Overhead	(26.528)	(24.525)	(30.371)	(30.237)	5.712	(0.134)
Average Vacancy Rate	0.000	(3.489)	(7.604)	(7.604)	4.115	0.000
Total General & Admin. Expenses	175.574	212.754	218.647	250.572	(37.818)	(31.925)
<b>Total Expenses</b>	<b>790.105</b>	<b>857.094</b>	<b>879.318</b>	<b>911.467</b>	<b>(54.373)</b>	<b>(32.149)</b>
<b>Net Operating Loss</b>	<b>(417.404)</b>	<b>(438.650)</b>	<b>(420.153)</b>	<b>(456.439)</b>	<b>(17.789)</b>	<b>(36.286)</b>
<b><u>Other Charges and Credits</u></b>						
Depreciation/Amortization	173.692	196.616	217.754	217.754	(21.138)	0.000
Other	(1.689)	0.000	0.000	0.000	0.000	0.000
Total Other Charges & Credits	172.003	196.616	217.754	217.754	(21.138)	0.000
<b>Net Income (Loss)</b>	<b>(\$589.407)</b>	<b>(\$635.266)</b>	<b>(\$637.907)</b>	<b>(\$674.193)</b>	<b>(\$38.927)</b>	<b>(\$36.286)</b>



TABLE VII-A

**MTA LONG ISLAND RAIL ROAD**  
**FINANCIAL PLAN COMPARISON BY DEPARTMENT (ACCRUED)**  
**2003 OCTOBER FORECAST VS. MID-YEAR FORECAST**  
(\$ in millions)

2003					
	Mid-Year Forecast	July Year-to-date Actuals	August to December Forecast	October Forecast	Favorable/(Unfavorable)  October Forecast vs. Mid-Year Forecast
<b>Revenue</b>					
Passenger	\$395.983	\$218.144	\$177.052	\$395.196	(\$0.787)
Special Services	1.901	1.111	0.822	1.933	0.032
Other	20.931	13.365	7.950	21.315	0.384
Total Revenue	418.815	232.620	185.824	418.444	(0.371)
<b>Operating &amp; Maintenance Expenses</b>					
Engineering	117.177	71.932	46.218	118.150	(0.973)
Equipment	229.146	130.626	96.696	227.322	1.824
Transportation	251.880	145.866	106.846	252.712	(0.832)
Passenger Services	42.519	25.039	18.669	43.708	(1.189)
All Other	2.546	1.366	1.082	2.448	0.098
Total Operating & Maint. Expenses	643.268	374.829	269.511	644.340	(1.072)
<b>General &amp; Admin. Expenses</b>					
Executive Vice President	0.316	0.180	0.128	0.308	0.008
Labor Relations	1.227	0.708	0.571	1.279	(0.052)
Procurements & Logistics	14.613	8.461	6.244	14.705	(0.092)
Human Resources	11.634	6.434	5.159	11.593	0.041
Strategic Investments	2.113	1.002	1.025	2.027	0.086
Diversity Management	0.327	0.188	0.136	0.324	0.003
Total Executive Vice President	30.230	16.973	13.263	30.236	(0.006)
President	0.991	0.821	0.397	1.218	(0.227)
V.P. & Chief Financial Officer	10.277	5.880	4.373	10.253	0.024
Service Planning, Technology & CPM	31.485	16.097	14.488	30.585	0.900
Market Development & Public Affairs	9.278	4.524	4.193	8.717	0.561
General Council & Secretary	4.583	2.325	2.236	4.561	0.022
Claims and Suits	15.108	6.788	10.409	17.197	(2.089)
System Safety	2.831	1.733	1.213	2.946	(0.115)
Corporate Expense	57.183	24.967	32.233	57.200	(0.017)
Pension	77.855	37.529	40.326	77.855	0.000
G & A Overhead	(25.432)	(9.217)	(15.308)	(24.525)	(0.907)
Average Vacancy Rate	(5.232)	0.000	(3.489)	(3.489)	(1.743)
Unspecified PEGs	0.000	0.000	0.000	0.000	0.000
Total General & Admin. Expenses	209.157	108.420	104.334	212.754	(3.597)
<b>Total Expenses</b>	852.425	483.249	373.845	857.094	(4.669)
<b>Net Operating Loss</b>	(433.610)	(250.629)	(188.021)	(438.650)	(5.040)
<b>Other Charges and Credits</b>					
Depreciation/Amortization	196.616	114.692	81.924	196.616	0.000
Other	0.000	0.000	0.000	0.000	0.000
Total Other Charges & Credits	196.616	114.692	81.924	196.616	0.000
<b>Net Income (Loss)</b>	(\$630.226)	(\$365.321)	(\$269.945)	(\$635.266)	(\$5.040)

TABLE VIII

**MTA LONG ISLAND RAIL ROAD**  
**ACCRUAL STATEMENT OF OPERATIONS BY DEPARTMENT**  
**2003 - 2007**  
(\$ in millions)

	<b>2003 October Forecast</b>	<b>2004 Final Proposed Budget</b>	<b>2005 Plan</b>	<b>2006 Plan</b>	<b>2007 Plan</b>
<b><u>Revenue</u></b>					
Passenger	\$395.196	\$430.956	\$434.349	\$441.713	\$447.659
Special Services	1.933	1.944	1.967	1.989	2.014
Other	21.315	22.128	23.597	25.314	26.605
Total Revenue	418.444	455.028	459.913	469.016	476.278
<b><u>Operating &amp; Maintenance Expenses</u></b>					
Engineering	118.150	121.549	128.101	133.140	137.702
Equipment	227.322	231.650	253.330	286.254	309.988
Transportation	252.712	259.489	268.432	279.231	287.843
Passenger Services	43.708	45.543	48.602	50.382	52.609
All Other	2.448	2.664	2.738	2.842	2.949
Total Operating & Maint. Expenses	644.340	660.895	701.203	751.849	791.091
<b><u>General &amp; Admin. Expenses</u></b>					
Executive Vice President	0.308	0.335	0.345	0.361	0.374
Labor Relations	1.279	1.395	1.438	1.492	1.549
Procurements & Logistics	14.705	16.878	17.215	17.833	17.365
Human Resources	11.593	12.209	12.641	13.105	13.564
Strategic Investments	2.027	2.170	2.133	2.244	2.310
Diversity Management	0.324	0.349	0.359	0.373	0.386
Total Executive Vice President	30.236	33.336	34.131	35.408	35.548
President	1.218	1.029	1.052	1.081	1.112
V.P. & Chief Financial Officer	10.253	10.784	11.041	11.449	11.866
Service Planning, Technology & CPM	30.585	33.133	44.311	41.547	42.688
Market Development & Public Affairs	8.717	9.753	10.000	10.323	10.668
General Council & Secretary	4.561	4.954	5.083	5.247	5.422
Claims and Suits	17.197	14.692	14.964	15.262	15.417
System Safety	2.946	2.970	3.037	3.138	3.241
Corporate Expense	57.200	67.914	71.443	74.734	81.383
Pension	77.855	109.848	114.743	120.029	126.690
G & A Overhead	(24.525)	(30.237)	(35.968)	(37.157)	(38.791)
Average Vacancy Rate	(3.489)	(7.604)	(7.850)	(8.104)	(8.365)
Pension Shortfall Make-up	0.000	0.000	(9.772)	(19.604)	(24.116)
Unspecified PEGs	0.000	0.000	(28.471)	(51.266)	(53.082)
Total General & Admin. Expenses	212.754	250.572	227.744	202.087	209.681
<b>Total Expenses</b>	<b>857.094</b>	<b>911.467</b>	<b>928.947</b>	<b>953.936</b>	<b>1,000.772</b>
<b>Net Operating Loss</b>	<b>(438.650)</b>	<b>(456.439)</b>	<b>(469.034)</b>	<b>(484.920)</b>	<b>(524.494)</b>
<b><u>Other Charges and Credits</u></b>					
Depreciation/Amortization	196.616	217.754	227.633	244.759	254.332
Other	0.000	0.000	0.000	0.000	0.000
Total Other Charges & Credits	196.616	217.754	227.633	244.759	254.332
<b>Net Income (Loss)</b>	<b>(\$635.266)</b>	<b>(\$674.193)</b>	<b>(\$696.667)</b>	<b>(\$729.679)</b>	<b>(\$778.826)</b>

**MTA LONG ISLAND RAIL ROAD**  
**OPERATING BUDGET PROJECTIONS**  
**NEW NEEDS**  
**2003 - 2004**  
(\$ in thousands)

**TABLE IX-A**

	Favorable/(Unfavorable)											
	2003						2004					
	Mid-Year		Adjustments		October Forecast		Preliminary Budget		Adjustments		Final Proposed Budget	
	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars
<b><u>Administration:</u></b>												
<b><u>All Departments</u></b>												
Management vacation buyback		(\$1,224)			0	(\$1,224)		\$0			0	\$0
<b><u>Equipment</u></b>												
Leap Year Impact					0	0		(544)			0	(544)
Retiree vacation/sick leave payments		(1,590)		(199)	0	(1,789)		(964)			0	(964)
Fleet Engineering (3 heads for environmental engineering, .5 for mechanical engineering)					0	0	(4)	(292)			(4)	(292)
Fleet Engineering (PEMD Support)					0	0	(3)	(279)	0	(300)	(3)	(579)
Differential and other payroll adjustments		(339)			0	(339)					0	0
Employee meal allowances associated with overtime		(193)		(85)	0	(278)					0	0
<b><u>Engineering</u></b>												
Payroll rate variance		(422)			0	(422)		(916)			0	(916)
Retiree vacation/sick leave payments and Personal Day buyback												
		(1,278)			0	(1,278)					0	0
Miscellaneous non-payroll		(46)		(4)	0	(50)					0	0
Employee Expenses - Mileage/Travel					0	0					0	0
<b><u>Transportation</u></b>											0	0
Payroll(constructive payment , TPNW,)				(685)	0	(685)						
Material - buyout of Penn Station Communication System		(50)			0	(50)					0	0
Reimbursable due to less flagging support for DOT and Capital projects		(4,175)		(532)	0	(4,707)					0	0
Extra tours for new Crew Mgmt. System and M-7 fleet training												
		(444)			0	(444)					0	0
Compensatory payments and Yardmaster meal allowance		(219)			0	(219)					0	0
UTU/BLE vacation buyback payments		(33)			0	(33)					0	0
Higher price per gallon for diesel fuel /consumption		(366)		(80)	0	(446)					0	0
Traction power - wayside power, delivery charges/higher consumption		(34)		(242)	0	(276)					0	0
Miscellaneous non-payroll		(30)		(70)	0	(100)					0	0
Corporate overhead rate changes					0	0		(633)			0	(633)
Net change of Reimb. Flagging/work train budget					0	0		(2,224)			0	(2,224)
Re-class 5 reimbursement management M-7 positions to operating					0	0		(755)			0	(755)
Net non-payroll changes				(154)	0	(154)		(59)			0	(59)
Delayed implementation of staffing of equipment trains with Engr. and Conductor only		(268)			0	(268)					0	0

**MTA LONG ISLAND RAIL ROAD**  
**OPERATING BUDGET PROJECTIONS**  
**NEW NEEDS**  
**2003 - 2004**  
(\$ in thousands)

**TABLE IX-A**

Favorable/(Unfavorable)												
	2003						2004					
	Mid-Year		Adjustments		October Forecast		Preliminary Budget		Adjustments		Final Proposed Budget	
	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars
<b>Passenger Services</b>												
Payroll-sick/vacation buyback, rates,benefits				(628)	0	(628)					0	0
Utilities costs- rates and consumption		(159)		(266)	0	(425)					0	0
Reimbursable project support		(59)		(41)	0	(100)		(65)	(1)		0	(66)
Rate adjustment for Agents and SAMs					0	0		(103)			0	(103)
Professional consultant services(Security contract)				(30)	0	(30)					0	0
Supplies				(30)	0	(30)					0	0
<b>Administrative Departments</b>												
Long Island Association (LIA) membership		(8)			0	(8)		0			0	0
Homeless Outreach Program					0	0		(14)			0	(14)
Reimbursable support		(697)		(1,456)	0	(2,153)		(999)	(154)		0	(1,153)
Internet access monitor costs					0	0	(2)	(332)			(2)	(332)
Computer maintenance costs					0	0	(2)	(276)			(2)	(276)
Hyperion system training		(20)			0	(20)		0			0	0
Professional consultant services (Cullinet, statistician, etc.)		(89)			0	(89)		0	(100)		0	(100)
Citibank armored services		(25)			0	(25)		0			0	0
Installation of A/R system and treasury furniture purchased charged in 2003		(50)			0	(50)		0			0	0
Adjustment in claims & suits reserves		(412)		(2,089)	0	(2,501)		0	0		0	0
Payroll/benefit adjustments (rate changes, overtime, comp. time payments, etc.)		(196)		(2,307)	0	(2,503)		(133)	(42)		0	(175)
Position added in training department (train service)					0	0		(57)			0	(57)
Increase for M-7 Simulator					0	0		(13)			0	(13)
Misc non-payroll expenses (employee exp., tuition, supplies)		(3)		(13)	0	(16)		(52)	(3)		0	(55)
Retiree Health and Welfare benefits		(2,074)			0	(2,074)		(2,112)			0	(2,112)
Misc Charges and Credits		(369)			0	(369)		0			0	0
Leases and rentals- Jamaica Development					0	0		(500)	500		0	0
Census Study - Diversity Mgmt.					0	0		(5)			0	(5)
Insurance adjustment				(17)	0	(17)					0	0
Vehicle Replacements					0	0			(1,661)		0	(1,661)
August 2003 blackout costs( payroll and benefits)				(12)	0	(12)					0	0
Total	0	(\$14,872)	0	(\$8,940)	0	(\$23,812)	(11)	(\$11,327)	0	(\$1,761)	(11)	(\$13,088)

**MTA LONG ISLAND RAIL ROAD**  
**OPERATING BUDGET PROJECTIONS**  
**NEW NEEDS**  
**2003 - 2004**  
(\$ in thousands)

**TABLE IX-A**

Favorable/(Unfavorable)												
	2003						2004					
	Mid-Year		Adjustments		October Forecast		Preliminary Budget		Adjustments		Final Proposed Budget	
	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars
<b><u>Customer Convenience and Amenities:</u></b>												
<b><i>Transportation</i></b>												
Delayed implementation of fare collection formula change and reclassification of Asst. Conductor as Collectors		(454)			0	(454)					0	0
Greater crew and equipment manipulations to maintain On- Time Performance		(2,225)			0	(2,225)					0	0
Operating services- emergency busing				(220)	0	(220)					0	0
August 2003 blackout costs (payroll, benefits, busing)				(334)	0	(334)					0	0
<b><i>Passenger Services</i></b>												
Average headcount		(358)	(1)	(46)	(1)	(404)					0	0
Vehicle purchase		(30)			0	(30)					0	0
Hardware equipment purchase for ETVM		(40)			0	(40)					0	0
Add ticket clerk positions					0	0	(5)	(305)			(5)	(305)
Web Ticket					0	0		(10)			0	(10)
Operating Services-higher credit/debit card fees				(200)	0	(200)					0	0
Maintenance Services- Higher Penn Station Building Cleaning costs				(120)	0	(120)					0	0
August 2003 blackout costs (payroll and benefits)				(30)	0	(30)					0	0
<b><i>Information Services Department</i></b>												
Higher PSCC and Maintech					0	0		(100)			0	(100)
Higher computerized display services and AVIS					0	0		(54)			0	(54)
Web Ticket		(620)			0	(620)					0	0
Total	0	(\$3,727)	(1)	(\$950)	(1)	(\$4,677)	(5)	(\$469)	0	\$0	(5)	(\$469)
<b><u>Service:</u></b>												
<b><i>Transportation</i></b>												
Add back "shoulder" peak trains (labor/benefits)		(581)			0	(581)			(15)	(988)	(15)	(988)
Total	0	(\$581)	0	\$0	0	(\$581)	0	\$0	(15)	(\$988)	(15)	(\$988)

**MTA LONG ISLAND RAIL ROAD**  
**OPERATING BUDGET PROJECTIONS**  
**NEW NEEDS**  
**2003 - 2004**  
(\$ in thousands)

**TABLE IX-A**

	Favorable/(Unfavorable)											
	2003						2004					
	Mid-Year		Adjustments		October Forecast		Preliminary Budget		Adjustments		Final Proposed Budget	
	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars
Maintenance:												
Equipment												
Overtime - open job coverage, double-time, maintenance, weather related		(5,811)		(422)	0	(6,233)					0	0
Diesel material - higher than planned usage for maintenance and overhaul activities		(1,478)			0	(1,478)					0	0
Fleet cleaning water consumption		(245)			0	(245)					0	0
Reimbursable - delayed M-3 overhaul activity and fewer M-7 warranty repairs		(560)		(214)	0	(774)					0	0
MU Modifications					0	0	(8)	(1,643)			(8)	(1,643)
Diesel Modifications					0	0	(6)	(4,968)			(6)	(4,968)
M1 - Decommissioning					0	0	(6)	(886)			(6)	(886)
HVAC (Helper to support Summer Season)					0	0		(34)			0	(34)
Toilet Repairs (OT - Labor)					0	0		(30)			0	(30)
Arch Street (Beneficial Use - Start-up) Labor - Lagged Heads Start 10/04					0	0	(10)	(959)	6.5	660	(4)	(298)
PEMD (Plant Maintenance - Increase Headcount per Willis Caroon Study)					0	0	(4)	(764)			(4)	(764)
Utilities (Water Usage)					0	0		(145)			0	(145)
Crew Board System					0	0		(140)			0	(140)
Crew Cab Bucket (PEMD), Material					0	0		(45)			0	(45)
Wash Tank Replacement					0	0		(143)			0	(143)
OFC Projects Ending (Reimbursable Impact)					0	0		(74)			0	(74)
Car Shop -M7 Running Repairs					0	0			0	(625)	0	(625)
Payroll costs associated with Aug 14 Blackout				(364)	0	(364)					0	0
Engineering												
Miscellaneous emergency repairs at Hillside Facility		(210)		(125)	0	(335)					0	0
Materials for CPRB work at Auburndale and St. Albans		(974)		574	0	(400)					0	0
Joint Facilities - higher tunnel maintenance		(196)			0	(196)					0	0
Reimbursable activity: East Side Acess (delayed hiring of 19 heads); delay in Babylon to Speonk Signalization Prgm; Port Washington Yard		(4,438)		(2,145)	0	(6,583)					0	0
MW 2000 (Track training program) and outside training for Substation electricians		(222)			0	(222)					0	0
Maintenance cost for AirTrain facility					0	0				(260)	0	(260)
August 2003 blackout costs				(1,404)	0	(1,404)					0	0
Bus charges for maintenance activities				(48)	0	(48)					0	0
Higher gasoline prices				(137)	0	(137)					0	0
Higher Communication and Power maintenance material				(110)	0	(110)					0	0

**MTA LONG ISLAND RAIL ROAD**  
**OPERATING BUDGET PROJECTIONS**  
**NEW NEEDS**  
**2003 - 2004**  
(\$ in thousands)

**TABLE IX-A**

	Favorable/(Unfavorable)											
	2003						2004					
	Mid-Year		Adjustments		October Forecast		Preliminary Budget		Adjustments		Final Proposed Budget	
	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>
<b><i>Transportation</i></b>												
Reimbursable - less flagging support for DOT and Capital projects		(4,175)			0	(4,175)					0	0
<b>Total</b>	<b>0</b>	<b>(\$18,309)</b>	<b>0</b>	<b>(\$4,395)</b>	<b>0</b>	<b>(\$22,704)</b>	<b>(34)</b>	<b>(\$9,831)</b>	<b>7</b>	<b>(\$224)</b>	<b>(28)</b>	<b>(\$10,055)</b>
<b><i>Other:</i></b>												
<b><i>Equipment</i></b>												
Training (M7 Basic & Advance, Training for (GF,CR,RCI,Elect)					0	0		(362)			0	(362)
<b><i>System Safety</i></b>												
System Safety demolition of unsafe building				(180)	0	(180)					0	0
<b>Total</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>(\$180)</b>	<b>0</b>	<b>(\$180)</b>	<b>0</b>	<b>(\$362)</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>(\$362)</b>
<b><i>Revenue</i></b>												
Loss due to August 2003 Blackout				(\$804)		(\$804)						
<b>Total New Needs</b>	<b>0</b>	<b>(\$37,489)</b>	<b>(1)</b>	<b>(\$15,269)</b>	<b>(1)</b>	<b>(\$52,758)</b>	<b>(50)</b>	<b>(\$21,989)</b>	<b>(9)</b>	<b>(\$2,973)</b>	<b>(58)</b>	<b>(\$24,962)</b>

**MTA LONG ISLAND RAIL ROAD**  
**OPERATING BUDGET PROJECTS**  
**NEW NEEDS**  
**2005 - 2007**  
(\$ in thousands)

TABLE IX-B

	<b>2005</b>		<b>2006</b>		<b>2007</b>	
	<b>Plan</b>		<b>Plan</b>		<b>Plan</b>	
	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>
<b><u>Administration:</u></b>						
<b><u>Equipment</u></b>						
Leap Year Impact	0	\$0	0	\$0	0	\$0
Retiree vacation/sick leave payments	0	(982)	0	(1,001)	0	(1,024)
Fleet Engineering (3 heads for environmental engineering, .5 for mechanical engineering)	(4)	(297)	(4)	(303)	(4)	(310)
Fleet Engineering (PEMD Support)	(3)	(590)	(3)	(601)	(3)	(615)
<b><u>Engineering</u></b>						
Payroll rate variance	0	(933)	0	(952)	0	(973)
<b><u>Transportation</u></b>						
Corporate overhead rate changes	0	(645)	0	(658)	0	(672)
Net change of Reimb. Flagging/work train budget	0	(2,265)	0	(2,310)	0	(2,362)
Re-class 5 reimbursement management M-7 positions to operating	0	(769)	0	(784)	0	(802)
Net non-payroll changes	0	(60)	0	(61)	0	(63)
<b><u>Passenger Services</u></b>						
Reimbursable project support	0	(67)	0	(69)	0	(70)
Rate adjustment for Agents and SAMs	0	(105)	0	(107)	0	(109)
<b><u>Administrative Departments</u></b>						
Homeless Outreach Program	0	(14)	0	(15)	0	(15)
Reimbursable support	0	(1,174)	0	(1,198)	0	(1,224)
Internet access monitor costs	(2)	(338)	(2)	(345)	(2)	(353)
Computer maintenance costs	(2)	(409)	(2)	(548)	(2)	(560)
Professional consultant services (Cullinet, statistician, etc.)	0	(102)	0	(104)	0	(106)
Payroll/benefit adjustments (rate changes, overtime, comp. time payments, etc.)	0	(213)	0	(217)	0	(222)
Position added in training department (train service)	0	(58)	0	(59)	0	(61)
Increase for M-7 Simulator	0	(20)	0	(28)	0	(28)
Misc non-payroll expenses (employee exp., tuition, supplies)	0	(82)	0	(200)	0	(204)
Retiree Health and Welfare benefits	0	(2,455)	0	(2,661)	0	(2,885)
Census Study - Diversity Mgmt.	0	(5)	0	(5)	0	(5)
Vehicle Replacements	0	(1,415)	0	(1,415)	0	(793)
<b>Total</b>	<b>(11)</b>	<b>(\$12,999)</b>	<b>(11)</b>	<b>(\$13,640)</b>	<b>(11)</b>	<b>(\$13,456)</b>



**MTA LONG ISLAND RAIL ROAD**  
**OPERATING BUDGET PROJECTS**  
**NEW NEEDS**  
**2005 - 2007**  
(\$ in thousands)

TABLE IX-B

	<b>2005</b>		<b>2006</b>		<b>2007</b>	
	<b>Plan</b>		<b>Plan</b>		<b>Plan</b>	
	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>
<b><u>Customer Convenience and Amenities:</u></b>						
<b><u>Passenger Services</u></b>						
Add ticket clerk positions	(5)	(311)	(5)	(317)	(5)	(324)
Web Ticket	0	(10)	0	(10)	0	(11)
<b><u>Information Services Department</u></b>						
Higher PSCC and Maintech	0	(102)	0	(104)	0	(106)
Higher computerized display services and AVIS	0	(55)	0	(56)	0	(57)
<b>Total</b>	<b>(5)</b>	<b>(\$478)</b>	<b>(5)</b>	<b>(\$487)</b>	<b>(5)</b>	<b>(\$498)</b>
<b><u>Service:</u></b>						
<b><u>Transportation</u></b>						
Add back "shoulder" peak trains (labor/benefits)	(15)	(1,006)	(15)	(1,026)	(15)	(1,049)
<b>Total</b>	<b>(15)</b>	<b>(\$1,006)</b>	<b>(15)</b>	<b>(\$1,026)</b>	<b>(15)</b>	<b>(\$1,049)</b>
<b><u>Maintenance:</u></b>						
<b><u>Equipment</u></b>						
MU Modifications	(8)	(1,674)	(8)	(1,707)	(8)	(1,745)
Diesel Modifications	(6)	(5,059)	(6)	(5,160)	(6)	(5,275)
M1 - Decommissioning	(6)	(1,917)	(6)	(1,851)	(6)	(4,306)
HVAC (Helper to support Summer Season)	0	(35)	0	(36)	0	(37)
Car Shop -M7 Running Repairs	0	(636)	0	(649)	0	(664)
Toilet Repairs (OT - Labor)	0	(30)	0	(31)	0	(32)
Arch Street - Plant Equipment Maintenance (Start-up 2004)	(12)	(1,091)	(12)	(1,112)	(12)	(1,137)
PEMD (Plant Maintenance - Increase Headcount per Willis Caroon Study)	(4)	(778)	(4)	(794)	(4)	(811)
Utilities (Water Usage)	0	(147)	0	(150)	0	(154)
Crew Board System	0	(143)	0	(145)	0	(149)
Crew Cab Bucket (PEMD), Material	0	(46)	0	(47)	0	(48)
Wash Tank Replacement	0	(145)	0	(148)	0	(152)
OFC Projects Ending (Reimbursable Impact)	0	(75)	0	(77)	0	(79)
<b><u>Engineering</u></b>						
Maintenance cost for AirTrain facility	0	(310)	0	(412)	0	(514)
<b>Total</b>	<b>(36)</b>	<b>(\$12,088)</b>	<b>(36)</b>	<b>(\$12,319)</b>	<b>(36)</b>	<b>(\$15,101)</b>

**MTA LONG ISLAND RAIL ROAD  
OPERATING BUDGET PROJECTS  
NEW NEEDS  
2005 - 2007**  
(\$ in thousands)

TABLE IX-B

	<b>2005 Plan</b>		<b>2006 Plan</b>		<b>2007 Plan</b>	
	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>
<b><u>Other:</u></b>						
<b><u>Equipment</u></b>						
Training (M7 Basic & Advance, Training for (GF,CR,RCI,Elect)	0	(161)	0	(164)	0	(168)
<b>Total</b>	<b>0</b>	<b>(\$161)</b>	<b>0</b>	<b>(\$164)</b>	<b>0</b>	<b>(\$168)</b>

<b>Total New Needs Continuing</b>	<b>(66)</b>	<b>(\$26,731)</b>	<b>(66)</b>	<b>(\$27,637)</b>	<b>(66)</b>	<b>(\$30,272)</b>
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**New Need Additions - New Items (2005-2007)**

**Administration:**

**Passenger Services**

Payroll-sick/vacation buyback, rates,benefits

0 (230) 0 (235) 0 (240)

Utilities costs- rates and consumption

0 (450) 0 (459) 0 (469)

**Human Resources**

Misc Service Awards

0 (19) 0 (19) 0 (20)

**Administrative Departments**

Lease and rentals costs for licensed software

(3,610) (1,070) 0 (1,094)

Leases and rentals - office space

(54) (508) (222)

Insurance adjustment

0 (2,495) 0 (2,877) 0 (3,308)

MTA Real Estate costs

0 (102) 0 (106) 0 (108)

Systems Initiatives (Maximo; Life Cycle Maintenance; etc.)

1 (2,631) 3 (1,676) 3 (1,713)

Computer hardware materials

0 (1,551) 0 (801) 0 (819)

**Total 1 (\$11,142) 3 (\$7,751) 3 (\$7,993)**

**Customer Convenience and Amenities:**

**Transportation**

Headcount increase of 10 Engine Service positions in 2005 and another 10 in 2006

(10) (992) (20) (2,016) (20) (2,061)

Train power electric and diesel

(1,582) (3,074) (3,698)

**Passenger Services**

Jamaica Air Train Cleaning

0 0 0 (142) 0 (145)

Maintenance Services- Higher Penn Station Building Cleaning costs

0 (434) 0 (443) 0 (739)

**Total (10) (\$3,008) (20) (\$5,675) (20) (\$6,643)**

**MTA LONG ISLAND RAIL ROAD**  
**OPERATING BUDGET PROJECTS**  
**NEW NEEDS**  
**2005 - 2007**  
(\$ in thousands)

TABLE IX-B

	<b>2005</b>		<b>2006</b>		<b>2007</b>	
	<b>Plan</b>		<b>Plan</b>		<b>Plan</b>	
	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>
<b><u>Maintenance:</u></b>						
<b><u>Equipment</u></b>						
Fleet Schedule (610 M-7s; 240 M-1's by year-end)	(6)	(1,497)	(6)	(1,526)	(6)	(1,560)
Arch Street Shop Personnel (Staffing)	(21)	(2,581)	(21)	(2,633)	(21)	(2,691)
M7 LCM Estimate	0	(15,000)	0	(48,299)	0	(68,376)
<b><u>Engineering</u></b>						
Facilities Contracts for Structures	0	(600)	0	(612)	0	(626)
Rescheduled Maintenance	0	(1,068)	0	(1,089)	0	(1,114)
<b>Total</b>	<b>(27)</b>	<b>(\$20,746)</b>	<b>(27)</b>	<b>(\$54,159)</b>	<b>(27)</b>	<b>(\$74,366)</b>
<b><u>Other:</u></b>						
<b><u>Equipment</u></b>						
Arch Street Training (Car Repairmen)	(4)	(202)	0	0	0	0
<b><u>Engineering</u></b>						
Signal Safety Initiatives	0	(41)	0	(42)	0	(43)
<b>Total</b>	<b>(4)</b>	<b>(\$243)</b>	<b>0</b>	<b>(\$42)</b>	<b>0</b>	<b>(\$43)</b>
<b>Total New Need Additions 2005 - 2007</b>	<b>(40)</b>	<b>(\$35,139)</b>	<b>(44)</b>	<b>(\$67,626)</b>	<b>(44)</b>	<b>(\$89,045)</b>
<b>Total New Needs</b>	<b>(106)</b>	<b>(\$61,870)</b>	<b>(110)</b>	<b>(\$95,263)</b>	<b>(110)</b>	<b>(\$119,317)</b>

**MTA LONG ISLAND RAIL ROAD**  
**OPERATING BUDGET PROJECTIONS**  
**PROGRAMS TO ELIMINATE THE GAP (PEGS)**  
**2003 - 2004**  
(\$ in thousands)

**TABLE X-A**

	Favorable/(Unfavorable)											
	2003						2004					
	Mid-Year		Adjustments		October Forecast		Preliminary Budget		Adjustments		Final Proposed Budget	
	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars
<b><u>Administration:</u></b>												
<b><u>All Departments</u></b>												
Wage Increase assumptions		\$3,322			0	\$3,322		\$2,967			0	\$2,967
<b><u>Equipment</u></b>												
Availability & Employee Vacation Relief					0	0	0	425			0	425
Department Reorganization, Transfers and Position Abolishments					0	0	14	1,116			14	1,116
<b><u>Engineering</u></b>												
Inventory Management System					0	0		38			0	38
Training - Technology					0	0		40			0	40
Vehicle Purchase					0	0		200			0	200
Employee Expenses - Mileage/Travel					0	0		100			0	100
Updated rates for LIRR vehicles (based on Metro-North stds.)		870			0	870					0	0
<b><u>Transportation</u></b>												
Lower headcount - hiring freeze/attrition (Mgmt.,labor)		1,235	7	618	7	1,853					0	0
Lower project tours				150	0	150					0	0
Adjustment to pay rates (employee mix) and non-paid absences		827			0	827					0	0
<b><u>Passenger Services</u></b>												
Non-paid absences (sick, family leave and disciplinary without pay)		125			0	125					0	0
Reclassify Asst. Mgr Mail & Ride to Asst. Terminal Mgr.					0	0		10			0	10
Eliminate 2 bookkeeper positions					0	0	2	154			2	154
Overtime - lower open job coverage				132	0	132						
Materials-vehicle/ETVM hardware				70	0	70						
<b><u>Administrative Departments</u></b>												
<b><u>Finance</u></b>												
Vacancies and delayed hiring		234	2	21	2	255					0	0
Hyperion System maintenance services		10		8	0	18		10			0	10
Operating services		3			0	3		1			0	1
Material reduction		9			0	9		6			0	6
Reimbursables		18		13	0	31					0	0
Lower professional services					0	0		9			0	9
Lower tuition reimbursements					0	0		6			0	6
Lower bad debt expenses					0	0		59			0	59

**MTA LONG ISLAND RAIL ROAD**  
**OPERATING BUDGET PROJECTIONS**  
**PROGRAMS TO ELIMINATE THE GAP (PEGS)**  
**2003 - 2004**  
(\$ in thousands)

**TABLE X-A**

	Favorable/(Unfavorable)											
	2003					2004						
	Mid-Year		Adjustments		October Forecast		Preliminary Budget		Adjustments		Final Proposed Budget	
	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars
STC												
Lower retiree sick/vacation buyback and comp. time payment		111		785	0	896					0	0
Lower voice data and leased line costs		262		238	0	500					0	0
Resource Processing & Control delayed project completion until 2004												
		130			0	130					0	0
Hand Held - Support Shop Phase II & 1870 Inspection		190			0	190					0	0
Verizon- CDPD- M-7 late roll out		100			0	100					0	0
Consultants for Backpay/Maintenance work		300			0	300					0	0
Lower overtime				35	0	35		22			0	22
Lower voice charges due to switch replacement that is not required												
					0	0		1,946			0	1,946
Lower leased office machines costs					0	0		110			0	110
Lower computer hardware costs					0	0		593			0	593
Lower miscellaneous expenses					0	0		3			0	3
Systems Initiatives (Financial suite; Life Cycle Maintenance; IVR TIC; etc.)		0			0	0		4,123		(1,727)	0	2,396
President												
Material		1			0	1					0	0
Reduction of living expenses for acting President		21			0	21					0	0
Market Development and Public Affairs												
Reduction to advertising				390	0	390		209			0	209
Open Positions				172	0	172					0	0
Misc. charges and credit				11	0	11					0	0
Labor Relations												
Open Positions		241		(52)	0	189					0	0
Misc. non-payroll		12			0	12					0	0
Transfer of Labor Counsel to Labor Relations Department					0	0	1	151			1	151
Proc. & Logistics												
Hiring delays and benefit adjustments		981		153	0	1,134					0	0
Reduction in materials (vehicles)					0	0		234		(234)	0	0
Fewer uniform purchases (vendor change)				280	0	280					0	0
Misc. non-payroll				22	0	22					0	0
Human Resources												
Lower medical lab testing fees		92		33	0	125					0	0
Lower recruitment expenses		32			0	32					0	0
Revised rate of increase on Medical Contract					0	0		55			0	55
Supplies (Postage reduced fewer mailings)					0	0		46			0	46
Reduction in Employee Expenses recruitment and tuition				6	0	6		20			0	20
Miscellaneous Non-payroll reductions				2	0	2		8			0	8

**MTA LONG ISLAND RAIL ROAD**  
**OPERATING BUDGET PROJECTIONS**  
**PROGRAMS TO ELIMINATE THE GAP (PEGS)**  
**2003 - 2004**  
(\$ in thousands)

**TABLE X-A**

Favorable/(Unfavorable)													
	2003						2004						
	Mid-Year		Adjustments		October Forecast		Preliminary Budget		Adjustments		Final Proposed Budget		
	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	
<b>Strategic Invest.</b>													
Open positions and benefit adjustments		90		47	0	137					0	0	
Reduction in professional services					0	0		80			0	80	
Non-stock materials reduced (calibration items)					0	0		20			0	20	
Miscellaneous payroll and non payroll adjustments				39	0	39		24			0	24	
<b>Law</b>													
Reduction in surveillance services		60			0	60					0	0	
Hiring delays and benefit adjustments				20	0	20					0	0	
Adjustment to claims and suits					0	0				575		575	
<b>DVM</b>													
Misc payroll adjustments				3	0	3					0	0	
<b>OSA</b>													
Increase in reimbursable		5			0	5					0	0	
Lower payroll - vacant position				100	0	100					0	0	
<b>Safety</b>													
Reduction in Maintenance services		30			0	30					0	0	
Open positions and benefit adjustments				65	0	65					0	0	
Eliminate part of the Corporate Safety Incentive Program					0	0		115			0	115	
<b>Other</b>													
Timing and Other Adjustments		2,883		219	0	3,102		3,969			0	3,969	
	<b>Total</b>	<b>0</b>	<b>\$12,194</b>	<b>9</b>	<b>\$3,580</b>	<b>9</b>	<b>\$15,774</b>	<b>17</b>	<b>\$16,868</b>	<b>0</b>	<b>(\$1,386)</b>	<b>17</b>	<b>\$15,482</b>
			38.2%				35.7%		38.8%				30.6%
<b>Customer Convenience and Amenities:</b>													
<b>Engineering</b>													
Right of Way Cleaning					0	0		8	537			8	537
Copiague Station Stair Replacement					0	0			150			0	150
<b>Transportation</b>													
Less constructive payments per employee		474			0	474						0	0
Weather-related busing services		130			0	130						0	0
Relief day project overtime tours		1,924			0	1,924						0	0
Removal of 2 new Ronkonkoma consists (elimination of proposed new service)		206			0	206						0	0
Reassessment of East Side Access (payroll savings)					0	0		2,331				0	2,331
Joint Facilities reduction				717	0	717		400				0	400
Removal of 1 yard crew-tour					0	0		207				0	207
Availability changes: increase train service 1 day and engine service 1.75 days					0	0		666				0	666

**MTA LONG ISLAND RAIL ROAD**  
**OPERATING BUDGET PROJECTIONS**  
**PROGRAMS TO ELIMINATE THE GAP (PEGS)**  
**2003 - 2004**  
(\$ in thousands)

**TABLE X-A**

	Favorable/(Unfavorable)											
	2003						2004					
	Mid-Year		Adjustments		October Forecast		Preliminary Budget		Adjustments		Final Proposed Budget	
	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>
Combine DM & MU crews					0	0		161			0	161
Change reporting location for engine service (Morris Park & Richmond Hill)					0	0		161			0	161
Reclassification of 20 train service heads (from Conductor to Assistant Conductor and Collector)					0	0		419			0	419
Decrease in 2 passenger crews due to the elimination of proposed new service					0	0		537			0	537
Reduction of 2 Ushers- Penn Station ticketed waiting room					0	0		157			0	157
<b><i>Passenger Services</i></b>												
TVM software leasing		30			0	30					0	0
Lower costs for kiosks for Ticket Vending Machines (TVMs)		30			0	30					0	0
Eliminate 2 TVM/Agent additional team for Revenue Service Maintenance					0	0	2	185			2	185
Reduce Agent and Station Appearance Maintainer (SAM) positions (reassessment of proposed additions)					0	0	16	1,024			16	1,024
Eliminate Asst. Terminal Mgr.					0	0		95			0	95
Reduce Jamaica Air Train Cleaning					0	0		92			0	92
Reduce Debit/Credit fees increase					0	0		467			0	467
Eliminate 2 ticket clerks from General Manager Office					0	0	2	132			2	132
Reduce Penn Station cleaning					0	0		200			0	200
<b>Total</b>	<b>0</b>	<b>\$2,794</b>	<b>0</b>	<b>\$717</b>	<b>0</b>	<b>\$3,511</b>	<b>28</b>	<b>\$7,921</b>	<b>0</b>	<b>\$0</b>	<b>28</b>	<b>\$7,921</b>
		8.8%				7.9%		18.2%				15.7%
<b><u>Service:</u></b>												
Revision of Holiday service -MLK and Columbus day reduction of tours (similar to Metro-North)					0	0		69				69
<b>Total</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$69</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$69</b>
		0.0%				0.0%		0.2%				0.1%
<b><u>Maintenance:</u></b>												
<b><i>Maintenance of Equipment</i></b>												
MU Mods Ending/Continuing					0	0	9	2,382			9	2,382
Diesel Mods Ending/Continuing					0	0	8	1,027			8	1,027
M-1 Retirements (118 more retirements - Less Maintenance)					0	0	18	3,194			18	3,194
Support Shop (Production Plan)					0	0	8	3,315	0	1,455	8	4,770
LCM (M3 & M7) Material (Lagged into 2005 - Timing of Receipts - M-7's)					0	0		3,000			0	3,000

**MTA LONG ISLAND RAIL ROAD**  
**OPERATING BUDGET PROJECTIONS**  
**PROGRAMS TO ELIMINATE THE GAP (PEGS)**  
**2003 - 2004**  
(\$ in thousands)

**TABLE X-A**

	Favorable/(Unfavorable)											
	2003						2004					
	Mid-Year		Adjustments		October Forecast		Preliminary Budget		Adjustments		Final Proposed Budget	
	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars
45 Day PI (ATC - Speed Control M-7 - Assumed not required)					0	0	9	816			9	816
Environmental Clean-up Services				150	0	150		204			0	204
CRH (Toilet Servicing) and Manpower					0	0	1	980	0	(155)	1	825
Other Outside Services (CFR238 Report Writing & Lab Fees)					0	0		463			0	463
M-7 Track Lease (Reimbursable)					0	0		150			0	150
Lower headcount (hiring freeze/delays)		6,729	9	1,005	9	7,734					0	0
Completion of Procedure Writing Program		360			0	360					0	0
Lab fees and other professional services		178			0	178					0	0
Toilet servicing (lower rates; smaller fleet size)		430			0	430					0	0
M-1 Decommissioning (deferred M-1 retirements)		253			0	253					0	0
Other lower maintenance services		186		32	0	218					0	0
Support Shops material (lower costs and volume)		116		1,878	0	1,994					0	0
Fewer boom truck and trailer rentals		160			0	160					0	0
Misc. non-payroll		78		43	0	121					0	0
Engineering												
Substation Roof Repairs					0	0		20			0	20
Negative Bonding					0	0		60			0	60
Signal System Maintenance					0	0		432			0	432
Meter Calibration & Hazardous Waste					0	0		60			0	60
Hillside Roof Repairs					0	0		300			0	300
Bridge Painting Program					0	0		150			0	150
Lower headcount - hiring freeze/delays												
- (Primarily Signalmen for East Side Access)		5,050		1,347	0	6,397					0	0
Overtime - maintenance and project-related		1,413		(278)	0	1,135					0	0
Track Car (TC-82) Post Processing Pilot cancelled		150			0	150					0	0
Fewer environmental clean-ups		150			0	150					0	0
Rubbish removal and other miscellaneous maintenance services		48			0	48					0	0
Transformer Maintenance Program					0	0		100			0	100
Comm Cable Asbestos Abatement					0	0		220			0	220
Rail testing, lab fees and consulting services				246	0	246					0	0
Lower HVAC maintenance				335	0	335					0	0
Lower elevator escaltor maintenace				198	0	198					0	0
Signal material reclassified				193		193					0	0
Lower electrical usage				55	0	55					0	0
Total	0	\$15,301	9	\$5,204	9	\$20,505	52	\$16,874	0	\$1,300	52	\$18,174
		48.0%				46.4%		38.8%				35.9%



**MTA LONG ISLAND RAIL ROAD**  
**OPERATING BUDGET PROJECTIONS**  
**PROGRAMS TO ELIMINATE THE GAP (PEGS)**  
**2003 - 2004**  
(\$ in thousands)

**TABLE X-A**

Favorable/(Unfavorable)												
	2003						2004					
	Mid-Year		Adjustments		October Forecast		Preliminary Budget		Adjustments		Final Proposed Budget	
	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars
<b><u>Other:</u></b>												
<b><u>Maintenance of Equipment</u></b>												
Training (CFR & M-7 - Phase 1)					0	0		108			0	108
Fleet Support Hazardous Material (delayed contracts)		306			0	306					0	0
Fewer environmental services for plant maintenance		250			0	250					0	0
<b><u>Engineering</u></b>												
Substation Fence Repairs					0	0		20			0	20
Safety Incentives					0	0		40			0	40
Comm Control Integration					0	0		135			0	135
Tree Trimming Program Increase					0	0		500			0	500
TR4 Radio Base Stations					0	0		135			0	135
Storm Damage					0	0		216			0	216
Speed Spectrum Wayside Radio					0	0		38			0	38
Guard Services (reimbursed through capital program)		226		66	0	292					0	0
<b>Total</b>	<b>0</b>	<b>\$782</b>	<b>0</b>	<b>\$66</b>	<b>0</b>	<b>\$848</b>	<b>0</b>	<b>\$1,192</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$1,192</b>
		2.5%				1.9%		2.7%				2.4%
<b><u>Revenue Initiatives:</u></b>												
<b>Rental income and advertising income</b>		\$809		384	0	\$1,193		\$556			0	\$556
		2.5%				2.7%		1.3%				1.1%
<b><u>Cash only and other adjustments:</u></b>												
Production Plan material cash savings (purchases vs. chargeouts)											5,532	5,532
Claims & Suits - payouts vs. reserves				2,089		2,089						
Operating Funded Capital - vehicle purchases and changes in projects				281		281					1,677	1,677
	0	\$0	0	\$2,370	0	\$2,370	0	\$0	0	\$7,209	0	\$7,209
<b>Total PEGs</b>	<b>0</b>	<b>\$31,880</b>	<b>18</b>	<b>\$12,321</b>	<b>18</b>	<b>\$44,201</b>	<b>97</b>	<b>\$43,480</b>	<b>0</b>	<b>\$7,123</b>	<b>97</b>	<b>\$50,604</b>

**MTA LONG ISLAND RAIL ROAD**  
**OPERATING BUDGET PROJECTIONS**  
**PROGRAMS TO ELIMINATE THE GAP (PEGS)**  
**2005 - 2007**  
(\$ in thousands)

**TABLE X-B**

	<b>2005</b>		<b>2006</b>		<b>2007</b>	
	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>
<b><u>Administration:</u></b>						
<b><u>All Departments</u></b>						
Wage Increase assumptions (No Increase in 2003)	0	\$3,022	0	\$3,082	0	\$3,151
<b><u>Equipment</u></b>						
Availability & Employee Vacation Relief	0	432	0	441	0	451
Department Reorganization, Transfers and Position Abolishments	10	667	10	680	10	695
<b><u>Engineering</u></b>						
Inventory Management System	0	0	0	0	0	0
Training - Technology	0	0	0	0	0	0
Vehicle purchase	0	0	0	0	0	0
Employee Expenses - Mileage/Travel	0	0	0	0	0	0
<b><u>Passenger Services</u></b>						
Reclassify Asst. Mgr Mail & Ride to Asst. Terminal Mgr.	0	10	0	10	0	11
Eliminate 2 bookkeeper positions	2	157	2	160	2	164
<b><u>Administrative Departments</u></b>						
<b><u>Finance</u></b>						
Hyperion System maintenance services	0	10	0	10	0	11
Operating services	0	1	0	1	0	1
Material reduction	0	6	0	6	0	6
Lower professional services	0	9	0	9	0	10
Lower tuition reimbursements	0	6	0	6	0	6
Lower bad debt expenses	0	60	0	61	0	63
<b><u>STC</u></b>						
Lower overtime	0	17	0	12	0	10
Lower voice charges due to switch replacement not required	0	1,666	0	1,350	0	1,380
Lower leased office machines costs	0	0	0	0	0	0
Lower computer hardware costs	0	93	0	95	0	97
Lower miscellaneous expenses	0	3	0	3	0	3
Systems Initiatives (Financial suite; Life Cycle Maintenance; IVR TIC; etc.)	0	0	0	0	0	0
<b><u>Market Development and Public Affairs</u></b>						
Reduction to advertising	0	213	0	217	0	222
<b><u>Labor Relations</u></b>						
Transfer of Labor Counsel to Labor Relations Department	1	154	1	157	1	160
<b><u>Human Resources</u></b>						

**MTA LONG ISLAND RAIL ROAD**  
**OPERATING BUDGET PROJECTIONS**  
**PROGRAMS TO ELIMINATE THE GAP (PEGS)**  
**2005 - 2007**  
(\$ in thousands)

**TABLE X-B**

	<b>2005</b>		<b>2006</b>		<b>2007</b>	
Revised rate of increase on Medical Contract	0	26	0	0	0	0
Supplies (Postage reduced fewer mailings)	0	47	0	48	0	49
Reduction in Employee Expenses recruitment and tuition	0	20	0	21	0	21
Miscellaneous Non-payroll reductions	0	8	0	8	0	8
<b>Strategic Invest.</b>						
Reduction in professional services	0	81	0	83	0	85
Non-stock materials reduced (calibration items)	0	20	0	21	0	21
Miscellaneous payroll and non-payroll adjustments	0	24	0	25	0	25
<b>Law</b>						
Adjustment to claims and suits		586		597		611
<b>Safety</b>						
Eliminate part of the Corporate Safety Incentive Program	0	117	0	119	0	122
<b>Other</b>						
Timing and Other Adjustments	0	0	0	0	0	0
<b>Total</b>	<b>13</b>	<b>\$7,457</b>	<b>13</b>	<b>\$7,225</b>	<b>13</b>	<b>\$7,383</b>
<b><u>Customer Convenience and Amenities:</u></b>						
<b>Engineering</b>						
Right of Way Cleaning	8	487	8	497	8	508
Copague Station Stair Replacement	0	0	0	0	0	0
<b>Transportation</b>						
Reassessment of East Side Access (Payroll Savings)	0	2,374	0	2,421	0	2,475
Joint Facilities reduction	0	407	0	416	0	425
Removal of 1 yard crew-tour	0	211	0	215	0	220
Availability changes: increase train service 1 day and engine service 1.75 days	0	678	0	692	0	707
Combine DM & MU crews	0	164	0	167	0	171
Change reporting location for engine service (Morris Park & Richmond Hill)	0	164	0	167	0	171
Reclassification of 20 train service heads (from Conductor to Assistant Conductor and Collector)	0	427	0	435	0	445
Decrease in 2 passenger crews due to the elimination of proposed new service	0	547	0	558	0	570
Reduction of 2 Ushers- Penn Station ticketed waiting room	0	160	0	163	0	167
<b>Passenger Services</b>						
Eliminate 2 TVM/Agent additional team for Revenue Service Maintenance	2	188	2	192	2	196
Reduce Agent and Station Appearance Maintainer (SAM) headcount	14	923	11	739	8	524
Eliminate Asst. Terminal Mgr.	0	97	0	99	0	101
Reduce Jamaica Air Train Cleaning	0	31	0	0	0	0
Reduce Debit/Credit fees increase	0	176	0	179	0	183
Eliminate 2 ticket clerks from General Manager Office	2	134	2	137	2	140

**MTA LONG ISLAND RAIL ROAD**  
**OPERATING BUDGET PROJECTIONS**  
**PROGRAMS TO ELIMINATE THE GAP (PEGS)**  
**2005 - 2007**  
(\$ in thousands)

**TABLE X-B**

	<b>2005</b>		<b>2006</b>		<b>2007</b>	
Reduce Penn Station cleaning	0	0	0	0	0	0
<b>Total</b>	<b>26</b>	<b>\$7,168</b>	<b>23</b>	<b>\$7,077</b>	<b>20</b>	<b>\$7,004</b>

**Service:**

Revision of Holiday service -MLK and Columbus day reduction of tours (similar to Metro-North)

	0	70	0	72	0	73
<b>Total</b>	<b>0</b>	<b>\$70</b>	<b>0</b>	<b>\$72</b>	<b>0</b>	<b>\$73</b>

**Maintenance:**

**Maintenance of Equipment**

MU Mods Ending/Continuing	34	6,002	34	6,121	34	6,258
Diesel Mods Ending/Continuing	14	1,852	14	1,889	14	1,931
M-1 Retirements (118 more retirements - Less Maintenance)	27	4,105	38	5,422	48	6,776
Support Shop (Production Plan)	(24)	6,980	(24)	12,619	(24)	17,201
LCM (M3 & M7) Material (Lagged into 2005 - Timing of Receipts - M-7's)	0	0	0	0	0	0
45 Day PI (ATC - Speed Control M-7 - Assumed not required)	9	831	9	848	9	866
Environmental Clean-up Services	0	208	0	212	0	217
CRH (Toilet Servicing) and Manpower	1	841	1	857	1	876
Other Outside Services (CFR238 Report Writing & Lab Fees)	0	471	0	481	0	491
M-7 Track Lease (Reimbursable)	0	153	0	156	0	159

**Engineering**

Substation Roof Repairs	0	0	0	0	0	0
Negative Bonding	0	0	0	0	0	0
Signal System Maintenance	0	0	0	0	0	0
Meter Calibration & Hazardous Waste	0	0	0	0	0	0
Hillside Roof Repairs	0	0	0	0	0	0
Bridge Painting Program	0	0	0	0	0	0
Transformer Maintenance Program	0	0	0	0	0	0
Comm Cable Asbestos Abatement	0	26	0	27	0	28
<b>Total</b>	<b>60</b>	<b>\$21,469</b>	<b>71</b>	<b>\$28,631</b>	<b>81</b>	<b>\$34,803</b>

**Other:**

**Maintenance of Equipment**

Training (CFR & M-7 - Phase 1)	0	110	0	112	0	115
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**Engineering**

Substation Fence Repairs	0	20	0	21	0	21
Safety Incentives	0	0	0	0	0	0
Comm Control Integration	0	14	0	14	0	14

**MTA LONG ISLAND RAIL ROAD**  
**OPERATING BUDGET PROJECTIONS**  
**PROGRAMS TO ELIMINATE THE GAP (PEGS)**  
**2005 - 2007**  
(\$ in thousands)

**TABLE X-B**

	<b>2005</b>		<b>2006</b>		<b>2007</b>	
Tree Trimming Program	0	0	0	0	0	0
TR4 Radio Base Stations	0	14	0	14	0	14
Storm Damage	0	220	0	224	0	229
Speed Spectrum Wayside Radio	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>\$378</b>	<b>0</b>	<b>\$385</b>	<b>0</b>	<b>\$394</b>
<b><u>Revenue Initiatives:</u></b>						
Rental income and advertising income	0	1,469	0	1,717	0	1,291
<b><u>Cash only and other adjustments:</u></b>						
Production Plan material cash savings (purchases vs. chargeouts)		1,000		400		0
Operating Funded Capital - vehicle purchases and changes in projects		0		0		0
		\$1,000		\$400		\$0
<b>Total PEGs Continuing</b>	<b>99</b>	<b>\$39,011</b>	<b>107</b>	<b>\$45,507</b>	<b>114</b>	<b>\$50,948</b>
<b><u>New PEGs for 2005-2007:</u></b>						
<b><u>Administration:</u></b>						
Lower MTA computer charges		\$400		\$408		\$417
<b><u>Maintenance:</u></b>						
<b><u>Maintenance of Equipment</u></b>						
Diesel Running Repairs (Reliability Savings)	0	357	4	851	6	1,448
Reduction in training needs (M7 basic training, new heads training)	13	1,001	13	1,021	13	1,044
<b>Total</b>	<b>13</b>	<b>\$1,358</b>	<b>17</b>	<b>\$1,872</b>	<b>19</b>	<b>\$2,492</b>
<b><u>Other:</u></b>						
<b><u>Maintenance of Equipment</u></b>						
RSU Hazmat Abatement	0	\$391	0	\$399	0	\$407
<b><u>Other adjustments:</u></b>						
Pension Shortall Make-up		9,772		19,604		24,116
Unspecified PEGs		28,471		51,266		53,082
<b>Total</b>	<b>0</b>	<b>\$38,243</b>	<b>0</b>	<b>\$70,870</b>	<b>0</b>	<b>\$77,198</b>
<b>Total New PEGs for 2005-2007:</b>	<b>13</b>	<b>\$40,391</b>	<b>17</b>	<b>\$73,549</b>	<b>19</b>	<b>\$80,515</b>
<b>Total PEGs</b>	<b>112</b>	<b>\$79,403</b>	<b>124</b>	<b>\$119,056</b>	<b>133</b>	<b>\$131,463</b>

TABLE XI - A(i)

**MTA LONG ISLAND RAIL ROAD**  
**TOTAL POSITIONS 2002 - 2004**  
**FULL-TIME AND FULL-TIME EQUIVALENTS (FTE'S)**  
**NON-REIMBURSABLE AND REIMBURSABLE**

	<b>2002</b>			<b>2003</b>			<b>2004</b>		
	<b>Actual</b>			<b>October</b>			<b>Final Proposed</b>		
	<b>Non-</b>			<b>Non-</b>			<b>Non-</b>		
	<b><u>Represented</u></b>	<b><u>Represented</u></b>	<b><u>Total</u></b>	<b><u>Represented</u></b>	<b><u>Represented</u></b>	<b><u>Total</u></b>	<b><u>Represented</u></b>	<b><u>Represented</u></b>	<b><u>Total</u></b>
Engineering	1,432	115	1,547	1,412	117	1,529	1,465	128	1,593
Equipment	1,623	141	1,764	1,669	142	1,811	1,710	151	1,861
Transportation	1,709	98	1,807	1,750	101	1,851	1,776	94	1,870
Passenger Services	401	23	424	366	24	390	358	25	383
All Other	10	13	23	10	15	25	11	14	25
Total Operating & Maint.	5,175	390	5,565	5,207	399	5,606	5,320	412	5,732
Executive Vice President	0	2	2	0	2	2	0	2	2
Labor Relations	0	12	12	0	11	11	0	12	12
Procurement & Logistics	151	23	174	158	26	184	159	26	185
Human Resources	68	33	101	65	33	98	65	34	99
Strategic Investments	6	31	37	6	32	38	6	35	41
Diversity Management	0	3	3	0	3	3	0	3	3
Total Exec. Vice President	225	104	329	229	107	336	230	112	342
President	0	3	3	0	3	3	0	3	3
V.P. & Chief Financial Officer	78	29	107	78	29	107	75	35	110
Svc. Planning, Tech. & CPM	129	139	268	144	143	287	147	143	290
Market Dev. & Public Affairs	35	28	63	35	28	63	39	27	66
General Counsel & Secretary	13	13	26	13	17	30	15	17	32
System Safety	6	14	20	6	15	21	7	14	21
Total General & Admin	261	226	487	276	235	511	283	239	522
Total	5,661	720	6,381	5,712	741	6,453	5,833	763	6,596

TABLE XI - A(ii)

**MTA LONG ISLAND RAIL ROAD**  
**TOTAL POSITIONS 2005 - 2007**  
**Full-Time and Full-Time Equivalents (FTEs)**  
**NON-REIMBURSABLE AND REIMBURSABLE**

	2005 Plan			2006 Plan			2007 Plan		
	<u>Represented</u>	<u>Non- Represented</u>	<u>Total</u>	<u>Represented</u>	<u>Non- Represented</u>	<u>Total</u>	<u>Represented</u>	<u>Non- Represented</u>	<u>Total</u>
Engineering	1,483	128	1,611	1,480	129	1,609	1,480	129	1,609
Equipment	1,741	155	1,896	1,726	155	1,881	1,714	155	1,869
Transportation	1,785	95	1,880	1,795	94	1,889	1,795	94	1,889
Passenger Services	360	25	385	363	25	388	366	25	391
All Other	11	14	25	11	14	25	11	14	25
Total Operating & Maint.	5,380	417	5,797	5,375	417	5,792	5,366	417	5,783
Executive Vice President	0	2	2	0	2	2	0	2	2
Labor Relations	0	12	12	0	12	12	0	12	12
Procurement & Logistics	159	26	185	159	26	185	159	26	185
Human Resources	65	34	99	65	34	99	65	34	99
Strategic Investments	6	35	41	6	35	41	6	35	41
Diversity Management	0	3	3	0	3	3	0	3	3
Total Exec. Vice President	230	112	342	230	112	342	230	112	342
President	0	3	3	0	3	3	0	3	3
V.P. & Chief Financial Officer	75	35	110	75	35	110	75	35	110
Svc. Planning, Tech & CPM	148	143	291	150	143	293	150	143	293
Market Dev. & Public Affairs	39	27	66	39	27	66	39	27	66
General Counsel & Secretary	15	17	32	15	17	32	15	17	32
System Safety	7	14	21	7	14	21	6	14	20
Total General & Admin	284	239	523	286	239	525	285	239	524
Total	5,894	768	6,662	5,891	768	6,659	5,881	768	6,649

TABLE XI - B(i)

**MTA LONG ISLAND RAIL ROAD**  
**POSITIONS 2002 - 2004**  
**FULL-TIME AND FULL-TIME EQUIVALENTS (FTE'S)**  
**NON-REIMBURSABLE**

	<b>2002</b>			<b>2003</b>			<b>2004</b>		
	<b>Actual</b>			<b>October</b>			<b>Final Proposed</b>		
	<b>Non-</b>			<b>Non-</b>			<b>Non-</b>		
	<b>Represented</b>	<b>Represented</b>	<b>Total</b>	<b>Represented</b>	<b>Represented</b>	<b>Total</b>	<b>Represented</b>	<b>Represented</b>	<b>Total</b>
Engineering	970	70	1,040	890	77	967	1,029	85	1,114
Equipment	1,609	119	1,728	1,653	121	1,774	1,686	129	1,815
Transportation	1,657	91	1,748	1,735	93	1,828	1,758	87	1,845
Passenger Services	401	23	424	366	24	390	358	25	383
All Other	9	12	21	9	14	23	10	13	23
Total Operating & Maint	4,646	315	4,961	4,653	329	4,982	4,841	339	5,180
Executive Vice President	0	2	2	0	2	2	0	2	2
Labor Relations	0	12	12	0	11	11	0	12	12
Procurement & Logistics	133	17	150	141	20	161	142	20	162
Human Resources	68	33	101	65	33	98	65	34	99
Strategic Investments	5	11	16	5	11	16	5	13	18
Diversity Management	0	3	3	0	3	3	0	3	3
Total Exec. Vice President	206	78	284	211	80	291	212	84	296
President	0	3	3	0	3	3	0	3	3
V.P. & Chief Financial Officer	65	26	91	65	25	90	62	31	93
Svc. Planning, Tech. & CPM	104	58	162	112	57	169	115	57	172
Market Dev. & Public Affairs	35	28	63	35	28	63	39	27	66
General Counsel & Secretary	13	13	26	13	17	30	15	17	32
System Safety	5	13	18	5	14	19	6	13	19
Total General & Admin	222	141	363	230	144	374	237	148	385
Total	5,074	534	5,608	5,094	553	5,647	5,290	571	5,861



TABLE XI - B(ii)

**MTA LONG ISLAND RAIL ROAD**  
**POSITIONS 2005 - 2007**  
**Full-Time and Full-Time Equivalents (FTEs)**  
**NON-REIMBURSABLE**

	<b>2005 Plan</b>			<b>2006 Plan</b>			<b>2007 Plan</b>		
	<b>Non-</b>			<b>Non-</b>			<b>Non-</b>		
	<b><u>Represented</u></b>	<b><u>Represented</u></b>	<b><u>Total</u></b>	<b><u>Represented</u></b>	<b><u>Represented</u></b>	<b><u>Total</u></b>	<b><u>Represented</u></b>	<b><u>Represented</u></b>	<b><u>Total</u></b>
Engineering	962	84	1,046	962	84	1,046	962	84	1,046
Equipment	1,714	133	1,847	1,698	133	1,831	1,686	133	1,819
Transportation	1,768	87	1,855	1,778	87	1,865	1,778	87	1,865
Passenger Services	360	25	385	363	25	388	366	25	391
All Other	10	13	23	10	13	23	10	13	23
Total Operating & Maint.	4,814	342	5,156	4,811	342	5,153	4,802	342	5,144
Executive Vice President	0	2	2	0	2	2	0	2	2
Labor Relations	0	12	12	0	12	12	0	12	12
Procurement & Logistics	142	20	162	142	20	162	142	20	162
Human Resources	65	34	99	65	34	99	65	34	99
Strategic Investments	5	13	18	5	13	18	5	13	18
Diversity Management	0	3	3	0	3	3	0	3	3
Total Exec. Vice President	212	84	296	212	84	296	212	84	296
President	0	3	3	0	3	3	0	3	3
V.P. & Chief Financial Officer	62	31	93	62	31	93	62	31	93
Svc. Planning, Tech. & CPM	116	57	173	118	57	175	118	57	175
Market Dev. & Public Affairs	39	27	66	39	27	66	39	27	66
General Counsel & Secretary	15	17	32	15	17	32	15	17	32
System Safety	6	13	19	6	13	19	6	13	19
Total General & Admin	238	148	386	240	148	388	240	148	388
Total	5,264	574	5,838	5,263	574	5,837	5,254	574	5,828

TABLE XI - C(i)

**MTA LONG ISLAND RAIL ROAD**  
**POSITIONS 2002 - 2004**  
**FULL-TIME AND FULL-TIME EQUIVALENTS (FTE'S)**  
**REIMBURSABLE**

	<b>2002 Actual</b>			<b>2003 October Forecast</b>			<b>2004 Final Proposed Budget</b>		
	<b>Non-</b>			<b>Non-</b>			<b>Non-</b>		
	<b>Represented</b>	<b>Represented</b>	<b>Total</b>	<b>Represented</b>	<b>Represented</b>	<b>Total</b>	<b>Represented</b>	<b>Represented</b>	<b>Total</b>
Engineering	462	45	507	522	40	562	436	43	479
Equipment	14	22	36	16	21	37	24	22	46
Transportation	52	7	59	15	8	23	18	7	25
Passenger Services	0	0	0	0	0	0	0	0	0
All Other	1	1	2	1	1	2	1	1	2
Total Operating & Maint	529	75	604	554	70	624	479	73	552
Executive Vice President	0	0	0	0	0	0	0	0	0
Labor Relations	0	0	0	0	0	0	0	0	0
Procurement & Logistics	18	6	24	17	6	23	17	6	23
Human Resources	0	0	0	0	0	0	0	0	0
Strategic Investments	1	20	21	1	21	22	1	22	23
Diversity Management	0	0	0	0	0	0	0	0	0
Total Exec. Vice President	19	26	45	18	27	45	18	28	46
President	0	0	0	0	0	0	0	0	0
V.P. & Chief Financial Officer	13	3	16	13	4	17	13	4	17
Svc. Planning, Tech. & CPM	25	81	106	32	86	118	32	86	118
Market Dev. & Public Affairs	0	0	0	0	0	0	0	0	0
General Counsel & Secretary	0	0	0	0	0	0	0	0	0
System Safety	1	1	2	1	1	2	1	1	2
Total General & Admin	39	85	124	46	91	137	46	91	137
Total	587	186	773	618	188	806	543	192	735

TABLE XI - C(ii)

**MTA LONG ISLAND RAIL ROAD**  
**POSITIONS 2005 - 2007**  
**Full-Time and Full-Time Equivalents (FTEs)**  
**REIMBURSABLE**

	<b>2005 Plan</b>			<b>2006 Plan</b>			<b>2007 Plan</b>		
	<b>Represented</b>	<b>Non- Represented</b>	<b>Total</b>	<b>Represented</b>	<b>Non- Represented</b>	<b>Total</b>	<b>Represented</b>	<b>Non- Represented</b>	<b>Total</b>
Engineering	521	44	565	518	45	563	518	45	563
Equipment	27	22	49	28	22	50	28	22	50
Transportation	17	8	25	17	7	24	17	7	24
Passenger Services	0	0	0	0	0	0	0	0	0
All Other	1	1	2	1	1	2	1	1	2
Total Operating & Maintenance	566	75	641	564	75	639	564	75	639
Executive Vice President	0	0	0	0	0	0	0	0	0
Labor Relations	0	0	0	0	0	0	0	0	0
Procurement & Logistics	17	6	23	17	6	23	17	6	23
Human Resources	0	0	0	0	0	0	0	0	0
Strategic Investments	1	22	23	1	22	23	1	22	23
Diversity Management	0	0	0	0	0	0	0	0	0
Total Exec. Vice President	18	28	46	18	28	46	18	28	46
President	0	0	0	0	0	0	0	0	0
V.P. & Chief Financial Officer	13	4	17	13	4	17	13	4	17
Svc. Planning, Technology & CPM	32	86	118	32	86	118	32	86	118
Market Dev. & Public Affairs	0	0	0	0	0	0	0	0	0
General Counsel & Secretary	0	0	0	0	0	0	0	0	0
System Safety	1	1	2	1	1	2	0	1	1
Total General & Administrative	46	91	137	46	91	137	45	91	136
Total	630	194	824	628	194	822	627	194	821

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**MTA METRO-NORTH RAILROAD**

**MTA Metro North Railroad**  
**Final Proposed Budget for 2004 and Financial Plan for 2004-2007**

# **MTA METRO-NORTH RAILROAD**

## **FINAL PROPOSED BUDGET FOR 2004 AND FINANCIAL PLAN FOR 2004-2007**

### **MISSION STATEMENT**

The mission of MTA Metro-North Railroad is to preserve and enhance the quality of life and economic health of the region we serve through the efficient provision of transportation service of the highest quality.

### **DESCRIPTION OF SERVICES**

MTA Metro-North Railroad provides passenger rail service to five suburban counties in New York State (Westchester, Putnam, Dutchess, Rockland and Orange), two in Connecticut (Fairfield and New Haven), and two urban counties in New York City (Bronx and Manhattan). East of Hudson train service extends 85 miles from Manhattan, with terminals to the northeast in New Haven, Waterbury, Danbury, and New Canaan on the New Haven Line; to the north in Wassaic on the Harlem Line and Poughkeepsie on the Hudson Line. The Harlem, Hudson and New Haven Lines converge and terminate at Grand Central Terminal in Manhattan. West of the Hudson River the Pascack Valley Line extends to Spring Valley, New York and the Port Jervis Line 95 miles from Hoboken at the border of New York and Pennsylvania. Both lines terminate in Hoboken, New Jersey. Service on the New Haven line is provided by Metro-North pursuant to a contract between the Connecticut Department of Transportation (ConnDOT) and Metro-North/MTA. Service on the Port Jervis and Pascack Valley Lines is operated by New Jersey Transit under contract to Metro-North. The railroad carried over 73.1 million customers in 2002 over 385 route miles, to and from 121 stations, operating 598 trains on an average weekday East of Hudson, and 35 trains on an average weekday West of the Hudson.

## **FINANCIAL REVIEW**

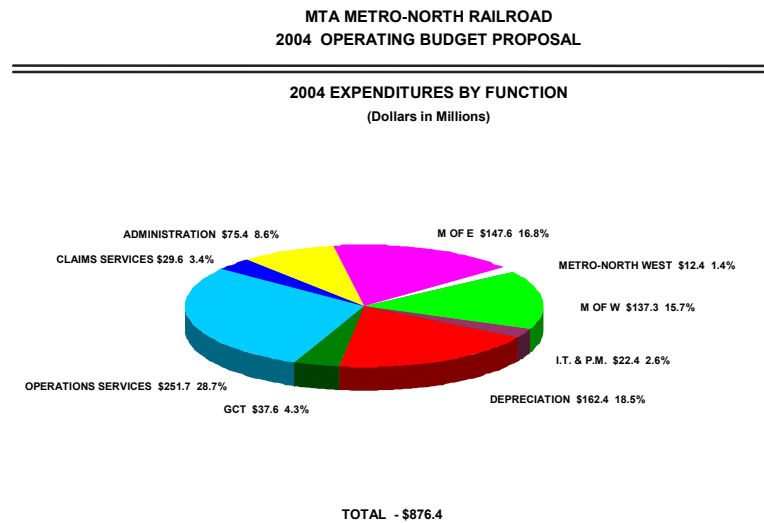
Each year within Metro-North's planning process, issues impacting the performance of the railroad are reviewed and initiatives developed to support the achievement of corporate safety, maintenance, customer service and efficiency objectives. Consequently, operating resource estimates included in each budget are based on the consideration of factors which affect all aspects of the railroad including current operating trends, projected changes in costs, new initiatives which affect service quantity, quality or efficiency, and the impacts of capital improvements on operating expenditures. Each of these factors is carefully reviewed in the context of funding availability from MTA and ConnDOT, the agencies subsidizing Metro-North.

During 2003 Metro-North's budget resource requirements were reduced by various "Programs to Eliminate the Gap (PEGs)". In Metro-North's case, these programs consist primarily of higher than projected passenger revenue, and savings generated through program completions, reschedules and eliminations, as well as lower than projected cost trends. Currently, the 2003 PEGs total \$34.7 million and are sufficient to fund \$15.8 million in new needs required in 2003, as well as the net increase in new needs projected for 2004 (PEGs of \$30.6 million and new needs of \$43.9 million). Both are detailed in Table X-A and Table XI-A respectively.

The 2004 Final Proposed Budget reflects revenue projections totaling \$438.6 million, and expenses, including depreciation, of \$876.4 million that generate an operating deficit of \$437.8 million. Cash adjustments of \$159.4 million reduce that amount to a cash deficit of \$278.4 million, of which \$226.0 million represents MTA share and \$52.4 million ConnDOT share.



A breakdown of the 2004 Final Proposed Budget by functional area is shown below.



Compared to the 2004 Preliminary Budget, the 2004 Final Proposed Budget reflects revenue projections that are \$6.7 million higher (favorable), and expenses that are \$9.3 million higher (unfavorable). Of that amount, \$6.3 million represents increase in depreciation costs. The \$3.0 million balance represents cost changes that, similar to the revenue increase, are based on actual 2003 results through August. They include higher costs for overtime and health and welfare, and reduced capital project recoveries (in "Other" costs) which reflect the lower level of capital project activity currently projected for 2004.

## **2004 FINAL PROPOSED BUDGET VS 2003 OCTOBER FORECAST**

Compared to the 2003 October year- end forecast, the revenue projections in the 2004 Final Proposed Budget are \$30.7 million higher (favorable), and expenses including depreciation are \$63.1 million higher (unfavorable), resulting in an operating deficit that is \$32.4 million higher (unfavorable). However, favorable change in cash adjustments eliminates that increase and generates a subsidy requirement \$.6 million lower (favorable) on a cash basis.

The increase in revenue reflects primarily the incremental impact of a full- year of fare increases; an average increase of 25% implemented in New York State in May, 2003, and an average increase of 15% implemented in the State of Connecticut in July, 2003.

A substantial portion of the increase in expenses is due to the impact of inflation (\$29.5 million or 47% of total), and an increase in depreciation costs (\$15.5 million or 25% of total). The balance of the increase (\$18.1 million) represents funds added for specific new initiatives and projects and all other miscellaneous cost adjustments. In 2004, a major portion of these additional costs is earmarked for rolling stock equipment programs; \$6.7 million was added for car rehabilitation and locomotive remanufacture, and \$2.8 million for car disposal costs as the new M7 cars are placed into service. Other cost and staff additions were made in connection with maintenance of the new Highbridge Yard/Facility and Harmon Shop/Yard Rehabilitation (\$1.5 million), layover coach cleaning program (\$2.0 million), incremental train service improvements (\$1.2 million), and custodial staff for the new lower- level bathroom in GCT (\$.6 million). Also, costs were increased for the annual track maintenance program (\$1.0 million) and other miscellaneous initiatives and cost adjustments such as additional credit card fees, and biannual costs for winter gear, net of reductions generated through project/program completion, reschedule or elimination.

The favorable change in cash adjustments is comprised primarily of higher depreciation costs and a favorable adjustment between accrued and paid days in 2004, in lieu of an unfavorable adjustment caused in 2003 by an extra, 53<sup>rd</sup> payroll which occurs periodically (\$12.8 million). Other reduced cash requirements in 2004 generated through timing of force account receipts and other miscellaneous cash adjustments were partially offset by an increase for Operating/Capital projects, primarily the implementation of a new financial system.

## REVENUE FORECAST

Metro-North's total revenue is comprised of fare revenue and non-passenger revenues that include revenues from rents and concessions, Grand Central Terminal utilities, bar carts, and other miscellaneous sources.

Fare revenue is based on ridership projections 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. Internal programs that improve and increase service, promote customer awareness and improve access to Metro-North are also incorporated into ridership forecasts.

The 2004 Final Proposed Budget reflects ridership projections 1.4% higher overall than the 2003 October year-end forecast and reflect a 1.6% increase on the Harlem Line, a 0.9% increase on the Hudson Line, and a 1.5% increase on the New Haven Line. In 2005, 2006, and 2007 ridership is projected to grow by 1.0%, 1.3% and 1.1% respectively.

The fare revenue of \$410.9 million projected for the 2004 Final Proposed Budget is \$31.8 million higher than the 2003 October year-end forecast and reflects the full year impact of fare increases in New York State and the State of Connecticut during 2003. Fare revenues are projected to increase to \$415.4 million in 2005, to \$420.6 million in 2006 and to \$424.9 million in 2007.

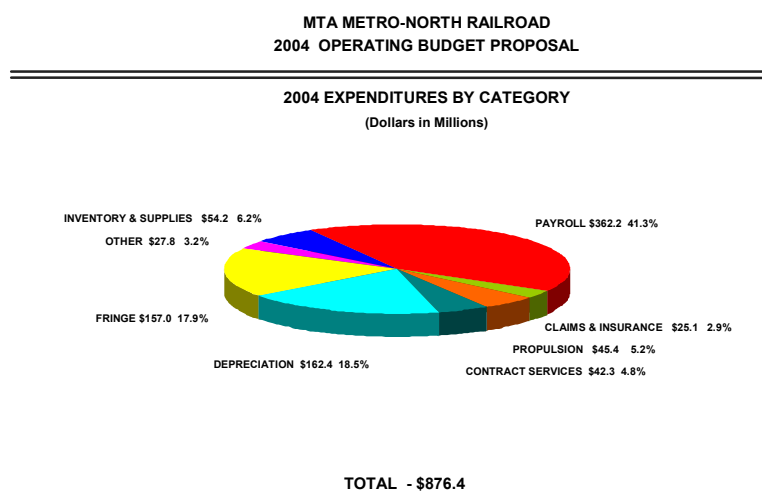
The 2004 Rents and Concessions revenue reflects lower net proceeds from Grand Central Terminal (GCT) retail tenants than was included in the 2003 October year-end forecast, which incorporates extraordinary one-time revenue. The projections also include increased parking revenues from the West of Hudson parking locations, and increased advertising revenues from GCT North. The 2005 projection reflects an increase in parking revenue from the full implementation of the West of Hudson parking expansion. The 2006 and 2007 projections reflect an increase at the rate of inflation.

The 2004 Utility revenue reflects an overall reduction comprised of an increase due to the projected receipts from NYC Transit for chilled water usage, and the offsetting impact of two outside buildings withdrawing from the GCT steam and electrical distribution system. The 2005 Utility revenue reflects the withdrawal of the final outside buildings from the GCT power network. 2006 and 2007 Utility revenue is increased at the rate of inflation.

Revenue projections from Bar Car sales reflect current sales trends and include price increases on selected items in 2004. Miscellaneous revenue projections include interest income, excursion revenues, and revenues from permits, service fees, as well as, miscellaneous refunds and rebates.

## EXPENSE BUDGET HIGHLIGHTS AND ASSUMPTIONS

The 2005-2007 Financial Plan uses the 2004 Final Proposed Budget as a baseline. The breakdown of the 2004 Final Proposed Budget by category of expense is shown below.



That baseline has been adjusted to reflect new programs and initiatives listed in detail in Tables IX-A and IX-B, and to reflect reductions in expenses generated primarily through

program completions, reschedules and eliminations, as well as revenue increases detailed in Tables X-A and X-B. In terms of expenditures, the 2005-2007 projections also reflect certain assumptions detailed below, together with major program additions during the period.

The 2003 October year-end forecast reflects non-represented (management) payroll costs that contain no wage increase for the year, but include a \$1.3 million vacation buy back provision. The 2004 non-represented payroll budget and the projections for all the years reflect a reduction equal to approximately 40 turnover vacancies. The non-represented payroll has been inflated by the regional CPI 2004-2007.

The 2004 represented (agreement) payroll is discounted for step rate and vacancy savings. Labor costs also reflect provisions for accrued sick days and Rule 13C payments. A provision of \$1.9 million has been included in the 2004 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 represented payroll reflects increases based on an established MTA bargaining pattern followed by regional CPI through 2007.

The railroad retirement tax component of fringe costs in 2004 includes a Tier I contribution rate of 7.65% and a Tier II rate of 14.2% which continue through 2007. Maximum creditable compensation levels in 2004 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 2004 health and welfare cost component reflects a 15% increase in health care premiums and an increase in enrollment. Costs in 2005 through 2007 contain a rate of increase of 8.4%. The 2003 through 2007 pension costs reflect current funding requirements for the Defined Benefit Plan (covering non-represented staff) and slight increases in the effective rate of the Defined Contribution Plan that covers represented staff.

Inventory and Supplies costs include current material usage trends as well as increasing requirements in 2004 for the implementation of the M1 Overhaul, Event Recorder Retrofit, High Speed Circuit Breaker Relay, and Flash Suits program. Inventory & Supplies costs in 2004 are inflated by 1.5% where appropriate. In 2005, 2006, and 2007 Inventory and Supply costs reflect lower material usage requirements due to the completion of the equipment upgrade programs noted above as well as the Inverter Conversion program, and the replacement of Harlem-Hudson rolling stock with new M7 cars. In 2005, 2006, and 2007, the Inventory and Supplies costs are inflated by 1.85%, 1.99% and 2.23% respectively.

Insurance costs in 2003 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%. Claim cost accruals total \$15.8 million in 2003 and \$14.8 million in 2004. In 2005 Claim cost accruals total \$15.2 million and \$16.0 million in both 2006 and 2007. In 2005, 2006, and 2007, the Insurance costs are inflated by 1.85%, 1.99 % and 2.23% respectively.

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. The 2007 electric propulsion costs have also been decreased by \$1.1 million due to the phase-in of new equipment. The 2005, 2006, and 2007 propulsion prices have been inflated by 1.9%, 2.0% and 2.2 % respectively.

Occupancy costs in the 2003 October year-end forecast reflect lower charges for electric power and higher steam prices in GCT, the full cost of current office rental charges, and Port Jervis Line lease costs. In 2004, Occupancy costs include a \$1.0 million increase in Port Jervis Line lease costs, current utility consumption trends and incorporate selective inflation increases of 1.5%. In 2005, Port Jervis Line lease obligations increase by an additional \$1.5 million, but are partially offset by the

withdrawal of outside buildings from the GCT power network. In 2005, 2006, and 2007, the utility costs have been inflated by 1.9%, 2.0% and 2.2 % respectively.

Contractual Services include right-of-way maintenance fees for rail grinding and brush cutting, damaged equipment repairs, environmental abatement services, and maintenance cost provisions for elevators, escalators, ticket selling machines (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 October year-end forecast includes the phased-in costs for ticket selling machine maintenance and a lower provision for expenditures associated with environmental services. The 2004 budget proposal includes provisions for the overhaul of locomotives, rolling stock disposal costs, track maintenance programs, and additional costs for ticket selling machine maintenance and West of Hudson maintenance. The 2005, 2006 and 2007 projections reflect the completion of the East and West of Hudson Locomotive overhaul and rolling stock disposal programs and the re-initiation of additional preventive maintenance programs in 2007. Contractual Services costs have been inflated in 2005, 2006 and 2007 by 1.9%, 2.0% and 2.2 % respectively.

Business Expenses in 2003 reflect current cost trends, including those for data processing fees, printing costs, and telephone charges. In addition, the 2003 October year-end forecast and the proposed 2004 budget reflect computer hardware and software procurements and data processing charges related to new technology initiatives. Business Expenses in 2005, 2006, and 2007, have been inflated by 1.9%, 2.0% and 2.2 % respectively.

Other Corporate Costs include the recovery of overhead and work equipment costs for capital projects (\$39.8 million in 2004) and cost recoveries for services rendered to other railroads (\$9.3 million in 2004). Other costs in 2004 also include provisions for MTA Police Services (\$10.7 million), subsidy for West of Hudson operations (\$3.9

million), credit card, bank, and other financial service fees (\$5.1 million), advertising costs (\$1.8 million), and interest expenses associated with the GCT lease agreement (\$1.1 million). In addition, the category includes provisions for several miscellaneous charges including vacation accrual adjustment, and bad debt.

## **PROGRAMATIC REVIEW**

Metro-North's 2004 Final Proposed Budget supports continued focus on safety, maintenance, and the pursuit of service excellence, customer satisfaction and cost efficiency.

The 2004 safety investments increase emphasis on the comprehensive "Priority One" program and reinforce the DuPont safety program. The objectives of these programs are to correct/eliminate hazardous conditions as well as modify unsafe behavior thereby preventing injuries. The investments also continue safety recognition programs for employees and/or Departments who remain injury free, a restricted duty program to assist employees who do get injured to get back to work as soon as safely possible, and continue to support "Operation SAVE", a peer intervention program. In addition, the 2004 safety investments include the event recorder retrofit program for rolling stock, and miscellaneous security plan initiatives.

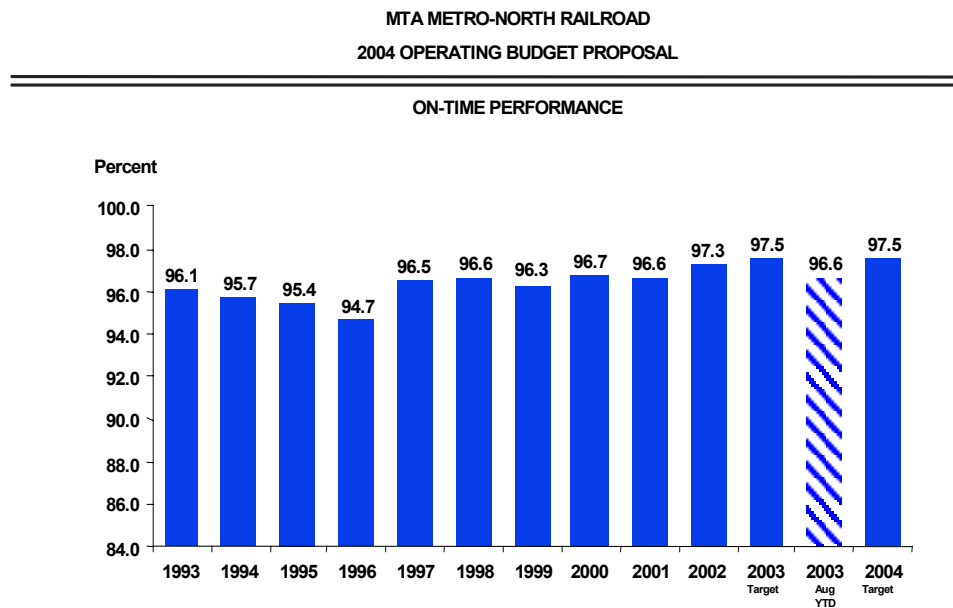
The 2004 maintenance and state of good repair investments include the following:

- Continue the M2 major component replacement (capital) project.
- Continue the preventive maintenance program for rolling stock.
- Continue M1 Overhaul program (critical system rehabilitation).
- Initiate Genesis and West of Hudson locomotive overhaul.
- Increase car- cleaning frequency.
- Increase Port Jervis Line maintenance.
- Continue structures & facilities maintenance program.



- Increase provision for track maintenance programs.
- Disposal of ACMU and M1 cars as part of the M7 program.

Metro-North believes these efforts will enable the railroad to achieve its on- time performance goal of 97.5% in 2004, notwithstanding significant capital project activity taking place in the service territory during the year. The graph below shows actual on-time performance results 1993 through August 2003, and the 2004 target.

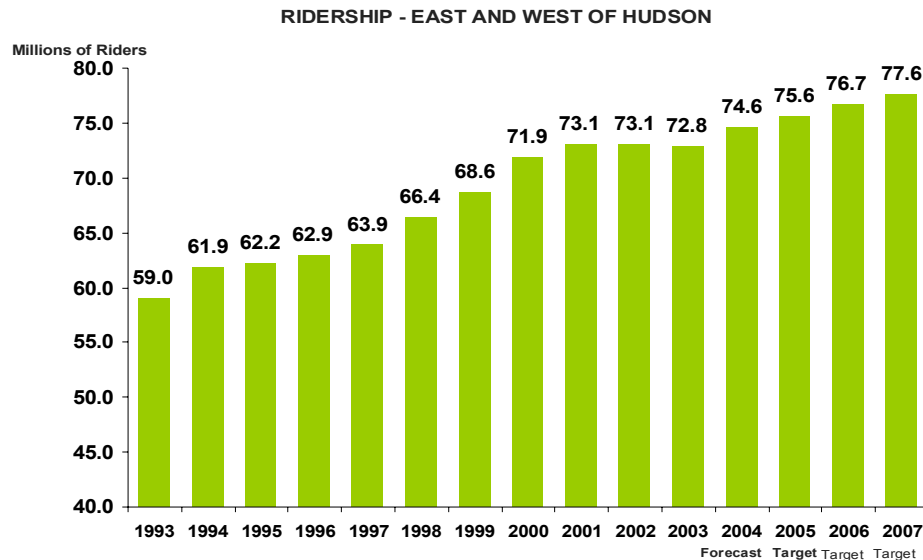


The 2004 customer service investments are to continue to effect annual service additions/improvements and schedule adjustments, to support connecting services, and to continue to expand and improve parking. Other investments include staff support for the additional GCT lower level restrooms, Web site enhancements, and to continue service quality inspections.

Based on past results, continued investments in maintenance, safety and customer service programs support continued ridership growth forecasts.

**MTA METRO-NORTH RAILROAD  
2004 OPERATING BUDGET PROPOSAL**

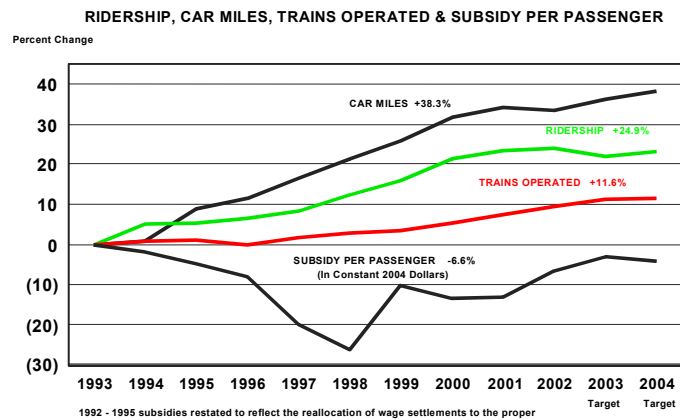
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The 2004 cost/efficiency investments consist of funds to implement the Incident/Asset Management system, upgrade the Communications & Signals Network infrastructure, and to expand/upgrade the Corporate Data Network (collection & transmission of data and access to information systems). The 2004 budget proposal also includes investments to replace the existing mainframe financial system and maintain shop and work equipment in a state of good repair.

In 2003, Metro-North began its third decade when it “turned 21”. As the graph below indicates, from 1993 to 2003 Metro-North adhered to its Mission by significantly increasing the number of trains it operates and customers it serves, and did so with a reduced subsidy per passenger (in constant dollars).

MTA METRO-NORTH RAILROAD  
2004 OPERATING BUDGET PROPOSAL



## CAPITAL REIMBURSABLE COSTS

Each year in addition to operating budget expenses, Metro-North expends funds for capital projects. These include capital projects funded by operating subsidies or “Operating/Capital” projects, and “Capital Reimbursable Costs”, capital project expenditures for which Metro-North is reimbursed by MTA and ConnDOT capital programs, NYSDOT, and other individuals and companies, such as Amtrak (I & C).

The operating budget incorporates the impact completed capital projects have on operations. One example is the additional staff required to maintain a new facility built with capital funds such as Highbridge, another, is the elimination of lease line costs once the installation of a fiber optic line is complete. The operating budget also reflects the recovery of overhead costs associated with capital project staff, and the recovery of equipment costs used for capital projects. The capital budget incorporates the resources Metro-North will expend in support of specific capital project activity. The expenditures projected for capital projects added to operating expenses, together comprise Metro-North’s cash expenditures for any given year.

Capital project costs included in cash projections for 2004 total \$179.8 million, \$16.5 million for "Operating/Capital" projects and \$163.3 million for capital reimbursable expenditures. That represents an increase from the capital expenditures projected in the 2003 October year- end forecast of \$155.0 million, \$140.9 million for capital reimbursable expenditures. Projections 2005-2007 assume continuation of 2004 activity level. Major 2004 projects include M2 Car Remanufacture, East Side Access Special Track Work, Cyclical Track Program 2003/2004, and CDOT Bridge and Catenary A, B & D projects.

**MTA METRO-NORTH RAILROAD**  
**ACCRUAL STATEMENT OF OPERATIONS BY CATEGORY**  
**2002 - 2004**  
(\$ in millions)

	2002 Actual	2003 October Forecast	2004		Favorable/(Unfavorable) 2004 Final Proposed Budget vs.	
			Preliminary Budget	Final Proposed Budget	2003 October Forecast	2004 Preliminary Budget
REVENUE						
Fare Revenue	\$339.128	\$379.108	\$403.719	\$410.888	\$31.780	\$7.169
Rents & Concession	20.736	21.724	21.048	20.947	(.777)	(.101)
GCT Utilities	2.603	2.742	2.805	2.391	(.351)	(.414)
Bar Car	4.122	3.964	4.015	4.065	.101	.050
Miscellaneous	.446	.380	.383	.335	(.045)	(.048)
TOTAL REVENUE	\$367.035	\$407.918	\$431.970	\$438.626	\$30.708	\$6.656
EXPENSES						
N/A Payroll	64.605	65.922	69.750	69.380	(3.458)	.370
A-OTE Payroll	162.985	171.078	180.652	181.200	(10.122)	(.548)
A-OTE Overtime	21.017	22.883	21.021	22.691	.192	(1.670)
T&E Payroll	66.458	70.927	74.084	74.230	(3.303)	(.146)
T&E Overtime	13.294	13.858	14.672	14.701	(.843)	(.029)
Sub-Total Payroll	\$328.359	\$344.668	\$360.179	\$362.202	(\$17.534)	(\$2.023)
Railroad Retirement Taxes	69.673	67.540	72.779	69.596	(2.056)	3.183
Health and Welfare	45.328	52.911	59.623	61.437	(8.526)	(1.814)
Pension	22.410	24.228	25.232	25.967	(1.739)	(.735)
Sub-Total Fringe	\$137.411	\$144.679	\$157.634	\$157.000	(\$12.321)	\$ .634
TOTAL PAYROLL	\$465.770	\$489.347	\$517.813	\$519.202	(\$29.855)	(\$1.389)
Inventory & Supplies	46.101	51.909	54.380	54.165	(2.256)	.215
Insurance	9.260	7.026	10.369	10.282	(3.256)	.087
Claims	8.038	15.750	14.820	14.820	.930	.000
Propulsion	39.364	42.480	46.124	45.424	(2.944)	.700
Occupancy	24.950	27.905	28.906	28.593	(.688)	.313
Contractual Services	25.451	28.008	41.822	42.272	(14.264)	(.450)
Business Expenses	18.240	20.889	21.757	21.717	(.828)	.040
Other	(17.197)	(16.885)	(24.973)	(22.461)	5.576	(2.512)
TOTAL NON-PAYROLL	\$154.207	\$177.082	\$193.205	\$194.812	(\$17.730)	(\$1.607)
TOTAL UNADJUSTED EXPENSES	\$619.977	\$666.429	\$711.018	\$714.014	(\$47.585)	(\$2.996)
Depreciation	138.203	146.924	156.145	162.431	(15.507)	(6.286)
Unidentified PEG Targets	.000	.000	.000	.000	.000	.000
TOTAL EXPENSES	\$758.180	\$813.353	\$867.163	\$876.445	(\$63.092)	(\$9.282)
OPERATING DEFICIT	(\$391.145)	(\$405.435)	(\$435.193)	(\$437.819)	(\$32.384)	(\$2.626)

TABLE I-A

**MTA METRO-NORTH RAILROAD**  
**FINANCIAL PLAN COMPARISON BY CATEGORY (ACCRUED)**  
**2003 OCTOBER FORECAST VS. MID-YEAR FORECAST**  
(\$ in millions)

	2003				Favorable/(Unfavorable)
	Mid-Year Forecast	July Year-to-date Actuals	August to December Forecast	October Forecast	October Forecast vs. Mid-Year Forecast
REVENUE					
Fare Revenue	\$373.585	\$208.835	\$170.273	\$379.108	\$5.523
Rents & Concession	20.957	13.496	8.228	21.724	.767
GCT Utilities	2.727	1.718	1.024	2.742	.015
Bar Car	3.915	2.318	1.646	3.964	.049
Miscellaneous	.393	.228	.152	.380	(.013)
TOTAL REVENUE	\$401.577	\$226.595	\$181.323	\$407.918	\$6.341
EXPENSES					
N/A Payroll	66.236	38.153	27.769	65.922	.314
A-OTE Payroll	169.693	99.269	71.809	171.078	(1.385)
A-OTE Overtime	20.429	13.126	9.757	22.883	(2.454)
T&E Payroll	70.857	40.785	30.142	70.927	(.070)
T&E Overtime	13.723	7.733	6.125	13.858	(.135)
Sub-Total Payroll	\$340.938	\$199.066	\$145.602	\$344.668	(\$3.730)
Railroad Retirement Taxes	68.813	39.585	27.955	67.540	1.273
Health and Welfare	51.072	28.913	23.998	52.911	(1.839)
Pension	23.467	13.919	10.309	24.228	(.761)
Sub-Total Fringe	\$143.352	\$82.417	\$62.262	\$144.679	(\$1.327)
TOTAL PAYROLL	\$484.290	\$281.483	\$207.864	\$489.347	(\$5.057)
Inventory & Supplies	51.028	29.829	22.080	51.909	(.881)
Insurance	7.111	4.123	2.903	7.026	.085
Claims	15.100	8.708	7.042	15.750	(.650)
Propulsion	42.957	24.954	17.526	42.480	.477
Occupancy	27.630	16.465	11.440	27.905	(.275)
Contractual Services	28.644	12.870	15.138	28.008	.636
Business Expenses	20.515	11.725	9.164	20.889	(.374)
Other	(19.356)	(9.776)	(7.109)	(16.885)	(2.471)
TOTAL NON-PAYROLL	\$173.629	\$98.898	\$78.184	\$177.082	(\$3.453)
TOTAL UNADJUSTED EXPENSES	\$657.919	\$380.381	\$286.048	\$666.429	(\$8.510)
Depreciation	145.809	83.272	63.652	146.924	(1.115)
Unspecified PEGs	.000	.000	.000	.000	.000
TOTAL EXPENSES	\$803.728	\$463.653	\$349.700	\$813.353	(\$9.625)
OPERATING DEFICIT	(\$402.151)	(\$237.058)	(\$168.377)	(\$405.435)	(\$3.284)

TABLE I-B

**MTA METRO-NORTH RAILROAD**  
**FINANCIAL PLAN COMPARISON BY CATEGORY (CASH)**  
**2003 OCTOBER FORECAST VS. MID-YEAR FORECAST**  
(\$ in millions)

2003

	Mid-Year Forecast	July Year-to-date Actuals	August to December Forecast	October Forecast	Favorable/(Unfavorable) October Forecast vs. Mid-Year Forecast
<b>OPERATING CASH RECEIPTS</b>					
Fare Revenue	\$385.289	\$216.548	\$174.611	\$391.159	\$5.870
Rents, Conc. & Utilities	22.949	14.129	10.102	24.231	1.282
Amtrak Reimbursements	8.800	5.164	3.736	8.900	.100
Force Account:					
MTA	90.841	43.066	42.131	85.197	(5.644)
CDOT	52.283	20.617	22.210	42.827	(9.456)
Other	9.518	7.568	2.699	10.267	.749
Sub-Total Force Account	\$152.642	\$71.251	\$67.040	\$138.291	(\$14.351)
Miscellaneous	7.189	4.618	2.800	7.418	.229
<b>TOTAL RECEIPTS</b>	<b>\$576.869</b>	<b>\$311.710</b>	<b>\$258.289</b>	<b>\$569.999</b>	<b>(\$6.870)</b>
<b>OPERATING CASH EXPENDITURES</b>					
Payroll *	391.800	227.527	167.111	394.638	(2.838)
Fringe	165.697	102.696	63.946	166.642	(.945)
Inventory	89.862	48.180	35.147	83.327	6.535
Insurance	11.175	10.204	1.615	11.819	(.644)
Claims	13.000	9.107	4.893	14.000	(1.000)
Propulsion	36.268	21.103	14.794	35.897	.371
Occupancy	29.080	17.294	12.112	29.406	(.326)
Contractual Services	51.377	19.398	23.895	43.293	8.084
Business Expenses	23.596	13.016	15.491	28.507	(4.911)
Metro-North West - Subsidy	7.262	4.140	3.249	7.389	(.127)
Miscellaneous	32.923	17.880	16.294	34.174	(1.251)
<b>TOTAL EXPENDITURES</b>	<b>\$852.040</b>	<b>\$490.545</b>	<b>\$358.547</b>	<b>\$849.092</b>	<b>\$2.948</b>
<b>NET EXPENDITURES</b>	<b>(\$275.171)</b>	<b>(\$178.835)</b>	<b>(\$100.258)</b>	<b>(\$279.093)</b>	<b>(\$3.922)</b>
Temporary Investment (Inc.)	.000	(2.116)	2.116	.000	.000
Opening Cash Balance	(1.508)	(1.729)	.000	(1.729)	.221
Closing Cash Balance	(.232)	(4.858)	3.129	(1.729)	1.497
<b>OPERATING CASH DEFICIT</b>	<b>(\$276.447)</b>	<b>(\$177.822)</b>	<b>(\$101.271)</b>	<b>(\$279.093)</b>	<b>(\$2.646)</b>
MTA SUBSIDY	220.105	141.619	77.163	218.782	1.323
CDOT SUBSIDY	56.342	36.203	24.108	60.311	(3.969)

\* Payroll expenditures are not available by labor cost category on a cash basis.

TABLE II

**MTA METRO-NORTH RAILROAD**  
**CASH RECEIPTS AND EXPENDITURES**  
**2002 - 2004**  
(\$ in millions)

					Favorable/(Unfavorable)	
					2004 Final Proposed Budget vs.	
			2004			
	2002 Actual	2003 October Forecast	Preliminary Budget	Final Proposed Budget	2003 October Forecast	2004 Preliminary Budget
Operating Cash Receipts:						
Fare Revenue	\$350.678	\$391.159	\$416.434	\$422.944	\$31.785	\$6.510
Rents, Conc. & Utilities	23.898	24.231	22.688	23.103	(1.128)	.415
Amtrak Reimbursements	9.882	8.900	8.800	8.800	(.100)	.000
Force Account:						
MTA	75.285	85.197	98.113	99.173	13.976	1.060
CDOT	42.923	42.827	61.437	49.180	6.353	(12.257)
Other	20.105	10.267	8.678	14.297	4.030	5.619
Sub-Total Force Account	\$138.313	\$138.291	\$168.228	\$162.650	\$24.359	(\$5.578)
Miscellaneous	6.486	7.418	8.917	9.637	2.219	.720
TOTAL RECEIPTS	\$529.257	\$569.999	\$625.067	\$627.134	\$57.135	\$2.067
Operating Cash Expenditures:						
Payroll *	375.828	394.638	403.334	404.608	(9.970)	(1.274)
Fringe	159.800	166.642	179.547	178.031	(11.389)	1.516
Inventory	71.931	83.327	96.759	89.047	(5.720)	7.712
Insurance	14.071	11.819	15.500	14.540	(2.721)	.960
Claims	10.588	14.000	13.000	14.000	.000	(1.000)
Propulsion	33.787	35.897	39.374	39.642	(3.745)	(.268)
Occupancy	29.689	29.406	30.363	30.130	(.724)	.233
Contractual Services	42.053	43.293	67.672	73.858	(30.565)	(6.186)
Business Expenses	20.049	28.507	25.796	24.276	4.231	1.520
Metro-North West - Subsidy	8.303	7.389	3.859	3.961	3.428	(.102)
Miscellaneous	27.109	34.174	33.564	33.494	.680	.070
TOTAL EXPENDITURES	\$793.208	\$849.092	\$908.768	\$905.587	(\$56.495)	\$3.181
NET EXPENDITURES	(\$263.951)	(\$279.093)	(\$283.701)	(\$278.453)	\$ .640	\$5.248
Opening Cash Balance	(1.508)	(1.729)	(1.508)	(1.729)	.000	.221
Closing Cash Balance	.165	(1.729)	(4.089)	(1.729)	.000	(2.360)
OPERATING CASH DEFICIT	(\$265.624)	(\$279.093)	(\$281.120)	(\$278.453)	\$ .640	\$2.667
MTA SUBSIDY	214.880	218.782	229.403	226.018	(7.236)	3.385
CDOT SUBSIDY	50.744	60.311	51.717	52.435	7.876	(.718)

\* Payroll expenditures are not available by labor cost category on a cash basis.



**MTA METRO-NORTH RAILROAD**  
**CASH FLOW ADJUSTMENTS**  
**2002 - 2004**  
(\$ in millions)

					Favorable/(Unfavorable)	
					2004 Final Proposed Budget vs.	
			2004			
	2002 Actual	2003 October Forecast	Preliminary Budget	Final Proposed Budget	2003 October Forecast	2004 Preliminary Budget
INCOME STATEMENT						
Operating Revenues	\$367.035	\$407.918	\$431.970	\$438.626	\$30.708	\$6.656
Operating Expenses	758.180	813.353	867.163	876.445	(63.092)	(9.282)
Operating Deficit	(\$391.145)	(\$405.435)	(\$435.193)	(\$437.819)	(\$32.384)	(\$2.626)
CASH ADJUSTMENTS:						
Add:						
Operating Capital Projects	(5.474)	(14.058)	(16.964)	(16.508)	(2.450)	.456
Delay in Force Account Receipts	3.961	(2.646)	(2.335)	(.627)	2.019	1.708
Claims Accrual Adjustment	(2.463)	1.750	1.820	.821	(.929)	(.999)
Deferred Wage Provision	(7.669)	.000	.000	.000	.000	.000
Accrued vs.# of days paid	2.060	(7.210)	5.570	5.570	12.780	.000
Sick Buy Back Accrual	.797	.536	.880	.855	.319	(.025)
Vacation Accrual	.464	1.360	1.442	1.442	.082	.000
Other	(6.494)	(2.923)	6.615	3.870	6.793	(2.745)
Sub-Total Increases to Deficit	(\$14.818)	(\$23.191)	(\$2.972)	(\$4.577)	\$18.614	(\$1.605)
Substract:						
Depreciation	138.203	146.924	156.145	162.431	\$15.507	\$6.286
Miscellaneous Cash Receipts	2.136	2.609	.900	1.512	(1.097)	.612
Sub-Total Decreases to Deficit	\$140.339	\$149.533	\$157.045	\$163.943	\$14.410	\$6.898
TOTAL CASH DEFICIT	(\$265.624)	(\$279.093)	(\$281.120)	(\$278.453)	\$ .640	\$2.667

TABLE IV

**MTA METRO-NORTH RAILROAD**  
**ACCRUAL STATEMENT OF OPERATIONS BY CATEGORY**  
**2003 - 2007**  
(\$ in millions)

	<b>2003 October Forecast</b>	<b>2004 Final Proposed Budget</b>	<b>2005 Plan</b>	<b>2006 Plan</b>	<b>2007 Plan</b>
<b>REVENUE</b>					
Fare Revenue	\$379.108	\$410.888	\$415.446	\$420.564	\$424.945
Rents & Concession	21.724	20.947	21.821	22.395	22.813
GCT Utilities	2.742	2.391	1.429	1.458	1.488
Bar Car	3.964	4.065	4.065	4.065	4.065
Miscellaneous	.380	.335	.341	.348	.356
<b>TOTAL REVENUE</b>	<b>\$407.918</b>	<b>\$438.626</b>	<b>\$443.102</b>	<b>\$448.830</b>	<b>\$453.667</b>
<b>EXPENSES</b>					
N/A Payroll	65.922	69.380	73.998	76.648	79.114
A-OTE Payroll	171.078	181.200	190.717	196.777	203.541
A-OTE Overtime	22.883	22.691	23.531	24.293	25.074
T&E Payroll	70.927	74.230	78.529	82.036	85.084
T&E Overtime	13.858	14.701	15.219	16.093	16.372
<b>Sub-Total-Payroll</b>	<b>\$344.668</b>	<b>\$362.202</b>	<b>\$381.994</b>	<b>\$395.847</b>	<b>\$409.185</b>
Railroad Retirement Taxes	67.540	69.596	73.903	76.762	79.725
Health and Welfare	52.911	61.437	66.776	72.367	78.635
Pension	24.228	25.967	27.744	29.219	30.765
<b>Sub-Total Fringe</b>	<b>\$144.679</b>	<b>\$157.000</b>	<b>\$168.423</b>	<b>\$178.348</b>	<b>\$189.125</b>
<b>TOTAL PAYROLL</b>	<b>\$489.347</b>	<b>\$519.202</b>	<b>\$550.417</b>	<b>\$574.195</b>	<b>\$598.310</b>
Inventory & Supplies	51.909	54.165	50.399	50.950	50.875
Insurance	7.026	10.282	10.472	10.681	10.919
Claims	15.750	14.820	15.186	16.001	16.001
Propulsion	42.480	45.424	46.675	48.756	48.766
Occupancy	27.905	28.593	29.455	30.043	30.713
Contractual Services	28.008	42.272	44.209	44.014	41.518
Business Expenses	20.889	21.717	22.091	22.241	23.173
Other	(16.885)	(22.461)	(19.993)	(18.844)	(17.569)
<b>TOTAL NON-PAYROLL</b>	<b>\$177.082</b>	<b>\$194.812</b>	<b>\$198.494</b>	<b>\$203.842</b>	<b>\$204.396</b>
<b>TOTAL UNADJUSTED EXPENSES</b>	<b>\$666.429</b>	<b>\$714.014</b>	<b>\$748.911</b>	<b>\$778.037</b>	<b>\$802.706</b>
Depreciation	146.924	162.431	180.000	187.000	192.000
Unspecified PEGs	.000	.000	(16.426)	(8.562)	(5.082)
<b>TOTAL EXPENSES</b>	<b>\$813.353</b>	<b>\$876.445</b>	<b>\$912.485</b>	<b>\$956.475</b>	<b>\$989.624</b>
<b>OPERATING DEFICIT</b>	<b>(\$405.435)</b>	<b>(\$437.819)</b>	<b>(\$469.383)</b>	<b>(\$507.645)</b>	<b>(\$535.957)</b>

**MTA METRO-NORTH RAILROAD**  
**CASH RECEIPTS AND EXPENDITURES**  
**2003 - 2007**  
(\$ in millions)

	<b>2003 October Forecast</b>	<b>2004 Final Proposed Budget</b>	<b>2005 Plan</b>	<b>2006 Plan</b>	<b>2007 Plan</b>
<b><u>OPERATING CASH RECEIPTS:</u></b>					
Fare Revenue	\$391.159	\$422.944	\$427.511	\$432.929	\$437.310
Rents, Concession & Utilities	24.231	23.103	23.015	23.618	24.066
Amtrak Reimbursements	8.900	8.800	9.000	9.000	9.000
Force Account:					
MTA	85.197	99.173	100.748	103.439	106.222
CDOT	42.827	49.180	53.849	54.128	54.022
Other	10.267	14.297	12.773	16.134	16.660
Sub-Total Force Account	\$138.291	\$162.650	\$167.370	\$173.701	\$176.904
Miscellaneous	7.418	9.637	5.466	5.473	5.356
<b>TOTAL RECEIPTS</b>	<b>\$569.999</b>	<b>\$627.134</b>	<b>\$632.362</b>	<b>\$644.721</b>	<b>\$652.636</b>
<b><u>OPERATING CASH DISBURSEMENTS:</u></b>					
Payroll *	394.638	404.608	427.425	450.679	462.436
Fringe	166.642	178.031	190.927	204.337	215.893
Inventory	83.327	89.047	90.332	91.688	90.531
Insurance	11.819	14.540	16.186	15.850	16.235
Claims	14.000	14.000	13.500	13.000	13.000
Propulsion	35.897	39.642	40.887	42.855	42.698
Occupancy	29.406	30.130	30.986	31.584	32.315
Contractual Services	43.293	73.858	79.706	75.657	72.792
Business Expenses	28.507	24.276	28.151	24.958	25.730
Metro-North West - Subsidy	7.389	3.961	3.887	4.493	4.897
Miscellaneous	34.174	33.494	33.821	35.355	36.920
<b>TOTAL EXPENDITURES</b>	<b>\$849.092</b>	<b>\$905.587</b>	<b>\$955.808</b>	<b>\$990.456</b>	<b>\$1013.447</b>
Unspecified PEGs	.000	.000	(16.426)	(8.562)	(5.082)
<b>ADJUSTED EXPENDITURES</b>	<b>\$849.092</b>	<b>\$905.587</b>	<b>\$939.382</b>	<b>\$981.894</b>	<b>\$1008.365</b>
<b>NET EXPENDITURES</b>	<b>(\$279.093)</b>	<b>(\$278.453)</b>	<b>(\$307.020)</b>	<b>(\$337.173)</b>	<b>(\$355.729)</b>
Opening Cash Balance	(1.729)	(1.729)	(1.729)	(1.729)	(1.729)
Closing Cash Balance	(1.729)	(1.729)	(1.729)	(1.729)	(1.729)
<b>OPERATING CASH DEFICIT</b>	<b>(\$279.093)</b>	<b>(\$278.453)</b>	<b>(\$307.020)</b>	<b>(\$337.173)</b>	<b>(\$355.729)</b>
MTA SUBSIDY	218.782	226.018	244.935	267.556	277.200
CDOT SUBSIDY	60.311	52.435	62.085	69.617	78.529

\* Payroll expenditures are not available by labor cost category on a cash basis

TABLE VI

**MTA METRO-NORTH RAILROAD**  
**CASH FLOW ADJUSTMENTS**  
**2003 - 2007**  
(\$ in millions)

	<b>2003 October Forecast</b>	<b>2004 Final Proposed Budget</b>	<b>2005 Plan</b>	<b>2006 Plan</b>	<b>2007 Plan</b>
<b>INCOME STATEMENT</b>					
Operating Revenues	\$407.918	\$438.626	\$443.102	\$448.830	\$453.667
Operating Expenses	813.353	876.445	912.485	956.475	989.624
Operating Deficit	(\$405.435)	(\$437.819)	(\$469.383)	(\$507.645)	(\$535.957)
<b>CASH ADJUSTMENTS:</b>					
Add:					
Operating Capital Projects	(14.058)	(16.508)	(23.447)	(17.000)	(17.000)
Delay in Force Account Receipts	(2.646)	(.627)	(2.756)	.013	(.004)
Claims Accrual Adjustment	1.750	.821	1.686	3.001	3.001
Deferred Wage Provision	.000	.000	.000	.000	.000
Accrued vs.# of days paid	(7.210)	5.570	3.825	(5.909)	(2.029)
Sick Buy Back Accrual	.536	.855	.880	.907	.934
Vacation Accrual	1.360	1.442	1.485	1.530	1.576
Other	(2.923)	3.870	(.460)	(.220)	.600
Sub-Total Increases to Deficit	(\$23.191)	(\$4.577)	(\$18.787)	(\$17.678)	(\$12.922)
Subtract:					
Depreciation	146.924	162.431	180.000	187.000	192.000
Miscellaneous Cash Receipts	2.609	1.512	1.150	1.150	1.150
Sub-Total Decreases to Deficit	\$149.533	\$163.943	\$181.150	\$188.150	\$193.150
<b>TOTAL CASH DEFICIT</b>	<b>(\$279.093)</b>	<b>(\$278.453)</b>	<b>(\$307.020)</b>	<b>(\$337.173)</b>	<b>(\$355.729)</b>

TABLE VII

**MTA METRO-NORTH RAILROAD**  
**ACCRUAL STATEMENT OF OPERATIONS BY DEPARTMENT**  
**2002 - 2004**  
(\$ in millions)

			2004		Favorable/(Unfavorable)	
					2004 Final Proposed Budget vs.	
			Preliminary Budget	Final Proposed Budget	2003 October Forecast	2004 Preliminary Budget
2002	2003					
Actual	October Forecast					
<b>REVENUE</b>						
Fare Revenue	\$339.128	\$379.108	\$403.719	\$410.888	\$31.780	\$7.169
Rents & Concessions	20.736	21.724	21.048	20.947	(.777)	(.101)
Grand Central Terminal Utilities	2.603	2.742	2.805	2.391	(.351)	(.414)
Bar Car	4.122	3.964	4.015	4.065	.101	.050
Miscellaneous	.446	.380	.383	.335	(.045)	(.048)
<b>TOTAL REVENUE</b>	<b>\$367.035</b>	<b>\$407.918</b>	<b>\$431.970</b>	<b>\$438.626</b>	<b>\$30.708</b>	<b>\$6.656</b>
<b>EXPENSES</b>						
President	4.405	4.512	4.937	4.912	(.400)	.025
Finance	52.555	57.127	61.721	62.555	(5.428)	(.834)
Human Resources	11.249	12.462	12.996	13.041	(.579)	(.045)
Capital Programs	2.713	2.808	2.868	2.789	.019	.079
Legal	4.481	2.779	3.128	3.109	(.330)	.019
Environmental Compliance & Services	3.156	3.150	3.809	3.760	(.610)	.049
VP Planning & Development	9.015	8.408	8.833	8.765	(.357)	.068
Claims Services	27.587	26.764	29.735	29.607	(2.843)	.128
Safety	3.632	4.405	5.696	5.690	(1.285)	.006
Corporate	(18.714)	(10.907)	(11.597)	(10.812)	(.095)	(.785)
Sub-Total Administration	\$100.079	\$111.508	\$122.126	\$123.416	(\$11.908)	(\$1.290)
Operations	4.065	3.987	4.098	4.082	(.095)	.016
Grand Central Terminal	35.547	36.140	37.106	37.576	(1.436)	(.470)
Operation Services	220.087	234.838	251.157	251.655	(16.817)	(.498)
Maintenance of Equipment	131.454	140.021	147.242	147.585	(7.564)	(.343)
Maintenance of Way	119.598	129.716	136.711	137.319	(7.603)	(.608)
Metro-North West	9.147	10.219	12.578	12.381	(2.162)	.197
Sub-Total Operations	\$519.898	\$554.921	\$588.892	\$590.598	(\$35.677)	(\$1.706)
<b>TOTAL UNADJUSTED EXPENSES</b>	<b>\$619.977</b>	<b>\$666.429</b>	<b>\$711.018</b>	<b>\$714.014</b>	<b>(\$47.585)</b>	<b>(\$2.996)</b>
Depreciation	138.203	146.924	156.145	162.431	(15.507)	(6.286)
Unidentified PEG Targets	.000	.000	.000	.000	.000	.000
<b>TOTAL EXPENSES</b>	<b>\$758.180</b>	<b>\$813.353</b>	<b>\$867.163</b>	<b>\$876.445</b>	<b>(\$63.092)</b>	<b>(\$9.282)</b>
<b>OPERATING DEFICIT</b>	<b>(\$391.145)</b>	<b>(\$405.435)</b>	<b>(\$435.193)</b>	<b>(\$437.819)</b>	<b>(\$32.384)</b>	<b>(\$2.626)</b>

TABLE VII-A

**MTA METRO-NORTH RAILROAD**  
**FINANCIAL PLAN COMPARISON BY DEPARTMENT (ACCRUED)**  
**2003 OCTOBER FORECAST VS. MID-YEAR FORECAST**  
(\$ in millions)

	2003				Favorable/(Unfavorable)
	Mid-Year Forecast	July Year-to-date Actuals	August to December Forecast	October Forecast	October Forecast vs. Mid-Year Forecast
REVENUE					
Fare Revenue	\$373.585	\$208.835	\$170.273	\$379.108	\$5.523
Rents & Concessions	20.957	13.496	8.228	21.724	.767
Grand Central Terminal Utilities	2.727	1.718	1.024	2.742	.015
Bar Car	3.915	2.318	1.646	3.964	.049
Miscellaneous	.393	.228	.152	.380	(.013)
TOTAL REVENUE	\$401.577	\$226.595	\$181.323	\$407.918	\$6.341
EXPENSES					
President	4.550	2.628	1.884	4.512	.038
Finance	56.802	32.106	25.021	57.127	(.325)
Human Resources	12.285	6.716	5.746	12.462	(.177)
Capital Programs	2.627	1.571	1.237	2.808	(.181)
Legal	2.840	1.557	1.222	2.779	.061
Environmental Compliance & Services	3.575	1.522	1.628	3.150	.425
VP Planning & Development	8.520	4.004	4.404	8.408	.112
Claims Services	26.362	15.160	11.604	26.764	(.402)
Safety	4.676	2.029	2.376	4.405	.271
Corporate	(12.264)	(5.197)	(5.710)	(10.907)	(1.357)
Sub-Total Administration	\$109.973	\$62.096	\$49.412	\$111.508	(\$1.535)
Operations	3.935	2.383	1.604	3.987	(.052)
Grand Central Terminal	35.848	20.558	15.582	36.140	(.292)
Operation Services	234.461	133.591	101.247	234.838	(.377)
Maintenance of Equipment	137.390	81.554	58.467	140.021	(2.631)
Maintenance of Way	125.890	74.505	55.211	129.716	(3.826)
Metro-North West	10.422	5.694	4.525	10.219	.203
Sub-Total Operations	\$547.946	\$318.285	\$236.636	\$554.921	(\$6.975)
TOTAL UNADJUSTED EXPENSES	\$657.919	\$380.381	\$286.048	\$666.429	(\$8.510)
Depreciation	145.809	83.272	63.652	146.924	(1.115)
Unspecified PEGs	.000	.000	.000	.000	.000
TOTAL EXPENSES	\$803.728	\$463.653	\$349.700	\$813.353	(\$9.625)
OPERATING DEFICIT	(\$402.151)	(\$237.058)	(\$168.377)	(\$405.435)	(\$3.284)

TABLE VIII

**MTA METRO-NORTH RAILROAD**  
**ACCRUAL STATEMENT OF OPERATIONS BY DEPARTMENT**  
**2003 - 2007**  
(\$ in millions)

	<b>2003</b>	<b>2004</b>			
	<b>October</b>	<b>Final Proposed</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
	<b>Forecast</b>	<b>Budget</b>	<b>Plan</b>	<b>Plan</b>	<b>Plan</b>
<b>REVENUE</b>					
Fare Revenue	\$379.108	\$410.888	\$415.446	\$420.564	\$424.945
Rents & Concessions	21.724	20.947	21.821	22.395	22.813
Grand Central Terminal Utilities	2.742	2.391	1.429	1.458	1.488
Bar Car	3.964	4.065	4.065	4.065	4.065
Miscellaneous	.380	.335	.341	.348	.356
<b>TOTAL REVENUE</b>	<b>\$407.918</b>	<b>\$438.626</b>	<b>\$443.102</b>	<b>\$448.830</b>	<b>\$453.667</b>
<b>EXPENSES</b>					
President	4.512	4.912	5.018	5.179	5.557
Finance	57.127	62.555	65.368	67.848	70.104
Human Resources	12.462	13.041	13.340	13.751	14.215
Capital Programs	2.808	2.789	2.884	2.982	3.093
Legal	2.779	3.109	3.114	3.211	3.319
Environmental Compliance & Services	3.150	3.760	3.840	3.929	4.027
VP Planning & Development	8.408	8.765	9.016	9.708	9.993
Claims Services	26.764	29.607	30.281	31.437	31.818
Safety	4.405	5.690	5.454	4.743	4.879
Corporate	(10.907)	(10.812)	(7.525)	(10.033)	(9.028)
<b>Sub-Total Administration</b>	<b>\$111.508</b>	<b>\$123.416</b>	<b>\$130.790</b>	<b>\$132.755</b>	<b>\$137.977</b>
Operations	3.987	4.082	6.891	7.906	8.176
Grand Central Terminal	36.140	37.576	39.429	41.037	43.345
Operation Services	234.838	251.655	264.951	277.257	286.670
Maintenance of Equipment	140.021	147.585	147.711	151.942	157.147
Maintenance of Way	129.716	137.319	145.315	150.495	156.335
Metro-North West	10.219	12.381	13.824	16.645	13.056
<b>Sub-Total Operations</b>	<b>\$554.921</b>	<b>\$590.598</b>	<b>\$618.121</b>	<b>\$645.282</b>	<b>\$664.729</b>
<b>TOTAL UNADJUSTED EXPENSES</b>	<b>\$666.429</b>	<b>\$714.014</b>	<b>\$748.911</b>	<b>\$778.037</b>	<b>\$802.706</b>
Depreciation	146.924	162.431	180.000	187.000	192.000
Unspecified PEGs	.000	.000	(16.426)	(8.562)	(5.082)
<b>TOTAL EXPENSES</b>	<b>\$813.353</b>	<b>\$876.445</b>	<b>\$912.485</b>	<b>\$956.475</b>	<b>\$989.624</b>
<b>OPERATING DEFICIT</b>	<b>(\$405.435)</b>	<b>(\$437.819)</b>	<b>(\$469.383)</b>	<b>(\$507.645)</b>	<b>(\$535.957)</b>

**MTA METRO-NORTH RAILROAD**  
**2003 - 2004 Operating Budget Projections**  
**New Needs**  
(Dollar Amounts In Thousands)

TABLE IX-A

	Favorable / (Unfavorable)											
	2003						2004					
	<u>Pos.</u>	<u>Mid-Year</u> <u>Dollars</u>	<u>Pos.</u>	<u>Adjustments</u> <u>Dollars</u>	<u>Pos.</u>	<u>October Forecast</u> <u>Dollars</u>	<u>Pos.</u>	<u>Mid-Year</u> <u>Dollars</u>	<u>Pos.</u>	<u>Adjustments</u> <u>Dollars</u>	<u>Pos.</u>	<u>October Forecast</u> <u>Dollars</u>
ADMINISTRATION												
CAPITAL PROJECT IMPACTS												
OFFICE FACILITY COST (711 BEEKMAN)	0	\$ 0	0	\$ 0	0	\$ 0	0	(\$ 62)	0	\$ 0	0	(\$ 62)
ASSET MANAGEMENT SYSTEM IMPLEMENTATION AND EXPANSION	0	0	0	0	0	0	(2)	(221)	0	0	(2)	(221)
AUTOCAD HARDWARE & SOFTWARE	0	0	0	0	0	0	0	(80)	0	0	0	(80)
CORPORATE DATA NETWORK	0	0	0	0	0	0	0	(54)	0	0	0	(54)
ORACLE LICENSES FOR NEW FINANCIAL SYSTEMS	0	0	0	0	0	0	0	(100)	0	0	0	(100)
TOTAL CAPITAL PROJECT IMPACTS	0	\$ 0	0	\$ 0	0	\$ 0	(2)	(\$ 517)	0	\$ 0	(2)	(\$ 517)
STRATEGIC BUSINESS PLAN INITIATIVES												
ACCOUNTS RECEIVABLE SYSTEM DEVELOPMENT & IMPLEMENTATION (DATACENTER)	0	0	0	0	0	0	0	(25)	0	0	0	(25)
ACCOUNTS RECEIVABLE SYSTEM PHASE II	0	0	0	0	0	0	0	(25)	0	0	0	(25)
CELLULAR DIGITAL PACKET DATA CONSULT SERVICES	0	0	0	0	0	0	0	(100)	0	0	0	(100)
CHECKPOINT VIRTUAL PRIVATE NETWORK LICENSES	0	0	0	0	0	0	0	(50)	0	0	0	(50)
CORPORATE PRINTING BUDGET	0	0	0	0	0	0	0	(7)	0	0	0	(7)
DESKTOPS FOR ASSET MANAGEMENT SYSTEM, CORPORATE DATA NETWORK, AND NEW FINANCIAL SYSTEMS	0	0	0	0	0	0	0	(150)	0	0	0	(150)
GROUPWISE E-MAIL UPGRADE AND MAINTENANCE	0	0	0	0	0	0	0	0	(50)	0	0	(50)
HANDHELD PERSONAL DIGITAL ASSISTANTS	0	0	0	0	0	0	0	(40)	0	0	0	(40)
INCREASE CONNECTICUT LIGHT & POWER POWER RATES	0	(328)	0	372	0	44	0	(1,838)	0	0	0	(1,838)
INCREASE PAYROLL FOR WEEKEND HOLIDAYS	0	0	0	0	0	0	0	(2,728)	0	0	0	(2,728)
INFORMATION TECHNOLOGY SUPPORT OF CENTRAL SUPPORT SYSTEM SOFTWARE	0	0	0	0	0	0	0	0	(2)	(526)	(2)	(526)
INFORMATION TECHNOLOGY SUPPLIES PROVISION	0	0	0	0	0	0	0	(25)	0	0	0	(25)
INFORMATION TECHNOLOGY-VEHICLE SUPPORT COSTS	0	0	0	0	0	0	0	(8)	0	0	0	(8)
LEGAL FEES / HUMAN RESOURCES COSTS	0	0	0	0	0	0	0	(624)	0	0	0	(624)
MAINTENANCE OF EQUIPMENT - QUALITY CONTROL TECHNICIANS	0	0	0	0	0	0	(6)	(677)	3	338	(3)	(338)
MAINTENANCE OF WAY-4 REVISION AND TECHNICAL PROCEDURES DEVELOPMENT	0	0	0	0	0	0	0	(150)	0	0	0	(150)
NEW HARDWARE & SOFTWARE DEVELOPMENT TOOLS	0	0	0	0	0	0	0	(15)	0	0	0	(15)
SOFTWARE MAINTENANCE	0	0	0	0	0	0	0	(153)	0	0	0	(153)
TICKET SELLING MACHINES - SUPPORT STUDY & BILL CHANGERS	0	0	0	0	0	0	0	(300)	0	200	0	(100)
WINTER GEAR	0	0	0	0	0	0	0	(63)	0	0	0	(63)
TOTAL STRATEGIC BUSINESS PLAN INITIATIVES	0	(\$ 328)	0	\$ 372	0	\$ 44	(6)	(\$ 6,978)	1	(\$ 38)	(5)	(\$ 7,015)
OPERATING CAPITAL												
FINANCIAL SYSTEM REPLACEMENT	0	(1,821)	0	0	0	(1,821)	0	(4,278)	0	0	0	(4,278)
EXPANSION OF HELP DESK AND SATELLITE OFFICES (2003 - 2005)	0	(100)	0	0	0	(100)	0	0	0	0	0	0
PROCURE AUTOMATED HOURS OF SERVICE SCANNER EQUIPMENT	0	(100)	0	0	0	(100)	0	0	0	0	0	0
MISC PROJECT COSTS/ADJUSTMENTS	0	(57)	0	34	0	(23)	0	0	0	0	0	0
AUTOCAD HARDWARE & SOFTWARE	0	(50)	0	0	0	(50)	0	0	0	0	0	0
ASSET MANAGEMENT SYSTEM - COSTS FOR EXPANSION	0	0	0	0	0	0	0	(150)	0	0	0	(150)
APPLICATION MODIFICATIONS FOR OS & ORACLE UPGRADES (SOFTWARE)	0	0	0	0	0	0	0	(50)	0	50	0	0
AUTOMATIC PEOPLE COUNTING SYSTEM - IMPLEMENTATION OF FULL SYSTEM	0	0	0	0	0	0	0	(100)	0	0	0	(100)
BAR CODING FOR ASSET MANAGEMENT SYSTEM/IMS MATERIAL	0	0	0	225	0	225	0	(900)	0	32	0	(868)
CREW MANAGEMENT SYSTEM UPGRADES (PHASE 4 MODIFICATION)	0	0	0	0	0	0	0	(100)	0	(50)	0	(150)
DATA WAREHOUSE FOR FINANCIAL SYSTEM DATA	0	0	0	0	0	0	0	(100)	0	0	0	(100)
NEW ACCOUNTS RECEIVABLE BILLING SYSTEM	0	0	0	6	0	6	0	0	0	0	0	0
VEHICLE REPLACEMENT PROVISION	0	0	0	0	0	0	0	(500)	0	0	0	(500)
WEB BASED TRAINING PROGRAMS	0	0	0	0	0	0	0	(100)	0	0	0	(100)
TOTAL OPERATING CAPITAL	0	(\$ 2,128)	0	\$ 265	0	(\$ 1,863)	0	(\$ 6,278)	0	\$ 32	0	(\$ 6,246)
ALL OTHER												
NON REPRESENTED VACATION BUYBACK PROVISION	0	(1,300)	0	0	0	(1,300)	0	0	0	0	0	0



**MTA METRO-NORTH RAILROAD**  
**2003 - 2004 Operating Budget Projections**  
**New Needs**  
(Dollar Amounts In Thousands)

TABLE IX-A

	Favorable / (Unfavorable)									
	2003					2004				
	<u>Mid-Year</u>	<u>Adjustments</u>	<u>October Forecast</u>	<u>Mid-Year</u>	<u>Adjustments</u>	<u>October Forecast</u>	<u>Mid-Year</u>	<u>Adjustments</u>	<u>October Forecast</u>	<u>Mid-Year</u>
	<u>Pos.</u>	<u>Dollars</u>	<u>Pos.</u>	<u>Dollars</u>	<u>Pos.</u>	<u>Dollars</u>	<u>Pos.</u>	<u>Dollars</u>	<u>Pos.</u>	<u>Dollars</u>
HIGHER QUALIFYING AND HOLIDAY PAY COVERAGE	0	(700)		(100)		(800)	0	0	0	0
HIGHER REPRESENTED TRAIN&ENGINE PAYROLL COSTS FOR REVENUE COLLECTION	0	(234)		(46)		(280)	0	0	0	0
HIGHER REPRESENTED TRAIN&ENGINE PAYROLL OVERTIME COVERAGE	0	0		(284)		(284)	0	0	0	0
HIGHER DIESEL FUEL PROPULSION CONSUMPTION	0	(555)		109		(446)	0	0	0	0
HIGHER TELEPHONE COSTS	0	(115)		(376)		(491)	0	0	0	0
LOWER OVERHEAD RECOVERY FROM CAPITAL PROJECTS	0	(1,800)		(1,981)		(3,781)	0	0	0	0
HIGHER MTA POLICE COST PROVISION	0	(600)		0		(600)	0	0	0	0
LOWER AMTRAK RECOVERY CREDITS	0	(500)		100		(400)	0	0	0	0
ACQUISITION OF PROPERTY AT CORTLANDT	0	(200)		0		(200)	0	0	0	0
BLACKOUT LABOR COST (STRAIGHT TIME / OVERTIME / FRINGE)	0	0		(933)		(933)	0	0	0	0
TIMING AND OTHER ADJUSTMENTS	0	(392)		(14)		(406)	0	(6,267)	0	(9,205)
MARKET RESEARCH COSTS	0	0	0	0	0	0	0	(80)	0	(80)
TOTAL ALL OTHER	0	(\$ 6,396)	0	(\$ 3,525)	0	(\$ 9,921)	0	(\$ 6,347)	0	(\$ 9,285)
Sub-total, ADMINISTRATION	0	(\$ 8,852)	0	(\$ 2,888)	0	(\$ 11,740)	(8)	(\$ 20,120)	1	(\$ 2,944)
CUSTOMER CONVENIENCE & AMENITIES										
CAPITAL PROJECT IMPACTS										
PLATFORM EXTENSIONS - UPPER HARLEM	0	0	0	0	0	0	0	(13)	0	(13)
TICKET VENDING MACHINES-PHASE II (EXCLUDING REVENUE)	0	0	0	0	0	0	(7)	(404)	0	(404)
TICKET VENDING & OFFICE MACHINES /MAIL & RIDE (EXCLUDING REVENUE)	0	0	0	0	0	0	(1)	(239)	0	(239)
TOTAL CAPITAL PROJECT IMPACTS	0	\$ 0	0	\$ 0	0	\$ 0	(8)	(\$ 656)	0	(\$ 656)
STRATEGIC BUSINESS PLAN INITIATIVES										
GRAND CENTRAL TERMINAL LOWER LEVEL BATHROOM	0	0	0	0	0	0	(4)	(287)	(5)	(347)
TICKET OFFICE ROLLOUT OF VISUAL TRAIN TRACKING SYSTEM	0	0	0	0	0	0	(1)	(111)	0	(111)
TICKET SELLING-INCREASE DEBIT/CREDIT CARD FEES	0	0	0	0	0	0	0	0	0	(1,419)
WESTCHESTER COUNTY DEPARTMENT OF TRANSPORATION SUBSIDY	0	0	0	0	0	0	0	(20)	0	(20)
TOTAL STRATEGIC BUSINESS PLAN INITIATIVES	0	\$ 0	0	\$ 0	0	\$ 0	(5)	(\$ 418)	(5)	(\$ 1,766)
OPERATING CAPITAL										
REPLACEMENT OF TEN (10) HUDSON RAIL LINK BUSES	0	0	0	0	0	0	0	(540)	0	(540)
TICKET OFFICE ROLLOUT OF VISUAL TRAIN TRACKING SYSTEM	0	(143)	0	0	0	(143)	0	0	0	0
TOTAL OPERATING CAPITAL	0	(\$ 143)	0	\$ 0	0	(\$ 143)	0	(\$ 540)	0	(\$ 540)
Sub-total, CUSTOMER CONVENIENCE & AMENITIES	0	(\$ 143)	0	\$ 0	0	(\$ 143)	(13)	(\$ 1,614)	(5)	(\$ 1,766)
SERVICE										
STRATEGIC BUSINESS PLAN INITIATIVES										
HUDSON RAIL LINK	0	0	0	0	0	0	0	(50)	0	(50)
SERVICE PLAN 2003	0	0	0	0	0	0	(3)	(460)	0	(460)
SERVICE PLAN 2004	0	0	0	0	0	0	(1)	(87)	0	(87)
TRAVELING CONDUCTORS - PERMANENT PROGRAM	0	0	0	0	0	0	(4)	(428)	0	(428)
TOTAL STRATEGIC BUSINESS PLAN INITIATIVES	0	\$ 0	0	\$ 0	0	\$ 0	(8)	(\$ 1,025)	0	(\$ 1,025)
Sub-total, SERVICE	0	\$ 0	0	\$ 0	0	\$ 0	(8)	(\$ 1,025)	0	(\$ 1,025)
MAINTENANCE										
CAPITAL PROJECT IMPACTS										
INCREASE TRACK MAINTENANCE COST (C-26 PROGRAM)	0	0	0	0	0	0	(2)	(144)	0	(144)
EQUIPMENT REPLACEMENT PLAN - DISPOSAL COSTS	0	0	0	0	0	0	0	(2,820)	0	(2,820)
EQUIPMENT REPLACEMENT PLAN - HARLEM/HUDSON	0	0	0	0	0	0	0	(340)	0	(340)
GRAND CENTRAL TERMINAL VENTILATION REHABILITATION	0	0	0	0	0	0	0	(29)	0	(29)

**MTA METRO-NORTH RAILROAD**  
**2003 - 2004 Operating Budget Projections**  
**New Needs**  
(Dollar Amounts In Thousands)

TABLE IX-A

Favorable / (Unfavorable)

	2003						2004					
	Mid-Year		Adjustments		October Forecast		Mid-Year		Adjustments		October Forecast	
	Pos.	Dollars	Pos.	Dollars	Pos.	Dollars	Pos.	Dollars	Pos.	Dollars	Pos.	Dollars
GRAYBAR ENTRANCE REHABILITATION	0	0	0	0	0	0	0	(29)	0	29	0	0
HIGHBRIDGE YARD IMPROVEMENTS	0	0	0	0	0	0	(1)	(840)	0	0	(1)	(840)
HUDSON LINE STATION REHABILITATION	0	0	0	0	0	0	(2)	(198)	0	0	(2)	(198)
NEW HAVEN SHOPS & YARD - CAR WASHER / WHEEL SHOP	0	0	0	0	0	0	(1)	(112)	0	0	(1)	(112)
SIGNAL & CENTRAL TRAFFIC CONTROL IMPROVEMENTS DANBURY BRANCH	0	0	0	0	0	0	(1)	(91)	1	94	0	3
STAMFORD CENTER ISLAND	0	0	0	0	0	0	0	(46)	0	0	0	(46)
TOTAL CAPITAL PROJECT IMPACTS	0	\$ 0	0	\$ 0	0	\$ 0	(7)	(\$ 4,649)	1	\$ 123	(6)	(\$ 4,526)
STRATEGIC BUSINESS PLAN INITIATIVES												
ADOPT-A-STATION LANDSCAPE - START-UP COSTS	0	0	0	0	0	0	0	(25)	0	0	0	(25)
ANNUAL TRACK MAINTENANCE PROGRAMS	0	0	0	0	0	0	0	(916)	0	(100)	0	(1,016)
CENTRAL SUPPORT SYSTEM MAINTENANCE	0	0	0	0	0	0	0	(40)	0	10	0	(30)
EQUIPMENT STRATEGY - GENESIS LOCOMOTIVE REMANUFACTURE	0	0	0	0	0	0	0	(2,000)	0	0	0	(2,000)
EQUIPMENT STRATEGY - HVAC MAINTENANCE CONTRACT	0	0	0	0	0	0	0	(10)	0	0	0	(10)
EQUIPMENT STRATEGY - M1 REHABILITATION PROGRAM (\$5 M)	0	0	0	0	0	0	0	(1,124)	0	0	0	(1,124)
EQUIPMENT STRATEGY - M3 HVAC CONTROL REPLACEMENT PROGRAM	0	0	0	0	0	0	(2)	(949)	0	0	(2)	(949)
EQUIPMENT STRATEGY - WEST OF HUDSON LOCOMOTIVE REMANUFACTURE	0	0	0	0	0	0	0	(2,170)	0	0	0	(2,170)
FORKTRUCK REPLACEMENT PLAN	0	0	0	0	0	0	0	(84)	0	0	0	(84)
PROGRAMMING CONSULTANTS FOR SOFTWARE MODIFICATIONS (GEAC)	0	0	0	0	0	0	0	(50)	0	0	0	(50)
GRADE CROSSING EVENT RECORDERS MAINTENANCE	0	0	0	0	0	0	0	(100)	0	0	0	(100)
INCREASE ESCALATOR MAINTENANCE AT WHITE PLAINS STATION	0	0	0	0	0	0	0	(100)	0	0	0	(100)
LANDMARK PRESERVATION MAINTENANCE	0	0	0	0	0	0	0	(500)	0	0	0	(500)
ROADWAY EQUIPMENT MAINTENANCE	0	0	0	0	0	0	0	(100)	0	0	0	(100)
SIGNAL STANDARDS CONSULTANT	0	0	0	0	0	0	0	(100)	0	0	0	(100)
WEST OF HUDSON MAINTENANCE	0	0	0	0	0	0	10	(152)	0	0	10	(152)
TOTAL STRATEGIC BUSINESS PLAN INITIATIVES	0	\$ 0	0	\$ 0	0	\$ 0	8	(\$ 8,420)	0	(\$ 90)	8	(\$ 8,510)
OPERATING CAPITAL												
EVENT RECORDERS REPLACEMENT	0	0	0	0	0	0	0	(200)	0	0	0	(200)
KRONOS EXPANSION (BREWSTER & NEW HAVEN)	0	0	0	0	0	0	0	(200)	0	200	0	0
PURCHASE SNOW BLOWER	0	(280)	0	280	0	0	0	0	0	(282)	0	(282)
RADIO SHOP RENOVATION AND EXPANSION	0	0	0	0	0	0	0	(340)	0	340	0	0
REHABILITATION OF PARK AVE AIR VENTS - PHASE 1	0	0	0	0	0	0	0	(150)	0	14	0	(136)
REPL MITRE RAIL ON HARLEM RIVER LIFT BRIDGE	0	(100)	0	0	0	(100)	0	0	0	0	0	0
REPLACE ANTENNA & FOUNDATION AT WOODLAWN	0	0	0	0	0	0	0	(50)	0	0	0	(50)
SHOP EQUIPMENT REPLACEMENT PLAN (*)	0	(108)	0	0	0	(108)	0	(40)	0	0	0	(40)
TOTAL OPERATING CAPITAL	0	(\$ 488)	0	\$ 280	0	(\$ 208)	0	(\$ 980)	0	\$ 272	0	(\$ 708)
ALL OTHER												
INCREASE GRAND CENTRAL TERMINAL OPERATING FORCES	0	(329)	0	(101)	0	(430)	0	0	0	0	0	0
INCREASE IN REPRESENTED OVERTIME COVERAGE REQUIREMENTS	0	(387)	0	(1,821)	0	(2,208)	0	0	0	0	0	0
INCREASED MATERIAL REQUIREMENTS FOR CAR REPAIR PROGRAMS	0	0	0	(881)	0	(881)	0	0	0	0	0	0
NET INCREASE IN SHOP / FACILITY UTILITY COSTS	0	0	0	(183)	0	(183)	0	0	0	0	0	0
TOTAL OPERATING CAPITAL	0	(\$ 716)	0	(\$ 2,986)	0	(\$ 3,702)	0	\$ 0	0	\$ 0	0	\$ 0
Sub-total, MAINTENANCE	0	(\$ 1,204)	0	(\$ 2,706)	0	(\$ 3,910)	1	(\$ 14,049)	1	\$ 305	2	(\$ 13,744)
SAFETY/SECURITY												
CAPITAL PROJECT IMPACTS												
BUSINESS RECOVERY	0	0	0	0	0	0	0	(29)	0	0	0	(29)
CORPORATE NETWORK SECURITY	0	0	0	0	0	0	0	(163)	0	0	0	(163)
GRAND CENTRAL TERMINAL WALKWAY LIGHTING	0	0	0	0	0	0	0	(29)	0	0	0	(29)
NEW HAVEN LINE RADIO COMMUNICATION UPGRADE	0	0	0	0	0	0	(1)	(148)	0	0	(1)	(148)

**MTA METRO-NORTH RAILROAD**  
**2003 - 2004 Operating Budget Projections**  
**New Needs**  
(Dollar Amounts In Thousands)

TABLE IX-A

	Favorable / (Unfavorable)											
	2003						2004					
	<u>Pos.</u>	<u>Mid-Year Dollars</u>	<u>Pos.</u>	<u>Adjustments Dollars</u>	<u>Pos.</u>	<u>October Forecast Dollars</u>	<u>Pos.</u>	<u>Mid-Year Dollars</u>	<u>Pos.</u>	<u>Adjustments Dollars</u>	<u>Pos.</u>	<u>October Forecast Dollars</u>
PARK AVENUE TUNNEL ALARM REHABILITATION	0	0	0	0	0	0	(1)	(84)	0	0	(1)	(84)
TOTAL CAPITAL PROJECT IMPACTS	0	\$ 0	0	\$ 0	0	\$ 0	(2)	(\$ 453)	0	\$ 0	(2)	(\$ 453)
STRATEGIC BUSINESS PLAN INITIATIVES												
COMMUNICATION & SIGNALS FIRE PROTECTION PROVISION	0	0	0	0	0	0	0	(100)	0	0	0	(100)
CENTRAL TRAFFIC CONTROL/SUPERVISORY CONTROL & DATA ACQUISITION SYSTEM TRAINING PROVISION	0	0	0	0	0	0	0	(75)	0	0	0	(75)
EVENT RECORDER RETROFIT	0	0	0	0	0	0	(1)	(698)	0	0	(1)	(698)
FIREWALL SECURITY	0	0	0	0	0	0	0	(100)	0	0	0	(100)
FEDERAL RAILROAD ADMINISTRATION MANDATE-PROCEDURES	0	0	0	0	0	0	0	(40)	0	0	0	(40)
HIGH SPEED DC CIRCUIT BREAKER RELAY PROTECTION	0	0	0	0	0	0	0	(200)	0	0	0	(200)
HIGH TRACTION FOOTWEAR	0	0	0	0	0	0	0	0	0	(59)	0	(59)
INSTALL NEW PROXIMITY DETECTORS ON DRAWBRIDGES (ANNUAL PROVISION)	0	0	0	0	0	0	0	(70)	0	0	0	(70)
NETWORK SECURITY - COMMUNICATION & SIGNALS	0	0	0	0	0	0	(1)	(116)	0	0	(1)	(116)
SECURITY PLAN - EMPLOYEE SECURITY CARDS	0	0	0	0	0	0	0	(3)	0	0	0	(3)
SECURITY PLAN - GRAND CENTRAL TERMINAL EMPLOYEE TRAINING (BACKFILL)	0	0	0	0	0	0	0	(99)	0	0	0	(99)
SECURITY PLAN - GRAND CENTRAL TERMINAL WEEKLY INSPECT/COMPUTERIZED KEY SYSTEM	0	0	0	0	0	0	(1)	(69)	0	0	(1)	(69)
TOTAL STRATEGIC BUSINESS PLAN INITIATIVES	0	\$ 0	0	\$ 0	0	\$ 0	(3)	(\$ 1,570)	0	(\$ 59)	(3)	(\$ 1,629)
OPERATING CAPITAL												
GRAND CENTRAL TERMINAL WALKWAY LIGHTING	0	0	0	0	0	0	0	(519)	0	(6)	0	(525)
IMPROVE CONDITIONS IN STOCK AREA	0	0	0	0	0	0	0	(50)	0	0	0	(50)
NEW SECURITY MONITORING AND CONTROL TOOLS	0	(50)	0	0	0	(50)	0	0	0	0	0	0
TOTAL OPERATING CAPITAL	0	(\$ 50)	0	\$ 0	0	(\$ 50)	0	(\$ 569)	0	(\$ 6)	0	(\$ 575)
Sub-total, SAFETY/SECURITY	0	(\$ 50)	0	\$ 0	0	(\$ 50)	(5)	(\$ 2,592)	0	(\$ 65)	(5)	(\$ 2,657)
<b>TOTAL NEW NEEDS</b>	<b>0</b>	<b>(\$ 10,249)</b>	<b>0</b>	<b>(\$ 5,594)</b>	<b>0</b>	<b>(\$ 15,843)</b>	<b>(33)</b>	<b>(\$ 39,400)</b>	<b>(3)</b>	<b>(\$ 4,470)</b>	<b>(36)</b>	<b>(\$ 43,869)</b>

**MTA METRO-NORTH RAILROAD**  
**2005 - 2007 Operating Budget Projections**  
**NEW NEEDS**  
(Dollar Amounts In Thousands)

TABLE IX-B

	Favorable/(Unfavorable)					
	2005 Plan		2006 Plan		2007 Plan	
	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>
<b>I. PROJECT COSTS INCLUDED IN 2004 PROPOSED BUDGET BASE</b>						
ADMINISTRATION						
CAPITAL PROJECT IMPACTS						
OFFICE FACILITY COST (711 BEEKMAN)	0	(\$ 62)	0	(\$ 62)	0	(\$ 62)
ASSET MANAGEMENT SYSTEM IMPLEMENTATION & EXPANSION	(2)	(221)	(2)	(221)	(2)	(221)
AUTOCAD HARDWARE & SOFTWARE	0	(80)	0	(80)	0	(80)
CORPORATE DATA NETWORK	0	(54)	0	(54)	0	(54)
ORACLE LICENSES FOR NEW FINANCIAL SYSTEMS	0	(100)	0	(100)	0	(100)
TOTAL CAPITAL PROJECT IMPACTS	(2)	(\$ 517)	(2)	(\$ 517)	(2)	(\$ 517)
STRATEGIC BUSINESS PLAN INITIATIVES						
ACCOUNTS RECEIVABLE SYSTEM DEVELOPMENT AND IMPLEMENTATION (DATACENTER)	0	(25)	0	(25)	0	(25)
ACCOUNTS RECEIVABLE SYSTEM PHASE II	0	(25)	0	(25)	0	(25)
CELLULAR DIGITAL PACKET DATA CONSULT SERVICES	0	(100)	0	(100)	0	(100)
CHECKPOINT VIRTUAL PRIVATE NETWORK LICENSES	0	(50)	0	(50)	0	(50)
CORPORATE PRINTING BUDGET	0	(7)	0	(7)	0	(7)
DESKTOPS FOR ASSET MANAGEMENT SYSTEMS, CORPORATE DATA NETWORK PROGRAM AND NEW FINANCIAL SYSTEMS	0	(150)	0	(150)	0	(150)
GROUPWISE E-MAIL UPGRADE AND MAINTENANCE	0	(50)	0	(50)	0	(50)
HANDHELD PERSONAL DIGITAL ASSISTANTS	0	(40)	0	(40)	0	(40)
INCREASE CONNECTICUT LIGHT & POWER POWER RATES	0	(1,838)	0	(1,838)	0	(1,838)
INCREASE PAYROLL FOR WEEKEND HOLIDAYS	0	(2,728)	0	(2,728)	0	(2,728)
INFORMATION TECHNOLOGY SUPPORT OF CENTRAL SUPPORT SYSTEM SOFTWARE	(2)	(526)	(2)	(526)	(2)	(526)
INFORMATION TECHNOLOGY APPLICATION MODIFICATIONS FOR OPERATING SYSTEMS & ORACLE UPGRADES	0	0	0	0	0	0
INFORMATION TECHNOLOGY SUPPLIES PROVISION	0	(25)	0	(25)	0	(25)
INFORMATION TECHNOLOGY VEHICLE SUPPORT COSTS	0	(8)	0	(8)	0	(8)
LEGAL FEES / HUMAN RESOURCES COSTS	0	(624)	0	(624)	0	(624)
MAINTENANCE OF EQUIPMENT - QUALITY CONTROL TECHNICI	(3)	(338)	(3)	(338)	(3)	(338)
MAINTENANCE OF WAY-4 REVISION AND TECHNICAL PROCED	0	(150)	0	(150)	0	(150)
NEW HARDWARE & SOFTWARE DEVELOPMENT TOOLS	0	(15)	0	(15)	0	(15)
SOFTWARE MAINTENANCE	0	(153)	0	(153)	0	(153)
TICKET SELLING MACHINES - SUPPORT STUDY & BILL CHANGERS	0	(100)	0	(100)	0	(100)
WINTER GEAR	0	(63)	0	(63)	0	(63)
TOTAL STRATEGIC BUSINESS PLAN INITIATIVES	(5)	(\$ 7,015)	(5)	(\$ 7,015)	(5)	(\$ 7,015)
ALL OTHER						
MARKET RESEARCH COSTS	0	(80)	0	(80)	0	(80)
TOTAL ALL OTHER	0	(\$ 80)	0	(\$ 80)	0	(\$ 80)
Sub-total, ADMINISTRATION	(7)	(\$ 7,612)	(7)	(\$ 7,612)	(7)	(\$ 7,612)

**MTA METRO-NORTH RAILROAD**  
**2005 - 2007 Operating Budget Projections**  
**NEW NEEDS**  
(Dollar Amounts In Thousands)

TABLE IX-B

	Favorable/(Unfavorable)					
	2005 Plan		2006 Plan		2007 Plan	
	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>
CUSTOMER CONVENIENCE & AMENITIES						
CAPITAL PROJECT IMPACTS						
PLATFORM EXTENSIONS - UPPER HARLEM	0	(13)	0	(13)	0	(13)
TICKET VENDING MACHINES-PHASE II (EXCL REVENUE)	(7)	(404)	(7)	(404)	(7)	(404)
TICKET VENDING AND OFFICE MACHINES/MAIL & RIDE (EXCLUDING REVENUE)	(1)	(239)	(1)	(239)	(1)	(239)
TOTAL CAPITAL PROJECT IMPACTS	(8)	(\$ 656)	(8)	(\$ 656)	(8)	(\$ 656)
STRATEGIC BUSINESS PLAN INITIATIVES						
GRAND CENTRAL TERMINAL LOWER LEVEL BATHROOM	(9)	(634)	(9)	(634)	(9)	(634)
TICKET OFFICE ROLLOUT OF VISUAL TRAIN TRACKING SYSTEM	(1)	(111)	(1)	(111)	(1)	(111)
TICKET SELLING-INCREASE DEBIT/CREDIT CARD FEES	0	(1,419)	0	(1,419)	0	(1,419)
WESTCHESTER COUNTY DEPARTMENT OF TRANSPORTATION SUBSIDY	0	(20)	0	(20)	0	(20)
TOTAL STRATEGIC BUSINESS PLAN INITIATIVES	(10)	(\$ 2,184)	(10)	(\$ 2,184)	(10)	(\$ 2,184)
Sub-total, CUSTOMER CONVENIENCE & AMENITIES	(18)	(\$ 2,840)	(18)	(\$ 2,840)	(18)	(\$ 2,840)
SERVICE						
STRATEGIC BUSINESS PLAN INITIATIVES						
HUDSON RAIL LINK	0	(50)	0	(50)	0	(50)
SERVICE PLAN 2003	(3)	(460)	(3)	(460)	(3)	(460)
SERVICE PLAN 2004	(1)	(87)	(1)	(87)	(1)	(87)
TRAVELING CONDUCTORS - PERMANENT PROGRAM	(4)	(428)	(4)	(428)	(4)	(428)
TOTAL STRATEGIC BUSINESS PLAN INITIATIVES	(8)	(\$ 1,025)	(8)	(\$ 1,025)	(8)	(\$ 1,025)
Sub-total, SERVICE	(8)	(\$ 1,025)	(8)	(\$ 1,025)	(8)	(\$ 1,025)
MAINTENANCE						
CAPITAL PROJECT IMPACTS						
INCREASE TRACK MAINTENANCE COST (C-26 PROGRAM)	(2)	(144)	(2)	(144)	(2)	(144)
EQUIPMENT REPLACEMENT PLAN - DISPOSAL COSTS	0	(2,820)	0	(2,820)	0	(2,820)
EQUIPMENT REPLACEMENT PLAN - HARLEM/HUDSON	0	(340)	0	(340)	0	(340)
GRAND CENTRAL TERMINAL VENTILATION REHABILITATION	0	(29)	0	(29)	0	(29)
HIGHBRIDGE YARD IMPROVEMENTS	(1)	(840)	(1)	(840)	(1)	(840)
HUDSON LINE STATION REHABILITATION	(2)	(198)	(2)	(198)	(2)	(198)
NEW HAVEN SHOPS & YARD - CAR WASHER/WHEEL SHOP	(1)	(112)	(1)	(112)	(1)	(112)
SIGNAL & CENTRAL TRAFFIC CONTROL IMPROVEMENTS DANBURY BRANCH	0	3	0	3	0	3
STAMFORD CENTER ISLAND	0	(46)	0	(46)	0	(46)
TOTAL CAPITAL PROJECT IMPACTS	(6)	(\$ 4,526)	(6)	(\$ 4,526)	(6)	(\$ 4,526)
STRATEGIC BUSINESS PLAN INITIATIVES						
ADOPT-A-STATION LANDSCAPE - START-UP COSTS	0	(25)	0	(25)	0	(25)
ANNUAL TRACK MAINTENANCE PROGRAMS	0	(1,016)	0	(1,016)	0	(1,016)
CENTRAL SUPPORT SYSTEM MAINTENANCE	0	(30)	0	(30)	0	(30)
EQUIPMENT STRATEGY - GENESIS LOCOMOTIVE REMANUFACTURE	0	(2,000)	0	(2,000)	0	(2,000)
EQUIPMENT STRATEGY - HVAC MAINTENANCE CONTRACT	0	(10)	0	(10)	0	(10)

**MTA METRO-NORTH RAILROAD**  
**2005 - 2007 Operating Budget Projections**  
**NEW NEEDs**  
(Dollar Amounts In Thousands)

TABLE IX-B

	Favorable/(Unfavorable)					
	2005 Plan		2006 Plan		2007 Plan	
	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>
EQUIPMENT STRATEGY - M1 REHABILITATION PROGRAM (\$5 Million)	0	(1,124)	0	(1,124)	0	(1,124)
EQUIPMENT STRATEGY - M3 HVAC CONTROL REPLACEMENT PROGRAM	(2)	(949)	(2)	(949)	(2)	(949)
EQUIPMENT STRATEGY - WEST OF HUDSON LOCOMOTIVE REMANUFACTURE	0	(2,170)	0	(2,170)	0	(2,170)
FORKTRUCK REPLACEMENT PLAN	0	(84)	0	(84)	0	(84)
PROGRAMMING CONSULTANTS FOR SOFTWARE MODIFICATIONS (GEAC)	0	(50)	0	(50)	0	(50)
GRADE CROSSING EVENT RECORDERS MAINTENANCE	0	(100)	0	(100)	0	(100)
INCREASE ESCALATOR MAINTENANCE AT WHITE PLAINS STATION	0	(100)	0	(100)	0	(100)
LANDMARK PRESERVATION MAINTENANCE	0	(500)	0	(500)	0	(500)
ROADWAY EQUIPMENT MAINTENANCE	0	(100)	0	(100)	0	(100)
SIGNAL STANDARDS CONSULTANT	0	(100)	0	(100)	0	(100)
WEST OF HUDSON MAINTENANCE	10	(152)	10	(152)	10	(152)
TOTAL STRATEGIC BUSINESS PLAN INITIATIVES	8	(\$ 8,510)	8	(\$ 8,510)	8	(\$ 8,510)
Sub-total, MAINTENANCE	2	(\$ 13,036)	2	(\$ 13,036)	2	(\$ 13,036)
SAFETY/SECURITY						
CAPITAL PROJECT IMPACTS						
BUSINESS RECOVERY	0	(29)	0	(29)	0	(29)
CORPORATE NETWORK SECURITY	0	(163)	0	(163)	0	(163)
GRAND CENTRAL TERMINAL WALKWAY LIGHTING	0	(29)	0	(29)	0	(29)
NEW HAVEN LINE RADIO COMMUNICATION UPGRADE	(1)	(148)	(1)	(148)	(1)	(148)
PARK AVENUE TUNNEL ALARM REHABILITATION	(1)	(84)	(1)	(84)	(1)	(84)
TOTAL CAPITAL PROJECT IMPACTS	(2)	(\$ 453)	(2)	(\$ 453)	(2)	(\$ 453)
STRATEGIC BUSINESS PLAN INITIATIVES						
COMMUNICATION & SIGNALS FIRE PROTECTION PROVISION	0	(100)	0	(100)	0	(100)
CENTRAL TRAFFIC CONTROL/SUPERVISORY CONTROL & DATA ACQUISITION SYSTEM TRAINING PROVISION	0	(75)	0	(75)	0	(75)
EVENT RECORDER RETROFIT	(1)	(698)	(1)	(698)	(1)	(698)
FIREWALL SECURITY	0	(100)	0	(100)	0	(100)
FEDERAL RAILROAD ADMINISTRATION MANDATE - PROCEDURES	0	(40)	0	(40)	0	(40)
HIGH SPEED DC CIRCUIT BREAKER RELAY PROTECTION	0	(200)	0	(200)	0	(200)
HIGH TRACTION FOOTWEAR	0	(59)	0	(59)	0	(59)
INSTALL NEW PROXIMITY DETECTORS ON DRAWBRIDGES (ANNUAL PROVISION)	0	(70)	0	(70)	0	(70)
NETWORK SECURITY - COMMUNICATION & SIGNALS SECURITY PLAN - EMPLOYEE SECURITY CARDS	(1)	(116)	(1)	(116)	(1)	(116)
SECURITY PLAN - GRAND CENTRAL TERMINAL EMPLOYEE TRAINING (BACKFILL)	0	(3)	0	(3)	0	(3)
SECURITY PLAN - GRAND CENTRAL TERMINAL WEEKLY INSPECT/COMPUTERIZED KEY SYSTEM	0	(99)	0	(99)	0	(99)
TOTAL STRATEGIC BUSINESS PLAN INITIATIVES	(3)	(\$ 1,629)	(3)	(\$ 1,629)	(3)	(\$ 1,629)
Sub-total, SAFETY/SECURITY	(5)	(\$ 2,082)	(5)	(\$ 2,082)	(5)	(\$ 2,082)
<b>TOTAL PROJECT COSTS INCLUDED IN 2004 PROPOSED BUDGET BASE</b>	<b>(36)</b>	<b>(\$ 26,595)</b>	<b>(36)</b>	<b>(\$ 26,595)</b>	<b>(36)</b>	<b>(\$ 26,595)</b>

**MTA METRO-NORTH RAILROAD**  
**2005 - 2007 Operating Budget Projections**  
**NEW NEEDS**  
(Dollar Amounts In Thousands)

TABLE IX-B

	Favorable/(Unfavorable)					
	2005 Plan		2006 Plan		2007 Plan	
	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>
<b>II. INCREMENTAL COST OF 2004 PROJECTS STARTING AFTER JANUARY 2004</b>						
SERVICE						
STRATEGIC BUSINESS PLAN INITIATIVES						
SERVICE PLAN 2004	0	(351)	0	(351)	0	(351)
TOTAL STRATEGIC BUSINESS PLAN INITIATIVES	0	(\$ 351)	0	(\$ 351)	0	(\$ 351)
Sub-total, SERVICE	0	(\$ 351)	0	(\$ 351)	0	(\$ 351)
MAINTENANCE						
CAPITAL PROJECT IMPACTS						
GRAND CENTRAL TERMINAL VENTILATION REHABILITATION	0	(40)	0	(40)	0	(40)
HUDSON LINE STATION REHABILITATION	0	(156)	0	(156)	0	(156)
MID HARLEM THIRD TRACK	0	(54)	0	(54)	0	(54)
TOTAL CAPITAL PROJECT IMPACTS	0	(\$ 250)	0	(\$ 250)	0	(\$ 250)
Sub-total, MAINTENANCE	0	(\$ 250)	0	(\$ 250)	0	(\$ 250)
SAFETY/SECURITY						
CAPITAL PROJECT IMPACTS						
GRAND CENTRAL TERMINAL WALKWAY LIGHTING	0	(40)	0	(40)	0	(40)
TOTAL CAPITAL PROJECT IMPACTS	0	(\$ 40)	0	(\$ 40)	0	(\$ 40)
Sub-total, SAFETY/SECURITY	0	(\$ 40)	0	(\$ 40)	0	(\$ 40)
<b>AL INCREMENTAL COST OF 2004 PROJECTS STARTING AFTER JANUAF</b>	<b>0</b>	<b>(\$ 641)</b>	<b>0</b>	<b>(\$ 641)</b>	<b>0</b>	<b>(\$ 641)</b>
<b>III. 2005 - 2007 NEW PROJECT COSTS</b>						
ADMINISTRATION						
STRATEGIC BUSINESS PLAN INITIATIVES						
ADVERTISING - (General Ridership)	0	0	0	(825)	0	(825)
COMPUTER-AIDED DESIGN OPERATOR/DESIGNER -						
STRUCTURES & FACILITIES	(1)	(120)	(1)	(120)	(1)	(120)
CLERICAL POSITION-STRUCTURES & FACILITIES	(1)	(77)	(1)	(77)	(1)	(77)
INSTALL FUEL TANK AT BREWSTER SHOP	0	(50)	0	0	0	0
INFORMATION TECHNOLOGY - EVALUATION						
EQUIPMENT & TECHNOLOGY	0	(100)	0	(100)	0	(100)
MANAGER FLEET MANAGEMENT	(1)	(133)	(1)	(133)	(1)	(133)
METRO-NORTH 25TH ANNIVERSARY	0	0	0	0	0	(185)
MICROSOFT OFFICE SUITE LICENSES	0	(120)	0	0	0	0
NEW CAR SERVICING PRODUCT TESTING	0	(50)	0	(50)	0	(50)
NON-CAPITAL EQUIPMENT PURCHASE PROVISION	0	(30)	0	(30)	0	(30)
OFFICE SPACE RENOVATION	0	(1,000)	0	(1,000)	0	(1,000)
OPERATIONS SERVICES/GRAND CENTRAL TERMINAL						
QUALITY CONTROL & ANALYSIS GROUP	(1)	(156)	(1)	(156)	(1)	(156)
PERFORMANCE GROUP-DEVISE PERFORMANCE						
IMPROVEMENTS	(3)	(433)	(3)	(433)	(3)	(433)
PERFORMANCE QUALITY DEPARTMENT-						
ADMINISTRATION STAFF	(2)	(186)	(2)	(186)	(2)	(186)
POWER DEPARTMENT-2 VEHICLES	0	(48)	0	0	0	0
QUALITY GROUP-MEASURE M OF W PERFORMANCE	(7)	(986)	(7)	(986)	(7)	(986)
TOTAL STRATEGIC BUSINESS PLAN INITIATIVES	(16)	(\$ 3,489)	(16)	(\$ 4,096)	(16)	(\$ 4,281)
CAPITAL PROJECT IMPACTS						
CORPORATE DATA NETWORK	(2)	(221)	(2)	(221)	(2)	(221)
FINANCIAL SYSTEMS REPLACEMENT	0	(824)	0	(874)	0	(874)
TOTAL CAPITAL PROJECT IMPACTS	(2)	(\$ 1,045)	(2)	(\$ 1,095)	(2)	(\$ 1,095)

**MTA METRO-NORTH RAILROAD**  
**2005 - 2007 Operating Budget Projections**  
**NEW NEEDS**  
(Dollar Amounts In Thousands)

TABLE IX-B

	Favorable/(Unfavorable)					
	2005 Plan		2006 Plan		2007 Plan	
	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>
OPERATING CAPITAL						
AUTOMATIC PEOPLE COUNTING SYSTEM - IMPLEMENTATION OF FULL SYSTEM	0	(2,400)	0	0	0	0
CHANGE IN CAPITAL ADMINISTRATION & CASH ADJUSTMENTS	0	(161)	0	(167)	0	(174)
CREW MANAGEMENT SYSTEM UPGRADES (PHASE 4 MODIFICATION)	0	0	0	0	0	0
CORPORATE DATA NETWORK - CONSTRUCTION	0	(4,000)	0	(3,500)	0	(3,500)
FINANCIAL SYSTEM REPLACEMENT	0	(2,655)	0	0	0	0
COMBINE GLOBAL POSITIONING SYSTEM WITH VISUAL TRAIN TRACKING	0	(1,000)	0	(1,000)	0	0
IMPLEMENTATION OF NEW TIMEKEEPING FOR REPRESENTED OTHER-THAN-TRAIN AND ENGINE EMPLOYEES	0	(175)	0	0	0	0
LOCAL AREA NETWORK HARDWARE REPLACEMENT AND UPGRADE	0	(600)	0	(600)	0	(600)
OFFICE EQUIPMENT - CONTROLLER'S DEPARTMENT	0	(105)	0	0	0	0
REMOTE UTILITY BILLING SYSTEM	0	0	0	(377)	0	0
REPLACEMENT OF MAINFRAME HARDWARE SYSTEMS	0	(50)	0	(50)	0	(50)
SERVER REPLACEMENT AND CONSOLIDATION	0	(300)	0	(200)	0	0
VEHICLE REPLACEMENT PROVISION	0	(4,000)	0	(3,000)	0	(3,000)
WEB BASED TRAINING PROGRAMS	0	(100)	0	0	0	0
UNDEFINED PROJECT PROVISION	0	0	0	(1,152)	0	(8,935)
TOTAL OPERATING CAPITAL	0	(\$ 15,546)	0	(\$ 10,046)	0	(\$ 16,259)
ALL OTHER						
COMMUNICATION & SIGNALS COVERAGE FOR ADDITIONAL PF	0	(131)	0	(131)	0	(131)
DEFER INTERNS - VP PLANNING	0	(20)	0	(20)	0	(20)
PROVISION FOR STRATEGIC BUSINESS PLAN INITIATIVES	0	(2,000)	0	(2,000)	0	(3,000)
UNIFORMS-STATION SERVICES	0	0	0	0	0	(99)
UNIFORMS-REPRESENTED TRAIN & ENGINE	0	(140)	0	0	0	(140)
ELIMINATE 2004 CASH ADJUSTMENT	0	(13,443)	0	(13,443)	0	(13,443)
ELIMINATE 2005 CASH ADJUSTMENT	0	0	0	(5,810)	0	(5,810)
ELIMINATE 2006 CASH ADJUSTMENT	0	0	0	0	0	(472)
TOTAL ALL OTHER	0	(\$ 15,734)	0	(\$ 21,404)	0	(\$ 23,115)
Sub-total, ADMINISTRATION	(18)	(\$ 35,814)	(18)	(\$ 36,641)	(18)	(\$ 44,750)
CUSTOMER CONVENIENCE & AMENITIES						
STRATEGIC BUSINESS PLAN INITIATIVES						
CUSTOMER SERVICE-GROUP SALES INITIATIVE	(1)	(106)	(2)	(211)	(2)	(211)
TOTAL STRATEGIC BUSINESS PLAN INITIATIVES	(1)	(\$ 106)	(2)	(\$ 211)	(2)	(\$ 211)
OPERATING CAPITAL						
CUSTOMER COMMUNICATION MODEL STATION	0	(1,000)	0	(2,000)	0	0
INTERACTIVE VOICE RESPONSE SYSTEM REPLACEMENT	0	0	0	(250)	0	0
LOST AND FOUND/PARCEL ROOM FACILITY EXPANSION	0	(50)	0	0	0	0
STATION SIGN REPLACEMENT AND NEW MONITORS	0	(750)	0	(750)	0	0
TOTAL OPERATING CAPITAL	0	(\$ 1,800)	0	(\$ 3,000)	0	\$ 0
CAPITAL PROJECT IMPACTS						
TICKET VENDING MACHINES PHASE II (EXCLUDING REVENUE)	0	(45)	0	(45)	0	(45)
TOTAL CAPITAL PROJECT IMPACTS	0	(\$ 45)	0	(\$ 45)	0	(\$ 45)
Sub-total, CUSTOMER CONVENIENCE & AMENITIES	(1)	(\$ 1,951)	(2)	(\$ 3,256)	(2)	(\$ 256)



**MTA METRO-NORTH RAILROAD**
**2005 - 2007 Operating Budget Projections**
**NEW NEEDS**
**(Dollar Amounts In Thousands)**
**TABLE IX-B**

	Favorable/(Unfavorable)					
	2005 Plan		2006 Plan		2007 Plan	
	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>
SERVICE						
STRATEGIC BUSINESS PLAN INITIATIVES						
EXPAND REPRESENTED TRAIN & ENGINE EMPLOYEE TRAINING	0	(468)	0	(468)	0	(468)
COMBINE GLOBAL POSITIONING SYSTEM WITH VISUAL TRAIN TRACKING	0	0	(1)	(111)	(1)	(111)
INCREASE REPRESENTED TRAIN & ENGINE STAFFING FOR SERVICE COVERAGE	(12)	(1,072)	(12)	(1,072)	(12)	(1,072)
SERVICE PLAN 2005	(21)	(1,388)	(21)	(2,776)	(21)	(2,776)
SERVICE PLAN 2006	0	0	(6)	(381)	(6)	(761)
SERVICE PLAN 2007	0	0	0	0	(5)	(370)
SERVICE PLAN 2008	0	0	0	0	0	0
TOTAL STRATEGIC BUSINESS PLAN INITIATIVES	(33)	(\$ 2,928)	(40)	(\$ 4,808)	(45)	(\$ 5,558)
Sub-total, SERVICE	(33)	(\$ 2,928)	(40)	(\$ 4,808)	(45)	(\$ 5,558)
MAINTENANCE						
CAPITAL PROJECT IMPACTS						
NETWORK INFRASTRUCTURE - NYS	0	(100)	0	(100)	0	(100)
NEW HAVEN SHOPS & STORAGE YARD	(3)	(268)	(3)	(268)	(3)	(268)
NEW HAVEN SHOPS & YARD - CAR WASHER / WHEEL SHOP	0	0	(1)	(112)	(1)	(112)
PURCHASE MAINTENANCE OF WAY EQUIPMENT	0	(100)	0	(100)	0	(100)
SIGNAL & CENTRAL TRAFFIC CONTROL IMPROVEMENTS DANBURY BRANCH	(3)	(337)	(3)	(307)	(3)	(307)
WEST OF HUDSON STATION REHABILITATION	(2)	(175)	(2)	(157)	(2)	(157)
TOTAL CAPITAL PROJECT IMPACTS	(8)	(\$ 980)	(9)	(\$ 1,044)	(9)	(\$ 1,044)
STRATEGIC BUSINESS PLAN INITIATIVES						
ADDITIONAL CAR CLEANING & MAINTENANCE - HIGHBRIDGE	(16)	(978)	(16)	(978)	(16)	(978)
COMPUTER BASED CONTROL EQUIPMENT MAINTENANCE	(1)	(164)	(1)	(164)	(1)	(164)
CENTRAL SUPPORT SYSTEMS LIFE CYCLE REPLACEMENT	0	(50)	0	0	0	0
CENTRAL TRAFFIC CONTROL & SUPERVISORY CONTROL & DATA ACQUISITION SYSTEM EQUIPMENT CYCLICAL REPLACEMENT	0	(60)	0	(60)	0	(60)
CYCLICAL GLAZING PROGRAM	0	(200)	0	(200)	0	(200)
CYCLICAL REHABILITATION OF FACILITY AIR CONDITIONING SYSTEMS	0	(50)	0	(50)	0	(50)
CYCLICAL REPLACEMENT OF RADIOS-COMMUNICATION & SIGNALS	0	(100)	0	(50)	0	(50)
EXTRAORDINARY CLEANING EXTRA LIST	(5)	(290)	(5)	(290)	(5)	(290)
EQUIPMENT STRATEGY - GENESIS LOCOMOTIVE REMANUFACTURE	0	(400)	0	(800)	0	2,000
EQUIPMENT STRATEGY - WEST OF HUDSON COMET 3 OVERHAUL	0	0	0	(800)	0	0
EQUIPMENT STRATEGY - WEST OF HUDSON LOCOMOTIVE REMANUFACTURE	0	0	0	(1,090)	0	2,170
GRAND CENTRAL TERMINAL EMERGENCY GENERATORS MAINTENANCE PROGRAM	(1)	(104)	(1)	(104)	(1)	(104)
INCREASE 9 GRAND CENTRAL TERMINAL MAINTENANCE POSITIONS PER MTA AUDIT	(9)	(624)	(9)	(624)	(9)	(624)
MAINTENANCE OF EQUIPMENT - PREVENTATIVE MAINTENANCE PROGRAM	(6)	(677)	(6)	(677)	(6)	(677)
PUBLIC ADDRESS SYSTEM UPGRADE/MAINTENANCE (PENTA)	0	0	0	(150)	0	(150)
PLATFORM CLEANING-GRAND CENTRAL TERMINAL	(5)	(422)	(5)	(347)	(5)	(347)
POWER DEPARTMENT SKILLS TRAINING PROGRAMS	0	(50)	0	(50)	0	(50)
PREVENTIVE MAINTENANCE PROGRAM PROVISION	0	0	0	0	0	(3,500)

**MTA METRO-NORTH RAILROAD**
**2005 - 2007 Operating Budget Projections**
**NEW NEEDS**
**(Dollar Amounts In Thousands)**
**TABLE IX-B**

	Favorable/(Unfavorable)					
	2005 Plan		2006 Plan		2007 Plan	
	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>
PROCURE COMMUNICATION & SIGNALS TEST EQUIPMENT	0	(75)	0	(75)	0	(75)
PROCURE SIGNAL TRAINING EQUIPMENT	0	(75)	0	0	0	0
REPLACEMENT OF RECYCLING CONTAINERS (ANNUAL PROVISION)	0	(20)	0	(20)	0	(20)
STRUCTURES & FACILITIES-WEST OF HUDSON FACILITY MAINTENANCE VEHICLE	0	(24)	0	0	0	0
SECOND TRICK PERIODIC INSPECTION-MAINTENANCE OF EQUIPMENT	(4)	(305)	(4)	(299)	(4)	(299)
SIGNAL STANDARDS CONSULTANT	0	(100)	0	100	0	100
STANDARDS ENGINEER-TRACK	(1)	(116)	(1)	(116)	(1)	(116)
WEST OF HUDSON - MAINTENANCE OF ADDITIONAL FACILITIES	(2)	(154)	(2)	(154)	(2)	(154)
WEST OF HUDSON MAINTENANCE	0	(1,500)	0	(1,500)	0	(1,500)
TOTAL STRATEGIC BUSINESS PLAN INITIATIVES	(50)	(\$ 6,538)	(50)	(\$ 8,498)	(50)	(\$ 5,138)
OPERATING CAPITAL						
THIRD RAIL GAUGE MEASURING SYSTEM	0	(150)	0	0	0	0
ANNUAL REPLACEMENT OF COMMUNICATION & SIGNALS TEST EQUIPMENT	0	(75)	0	(75)	0	(75)
COMMUNICATION & SIGNALS MICROCOMPUTER REPLACEMENT	0	(200)	0	(200)	0	(200)
COMMISSARY FACILITY RENOVATION (GRAND CENTRAL TERMINAL)	0	(1,507)	0	0	0	0
CENTRAL SUPPORT SYSTEM LIFE CYCLE REPLACEMENT	0	(300)	0	0	0	0
EVENT RECORDERS REPLACEMENT	0	(100)	0	0	0	0
FORK TRUCK FLEET REPLACEMENT	0	(186)	0	(135)	0	(100)
MAINTENANCE OF EQUIPMENT FACILITY ROOF REPLACEMENTS - NORTH WHITE PLAINS & BREWSTER	0	(500)	0	0	0	0
PANTOGRAPH PRESSURE DETECTOR	0	(310)	0	0	0	0
PUBLIC ADDRESS SYSTEM REPLACEMENT/UPGRADE (PENTA)	0	(1,000)	0	(500)	0	0
PURCHASE VACUUM TRUCK	0	(300)	0	0	0	0
REHABILITATION OF PARK AVE AIR VENTS - PHASE 1	0	(150)	0	(150)	0	(150)
REPLACE ANTENNA & FOUNDATION AT WOODLAWN	0	(125)	0	0	0	0
REPLACE NORTH WHITE PLAINS COMMUNICATION & SIGNALS DEPARTMENT MACHINE TOOLS	0	(50)	0	0	0	(75)
SHOP EQUIPMENT REPLACEMENT PLAN (*)	0	(155)	0	(115)	0	(141)
TRAIN MANAGEMENT INFORMATION SYSTEM UPGRADE	0	(150)	0	0	0	0
UPPER LEVEL BLOCK AREA RESTORATION (TRACKS 11 - 37)	0	(844)	0	(1,000)	0	0
TOTAL OPERATING CAPITAL	0	(\$ 6,102)	0	(\$ 2,175)	0	(\$ 741)
Sub-total, MAINTENANCE	(58)	(\$ 13,620)	(59)	(\$ 11,717)	(59)	(\$ 6,923)
SAFETY/SECURITY						
STRATEGIC BUSINESS PLAN INITIATIVES						
DuPONT SAFETY TRAINING FEE - COST SAVINGS	0	(365)	0	(1,180)	0	(1,180)
HARLEM/HUDSON INTERLOCKING LIGHTING	(3)	(357)	(3)	(357)	(3)	(357)
PORTABLE RADIOS FOR CONDUCTORS	0	0	0	(163)	0	0
SECURITY AND MONITORING CONTROL TOOLS	0	(70)	0	(30)	0	(30)
SECURITY PLAN - EMERGENCY CONTROL CENTER (MAINTENANCE COST)	0	0	(3)	(305)	(3)	(305)
SECURITY PLAN - ENHANCE TRAIN CREW COMMUNICATION - RADIO	0	(10)	0	(10)	0	(10)
SECURITY PLAN - GRAND CENTRAL TERMINAL BARRIER SEPARATIONS (MAINTENANCE)	(2)	(139)	(2)	(139)	(2)	(139)

**MTA METRO-NORTH RAILROAD**  
**2005 - 2007 Operating Budget Projections**  
**NEW NEEDS**  
(Dollar Amounts In Thousands)

TABLE IX-B

	Favorable/(Unfavorable)					
	2005 Plan		2006 Plan		2007 Plan	
	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>
SECURITY PLAN - GRAND CENTRAL TERMINAL MAINTENANCE & TEST LIFE SAFETY & FIRE ALARM	(6)	(416)	(6)	(416)	(6)	(416)
SECURITY PLAN - OUTLYING SHOP AND YARD SECURITY	0	(758)	0	(1,515)	0	(1,515)
SECURITY PLAN - PROVIDE FIREWALLS & ELECTRONIC SECURITY	(9)	(875)	(9)	(875)	(9)	(875)
SECURITY PLAN - REDUNDANT PRIVATE BRANCH EXCHANGE IN MIDTOWN (MAINTENANCE COST)	0	0	(2)	(219)	(2)	(219)
TOTAL STRATEGIC BUSINESS PLAN INITIATIVES	(20)	(\$ 2,990)	(25)	(\$ 5,209)	(25)	(\$ 5,046)
OPERATING CAPITAL						
BUSINESS RECOVERY HOT SITE IN MOTT HAVEN	0	0	0	(1,500)	0	0
GRAND CENTRAL TERMINAL GAS LINE RELOCATION	0	0	0	(279)	0	0
IMPROVE CONDITIONS IN STOCK AREA	0	0	0	0	0	0
TOTAL OPERATING CAPITAL	0	\$ 0	0	(\$ 1,779)	0	\$ 0
CAPITAL PROJECT IMPACTS						
GRAND CENTRAL TERMINAL HALLS/TRAINSHED FIRE SAFETY	(1)	(69)	(4)	(347)	(12)	(1,042)
RIGHT OF WAY FENCING-NEW PROGRAM	(2)	(154)	(2)	(154)	(2)	(154)
TOTAL CAPITAL PROJECT IMPACTS	(3)	(\$ 223)	(6)	(\$ 501)	(14)	(\$ 1,196)
Sub-total, SAFETY/SECURITY	(23)	(\$ 3,213)	(31)	(\$ 7,489)	(39)	(\$ 6,242)
<b>TOTAL 2005 - 2007 NEW PROJECT COSTS</b>	<b>(133)</b>	<b>(\$ 57,526)</b>	<b>(150)</b>	<b>(\$ 63,911)</b>	<b>(163)</b>	<b>(\$ 63,729)</b>
<b>IV. GRAND TOTAL</b>						
<b>GRAND TOTAL NEW NEEDS</b>	<b>(169)</b>	<b>(\$ 84,762)</b>	<b>(186)</b>	<b>(\$ 91,147)</b>	<b>(199)</b>	<b>(\$ 90,965)</b>

MTA METRO-NORTH RAILROAD  
2003 - 2004 Operating Budget Projections  
Program to Eliminate the Gap (PEG)  
(Dollar Amounts In Thousands)

TABLE X-A

	Favorable / (Unfavorable)											
	2003						2004					
	Mid-Year		Adjustments		October Forecast		Mid-Year		Adjustments		October Forecast	
	Pos.	Dollars	Pos.	Dollars	Pos.	Dollars	Pos.	Dollars	Pos.	Dollars	Pos.	Dollars
ADMINISTRATION												
STRATEGIC BUSINESS PLAN INITIATIVES												
ADVERTISING - (General Ridership)	0	\$ 0	0	\$ 0	0	\$ 0	0	\$ 825	0	\$ 0	0	\$ 825
CAR SERVICE-EMPLOYEES EMERGENCY RIDES	0	0	0	0	0	0	0	2	0	0	0	2
HAND HELD COMPUTERS	0	0	0	0	0	0	0	100	0	(25)	0	75
TEMPORARY PHOTOGRAPHER	0	0	0	0	0	0	0	9	0	0	0	9
TOTAL STRATEGIC BUSINESS PLAN INITIATIVES	0	\$ 0	0	\$ 0	0	\$ 0	0	\$ 936	0	(\$ 25)	0	\$ 911
OPERATING CAPITAL												
CHANGE IN CAPITAL ADMINISTRATION AND CASH ADJUSTMENTS	0	175	0	806	0	981	0	0	0	34	0	34
CORPORATE DATA NETWORK - CONSTRUCTION	0	0	0	0	0	0	0	1,500	0	124	0	1,624
EXPANSION OF HELP DESK AND SATELLITE OFFICES (2003 - 2005)	0	0	0	0	0	0	0	100	0	0	0	100
GRAND CENTRAL TERMINAL WELFARE FACILITIES	0	24	0	(24)	0	0	0	0	0	0	0	0
PASS BUREAU VIDEO IMAGING EQUIPMENT	0	8	0	(8)	0	0	0	0	0	0	0	0
UNDEFINED PROJECT PROVISION	0	0	0	0	0	0	0	103	0	0	0	103
TOTAL OPERATING CAPITAL	0	\$ 207	0	\$ 774	0	\$ 981	0	\$ 1,703	0	\$ 158	0	\$ 1,861
ALL OTHER												
ELIMINATE NON REPRESENTED MERIT INCREASE	0	1,500	0	0	0	1,500	0	0	0	0	0	0
NON REPRESENTED WAGE ACCRUAL ADJUSTMENTS	0	0	0	700	0	700	0	0	0	0	0	0
HIGHER NON REPRESENTED VACANCIES AND OTHER PAYROLL ADJUSTMENTS	0	491	0	(261)	0	230	0	0	0	0	0	0
HIGHER REPRESENTED VACANCY AND STEP RATE DISCOUNT SAVINGS	0	2,600	0	(1,300)	0	1,300	0	0	0	0	0	0
MISCELLANEOUS REPRESENTED OTHER-THAN-TRAIN & ENGINE PAYROLL ADJU	0	400	0	(300)	0	100	0	0	0	0	0	0
LOWER FRINGE COSTS	0	2,366	0	(1,533)	0	833	0	0	0	0	0	0
LOWER AUTOMOBILE AND STATION LIABILITY INSURANCE PREMIUMS	0	553	0	118	0	671	0	0	0	0	0	0
LOWER ENVIRONMENTAL SERVICE FEES FOR HAZARDOUS SPILLS/EMERGENCIE	0	1,890	0	128	0	2,018	0	0	0	0	0	0
LOWER NEW JERSEY TRANSIT FARE HOLDDOWN FROM MAY 2003 NYS FARE INC	0	600	0	80	0	680	0	0	0	0	0	0
TIMING AND OTHER ADJUSTMENTS (CASH ADJUSTMENTS EXCLUDING DEPRECI/	0	6,527	0	(1,456)	0	5,071	0	0	0	0	0	0
DIESEL FUEL PRICE ADJUSTMENT	0	0	0	0	0	0	0	1,003	0	0	0	1,003
ELIMINATE 2 TEMPORARY POSITIONS	0	0	0	0	0	0	0	0	0	226	0	226
ELIMINATE ENGINEER INTERNS	0	0	0	0	0	0	0	0	0	119	0	119
GRAND CENTRAL TERMINAL IMPROVEMENTS-UTILITY UPGRADE/WITHDRAW	0	0	0	0	0	0	0	0	0	0	0	0
WEST OF HUDSON SUBSIDY CHANGE (INCLUDING SERVICE PLAN)	0	0	0	0	0	0	0	2,672	0	0	0	2,672
TOTAL ALL OTHER	0	\$ 16,927	0	(\$ 3,824)	0	\$ 13,103	0	\$ 3,675	0	\$ 345	0	\$ 4,020
Sub-total, ADMINISTRATION	0	\$ 17,134	0	(\$ 3,050)	0	\$ 14,084	0	\$ 6,314	0	\$ 478	0	\$ 6,792
CUSTOMER CONVENIENCE & AMENITIES												
STRATEGIC BUSINESS PLAN INITIATIVES												
WEST OF HUDSON SERVICE PLAN	0	0	0	0	0	0	0	197	0	0	0	197
TOTAL STRATEGIC BUSINESS PLAN INITIATIVES	0	\$ 0	0	\$ 0	0	\$ 0	0	\$ 197	0	\$ 0	0	\$ 197
Sub-total, CUSTOMER CONVENIENCE & AMENITIES	0	\$ 0	0	\$ 0	0	\$ 0	0	\$ 197	0	\$ 0	0	\$ 197
MAINTENANCE												
CAPITAL PROJECT IMPACTS												
STATION SHELTERS/HEATERS	0	0	0	0	0	0	0	30	0	0	0	30
TOTAL CAPITAL PROJECT IMPACTS	0	\$ 0	0	\$ 0	0	\$ 0	0	\$ 30	0	\$ 0	0	\$ 30

MTA METRO-NORTH RAILROAD  
2003 - 2004 Operating Budget Projections  
Program to Eliminate the Gap (PEG)  
(Dollar Amounts In Thousands)

TABLE X-A

	Favorable / (Unfavorable)											
	2003						2004					
	Mid-Year		Adjustments		October Forecast		Mid-Year		Adjustments		October Forecast	
	<u>Pos.</u>	<u>Dollars</u>	<u>Pos.</u>	<u>Dollars</u>	<u>Pos.</u>	<u>Dollars</u>	<u>Pos.</u>	<u>Dollars</u>	<u>Pos.</u>	<u>Dollars</u>	<u>Pos.</u>	<u>Dollars</u>
STRATEGIC BUSINESS PLAN INITIATIVES												
LOWER MATERIAL REQUIREMENTS FOR INCLEMENT WEATHER EQUIPMENT												
DAMAGE	0	1,274	0	0	0	1,274	0	0	0	0	0	0
REDUCTION IN CONTRACT MAINTENANCE PROVISION	0	5,000	0	0	0	5,000	0	0	0	0	0	0
EQUIPMENT STRATEGY - WEST OF HUDSON COMET 3 OVERHAUL	0	0	0	0	0	0	0	800	0	0	0	800
PARKING METER MAINTENANCE	0	0	0	0	0	0	0	128	0	0	0	128
STRUCTURES & FACILITIES MAINTENANCE PROGRAM-NEW HAVEN LINE	0	0	0	0	0	0	27	2,417	0	0	27	2,417
TOTAL STRATEGIC BUSINESS PLAN INITIATIVES	0	\$ 6,274	0	\$ 0	0	\$ 6,274	27	\$ 3,345	0	\$ 0	27	\$ 3,345
OPERATING CAPITAL												
LOCOMOTIVE FUELING SYSTEM	0	300	0	0	0	300	0	0	0	0	0	0
PURCHASE CAR MOVER FOR NORTH WHITE PLAINS	0	250	0	0	0	250	0	0	0	0	0	0
PURCHASE VACUUM TRUCK	0	300	0	0	0	300	0	0	0	0	0	0
RADIO SHOP RENOVATION AND EXPANSION	0	339	0	(339)	0	0	0	0	0	0	0	0
TOTAL OPERATING CAPITAL	0	\$ 1,189	0	(\$ 339)	0	\$ 850	0	\$ 0	0	\$ 0	0	\$ 0
Sub-total, MAINTENANCE	0	\$ 7,463	0	(\$ 339)	0	\$ 7,124	27	\$ 3,375	0	\$ 0	27	\$ 3,375
OTHER												
STRATEGIC BUSINESS PLAN INITIATIVES												
MEDICAL STANDARDS & GUIDELINES UPDATE	0	0	0	0	0	0	0	30	0	0	0	30
SECURITY PLAN COSTS	0	0	0	0	0	0	0	287	0	0	0	287
TOTAL STRATEGIC BUSINESS PLAN INITIATIVES	0	\$ 0	0	\$ 0	0	\$ 0	0	\$ 317	0	\$ 0	0	\$ 317
OPERATING CAPITAL												
GRAND CENTRAL TERMINAL WALKWAY LIGHTING	0	519	0	0	0	519	0	0	0	0	0	0
TOTAL OPERATING CAPITAL	0	\$ 519	0	\$ 0	0	\$ 519	0	\$ 0	0	\$ 0	0	\$ 0
Sub-total, OTHER	0	\$ 519	0	\$ 0	0	\$ 519	0	\$ 317	0	\$ 0	0	\$ 317
REVENUE												
FARE REVENUE	0	5,556	0	5,523	0	11,079	0	12,705	0	7,169	0	19,874
NON-PASSENGER REVENUE	0	1,109	0	818		1,927	0	575	0	(513)	0	62
TOTAL REVENUE	0	\$ 6,665	0	\$ 6,341	0	\$ 13,006	0	\$ 13,280	0	\$ 6,656	0	\$ 19,936
<b>TOTAL PEG</b>	<b>0</b>	<b>\$ 31,781</b>	<b>0</b>	<b>\$ 2,952</b>	<b>0</b>	<b>\$ 34,733</b>	<b>27</b>	<b>\$ 23,483</b>	<b>0</b>	<b>\$ 7,134</b>	<b>27</b>	<b>\$ 30,617</b>

MTA METRO-NORTH RAILROAD  
2005 - 2007 Operating Budget Projections  
PROGRAMS TO ELIMINATE THE GAP (PEGs)  
(Dollar Amounts In Thousands)

TABLE X-B

	2005 Plan		Favorable/(Unfavorable) 2006 Plan		2007 Plan	
	Positions	Dollars	Positions	Dollars	Positions	Dollars
<b>I. PROJECT COSTS INCLUDED IN 2004 PROPOSED BUDGET BASE</b>						
ADMINISTRATION						
STRATEGIC BUSINESS PLAN INITIATIVES						
ADVERTISING - (General Ridership)	0	\$ 825	0	\$ 825	0	\$ 825
CAR SERVICE-EMPLOYEES EMERGENCY RIDES	0	2	0	2	0	2
HAND HELD COMPUTERS	0	75	0	75	0	75
TEMPORARY PHOTOGRAPHER	0	9	0	9	0	9
TOTAL STRATEGIC BUSINESS PLAN INITIATIVES	0	\$ 911	0	\$ 911	0	\$ 911
ALL OTHER						
DIESEL FUEL PRICE ADJUSTMENT	0	1,003	0	1,003	0	1,003
ELIMINATE 2 TEMPORARY POSITIONS	2	226	2	226	2	226
ELIMINATE ENGINEER INTERNS	2	119	2	119	2	119
WEST OF HUDSON SUBSIDY CHANGE (INCLUDING SERVICE PLAN)	0	2,672	0	2,672	0	2,672
TOTAL ALL OTHER	4	\$ 4,020	4	\$ 4,020	4	\$ 4,020
Sub-total, ADMINISTRATION	4	\$ 4,931	4	\$ 4,931	4	\$ 4,931
CUSTOMER CONVENIENCE & AMENITIES						
STRATEGIC BUSINESS PLAN INITIATIVES						
WEST OF HUDSON SERVICE PLAN	0	197	0	197	0	197
TOTAL STRATEGIC BUSINESS PLAN INITIATIVES	0	\$ 197	0	\$ 197	0	\$ 197
Sub-total, CUSTOMER CONVENIENCE & AMENITIES	0	\$ 197	0	\$ 197	0	\$ 197
MAINTENANCE						
CAPITAL PROJECT IMPACTS						
STATION SHELTERS/HEATERS	0	30	0	30	0	30
TOTAL CAPITAL PROJECT IMPACTS	0	\$ 30	0	\$ 30	0	\$ 30
STRATEGIC BUSINESS PLAN INITIATIVES						
EQUIPMENT STRATEGY - WEST OF HUDSON COMET 3 OVERHAUL	0	800	0	800	0	800
PARKING METER MAINTENANCE	0	128	0	128	0	128
STRUCTURES & FACILITIES MAINTENANCE PROGRAM - NEW HAVEN LINE	27	2,417	27	2,417	27	2,417
TOTAL STRATEGIC BUSINESS PLAN INITIATIVES	27	\$ 3,345	27	\$ 3,345	27	\$ 3,345
Sub-total, MAINTENANCE	27	\$ 3,375	27	\$ 3,375	27	\$ 3,375
OTHER						
STRATEGIC BUSINESS PLAN INITIATIVES						
MEDICAL STANDARDS & GUIDELINES UPDATE	0	30	0	30	0	30
SECURITY PLAN COSTS	0	287	0	287	0	287
TOTAL STRATEGIC BUSINESS PLAN INITIATIVES	0	\$ 317	0	\$ 317	0	\$ 317
Sub-total, OTHER	0	\$ 317	0	\$ 317	0	\$ 317
REVENUE						
FARE REVENUE	0	19,874	0	19,874	0	19,874
NON-PASSENGER REVENUE	0	62	0	62	0	62
TOTAL REVENUE	0	\$ 19,936	0	\$ 19,936	0	\$ 19,936
<b>TOTAL PROJECT COSTS INCLUDED IN 2004 PROPOSED BUDGET BASE</b>	<b>31</b>	<b>\$ 28,756</b>	<b>31</b>	<b>\$ 28,756</b>	<b>31</b>	<b>\$ 28,756</b>

MTA METRO-NORTH RAILROAD  
2005 - 2007 Operating Budget Projections  
PROGRAMS TO ELIMINATE THE GAP (PEGs)  
(Dollar Amounts In Thousands)

TABLE X-B

	2005 Plan		Favorable/(Unfavorable) 2006 Plan		2007 Plan	
	Positions	Dollars	Positions	Dollars	Positions	Dollars
<b>II. INCREMENTAL COST OF 2004 PROJECTS STARTING AFTER JANUARY 2004</b>						
ADMINISTRATION						
STRATEGIC BUSINESS PLAN INITIATIVES						
TEMPORARY PHOTOGRAPHER	0	44	0	44	0	44
TOTAL STRATEGIC BUSINESS PLAN INITIATIVES	0	\$ 44	0	\$ 44	0	\$ 44
Sub-total, ADMINISTRATION	0	\$ 44	0	\$ 44	0	\$ 44
CUSTOMER CONVENIENCE & AMENITIES						
CAPITAL PROJECT IMPACTS						
TICKET VENDING MACHINES -PHASE II (EXCLUDING REVENUE)	0	223	0	223	0	223
TICKET VENDING AND OFFICE MACHINES/MAIL & RIDE (EXCLUDING REVENUE)	0	67	0	67	0	67
TOTAL CAPITAL PROJECT IMPACTS	0	\$ 290	0	\$ 290	0	\$ 290
Sub-total, CUSTOMER CONVENIENCE & AMENITIES	0	\$ 290	0	\$ 290	0	\$ 290
MAINTENANCE						
CAPITAL PROJECT IMPACTS						
EQUIPMENT REPLACEMENT PLAN - HARLEM/HUDSON	0	387	0	387	0	387
FIBER OPTICS/NEW HAVEN LINE	0	225	0	225	0	225
TOTAL CAPITAL PROJECT IMPACTS	0	\$ 612	0	\$ 612	0	\$ 612
Sub-total, MAINTENANCE	0	\$ 612	0	\$ 612	0	\$ 612
<b>TOTAL INCREMENTAL COST OF 2004 PROJECTS STARTING AFTER JANUARY 2004</b>	<b>0</b>	<b>\$ 946</b>	<b>0</b>	<b>\$ 946</b>	<b>0</b>	<b>\$ 946</b>
<b>III. 2005 - 2007 NEW PROJECT COSTS</b>						
ADMINISTRATION						
STRATEGIC BUSINESS PLAN INITIATIVES						
ACCOUNTS RECEIVABLESYSTEM PHASE II	0	25	0	25	0	25
AUTOMATIC PEOPLE COUNTING SYSTEM	0	0	0	200	0	200
CELLULAR DIGITAL PACKET DATA CONSULT SERVICES	0	100	0	100	0	100
GROUPWISE E-MAIL UPGRADE AND MAINTENANCE	0	35	0	35	0	35
HAND HELD COMPUTERS	0	0	0	0	0	75
INFORMATION TECHNOLOGY SUPPORT OF CENTRAL SUPPORT SYSTEM SOFTWARE	0	200	0	200	0	200
MAINTENANCE OF WAY-4 REVISION AND TECHNICAL PROCEDURES DEVELOPMENT	0	100	0	100	0	100
TICKET SELLING MACHINES-SUPPORT STUDY & BILL CHANGERS	0	100	0	100	0	100
TOTAL STRATEGIC BUSINESS PLAN INITIATIVES	0	\$ 560	0	\$ 760	0	\$ 835
CAPITAL PROJECT IMPACTS						
ORACLE LICENSES FOR NEW FINANCIAL SYSTEMS	0	100	0	100	0	100
TOTAL CAPITAL PROJECT IMPACTS	0	\$ 100	0	\$ 100	0	\$ 100
OPERATING CAPITAL						
COMPLETION OF 2004 OPERATING CAPITAL PROGRAM	0	16,508	0	16,508	0	16,508
TOTAL OPERATING CAPITAL	0	\$ 16,508	0	\$ 16,508	0	\$ 16,508

**MTA METRO-NORTH RAILROAD**  
2005 - 2007 Operating Budget Projections  
PROGRAMS TO ELIMINATE THE GAP (PEGs)  
(Dollar Amounts In Thousands)

**TABLE X-B**

		Favorable/(Unfavorable)					
		2005 Plan		2006 Plan		2007 Plan	
	<u>Positions</u>	<u>Dollars</u>		<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>
<b>ALL OTHER</b>							
GRAND CENTRAL TERMINAL IMPROVEMENTS-UTILITY							
UPGRADE/WITHDRAW	0	1,174		0	1,174	0	1,174
LEGAL FEES / HR COSTS	0	874		0	874	0	874
OTHER EXPENSE ADJUSTMENTS 2005	0	(1,434)		0	(1,434)	0	(1,434)
OTHER EXPENSE ADJUSTMENTS 2006	0	0		0	478	0	478
OTHER EXPENSE ADJUSTMENTS 2007	0	0		0	0	0	529
TIMING AND OTHER CASH ADJUSTMENTS 2005	0	5,810		0	5,810	0	5,810
TIMING AND OTHER CASH ADJUSTMENTS 2006	0	0		0	472	0	472
TIMING AND OTHER CASH ADJUSTMENTS 2007	0	0		0	0	0	5,228
WEST OF HUDSON SUBSIDY CHANGE (INCLUDING SERVICE PLAN)	0	144		0	(363)	0	(648)
WINTER GEAR	0	388		0	388	0	0
TOTAL ALL OTHER	0	\$ 6,956		0	\$ 7,399	0	\$ 12,483
Sub-total, ADMINISTRATION	0	\$ 24,124		0	\$ 24,767	0	\$ 29,926
<b>CUSTOMER CONVENIENCE &amp; AMENITIES</b>							
CAPITAL PROJECT IMPACTS							
TVMS/TOMS/MAIL & RIDE (EXCLUDING REVENUE)	0	147		0	441	0	588
TOTAL CAPITAL PROJECT IMPACTS	0	\$ 147		0	\$ 441	0	\$ 588
Sub-total, CUSTOMER CONVENIENCE & AMENITIES	0	\$ 147		0	\$ 441	0	\$ 588
<b>MAINTENANCE</b>							
STRATEGIC BUSINESS PLAN INITIATIVES							
EQUIPMENT STRATEGY - FL-9M OVERHAUL (CDOT OWNED)	0	900		0	900	0	900
EQUIPMENT STRATEGY - INVERTER CONVERSION (GTO to IGBT) ON M4/M6	0	0		0	500	0	500
EQUIPMENT STRATEGY - M1 REHABILITATION PROGRAM (\$5 M)	0	2,900		8	3,497	8	3,497
EQUIPMENT STRATEGY - M3 HVAC CONTROL REPLACEMENT PROGRAM	2	949		2	949	2	949
FORKTRUCK REPLACEMENT PLAN	0	113		0	67	0	97
PROGRAMMING CONSULTANTS FOR SOFTWARE MODIFICATIONS (GEAC)	0	0		0	50	0	50
SUBSTATION-CONTROL BATTERY REPLACEMENT-7 YEAR CYCLE	0	0		0	0	0	220
VEHICLE MAINTENANCE PROVISION	0	0		0	100	0	100
WEST OF HUDSON SNOW REMOVAL	0	225		0	225	0	225
TOTAL STRATEGIC BUSINESS PLAN INITIATIVES	2	\$ 5,087		10	\$ 6,288	10	\$ 6,538
CAPITAL PROJECT IMPACTS							
EQUIPMENT REPLACEMENT PLAN - DISPOSAL COSTS	0	360		0	2,820	0	2,820
EQUIPMENT REPLACEMENT PLAN - HARLEM/HUDSON	0	154		0	(801)	0	1,393
HARLEM RIVER LIFT BRIDGE SYSTEM REHABILITATION	0	0		1	84	1	84
HARMON SHOP/YARD REHABILITATION	0	30		0	30	0	30
HIGHBRIDGE YARD IMPROVEMENTS	0	10		0	10	0	10
HUDSON LINE STATION REHABILITATION	0	27		0	27	0	27
TOTAL CAPITAL PROJECT IMPACTS	0	\$ 581		1	\$ 2,170	1	\$ 4,364
Sub-total, MAINTENANCE	2	\$ 5,668		11	\$ 8,458	11	\$ 10,902
<b>OTHER</b>							
STRATEGIC BUSINESS PLAN INITIATIVES							
DuPONT SAFETY TRAINING FEE	0	365		0	1,180	0	1,180
EVENT RECORDER RETROFIT	2	386		2	772	2	772
FIREWALL SECURITY	0	100		0	100	0	100
FEDERAL RAILROAD ADMINISTRATION EMERGENCY PREPAREDNESS TRAINING	0	311		0	0	0	311
FEDERAL RAILROAD ADMINISTRATION MANDATE-PROCEDURES	0	40		0	40	0	40
HIGH SPEED DC CIRCUIT BREAKER RELAY PROTECTION	0	200		0	200	0	200
HIGH TRACTION FOOTWEAR	0	59		0	59	0	59
PROTECTIVE FLASH SUITS-OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION REGULATION	0	203		0	203	0	0
TOTAL STRATEGIC BUSINESS PLAN INITIATIVES	2	\$ 1,664		2	\$ 2,554	2	\$ 2,662



MTA METRO-NORTH RAILROAD  
2005 - 2007 Operating Budget Projections  
PROGRAMS TO ELIMINATE THE GAP (PEGs)  
(Dollar Amounts In Thousands)

TABLE X-B

	Favorable/(Unfavorable)					
	2005 Plan		2006 Plan		2007 Plan	
	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>
CAPITAL PROJECT IMPACTS						
NEW HAVEN LINE RADIO COMMUNICATION UPGRADE	0	30	0	30	0	30
TOTAL CAPITAL PROJECT IMPACTS	0	\$ 30	0	\$ 30	0	\$ 30
Sub-total, OTHER	2	\$ 18,120	2	\$ 11,146	2	\$ 7,774
UNSPECIFIED PEGs						
UNIDENTIFIED PEG TARGETS 2005	0	16,426	0	0	0	0
UNIDENTIFIED PEG TARGETS 2006	0	0	0	8,562	0	0
UNIDENTIFIED PEG TARGETS 2007	0	0	0	0	0	5,082
Sub-total, UNSPECIFIED PEGs	0	\$ 16,426	0	\$ 8,562	0	\$ 5,082
REVENUE						
FARE REVENUE 2005	0	4,558	0	4,558	0	4,558
FARE REVENUE 2006	0	0	0	5,118	0	5,118
FARE REVENUE 2007	0	0	0	0	0	4,381
NON-PASSENGER REVENUE 2005	0	(82)	0	(82)	0	(82)
NON-PASSENGER REVENUE 2006	0	0	0	610	0	610
NON-PASSENGER REVENUE 2007	0	0	0	0	0	456
TOTAL REVENUE	0	\$ 4,476	0	\$ 10,204	0	\$ 15,041
<b>TOTAL 2005 - 2007 NEW PROJECT COSTS</b>	<b>4</b>	<b>\$ 52,535</b>	<b>13</b>	<b>\$ 55,016</b>	<b>13</b>	<b>\$ 64,231</b>
<b>IV. GRAND TOTAL</b>						
<b>GRAND TOTAL PEGs</b>	<b>35</b>	<b>\$ 82,237</b>	<b>44</b>	<b>\$ 84,718</b>	<b>44</b>	<b>\$ 93,933</b>

TABLE XI - A(i)

**MTA METRO-NORTH RAILROAD**  
**TOTAL POSITIONS 2002 - 2004**  
**Full-Time and Full-Time Equivalents (FTEs)**  
**NON-REIMBURSABLE AND REIMBURSABLE**

	<b>2002 Actual<sup>1</sup></b>			<b>2003 October Forecast</b>			<b>2004 Final Proposed Budget</b>		
	<u>Represented</u>	<u>Non- Represented</u>	<u>Total</u>	<u>Represented</u>	<u>Non- Represented</u>	<u>Total</u>	<u>Represented</u>	<u>Non- Represented</u>	<u>Total</u>
VP Operations	6	26	32	6	27	33	6	27	33
GCT	322	24	346	326	24	350	333	24	357
Operations Services	1,848	85	1,933	1,902	93	1,995	1,910	93	2,003
Maintenance of Equipment	1,033	130	1,163	1,032	131	1,163	1,032	132	1,164
Maintenance of Way	1,419	127	1,546	1,420	127	1,547	1,442	128	1,570
Metro-North West	0	1	1	27	1	28	27	1	28
<b>Total Operating &amp; Maintenance</b>	<b>4,628</b>	<b>393</b>	<b>5,021</b>	<b>4,713</b>	<b>403</b>	<b>5,116</b>	<b>4,750</b>	<b>405</b>	<b>5,155</b>
President	5	30	35	5	31	36	5	30	35
Finance & Administration Division	195	305	500	192	319	511	192	322	514
Human Resources & Diversity Division	18	78	96	16	72	88	16	72	88
Capital Programs Division	14	102	116	14	101	115	14	99	113
Legal	1	16	17	1	16	17	1	16	17
Environmental Compliance & Services	0	6	6	0	6	6	0	6	6
Planning & Development Division	2	64	66	2	64	66	2	64	66
Claims Services	4	19	23	4	19	23	4	19	23
Safety	2	13	15	2	13	15	2	13	15
<b>Total General &amp; Administration</b>	<b>241</b>	<b>633</b>	<b>874</b>	<b>236</b>	<b>641</b>	<b>877</b>	<b>236</b>	<b>641</b>	<b>877</b>
<b>TOTAL</b>	<b>4,869</b>	<b>1,026</b>	<b>5,895</b>	<b>4,949</b>	<b>1,044</b>	<b>5,993</b>	<b>4,986</b>	<b>1,046</b>	<b>6,032</b>

<sup>1</sup> Reflects position rather than incumbent information. The breakdown of incumbents into reimbursable and non-reimbursable as well as represented and non-represented staff is not available.

TABLE XI - A(ii)

**MTA METRO-NORTH RAILROAD**  
**TOTAL POSITIONS 2005 - 2007**  
**Full-Time and Full-Time Equivalents (FTEs)**  
**NON-REIMBURSABLE AND REIMBURSABLE**

	<b>2005 Plan</b>			<b>2006 Plan</b>			<b>2007 Plan</b>		
	<u>Represented</u>	<u>Non- Represented</u>	<u>Total</u>	<u>Represented</u>	<u>Non- Represented</u>	<u>Total</u>	<u>Represented</u>	<u>Non- Represented</u>	<u>Total</u>
VP Operations	8	38	46	8	38	46	8	38	46
GCT	356	24	380	359	24	383	367	24	391
Operations Services	1,967	94	2,061	1,973	94	2,067	1,978	94	2,072
Maintenance of Equipment	1,032	138	1,170	1,024	138	1,162	1,024	138	1,162
Maintenance of Way	1,463	133	1,596	1,467	134	1,601	1,467	134	1,601
Metro-North West	27	1	28	27	1	28	27	1	28
<b>Total Operating &amp; Maintenance</b>	<b>4,853</b>	<b>428</b>	<b>5,281</b>	<b>4,858</b>	<b>429</b>	<b>5,287</b>	<b>4,871</b>	<b>429</b>	<b>5,300</b>
President	5	30	35	5	30	35	5	30	35
Finance & Administration Division	192	325	517	192	327	519	192	327	519
Human Resources & Diversity Division	16	72	88	16	72	88	16	72	88
Capital Programs Division	14	99	113	14	99	113	14	99	113
Legal	1	16	17	1	16	17	1	16	17
Environmental Compliance & Services	0	6	6	0	6	6	0	6	6
Planning & Development Division	2	64	66	2	64	66	2	64	66
Claims Services	4	19	23	4	19	23	4	19	23
Safety	2	13	15	2	13	15	2	13	15
<b>Total General &amp; Administration</b>	<b>236</b>	<b>644</b>	<b>880</b>	<b>236</b>	<b>646</b>	<b>882</b>	<b>236</b>	<b>646</b>	<b>882</b>
<b>TOTAL</b>	<b>5,089</b>	<b>1,072</b>	<b>6,161</b>	<b>5,094</b>	<b>1,075</b>	<b>6,169</b>	<b>5,107</b>	<b>1,075</b>	<b>6,182</b>

TABLE XI - B(i)

**MTA METRO-NORTH RAILROAD**  
**POSITIONS 2002 - 2004**  
**Full-Time and Full-Time Equivalents (FTEs)**  
**NON-REIMBURSABLE**

	<b>2002 Actual<sup>1</sup></b>			<b>2003 October Forecast</b>			<b>2004 Final Proposed Budget</b>		
	<u>Represented</u>	<u>Non- Represented</u>	<u>Total</u>	<u>Represented</u>	<u>Non- Represented</u>	<u>Total</u>	<u>Represented</u>	<u>Non- Represented</u>	<u>Total</u>
VP Operations	6	22	28	6	23	29	6	23	29
GCT	296	24	320	300	24	324	308	24	332
Operations Services - OTE	778	79	857	791	87	878	821	87	908
Operations Services - T&E	984	0	984	991	0	991	990	0	990
Maintenance of Equipment	995	130	1,125	992	130	1,122	992	131	1,123
Maintenance of Way	1,118	98	1,216	1,126	97	1,223	1,146	98	1,244
Metro-North West	0	1	1	27	1	28	27	1	28
<b>Total Operating &amp; Maintenance</b>	<b>4,177</b>	<b>354</b>	<b>4,531</b>	<b>4,233</b>	<b>362</b>	<b>4,595</b>	<b>4,290</b>	<b>364</b>	<b>4,654</b>
President	5	30	35	5	31	36	5	30	35
Finance & Administration Division	185	270	455	184	283	467	184	288	472
Human Resources & Diversity Division	18	78	96	16	72	88	16	72	88
Capital Programs Division	1	5	6	1	5	6	1	3	4
Legal	1	16	17	1	16	17	1	16	17
Environmental Compliance & Services	0	6	6	0	6	6	0	6	6
Planning & Development Division	2	35	37	2	33	35	2	33	35
Claims Services	4	19	23	4	19	23	4	19	23
Safety	2	13	15	2	13	15	2	13	15
<b>Total General &amp; Administration</b>	<b>218</b>	<b>472</b>	<b>690</b>	<b>215</b>	<b>478</b>	<b>693</b>	<b>215</b>	<b>480</b>	<b>695</b>
<b>TOTAL</b>	<b>4,395</b>	<b>826</b>	<b>5,221</b>	<b>4,448</b>	<b>840</b>	<b>5,288</b>	<b>4,505</b>	<b>844</b>	<b>5,349</b>

<sup>1</sup> Reflects position rather than incumbent information. The breakdown of incumbents into reimbursable and non-reimbursable as well as represented and non-represented staff is not available.

TABLE XI - B(ii)

**MTA METRO-NORTH RAILROAD**  
**POSITIONS 2005 - 2007**  
**Full-Time and Full-Time Equivalents (FTEs)**  
**NON-REIMBURSABLE**

	<b>2005 Plan</b>			<b>2006 Plan</b>			<b>2007 Plan</b>		
	<u>Represented</u>	<u>Non-Represented</u>	<u>Total</u>	<u>Represented</u>	<u>Non-Represented</u>	<u>Total</u>	<u>Represented</u>	<u>Non-Represented</u>	<u>Total</u>
VP Operations	8	34	42	8	34	42	8	34	42
GCT	331	24	355	334	24	358	342	24	366
Operations Services - OTE	842	88	930	842	88	930	842	88	930
Operations Services - T&E	1,026	0	1,026	1,032	0	1,032	1,037	0	1,037
Maintenance of Equipment	992	137	1,129	984	137	1,121	984	137	1,121
Maintenance of Way	1,167	103	1,270	1,171	104	1,275	1,171	104	1,275
Metro-North West	27	1	28	27	1	28	27	1	28
<b>Total Operating &amp; Maintenance</b>	<b>4,393</b>	<b>387</b>	<b>4,780</b>	<b>4,398</b>	<b>388</b>	<b>4,786</b>	<b>4,411</b>	<b>388</b>	<b>4,799</b>
President	5	30	35	5	30	35	5	30	35
Finance & Administration Division	184	291	475	184	293	477	184	293	477
Human Resources & Diversity Division	16	72	88	16	72	88	16	72	88
Capital Programs Division	1	3	4	1	3	4	1	3	4
Legal	1	16	17	1	16	17	1	16	17
Environmental Compliance & Services	0	6	6	0	6	6	0	6	6
Planning & Development Division	2	33	35	2	33	35	2	33	35
Claims Services	4	19	23	4	19	23	4	19	23
Safety	2	13	15	2	13	15	2	13	15
<b>Total General &amp; Administration</b>	<b>215</b>	<b>483</b>	<b>698</b>	<b>215</b>	<b>485</b>	<b>700</b>	<b>215</b>	<b>485</b>	<b>700</b>
<b>TOTAL</b>	<b>4,608</b>	<b>870</b>	<b>5,478</b>	<b>4,613</b>	<b>873</b>	<b>5,486</b>	<b>4,626</b>	<b>873</b>	<b>5,499</b>

TABLE XI - C(i)

**MTA METRO-NORTH RAILROAD**  
**POSITIONS 2002 - 2004**  
**Full-Time and Full-Time Equivalents (FTEs)**  
**REIMBURSABLE**

	<b>2002 Actual<sup>1</sup></b>			<b>2003 October Forecast</b>			<b>2004 Final Proposed Budget</b>		
	<b>Represented</b>	<b>Non- Represented</b>	<b>Total</b>	<b>Represented</b>	<b>Non- Represented</b>	<b>Total</b>	<b>Represented</b>	<b>Non- Represented</b>	<b>Total</b>
VP Operations	0	4	4	0	4	4	0	4	4
GCT	26	0	26	26	0	26	25	0	25
Operations Services - OTE	2	6	8	3	6	9	5	6	11
Operations Services - T&E	84	0	84	117	0	117	94	0	94
Maintenance of Equipment	38	0	38	40	1	41	40	1	41
Maintenance of Way	301	29	330	294	30	324	296	30	326
Metro-North West	0	0	0	0	0	0	0	0	0
<b>Total Operating &amp; Maintenance</b>	<b>451</b>	<b>39</b>	<b>490</b>	<b>480</b>	<b>41</b>	<b>521</b>	<b>460</b>	<b>41</b>	<b>501</b>
President	0	0	0	0	0	0	0	0	0
Finance & Administration Division	10	35	45	8	36	44	8	34	42
Human Resources & Diversity Division	0	0	0	0	0	0	0	0	0
Capital Programs Division	13	97	110	13	96	109	13	96	109
Legal	0	0	0	0	0	0	0	0	0
Environmental Compliance & Services	0	0	0	0	0	0	0	0	0
Planning & Development Division	0	29	29	0	31	31	0	31	31
Claims Services	0	0	0	0	0	0	0	0	0
Safety	0	0	0	0	0	0	0	0	0
<b>Total General &amp; Administration</b>	<b>23</b>	<b>161</b>	<b>184</b>	<b>21</b>	<b>163</b>	<b>184</b>	<b>21</b>	<b>161</b>	<b>182</b>
<b>TOTAL</b>	<b>474</b>	<b>200</b>	<b>674</b>	<b>501</b>	<b>204</b>	<b>705</b>	<b>481</b>	<b>202</b>	<b>683</b>

<sup>1</sup> Reflects position rather than incumbent information. The breakdown of incumbents into reimbursable and non-reimbursable as well as represented and non-represented staff is not available.

TABLE XI - C(ii)

**MTA METRO-NORTH RAILROAD**  
**POSITIONS 2005 - 2007**  
**Full-Time and Full-Time Equivalents (FTEs)**  
**REIMBURSABLE**

	<b>2005 Plan</b>			<b>2006 Plan</b>			<b>2007 Plan</b>		
	<u>Represented</u>	<u>Non- Represented</u>	<u>Total</u>	<u>Represented</u>	<u>Non- Represented</u>	<u>Total</u>	<u>Represented</u>	<u>Non- Represented</u>	<u>Total</u>
VP Operations	0	4	4	0	4	4	0	4	4
GCT	25	0	25	25	0	25	25	0	25
Operations Services - OTE	5	6	11	5	6	11	5	6	11
Operations Services - T&E	94	0	94	94	0	94	94	0	94
Maintenance of Equipment	40	1	41	40	1	41	40	1	41
Maintenance of Way	296	30	326	296	30	326	296	30	326
Metro-North West	0	0	0	0	0	0	0	0	0
<b>Total Operating &amp; Maintenance</b>	460	41	501	460	41	501	460	41	501
President	0	0	0	0	0	0	0	0	0
Finance & Administration Division	8	34	42	8	34	42	8	34	42
Human Resources & Diversity Division	0	0	0	0	0	0	0	0	0
Capital Programs Division	13	96	109	13	96	109	13	96	109
Legal	0	0	0	0	0	0	0	0	0
Environmental Compliance & Services	0	0	0	0	0	0	0	0	0
Planning & Development Division	0	31	31	0	31	31	0	31	31
Claims Services	0	0	0	0	0	0	0	0	0
Safety	0	0	0	0	0	0	0	0	0
<b>Total General &amp; Administration</b>	21	161	182	21	161	182	21	161	182
<b>TOTAL</b>	481	202	683	481	202	683	481	202	683

## **MTA HEADQUARTERS**



**MTA Headquarters**

**Final Proposed Budget for 2004 and Financial Plan for 2004-2007**

## **MTA HEADQUARTERS**

### **Final Proposed Budget for 2004 and Financial Plan for 2004-2007**

#### **Mission Statement**

The mission of Metropolitan Transportation Authority Headquarters is to maximize use of MTA Transportation services and facilities by its customers and to provide support to the operating agencies in budget, cash management, finance, legal, real estate, treasury, risk and insurance management, and other services.

#### **Financial Review**

MTA Headquarters expenditures of \$280.315 million in the 2004 Final Proposed Budget are \$26.097 million higher than the 2003 October Forecast of \$254.218 million. Increased expenditures are primarily due to higher support for subsidiaries as well as increased compensation resulting from annualized salaries of positions to be filled in late 2003. The 2004 Final Proposed Budget includes new needs established in the 2004 Preliminary Budget, namely, contributions to the Pension Funds of \$1.500 million in order to strengthen the New York State Retirement Fund which has under performed in the past several years; the establishing of an accounting reserve of \$1.000 million in order to begin the process of implementing an all-agency accounting system; and \$2.500 million to fund the MTA Capital Construction Company. In addition, an increase of \$0.500 million in the 2004 Final Proposed Budget results from an increase in the costs related to the City Ticket Program and 14-Day Pass Survey. Compensation savings related to non-represented personnel amounting to \$1.690 million were included as a Program to Eliminate the Gap.

The 2003 October Forecast of \$254.218 million includes a favorable shifting of \$1.550 million of costs related to the City Ticket Pilot Program and 14-Day Pass Survey to the 2004 Final Proposed Budget. Coupled with a reduction in support for subsidiaries, these represent the only changes from the 2003 Mid-Year Forecast.

Expenses in the 2004 Final Proposed Budget are increased by \$2.388 million from the 2004 Preliminary Budget primarily due to an unfavorable shifting of costs from 2003 related to the City Ticket Pilot Program and 14-Day Pass Survey, and an increase in support for subsidiaries. Total expenses of \$280.315 million are \$73.721 million higher than the 2002 Actual expenses primarily due to higher anticipated support for subsidiaries, higher compensation as a result of full year staffing at both MTA Headquarters and the MTA Police and increased expenditures for security related activities.

All expenses are inflated by 3.24%, 3.23%, and 3.22% in the years 2005, 2006, and 2007.

## **Programmatic Review**

The Enterprise Technology Group (ETG) will provide 24x7x365 technical support and related customer services for the computing and communications infrastructure at MTAHQ and 2 Broadway, among MTA agencies and selectively on an enterprise basis, including desktop workstations, LAN/WAN and midrange servers, Internet/Intranet, e-mail as well as voice, data, audio/video communications support and disaster/business recovery services.

The Budget and Financial Management Division in 2004 will provide additional reporting in quarterly audited financial statements compared to Budget. This is the result of continuing to provide accurate, reliable and timely information to be used for MTA decision making and to enhance the public's understanding.

Budget and Financial Management with the Applications Development division will provide the development of an integrated financial reporting and budgeting system to replace the current outdated suite of financial systems with Peoplesoft Software. The selected new applications will provide an easier: interface with retained legacy systems; provide timely reporting; eliminate duplicate points of data entry; improve reporting capability; and, improve cost and budgetary controls.

The Real Estate division will provide the necessary support to NYCT in property acquisition efforts needed to meet the Phase 1 requirements for the Second Avenue Subway construction project, as well as acquisition efforts related to east Side Access, 7 West, and the Fulton Street Transit Center.

The Public Safety department, which includes the MTA Police, will improve visibility throughout the region with uniformed officers at critical locations in order to strengthen security posts by augmenting patrol capabilities and support units. Public Safety will also provide protection for the MTA infrastructure through programs promoting increased security at facilities but also including railroads, trains, buses, and bridges and tunnels.

## **Revenue Forecast**

Revenues of \$16.966 million in the 2004 Final Proposed Budget is unchanged from the 2004 Preliminary Budget but is 3.21% higher than the 2003 October Forecast 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 to both the Museum itself and its retail operations.

## **Expense Budget Highlights**

### **New Needs**

New needs for the 2003 October Forecast and the 2004 Final Proposed Budget include contributions to the Pension Funds of \$1.500 million 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 \$1.000 million in each of the years 2003 and 2004 in order to begin the process of implementing an all-agency accounting system; and \$2.000 million to \$2.500 million in 2003 and 2004, respectively, to fund the MTA Capital Construction Company. In addition, an increase of \$0.500 million in the 2004 Final Proposed Budget results from an increase in the projected costs related to the City Ticket Program and 14-Day Pass Survey.

### **Programs to Eliminate the Gap**

Programs to eliminate the gap in the 2003 October Forecast and 2004 Final Proposed Budget are primarily comprised of savings related to non-represented personnel amounting to \$1.690 million. These savings are inflated in the Plan years 2005, 2006, 2007 at 3.24%, 3.23%, and 3.22%, respectively.

**MTA HEADQUARTERS**  
**ACCRUAL STATEMENT OF OPERATIONS BY CATEGORY**  
**2002 - 2004**  
(\$ in millions)

	2002 Actual	2003 October Forecast	2004		Favorable/(Unfavorable) 2004 Final Proposed Budget vs.	
			Preliminary Budget	Final Proposed Budget	2003 October Forecast	2004 Preliminary Budget
<b>REVENUE DETAIL</b>						
Rental Income	6.484	7.936	8.191	8.191	0.255	-
Data Center Billings	4.040	4.688	4.838	4.838	0.150	-
Other	3.675	3.815	3.937	3.937	0.122	-
<b>Total Revenue</b>	<b>14.199</b>	<b>16.439</b>	<b>16.966</b>	<b>16.966</b>	<b>0.527</b>	<b>-</b>
<b>Employee Salaries</b>						
Base	80.096	91.711	94.694	94.694	(2.983)	-
Overtime	11.968	11.947	12.334	12.334	(0.387)	-
Employee Salaries	92.064	103.658	107.028	107.028	(3.370)	-
<b>Employee Benefits</b>						
Pensions	10.081	12.106	12.864	12.864	(0.758)	-
Health & Welfare	16.399	18.636	19.244	19.244	(0.608)	-
Other	0.423	0.517	0.533	0.533	(0.016)	-
Employee Benefits	26.903	31.259	32.641	32.641	(1.382)	-
<b>Total Compensation</b>	<b>118.967</b>	<b>134.917</b>	<b>139.669</b>	<b>139.669</b>	<b>(4.752)</b>	<b>-</b>
<b>Employee Expenses</b>	<b>2.195</b>	<b>2.511</b>	<b>2.592</b>	<b>2.592</b>	<b>(0.081)</b>	<b>-</b>
Temporary Services	0.484	0.165	0.170	0.170	(0.005)	-
<b>Total Personnel Services</b>	<b>121.646</b>	<b>137.593</b>	<b>142.431</b>	<b>142.431</b>	<b>(4.838)</b>	<b>-</b>
<b>Professional Services</b>	<b>19.759</b>	<b>34.538</b>	<b>35.395</b>	<b>37.445</b>	<b>(2.907)</b>	<b>(2.050)</b>
Insurance Expenses	2.325	2.259	3.155	3.155	(0.896)	-
Promo., Market. & Print.	9.769	1.983	2.047	2.047	(0.064)	-
Office Furn. & Equip.	1.157	3.749	3.869	3.869	(0.120)	-
Automotive Expenses	1.467	2.168	2.238	2.238	(0.070)	-
Maint. & Rep. (Non-Auto)	9.970	15.711	16.216	16.216	(0.505)	-
Supplies	0.824	1.005	1.037	1.037	(0.032)	-
Occupancy	0.189	1.346	1.389	1.389	(0.043)	-
Communications	2.706	2.997	3.094	3.094	(0.097)	-
Utilities	1.240	0.988	1.020	1.020	(0.032)	-
D.P. Equip. Rental	3.741	3.926	4.053	4.053	(0.127)	-
Equipment - Other	0.492	0.631	0.651	0.651	(0.020)	-
Public Hearing	0.245	0.450	0.464	0.464	(0.014)	-
Finance Expense	17.600	31.599	47.593	47.931	(16.332)	(0.338)
<b>Total All Other Exp.</b>	<b>71.484</b>	<b>103.350</b>	<b>122.221</b>	<b>124.609</b>	<b>(21.259)</b>	<b>(2.388)</b>
<b>Total Gross Expense</b>						
Bef. Depr.	193.130	240.943	264.652	267.040	(26.097)	(2.388)
<b>Less Exp. Recovery</b>	<b>(28.668)</b>	<b>(34.929)</b>	<b>(36.054)</b>	<b>(36.054)</b>	<b>1.125</b>	<b>-</b>
<b>Total Net Exp. Bef. Depr.</b>	<b>164.462</b>	<b>206.014</b>	<b>228.598</b>	<b>230.986</b>	<b>(24.972)</b>	<b>(2.388)</b>
<b>Depreciation</b>	<b>13.464</b>	<b>13.275</b>	<b>13.275</b>	<b>13.275</b>	<b>-</b>	<b>-</b>
<b>Total Net Oper. Exp.</b>	<b>177.926</b>	<b>219.289</b>	<b>241.873</b>	<b>244.261</b>	<b>(24.972)</b>	<b>(2.388)</b>
<b>Cash Adjustments</b>	<b>(16.600)</b>	<b>(7.504)</b>	<b>0.404</b>	<b>(0.046)</b>	<b>7.458</b>	<b>0.450</b>
<b>Total Cash Expenses</b>	<b>180.327</b>	<b>210.354</b>	<b>224.503</b>	<b>227.341</b>	<b>(16.987)</b>	<b>(1.938)</b>

**MTA HEADQUARTERS**  
**FINANCIAL PLAN COMPARISON BY CATEGORY (ACCRUED)**  
**2003 OCTOBER FORECAST VS. MID-YEAR FORECAST**  
(\$ in millions)

**TABLE I-A**

	2003				Favorable/(Unfavorable)
	Mid-Year Forecast	July Year-to-date Actuals	August to December Forecast	October Forecast	
<b>REVENUE DETAIL</b>					
Rental Income	7.936	4.649	3.287	7.936	0.000
Data Center Billings	4.688	2.391	2.297	4.688	0.000
Other	3.815	2.144	1.671	3.815	0.000
<b>Total Revenue</b>	<b>16.439</b>	<b>9.184</b>	<b>7.255</b>	<b>16.439</b>	<b>0.000</b>
<b>Employee Salaries</b>					
Base	91.711	50.641	41.070	91.711	0.000
Overtime	11.947	9.482	2.465	11.947	0.000
Employee Salaries	103.658	60.123	43.535	103.658	0.000
<b>Employee Benefits</b>					
Pensions	12.106	6.338	5.768	12.106	0.000
Health & Welfare	18.636	10.902	7.734	18.636	0.000
Other	0.517	0.222	0.295	0.517	0.000
Employee Benefits	31.259	17.462	13.797	31.259	0.000
<b>Total Compensation</b>	<b>134.917</b>	<b>77.585</b>	<b>57.332</b>	<b>134.917</b>	<b>0.000</b>
<b>Employee Expenses</b>	<b>2.511</b>	<b>1.032</b>	<b>1.479</b>	<b>2.511</b>	<b>0.000</b>
Temporary Services	0.165	0.209	(0.044)	0.165	0.000
<b>Total Personnel Services</b>	<b>137.593</b>	<b>78.826</b>	<b>58.767</b>	<b>137.593</b>	<b>0.000</b>
<b>Professional Services</b>	<b>36.088</b>	<b>9.504</b>	<b>25.034</b>	<b>34.538</b>	<b>1.550</b>
Insurance Expenses	2.259	1.271	0.988	2.259	0.000
Promo., Market. & Print.	1.983	0.851	1.132	1.983	0.000
Office Furn. & Equip.	3.749	0.363	3.386	3.749	0.000
Automotive Expenses	2.168	0.831	1.337	2.168	0.000
Maint. & Rep. (Non-Auto)	15.711	2.239	13.472	15.711	0.000
Supplies	1.005	0.395	0.610	1.005	0.000
Occupancy	1.346	0.111	1.235	1.346	0.000
Communications	2.997	1.060	1.937	2.997	0.000
Utilities	0.988	0.869	0.119	0.988	0.000
D.P. Equip. Rental	3.926	1.311	2.615	3.926	0.000
Equipment - Other	0.631	0.223	0.408	0.631	0.000
Public Hearing	0.450	0.128	0.322	0.450	0.000
Finance Expense	33.053	24.700	6.899	31.599	1.454
<b>Total All Other Exp.</b>	<b>106.354</b>	<b>43.856</b>	<b>59.494</b>	<b>103.350</b>	<b>3.004</b>
<b>Total Gross Expense</b>					
Bef. Depr.	243.947	122.682	118.261	240.943	3.004
<b>Less Exp. Recovery</b>	<b>(34.929)</b>	<b>(14.306)</b>	<b>(20.623)</b>	<b>(34.929)</b>	<b>0.000</b>
<b>Total Net Exp. Bef. Depr.</b>	<b>209.018</b>	<b>108.376</b>	<b>97.638</b>	<b>206.014</b>	<b>3.004</b>
<b>Depreciation</b>	<b>13.275</b>	<b>7.432</b>	<b>5.843</b>	<b>13.275</b>	<b>0.000</b>
<b>Total Net Oper. Exp.</b>	<b>222.293</b>	<b>115.808</b>	<b>103.481</b>	<b>219.289</b>	<b>3.004</b>
<b>Cash Adjustments</b>	<b>(7.504)</b>	<b>4.377</b>	<b>(11.881)</b>	<b>(7.504)</b>	<b>0.000</b>
<b>Total Cash Expenses</b>	<b>213.358</b>	<b>102.247</b>	<b>108.107</b>	<b>210.354</b>	<b>3.004</b>

**MTA HEADQUARTERS**  
**FINANCIAL PLAN COMPARISON BY CATEGORY (ACCRUED to CASH)**  
**2003 OCTOBER FORECAST VS. MID-YEAR FORECAST**  
(\$ in millions)

**TABLE I-B**

	2003				Favorable/(Unfavorable)
	Mid-Year Forecast	July Year-to-date Actuals	August to December Forecast	October Forecast	October Forecast vs. Mid-Year Forecast
REVENUE DETAIL					
Rental Income	7.936	4.649	3.287	7.936	0.000
Data Center Billings	4.688	2.391	2.297	4.688	0.000
Other	3.815	2.144	1.671	3.815	0.000
Total Revenue	16.439	9.184	7.255	16.439	0.000
Employee Salaries					
Base	91.711	50.641	41.070	91.711	0.000
Overtime	11.947	9.482	2.465	11.947	0.000
Employee Salaries	103.658	60.123	43.535	103.658	0.000
Employee Benefits					
Pensions	12.106	6.338	5.768	12.106	0.000
Health & Welfare	18.636	10.902	7.734	18.636	0.000
Other	0.517	0.222	0.295	0.517	0.000
Employee Benefits	31.259	17.462	13.797	31.259	0.000
Total Compensation	134.917	77.585	57.332	134.917	0.000
Employee Expenses	2.511	1.032	1.479	2.511	0.000
Temporary Services	0.165	0.209	(0.044)	0.165	0.000
Total Personnel Services	137.593	78.826	58.767	137.593	0.000
Professional Services	36.088	9.504	25.034	34.538	1.550
Insurance Expenses	2.259	1.271	0.988	2.259	0.000
Promo., Market. & Print.	1.983	0.851	1.132	1.983	0.000
Office Furn. & Equip.	3.749	0.363	3.386	3.749	0.000
Automotive Expenses	2.168	0.831	1.337	2.168	0.000
Maint. & Rep. (Non-Auto)	15.711	2.239	13.472	15.711	0.000
Supplies	1.005	0.395	0.610	1.005	0.000
Occupancy	1.346	0.111	1.235	1.346	0.000
Communications	2.997	1.060	1.937	2.997	0.000
Utilities	0.988	0.869	0.119	0.988	0.000
D.P. Equip. Rental	3.926	1.311	2.615	3.926	0.000
Equipment - Other	0.631	0.223	0.408	0.631	0.000
Public Hearing	0.450	0.128	0.322	0.450	0.000
Finance Expense	33.053	24.700	6.899	31.599	1.454
Total All Other Exp.	106.354	43.856	59.494	103.350	3.004
Total Gross Expense					
Bef. Depr.	243.947	122.682	118.261	240.943	3.004
Less Exp. Recovery	(34.929)	(14.306)	(20.623)	(34.929)	0.000
Total Net Exp. Bef. Depr.	209.018	108.376	97.638	206.014	3.004
Depreciation	13.275	7.432	5.843	13.275	0.000
Total Net Oper. Exp.	222.293	115.808	103.481	219.289	3.004
Cash Adjustments	(7.504)	4.377	(11.881)	(7.504)	0.000
Total Cash Expenses	213.358	102.247	108.107	210.354	3.004

TABLE II

**MTA HEADQUARTERS**  
**ACCRUAL & CASH STATEMENT OF OPERATIONS BY CATEGORY**  
**2002 - 2004**  
(\$ in millions)

	2002 Actual	2003 October Forecast	2004		Favorable/(Unfavorable) 2004 Final Proposed Budget vs.	
			Preliminary Budget	Final Proposed Budget	2003 October Forecast	2004 Preliminary Budget
<b>REVENUE DETAIL</b>						
Rental Income	6.484	7.936	8.191	8.191	0.255	0.000
Data Center Billings	4.040	4.688	4.838	4.838	0.150	0.000
Other	3.675	3.815	3.937	3.937	0.122	0.000
<b>Total Revenue</b>	<b>14.199</b>	<b>16.439</b>	<b>16.966</b>	<b>16.966</b>	<b>0.527</b>	<b>0.000</b>
<b>Employee Salaries</b>						
Base	80.096	91.711	94.694	94.694	(2.983)	0.000
Overtime	11.968	11.947	12.334	12.334	(0.387)	0.000
Employee Salaries	92.064	103.658	107.028	107.028	(3.370)	0.000
<b>Employee Benefits</b>						
Pensions	10.081	12.106	12.864	12.864	(0.758)	0.000
Health & Welfare	16.399	18.636	19.244	19.244	(0.608)	0.000
Other	0.423	0.517	0.533	0.533	(0.016)	0.000
Employee Benefits	26.903	31.259	32.641	32.641	(1.382)	0.000
<b>Total Compensation</b>	<b>118.967</b>	<b>134.917</b>	<b>139.669</b>	<b>139.669</b>	<b>(4.752)</b>	<b>0.000</b>
<b>Employee Expenses</b>	<b>2.195</b>	<b>2.511</b>	<b>2.592</b>	<b>2.592</b>	<b>(0.081)</b>	<b>0.000</b>
Temporary Services	0.484	0.165	0.170	0.170	(0.005)	0.000
<b>Total Personnel Services</b>	<b>121.646</b>	<b>137.593</b>	<b>142.431</b>	<b>142.431</b>	<b>(4.838)</b>	<b>0.000</b>
<b>Professional Services</b>	<b>19.759</b>	<b>34.538</b>	<b>35.395</b>	<b>37.445</b>	<b>(2.907)</b>	<b>(2.050)</b>
Insurance Expenses	2.325	2.259	3.155	3.155	(0.896)	0.000
Promo., Market. & Print.	9.769	1.983	2.047	2.047	(0.064)	0.000
Office Furn. & Equip.	1.157	3.749	3.869	3.869	(0.120)	0.000
Automotive Expenses	1.467	2.168	2.238	2.238	(0.070)	0.000
Maint. & Rep. (Non-Auto)	9.970	15.711	16.216	16.216	(0.505)	0.000
Supplies	0.824	1.005	1.037	1.037	(0.032)	0.000
Occupancy	0.189	1.346	1.389	1.389	(0.043)	0.000
Communications	2.706	2.997	3.094	3.094	(0.097)	0.000
Utilities	1.240	0.988	1.020	1.020	(0.032)	0.000
D.P. Equip. Rental	3.741	3.926	4.053	4.053	(0.127)	0.000
Equipment - Other	0.492	0.631	0.651	0.651	(0.020)	0.000
Public Hearing	0.245	0.450	0.464	0.464	(0.014)	0.000
Finance Expense	17.600	31.599	47.593	47.931	(16.332)	(0.338)
<b>Total All Other Exp.</b>	<b>71.484</b>	<b>103.350</b>	<b>122.221</b>	<b>124.609</b>	<b>(21.259)</b>	<b>(2.388)</b>
<b>Total Gross Expense</b>						
Bef. Depr.	193.130	240.943	264.652	267.040	(26.097)	(2.388)
<b>Less Exp. Recovery</b>	<b>(28.668)</b>	<b>(34.929)</b>	<b>(36.054)</b>	<b>(36.054)</b>	<b>1.125</b>	<b>0.000</b>
<b>Total Net Exp. Bef. Depr.</b>	<b>164.462</b>	<b>206.014</b>	<b>228.598</b>	<b>230.986</b>	<b>(24.972)</b>	<b>(2.388)</b>
<b>Depreciation</b>	<b>13.464</b>	<b>13.275</b>	<b>13.275</b>	<b>13.275</b>	<b>0.000</b>	<b>0.000</b>
<b>Total Net Oper. Exp.</b>	<b>177.926</b>	<b>219.289</b>	<b>241.873</b>	<b>244.261</b>	<b>(24.972)</b>	<b>(2.388)</b>
<b>Cash Adjustments</b>	<b>(16.600)</b>	<b>(7.504)</b>	<b>0.404</b>	<b>(0.046)</b>	<b>7.458</b>	<b>0.450</b>
<b>Total Cash Expenses</b>	<b>180.327</b>	<b>210.354</b>	<b>224.503</b>	<b>227.341</b>	<b>(16.987)</b>	<b>(1.938)</b>



**MTA HEADQUARTERS**  
**CASH FLOW ADJUSTMENTS**  
**2003 - 2004**  
(\$ in millions)

**TABLE III**

	Favorable/(Unfavorable)					
					<b>2004 Final</b>	
					<b>Proposed Budget</b>	
			<b>2004</b>		<b>vs.</b>	
	<b>2002</b>	<b>2003</b>	<b>Preliminary</b>	<b>Final</b>	<b>2003</b>	<b>2004</b>
	<b>Actual</b>	<b>October</b>	<b>Budget</b>	<b>Proposed</b>	<b>October</b>	<b>Preliminary</b>
		<b>Forecast</b>		<b>Budget</b>	<b>Forecast</b>	<b>Budget</b>
<b>Cash Adjustments</b>						
Capital Expenditures	(17.638)	(20.779)	(20.779)	(20.779)	0.000	0.000
Payable/Receivable	(12.426)	0.000	7.908	7.458	7.458	(0.450)
Transfer from MRT-2	0.000	38.626	27.195	26.367	(12.259)	(0.828)
Reserve for Security Reimbursement	0.000	(38.626)	(27.195)	(26.367)	12.259	0.828
Depreciation	13.464	13.275	13.275	13.275	0.000	0.000
Other	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total Cash Adjustments</b>	(16.600)	(7.504) #	0.404 #	(0.046)	7.458	(0.450)
<b>Total Changes</b>	0.000	0.000 #	0.000 #	0.000	0.000	0.000
<b>Total Cash Expenses - 2004 Preliminary Budget</b>	(16.600)	(7.504)	0.404	(0.046)	7.458	(0.450)

TABLE IV

**MTA HEADQUARTERS**  
**ACCRUAL STATEMENT OF OPERATIONS BY CATEGORY**  
**2003 - 2007**  
(\$ in millions)

	<b>2003 October Forecast</b>	<b>2004 Final Proposed Budget</b>	<b>2005 Plan</b>	<b>2006 Plan</b>	<b>2007 Plan</b>
<b>REVENUE DETAIL</b>					
Rental Income	7.936	8.191	8.456	8.730	9.011
Data Center Billings	4.688	4.838	4.995	5.156	5.322
Other	3.815	3.937	4.065	4.196	4.331
<b>Total Revenue</b>	<b>16.439</b>	<b>16.966</b>	<b>17.516</b>	<b>18.082</b>	<b>18.664</b>
<b>Employee Salaries</b>					
Base	91.711	94.694	97.644	100.469	103.704
Overtime	11.947	12.334	12.852	13.596	14.033
Employee Salaries	103.658	107.028	110.496	114.065	117.737
<b>Employee Benefits</b>					
Pensions	12.106	12.864	13.285	13.715	14.156
Health & Welfare	18.636	19.244	19.864	20.504	21.164
Other	0.517	0.533	0.550	0.568	0.587
Employee Benefits	31.259	32.641	33.699	34.787	35.907
Total Compensation	134.917	139.669	144.195	148.852	153.644
<b>Employee Expenses</b>					
Temporary Services	0.165	0.170	0.176	0.181	0.187
<b>Total Personnel Services</b>	<b>137.593</b>	<b>142.431</b>	<b>147.047</b>	<b>151.795</b>	<b>156.682</b>
<b>Professional Services</b>					
Insurance Expenses	2.259	3.155	3.257	3.362	3.470
Promo., Market. & Print.	1.983	2.047	2.113	2.182	2.252
Office Furn. & Equip.	3.749	3.869	3.994	4.123	4.255
Automotive Expenses	2.168	2.238	2.311	2.385	2.418
Maint. & Rep. (Non-Auto)	15.711	16.216	16.741	17.282	17.838
Supplies	1.005	1.037	1.071	1.105	1.140
Occupancy	1.346	1.389	1.434	1.480	1.528
Communications	2.997	3.094	3.194	3.297	3.403
Utilities	0.988	1.020	1.053	1.087	1.122
D.P. Equip. Rental	3.926	4.053	4.184	4.319	4.414
Equipment - Other	0.631	0.651	0.672	0.694	0.716
Public Hearing	0.450	0.464	0.479	0.495	0.511
Finance Expense	31.599	47.931	56.579	60.994	64.961
<b>Total All Other Exp.</b>	<b>103.350</b>	<b>124.609</b>	<b>136.124</b>	<b>143.108</b>	<b>149.628</b>
<b>Total Gross Expense</b>	<b>240.943</b>	<b>267.040</b>	<b>283.171</b>	<b>294.903</b>	<b>306.310</b>
<b>Bef. Depr.</b>	<b>240.943</b>	<b>267.040</b>	<b>283.171</b>	<b>294.903</b>	<b>306.310</b>
<b>Less Exp. Recovery</b>	<b>(34.929)</b>	<b>(36.054)</b>	<b>(37.222)</b>	<b>(38.424)</b>	<b>(39.662)</b>
<b>Total Net Exp. Bef. Depr.</b>	<b>206.014</b>	<b>230.986</b>	<b>245.949</b>	<b>256.479</b>	<b>266.648</b>
<b>Depreciation</b>	<b>13.275</b>	<b>13.275</b>	<b>13.275</b>	<b>13.275</b>	<b>13.275</b>
<b>Total Net Oper. Exp.</b>	<b>219.289</b>	<b>244.261</b>	<b>259.224</b>	<b>269.754</b>	<b>279.923</b>
<b>Cash Adjustments</b>	<b>(7.504)</b>	<b>(0.046)</b>	<b>(7.504)</b>	<b>(7.504)</b>	<b>(7.504)</b>
<b>Total Cash Expenses</b>	<b>210.354</b>	<b>227.341</b>	<b>249.212</b>	<b>259.176</b>	<b>268.763</b>

TABLE V

**MTA HEADQUARTERS**  
**ACCRUAL and CASH STATEMENT OF OPERATIONS BY CATEGORY**  
**2003 - 2007**  
(\$ in millions)

	<b>2003 October Forecast</b>	<b>2004 Final Proposed Budget</b>	<b>2005 Plan</b>	<b>2006 Plan</b>	<b>2007 Plan</b>
<b>REVENUE DETAIL</b>					
Rental Income	7.936	8.191	8.456	8.730	9.011
Data Center Billings	4.688	4.838	4.995	5.156	5.322
Other	3.815	3.937	4.065	4.196	4.331
<b>Total Revenue</b>	<b>16.439</b>	<b>16.966</b>	<b>17.516</b>	<b>18.082</b>	<b>18.664</b>
<b>Employee Salaries</b>					
Base	91.711	94.694	97.644	100.469	103.704
Overtime	11.947	12.334	12.852	13.596	14.033
Employee Salaries	103.658	107.028	110.496	114.065	117.737
<b>Employee Benefits</b>					
Pensions	12.106	12.864	13.285	13.715	14.156
Health & Welfare	18.636	19.244	19.864	20.504	21.164
Other	0.517	0.533	0.550	0.568	0.587
Employee Benefits	31.259	32.641	33.699	34.787	35.907
<b>Total Compensation</b>	<b>134.917</b>	<b>139.669</b>	<b>144.195</b>	<b>148.852</b>	<b>153.644</b>
<b>Employee Expenses</b>	<b>2.511</b>	<b>2.592</b>	<b>2.676</b>	<b>2.762</b>	<b>2.851</b>
Temporary Services	0.165	0.170	0.176	0.181	0.187
<b>Total Personnel Services</b>	<b>137.593</b>	<b>142.431</b>	<b>147.047</b>	<b>151.795</b>	<b>156.682</b>
<b>Professional Services</b>	<b>34.538</b>	<b>37.445</b>	<b>39.042</b>	<b>40.303</b>	<b>41.600</b>
Insurance Expenses	2.259	3.155	3.257	3.362	3.470
Promo., Market. & Print.	1.983	2.047	2.113	2.182	2.252
Office Furn. & Equip.	3.749	3.869	3.994	4.123	4.255
Automotive Expenses	2.168	2.238	2.311	2.385	2.418
Maint. & Rep. (Non-Auto)	15.711	16.216	16.741	17.282	17.838
Supplies	1.005	1.037	1.071	1.105	1.140
Occupancy	1.346	1.389	1.434	1.480	1.528
Communications	2.997	3.094	3.194	3.297	3.403
Utilities	0.988	1.020	1.053	1.087	1.122
D.P. Equip. Rental	3.926	4.053	4.184	4.319	4.414
Equipment - Other	0.631	0.651	0.672	0.694	0.716
Public Hearing	0.450	0.464	0.479	0.495	0.511
Finance Expense	31.599	47.931	56.579	60.994	64.961
<b>Total All Other Exp.</b>	<b>103.350</b>	<b>124.609</b>	<b>136.124</b>	<b>143.108</b>	<b>149.628</b>
<b>Total Gross Expense</b>					
Bef. Depr.	240.943	267.040	283.171	294.903	306.310
<b>Less Exp. Recovery</b>	<b>(34.929)</b>	<b>(36.054)</b>	<b>(37.222)</b>	<b>(38.424)</b>	<b>(39.662)</b>
<b>Total Net Exp. Bef. Depr.</b>	<b>206.014</b>	<b>230.986</b>	<b>245.949</b>	<b>256.479</b>	<b>266.648</b>
<b>Depreciation</b>	<b>13.275</b>	<b>13.275</b>	<b>13.275</b>	<b>13.275</b>	<b>13.275</b>
<b>Total Net Oper. Exp.</b>	<b>219.289</b>	<b>244.261</b>	<b>259.224</b>	<b>269.754</b>	<b>279.923</b>
<b>Cash Adjustments</b>	<b>(7.504)</b>	<b>(0.046)</b>	<b>(7.504)</b>	<b>(7.504)</b>	<b>(7.504)</b>
<b>Total Cash Expenses</b>	<b>210.354</b>	<b>227.341</b>	<b>249.212</b>	<b>259.176</b>	<b>268.763</b>

**MTA Headquarters**  
**CASH FLOW ADJUSTMENTS**  
**2003 - 2007**  
(\$ in millions)

	Favorable/(Unfavorable)				
	<b>2003 October Forecast</b>	<b>2004 Final Proposed Budget</b>	<b>2005 Plan</b>	<b>2006 Plan</b>	<b>2007 Plan</b>
<b>Cash Adjustments</b>					
Capital Expenditures	(20.779)	(20.779)	(20.779)	(20.779)	(20.779)
Transfer from MRT-2	38.626	26.367	29.253	31.387	33.395
Payables/Receivables	0.000	7.458	0.000	0.000	0.000
Reserve for Security Reimbursement	(38.626)	(26.367)	(29.253)	(31.387)	(33.395)
Depreciation	13.275	13.275	13.275	13.275	13.275
Other	0.000	0.000	0.000	0.000	0.000
<b>Total Cash Adjustments</b>	(7.504)	(0.046) 0	(7.504) 0	(7.504)	(7.504)
<b>Total Changes</b>	0	0	0	0	0
<b>Total Cash Expenses - 2004 Preliminary Budget</b>	(7.504)	(0.046) 0	(7.504) 0	(7.504) 0	(7.504)

TABLE IX - A

**MTA Headquarters**  
**OPERATING BUDGET PROJECTIONS**  
**NEW NEEDS**  
**2003 -2004**  
(\$ IN THOUSANDS)

	<i>Favorable/(Unfavorable)</i>									
	<b>2003</b>					<b>2004</b>				
	<u>Mid-Year</u>	<u>Adjustments</u>		<u>October Forecast</u>		<u>Preliminary Budget</u>	<u>Adjustments</u>		<u>Final Proposed Budget</u>	
	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>
<b><u>ADMINISTRATIVE</u></b>										
<b>Salaries</b>										
General Counsel										
Headcount and contingent staff reductions that did not materialize.	(3)	(337)	-	-	(3)	(337)	-	-	-	(348)
Budget and Financial Management										
Additional staff for increased financial plan reporting.	(10)	-	-	-	(10)	-	-	-	-	(300)
<b>Total Salaries</b>	(13)	(337)			(13)	(337)				(648)
<b>Fringe Benefits</b>										
General Counsel										
Additional fringe costs on above.		(81)	-	-	-	(81)	-	-	-	-
Budget and Financial Management										
Additional fringe costs on above.		-	-	-	-	(72)	-	-	-	(72)
Increase fringe benefits rate to 25% for MTAHQ and ESA		-	-	-	-	(439)	-	-	-	(439)
<b>Total Fringe Benefits</b>		(81)			(81)	(511)				(511)
<b>Professional Services</b>										
Budget Division 2002 underpayment of NY State Assessment		(254)	-	-	-	(254)	-	-	-	(190)
Vacation Buy-Back		(708)	-	-	-	(708)	-	-	-	-
General Counsel - Office of Civil Rights Training Contract		(200)	-	-	-	(200)	-	-	-	(206)
<b>Total Professional Services</b>		(1,162)			(1,162)	(396)				(396)
Other Inflation Impacts							(54)			(54)
<b>Other Adjustments</b>										
Fare Increase Litigation Reserve		(1,000)	-	-	-	(1,000)	-	-	-	-
Financial Systems Consultant		(250)	-	-	-	(250)	-	-	-	-
Reserve for Accounting Adjustment		(1,000)	-	-	-	(1,000)	-	-	-	(1,000)
Working capital for MTA Capital Construction Company		(2,000)	-	-	-	(2,000)	-	-	-	(2,500)
Additional Pension Reserve		(1,500)	-	-	-	(1,500)	-	-	-	(1,500)
<b>Total Other Adjustments</b>		(5,750)	-	-	-	(5,750)	-	-	-	(5,000)
Total Administration	(13)	(7,330)	-	-	(13)	(7,330)	-	-	-	(6,609)
<b><u>SERVICE</u></b>										
<b>Additional New Needs</b>										
Costs Relating to City Ticket Pilot Program and 14-Day Pass Survey				1,550		1,550		(2,050)		(2,050)
Total Service	-	-	-	1,550	-	1,550	-	(2,050)	-	(2,050)
<b>Total New Needs</b>	(13)	(7,330)	-	1,550	(13)	(5,780)	-	(2,050)	-	(8,659)

**MTA HEADQUARTERS**  
**OPERATING BUDGET PROJECTIONS**  
**NEW NEEDS**  
**2005 -2007**  
**( \$ IN THOUSANDS)**

	<i>Favorable/(Unfavorable)</i>					
	<b>2005</b>		<b>2006</b>		<b>2007</b>	
	<b>Plan</b>		<b>Plan</b>		<b>Plan</b>	
	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>
<b>ADMINISTRATION</b>						
<b>Salaries</b>						
General Counsel						
Headcount and contingent staff reductions that did not materialize.		(359)	-	(371)		(383)
Budget and Financial Management						
Additional staff for increased financial plan reporting.		(311)	-	(321)		(331)
<b>Total Salaries</b>	-	(670)	-	(692)	-	(714)
<b>Fringe Benefits</b>						
General Counsel						
Additional fringe costs on above.		-	-	-	-	-
Budget and Financial Management						
Additional fringe costs on above.		(72)	-	(74)	-	(77)
Increase fringe benefits rate to 25% for MTAHQ		(453)	-	(468)	-	(483)
<b>Total Fringe Benefits</b>		(525)	-	(542)	-	(560)
<b>Professional Services</b>						
Budget Division 2002 underpayment of NY State Assessment		0	-	-	-	-
Vacation Buy-Back		(196)	-	(202)	-	(209)
General Counsel - Office of Civil Rights Training Contract		(213)	-	(219)	-	(227)
<b>Total Professional Services</b>		(409)	-	(421)	-	(436)
Other Inflation Impacts		(56)	-	(58)	-	(59)
Other Adjustments						
Reserve for Accounting Adjustment		(1,032)				
Additional Pension Reserve		(1,500)				
<b>Total Other Adjustments</b>		(2,532)				
<b>New Needs</b>	-	(4,192)	-	(1,713)	-	(1,769)

**MTA HEADQUARTERS**  
**OPERATING BUDGET PROJECTIONS**  
**PROGRAMS TO ELIMINATE THE GAP (PEGS)**  
**2003 - 2004**  
**( \$ IN THOUSANDS)**

	Favorable/(Unfavorable)											
	2003						2004					
	Mid-Year		Adjustments		October Forecast		Preliminary Budget		Adjustments		Final Proposed Budget	
	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars
Professional Services												
Personnel savings, non-represented personnel		1,637				1,637						
Salaries												
Personnel savings,(inflation impact)								1,321				1,321
Fringe												
Personnel savings,(inflation impact)								369				369
Total PEGS	-	1,637	-	-	-	1,637	-	1,690	-	-	-	1,690

TABLE X - B

**MTA HEADQUARTERS**  
**OPERATING BUDGET PROJECTIONS**  
**PROGRAMS TO ELIMINATE THE GAP (PEGS)**  
**2005-2007**  
**( \$ IN THOUSANDS)**

<i>Favorable/(Unfavorable)</i>									
		<b>2005 Plan</b>		<b>2006 Plan</b>		<b>2007 Plan</b>			
		<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>		
Salaries									
Personnel savings,(inflation impact)			1,364		1,407			1,453	
Fringe									
Personnel savings,(inflation impact)			381		393			406	
		-	1,745	-	-	1,800	-	-	1,859



TABLE XI - A(i)

**MTA HEADQUARTERS**  
**TOTAL POSITIONS 2002 - 2004**  
**Full-Time and Full-Time Equivalents (FTEs)**  
**NON-REIMBURSABLE AND REIMBURSABLE**

	2002 Actual			2003 October Forecast			2004 Final Proposed Budget		
	<u>Represented</u>	Non- Represented	<u>Total</u>	<u>Represented</u>	Non- Represented	<u>Total</u>	<u>Represented</u>	Non- Represented	<u>Total</u>
Chairman Executive Director	-	6	6	-	6	6	-	6	6
Administration	-	166	166	-	188	188	-	196	196
Audit	-	87	87	-	100	100	-	100	100
Budget and Financial Management	7	75	82	7	92	99	7	98	105
Corporate & Community Affairs+A48	-	44	44	-	52	52	-	53	53
General Counsel	-	76	76	-	76	76	-	76	76
Chief of Staff/Senior Policy Advisor	-	3	3	-	5	5	-	5	5
Special Project Development & Planning	-	9	9	-	9	9	-	9	9
Finance	-	12	12	-	12	12	-	13	13
Labor Relations	-	25	25	-	30	30	-	32	32
Press Secretary	-	4	4	-	4	4	-	4	4
Permanent Citizens Advisory Committee	-	1	1	-	1	1	-	1	1
Vending Fare Media/Web Development	-	3	3	-	7	7	-	9	9
Corporate / Other	-	32	32	-	52	52	-	32	32
<b>Total MTA Headquarters Operations</b>	<b>7</b>	<b>543</b>	<b>550</b>	<b>7</b>	<b>634</b>	<b>641</b>	<b>7</b>	<b>634</b>	<b>641</b>
<b>Public Safety</b>	<b>548</b>	<b>61</b>	<b>609</b>	<b>627</b>	<b>100</b>	<b>727</b>	<b>627</b>	<b>100</b>	<b>727</b>
<b>Total MTA Headquarters</b>	<b>555</b>	<b>604</b>	<b>1,159</b>	<b>634</b>	<b>734</b>	<b>1,368</b>	<b>634</b>	<b>734</b>	<b>1,368</b>

TABLE XI - A(ii)

**MTA HEADQUARTERS**  
**TOTAL POSITIONS 2005 - 2007**  
**Full-Time and Full-Time Equivalents (FTEs)**  
**NON-REIMBURSABLE AND REIMBURSABLE**

	2005 Plan			2006 Plan			2007 Plan		
	<u>Represented</u>	Non- Represented	<u>Total</u>	<u>Represented</u>	Non- Represented	<u>Total</u>	<u>Represented</u>	Non- Represented	<u>Total</u>
Chairman/ Executive Director	-	6	6	-	6	6	-	6	6
Administration	-	196	196	-	196	196	-	196	196
Audit	-	100	100	-	100	100	-	100	100
Budget and Financial Management	7	98	105	7	98	105	7	98	105
Corporate & Community Affairs	-	53	53	-	53	53	-	53	53
General Counsel	-	76	76	-	76	76	-	76	76
Chief of Staff/Senior Policy Advisor	-	5	5	-	5	5	-	5	5
Special Project Development & Planning	-	9	9	-	9	9	-	9	9
Finance	-	13	13	-	13	13	-	13	13
Labor Relations	-	32	32	-	32	32	-	32	32
Press Secretary	-	4	4	-	4	4	-	4	4
Permanent Citizens Advisory Committee	-	1	1	-	1	1	-	1	1
Vending Fare Media/Web Development	-	9	9	-	9	9	-	9	9
Corporate / Other	-	32	32	-	32	32	-	32	32
<b>Total MTA Headquarters Operations</b>	<b>7</b>	<b>634</b>	<b>641</b>	<b>7</b>	<b>634</b>	<b>641</b>	<b>7</b>	<b>634</b>	<b>641</b>
<b>Public Safety</b>	<b>627</b>	<b>100</b>	<b>727</b>	<b>627</b>	<b>100</b>	<b>727</b>	<b>627</b>	<b>100</b>	<b>727</b>
<b>Total MTA Headquarters</b>	<b>634</b>	<b>734</b>	<b>1,368</b>	<b>634</b>	<b>734</b>	<b>1,368</b>	<b>634</b>	<b>734</b>	<b>1,368</b>

TABLE XI - B(i)

**MTA HEADQUARTERS**  
**POSITIONS 2002 - 2004**  
**Full-Time and Full-Time Equivalents (FTEs)**  
**NON-REIMBURSABLE**

	<b>2002 Actual</b>			<b>2003 October Forecast</b>			<b>2004 Final Proposed Budget</b>		
	<u>Represented</u>	<u>Non- Represented</u>	<u>Total</u>	<u>Represented</u>	<u>Non- Represented</u>	<u>Total</u>	<u>Represented</u>	<u>Non- Represented</u>	<u>Total</u>
Chairman/ Executive Director	-	6	6	-	6	6	-	6	6
Adminstration	-	166	166	-	188	188	-	196	196
Audit	-	87	87	-	100	100	-	100	100
Budget and Financial Management	7	75	82	7	92	99	7	98	105
Corporate & Community Affairs	-	44	44	-	52	52	-	53	53
General Counsel	-	76	76	-	76	76	-	76	76
Chief of Staff/Senior Policy Advisor	-	3	3	-	5	5	-	5	5
Special Project Development & Planning	-	9	9	-	9	9	-	9	9
Finance	-	12	12	-	12	12	-	13	13
Labor Relations	-	25	25	-	30	30	-	32	32
Press Secretary	-	4	4	-	4	4	-	4	4
Permanent Citizens Advisory Committee	-	1	1	-	1	1	-	1	1
Vending Fare Media/Web Development	-	3	3	-	7	7	-	9	9
Corporate / Other	-	32	32	-	52	52	-	32	32
<b>Total MTA Headquarters Operations</b>	<b>7</b>	<b>543</b>	<b>550</b>	<b>7</b>	<b>634</b>	<b>641</b>	<b>7</b>	<b>634</b>	<b>641</b>
<b>Public Safety</b>	<b>548</b>	<b>61</b>	<b>609</b>	<b>627</b>	<b>100</b>	<b>727</b>	<b>627</b>	<b>100</b>	<b>727</b>
<b>Total MTA Headquarters</b>	<b>555</b>	<b>604</b>	<b>1,159</b>	<b>634</b>	<b>734</b>	<b>1,368</b>	<b>634</b>	<b>734</b>	<b>1,368</b>

TABLE XI - B(ii)

**MTA HEADQUARTERS**  
**POSITIONS 2005 - 2007**  
**Full-Time and Full-Time Equivalents (FTEs)**  
**NON-REIMBURSABLE**

	<b>2005 Plan</b>			<b>2006 Plan</b>			<b>2007 Plan</b>		
	<u>Represented</u>	<u>Non-Represented</u>	<u>Total</u>	<u>Represented</u>	<u>Non-Represented</u>	<u>Total</u>	<u>Represented</u>	<u>Non-Represented</u>	<u>Total</u>
Chairman Executive Director	-	6	6	-	6	6	-	6	6
Administration	-	196	196	-	196	196	-	196	196
Audit	-	100	100	-	100	100	-	100	100
Budget and Financial Management	7	98	105	7	98	105	7	98	105
Corporate & Community Affairs	-	53	53	-	53	53	-	53	53
General Counsel	-	76	76	-	76	76	-	76	76
Chief of Staff/Senior Policy Advisor	-	5	5	-	5	5	-	5	5
Special Project Development & Planning	-	9	9	-	9	9	-	9	9
Finance	-	13	13	-	13	13	-	13	13
Labor Relations	-	32	32	-	32	32	-	32	32
Press Secretary	-	4	4	-	4	4	-	4	4
Permanent Citizens Advisory Committee	-	1	1	-	1	1	-	1	1
Vending Fare Media/Web Development	-	9	9	-	9	9	-	9	9
Corporate / Other	-	32	32	-	32	32	-	32	32
<b>Total MTA Headquarters Operations</b>	<b>7</b>	<b>634</b>	<b>641</b>	<b>7</b>	<b>634</b>	<b>641</b>	<b>7</b>	<b>634</b>	<b>641</b>
<b>Public Safety</b>	<b>627</b>	<b>100</b>	<b>727</b>	<b>627</b>	<b>100</b>	<b>727</b>	<b>627</b>	<b>100</b>	<b>727</b>
<b>Total MTA Headquarters</b>	<b>634</b>	<b>734</b>	<b>1,368</b>	<b>634</b>	<b>734</b>	<b>1,368</b>	<b>634</b>	<b>734</b>	<b>1,368</b>

**MTA NEW YORK CITY TRANSIT**

**MTA New York City Transit**  
**Final Proposed Budget for 2004 and Financial Plan for 2004-2007**

# **MTA New York City Transit**

## **Final Proposed Budget for 2004 and Financial Plan for 2004-2007**

### **MISSION STATEMENT**

The mission of MTA New York City Transit is to provide customers with safe, reliable, and convenient public transportation in a cost-effective manner.

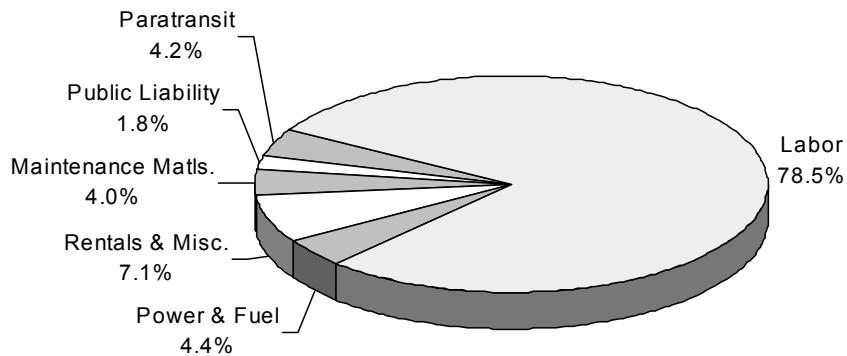
### **DESCRIPTION OF SERVICES**

NYC Transit's public transportation system has three components:

- A subway system operating 6,280 subway cars on 27 routes over 233 route miles and 660 miles of mainline track. The subway system serves 468 stations, located in four of the City's boroughs. In 2002, NYC Transit carried more than 1.4 billion customers on its subway system, or 4.6 million customers on an average weekday.
- A bus system operating 4,456 buses on 206 local and 38 express routes over 2,017 route miles. Local routes primarily serve intraborough travel. Express routes offer premium fare service to the Central Business District (Manhattan south of 60th Street). In 2002, NYC Transit carried more than 760 million customers on its bus system, or 2.5 million customers on an average weekday.
- Access-a-Ride, a paratransit service that operates throughout the City under private contract. Paratransit serves persons whose disabilities preclude their use of bus and subway services. In 2002, Access-a-Ride provided 2.2 million passenger trips.

## FINANCIAL REVIEW

The 2004 Final Proposed Budget provides \$4,325.8 million of operating expenses and 41,662 nonreimbursable end-of-year positions to support New York City Transit's mission. Labor costs account for 78.5 percent of operating expenses as shown below.



	\$	%
Salaries & Wages	\$2,303.0	53.3%
Scheduled Overtime	61.7	1.4%
Unscheduled Overtime	125.5	2.9%
Total Salaries & Wages	2,490.2	57.6%
Pension	303.4	7.0%
Health & Welfare	558.9	12.9%
Other Fringe Benefits	183.2	4.2%
Total Fringe Benefits	1,045.5	24.1%
Reimbursable Overhead	(139.1)	(3.2%)
Total Labor	3,396.6	78.5%
Maintenance Materials	172.7	4.0%
Rentals & Miscellaneous	309.0	7.1%
Electric Power	146.8	3.4%
Diesel Fuel	44.3	1.0%
Total Power & Fuel	191.1	4.4%
Public Liability	75.7	1.8%
Paratransit	180.7	4.2%
<b>Total Operating Expenses</b>	<b>\$4,325.8</b>	<b>100.0%</b>

The 2004 Final Proposed Budget also provides \$718.3 million and 5,426 end-of-year positions to support the Capital Program and other reimbursable projects. These expenses are offset by reimbursement revenue.



Total expenses (operating and reimbursable) total \$5,044.1 million in 2004. The 2004 Final Proposed Budget projects \$194.9 million of favorable cash expense adjustments reflecting the timing of payments, resulting in cash expenditures of \$4,849.2 million.

Budget resource requirements have been reduced by New York City Transit's Programs to Eliminate the Gap (PEGs). These programs are in administration and other areas that do not jeopardize customer and employee safety, security or system maintenance, and reliability. They will produce \$102.3 million of savings in 2004. These savings are sufficient to fund \$65.6 million of required 2004 New Needs, largely in safety and security and maintenance areas, and contribute \$36.7 million to 2004 gap closing. An additional \$64.5 million of 2003 PEG savings more than offset \$54.3 million of 2003 New Needs and provide \$10.2 million of net savings. Over the 2003 - 04 period, PEGs save \$166.8 million, of which \$119.9 million fund required New Needs and \$46.9 is for gap closing.

PEGs achieving significant 2004 savings include the reorganization of the Infrastructure Division of the Department of Subways. This action, which entails merging units with similar functions and increasing spans of control, saves \$4.0 million and 49 positions. A similar reorganization of the Track Division saves \$2.9 million and 33 positions. Reductions of administrative positions throughout the Department of Subways saves \$2.5 million and 35 positions and similar administrative efficiencies in the Department of Buses produces two-year savings of \$3.9 million and 39 positions.

Significant New Needs provided in the 2004 Final Proposed Budget include investments for improved subway flagging in order to improve system safety. These investments total \$13.1 million and 201 positions. The Final Proposed Budget also provides \$4.1 million and 57 positions for increased servicing and maintenance of MetroCard Vending Machines (MVM).

The 2004 Final Proposed Budget also provides funding for mandated non-programmatic areas. Pension costs are projected at \$303.4 million and health and welfare expenses for employees and retirees are estimated at \$558.9 million.

2004 Final Proposed Budget expense levels compared with previous years and with the 2004 Preliminary Budget are presented below. Variances are summarized following the table.

2004 Final Proposed Budget  
(\$ - millions)

	2002	2003	2004	2004	2004 Final Proposed Budget Favorable/(Unfavorable)		
	Actual	October Forecast	Prelim. Budget	Final Budget	2002	2003	2004
Operating Expenses	3,893.3	4,161.1	4,325.0	4,325.8	(432.5)	(164.7)	(0.8)
Reimbursable Expenses	770.4	769.3	702.9	718.3	52.1	51.0	(15.4)
Total Expenses	4,663.7	4,930.4	5,027.9	5,044.1	(380.4)	(113.7)	(16.2)
Cash Flow Adjustments	(127.0)	(38.3)	(188.9)	(194.9)	67.9	156.6	6.0
Cash Expenditures	4,536.7	4,892.1	4,839.0	4,849.2	(312.5)	42.9	(10.2)

2004 Final Proposed Budget vs. 2003 October Forecast

The 2004 Final Proposed Budget's operating expense levels are \$164.7 million above 2003 October forecast levels. This increase results from several major contractual and mandatory items. Pension costs increase \$108.3 million, driven by recent benefit enhancements and lower investment returns. Contractual wage and health benefit increases and projected inflation on non-labor costs add \$67.3 million, principally due to higher wage rates (up 3.0 percent) and health benefit escalation (up 15.0 percent). Paratransit costs increase by \$30.1 million to provide for a projected 15.0 percent ridership increase, meet the legally required "zero denial rate", and provide for the relocation of paratransit staff. The remaining favorable variance of \$41.0 million is largely the result of the PEGs net of New Needs and the elimination of nonrecurring 2003 expenses.

Reimbursable expenses in the 2004 Final Proposed Budget are \$51.0 million less than the 2003 October Forecast. This reduction results principally from the completion of significant capital projects, including the Stillwell Station restoration and new subway car acceptance and warranty.

The 2004 Final Proposed Budget's expense cash flow adjustments are \$156.6 million more favorable than 2003 October Forecast levels. The timing of payroll payments resulted in an additional hourly employee payroll in 2003 and was largely responsible for a favorable \$106.2 million salaries & wages cash flow adjustment in 2004. Reimbursement in 2004, for expenses incurred resulting from the World Trade Center attack, account for an additional \$46.6 million in favorable cash adjustments.

The 2004 Final Proposed Budget nonreimbursable position total of 41,662 is a reduction of 550 from 2003 October Forecast levels. Reimbursable positions of 5,426 are down 558 from the 2003 October Forecast, largely due to project completions. In total, the 2004 Final Proposed Budget supports 1,108 fewer positions than 2003.

### 2004 Final Proposed Budget vs. 2004 Preliminary Budget

The 2004 Final Proposed Budget's operating expenses are \$0.8 million above those in The 2004 Preliminary Budget. Health, welfare and other fringe benefit expenses increased by \$15.2 million. Non-labor costs shifted from 2003 to reflect revised delivery or other schedule changes resulted in a \$14.0 million increase. Updated projections of hourly employee average pay rates increased costs by \$3.7 million. These increases are largely offset by a \$12.2 million reduction in projected Paratransit costs, reflecting revised inflation assumptions and maintenance re-estimates, and the elimination of a contingency reserve of \$20.0 million that was provided in the Preliminary Budget.

The Final 2004 Proposed Budget's reimbursable expenses increased by \$15.4 million from the Preliminary Budget based on updated estimates of capital program support requirements. Cash flow adjustments improved by \$6.0 million, largely due to re-estimates of the timing of public liability payments.

### 2004 Final Proposed Budget vs. 2002 Actual Results

Operating expenses in the 2004 Final Proposed Budget exceed 2002 actual results by \$432.5 million. Pension increases are responsible for \$150.3 million of this increase and health and welfare adds an additional \$158.5 million. Contractual wage adjustments contribute \$91.2 million of increased costs and non-labor inflation resulted in \$18.3 million of the increase. Paratransit ridership growth, inflation, and staff relocation added \$50.8 million to 2004 costs compared to 2002.

Reimbursable expenses in the 2004 Final Proposed Budget were \$52.1 million below 2002 actual results, due to project completions. Expense cash flow adjustments were favorable by \$67.9 million, largely due to the timing of fringe benefit and non-personal service payments.

### 2003 October Forecast vs. 2003 Mid-Year Forecast

The following table compares the 2003 October Forecast with the 2003 Mid-Year Forecast. Variance explanations follow the table.

2003 October Forecast vs. Mid-Year Forecast  
(\$ - millions)

	2003 Mid-Year Forecast	2003 October Forecast	October Forecast Fav./Unfav.
Operating Expenses	4,144.8	4,161.1	(16.3)
Reimbursable Expenses	773.2	769.3	3.9
Total Expenses	4,918.0	4,930.4	(12.4)
Cash Flow Adjustments	(24.5)	(38.3)	13.8
Cash Expenditures	4,893.5	4,892.1	1.4

The 2003 October Forecast operating expenses are \$16.3 million above the 2003 Mid-Year Forecast. This increase includes \$6.2 million of labor and non-labor costs associated with the August blackout. Non-cash salaries & wages and fringe benefit reserve adjustments added \$23.4 million to October Forecast results and the rescheduling of various non-labor payments to 2004 reduced expenses from Mid-Year Forecast levels by \$14.0 million.

Reimbursable expenses are \$3.9 million lower in the 2003 October Forecast than in the Mid-Year Forecast, reflecting updated estimates of capital program support. Cash flow adjustments improved by \$13.8 million. This improvement reflects \$23.4 million of non-cash reserve adjustments added to the October Forecast expense estimate, partially offset by \$9.7 million of higher public liability cash pay-outs, in part timing related.

#### 2005 - 2007 Financial Plan Expense Assumptions

Operating expense projections for 2005 - 2007 are based principally on the following factors:

- Inflationary assumptions based upon economic/demographic projections, principally developed for the MTA by Global Insight.
- Impact of New Needs and Programs to Eliminate the Gap (PEGs).
- Special calculations for pension and paratransit expense growth.

#### *Salaries & Wages*

For the 2005 Financial Plan, wage rates are projected to grow at an effective rate of 3.02 percent based largely on the TWU contractual wage rate increase of 3.0 percent, effective 12/15/04. For the years 2006 and 2007, wage rate projections of 3.23 percent and 3.22 percent, respectively, were based upon Regional Consumer Price Index projections.

#### *Fringe Benefits*

Pension expense projected increases were based upon current actuarial data for both NYCERS and MaBSTOA pension plans.

Health & welfare expense increases were based upon medical care growth rates of 8.4 percent for 2005 through 2007.

FICA/Other Fringe Benefit expense growth was based upon the wage rate increase assumptions presented above.

#### *Maintenance Materials*

These expenses are projected to grow at 1.19 percent in 2005 and 1.11 percent in 2006 and 2007. These inflators are based upon Producer Price Index Transportation Equipment projections.

### *Rentals and Miscellaneous*

These expenses are projected to grow at 1.85 percent in 2005, 1.99 percent in 2006, and 2.23 percent in 2007. These inflators are based upon National Consumer Price Index projections.

### *Electric Power*

Based upon Producer Price Index projections, these expenses are projected to grow by 1.83 percent in 2005, 0.09 percent in 2006, and 0.61 percent in 2007.

### *Diesel Fuel*

Based upon the U.S. Department of Energy average projections, these expenses are projected to grow by 3.27 percent in 2005, 6.52 percent in 2006, and 2.77 percent in 2007.

### *Public Liability*

These expenses are projected to grow by 2.5 percent per year.

### *Paratransit*

The significant growth in Paratransit expenses is based upon projections of increased annual ridership of 15 percent and annual vendor pricing increases of 3.0 percent. MTA New York City Transit is required to provide service to meet ridership demand at a "zero denial" rate.

## **REVENUE FORECAST**

### Operating Revenues

The 2004 Final Proposed Budget includes \$2,753.4 million of operating revenues. Passenger revenue accounts for \$2,543.5 million of the total, of which \$1,792.8 million is subway passenger revenue and \$750.7 million is bus revenue. Reimbursement of reduced student, school, and senior citizen fares provide an additional \$103.8 million. This consists of student fare reimbursement of \$90.0 million, received equally from the City and State, and \$13.8 million of senior citizen fare reimbursement from the City.

Other operating revenue of \$65.1 million principally represents proceeds from advertising, station concessions, and the Transit Adjudication Bureau (TAB). Paratransit revenues total \$41.0 million, consisting of \$6.5 million from fares, \$9.8 million from Urban Tax proceeds, and \$24.7 million from the City.

### Operating Revenue Projections/Assumptions

Fare revenue is projected to increase by 1.0 percent based upon Global Insight employment growth projections in New York City. The budget also reflects 2004

calendar changes from 2003, annualization of the 2003 fare change, and continued growth of 30 day pass market share.

“Other” operating revenue projected increases represent anticipated higher advertising, station concession, and real estate revenues.

Student and elderly fare reimbursements remain constant.

Paratransit revenue increases are based upon growth in projected ridership and New York City reimbursements in accordance with agreed upon formulae.

#### 2004 Final Proposed Budget Compared to 2004 Preliminary Budget

Passenger revenue and other operating revenue changed slightly from the 2004 Preliminary Budget, with an increase of less than \$0.2 million.

#### 2004 Final Proposed Budget Compared to 2003 October Forecast

Fare revenue improves by \$177.8 million or 7.5 percent, due mostly to the annualization of the fare increase implemented in May, 2003 and a projected 1.1 percent increase in employment in New York City.

Other operating revenue is budgeted to improve by \$5.3 million or 8.9 percent, due mostly to anticipated higher advertising revenue.

Paratransit revenue is budgeted to increase by \$5.6 million or 15.9 percent, due to ridership growth and the annualization of the fare increase, and increased City reimbursement in accordance with agreed upon formulae.

### **RIDERSHIP PROJECTIONS AND MAJOR ASSUMPTIONS**

#### Ridership Projections

	Ridership (thousands)					
	2002 Actual	2003 October Forecast	2004 Final Prop. Budget	2005 Plan	2006 Plan	2007 Plan
Subway	1,413,178	1,378,969	1,403,124	1,417,214	1,429,574	1,448,983
Bus	762,099	738,905	745,355	752,327	758,626	768,102
<b>Total</b>	<b>2,175,277</b>	<b>2,117,874</b>	<b>2,148,479</b>	<b>2,169,541</b>	<b>2,188,200</b>	<b>2,217,085</b>
Paratransit	2,228	2,633	3,028	3,482	4,005	4,605

## Major Assumptions

### *Subway and Bus (2003 October Forecast)*

2.6 percent decline from 2002 due mainly to the impact of the May 4<sup>th</sup> fare increase (1.2 percent decrease in non-student ridership) and the August blackout (0.4 percent decrease). The remaining decline is largely due to employment losses in New York City resulting from the slow economy.

### *Subway and Bus (2004 – 2007 Financial Plan)*

Annual increases of approximately one percent from 2004 to 2007 based on Global Insight forecast of New York City employment growth. Minor adjustments each year based on year-to-year calendar differences. The 2004 projections are also impacted by the annualization of the 2003 fare increase.

### *Paratransit (2003 October Forecast)*

18.2 percent increase in trips from 2002.

### *Paratransit (2004 – 2007 Financial Plan)*

15.0 percent annual growth through 2007.

## **PROGRAMMATIC REVIEW**

This section presents highlights of the organization budgets, major programs and goals of New York City Transit's operating departments.

### Department of Subways

The Department of Subways is responsible for providing safe and reliable subway service to the public. In 2004, The Department of Subways will be staffed with 23,000 non-reimbursable positions and have an operating budget of \$1.848 billion, a decrease of \$12 million from forecast 2003 expenses. The Department also has a 2004 reimbursable budget of \$469.0 million with 3,252 positions.

The Department of Subways is comprised of two major operating divisions: Service Delivery (including Rapid Transit Operations and Stations), and Rolling Stock and Maintenance of Way (which includes Car Equipment, Track/Infrastructure and Electrical). There are also two engineering groups within Maintenance of Way and Rolling Stock that provide the technical resources supporting the Track, Infrastructure, Electrical (and Signal) and Car Equipment programs.

In addition, the Senior Vice President's (SVP) Office supports the operating divisions, manages employee policy and safety issues, and addresses financial and strategic planning objectives. Within the SVP's Office, the Division of Security oversees the

property protection function at all MTA NYC Transit facilities.

Major 2004 operating indicator goals for the Department of Subways are achieving a wait assessment percentage of 89.2 percent, increasing enroute schedule adherence to 81.5 percent, and averaging 132,000 miles for subway car Mean Distance Between Failures (MDBF).

#### *Division of Service Delivery*

Rapid Transit Operations (RTO) has 6,872 nonreimbursable positions and a 2004 budget of \$493.8 million. The reimbursable budget is \$117.5 million and 997 positions. RTO operates Subways' fleet of passenger and work cars, and employs 5,150 train operators and conductors to run passenger service for NYCT's 24-hour-a-day system. While implementing some supervisory and support efficiencies, the 2004 budget provides for the highest service levels since at least 1963. Funding is provided for a restored and enhanced Manhattan Bridge service plan to be implemented when both sides of the bridge are available beginning February 2004. Funding is also provided in 2004 for the training of RTO employees in Communication Based Train Control (CBTC) technology, to allow for safe and reliable operations when this new signaling system becomes operational on the "L" line.

Station Operations' 2004 Final Proposed Budget includes 6,168 nonreimbursable employees and \$409.1 million; the reimbursable budget is \$24.9 million and 127 positions. Stations' key functions are to provide customer service and information; manage fare media sales/revenue accountability; ensure a clean station environment; collect refuse from stations; maintain station appearance; and maintain the physical plant of 468 passenger stations. The 2004 budget incorporates efficiencies in cleaning and maintenance practices, while maintaining NYCT's commitment to customer service and a clean station environment. It also includes additional resources to maintain rehabilitated stations, whose additional fixtures and finishes warrant increased attention, and to provide additional flagging resources to insure maintainer safety.

#### *Division of Rolling Stock and Maintenance of Way*

The Division of Maintenance of Way is comprised of Track/Infrastructure, Electrical (including Signals), and supporting Engineering and Administrative groups – for a total of 4,941 nonreimbursable positions in 2004. MOW's 2004 budget of \$526.8 million provides for continued commitment to infrastructure maintenance, support for new technology initiatives including Communication Based Train Control, and includes a significant investment for safety – the addition of 178 positions for increased flagging resources – at a cost of \$11.4 million. MOW's 2004 reimbursable budget is \$289.9 million and 1,842 positions.

Infrastructure's Electro-Mechanical group is mainly responsible for all equipment in Subways facilities, including elevators and escalators, emergency ventilation systems and pump plants. Structures and Facilities is responsible for the maintenance and repair of all structural steel and concrete components of the elevated and subway structures, and Subways facilities citywide. Track is responsible for the integrity of 660



miles of mainline and 157 miles of yard and lay-up track, and more than 2,600 mainline and yard switches throughout the system. Track is responsible for the cleaning, maintenance, inspection and repair of tracks, through a comprehensive program that includes track walking (visual inspection of track and third rail components), rail flaw detection using an ultrasonic detector car, and the use of a track geometry measuring/evaluating vehicle with computer analysis of the data. Third Rail Operations maintains the third rail and power distribution system.

The 2004 budget reflects a re-organization in Track/Infrastructure maintenance that results in efficiencies saving 82 positions and \$6.9 million, with no significant impact on maintenance anticipated. In recent years, significant investments were made to address defects and backlog of repairs; while the 2004 budget reduces portions of these investments, it continues to maintain increased baseline resources.

A re-organization in Signals/Electrical reduces 2004 positions by 11, and yields nearly \$1.2 million in 2004 savings. Electrical Systems has supplied the electrical needs of the various forms of transportation in New York City for more than a century. Power Operations ensures that there is an adequate power supply through careful monitoring and operation of power equipment including more than 800 miles of electrified rail, 364 rectifier and transformer units, 74,500 total miles of cable and 3,000 power circuit breakers. Power Substations ensures that all power devices in the substations that supply energy to the rails are in a safe and reliable state of repair. Signals maintains the signal system, which regulates the safe movement of trains over more than 800 miles of mainline, yard and lay-up track, with master and auxiliary towers to control over 200 interlockings (where trains are turned or switched to different tracks). Maintaining signal equipment in a state-of-good-repair ensures dependable service and prevents delays to achieve a high level of operational safety and reliability. Signals plays an integral role in the implementation of CBTC and automated train supervision.

Car Equipment (CED) has 4,513 nonreimbursable positions and a 2004 operating budget of \$379.0 million. The reimbursable budget is set at \$32.4 million and 250 positions. CED maintains a subway fleet of 6,280 passenger cars and 443 work cars. Since 1999, NYCT has received delivery of 1,550 new "A" Division cars (the R142/A's – 80 additional R142 "S" cars are to be delivered in 2004/2005) and 212 new "B" Division cars (the R143's), which are mainly in service on the "L" line. To continue fleet improvements, NYCT is in the process of purchasing another 660 new "B" Division cars, the R160's, with options for up to 1,040 additional cars.

Car Equipment has 13 maintenance shops; two overhaul shops, the Pelham Diesel Repair Shop, an engineering and technical support group, emergency response team and other support divisions. It is responsible for maintaining the fleet and providing trains to meet daily service requirements (562 peak trains as of Fall 2003). The 2004 budget continues necessary investments in SMS (Scheduled Maintenance System) – a planned component overhaul and replacement program at various life cycle intervals. The 2004 budget includes \$59.3 million and 470 positions for SMS. The budget also includes managerial, supervisory and other administrative efficiencies, as well as

unscheduled maintenance and yard productivity. These savings (79 positions and \$5.9 million) take advantage of the superior performance of the R142/A and R143 cars while still allowing for the continued integrity and reliability of the subway fleet. This is easily seen through the reliability of the fleet, as measured by Mean Distance Between Failures (MDBF), which continues to be strong with a 2004 goal of 132,000 miles.

### *Division of Security*

The Division of Security oversees the property protection function at all MTA NYC Transit facilities and is staffed with 400 uniformed Transit Property Protection Agents assigned to 97 posts. In addition, there are 37 uniformed Transit Property Protection Supervisors performing random patrols. These Agents and Supervisors are responsible for perimeter protection and access control at entrances and gates. Funding has been provided in 2004 to support security at the new 100<sup>th</sup> Street Bus Depot, as well as the new Human Resource space in Brooklyn (180 Livingston Street).

### Department of Buses

MTA New York City Transit's Department of Buses (DOB) is the largest public sector transit service provider of its type in North America. DOB operates over 4,400 buses on 207 local and 37 express routes along more than 1,800 miles of streets and highways in the metropolitan area. Service is provided 24 hours daily, but not all routes operate at all times. Local routes primarily serve intra-borough travel; express routes offer premium fare service to the Manhattan Central Business District. The 2004 non-reimbursable budget of DOB is \$1,270.1 million and 14,054 positions. Key 2004 goals include achieving 3,692 miles for Mean Distance Between Service Interruption, 1.58 injuries per million customers, and percentages of 81.5 and 89.2 for enroute schedule adherence and wait assessment respectively.

DOB also oversees "Access-a- Ride," a paratransit service that operates throughout the City using 1,088 vans and other multi-passenger vehicles operated by private contractors. The 2004 paratransit budget is \$180.7 million and 104 positions. It is projected that 3.0 million paratransit trips will be completed in 2004.

DOB has five operating divisions, a central maintenance division and a number of support divisions. Details by division follow:

### *Operations*

Day-to-day delivery of bus service is managed by DOB's five operating divisions, which are organized along borough lines. Divisions vary in size, each containing between two and five depots, with a total of 18 depots system-wide. Each depot is responsible for providing bus service and for cleaning, fueling, and performing routine maintenance on its fleet of buses every day. Routine maintenance operations are generally performed on a 3,000 to 6,000 mile basis, depending on duty cycle. Operations is responsible for providing service to nearly 2.5 million daily customers and ensuring a positive daily interaction between bus operators and customers. At present, DOB employs over

9,000 bus operators and over 1,900 maintenance employees in the divisions who are evaluated and certified regularly to perform their duties. All bus operators receive extensive defensive driving and customer service training. This training is augmented by road instruction and practice using DOB's state-of-the-art bus simulators that mimic local road conditions. Maintenance hourly employees also receive extensive training.

### *Maintenance*

DOB's Maintenance division is responsible for ensuring that safe, reliable buses are available for service and that all buses maintain high performance standards throughout their vehicle lives (current standard: 12 to 15 years). The Maintenance division is responsible for performing all heavy bus repairs and scheduled maintenance for major upgrades and mid-life overhauls. The 2004 budget provides \$60.4 million for these activities. Maintenance also manages the bus replacement cycle, through bus procurements and retirements. In addition, buses must meet design specifications and all other relevant standards in accordance with federal, state, and local law. A technical support staff works on systems development and new technology issues.

### *Central Support Divisions*

DOB's central support staff is distributed across Quality Assurance, Facilities, Safety and Training, Transportation and Operations Support Divisions. These support groups are poised to bolster service operations, command center functions and fleet maintenance activities. In addition, the activities of all service delivery support staff are focused on designing and implementing a program of initiatives to ensure continuous improvement in safety, customer satisfaction and cost effectiveness.

### *2004 Final Proposed Budget Initiatives*

The 2004 budget includes a number of initiatives to increase efficiency, among them administrative staff reductions (39 positions) and productivity-based savings in the bus cleaner (30 positions) and road dispatcher (21 positions) titles. In addition, the Maintenance division's 2004 program of bus upgrades and overhauls incorporates fleet-specific modifications to work scopes and schedules, in order to maximize the cost effectiveness of the overall program.

### MetroCard Operations

The Department of MetroCard Operations (MCO) is responsible for planning, installing and maintaining MetroCard fare collection and sales equipment, subway and bus revenue collection, out-of-system MetroCard sales, and providing customer information. In 2004, MCO will have a non-reimbursable budget of \$122.4 million and 1,306 positions. The reimbursable budget includes \$4.5 million and 27 positions. The department is subdivided into three main divisions:

### *AFC Program Management and Sales Operation*

AFC Program Management and Sales Operation (807 non-reimbursable positions) is the largest division in MetroCard Operations, and consists of five subdivisions: Revenue Control, MetroCard Sales and Customer Services, Reduced Fare Program, AFC Program Management and MetroCard Information Management. The Revenue Control subdivision has 585 positions and is charged with encoding over 200 million MetroCards for use by customers, ensuring that all fare control areas have sufficient MetroCard inventory; and collecting and processing of revenue from station booths, MVMs, MEMs, and buses.

The subdivision of MetroCard Sales and Customer Services (194 positions) is responsible for the sale of MetroCards within the extended sales network (3,200 retail merchants), customer services, MVM claims investigation and correspondence. This subdivision also manages the Travel Information Center, which provides customers with travel directions over the phone. The Travel Information Center uses OTIS (On-line Travel Information System), a software database, which allows NYC Transit to provide information by customer preference (e.g., fastest method of travel, bus only travel, etc.). OTIS is scheduled to be replaced within the next twelve months with another software database (TRIPS), which will provide faster service and allow customers to access directions on-line.

AFC Program Management and Sales Operations also has responsibility for managing the Reduced Fare Program (43 positions), which provides MetroCards to senior citizens and the disabled at a reduced cost. This unit also manages the reduced fare mail-and-ride program and the student MetroCard program, as well as produce employee passes.

### *AFC Maintenance Operations*

AFC Maintenance Operations is responsible for the planning, installation, and maintenance of all fare control equipment in subway stations and buses. There are 412 positions in this area, of which 245 are dedicated to maintaining subway station equipment. One of the key tasks for these positions is to ensure that MVMs and MEMs have a high operational rate, and that downtime is minimized. There are currently 1,617 MVMs and 594 MEMs located in-system (NYC Transit locations), with 13 located outside the system. There are 100 positions in AFC Maintenance Operations who are responsible for maintaining fare media equipment on buses. A primary focus of their function is the maintenance of the Integrated Farebox Unit, a multi-functional piece of equipment that reads MetroCards, accepts coins and issues bus-to-bus transfers on all buses.

### *Marketing and Service Information*

NYC Transit continually strives to provide its customers with the most current and easy-to-understand information regarding subway and bus service. Marketing and Service

Information has 74 employees to produce and distribute subway and bus timetables, generate service diversion notices, and perform marketing research.

### Telecommunications and Information Services

The Department of Telecommunications and Information Services (TIS) is primarily responsible for maintaining NYC Transit's information systems software and hardware; managing new systems development projects; maintaining the organization's data, voice and video communications infrastructure; and repairing electronic board components for all NYCT departments at the Central Electronics Shop. TIS has a 2004 nonreimbursable budget of \$157.5 million and 1,153 positions. The reimbursable budget is \$35.5 million and 214 positions.

#### *Information Services*

Information Services (IS) is the largest division in TIS (526 nonreimbursable employees). It oversees NYCT's communications infrastructure, including telephone and data links, the Authority's fiber optic network and, when completed, the SONET/ATM communications management system under construction through the Capital Program. IS develops and maintains all NYCT administrative applications (e.g., payroll and timekeeping, financial, human resources) and manages the Authority's Automated Fare Collection (AFC) software. IS also operates the Livingston Plaza data center and oversees user support functions, including system security, internet and intranet applications, and desktop support through in-house staff and Lockheed Martin.

#### *Electronics Maintenance Division*

The Electronics Maintenance Division (EMD) has 505 positions and is responsible for performing shop diagnostics and repairs on all NYCT electronic components, including circuit boards and AFC equipment. This work is performed at the Central Electronics Shop. EMD is also responsible for field maintenance of subway and bus communications equipment (e.g., public address systems, closed-circuit television) and bus destination signs.

#### *Software Systems Division*

TIS' Software Systems division is responsible for maintaining software applications that support NYCT operations. Important examples include the Centralized Maintenance Management System, which is being rolled out in all NYCT maintenance divisions, Paratransit scheduling and monitoring software, and subway operations software. The last group includes the Automated Train Supervision and CBTC systems currently under development via the Capital Program, as well as a number of applications (e.g., Fire Incident Reporting, Six-Wire) currently in use in the Subways Command Center.

TIS' 2004 budget includes department-wide administrative and managerial staff efficiencies, a reduction in applications support staff and OTPS savings in leased telephone equipment, network maintenance and real estate leases. Key investments include an upgrade of the Kronos timekeeping system for non-operating employees and systems support staff for the new Rail Control Center, which will open in 2004.

### Capital Program Assumptions (2003 - 2007)

The operating budget reflects Capital Program activity in a number of ways:

1. The non-reimbursable budget incorporates operating budget impacts of Capital Program activity. Examples include car maintenance requirements that derive from new subway cars coming off warranty and the addition of Stations staff to clean and maintain newly rehabilitated stations.
2. The reimbursable budget includes resources that are added explicitly in support of specific capital projects. Typically, when these resources are added to the budget, the financial plan also includes a specific assumption regarding the phase-out of the resources upon project completion. An example is the support provided by several divisions (RTO, Stations, MOW and Buses) to the modified service plan in effect during the Stillwell terminal reconstruction project. These resources are all removed from the reimbursable budget as of project completion in 2004.
3. The reimbursable budget also includes labor and OTPS expenses associated with two large-scale construction programs undertaken in-house: the mainline track and switch rehabilitation program; and the in-house station rehabilitation program.
4. The remainder of the reimbursable budget consists of resources engaged in general capital program activity. This includes the bulk of the reimbursable budget: capital engineering staff in CPM and other departments; capital procurement staff in Law and Materiel; construction support positions in operating departments (e.g., flagging, access and protection); and other support staff.

The 2004 Final Proposed Budget reflects the current plan revision to the 2000 - 2004 Capital Program and the latest available completion-date projections for projects in progress. Operating budget resources that derive from specific projects have been modified accordingly. General capital program activities (e.g., flagging, work train and diversion support in RTO, access and protection services in Stations) have also been re-estimated, based on actual utilization in 2003 to-date and projections of 2004 construction activity.

The outyear projections (2005 - 2007) submitted together with the 2004 Final Proposed Budget also incorporate updated Capital Program information. The outyear projections reflect estimated completion dates for both operating impacts and resources added in support of specific capital projects (items 1 and 2 above). For the track and station rehabilitation programs (item 3) and general capital program support (item 4), the outyear projections assume continuation of 2004 activity levels through 2007.

The 2004 Final Proposed Budget reflects a capital construction overhead rate of 129% through June and a 130% rate in the second half of the year. The first-half rate is based on a recalculation performed earlier this year, while the second-half rate anticipates a slight increase due to increasing pension costs. The outyear projections assume continuation of the second-half rate from 2004.

TABLE I

**MTA NEW YORK CITY TRANSIT**  
**ACCRUAL STATEMENT OF OPERATIONS BY CATEGORY**  
**2002 - 2004**  
(\$ in millions)

	Favorable/(Unfavorable)					
	2004					
	Final Proposed Budget vs.					
	2004		2004		2003	2004
	2002 Actual	2003 October Forecast	Preliminary Budget	Final Proposed Budget	October Forecast	Preliminary Budget
<b>Revenues:</b>						
Subway	1,506.100	1,663.426	1,794.200	1,792.805	129.379	(1.395)
Bus	631.200	702.280	749.800	750.726	48.446	0.926
Fare Revenue	2,137.300	2,365.706	2,544.000	2,543.531	177.825	(0.469)
Fare Media Liability	0.000	17.000	0.000	0.000	(17.000)	0.000
Total Passenger Revenue	2,137.300	2,382.706	2,544.000	2,543.531	160.825	(0.469)
Senior Citizen Reimbursement	13.800	13.800	13.800	13.800	0.000	0.000
School Fare Reimbursement	90.000	90.000	90.000	90.000	0.000	0.000
Paratransit	32.035	35.338	40.309	40.956	5.618	0.647
Other Operating Revenue	60.400	59.800	65.100	65.100	5.300	0.000
Total Operating Revenue	2,333.535	2,581.644	2,753.209	2,753.387	171.743	0.178
Police Reimbursement	4.394	4.857	4.881	4.876	0.019	(0.005)
Capital and Other Reimbursements	765.989	764.409	697.982	713.380	(51.029)	15.398
<b>Total Revenues</b>	<b>3,103.918</b>	<b>3,350.910</b>	<b>3,456.072</b>	<b>3,471.643</b>	<b>120.733</b>	<b>15.571</b>
<b>Expenses:</b>						
Salaries & Wages (Excluding Overtime)	2,238.476	2,280.440	2,297.303	2,302.986	(22.546)	(5.683)
Scheduled Overtime	63.463	61.348	63.504	61.696	(0.348)	1.808
Unscheduled Overtime	126.139	145.894	124.669	125.532	20.362	(0.863)
Total Salaries & Wages	2,428.078	2,487.682	2,485.476	2,490.214	(2.532)	(4.738)
Pension Expenses	153.076	198.523	302.631	303.380	(104.857)	(0.749)
Health & Welfare Expenses	400.426	536.471	546.589	558.888	(22.417)	(12.299)
Other Fringe Benefits	217.882	197.672	181.126	183.237	14.435	(2.111)
Total Fringe Benefits	771.384	932.666	1,030.346	1,045.505	(112.839)	(15.159)
Reimbursable Overhead	(165.712)	(157.993)	(135.926)	(139.130)	(18.863)	3.204
Total Labor	3,033.750	3,262.355	3,379.896	3,396.589	(134.234)	(16.693)
Maintenance Materials	193.160	196.625	168.887	172.753	23.872	(3.866)
Rentals & Miscellaneous	270.405	272.944	296.903	309.001	(36.057)	(12.098)
Electric Power	148.642	151.580	146.782	146.782	4.798	0.000
Diesel Fuel	44.126	53.217	44.017	44.330	8.887	(0.313)
Public Liability	73.331	73.808	75.701	75.701	(1.893)	0.000
Paratransit	129.863	150.568	192.848	180.671	(30.103)	12.177
Subtotal Operating Expenses	3,893.277	4,161.097	4,305.034	4,325.827	(164.730)	(20.793)
Contingency Reserve	0.000	0.000	20.000	0.000	0.000	20.000
Total Operating Expenses	3,893.277	4,161.097	4,325.034	4,325.827	(164.730)	(0.793)
Police Expenses	4.394	4.857	4.881	4.876	(0.019)	0.005
Capital and Other Reimbursable Expenses	765.989	764.409	697.982	713.380	51.029	(15.398)
<b>Total Expenses</b>	<b>4,663.660</b>	<b>4,930.363</b>	<b>5,027.897</b>	<b>5,044.083</b>	<b>(113.720)</b>	<b>(16.186)</b>
<b>Operating Balance</b>	<b>(1,559.742)</b>	<b>(1,579.453)</b>	<b>(1,571.825)</b>	<b>(1,572.440)</b>	<b>7.013</b>	<b>(0.615)</b>
Cash Flow Adjustments	220.561	41.568	261.210	262.739	221.171	1.529
<b>Net Operating Cash Deficit*</b>	<b>(1,339.181)</b>	<b>(1,537.885)</b>	<b>(1,310.615)</b>	<b>(1,309.701)</b>	<b>228.184</b>	<b>0.914</b>

\*Excluding Subsidies and Debt Service.



TABLE I-A

**MTA NEW YORK CITY TRANSIT**  
**FINANCIAL PLAN COMPARISON BY CATEGORY (ACCRUED)**  
**2003 OCTOBER FORECAST VS. MID-YEAR FORECAST**  
(\$ in millions)

	2003				
		July	August to		Favorable/(Unfavorable)
	Mid-Year	Year-to-Date	December	October	October Forecast
	Forecast	Actuals	Forecast	Forecast	vs.
					Mid-Year Forecast
Revenues:					
Subway	1,668.400	931.200	732.226	1,663.426	(4.974)
Bus	702.600	391.900	310.380	702.280	(0.320)
Fare Revenue	2,371.000	1,323.100	1,042.606	2,365.706	(5.294)
Fare Media Liability	0.000	10.000	7.000	17.000	17.000
Total Passenger Revenue	2,371.000	1,333.100	1,049.606	2,382.706	11.706
Senior Citizen Reimbursement	13.800	8.100	5.700	13.800	0.000
School Fare Reimbursement	90.000	54.300	35.700	90.000	0.000
Paratransit	34.749	20.300	15.038	35.338	0.589
Other Operating Revenue	59.800	36.400	23.400	59.800	0.000
Total Operating Revenue	2,569.349	1,452.200	1,129.444	2,581.644	12.295
Police Reimbursement	5.125	2.700	2.157	4.857	(0.268)
Capital and Other Reimbursements	768.082	446.200	318.209	764.409	(3.673)
Total Revenues	3,342.556	1,901.100	1,449.810	3,350.910	8.354
Expenses:					
Salaries & Wages (Excluding Overtime)	2,275.985	1,335.572	944.868	2,280.440	(4.455)
Scheduled Overtime	61.134	36.539	24.809	61.348	(0.214)
Unscheduled Overtime	140.749	82.289	63.605	145.894	(5.145)
Total Salaries & Wages	2,477.868	1,454.400	1,033.282	2,487.682	(9.814)
Pension Expenses	198.523	135.279	63.244	198.523	0.000
Health & Welfare Expenses	536.708	284.891	251.580	536.471	0.237
Other Fringe Benefits	181.945	124.730	72.942	197.672	(15.727)
Total Fringe Benefits	917.176	544.900	387.766	932.666	(15.490)
Reimbursable Overhead	(150.175)	(92.900)	(65.093)	(157.993)	7.818
Total Labor	3,244.869	1,906.400	1,355.955	3,262.355	(17.486)
Maintenance Materials	191.714	112.700	83.925	196.625	(4.911)
Rentals & Miscellaneous	278.505	157.800	115.144	272.944	5.561
Electric Power	151.580	88.400	63.180	151.580	0.000
Diesel Fuel	51.753	32.500	20.717	53.217	(1.464)
Public Liability	73.808	43.000	30.808	73.808	0.000
Paratransit	152.579	83.500	67.068	150.568	2.011
Subtotal Operating Expenses	4,144.808	2,424.300	1,736.797	4,161.097	(16.289)
Contingency Reserve	0.000	0.000	0.000	0.000	0.000
Total Operating Expenses	4,144.808	2,424.300	1,736.797	4,161.097	(16.289)
Police Expenses	5.125	2.700	2.157	4.857	0.268
Capital and Other Reimbursable Expenses	768.082	446.200	318.209	764.409	3.673
Total Expenses	4,918.015	2,873.200	2,057.163	4,930.363	(12.348)
Operating Balance	(1,575.459)	(972.100)	(607.353)	(1,579.453)	(3.994)
Cash Flow Adjustments	43.910	115.300	(73.732)	41.568	(2.342)
Net Operating Cash Deficit*	(1,531.549)	(856.800)	(681.085)	(1,537.885)	(6.336)

\*Excluding Subsidies and Debt Service.

TABLE I-B

**MTA NEW YORK CITY TRANSIT**  
**FINANCIAL PLAN COMPARISON BY CATEGORY (CASH)**  
**2003 OCTOBER FORECAST VS. MID-YEAR FORECAST**  
(\$ in millions)

		2003			Favorable/(Unfavorable) October Forecast vs. Mid-Year Forecast
	Mid-Year Forecast	July Year-to-Date Actuals	August to December Forecast	October Forecast	
<b>Cash Receipts:</b>					
Passenger Revenue	2,386.400	1,329.500	1,051.606	2,381.106	(5.294)
Senior Citizen Reimbursement	13.800	13.800	0.000	13.800	0.000
School Fare Reimbursement	90.000	75.000	15.000	90.000	0.000
Paratransit	34.749	28.500	6.838	35.338	0.589
Other Operating Revenue	64.100	38.100	26.000	64.100	0.000
Total Operating Revenue	2,589.049	1,484.900	1,099.444	2,584.344	(4.705)
Police Reimbursement	3.590	0.000	3.456	3.456	(0.134)
Capital and Other Reimbursements	825.870	487.100	335.863	822.963	(2.907)
<b>Total Receipts</b>	<b>3,418.509</b>	<b>1,972.000</b>	<b>1,438.763</b>	<b>3,410.763</b>	<b>(7.746)</b>
<b>Cash Expenditures:</b>					
Salaries & Wages	2,975.024	1,770.600	1,214.909	2,985.509	(10.485)
Pension Expenses	146.586	65.600	80.986	146.586	0.000
Health & Welfare Expenses	509.711	264.800	244.673	509.473	0.238
Other Fringe Benefits	263.875	151.100	111.913	263.013	0.862
Total Fringe Benefits	920.172	481.500	437.572	919.072	1.100
Total Labor	3,895.196	2,252.100	1,652.481	3,904.581	(9.385)
Maintenance Materials	242.694	138.400	90.457	228.857	13.837
Rentals & Miscellaneous	488.842	282.900	197.482	480.382	8.460
Electric Power	152.406	89.000	63.783	152.783	(0.377)
Diesel Fuel	52.845	33.100	21.209	54.309	(1.464)
Public Liability	61.475	33.300	37.836	71.136	(9.661)
Contingency Reserve	0.000	0.000	0.000	0.000	0.000
<b>Total Expenditures</b>	<b>4,893.458</b>	<b>2,828.800</b>	<b>2,063.248</b>	<b>4,892.048</b>	<b>1.410</b>
Inter-Agency Loan	(56.600)	0.000	(56.600)	(56.600)	0.000
<b>Net Operating Cash Deficit*</b>	<b>(1,531.549)</b>	<b>(856.800)</b>	<b>(681.085)</b>	<b>(1,537.885)</b>	<b>(6.336)</b>

\*Excluding Subsidies and Debt Service.

**MTA NEW YORK CITY TRANSIT**  
**CASH RECEIPTS AND EXPENDITURES**  
**2002 - 2004**  
(\$ in millions)

					Favorable/(Unfavorable)	
					2004	
					Final Proposed Budget vs.	
	2002	2003	2004		2003	2004
	Actual	October Forecast	Preliminary Budget	Final Proposed Budget	October Forecast	Preliminary Budget
<b><u>Operating Cash Receipts:</u></b>						
Passenger Revenue	2,155.200	2,381.106	2,549.600	2,549.131	168.025	(0.469)
Senior Citizen Reimbursement	13.800	13.800	13.800	13.800	0.000	0.000
School Fare Reimbursement	90.000	90.000	90.000	90.000	0.000	0.000
Paratransit	31.600	35.338	40.310	40.956	5.618	0.646
Other Operating Revenue	100.600	64.100	124.500	124.500	60.400	0.000
Total Operating Revenue	2,391.200	2,584.344	2,818.210	2,818.387	234.043	0.177
Police Reimbursement	4.219	3.456	5.003	4.867	1.411	(0.136)
Capital and Other Reimbursements	745.500	822.963	705.176	716.201	(106.762)	11.025
<b>Total Receipts</b>	<b>3,140.919</b>	<b>3,410.763</b>	<b>3,528.389</b>	<b>3,539.455</b>	<b>128.692</b>	<b>11.066</b>
<b><u>Operating Cash Expenditures:</u></b>						
Salaries & Wages	2,811.748	2,985.509	2,849.440	2,862.541	122.968	(13.101)
Pension Expenses	146.013	146.586	214.655	215.403	(68.817)	(0.748)
Health & Welfare Expenses	393.781	509.473	566.042	578.341	(68.868)	(12.299)
Other Fringe Benefits	255.558	263.013	250.493	254.317	8.696	(3.824)
Total Fringe Benefits	795.352	919.072	1,031.190	1,048.061	(128.989)	(16.871)
Total Labor	3,607.100	3,904.581	3,880.630	3,910.602	(6.021)	(29.972)
Maintenance Materials	253.052	228.857	207.093	209.681	19.176	(2.588)
Rentals & Miscellaneous	466.218	480.382	479.023	482.735	(2.353)	(3.712)
Electric Power	148.700	152.783	147.608	147.608	5.175	0.000
Diesel Fuel	43.700	54.309	44.017	44.330	9.979	(0.313)
Public Liability	63.330	71.136	60.633	54.200	16.936	6.433
Contingency Reserve	0.000	0.000	20.000	0.000	0.000	20.000
Stabilization Fund	(45.400)	0.000	0.000	0.000	0.000	0.000
<b>Total Expenditures</b>	<b>4,536.700</b>	<b>4,892.048</b>	<b>4,839.004</b>	<b>4,849.156</b>	<b>42.892</b>	<b>(10.152)</b>
Inter-Agency Loan	56.600	(56.600)	0.000	0.000	56.600	0.000
<b>Net Operating Cash Deficit*</b>	<b>(1,339.181)</b>	<b>(1,537.885)</b>	<b>(1,310.615)</b>	<b>(1,309.701)</b>	<b>228.184</b>	<b>0.914</b>

\*Excluding Subsidies and Debt Service.

**MTA NEW YORK CITY TRANSIT**  
**CASH FLOW ADJUSTMENTS**  
**2002 - 2004**  
(\$ in millions)

	Favorable/(Unfavorable)					
					2004	
					Final Proposed Budget	
					vs.	
	2002	2003	2004		2003	2004
	Actual	October	Preliminary	Final	October	Preliminary
		Forecast	Budget	Budget	Forecast	Budget
<b>Revenues:</b>						
Passenger Revenue	17.900	(1.600)	5.600	5.600	7.200	0.000
Senior Citizen Reimbursement	0.000	0.000	0.000	0.000	0.000	0.000
School Fare Reimbursement	0.000	0.000	0.000	0.000	0.000	0.000
Paratransit	(0.435)	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	40.200	4.300	59.400	59.400	55.100	0.000
Total Operating Revenue	57.665	2.700	65.000	65.000	62.300	0.000
Police Reimbursement	(0.175)	(1.402)	0.122	(0.010)	1.392	(0.132)
Capital and Other Reimbursements	(20.489)	58.554	7.195	2.822	(55.732)	(4.373)
<b>Total Revenues</b>	<b>37.001</b>	<b>59.852</b>	<b>72.317</b>	<b>67.812</b>	<b>7.960</b>	<b>(4.505)</b>
<b>Expenses:</b>						
Salaries & Wages	27.216	(88.961)	17.280	17.280	106.241	0.000
Pension Expenses	8.683	54.695	95.254	95.255	40.560	0.001
Health & Welfare Expenses	20.127	42.447	(2.291)	(2.290)	(44.737)	0.001
Other Fringe Benefits	33.160	11.737	1.797	1.796	(9.941)	(0.001)
Total Fringe Benefits	61.970	108.879	94.760	94.761	(14.118)	0.001
Total Labor	89.186	19.918	112.040	112.041	92.123	0.001
Maintenance Materials	(5.673)	15.209	8.931	8.931	(6.278)	0.000
Rentals & Miscellaneous	(14.248)	1.597	52.854	52.454	50.857	(0.400)
Electric Power	0.738	0.000	0.000	0.000	0.000	0.000
Diesel Fuel	1.078	(1.080)	0.000	0.000	1.080	0.000
Public Liability	10.479	2.672	15.068	21.501	18.829	6.433
Stabilization Fund	45.400	0.000	0.000	0.000	0.000	0.000
<b>Total Expenses</b>	<b>126.960</b>	<b>38.316</b>	<b>188.893</b>	<b>194.927</b>	<b>156.611</b>	<b>6.034</b>
Inter-Agency Loan	56.600	(56.600)	0.000	0.000	56.600	0.000
<b>Total Cash Flow Adjustments*</b>	<b>220.561</b>	<b>41.568</b>	<b>261.210</b>	<b>262.739</b>	<b>221.171</b>	<b>1.529</b>

\*Excluding Subsidies and Debt Service.

TABLE IV

**MTA NEW YORK CITY TRANSIT**  
**ACCRUAL STATEMENT OF OPERATIONS BY CATEGORY**  
**2003 - 2007**  
(\$ in millions)

	<b>2003 October Forecast</b>	<b>2004 Final Proposed Budget</b>	<b>2005 Plan</b>	<b>2006 Plan</b>	<b>2007 Plan</b>
<b>Revenues:</b>					
Subway	1,663.426	1,792.805	1,811.553	1,827.999	1,853.824
Bus	702.280	750.726	758.495	765.516	776.075
Fare Revenue	2,365.706	2,543.531	2,570.048	2,593.515	2,629.899
Fare Media Liability	17.000	0.000	0.000	0.000	0.000
Total Passenger Revenue	2,382.706	2,543.531	2,570.048	2,593.515	2,629.899
Senior Citizen Reimbursement	13.800	13.800	13.800	13.800	13.800
School Fare Reimbursement	90.000	90.000	90.000	90.000	90.000
Paratransit	35.338	40.956	46.914	54.007	62.450
Other Operating Revenue	59.800	65.100	68.100	70.100	71.500
Total Operating Revenue	2,581.644	2,753.387	2,788.862	2,821.422	2,867.649
Police Reimbursement	4.857	4.876	4.903	4.932	4.962
Capital and Other Reimbursements	764.409	713.380	688.669	701.034	719.558
<b>Total Revenues</b>	<b>3,350.910</b>	<b>3,471.643</b>	<b>3,482.434</b>	<b>3,527.388</b>	<b>3,592.169</b>
<b>Expenses:</b>					
Salaries & Wages (Excluding Overtime)	2,280.440	2,302.986	2,372.597	2,449.784	2,534.188
Scheduled Overtime	61.348	61.696	63.560	65.617	67.729
Unscheduled Overtime	145.894	125.532	129.068	136.688	137.969
Total Salaries & Wages	2,487.682	2,490.214	2,565.225	2,652.089	2,739.886
Pension Expenses	198.523	303.380	441.458	529.783	566.750
Health & Welfare Expenses	536.471	558.888	604.273	655.066	710.525
Other Fringe Benefits	197.672	183.237	190.600	196.605	203.026
Total Fringe Benefits	932.666	1,045.505	1,236.331	1,381.454	1,480.301
Reimbursable Overhead	(157.993)	(139.130)	(132.591)	(134.256)	(137.952)
Total Labor	3,262.355	3,396.589	3,668.965	3,899.287	4,082.235
Maintenance Materials	196.625	172.753	183.632	174.385	182.348
Rentals & Miscellaneous	272.944	309.001	297.953	302.421	311.089
Electric Power	151.580	146.782	149.467	149.602	150.516
Diesel Fuel	53.217	44.330	47.584	50.776	52.183
Public Liability	73.808	75.701	77.642	79.580	81.567
Paratransit	150.568	180.671	202.825	234.623	272.500
Subtotal Operating Expenses	4,161.097	4,325.827	4,628.068	4,890.674	5,132.438
Contingency Reserve	0.000	0.000	0.000	0.000	0.000
Additional Agency PEG	0.000	0.000	(25.400)	(49.600)	(92.100)
Total Operating Expenses	4,161.097	4,325.827	4,602.668	4,841.074	5,040.338
Police Expenses	4.857	4.876	4.903	4.932	4.962
Capital and Other Reimbursable Expenses	764.409	713.380	688.669	701.034	719.558
<b>Total Expenses</b>	<b>4,930.363</b>	<b>5,044.083</b>	<b>5,296.240</b>	<b>5,547.040</b>	<b>5,764.858</b>
<b>Operating Balance</b>	<b>(1,579.453)</b>	<b>(1,572.440)</b>	<b>(1,813.806)</b>	<b>(2,019.652)</b>	<b>(2,172.689)</b>
Cash Flow Adjustments	41.568	262.739	119.699	87.318	60.951
<b>Net Operating Cash Deficit*</b>	<b>(1,537.885)</b>	<b>(1,309.701)</b>	<b>(1,694.107)</b>	<b>(1,932.334)</b>	<b>(2,111.738)</b>

\*Excluding Subsidies and Debt Service.

**MTA NEW YORK CITY TRANSIT**  
**CASH RECEIPTS AND EXPENDITURES**  
**2003 - 2007**  
(\$ in millions)

	<b>2003 October Forecast</b>	<b>2004 Final Proposed Budget</b>	<b>2005 Plan</b>	<b>2006 Plan</b>	<b>2007 Plan</b>
<b><u>OPERATING CASH RECEIPTS:</u></b>					
Passenger Revenue	2,381.106	2,549.131	2,575.648	2,599.114	2,635.500
Senior Citizen Reimbursement	13.800	13.800	13.800	13.800	13.800
School Fare Reimbursement	90.000	90.000	90.000	90.000	90.000
Paratransit	35.338	40.956	46.914	54.007	62.450
Other Operating Revenue	64.100	124.500	68.100	70.100	71.500
Total Operating Revenue	2,584.344	2,818.387	2,794.462	2,827.021	2,873.250
Police Reimbursement	3.456	4.867	4.890	4.918	4.947
Capital and Other Reimbursements	822.963	716.201	688.621	693.458	710.699
<b>Total Receipts</b>	<b>3,410.763</b>	<b>3,539.455</b>	<b>3,487.973</b>	<b>3,525.397</b>	<b>3,588.896</b>
<b><u>OPERATING CASH EXPENDITURES:</u></b>					
Salaries & Wages	2,985.509	2,862.541	2,932.046	3,025.143	3,122.530
Pension Expenses	146.586	215.403	390.252	506.290	566.119
Health & Welfare Expenses	509.473	578.341	625.944	678.815	736.537
Other Fringe Benefits	263.013	254.317	259.106	265.978	273.657
Total Fringe Benefits	919.072	1,048.061	1,275.302	1,451.083	1,576.313
Total Labor	3,904.581	3,910.602	4,207.348	4,476.226	4,698.843
Maintenance Materials	228.857	209.681	222.637	213.352	221.315
Rentals & Miscellaneous	480.382	482.735	518.533	570.652	621.244
Electric Power	152.783	147.608	150.293	150.428	151.342
Diesel Fuel	54.309	44.330	47.584	50.776	52.183
Public Liability	71.136	54.200	61.085	62.597	64.507
Contingency Reserve	0.000	0.000	0.000	0.000	0.000
Additional Agency PEG	0.000	0.000	(25.400)	(49.600)	(92.100)
<b>Total Expenditures</b>	<b>4,892.048</b>	<b>4,849.156</b>	<b>5,182.080</b>	<b>5,474.431</b>	<b>5,717.334</b>
Inter-Agency Loan	(56.600)	0.000	0.000	0.000	0.000
<b>NET OPERATING CASH DEFICIT</b>	<b>(1,537.885)</b>	<b>(1,309.701)</b>	<b>(1,694.107)</b>	<b>(1,949.034)</b>	<b>(2,128.438)</b>

\*Excluding Subsidies and Debt Service.

TABLE VI

**MTA NEW YORK CITY TRANSIT**  
**CASH FLOW ADJUSTMENTS**  
**2003 - 2007**  
(\$ in millions)

	Favorable/(Unfavorable)				
	<b>2003</b>	<b>2004</b>			
	<b>October</b>	<b>Final</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
	<b>Forecast</b>	<b>Proposed</b>	<b>Plan</b>	<b>Plan</b>	<b>Plan</b>
		<b>Budget</b>			
<b>Revenues:</b>					
Passenger Revenue	(1.600)	5.600	5.600	5.600	5.600
Senior Citizen Reimbursement	0.000	0.000	0.000	0.000	0.000
School Fare Reimbursement	0.000	0.000	0.000	0.000	0.000
Paratransit	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	4.300	59.400	0.000	0.000	0.000
Total Operating Revenue	2.700	65.000	5.600	5.600	5.600
Police Reimbursement	(1.402)	(0.010)	(0.013)	(0.014)	(0.015)
Capital and Other Reimbursements	58.554	2.822	(0.049)	(7.576)	(8.859)
<b>Total Revenues</b>	<b>59.852</b>	<b>67.812</b>	<b>5.538</b>	<b>(1.990)</b>	<b>(3.274)</b>
<b>Expenses:</b>					
Salaries & Wages	(88.961)	17.280	10.219	10.847	11.482
Pension Expenses	54.695	95.255	63.503	38.972	17.200
Health & Welfare Expenses	42.447	(2.290)	(2.557)	(2.806)	(3.078)
Other Fringe Benefits	11.737	1.796	0.966	0.914	1.361
Total Fringe Benefits	108.879	94.761	61.912	37.080	15.483
Total Labor	19.918	112.041	72.131	47.927	26.965
Maintenance Materials	15.209	8.931	5.571	3.500	3.500
Rentals & Miscellaneous	1.597	52.454	19.900	20.900	16.700
Electric Power	0.000	0.000	0.000	0.000	0.000
Diesel Fuel	(1.080)	0.000	0.000	0.000	0.000
Public Liability	2.672	21.501	16.558	16.981	17.060
Additional Agency PEG	0.000	0.000	0.000	0.000	0.000
<b>Total Expenses</b>	<b>38.316</b>	<b>194.927</b>	<b>114.160</b>	<b>89.308</b>	<b>64.225</b>
Inter-Agency Loan	(56.600)	0.000	0.000	0.000	0.000
<b>Total Cash Flow Adjustments*</b>	<b>41.568</b>	<b>262.739</b>	<b>119.698</b>	<b>87.318</b>	<b>60.951</b>

\*Excluding Subsidies and Debt Service.

**MTA NEW YORK CITY TRANSIT**  
**Operating Budget Projections**  
**New Needs**  
**2003 - 2004**  
(\$ millions)

TABLE IX-A

Dep't/Div	Description	2003						2004					
		Mid-Year		Adjustments		Oct Forecast		Mid-Year		Adjustments		Oct Forecast	
		Pos	\$	Pos	\$	Pos	\$	Pos	\$	Pos	\$	Pos	\$
<b><u>Administration:</u></b>													
Sr.VP-Subways	NYCT Community Services		(0.050)				(0.050)		(0.069)				(0.069)
Stations	Title Swap - Signage/Lighting		(0.003)				(0.003)		(0.002)				(0.002)
Buses	Administer Extra OA Operator Pick		(0.235)				(0.235)						
Buses	TWU MOU-Meal Allowance		(0.155)				(0.155)		(0.309)				(0.309)
Paratransit	Title Change		0.008				0.008		0.011				0.011
MCO	Photo Identification System		(0.040)				(0.040)	1	(0.076)	0.001		1	(0.075)
MCO	Revenue Processing Eqpmt Mtce								(0.075)				(0.075)
TIS	Cubic Upgrade Support								(0.350)				(0.350)
TIS	E-mail upgrade		(1.300)				(1.300)						
TIS	RSMIS Rollout								(0.501)				(0.501)
TIS	UTS Development								(0.640)				(0.640)
Non-Dept'l	Kronos Funding								(2.500)				(2.500)
Non-Dept'l	Union Release Positions (transfer)	4	0.222			4	0.222	4	0.244			4	0.244
Labor Relations	Contract Settlement OTPS		(0.300)				(0.300)						
Labor Relations	Union Release Positions (transfer)	(4)	(0.226)			(4)	(0.226)	(4)	(0.250)			(4)	(0.250)
Materiel	Misc OTPS Cost Increases		(0.100)				(0.100)		(0.100)				(0.100)
Supply Logistics	Position Upgrade		(0.014)				(0.014)		(0.017)				(0.017)
NYCT-Wide	All Other Technical Adjustments		(0.484)				(0.484)		(0.200)				(0.200)
NYCT-Wide	Average Wage Rates		(4.000)		(1.872)		(5.872)		(4.200)		(2.011)		(6.211)
NYCT-Wide	Capital Expenditures/Reimb (net)		(1.800)		0.900		(0.900)		(0.700)		(4.500)		(5.200)
NYCT-Wide	Other Operating Revenue Re-Est		(1.200)				(1.200)		0.200				0.200
NYCT-Wide	Provision for Overhead Rate Change		(1.624)				(1.624)		(1.667)				(1.667)
MOW	Est - 2 Broadway NR- Rollover				6.436		6.436				(6.436)		(6.436)
Stations	Est Disciplinary Hearings				(0.350)		(0.350)						
Ops Planning	2003 Reforecast				(0.206)		(0.206)						
Ops Planning	Downgrade Manager to 2 Clericals			(1)	(0.004)	(1)	(0.004)			(1)	(0.009)	(1)	(0.009)
Law	2003 Reforecast				(0.760)		(0.760)						
TIS	2003 Reforecast				(0.242)		(0.242)						
Non-Dept'l	MTA Services Adj										(0.105)		(0.105)
Non-Dept'l	R&M Cash Flow Adjustment (cash)										(0.400)		(0.400)



**MTA NEW YORK CITY TRANSIT**  
**Operating Budget Projections**  
**New Needs**  
**2003 - 2004**  
(\$ millions)

TABLE IX-A

Dep't/Div	Description	2003						2004					
		Mid-Year		Adjustments		Oct Forecast		Mid-Year		Adjustments		Oct Forecast	
		Pos	\$	Pos	\$	Pos	\$	Pos	\$	Pos	\$	Pos	\$
Labor Relations	2003 Reforecast				(0.153)		(0.153)						
Controller	2003 Reforecast				(0.118)		(0.118)						
NYCT-Wide	Misc. Base Pay Adjustment				(2.534)		(2.534)			(1.673)		(1.673)	
NYCT-Wide	Public Liability Reestimate (cash)				(9.661)		(9.661)			6.433		6.433	
NYCT-Wide	Rollovers				7.627		7.627			(7.627)		(7.627)	
	Subtotal		(11.301)	(1)	(0.937)	(1)	(12.238)	1	(11.201)	(1)	(16.327)		(27.528)
<b>Customer Convenience:</b>													
MCO	Additional TRIPS Funding								(0.082)				(0.082)
MCO	MetroCard Claims								(0.312)				(0.312)
MCO	Reduced Fare Investment	1	(0.174)			1	(0.174)	1	(0.125)			1	(0.125)
TIS	Reduced Fare Investment	(2)	(0.108)			(2)	(0.108)	(2)	(0.200)			(2)	(0.200)
	Subtotal	(1)	(0.282)			(1)	(0.282)	(1)	(0.719)			(1)	(0.719)
<b>Maintenance:</b>													
MOW	Capital Impact - HVAC / RCC							(14)	(0.643)	(0.037)		(14)	(0.680)
MOW	Environmental Study-Consent Decree							(1)	(0.549)	0.002		(1)	(0.547)
MOW	Facility Contract Mtce Costs								(1.082)				(1.082)
Stations	Increase Mtce for Rehab'd Stations							(4)	(0.267)	(0.002)		(4)	(0.269)
Buses	Air Compressor Intervention		(1.098)				(1.098)		(0.468)	(0.001)			(0.469)
Buses	Air Intake Mod - Artic Buses								(0.549)				(0.549)
Buses	Bus Line Supervisor Bonus		(0.200)				(0.200)		(0.200)				(0.200)
Buses	Engine Repowering Requirements		(1.700)				(1.700)						
Buses	Line Supervisor/UOT Swap	(1)	0.001			(1)	0.001	(1)				(1)	
Buses	Power Steering Hoses		(0.156)				(0.156)						
Buses	TWU MOU-P&E Differential		(0.167)		(0.122)		(0.289)		(0.268)	(0.393)			(0.661)
MCO	MVM Maintenance Increase	(47)	(0.716)			(47)	(0.716)	(47)	(3.037)	(0.034)		(47)	(3.071)
MCO	Revenue Facility Mtce								(0.180)				(0.180)
TIS	EMD Overtime		(0.350)				(0.350)						
TIS	MVM Bill Handler Unit Maint								(0.434)				(0.434)
TIS	MVM Bill Handler Units		(0.197)				(0.197)						
Supply Logistics	Reclassify AFC Storeroom Pos	(3)	(0.219)		(0.001)	(3)	(0.220)	(3)	(0.379)	0.003		(3)	(0.376)

**MTA NEW YORK CITY TRANSIT**  
**Operating Budget Projections**  
**New Needs**  
**2003 - 2004**  
(\$ millions)

TABLE IX-A

Dep't/Div	Description	2003						2004					
		Mid-Year		Adjustments		Oct Forecast		Mid-Year		Adjustments		Oct Forecast	
		Pos	\$	Pos	\$	Pos	\$	Pos	\$	Pos	\$	Pos	\$
MOW	Est - Other NR OTPS Overrun				(3.298)		(3.298)						
Car Equipment	Est R&M Forecast 2003				(1.370)		(1.370)						
Stations	Tunnel Lighting Sup'ts									(2)	(0.222)	(2)	(0.222)
Stations	Tunnel Lighting Upgrade (E)									(6)	(0.404)	(6)	(0.404)
MCO	2003 Reforecast - Mtce Matl				(1.500)		(1.500)						
TIS	Bus Destination Signs			(5)	(0.109)	(5)	(0.109)			(5)	(0.361)	(5)	(0.361)
	Subtotal	(51)	(4.802)	(5)	(6.400)	(56)	(11.202)	(70)	(8.056)	(13)	(1.449)	(83)	(9.505)
<b>Safety/Security:</b>													
Sr.VP-Subways	TPPA Coverage - 100 St Depot	(6)	(0.306)			(6)	(0.306)	(6)	(0.426)	(0.005)		(6)	(0.431)
Sr.VP-Subways	TPPA Coverage - 180 Livingston	(4)	(0.142)			(4)	(0.142)	(4)	(0.253)	(0.005)		(4)	(0.258)
RTO	New Flagging Call On Procedure	(6)	(0.253)			(6)	(0.253)	(6)	(0.549)	0.006		(6)	(0.543)
MOW	Fire Safety Director		(0.190)				(0.190)		(0.250)				(0.250)
MOW	Flagging Requirements							(178)	(11.188)	(0.203)		(178)	(11.391)
MOW	Signals Overtime-2003 Projection		(7.955)		1.496		(6.459)						
Stations	Flagging Requirements							(17)	(1.142)	(0.002)		(17)	(1.144)
Materiel	Safety Shoes - Increased Costs		(0.069)				(0.069)		(0.509)				(0.509)
Sr.VP-Subways	Est Security - Amsterdam Depot			(2)	(0.040)	(2)	(0.040)			(0.090)			(0.090)
Sr.VP-Subways	Est Security - Hudson Depot				(0.025)		(0.025)						
Sr.VP-Subways	Est Security - UOT Overrun				(1.055)		(1.055)						
Stations	Est "Eye & Ears" Training				(0.255)		(0.255)						
Buses	EST-"Eyes & Ears" Training				(1.096)		(1.096)						
	Subtotal	(16)	(8.915)	(2)	(0.975)	(18)	(9.890)	(211)	(14.317)	(0.299)		(211)	(14.616)
<b>Service - Direct:</b>													
MOW	Power Re-Estimate		(4.600)				(4.600)		(1.400)				(1.400)
Buses	2003 Bus Service Re-Estimate		(0.822)	(34)	0.727	(34)	(0.095)		0.640	(34)	(0.337)	(34)	0.303
Buses	TWU MOU-Headway Allowance		(0.442)				(0.442)		(1.455)	(0.004)			(1.459)
Non-Dept'l	Prov for Toll Increase		(0.199)				(0.199)		(0.318)				(0.318)
RTO	2003 Unscheduled Overtime Reestimate				(0.699)		(0.699)						
RTO	Est Night Differential Adj				(0.692)		(0.692)						
	Subtotal		(6.063)	(34)	(0.664)	(34)	(6.727)		(2.533)	(34)	(0.341)	(34)	(2.874)

**MTA NEW YORK CITY TRANSIT**  
**Operating Budget Projections**  
**New Needs**  
**2003 - 2004**  
(\$ millions)

TABLE IX-A

Dep't/Div	Description	2003						2004					
		Mid-Year		Adjustments		Oct Forecast		Mid-Year		Adjustments		Oct Forecast	
		Pos	\$	Pos	\$	Pos	\$	Pos	\$	Pos	\$	Pos	\$
<b>Service - Support:</b>													
RTO	ATS Training 2004								(0.728)		0.008		(0.720)
RTO	CBTC Training 2004							(14)	(1.095)		0.004	(14)	(1.091)
RTO	Manh Bridge Re-Opening Support							(20)	(1.810)		0.012	(20)	(1.798)
RTO	RTO Average Hours		(1.000)		(1.382)		(2.382)		(1.000)				(1.000)
RTO	Unionport Tower Staff Adj			(1)	(0.041)	(1)	(0.041)	(1)	(0.083)		0.001	(1)	(0.082)
Buses	Availability/Pay Hr Adj				(1.303)		(1.303)						
Buses	Grand St Shuttle / M Shuttle								(0.060)		0.004		(0.056)
Buses	Orchard Beach Service Req'mts		(0.259)				(0.259)		(0.267)		(0.001)		(0.268)
Buses	Stillwell - Mtce & shifting		(0.442)				(0.442)		0.012				0.012
Ops Planning	Rail Scheduling Software								(0.540)				(0.540)
MCO	Additional Card Stock Costs		(1.665)				(1.665)		(1.796)				(1.796)
MCO	Manh Bridge Re-Opening Cust Info								(0.643)				(0.643)
MCO	MVM Revenue Servicing	(10)	(0.126)			(10)	(0.126)	(10)	(0.573)		(0.016)	(10)	(0.589)
MCO	Projected UOT Overrun		(1.000)		(1.140)		(2.140)						
TIS	Rail Control Center							(9)	(1.663)			(9)	(1.663)
TIS	SONET Telecommunications Staff							(4)	(0.172)			(4)	(0.172)
RTO	Est Exp to Clear Old Jobs - Rev				(0.971)		(0.971)						
RTO	Est Rmb Charge NR - Revised				(1.164)		(1.164)						
RTO	Training Float Adj				(1.140)		(1.140)						
Stations	Est Fare Increase Prep				(0.114)		(0.114)						
Stations	Est Rmb Charging NR				(0.567)		(0.567)						
Stations	Est UOT Overrun SA & CTA				(1.091)		(1.091)						
Buses	Training Float Adj				(0.497)		(0.497)						
Subtotal		(10)	(4.492)	(1)	(9.410)	(11)	(13.902)	(58)	(10.418)		0.012	(58)	(10.406)
TOTAL NEW NEEDS		(78)	(35.855)	(43)	(18.386)	(121)	(54.241)	(339)	(47.244)	(48)	(18.404)	(387)	(65.648)

Note: Dollar figures converted to thousands for agency roll-up.

**MTA NEW YORK CITY TRANSIT**  
**Operating Budget Projections**  
**New Needs**  
**2005 - 2007**  
(\$ millions)

<u>Dep't/Div</u>	<u>Description</u>	<u>Pos</u>	<u>2005</u> \$	<u>Pos</u>	<u>2006</u> \$	<u>Pos</u>	<u>2007</u> \$
<b><u>Administration:</u></b>							
Sr.VP-Subways	NYCT Community Services		(0.077)		(0.084)		(0.094)
Stations	Title Swap - Signage/Lighting		(0.002)		(0.002)		(0.002)
Buses	TWU MOU-Meal Allowance		(0.309)		(0.309)		(0.309)
Paratransit	Title Change		0.011		0.011		0.011
MCO	Photo Identification System	1	0.007	1	0.007	1	0.007
MCO	Revenue Processing Eqpmt Mtce		(0.110)		(0.145)		(0.145)
TIS	RSMIS Rollout		(0.501)		(0.501)		(0.501)
Non-Dept'l	Kronos Funding		(0.230)		(0.230)		(0.230)
Non-Dept'l	Union Release Positions (transfer)	4	0.244	4	0.244	4	0.244
Labor Relations	Union Release Positions (transfer)	(4)	(0.250)	(4)	(0.250)	(4)	(0.250)
Materiel	Misc OTPS Cost Increases		(0.100)		(0.100)		(0.100)
Supply Logistics	Position Upgrade		(0.017)		(0.017)		(0.017)
NYCT-Wide	All Other Technical Adjustments		(0.200)		(0.200)		(0.200)
NYCT-Wide	Average Wage Rates		(6.590)		(6.590)		(6.590)
NYCT-Wide	Capital Expenditures/Reimb (net)		(8.073)		(15.602)		(16.886)
NYCT-Wide	Other Operating Revenue Re-Est		(7.600)		(5.600)		(4.200)
NYCT-Wide	Provision for Overhead Rate Change		(1.667)		(1.667)		(1.667)
Ops Planning	Downgrade Manager to 2 Clericals	(1)	(0.009)	(1)	(0.009)	(1)	(0.009)
Non-Dept'l	MTA Services Adj		(0.105)		(0.105)		(0.105)
Non-Dept'l	R&M Cash Flow Adjustment (cash)		(0.400)		(0.400)		(0.400)
NYCT-Wide	Misc. Base Pay Adjustment		(1.673)		(1.673)		(1.673)
NYCT-Wide	Public Liability Reestimate (cash)		(0.452)		(1.964)		(3.874)
Subways	Unified Timekeeping System Reqmts					38	3.176
Sr.VP-Subways	R&M Account-5% Reduction		(0.066)		(0.066)		(0.066)
Sr.VP-Subways	Training Reduction - 25%		(0.012)		(0.012)		(0.012)
RTO	SCC Title Swap	1	0.046	1	0.046	1	0.046
RTO	Training -25% Reduction		(0.007)		(0.007)		(0.007)
RTO	UTS System Documentation	1	0.112	1	0.112	1	0.112
MOW	2 Broadway Rent/Mtc Exp (NR)		(3.835)		(3.835)		(3.835)

**MTA NEW YORK CITY TRANSIT**  
**Operating Budget Projections**  
**New Needs**  
**2005 - 2007**  
(\$ millions)

<u>Dep't/Div</u>	<u>Description</u>	<u>Pos</u>	<u>2005</u> \$	<u>Pos</u>	<u>2006</u> \$	<u>Pos</u>	<u>2007</u> \$
Car Equipment	RSMIS Rollout					7	0.618
Stations	Bedford Av mtce shop, RE rental		(0.009)		(0.009)		0.475
Buses	Charleston Annex Fixed/OH					(62)	(4.640)
Buses	Grand Ave Shop Fixed/OH					(3)	(0.490)
Buses	Grand Avenue Depot Fixed OH					(92)	(6.935)
Buses	MTV CNG Overhead			(4)	(1.303)	(4)	(1.303)
Buses	Nonrevenue Normal Replacement		(0.009)		1.186		(2.424)
Buses	TWU MOU - OA Consol	(4)	(0.257)	(6)	(0.384)	(6)	(0.384)
Law	Public Liability Adjustment		(0.049)		(0.049)		(0.049)
Law	Reduce Summer Intern Program		(0.010)		(0.010)		(0.010)
TIS	IS - Manhattan Data Center		(0.050)		(0.050)		(0.050)
TIS	Telecom - NR		(0.084)		(0.134)		(0.134)
TIS	Telecommunications OTPS		(0.200)		(0.420)		(0.420)
TIS	Telephone Switch Mtce Contract		(0.405)				
Non-Dept'l	DP - Normal Replacement		(0.857)		(0.857)		(0.857)
Non-Dept'l	Prov - R160 Trg HRD	(15)	(0.643)		(1.284)		0.039
Non-Dept'l	Provision-Partran Admin Growth	(8)	(0.628)	(8)	(0.628)	(8)	(0.628)
Non-Dept'l	R160 Training - Crew	(21)	(1.026)		(1.190)		(0.048)
Non-Dept'l	R160 Training-DCE Maint Staff		(0.045)		(0.713)		
Non-Dept'l	Space Plan/Livingston Plaza		1.712		(1.188)		(1.188)
Non-Dept'l	TWU MOU - Sick Lv Cashout		(0.354)		(0.354)		(0.354)
	Subtotal	(46)	(34.779)	(16)	(46.335)	(128)	(56.358)
<b>Customer Convenience:</b>							
MCO	Additional TRIPS Funding		(0.082)		(0.082)		(0.082)
MCO	MetroCard Claims		(0.312)		(0.312)		(0.312)
MCO	Reduced Fare Investment	1	(0.035)	1	(0.035)	1	(0.035)
TIS	Reduced Fare Investment	(2)	0.302	(2)	0.302	(2)	0.302
MOW	Pigeon Control Services		0.042		0.042		0.042
Car Equipment	145 St Terminal Cleaning Supr		0.029		0.029		0.029
Stations	Clean Rehabilitated Station	(6)	(0.624)	(12)	(0.944)	(18)	(1.264)

**MTA NEW YORK CITY TRANSIT**  
**Operating Budget Projections**  
**New Needs**  
**2005 - 2007**  
(\$ millions)

<u>Dep't/Div</u>	<u>Description</u>	<u>2005</u>		<u>2006</u>		<u>2007</u>	
		<u>Pos</u>	<u>\$</u>	<u>Pos</u>	<u>\$</u>	<u>Pos</u>	<u>\$</u>
Stations	Cleaners-Manh Bridge		0.012		0.012		0.012
Buses	SFS Exec Order 111		(0.180)		(0.066)		(0.564)
MCO	TWU MOU - OA Consol		(0.001)		(0.002)		(0.002)
Non-Dept'l	NYS DEC Decree		(0.100)		0.300		0.300
	Subtotal	(7)	(0.949)	(13)	(0.756)	(19)	(1.574)
<b><u>Maintenance:</u></b>							
MOW	Capital Impact - HVAC / RCC	(16)	(1.328)	(16)	(1.405)	(16)	(1.405)
MOW	Environmental Study-Consent Decree	(1)	(0.087)	(1)	(0.087)	(1)	(0.087)
MOW	Facility Contract Mtce Costs		(0.822)		(0.822)		(0.822)
Stations	Increase Mtce for Rehab'd Stations	(12)	(0.818)	(18)	(1.244)	(24)	(1.670)
Buses	Air Compressor Intervention		(0.348)		(0.144)		(0.211)
Buses	Bus Line Supervisor Bonus		(0.200)		(0.200)		(0.200)
Buses	Line Supervisor/UOT Swap	(1)		(1)		(1)	
Buses	TWU MOU-P&E Differential		(0.661)		(0.661)		(0.661)
MCO	MVM Maintenance Increase	(47)	(3.147)	(47)	(3.147)	(47)	(3.147)
MCO	Revenue Facility Mtce		(0.360)		(0.360)		(0.360)
TIS	MVM Bill Handler Unit Maint		(0.434)		(0.434)		(0.434)
Supply Logistics	Reclassify AFC Storeroom Pos	(3)	(0.376)	(3)	(0.376)	(3)	(0.376)
Stations	Tunnel Lighting Upgrade (E)		(0.013)		(0.013)		(0.013)
Stations	Tunnel Lighting Sup'ts	(2)	(0.222)				
TIS	Bus Destination Signs	(5)	(0.361)	(5)	(0.361)	(5)	(0.361)
RTO	Car Floor Program Support					2	0.127
RTO	Radio & Battery Maintenance		(0.400)				(0.400)
MOW	Capital Impact - ATS	(9)	(0.725)	(9)	(0.725)	(9)	(0.725)
MOW	Capital Impact - CBTC	(24)	(1.928)	(24)	(1.928)	(24)	(1.928)
MOW	Concourse Line IJ-Manager			1	0.059	1	0.088
MOW	LWP Signal Mod Phase II-NR		0.064		0.064		0.064
MOW	Mahattan Bridge - Track		0.016		0.016		0.016
MOW	New E&E - Capital Program	(4)	(0.162)	(7)	(0.390)	(7)	(0.468)

**MTA NEW YORK CITY TRANSIT**  
**Operating Budget Projections**  
**New Needs**  
**2005 - 2007**  
(\$ millions)

<u>Dep't/Div</u>	<u>Description</u>	<u>2005</u>		<u>2006</u>		<u>2007</u>	
		<u>Pos</u>	<u>\$</u>	<u>Pos</u>	<u>\$</u>	<u>Pos</u>	<u>\$</u>
MOW	Token Booth Air Conditioners		(0.040)		(0.040)		(0.040)
MOW	TWU MOU - Lump Sum Supv		1.027		1.027		1.027
MOW	Apprentice Pgm - MOW	(6)	(0.180)	(6)	(0.654)	(6)	(0.654)
MOW	Meggering Test Squad	(3)	(0.198)	(3)	(0.198)	(3)	(0.198)
MOW	TWU MOU - Apprentice Prog	(15)	(0.812)	(15)	(1.077)	(15)	(1.077)
Car Equipment	CBTC, ATS and RCC Support	(12)	(0.928)	(12)	(0.928)	(12)	(0.928)
Car Equipment	Apprentice Pgm-DCE			1		1	0.063
Car Equipment	E-Cam Spare Parts		0.195		0.195		0.195
Car Equipment	Purchase A/C Compressor Motors		(8.506)		0.696		(0.909)
Car Equipment	Roof Repairs		(2.375)		(0.500)		(0.500)
Car Equipment	Truck Frame Repair		(0.455)		(0.055)		(0.728)
Car Equipment	TWU MOU-Lump Sum Supv		0.604		0.604		0.604
Car Equipment	TWU MOU - Apprentice Prog	(6)	(0.073)	(6)	(0.166)	(6)	(0.166)
Car Equipment	Buy Back CI Positions		(0.241)		(0.241)		(0.241)
Stations	Apprentice Program		(0.081)		(0.163)		(0.163)
Stations	TWU MOU Apprentice Prog	(3)	(0.106)	(3)	(0.116)	(3)	(0.116)
Buses	Material Reestimate		(1.932)		(1.932)		(1.932)
HR	TWU MOU - Apprentice Prog	(1)	(0.090)	(1)	(0.135)	(1)	(0.135)
TIS	MVM Bill Handler Units		0.433		0.433		0.433
TIS	Cable Asset Mgmt -Outyear Mtce		(0.100)		(0.100)		(0.100)
TIS	EMD Maint. Material Savings		(1.221)		(1.221)		(1.221)
Supply Logistics	Central Whse II at Tiffany		(0.123)		(0.250)		(0.250)
Supply Logistics	Recurring Night Diff Savings		(0.032)		(0.032)		(0.032)
Supply Logistics	TWU MOU - OA Consol		(0.006)		(0.009)		(0.009)
Subtotal		(170)	(27.552)	(175)	(17.020)	(179)	(20.050)
<b><u>Safety/Security:</u></b>							
Sr.VP-Subways	TPPA Coverage - 100 St Depot	(6)	(0.431)	(6)	(0.431)	(6)	(0.431)
Sr.VP-Subways	TPPA Coverage - 180 Livingston	(4)	(0.258)	(4)	(0.258)	(4)	(0.258)
RTO	New Flagging Call On Procedure	(6)	(0.543)	(6)	(0.543)	(6)	(0.543)
MOW	Fire Safety Director		(0.250)		(0.250)		(0.250)
MOW	Flagging Requirements	(178)	(11.391)	(178)	(11.391)	(178)	(11.391)

**MTA NEW YORK CITY TRANSIT**  
**Operating Budget Projections**  
**New Needs**  
**2005 - 2007**  
(\$ millions)

<u>Dep't/Div</u>	<u>Description</u>	<u>2005</u>		<u>2006</u>		<u>2007</u>	
		<u>Pos</u>	<u>\$</u>	<u>Pos</u>	<u>\$</u>	<u>Pos</u>	<u>\$</u>
Stations	Flagging Requirements	(17)	(1.144)	(17)	(1.144)	(17)	(1.144)
Materiel	Safety Shoes - Increased Costs		1.490		1.182		1.182
Sr.VP-Subways	MTA Homeless Outreach		(0.011)		(0.011)		0.889
Sr.VP-Subways	TWU MOU - Lump Sum Supv		0.056		0.056		0.056
Sr.VP-Subways	TWU MOU - OA Consol		(0.005)		(0.008)		(0.008)
Stations	TWU MOU Safety Shoes		(0.004)		(0.004)		(0.004)
Buses	Work Socks and Shoes		(0.189)				(0.189)
MCO	02-Contracted Security Service		(0.126)		(0.257)		(0.257)
TIS	Safety Equipment		(0.035)				
	Subtotal	(211)	(12.841)	(211)	(13.059)	(211)	(12.348)
<b><u>Service - Direct:</u></b>							
MOW	Power Re-Estimate		(1.400)		(1.400)		(1.400)
Buses	2003 Bus Service Re-Estimate	(34)	0.562	(34)	0.562	(34)	0.562
Buses	TWU MOU-Headway Allowance		(1.459)		(1.459)		(1.459)
Non-Dept'l	Prov for Toll Increase		(0.318)		(0.318)		(0.318)
Buses	CNG Pricing & Inflation Adjust		(0.034)		(0.034)		(0.034)
Paratransit	Ridership Growth Projection		(38.628)		(89.074)		(154.249)
	Subtotal	(34)	(41.277)	(34)	(91.723)	(34)	(156.898)
<b><u>Service - Support:</u></b>							
RTO	Unionport Tower Staff Adj	(1)	(0.082)	(1)	(0.082)	(1)	(0.082)
RTO	CBTC Training 2004		(0.500)				
RTO	Manh Bridge Re-Opening Support	(20)	(1.798)	(20)	(1.798)	(20)	(1.798)
RTO	RTO Average Hours		(1.000)		(1.000)		(1.000)
Buses	Grand St Shuttle / M Shuttle		0.003		0.003		0.003
Buses	Orchard Beach Service Req'mts		(0.268)		(0.268)		(0.268)
Buses	Stillwell - Mtce & shifting		0.373		0.373		0.373
Ops Planning	Rail Scheduling Software		(0.945)		(1.200)		(0.175)
MCO	Additional Card Stock Costs		(1.868)		(1.933)		(2.033)



**MTA NEW YORK CITY TRANSIT**  
**Operating Budget Projections**  
**New Needs**  
**2005 - 2007**  
(\$ millions)

<u>Dep't/Div</u>	<u>Description</u>	<u>2005</u>		<u>2006</u>		<u>2007</u>	
		<u>Pos</u>	<u>\$</u>	<u>Pos</u>	<u>\$</u>	<u>Pos</u>	<u>\$</u>
MCO	Manh Bridge Re-Opening Cust Info		(0.643)		(0.643)		(0.643)
MCO	MVM Revenue Servicing	(10)	(0.589)	(10)	(0.589)	(10)	(0.589)
TIS	Rail Control Center	(9)	(1.003)	(9)	(1.078)	(9)	(1.078)
TIS	SONET Telecommunications Staff	(11)	(0.841)	(11)	(0.854)	(11)	(0.854)
RTO	Manh B Full Restore Support	2	0.408	2	0.408	2	0.408
RTO	Second Supt, Stillwell Rehab	1	0.109	1	0.109	1	0.109
RTO	TWU MOU - Lump Sum Supv		1.143		1.143		1.143
RTO	Unionport Tower					5	
RTO	White Plains Rd/Canarsie	2	0.217	2	0.217	2	0.217
Stations	Training Float Adj	(3)	(0.156)	(3)	(0.156)	(3)	(0.156)
Stations	TWU MOU-Lump Sum Supv		0.641		0.641		0.641
Paratransit	DSS - First Transit Services		(0.762)		(1.581)		(1.581)
Paratransit	Rider Eligibility Costs		(0.135)		(0.290)		(0.290)
	Subtotal	(49)	(7.696)	(49)	(8.578)	(44)	(7.653)
	TOTAL NEW NEEDS	(517)	(125.094)	(498)	(177.471)	(615)	(254.881)

Note: Dollar figures converted to thousands for agency roll-up.

**MTA NEW YORK CITY TRANSIT**  
**Operating Budget Projections**  
**Programs to Eliminate the Gap (PEGs)**  
**2003 - 2004**  
(\$ millions)

TABLE X-A

Dep't/Div	Description	2003						2004					
		Mid-Year		Adjustments		Oct Forecast		Mid-Year		Adjustments		Oct Forecast	
		Pos	\$	Pos	\$	Pos	\$	Pos	\$	Pos	\$	Pos	\$
<b>Administration:</b>													
Subways	Administrative Reduction							35	2.501			35	2.501
Subways	DP/Normal Replacement Savings		0.320				0.320						
RTO	1/4 Day Availability Improvemt							8	0.492			8	0.492
RTO	Eliminate 1 Stillwell Manager	1	0.033			1	0.033	1	0.110	(0.001)		1	0.109
RTO	Eliminate TCS Disaster Recover	3	0.085			3	0.085	3	0.186	0.001		3	0.187
RTO	Subdiv B Rent Savings								0.200				0.200
MOW	180 Livingston St/2 Broadway				0.965		0.965		0.200				0.200
MOW	Infrastructure Reorganization							49	4.039	(0.018)		49	4.021
MOW	MOW Engineering Reductions							5	0.367	(0.001)		5	0.366
MOW	R&M Reductions								0.765				0.765
MOW	Reclassification of Reimb Expenses							4	0.547	(0.203)		4	0.344
MOW	Signals/Electrical Reorg							11	1.182	(0.002)		11	1.180
MOW	Track Reorganization							33	2.929	(0.001)		33	2.928
Car Equipment	AC Compressor Motors Savings								0.536				0.536
Car Equipment	Administrative Reductions							4	0.270	0.003		4	0.273
Car Equipment	Capital Wheel Purchase		1.290				1.290		1.778				1.778
Car Equipment	Expand MS I Span of Control							25	2.116	(0.010)		25	2.106
Car Equipment	Non-Inventory Maintenance Mat'l		1.880		(1.108)		0.772		1.000				1.000
Stations	Mgr'l and Supv'ry Vacancies - 2003		1.191				1.191						
Stations	Reduce Field Managers and Supv							20	1.792	(0.001)		20	1.791
Buses	Admin Reorg							39	3.825	0.002		39	3.827
Buses	Amsterdam Closure (2003-4)	27	0.530	(2)	(0.041)	25	0.489		1.072	0.009			1.081
Buses	Housekeeping Cleaner Reduc							9	0.476	0.011		9	0.487
Paratransit	Fuel Tax and CC Dispatcher Savings		1.559				1.559		0.523				0.523
Ops Planning	Elim Admin Mgr Quota	1	0.096			1	0.096	1	0.106			1	0.106
Ops Planning	Reduce 63St Traffic Checks		0.261				0.261						
Ops Planning	Reduce PES Frequency								1.138	0.001			1.139
Sys Safety	Eliminate 2 Clerical Positions							2	0.218			2	0.218
Sys Safety	Salary/Wage Underruns - 2003		0.047				0.047						
Law	Position Reductions/Downgrades							3	0.366	(0.006)		3	0.360
Law	R&M Savings								0.658				0.658
Executive VP	OTPS Reduction		0.100				0.100		0.103				0.103
HR	Employee Activity Fund Savings								0.045				0.045
HR	Opt-Out Pgm for TWU HBT								0.526				0.526
HR	Reduce 4 Mgrs, 2 PTE's							6	0.571	(0.005)		6	0.566
HR	Track Safety Training - Vendor Reimb								0.021				0.021
HR	Unemployment Claims Processing							(1)	0.372			(1)	0.372

**MTA NEW YORK CITY TRANSIT**  
**Operating Budget Projections**  
**Programs to Eliminate the Gap (PEGs)**  
**2003 - 2004**  
(\$ millions)

TABLE X-A

Dep't/Div	Description	2003						2004					
		Mid-Year		Adjustments		Oct Forecast		Mid-Year		Adjustments		Oct Forecast	
		Pos	\$	Pos	\$	Pos	\$	Pos	\$	Pos	\$	Pos	\$
OMB	Reduce PTE Position							1	0.088	0.007		1	0.095
OMB	Salary & Wage Underrun		0.116				0.116		(0.054)				(0.054)
MCO	Administrative Reductions							2	0.381	(0.002)		2	0.379
MCO	New Revenue Facil - OTPS Savings								0.382				0.382
MCO	Reduce Funpass Commissions								0.886				0.886
MCO	Reduce General Advertising		0.700				0.700		0.700				0.700
MCO	Reduce HPEM Maintenance								0.089				0.089
MCO	Reduce Outside Printing								0.100				0.100
MCO	Reduce Retail Sales Support							1	0.069	0.001		1	0.070
MCO	Reduce Targeted Advertising		0.250				0.250		0.250				0.250
TIS	Administrative Efficiencies							7	0.533	0.011		7	0.544
TIS	Leased Telephone Equip Savings		1.500				1.500		1.500				1.500
TIS	Managerial Efficiencies							8	0.983	0.007		8	0.990
TIS	Nortel Router Maintenance								0.122				0.122
TIS	Real Estate Budget Adjustment		2.353				2.353		0.607				0.607
TIS	Subways Master Plan Revision		1.250				1.250		(0.255)				(0.255)
TIS	Telephone Bill Savings		0.600				0.600						
TIS	Vacancy Savings Provision		2.072				2.072						
Non-Dept'l	Eliminate Reserves		5.900				5.900						
Labor Relations	Position Reductions							6	0.375	(0.001)		6	0.374
Labor Relations	R&M Savings								0.025				0.025
Materiel	Copier Cost Savings		0.850				0.850		0.494				0.494
Materiel	Other R&M Savings		0.122				0.122		0.122				0.122
Materiel	Redbird Barging Savings		0.397				0.397						
Materiel	Refuse & Recycling Savings		0.348				0.348		0.348				0.348
Materiel	Salary & Wage Underrun		0.300				0.300						
Materiel	Uniforms Savings								0.750				0.750
Supply Logistics	Tiffany Rent/Utilities Re-Estimate		1.158				1.158		1.158				1.158
Controller	Elim Clerical Positions							2	0.109	(0.001)		2	0.108
Controller	Eliminate Vacancies							6	0.454	(0.001)		6	0.453
Controller	Salary & Wage Underrun		0.425				0.425						
Controller	Title Realignment								0.090	0.012			0.102
NYCT-Wide	Impact of Reimbursable Changes		2.329	8.536		10.865			3.754	2.967			6.721
NYCT-Wide	Military Leave Reforecast		2.100	1.194		3.294				(1.169)			(1.169)
NYCT-Wide	Payroll/FICA Cash Flow Adjustment		1.300			1.300			(1.000)				(1.000)
NYCT-Wide	Revised Inflators								4.600				4.600
RTO	Est C&S Headcount Variance			0.157		0.157							
Buses	EST-Base Pay Admin Undrns			1.089		1.089							
Office of the Pres.	2003 Reforecast			0.276		0.276							

**MTA NEW YORK CITY TRANSIT**  
**Operating Budget Projections**  
**Programs to Eliminate the Gap (PEGs)**  
**2003 - 2004**  
**(\$ millions)**

TABLE X-A

Dep't/Div	Description	2003						2004					
		Mid-Year		Adjustments		Oct Forecast		Mid-Year		Adjustments		Oct Forecast	
		Pos	\$	Pos	\$	Pos	\$	Pos	\$	Pos	\$	Pos	\$
Sys Safety	2003 Reforecast				0.144		0.144						
Executive VP	2003 Reforecast				0.279		0.279						
HR	2003 Reforecast				0.067		0.067						
Non-Dept'l	DP - Normal Replacement				0.600		0.600			(0.600)			(0.600)
Materiel	2003 Reforecast				0.281		0.281						
	Subtotal	32	31.462	(2)	12.439	30	43.901	290	48.690	1.010		290	49.700
<b>Customer Convenience:</b>													
Sr.VP-Subways	Reduce WEP Program							1	0.079			1	0.079
RTO	Platform Controller Reduction	21	0.182			21	0.182	21	1.205	(0.001)		21	1.204
Car Equipment	Cleaner Reduction - Full Attrition								1.640				1.640
Car Equipment	Reduce WEP Program Support							3	0.309	(0.002)		3	0.307
Stations	Cleaner Reduction - Full Attrition								2.083				2.083
Stations	Close Booth - Howard Beach	5	0.043			5	0.043	5	0.290			5	0.290
Stations	Close Booth - Myrtle Ave							3	0.087			3	0.087
Stations	Defer CRW Training '04 to '05	15	0.395			15	0.395	22	1.274			22	1.274
Stations	Delay Cleaner Increase-Rehab'd Sta's								0.312				0.312
Stations	Reduce 2 Graffiti Teams - 1 Yr							4	0.268	0.001		4	0.269
Stations	Reduce Elevator Operators							22	1.146			22	1.146
Stations	Reduce WEP Program							3	0.207			3	0.207
Buses	Cleaner Reduction Rapid Wash							30	1.619	0.036		30	1.655
MCO	MC Balance Protection		1.000	(7)	0.119	(7)	1.119	(11)	3.192	(0.012)		(11)	3.180
MCO	MC Mobile Sales Savings							2	0.218			2	0.218
MCO	Travel Info Center - Elim Nights							6	0.311	0.001		6	0.312
Stations	Est Night Diff Underrun				0.324		0.324						
MCO	2003 Reforecast - Base Pay				0.454		0.454						
MCO	2003 Reforecast - OTPS				0.536		0.536						
	Subtotal	41	1.620	(7)	1.433	34	3.053	111	14.240	0.023		111	14.263
<b>Maintenance:</b>													
RTO	Eliminate 3 CR - Painting Support							3	0.184	0.001		3	0.185
MOW	E&E Mtce - Elim Scheduled Increase							16	0.630			16	0.630
MOW	Elim Fiberglass Walkway Pgm							21	1.276			21	1.276
MOW	Elim IJ's Preventive Maintenance							8	0.512	0.004		8	0.516
MOW	Extend Signal Mtce Cycles							43	2.849	0.070		43	2.919
MOW	Incr Signal work order backlog							19	1.235	0.034		19	1.269
MOW	Pwr Ops and Elec Mtce Reduction							30	1.908	0.010		30	1.918
MOW	Reduce Container Plates Repl'mt							7	0.432	0.004		7	0.436
MOW	Reduce Intensive Trackbed Cleaning							14	0.901			14	0.901

**MTA NEW YORK CITY TRANSIT**  
**Operating Budget Projections**  
**Programs to Eliminate the Gap (PEGs)**  
**2003 - 2004**  
**(\$ millions)**

TABLE X-A

Dep't/Div	Description	2003						2004					
		Mid-Year		Adjustments		Oct Forecast		Mid-Year		Adjustments		Oct Forecast	
		Pos	\$	Pos	\$	Pos	\$	Pos	\$	Pos	\$	Pos	\$
MOW	Reduce Stationary Eng'rs & HPPT's							10	0.673	0.104		10	0.777
MOW	Reduce Third Rail Tube Cleaning							7	0.485			7	0.485
MOW	Reduce Track Yellow Defect Pgm							12	0.768	(0.001)		12	0.767
MOW	Token Booth Air Conditioners								0.143				0.143
Car Equipment	Car Floor Program Revision							41	6.484	0.043		41	6.527
Car Equipment	Reduce Unscheduled Repair Pos							40	2.765	0.025		40	2.790
Car Equipment	SMS Program Revision							35	5.116	0.046		35	5.162
Stations	Defer Emerg Exit Painting							2	0.134	0.001		2	0.135
Stations	Reduce Rubbing Board Painting							4	0.268	0.001		4	0.269
Stations	Reduce Stairway Riser Painting							4	0.268	0.001		4	0.269
Buses	Bus Stop Painting		0.300				0.300		0.300				0.300
Buses	Buses Base Shop Program Revision		2.206	0.078			2.284	(38)	(4.593)	27	0.001	(11)	(4.592)
Buses	Clean Fuel - Additional Buses							18	1.281			18	1.281
Buses	CRT Pilot Grant		0.657	0.343			1.000		0.343	(0.343)			
Buses	Engine Change Reduction (75)							6	2.226	0.001		6	2.227
Buses	HSO Vendor Costs								(1.619)				(1.619)
Buses	MCI HSO Only Savings							21	2.826	0.003		21	2.829
Buses	Seat Conversions		(0.027)				(0.027)						
Buses	Tarrytown HSO/Relines		(0.400)				(0.400)						
MCO	Bus Revenue Maintenance Savings							4	0.176	0.003		4	0.179
TIS	EMD OTPS Reduction		0.260				0.260		0.510				0.510
NYCT-Wide	Excess/Termination Costs		1.721	0.393			2.114		(14.900)				(14.900)
MOW	Est - NR Vacancies			7.075			7.075						
Car Equipment	Warranty savings R142/A Rev4									11	0.166	11	0.166
Buses	EST-Depot Programs Timing			0.141			0.141						
Buses	EST-Maintenance Reestimate			0.223			0.223						
Buses	West Farms CNG Quota for OT Swap									8		8	
Supply Logistics	2003 Reforecast			0.153			0.153						
	Subtotal		4.717	8.406			13.123	327	13.581	46	0.174	373	13.755
<b>Other</b>													
MCO	Reduce Contracted Security								0.057				0.057
Sr.VP-Subways	Code Orange Base Pay Reestimate			0.106			0.106						
Sr.VP-Subways	Code Orange UOT Reestimate			0.152			0.152						
	Subtotal			0.258			0.258		0.057				0.057

**MTA NEW YORK CITY TRANSIT**  
**Operating Budget Projections**  
**Programs to Eliminate the Gap (PEGs)**  
**2003 - 2004**  
**(\$ millions)**

TABLE X-A

Dep't/Div	Description	2003						2004					
		Mid-Year		Adjustments		Oct Forecast		Mid-Year		Adjustments		Oct Forecast	
		Pos	\$	Pos	\$	Pos	\$	Pos	\$	Pos	\$	Pos	\$
<b><u>Service - Direct:</u></b>													
Buses	Bus Fuel Re-estimate		(0.318)		(1.365)		(1.683)		3.731		(0.313)		3.418
RTO	Hrly Headcount Variance Est				0.173		0.173						
Paratransit	Urban Tax Reestimate				0.273		0.273				0.253		0.253
Paratransit	Updated 2003-4 Estimate				1.562		1.562				13.101		13.101
	Subtotal		(0.318)		0.643		0.325		3.731		13.041		16.772
<b><u>Service - Support:</u></b>													
RTO	Elim TSS Investments	11	0.439			11	0.439	34	2.416		(0.007)	34	2.409
RTO	Eliminate 1 ATD Job	1	0.011			1	0.011	1	0.074		(0.001)	1	0.073
RTO	Eliminate 1 YD Job Sub B	1	0.012			1	0.012	1	0.081		(0.001)	1	0.080
RTO	Eliminate Rev Collect TO							5	0.171		(0.001)	5	0.170
RTO	Tower Operator Efficiencies	7	0.068			7	0.068	7	0.452		0.002	7	0.454
RTO	Yard & Station Switching Effic	14	0.144			14	0.144	14	0.953			14	0.953
Car Equipment	Restructure RCI Yard Coverage							14	1.000		0.010	14	1.010
Buses	2004 Road Dispatcher Reduction							21	1.661		(0.002)	21	1.659
Buses	Road Control Reductions							4	0.317		0.003	4	0.320
Buses	Shifting / Bus Moves							17	1.067		0.003	17	1.070
MCO	Station Automation Reforecast	(17)	3.152			(17)	3.152		(0.500)		0.002		(0.498)
Buses	Road Control Swap (Bx to Bk)										0.005		0.005
	Subtotal	17	3.826			17	3.826	118	7.692		0.013	118	7.705
TOTAL PROGRAMS TO ELIMINATE THE GAP		90	41.307	(9)	23.179	81	64.486	846	87.991	46	14.261	892	102.252

Note: Dollar figures converted to thousands for agency roll-up.

**MTA NEW YORK CITY TRANSIT**  
**Operating Budget Projections**  
**Programs to Eliminate the Gap (PEGs)**  
**2005 - 2007**  
**(\$ millions)**

**TABLE X-B**

<u>Dep't/Div</u>	<u>Description</u>	<u>Pos</u>	<u>2005</u> \$	<u>Pos</u>	<u>2006</u> \$	<u>Pos</u>	<u>2007</u> \$
<b><u>Administration:</u></b>							
Subways	Administrative Reduction	35	2.501	35	2.501	35	2.501
RTO	1/4 Day Availability Improvemnt	8	0.503	8	0.503	8	0.503
RTO	Eliminate 1 Stillwell Manager	1	0.109	1	0.109	1	0.109
RTO	Eliminate TCS Disaster Recover	3	0.187	3	0.187	3	0.187
RTO	Subdiv B Rent Savings		0.200		0.200		0.200
MOW	180 Livingston St/2 Broadway		1.000		1.000		0.800
MOW	Infrastructure Reorganization	49	4.021	49	4.021	49	4.021
MOW	MOW Engineering Reductions	5	0.366	4	0.299	4	0.299
MOW	R&M Reductions		0.765		0.765		0.765
MOW	Reclassification of Reimb Expenses	4	0.344	4	0.344	4	0.344
MOW	Signals/Electrical Reorg	11	1.180	11	1.180	11	1.180
MOW	Track Reorganization	33	2.928	33	2.928	33	2.928
Car Equipment	AC Compressor Motors Savings		0.442		0.425		
Car Equipment	Administrative Reductions	4	0.273	4	0.273	4	0.273
Car Equipment	Capital Wheel Purchase		1.778		1.778		1.778
Car Equipment	Expand MS I Span of Control	25	2.106	25	2.106	25	2.106
Car Equipment	Non-Inventory Maintenance Mat'l		1.000		1.000		1.000
Stations	Reduce Field Managers and Supv	20	1.791	20	1.791	20	1.791
Buses	Admin Reorg	39	3.827	39	3.827	39	3.827
Buses	Housekeeping Cleaner Reduc	9	0.487	9	0.487	9	0.487
Paratransit	Fuel Tax and CC Dispatcher Savings		0.494		0.504		0.527
Ops Planning	Elim Admin Mgr Quota	1	0.106	1	0.106	1	0.106
Ops Planning	Reduce PES Frequency		1.139		1.139		1.139
Sys Safety	Eliminate 2 Clerical Positions	2	0.118	2	0.118	2	0.118
Law	Position Reductions/Downgrades	3	0.360	3	0.366	3	0.366
Law	R&M Savings		0.631		0.631		0.631
Executive VP	OTPS Reduction		0.103		0.103		0.103
HR	Opt-Out Pgm for TWU HBT		0.589		0.589		0.589
HR	Reduce 4 Mgrs, 2 PTE's	6	0.566	6	0.566	6	0.566
HR	Track Safety Training - Vendor Reimb		0.021		0.021		0.021

**MTA NEW YORK CITY TRANSIT**  
**Operating Budget Projections**  
**Programs to Eliminate the Gap (PEGs)**  
**2005 - 2007**  
**(\$ millions)**

TABLE X-B

<u>Dep't/Div</u>	<u>Description</u>	<u>2005</u>		<u>2006</u>		<u>2007</u>	
		<u>Pos</u>	<u>\$</u>	<u>Pos</u>	<u>\$</u>	<u>Pos</u>	<u>\$</u>
HR	Unemployment Claims Processing	(1)	0.372	(1)	0.372	(1)	0.372
OMB	Reduce PTE Position	1	0.095	1	0.095	1	0.095
OMB	Salary & Wage Underrun		(0.116)		(0.116)		(0.116)
MCO	Administrative Reductions	2	0.379	2	0.379	2	0.379
MCO	New Revenue Facil - OTPS Savings		0.382		0.382		0.382
MCO	Reduce Funpass Commissions		0.886		0.886		0.886
MCO	Reduce General Advertising		0.700		0.700		0.700
MCO	Reduce HPEM Maintenance		0.089		0.089		0.089
MCO	Reduce Outside Printing		0.100		0.100		0.100
MCO	Reduce Retail Sales Support	1	0.070	1	0.070	1	0.070
MCO	Reduce Targeted Advertising		0.250		0.250		0.250
TIS	Administrative Efficiencies	7	0.544	7	0.544	7	0.544
TIS	Leased Telephone Equip Savings		1.500		1.500		1.500
TIS	Managerial Efficiencies	8	0.990	8	0.990	8	0.990
TIS	Nortel Router Maintenance		0.285		0.373		0.373
TIS	Real Estate Budget Adjustment		0.607		0.607		0.607
TIS	Subways Master Plan Revision		0.245		0.245		0.245
Labor Relations	Position Reductions	6	0.374	6	0.374	6	0.374
Labor Relations	R&M Savings		0.025		0.025		0.025
Materiel	Copier Cost Savings		0.100		(0.200)		(0.200)
Materiel	Other R&M Savings		0.122		0.122		0.122
Materiel	Uniforms Savings		1.061		0.627		0.627
Supply Logistics	Tiffany Rent/Utilities Re-Estimate		1.158		1.158		1.158
Controller	Elim Clerical Positions	2	0.108	2	0.108	2	0.108
Controller	Eliminate Vacancies	6	0.453	6	0.453	6	0.453
Controller	Title Realignment		0.102		0.102		0.102
NYCT-Wide	Impact of Reimbursable Changes		(4.957)		(7.401)		(7.973)
NYCT-Wide	Payroll/FICA Cash Flow Adjustment		(1.000)		(1.000)		(1.000)
NYCT-Wide	Revised Inflatons		4.600		4.600		4.600
NYCT-Wide	Military Leave Reforecast		(0.698)		(0.698)		(0.698)



**MTA NEW YORK CITY TRANSIT**  
**Operating Budget Projections**  
**Programs to Eliminate the Gap (PEGs)**  
**2005 - 2007**  
**(\$ millions)**

**TABLE X-B**

<u>Dep't/Div</u>	<u>Description</u>	<u>Pos</u>	<u>2005</u> \$	<u>Pos</u>	<u>2006</u> \$	<u>Pos</u>	<u>2007</u> \$
RTO	R & M Reduction		(0.074)		(0.074)		(0.074)
MOW	5% Reduction in R&M Account		(0.148)		(0.148)		(0.148)
MOW	Reduce Training Program 25%		(0.040)		(0.040)		(0.040)
Stations	R&M Reductions 5%		(0.085)		(0.085)		(0.085)
Stations	Reduce Training Budget by 25%		(0.008)		(0.008)		(0.008)
Buses	MIDAS Headcount 2002***			5	0.441	5	0.441
Buses	Prov for Military Leave		0.698		0.698		0.698
Buses	TWO MOU - Lump Sum Supv		1.172		1.172		1.172
Paratransit	Prov for New Facility Costs		6.400		6.400		6.400
Ops Planning	Elim Assoc Analyst	1	0.079	1	0.079	1	0.079
Ops Planning	Reduce Misc. Traff Check		0.247		0.247		0.247
Ops Planning	TWU MOU - FT Traf Chkrs	(20)	0.060	(20)	0.082	(20)	0.082
Sys Safety	Salary/Wage Underruns - 2003		(0.228)		(0.228)		(0.228)
HR	TWU MOU - Lump Sum Supv		0.103		0.103		0.103
MCO	TWU MOU - Lump Sum Supv		0.130		0.130		0.130
TIS	2 Bway Staffing Support	5	0.502	5	0.502	5	0.502
TIS	CMMS Implementation	1	0.701	3	1.862	3	2.781
TIS	TWU MOU - Lump Sum Supv		0.078		0.078		0.078
Non-Dept'l	TWU MOU - Lump Sum Annl		1.560		1.560		1.560
Labor Relations	TWU MOU - Lump Sum Supv		0.021		0.021		0.021
Supply Logistics	TWU MOU - Lump Sum Supv		0.077		0.077		0.077
Subtotal		277	50.006	283	48.472	283	48.217
<b><u>Customer Convenience:</u></b>							
Sr.VP-Subways	Reduce WEP Program	1	0.079	1	0.079	1	0.079
RTO	Platform Controller Reduction	21	1.204	21	1.204	21	1.204
Car Equipment	Cleaner Reduction - Full Attrition		1.480		1.480		1.480
Car Equipment	Reduce WEP Program Support	3	0.307	3	0.307	3	0.307
Stations	Cleaner Reduction - Full Attrition		2.083		2.083		2.083
Stations	Close Booth - Howard Beach	5	0.290	5	0.290	5	0.290
Stations	Close Booth - Myrtle Ave	3	0.173		(0.003)		(0.003)

**MTA NEW YORK CITY TRANSIT**  
**Operating Budget Projections**  
**Programs to Eliminate the Gap (PEGs)**  
**2005 - 2007**  
**(\$ millions)**

**TABLE X-B**

<u>Dep't/Div</u>	<u>Description</u>	<u>Pos</u>	<u>2005</u> \$	<u>Pos</u>	<u>2006</u> \$	<u>Pos</u>	<u>2007</u> \$
Stations	Defer CRW Training '04 to '05	22	1.274	22	1.274	22	1.274
Stations	Delay Cleaner Increase-Rehab'd Sta's		0.312		0.312		0.312
Stations	Reduce Elevator Operators	22	1.146	22	1.146	22	1.146
Stations	Reduce WEP Program	3	0.207	3	0.207	3	0.207
Buses	Cleaner Reduction Rapid Wash	30	1.655	30	1.655	30	1.655
MCO	MC Balance Protection	(11)	3.180	(11)	3.180	(11)	3.180
MCO	MC Mobile Sales Savings	2	0.218	2	0.218	2	0.218
MCO	Travel Info Center - Elim Nights	6	0.312	6	0.312	6	0.312
Stations	Booth Closures-Stillwell Rehab		(0.251)		(0.251)		(0.251)
Stations	Customer Relations Course	(22)	(1.274)		(0.423)		0.016
Stations	Elim Booth-WTC (Chambers)	(5)	(0.296)	(5)	(0.296)	(5)	(0.296)
Stations	Eliminate Cortlandt %1,9 Booth	(6)	(0.355)	(6)	(0.355)	(6)	(0.355)
Stations	Maintain Full CTA Vacancies		0.828		0.828		0.828
Stations	Stillwell Rehab-(5) SA		(0.073)		(0.073)		(0.073)
Buses	NYSDEC Global Consent Order	1	0.488	1	0.488	1	0.488
HR	SCRIP Add-Back		0.038		0.038		0.038
Subtotal		75	13.025	94	13.700	94	14.139
<b><u>Maintenance:</u></b>							
RTO	Eliminate 3 CR - Painting Support	3	0.185	3	0.185	3	0.185
MOW	E&E Mtce - Elim Scheduled Increase	16	0.630	16	0.630	16	0.630
MOW	Elim Fiberglass Walkway Pgm	21	1.276	21	1.276	21	1.276
MOW	Elim IJ's Preventive Maintenance	8	0.516	8	0.516	8	0.516
MOW	Extend Signal Mtce Cycles	43	2.919	43	2.919	43	2.919
MOW	Incr Signal work order backlog	19	1.269	19	1.269	19	1.269
MOW	Pwr Ops and Elec Mtce Reduction	30	1.918	30	1.918	30	1.918
MOW	Reduce Container Plates Repl'mt	7	0.436	7	0.436	7	0.436
MOW	Reduce Intensive Trackbed Cleaning	14	0.901	14	0.901	14	0.901
MOW	Reduce Stationary Eng'rs & HPPT's	10	0.777	10	0.777	10	0.777
MOW	Reduce Third Rail Tube Cleaning	7	0.485	7	0.485	7	0.485

**MTA NEW YORK CITY TRANSIT**  
**Operating Budget Projections**  
**Programs to Eliminate the Gap (PEGs)**  
**2005 - 2007**  
**(\$ millions)**

TABLE X-B

<u>Dep't/Div</u>	<u>Description</u>	<u>2005</u>		<u>2006</u>		<u>2007</u>	
		<u>Pos</u>	<u>\$</u>	<u>Pos</u>	<u>\$</u>	<u>Pos</u>	<u>\$</u>
MOW	Reduce Track Yellow Defect Pgm	12	0.767	12	0.767	12	0.767
MOW	Token Booth Air Conditioners		0.143		0.143		0.143
Car Equipment	Car Floor Program Revision	72	8.574	107	11.557	150	15.939
Car Equipment	Reduce Unscheduled Repair Pos	40	2.790	40	2.790	40	2.790
Car Equipment	SMS Program Revision	(4)	0.332	23	10.633	(122)	(7.442)
Buses	Bus Stop Painting		0.300		0.300		0.300
Buses	Buses Base Shop Program Revision	(2)	(7.789)	(119)	(23.001)	(36)	(9.807)
Buses	Clean Fuel - Additional Buses	3	(2.210)	(9)	(3.596)	(12)	(3.908)
Buses	HSO Vendor Costs		(1.619)		(1.619)		(1.619)
MCO	Bus Revenue Maintenance Savings	4	0.306	4	0.306	4	0.306
TIS	EMD OTPS Reduction		0.510		0.510		0.510
NYCT-Wide	Excess/Termination Costs		(5.200)		(1.000)		
Car Equipment	Warranty savings R142/A Rev4	(8)	(2.555)	(8)	(2.756)	(8)	(2.756)
Buses	West Farms CNG Quota for OT Swap	8		8		8	
Car Equipment	Install A/C Comp on R46 Cars	(2)	0.733	(2)	0.733	(2)	0.733
Car Equipment	Overtime reductions		(0.235)		(0.235)		(0.235)
Car Equipment	Reduce truck frames		0.342		0.041		0.550
Car Equipment	Reductions in R&M		(0.177)		(0.177)		(0.177)
Car Equipment	Wheel Purchase Cap N/R-A007		0.500		(1.778)		(1.778)
Car Equipment	Working Stock R&R Replacement		0.050		0.050		0.050
Stations	Signage Superintendent	1	0.111	1	0.111	1	0.111
Buses	Engine Repower Savings Reserve		1.358		0.980		1.435
Buses	Facilities Mtce Contracts		0.087		0.087		0.087
Buses	Hands Free Microphones		0.165		0.165		0.165
Buses	MCI Seat Modifications		0.407		0.407		0.407
Buses	SFS Maintenance		0.020		(0.037)		(0.054)
Buses	Warranty Recovery NR		0.300		0.300		0.300
TIS	CES - New Support - EL	1	0.072	1	0.072	1	0.072
Supply Logistics	Adj Special Project Staffing		0.031		0.031		0.031

**MTA NEW YORK CITY TRANSIT**  
**Operating Budget Projections**  
**Programs to Eliminate the Gap (PEGs)**  
**2005 - 2007**  
**(\$ millions)**

TABLE X-B

<u>Dep't/Div</u>	<u>Description</u>	<u>Pos</u>	<u>2005</u> \$	<u>Pos</u>	<u>2006</u> \$	<u>Pos</u>	<u>2007</u> \$
Supply Logistics	Defer Night Diff Restoration		0.032		0.032		0.032
Supply Logistics	Midnight Shift Reduction	7	0.484	7	0.484	7	0.484
Supply Logistics	Mtce Mat'l Reduction		0.225		0.225		0.225
	Subtotal	310	10.166	243	7.837	221	8.973
<b><u>Other</u></b>							
MCO	Reduce Contracted Security		0.057		0.057		0.057
Sys Safety	Dupont Savings		0.338		0.338		0.338
	Subtotal		0.395		0.395		0.395
<b><u>Service - Direct:</u></b>							
Buses	Bus Fuel Re-estimate		1.944		(1.146)		(2.553)
Paratransit	Urban Tax Reestimate		0.554		0.604		0.653
Paratransit	Carrier Inflation Reestimate		22.901		42.512		69.788
	Subtotal		25.399		41.970		67.888
<b><u>Service - Support:</u></b>							
RTO	Elim TSS Investments	34	2.409	34	2.409	34	2.409
RTO	Eliminate 1 ATD Job	1	0.073	1	0.073	1	0.073
RTO	Eliminate 1 YD Job Sub B	1	0.080	1	0.080	1	0.080
RTO	Eliminate Rev Collect TO	5	0.340	5	0.340	5	0.340
RTO	Tower Operator Efficiencies	7	0.454	7	0.454	7	0.454
RTO	Yard & Station Switching Effic	14	0.953	14	0.953	14	0.953
Car Equipment	Restructure RCI Yard Coverage	14	1.010	14	1.010	14	1.010
Buses	2004 Road Dispatcher Reduction	21	1.659	21	1.659	21	1.659
Buses	Road Control Reductions	4	0.320	4	0.320	4	0.320
Buses	Shifting / Bus Moves	17	1.070	17	1.070	17	1.070
MCO	Station Automation Reforecast		(0.189)		(0.189)		(0.189)
Buses	Road Control Swap (Bx to Bk)		0.005		0.005		0.005

**MTA NEW YORK CITY TRANSIT**  
**Operating Budget Projections**  
**Programs to Eliminate the Gap (PEGs)**  
**2005 - 2007**  
**(\$ millions)**

TABLE X-B

<u>Dep't/Div</u>	<u>Description</u>	<u>Pos</u>	<u>2005</u>	<u>Pos</u>	<u>2006</u>	<u>Pos</u>	<u>2007</u>
			\$		\$		\$
RTO	CBTC Testing Support - ND -A049		0.007		0.007		0.007
RTO	M Svs Support - Manh Br		0.051		0.051		0.051
RTO	Manhattan Bldg-Addl Suppt		0.158		0.158		0.158
RTO	Manhattan Bridge "Switch"		0.140		0.140		0.140
RTO	Night Diff - Stillwell Rehab Sup		0.122		0.133		0.133
Paratransit	Vehicle Purchase-Support Cost		0.750		0.750		0.750
	Subtotal	118	9.412	118	9.423	118	9.423
		<b>118</b>	<b>9,412</b>	<b>118</b>	<b>9,423</b>	<b>118</b>	<b>9,423</b>
		<b>0</b>	<b>25.400</b>	<b>0</b>	<b>49.600</b>	<b>0</b>	<b>92.100</b>
	TOTAL PROGRAMS TO ELIMINATE THE GAP	780	133.803	738	171.397	716	241.135

Note: Dollar Figures Converted to thousands for agency roll-up.

TABLE XI - A(i)

**MTA NEW YORK CITY TRANSIT**  
**TOTAL POSITIONS 2002 - 2004**  
**Full-Time and Full-Time Equivalents (FTEs)**  
**NON-REIMBURSABLE AND REIMBURSABLE**

	<b>2002 Actual</b>			<b>2003 October Forecast</b>			<b>2004 Final Proposed Budget</b>		
	Non-			Non-			Non-		
	Represented	Represented	Total	Represented	Represented	Total	Represented	Represented	Total
<b>Subways</b>									
Sr. Vice President	436	110	546	461	119	580	435	107	542
Rapid Transit Ops.	7,849	205	8,054	7,767	210	7,977	7,660	209	7,869
Maintenance of Way	6,417	589	7,006	6,436	590	7,026	6,254	529	6,783
Car Equipment	4,748	412	5,160	4,634	412	5,046	4,354	409	4,763
Stations	6,122	160	6,282	6,178	176	6,354	6,125	170	6,295
Sub-Total	25,572	1,476	27,048	25,476	1,507	26,983	24,828	1,424	26,252
<b>Buses</b>									
Buses Excl. Paratransi	13,578	674	14,252	13,665	682	14,347	13,498	644	14,142
Paratransit	19	78	97	18	86	104	18	86	104
Sub-Total	13,597	752	14,349	13,683	768	14,451	13,516	730	14,246
<b>Exec. Vice President</b>									
Exec Vice Pres.	1	18	19	1	19	20	1	18	19
Ops. Planning	11	188	199	44	185	229	58	184	242
Human Resources	94	344	438	114	349	463	114	345	459
OMB	2	29	31	2	32	34	2	31	33
Materiel	19	242	261	21	242	263	21	241	262
Supply Logistics	532	44	576	539	47	586	523	47	570
Controller	51	170	221	65	183	248	55	185	240
Sub-Total	710	1,035	1,745	786	1,057	1,843	774	1,051	1,825
President	2	16	18	2	18	20	2	18	20
System Safety	4	87	91	4	90	94	2	90	92
Law	115	146	261	124	159	283	122	158	280
Telecom & Inform Svcs	560	833	1,393	614	852	1,466	566	801	1,367
MetroCard Operations	972	302	1,274	1,058	319	1,377	1,020	313	1,333
Labor Relations	43	61	104	51	59	110	49	55	104
Non-departmental	-	-	-	3	-	3	3	-	3
Capital Prog. Mgmt	994	526	1,520	1,023	543	1,566	1,023	543	1,566
Total	42,569	5,234	47,803	42,824	5,372	48,196	41,905	5,183	47,088

TABLE XI - A(ii)

**MTA NEW YORK CITY TRANSIT**  
**TOTAL POSITIONS 2005 - 2007**  
**Full-Time and Full-Time Equivalents (FTEs)**  
**NON-REIMBURSABLE AND REIMBURSABLE**

	<b>2005 Plan</b>			<b>2006 Plan</b>			<b>2007 Plan</b>		
	Non-		Total	Non-		Total	Non-		Total
	Represented	Represented		Represented	Represented		Represented	Represented	
<b>Subways</b>									
Sr. Vice President	435	107	542	435	107	542	400	106	506
Rapid Transit Ops.	7,588	208	7,796	7,588	208	7,796	7,579	208	7,787
Maintenance of Way	6,267	529	6,796	6,233	528	6,761	6,226	528	6,754
Car Equipment	4,360	409	4,769	4,261	408	4,669	4,351	408	4,759
Stations	6,132	170	6,302	6,123	170	6,293	6,135	170	6,305
Sub-Total	24,782	1,423	26,205	24,640	1,421	26,061	24,691	1,420	26,111
<b>Buses</b>									
Buses Excl. Paratransit	13,534	644	14,178	13,664	644	14,308	13,738	647	14,385
Paratransit	18	86	104	18	86	104	18	86	104
Sub-Total	13,552	730	14,282	13,682	730	14,412	13,756	733	14,489
<b>Exec. Vice President</b>	-	-	-	-	-	-	-	-	-
Exec Vice Pres.	1	18	19	1	18	19	1	18	19
Ops. Planning	77	184	261	77	184	261	77	184	261
Human Resources	115	345	460	115	345	460	115	345	460
OMB	2	31	33	2	31	33	2	31	33
Materiel	21	241	262	21	241	262	21	241	262
Supply Logistics	516	47	563	516	47	563	516	47	563
Controller	55	185	240	55	185	240	55	185	240
Sub-Total	787	1,051	1,838	787	1,051	1,838	787	1,051	1,838
President	2	18	20	2	18	20	2	18	20
System Safety	2	90	92	2	90	92	2	90	92
Law	122	158	280	122	158	280	122	158	280
Telecom & Inform Svcs	563	801	1,364	560	801	1,361	558	801	1,359
MetroCard Operations	1,020	313	1,333	1,020	313	1,333	1,020	313	1,333
Labor Relations	49	55	104	49	55	104	49	55	104
Non-departmental	46	1	47	11	-	11	11	-	11
Capital Prog. Mgmt	1,023	543	1,566	1,023	543	1,566	1,023	543	1,566
Total	41,948	5,183	47,131	41,898	5,180	47,078	42,021	5,182	47,203

TABLE XI - B(i)

**MTA NEW YORK CITY TRANSIT**  
**TOTAL POSITIONS 2002 - 2004**  
**Full-Time and Full-Time Equivalents (FTEs)**  
**NON-REIMBURSABLE**

	<b>2002 Actual</b>			<b>2003 October Forecast</b>			<b>2004 Final Proposed Budget</b>		
	Non-			Non-			Non-		
	Represented	Represented	Total	Represented	Represented	Total	Represented	Represented	Total
<b>Subways</b>									
Sr. Vice President	428	79	507	454	90	544	428	78	506
Rapid Transit Ops.	6,829	196	7,025	6,696	201	6,897	6,672	200	6,872
Maintenance of Way	4,520	454	4,974	4,560	456	5,016	4,541	400	4,941
Car Equipment	4,441	196	4,637	4,447	280	4,727	4,235	278	4,513
Stations	6,007	147	6,154	6,025	158	6,183	6,014	154	6,168
Sub-Total	22,225	1,072	23,297	22,182	1,185	23,367	21,890	1,110	23,000
<b>Buses</b>									
Buses Excl. Paratransit	13,456	603	14,059	13,545	615	14,160	13,471	583	14,054
Paratransit	19	78	97	18	86	104	18	86	104
Sub-Total	13,475	681	14,156	13,563	701	14,264	13,489	669	14,158
<b>Exec. Vice President</b>									
Exec Vice Pres.	1	18	19	1	17	18	1	17	18
Ops. Planning	11	143	154	44	142	186	58	142	200
Human Resources	93	334	427	113	341	454	113	337	450
OMB	2	28	30	2	31	33	2	30	32
Materiel	11	137	148	14	145	159	14	145	159
Supply Logistics	529	44	573	539	47	586	523	47	570
Controller	47	119	166	61	128	189	51	130	181
Sub-Total	694	823	1,517	774	851	1,625	762	848	1,610
President	2	16	18	2	18	20	2	18	20
System Safety	4	63	67	4	65	69	2	65	67
Law	110	122	232	117	129	246	115	128	243
Telecom & Inform Svcs	463	657	1,120	511	664	1,175	511	642	1,153
MetroCard Operations	946	290	1,236	1,029	306	1,335	999	307	1,306
Labor Relations	43	59	102	51	57	108	49	53	102
Non-departmental	-	-	-	3	-	3	3	-	3
Capital Prog. Mgmt	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>37,962</b>	<b>3,783</b>	<b>41,745</b>	<b>38,236</b>	<b>3,976</b>	<b>42,212</b>	<b>37,822</b>	<b>3,840</b>	<b>41,662</b>



TABLE XI - B(ii)

**MTA NEW YORK CITY TRANSIT**  
**TOTAL POSITIONS 2005 - 2007**  
**Full-Time and Full-Time Equivalents (FTEs)**  
**NON-REIMBURSABLE**

	<b>2005 Plan</b>			<b>2006 Plan</b>			<b>2007 Plan</b>		
	Non-		Total	Non-		Total	Non-		Total
	Represented	Represented		Represented	Represented		Represented	Represented	
<b>Subways</b>									
Sr. Vice President	428	78	506	428	78	506	393	77	470
Rapid Transit Ops.	6,651	200	6,851	6,651	200	6,851	6,642	200	6,842
Maintenance of Way	4,603	401	5,004	4,606	401	5,007	4,606	401	5,007
Car Equipment	4,281	279	4,560	4,218	279	4,497	4,313	279	4,592
Stations	6,074	154	6,228	6,065	154	6,219	6,077	154	6,231
Sub-Total	22,037	1,112	23,149	21,968	1,112	23,080	22,031	1,111	23,142
<b>Buses</b>									
Buses Excl. Para.	13,507	583	14,090	13,637	583	14,220	13,711	586	14,297
Paratransit	18	86	104	18	86	104	18	86	104
Sub-Total	13,525	669	14,194	13,655	669	14,324	13,729	672	14,401
<b>Exec. Vice President</b>									
Exec Vice Pres.	1	17	18	1	17	18	1	17	18
Ops. Planning	77	142	219	77	142	219	77	142	219
Human Resources	114	337	451	114	337	451	114	337	451
OMB	2	30	32	2	30	32	2	30	32
Materiel	14	145	159	14	145	159	14	145	159
Supply Logistics	516	47	563	516	47	563	516	47	563
Controller	51	130	181	51	130	181	51	130	181
Sub-Total	775	848	1,623	775	848	1,623	775	848	1,623
President	2	18	20	2	18	20	2	18	20
System Safety	2	65	67	2	65	67	2	65	67
Law	115	128	243	115	128	243	115	128	243
Telecom & Inform Svcs	511	642	1,153	509	642	1,151	509	642	1,151
MetroCard Operations	999	307	1,306	999	307	1,306	999	307	1,306
Labor Relations	49	53	102	49	53	102	49	53	102
Non-departmental	46	1	47	11	-	11	11	-	11
Capital Prog. Mgmt	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>38,061</b>	<b>3,843</b>	<b>41,904</b>	<b>38,085</b>	<b>3,842</b>	<b>41,927</b>	<b>38,222</b>	<b>3,844</b>	<b>42,066</b>

TABLE XI - C(i)

**MTA NEW YORK CITY TRANSIT**  
**TOTAL POSITIONS 2002 - 2004**  
**Full-Time and Full-Time Equivalents (FTEs)**  
**REIMBURSABLE**

	<b>2002</b>			<b>2003</b>			<b>2004</b>		
	<b>Actual</b>			<b>October</b>			<b>Final Proposed</b>		
	Non-			Non-			Non-		
	Represented	Represented	Total	Represented	Represented	Total	Represented	Represented	Total
<b>Subways</b>									
Sr. Vice President	8	31	39	7	29	36	7	29	36
Rapid Transit Ops.	1,020	9	1,029	1,071	9	1,080	988	9	997
Maintenance of Way	1,897	135	2,032	1,876	134	2,010	1,713	129	1,842
Car Equipment	307	216	523	187	132	319	119	131	250
Stations	115	13	128	153	18	171	111	16	127
Sub-Total	3,347	404	3,751	3,294	322	3,616	2,938	314	3,252
<b>Buses</b>									
Buses Excl. Para.	122	71	193	120	67	187	27	61	88
Paratransit	-	-	-	-	-	-	-	-	-
Sub-Total	122	71	193	120	67	187	27	61	88
<b>Exec. Vice President</b>									
Exec Vice Pres.	-	-	-	-	2	2	-	1	1
Ops. Planning	-	45	45	-	43	43	-	42	42
Human Resources	1	10	11	1	8	9	1	8	9
OMB	-	1	1	-	1	1	-	1	1
Materiel	8	105	113	7	97	104	7	96	103
Supply Logistics	3	-	3	-	-	-	-	-	-
Controller	4	51	55	4	55	59	4	55	59
Sub-Total	16	212	228	12	206	218	12	203	215
President	-	-	-	-	-	-	-	-	-
System Safety	-	24	24	-	25	25	-	25	25
Law	5	24	29	7	30	37	7	30	37
Telecom & Inform Svcs	97	176	273	103	188	291	55	159	214
MetroCard Operations	26	12	38	29	13	42	21	6	27
Labor Relations	-	2	2	-	2	2	-	2	2
Non-departmental	-	-	-	-	-	-	-	-	-
Capital Prog. Mgmt	994	526	1,520	1,023	543	1,566	1,023	543	1,566
Total	4,607	1,451	6,058	4,588	1,396	5,984	4,083	1,343	5,426

TABLE XI - C(ii)

**MTA NEW YORK CITY TRANSIT**  
**TOTAL POSITIONS 2005 - 2007**  
**Full-Time and Full-Time Equivalents (FTEs)**  
**REIMBURSABLE**

	<b>2005 Plan</b>			<b>2006 Plan</b>			<b>2007 Plan</b>		
	Non-		Total	Non-		Total	Non-		Total
	Represented	Represented		Represented	Represented		Represented	Represented	
<b>Subways</b>									
Sr. Vice President	7	29	36	7	29	36	7	29	36
Rapid Transit Ops.	937	8	945	937	8	945	937	8	945
Maintenance of Way	1,664	128	1,792	1,627	127	1,754	1,620	127	1,747
Car Equipment	79	130	209	43	129	172	38	129	167
Stations	58	16	74	58	16	74	58	16	74
Sub-Total	2,745	311	3,056	2,672	309	2,981	2,660	309	2,969
<b>Buses</b>									
Buses Excl. Paratrans	27	61	88	27	61	88	27	61	88
Paratransit	-	-	-	-	-	-	-	-	-
Sub-Total	27	61	88	27	61	88	27	61	88
<b>Exec. Vice President</b>									
Exec Vice Pres.	-	1	1	-	1	1	-	1	1
Ops. Planning	-	42	42	-	42	42	-	42	42
Human Resources	1	8	9	1	8	9	1	8	9
OMB	-	1	1	-	1	1	-	1	1
Materiel	7	96	103	7	96	103	7	96	103
Supply Logistics	-	-	-	-	-	-	-	-	-
Controller	4	55	59	4	55	59	4	55	59
Sub-Total	12	203	215	12	203	215	12	203	215
President	-	-	-	-	-	-	-	-	-
System Safety	-	25	25	-	25	25	-	25	25
Law	7	30	37	7	30	37	7	30	37
Telecom & Inform Svcs	52	159	211	51	159	210	49	159	208
MetroCard Operations	21	6	27	21	6	27	21	6	27
Labor Relations	-	2	2	-	2	2	-	2	2
Non-departmental	-	-	-	-	-	-	-	-	-
Capital Prog. Mgmt	1,023	543	1,566	1,023	543	1,566	1,023	543	1,566
Total	3,887	1,340	5,227	3,813	1,338	5,151	3,799	1,338	5,137

**MTA STATEN ISLAND RAILWAY**

**MTA Staten Island Railway**  
**Final Proposed Budget for 2004 and Financial Plan for 2004-2007**

## **MTA Staten Island Railway Final Proposed Budget for 2004 and Financial Plan for 2004-2007**

### **Staten Island Railway-Mission Statement**

The mission of MTA Staten Island Railway is to provide customers with safe, reliable, and convenient public transportation in a cost-effective manner.

### **Staten Island Railway-Description of Service**

Staten Island Railway is a public transportation system that operates 64 passenger cars on 28.6 mainline miles of track. The system serves 22 stations located on the south shore of Staten Island. In 2002 Staten Island Railway operated 2.165 million revenue passenger miles, carrying 3.595 million passengers, or 13,225 passengers on an average weekday.

**MTA Staten Island Railway**  
**Final Proposed Budget for 2004 and Financial Plan for 2004-2007**  
**Financial Review**

**EXPENSES**

**2004 Final Proposed Budget Compared to 2003 October Forecast**

- Operating expenses are budgeted to increase by \$0.379 million or 1.5% due principally to inflation assumptions and higher pension/health & welfare expenses, partly offset by Capital Program reimbursement of supervisory support.

**2004 Final Proposed Budget Compared to Preliminary Budget**

- Operating expense are favorable by \$0.086 million, due mostly to Capital Program reimbursement of supervisory support.

**2004 Final Proposed Budget Compared to 2002 Actual Results**

- Budgeted operating expenses are \$0.718 million or 2.9% above the 2002 actual level, due mostly to inflation assumptions and higher pension/health & welfare expenses.

**2003 October Forecast Compared to the Mid-Year Forecast**

- The October forecast included adjustments for additional health & welfare expenses of \$0.200 million, public liability payments of \$0.125 million, and \$0.020 million of expenses associated with the August 14, 2003 Blackout.
- The above additional costs were partly offset in 2003 by Capital Program reimbursements of supervisory support.

**REVENUES**

- Revenues included in the 2004 Final Proposed Budget are from fares, student and elderly fare reimbursements, advertising, and reimbursements of Capital Program labor expenses.
- The only revenue assumption changes from the Preliminary Budget were reimbursements of Capital Program supervisory support.
- In comparison to the 2003 October Forecast, revenues improved by \$0.350 million, due mostly to the annualization of the fare increase implemented in May 2003.

**MTA Staten Island Railway**  
**Final Proposed Budget for 2004 and Financial Plan for 2004-2007**  
**Major Expense/Capital Program 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. Pension assumptions have not changed in the Final Proposed Budget.
  
- **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 benefit costs of \$67,000. The 2004 Final Proposed Budget maintains these assumptions. At the end of 2004, a Bridge Rehabilitation Project is scheduled to begin and is projected to be required through 2007 supported by 6 reimbursable positions.
  
- **Blackout Costs (August 14, 2003)** - Preliminary estimate of \$20,000 of overtime was required to evacuate three trains, secure equipment, and upon resumption of power, test signals and reestablish service. Reimbursement of these expenses are pending.
  
- **Inflators** - The 2004 Final Proposed Budget maintains the same inflators as the 2004 Preliminary Budget which reflect economic and demographic forecasts provided by the MTA. Inflators included in the 2005-2007 projections are summarized below.

(percent)	2005	2006	2007
Salaries & Wages	3.24	3.23	3.22
Health & Welfare	8.40	8.40	8.40
Electric Power	1.83	0.09	0.61
Maintenance Material	1.19	1.11	1.11
Rentals & Miscellaneous	1.85	1.99	2.23



**MTA Staten Island Railway**  
**Final Proposed Budget for 2004 and Financial Plan for 2004-2007**  
**Operating Statistics**

		2002		2003		2003
		Actual		Y-T-D July		Goal
Weekday On-Time Performance (excluding boat delays)		93.6%		94.1%		96.0%
Mean Distance Between Failures (12 month moving average)		153,427		184,535		175,000
Employee Lost Time Injuries (per 100 employees)		1.95		2.88		5.11
Passenger Injuries		11		7		0

TABLE I

**MTA STATEN ISLAND RAILWAY**  
**ACCRUAL STATEMENT OF OPERATIONS BY CATEGORY**  
**2002-2004**  
(\$ in millions)

	2002 Actual	2003 October Forecast	2004		Favorable/(Unfavorable)	
			Preliminary Budget	Final Proposed Budget	2004 Final Proposed Budget vs.	
					2003 October Forecast	2004 Preliminary Budget
Revenues & Expenses						
Revenues:						
Fare Revenue	2.952	3.186	3.422	3.422	0.236	0.000
Fare Reimbursement	0.951	1.141	1.255	1.255	0.114	0.000
Other Revenue	0.629	0.600	0.600	0.600	0.000	0.000
Total Revenues	4.532	4.927	5.277	5.277	0.350	0.000
Capital Reimbursement	1.197	1.523	0.800	1.240	(0.283)	0.440
Total Revenues and Reimbursement	5.729	6.450	6.077	6.517	0.067	0.440
Expenses:						
Salaries & Wages (Excluding Overtime)	15.074	15.249	15.456	15.163	0.086	0.293
Scheduled Overtime	0.026	0.026	0.026	0.026	0.000	0.000
Unscheduled Overtime	0.695	0.707	0.713	0.713	(0.006)	0.000
Total Salaries & Wages	15.795	15.982	16.195	15.902	0.080	0.293
Pension Expenses	1.305	1.430	1.679	1.649	(0.219)	0.030
Health & Welfare Expenses	2.268	2.319	2.407	2.667	(0.348)	(0.260)
Other Fringe Benefits	1.251	1.191	1.171	1.148	0.043	0.023
Total Fringe Benefits	4.824	4.940	5.257	5.464	(0.524)	(0.207)
Total Labor	20.619	20.922	21.452	21.366	(0.444)	0.086
Power	1.940	1.932	1.932	1.932	0.000	0.000
Material	0.835	0.834	0.843	0.843	(0.009)	0.000
Rentals & Miscellaneous	1.406	1.451	1.377	1.377	0.074	0.000
Public Liability	0.300	0.300	0.300	0.300	0.000	0.000
Total Operating Expenses	25.100	25.439	25.904	25.818	(0.379)	0.086
Track Rehabilitation	0.000	0.000	0.000	0.000	0.000	0.000
MTA Capital	1.197	1.523	0.800	1.240	0.283	(0.440)
Total Reimbursable Expenses	1.197	1.523	0.800	1.240	0.283	(0.440)
Total Expenses	26.297	26.962	26.704	27.058	(0.096)	(0.354)
Operating Deficit	(20.568)	(20.512)	(20.627)	(20.541)	(0.029)	0.086
Cash Flow Adjustments	(0.904)	(0.367)	0.143	0.105	0.472	(0.038)
Net Operating Cash Deficit*	(21.472)	(20.879)	(20.484)	(20.436)	0.443	0.048

\*Excludes Subsidies

TABLE I-A

**MTA STATEN ISLAND RAILWAY**  
**FINANCIAL PLAN COMPARISON BY CATEGORY (ACCRUED)**  
**2003 OCTOBER FORECAST VS. MID-YEAR FORECAST**  
(\$ in millions)

	2003				Favorable/(Unfavorable)
	Mid-Year Forecast	July Year-to-Date Actual	August to December Forecast	October Forecast	October Forecast vs. Mid-Year Forecast
Revenues & Expenses					
Revenues:					
Fare Revenue	3.186	1.753	1.433	3.186	0.000
Fare Reimbursement	1.141	0.598	0.543	1.141	0.000
Other revenue	0.600	0.337	0.263	0.600	0.000
Total Revenues	4.927	2.688	2.239	4.927	0.000
Capital Reimbursement	1.376	0.750	0.773	1.523	0.147
Total Revenues and Reimbursement	6.303	3.438	3.012	6.450	0.147
Expenses:					
Salaries & Wages (Excluding Overtime)	15.327	8.666	6.583	15.249	0.078
Scheduled Overtime	0.026	0.015	0.011	0.026	0.000
Unscheduled Overtime	0.707	0.414	0.293	0.707	0.000
Total Salaries & Wages	16.060	9.095	6.887	15.982	0.078
Pension Expenses	1.440	0.861	0.569	1.430	0.010
Health & Welfare Expenses	2.150	1.408	0.911	2.319	(0.169)
Other Fringe Benefits	1.199	0.700	0.491	1.191	0.008
Total Fringe Benefits	4.789	2.969	1.971	4.940	(0.151)
Total Labor	20.849	12.064	8.858	20.922	(0.073)
Power	1.932	1.144	0.788	1.932	0.000
Material	0.834	0.466	0.368	0.834	0.000
Rentals & Miscellaneous	1.451	0.890	0.561	1.451	0.000
Public Liability	0.300	0.175	0.125	0.300	0.000
Total Operating Expenses	25.366	14.739	10.700	25.439	(0.073)
Track Rehabilitation	0.000	0.000	0.000	0.000	0.000
MTA Capital	1.376	0.750	0.773	1.523	(0.147)
Total Reimbursable Expenses	1.376	0.750	0.773	1.523	(0.147)
Total Expenses	26.742	15.489	11.473	26.962	(0.220)
Operating Deficit	(20.439)	(12.051)	(8.461)	(20.512)	(0.073)
Cash Flow Adjustments	(0.242)	(0.058)	(0.309)	(0.367)	(0.125)
Net Operating Cash Deficit*	(20.681)	(12.109)	(8.770)	(20.879)	(0.198)

\* Excludes Subsidies

**MTA STATEN ISLAND RAILWAY**  
**FINANCIAL PLAN COMPARISON BY CATEGORY (CASH)**  
**2003 OCTOBER FORECAST VS. MID-YEAR FORECAST**  
(\$ in millions)

	2003				Favorable/(Unfavorable) October Forecast vs. Mid-Year Forecast
	Mid-Year Forecast	July Year-to-date Actual	August to December Forecast	October Forecast	
<b>Cash Receipts &amp; Expenditures</b>					
<b>Operating Cash Receipts:</b>					
Operating Revenue	4.685	2.974	1.711	4.685	0.000
Capital Reimbursement	1.376	0.625	0.898	1.523	0.147
<b>Total Receipts</b>	<b>6.061</b>	<b>3.599</b>	<b>2.609</b>	<b>6.208</b>	<b>0.147</b>
<b>Operating Cash Expenditures:</b>					
Salaries & Wages	17.043	9.614	7.449	17.063	(0.020)
Fringe Benefits	5.182	3.142	2.240	5.382	(0.200)
Total Labor	22.225	12.756	9.689	22.445	(0.220)
Power	1.932	1.200	0.732	1.932	0.000
Material	0.834	0.636	0.198	0.834	0.000
Rentals & Miscellaneous	1.451	0.733	0.718	1.451	0.000
Public Liability	0.300	0.383	0.042	0.425	(0.125)
<b>Total Expenditures</b>	<b>26.742</b>	<b>15.708</b>	<b>11.379</b>	<b>27.087</b>	<b>(0.345)</b>
<b>Net Operating Cash Deficit*</b>	<b>(20.681)</b>	<b>(12.109)</b>	<b>(8.770)</b>	<b>(20.879)</b>	<b>(0.198)</b>

\* Excludes Subsidies

**MTA STATEN ISLAND RAILWAY**  
**CASH RECEIPTS AND EXPENDITURES**  
**2002-2004**  
(\$ in millions)

					Favorable/(Unfavorable)	
					2004	
					Final Proposed Budget	
					vs.	
	2002	2003	2004		2003	2004
	Actual	October Forecast	Preliminary Budget	Final Proposed Budget	October Forecast	Preliminary Budget
Cash Receipts & Expenditures						
Operating Cash Receipts:						
Operating Revenue	4.545	4.685	5.277	5.277	0.592	0.000
Capital Reimbursement	1.300	1.523	0.944	1.346	(0.177)	0.402
Total Receipts	5.845	6.208	6.221	6.623	0.415	0.402
Operating Cash Expenditures:						
Salaries & Wages	17.140	17.063	16.768	16.768	0.295	0.000
Fringe Benefits	5.177	5.382	5.485	5.839	(0.457)	(0.354)
Total Labor	22.317	22.445	22.253	22.607	(0.162)	(0.354)
Power	1.940	1.932	1.932	1.932	0.000	0.000
Material	0.826	0.834	0.843	0.843	(0.009)	0.000
Rentals & Miscellaneous	1.753	1.451	1.377	1.377	0.074	0.000
Public Liability	0.481	0.425	0.300	0.300	0.125	0.000
Total Expenditures	27.317	27.087	26.705	27.059	0.028	(0.354)
Net Operating Cash Deficit*	(21.472)	(20.879)	(20.484)	(20.436)	0.443	0.048

\* Excludes Subsidies

**MTA STATEN ISLAND RAILWAY**  
**CASH FLOW ADJUSTMENTS**  
**2002-2004**  
(\$ in millions)

				Favorable/(Unfavorable)	
				<b>2004</b>	
				Final Proposed Budget vs.	
	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>	<b>2004</b>
	<b>Actual</b>	<b>October</b>	<b>Preliminary</b>	<b>October</b>	<b>Preliminary</b>
		<b>Forecast</b>	<b>Budget</b>	<b>Forecast</b>	<b>Budget</b>
			<b>Final</b>		
			<b>Proposed</b>		
			<b>Budget</b>		
<b>Cash Flow Adjustments</b>					
<b>Revenues:</b>					
Operating	0.013	(0.242)	0.000	0.000	0.242
Capital Reimbursement	0.103	0.000	0.144	0.106	(0.038)
<b>Total Revenues</b>	<b>0.116</b>	<b>(0.242)</b>	<b>0.144</b>	<b>0.106</b>	<b>0.348</b>
<b>Expenses:</b>					
<b>Total Expenses</b>	<b>(1.020)</b>	<b>(0.125)</b>	<b>(0.001)</b>	<b>(0.001)</b>	<b>0.124</b>
<b>Net Cash Flow Adjustments*</b>	<b>(0.904)</b>	<b>(0.367)</b>	<b>0.143</b>	<b>0.105</b>	<b>0.472</b>

\* Excludes Subsidies

TABLE IV

**MTA STATEN ISLAND RAILWAY**  
**ACCRUAL STATEMENT OF OPERATIONS BY CATEGORY**  
**2003-2007**  
(\$ in millions)

	<b>2003 October Forecast</b>	<b>2004 Final Proposed Budget</b>	<b>2005 Plan</b>	<b>2006 Plan</b>	<b>2007 Plan</b>
<b>Revenues &amp; Expenses</b>					
<b>Revenues:</b>					
Fare Revenue	3.186	3.422	3.418	3.409	3.417
Fare Reimbursement	1.141	1.255	1.255	1.255	1.255
Other Revenue	0.600	0.600	0.600	0.600	0.600
Total Revenues	4.927	5.277	5.273	5.264	5.272
Capital Reimbursement	1.523	1.240	1.025	1.051	1.079
<b>Total Revenues and Reimbursement</b>	<b>6.450</b>	<b>6.517</b>	<b>6.298</b>	<b>6.315</b>	<b>6.351</b>
<b>Expenses:</b>					
Salaries & Wages (Excluding Overtime)	15.249	15.163	15.823	16.338	16.869
Scheduled Overtime	0.026	0.026	0.026	0.026	0.026
Unscheduled Overtime	0.707	0.713	0.737	0.762	0.787
Total Salaries & Wages	15.982	15.902	16.586	17.126	17.682
Pension Expenses	1.430	1.649	1.871	2.059	2.266
Health & Welfare Expenses	2.319	2.667	2.891	3.134	3.397
Other Fringe Benefits	1.191	1.148	1.303	1.435	1.580
Total Fringe Benefits	4.940	5.464	6.065	6.628	7.243
Total Labor	20.922	21.366	22.651	23.754	24.925
Power	1.932	1.932	1.967	1.969	1.981
Material	0.834	0.843	0.853	0.862	0.872
Rentals & Miscellaneous	1.451	1.377	1.402	1.430	1.462
Public Liability	0.300	0.300	0.300	0.300	0.300
Total Operating Expenses	25.439	25.818	27.173	28.315	29.540
Track Rehabilitation	0.000	0.000	0.000	0.000	0.000
MTA Capital	1.523	1.240	1.025	1.051	1.079
Total Reimbursable Expenses	1.523	1.240	1.025	1.051	1.079
<b>Total Expenses</b>	<b>26.962</b>	<b>27.058</b>	<b>28.198</b>	<b>29.366</b>	<b>30.619</b>
<b>Operating Deficit</b>	<b>(20.512)</b>	<b>(20.541)</b>	<b>(21.900)</b>	<b>(23.051)</b>	<b>(24.268)</b>
Cash Flow Adjustments	(0.367)	0.105	(0.006)	(0.006)	(0.007)
<b>Net Operating Cash Deficit*</b>	<b>(20.879)</b>	<b>(20.436)</b>	<b>(21.906)</b>	<b>(23.057)</b>	<b>(24.275)</b>

\* Excludes Subsidies

**MTA STATEN ISLAND RAILWAY**  
**CASH RECEIPTS AND EXPENDITURES**

**2003-2007**

(\$ in millions)

	<b>2003 October Forecast</b>	<b>2004 Final Proposed Budget</b>	<b>2005 Plan</b>	<b>2006 Plan</b>	<b>2007 Plan</b>
<b>CASH RECEIPTS</b>					
<b>Receipts:</b>					
Operating Revenue	4.685	5.277	5.273	5.264	5.272
Capital Reimbursement	1.523	1.346	1.019	1.045	1.072
<b>Total Receipts</b>	<b>6.208</b>	<b>6.623</b>	<b>6.292</b>	<b>6.309</b>	<b>6.344</b>
<b>CASH DISBURSEMENTS</b>					
Salaries & Wages	17.063	16.768	17.309	17.869	18.445
Fringe Benefits	5.382	5.839	6.367	6.936	7.559
Total Labor	22.445	22.607	23.676	24.805	26.004
Power	1.932	1.932	1.967	1.969	1.981
Material	0.834	0.843	0.853	0.862	0.872
Rentals & Miscellaneous	1.451	1.377	1.402	1.430	1.462
Public Liability	0.425	0.300	0.300	0.300	0.300
<b>Total Expenditures</b>	<b>27.087</b>	<b>27.059</b>	<b>28.198</b>	<b>29.366</b>	<b>30.619</b>
<b>Net Operating Cash Deficit*</b>	<b>(20.879)</b>	<b>(20.436)</b>	<b>(21.906)</b>	<b>(23.057)</b>	<b>(24.275)</b>

\* Excludes Subsidies



TABLE VI

**MTA STATEN ISLAND RAILWAY**  
**CASH FLOW ADJUSTMENTS**  
**2003-2007**  
(\$ in millions)

	<b>2003 October Forecast</b>	<b>2004 Final Proposed Budget</b>	<b>2005 Plan</b>	<b>2006 Plan</b>	<b>2007 Plan</b>
<b>Cash Flow Adjustments</b>					
<b>Revenues:</b>					
Operating	(0.242)	0.000	0.000	0.000	0.000
Capital Reimbursement	0.000	0.106	(0.006)	(0.006)	(0.007)
<b>Total Revenues</b>	<b>(0.242)</b>	<b>0.106</b>	<b>(0.006)</b>	<b>(0.006)</b>	<b>(0.007)</b>
<b>Expenses:</b>					
<b>Total Expenses</b>	<b>(0.125)</b>	<b>(0.001)</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>Net Cash Flow Adjustments*</b>	<b>(0.367)</b>	<b>0.105</b>	<b>(0.006)</b>	<b>(0.006)</b>	<b>(0.007)</b>

\* Excludes Subsidies

**MTA STATEN ISLAND RAILWAY**  
**OPERATING BUDGET PROJECTIONS**  
**NEW NEEDS**  
**2003-2004**  
(\$ in thousands)

Favorable/(Unfavorable)											
2003						2004					
Mid-Year		Adjustments		October Forecast		Preliminary Budget		Adjustments		Final Proposed Budget	
Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars
	0		0		0		(209)		0		(209)
	0		0		0		(25)		0		(25)
	0		(200)		(200)		0		(224)		(224)
	0		(125)		(125)		0		0		0
0	0	0	(325)	0	(325)	0	(234)	0	(224)	0	(458)

**MTA STATEN ISLAND RAILWAY**  
**OPERATING BUDGET PROJECTIONS**  
**NEW NEEDS**  
**2005-2007**  
(\$ in thousands)

	(Unfavorable)					
	<b>2005 Plan</b>		<b>2006 Plan</b>		<b>2007 Plan</b>	
	Positions	Dollars	Positions	Dollars	Positions	Dollars
<b><u>ADMINISTRATION</u></b>						
Net impact due to change in inflation assumptions.		(209)		(209)		(209)
Capital Reimbursements/ Expenditures Net		0		0		0
Re-estimate of Health & Welfare expenses		(224)		(224)		(224)
Additional Public Liability payments		0		0		0
<b>Total Administrative New Needs</b>		<b>(433)</b>		<b>(433)</b>		<b>(433)</b>

**MTA STATEN ISLAND RAILWAY**  
**OPERATING BUDGET PROJECTIONS**  
**PROGRAMS TO ELIMINATE THE GAP (PEGS)**  
**2003-2004**  
(\$ in thousands)

Favorable/(Unfavorable)											
2003						2004					
Mid-Year		Adjustments		October Forecast		Preliminary Budget		Adjustments		Final Proposed Budget	
Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars
<b><u>Administration</u></b>											
Establish Capital Program Billing system for reimbursement of managerial hours required for supervisory support.	0		147		147		0		402		402
<b><u>Maintenance</u></b>											
Redeployment of 3 positions to reimbursable in support of Signals Modernization Program	0		0		0		234		0		234
<b>Total PEGs</b>	<b>0</b>		<b>147</b>		<b>147</b>		<b>234</b>		<b>402</b>		<b>636</b>

**MTA STATEN ISLAND RAILWAY**  
**OPERATING BUDGET PROJECTIONS**  
**PROGRAMS TO ELIMINATE THE GAP (PEGs)**  
**2005-2007**  
(\$ in thousands)

	Favorable					
	<b>2005</b>		<b>2006</b>		<b>2007</b>	
	<b>Plan</b>		<b>Plan</b>		<b>Plan</b>	
	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>
<b><u>Administration</u></b>						
Establish Capital Program Billing system for reimbursement of managerial hours required for supervisory support.		199		199		199
<b><u>Maintenance</u></b>						
Redeployment of 3 positions to reimbursable in support of Signals		234		234		234
<b>Total PEGs</b>		<b>433</b>		<b>433</b>		<b>433</b>

**MTA STATEN ISLAND RAILWAY**  
**TOTAL POSITIONS 2002-2004**  
**Full-Time and Full-Time Equivalents (FTEs)**  
**NON-REIMBURSABLE AND REIMBURSABLE**

	<b>2002 Actual</b>			<b>2003 October Forecast</b>			<b>2004 Final Proposed Budget</b>		
	Non-		Total	Non-		Total	Non-		Total
	Represented	Represented		Represented	Represented		Represented	Represented	
<b>Maintenance</b>									
Signals/Power	21	1	22	21	1	22	21	1	22
Maintenance of Way	46	3	49	46	3	49	46	3	49
Bridge & Building	21	1	22	22	1	23	23	1	24
<b>Operations</b>									
Cleaning	21	1	22	21	1	22	21	1	22
Mechanical	34	3	37	34	3	37	34	3	37
Transportation	92	6	98	92	6	98	93	6	99
<b>Other</b>									
Executive	4	8	12	4	9	13	5	9	14
General Office	8	5	13	8	5	13	8	5	13
Police	23	1	24	23	1	24	23	1	24
Purchase/Stores	6	2	8	6	2	8	6	3	9
<b>Totals</b>	<b>276</b>	<b>31</b>	<b>307</b>	<b>277</b>	<b>32</b>	<b>309</b>	<b>280</b>	<b>33</b>	<b>313</b>

**MTA STATEN ISLAND RAILWAY**  
**TOTAL POSITIONS 2005-2007**  
**Full-Time and Full-Time Equivalents (FTEs)**  
**NON-REIMBURSABLE AND REIMBURSABLE**

	<b>2005 Plan</b>			<b>2006 Plan</b>			<b>2007 Plan</b>		
	Represented	Non-Represented	Total	Represented	Non-Represented	Total	Represented	Non-Represented	Total
<b>Maintenance</b>									
Signals/Power	21	1	22	21	1	22	21	1	22
Maintenance of Way	46	3	49	46	3	49	46	3	49
Bridge & Building	23	1	24	23	1	24	23	1	24
<b>Operations</b>									
Cleaning	21	1	22	21	1	22	21	1	22
Mechanical	34	3	37	34	3	37	34	3	37
Transportation	93	6	99	93	6	99	93	6	99
<b>Other</b>									
Executive	5	9	14	5	9	14	5	9	14
General Office	8	5	13	8	5	13	8	5	13
Police	23	1	24	23	1	24	23	1	24
Purchase/Stores	6	3	9	6	3	9	6	3	9
<b>Totals</b>	<b>280</b>	<b>33</b>	<b>313</b>	<b>280</b>	<b>33</b>	<b>313</b>	<b>280</b>	<b>33</b>	<b>313</b>

TABLE XI - B(i)

**MTA STATEN ISLAND RAILWAY**  
**POSITIONS 2002-2004**  
**Full-Time and Full-Time Equivalents (FTEs)**  
**NON-REIMBURSABLE**

	<b>2002 Actual</b>			<b>2003 October Forecast</b>			<b>2004 Final Proposed Budget</b>		
	Non-		Total	Non-		Total	Non-		Total
	Represented	Represented		Represented	Represented		Represented	Represented	
<b>Maintenance</b>									
Signals/Power	21	1	22	21	1	22	21	1	22
Maintenance of Way	43	3	46	43	3	46	43	3	46
Bridge & Building	21	1	22	22	1	23	23	1	24
<b>Operations</b>									
Cleaning	21	1	22	21	1	22	21	1	22
Mechanical	34	3	37	34	3	37	34	3	37
Transportation	89	6	95	89	6	95	90	6	96
<b>Other</b>									
Executive	4	8	12	4	9	13	5	9	14
General Office	8	5	13	8	5	13	8	5	13
Police	23	1	24	23	1	24	23	1	24
Purchase/Stores	6	2	8	6	2	8	6	3	9
<b>Totals</b>	<b>270</b>	<b>31</b>	<b>301</b>	<b>271</b>	<b>32</b>	<b>303</b>	<b>274</b>	<b>33</b>	<b>307</b>



TABLE XI - B(ii)

**MTA STATEN ISLAND RAILWAY**  
**POSITIONS 2005-2007**  
**Full-Time and Full-Time Equivalents (FTEs)**  
**NON-REIMBURSABLE**

	<b>2005</b>			<b>2006</b>			<b>2007</b>		
	<b>Plan</b>			<b>Plan</b>			<b>Plan</b>		
	Represented	Non-Represented	Total	Represented	Non-Represented	Total	Represented	Non-Represented	Total
<b>Maintenance</b>									
Signals/Power	21	1	22	21	1	22	21	1	22
Maintenance of Way	43	3	46	43	3	46	43	3	46
Bridge & Building	23	1	24	23	1	24	23	1	24
<b>Operations</b>									
Cleaning	21	1	22	21	1	22	21	1	22
Mechanical	34	3	37	34	3	37	34	3	37
Transportation	90	6	96	90	6	96	90	6	96
<b>Other</b>									
Executive	5	9	14	5	9	14	5	9	14
General Office	8	5	13	8	5	13	8	5	13
Police	23	1	24	23	1	24	23	1	24
Purchase/Stores	6	3	9	6	3	9	6	3	9
<b>Totals</b>	<b>274</b>	<b>33</b>	<b>307</b>	<b>274</b>	<b>33</b>	<b>307</b>	<b>274</b>	<b>33</b>	<b>307</b>

**MTA STATEN ISLAND RAILWAY**  
**POSITIONS 2002-2004**  
**Full-Time and Full-Time Equivalents (FTEs)**  
**REIMBURSABLE**

	<b>2002</b>			<b>2003</b>			<b>2004</b>		
	<b>Actual</b>			<b>October</b>			<b>Final Proposed</b>		
	Represented	Non-Represented	Total	Represented	Non-Represented	Total	Represented	Non-Represented	Total
<b>Maintenance</b>									
Signals/Power	0	0	0	0	0	0	0	0	0
Maintenance of Way	3	0	3	3	0	3	3	0	3
Bridge & Building	0	0	0	0	0	0	0	0	0
<b>Operations</b>									
Cleaning	0	0	0	0	0	0	0	0	0
Mechanical	0	0	0	0	0	0	0	0	0
Transportation	3	0	3	3	0	3	3	0	3
<b>Other</b>									
Executive	0	0	0	0	0	0	0	0	0
General Office	0	0	0	0	0	0	0	0	0
Police	0	0	0	0	0	0	0	0	0
Purchase/Stores	0	0	0	0	0	0	0	0	0
<b>Totals</b>	<b>6</b>	<b>0</b>	<b>6</b>	<b>6</b>	<b>0</b>	<b>6</b>	<b>6</b>	<b>0</b>	<b>6</b>

**MTA STATEN ISLAND RAILWAY**  
**POSITIONS 2005-2007**  
**Full-Time and Full-Time Equivalents (FTEs)**  
**REIMBURSABLE**

	<b>2005</b>			<b>2006</b>			<b>2007</b>		
	<b>Plan</b>			<b>Plan</b>			<b>Plan</b>		
	Represented	Non-Represented	Total	Represented	Non-Represented	Total	Represented	Non-Represented	Total
<b>Maintenance</b>									
Signals/Power	0	0	0	0	0	0	0	0	0
Maintenance of Way	3	0	3	3	0	3	3	0	3
Bridge & Building	0	0	0	0	0	0	0	0	0
<b>Operations</b>									
Cleaning	0	0	0	0	0	0	0	0	0
Mechanical	0	0	0	0	0	0	0	0	0
Transportation	3	0	3	3	0	3	3	0	3
<b>Other</b>									
Executive	0	0	0	0	0	0	0	0	0
General Office	0	0	0	0	0	0	0	0	0
Police	0	0	0	0	0	0	0	0	0
Purchase/Stores	0	0	0	0	0	0	0	0	0
<b>Totals</b>	<b>6</b>	<b>0</b>	<b>6</b>	<b>6</b>	<b>0</b>	<b>6</b>	<b>6</b>	<b>0</b>	<b>6</b>

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