

**MTA METRO-NORTH RAILROAD**

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

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

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

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

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

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

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

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

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

NET OPERATING INCOME(LOSS)	15,899
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**ADJUSTMENTS**

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

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

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

**ADJUSTMENTS**

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



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

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

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

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

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

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

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

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

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

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

## NOTES TO FINANCIAL PLAN BY CATEGORY TABLE

### REVENUE

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

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

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

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

### EXPENSES

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

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

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

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

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

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

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

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

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

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

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

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

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

## **NOTES TO REVENUE & RIDERSHIP TABLE**

### **PASSENGER REVENUE**

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

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

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

### **BAR CAR REVENUE**

Revenue projections from commissary services reflect current sales

trends, and include a projected 2004 increase in prices.

### **RENTS AND CONCESSIONS**

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

### **UTILITIES**

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

### **MISCELLANEOUS**

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



## NOTES TO RECEIPTS AND DISBURSEMENTS TABLE

### RECEIPTS

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

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

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

### DISBURSEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Administration:**

**SBP INITIATIVES:**

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

**ALL OTHER (NON-PROGRAMMATIC BASED CHANGES):**

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

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

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

**Maintenance:**

**CAPITAL PROJECT IMPACTS:**

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

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

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

**ALL OTHER (NON-PROGRAMMATIC BASED CHANGES):**

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

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

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

**Operating Capital**

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

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

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

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



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

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

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

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

**Service:**

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

**Maintenance:**

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

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

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

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

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

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

**Administration:**

CAPITAL PROJECT IMPACTS:

711 Beekman

---

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

Asset Management System Implementation and Expansion

---

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

Autocad Hardware & Software

---

Cost of Auto CAD license maintenance

Corporate Data Network

---

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

Oracle Licenses for New Financial Systems

---

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

SBP INITIATIVES:

Accounts Receivable System Development and Implementation (Data Center)

---

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

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

Accounts Receivable System Phase II

Additional programming modifications to improve the new system.

Cellular Digital Pocket Data Consult Services

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

Checkpoint VPN Licenses

Licensing costs.

Corporate Printing Budget

Projected addition for seat notices.

Desktops for AMS, CDNP and New Financial Systems

Additional desktops required for new systems.

Handheld PDA's

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

Increase CL&P Power Rates

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

Increase Payroll for Weekend Holidays

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

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

Legal Fees/Human Resource Costs

Cost of settlement of the Robinson case.

MW-4 Revision and Technical Procedures Development

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

Initial cost: \$150K in 2004.

Roadway Equipment Maintenance

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

Software Maintenance

Maintenance of various existing software

TSMs-Support Study & Bill Changers

Scheit & Bachman

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

Winter Gear

---

Triennial provision for purchase of parkas required by labor agreement.

ALL OTHER (NON-PROGRAMMATIC BASED CHANGES)

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

Non-Agreement Vacation Buyback Provision

---

See note above.

Higher Qualifying and Holiday Pay coverage

---

See note above.

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

---

See note above.

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

---

See note above.

Higher Diesel Fuel Propulsion consumption

---

See note above.

Higher Telephone Costs

---

See note above.



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

Lower Overhead Recovery from Capital projects

See note above.

Higher MTA Police Cost provision

See note above.

Lower Amtrak Recovery credits

See note above.

Acquisition of property at Cortlandt

Required for expansion of parking.

Miscellaneous cost adjustments

See note above.

**Customer Convenience and Amenities:**

**CAPITAL PROJECT IMPACTS:**

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

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

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

TVMs/TOMs/Mail & Ride (Excluding Revenue)

---

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

SBP INITIATIVES:

Grand Central Terminal (GCT) Lower Level Bathroom

---

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

Ticket Office Rollout (VTTS)

---

Support for rollout of VTTS to ticket offices.

**Service:**

SBP INITIATIVES:

Hudson Rail Link

---

Increase provision.

Traveling Conductors - Permanent Program

---

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

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

**Maintenance:**

**CAPITAL PROJECT IMPACTS:**

**C-26 Track Program**

---

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

**Equipment Replacement Plan - Harlem & Hudson (Operations Costs)**

---

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

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

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

ACMU cars - retire 61 cars in 2004

Coaches - add 24 in 2004, add 10 in 2005

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

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

**Equipment Replacement Plan - Disposal Costs**

---

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

By car type:

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

61 ACMU cars will be disposed in 2004.

8 Comet Cars will be disposed in 2004.

25 Miscellaneous coaches and locomotives will be disposed in 2004.

**GCT Ventilation Rehabilitation**

---

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

**Graybar Entrance Rehabilitation**

---

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

**Highbridge Yard Improvements**

---

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

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

Hudson Line Station Rehabilitation

---

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

New Haven Shops & Yard - Car Washer/Wheel Shop

---

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

Signal & CTC Improvements Danbury Branch

---

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

Stamford Center Island

---

Maintenance of center island platforms constructed at Stamford station.

SBP INITIATIVES:

Adopt-A-Station Landscape - Start-Up Costs

---

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

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

Annual Track Maintenance Programs

---

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

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

Ballast Cleaning: \$250K

Brush Cutting: \$413K

Rail Testing: \$30K

Rail Grinding: \$96K

Track Vac: \$200K

TC-82: \$27K

Total of items listed is \$1,016K

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

---

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

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

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

GEAC Consultants for Software Modification

---

Two Years: 2004 & 2005.

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

Grade Crossing Event Recorders Maintenance

Annual provision.

Increase Escalator Maintenance at White Plains Station

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

Signal Standards Consultant

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

W of H Maintenance

Port Jervis line.

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

**Safety/Security:**

**CAPITAL PROJECT IMPACTS:**

Business Recovery

---

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

Corporate Network Security

---

The cost of Internet security systems maintenance.

Grand Central Terminal Walkway Lighting

---

Addition of an Electrician for maintenance of walkway lighting.

New Haven Line Radio Communication Upgrade

---

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

Park Avenue Tunnel Alarm Rehabilitation

---

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

**SBP INITIATIVES:**

Communication & Signals Fire Protection Provision

---

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



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

CTC/SCADA Training Provision

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

Firewall Security

Additional firewalls: 2004, 2009

High Speed DC Circuit Breaker Relay Protection

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

Install New Proximity Detectors on Drawbridges (Annual Provision)

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

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

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

Network Security - Communication & Signals

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

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

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

**Operating Capital**

Asset Management System - Costs for Expansion

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

Application Modifications for OS & Oracle Upgrades (SW)

Software upgrade.

CMS Upgrades (Phase 4 Modification)

Crew Management system upgrade.

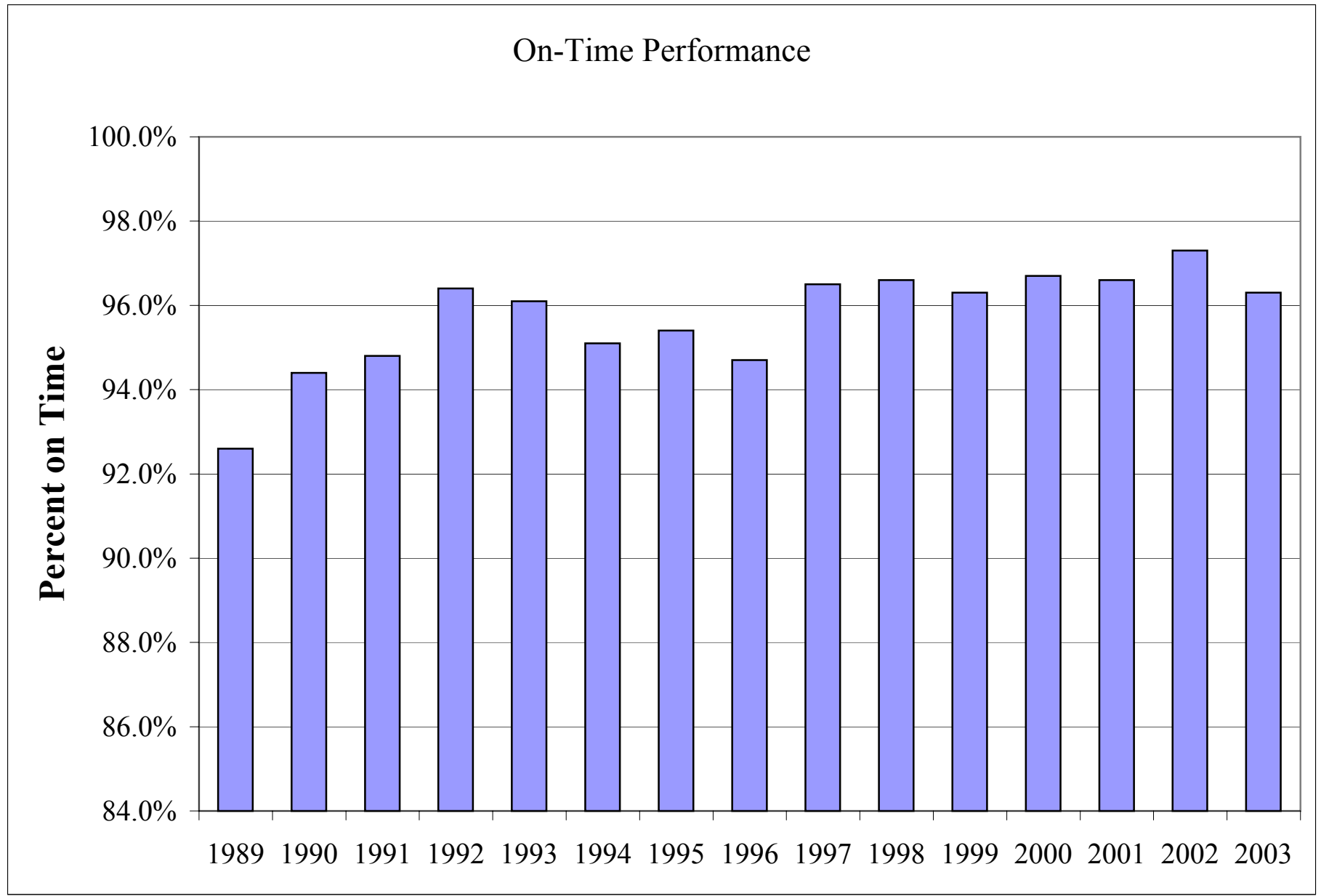
MTA METRO-NORTH RAILROAD  
POSITIONS BY DEPARTMENT

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

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

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

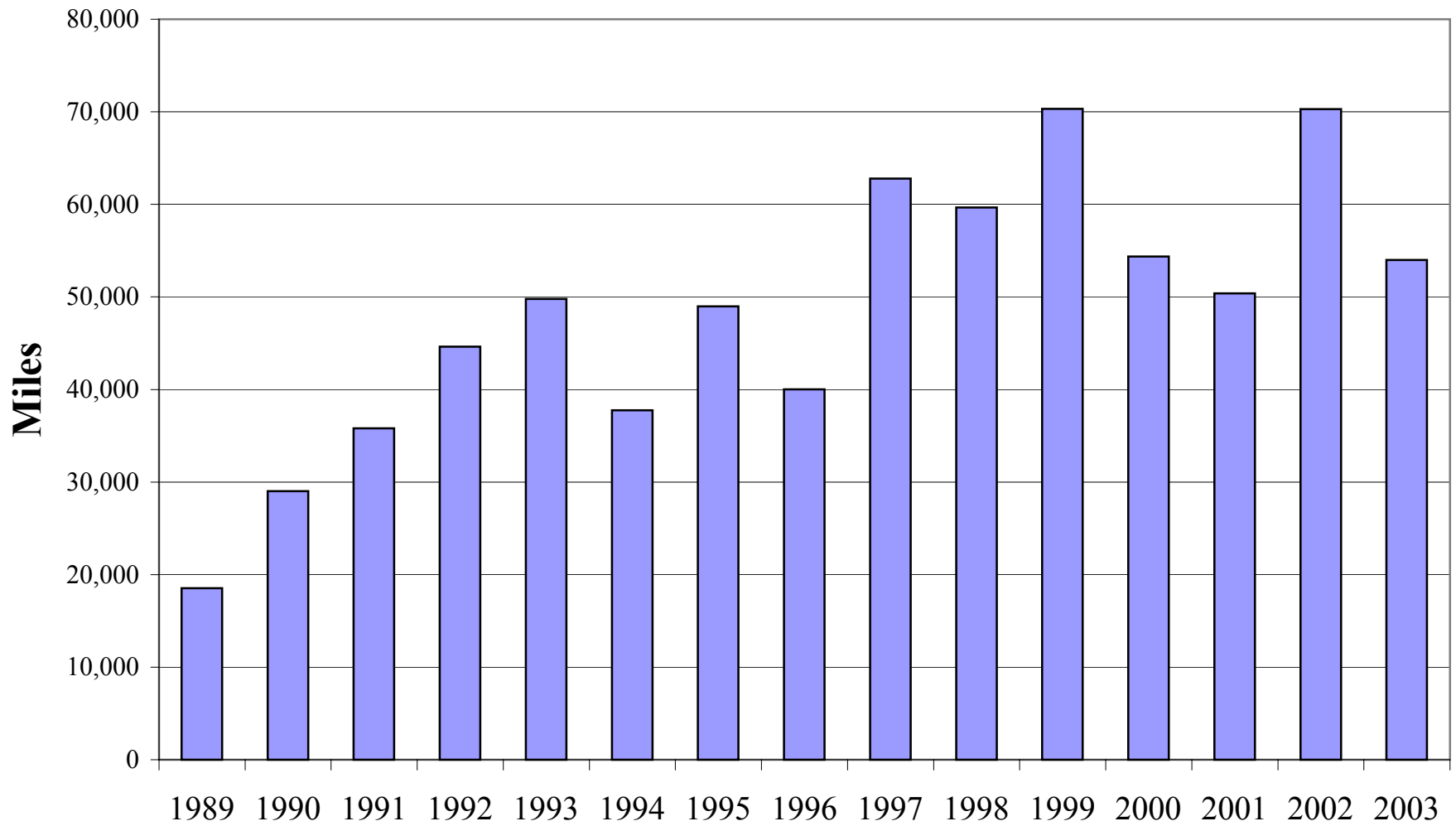
**METRO-NORTH RAILROAD  
SELECTED PERFORMANCE INDICATORS**



**Note: Year 2003 is May YTD.**

**METR0-NORTH RAILROAD  
SELECTED PERFORMANCE INDICATORS**

**Mean Distance Between Failures**  
(In Thousands of Miles)



**Note: Year 2003 is May YTD.**

MTA METRO-NORTH RAILROAD  
**SELECTED PERFORMANCE INDICATORS**

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

\* As of May 2003