

MTA
Long Island Rail Road

MTA LONG ISLAND RAIL ROAD
2005 Preliminary Budget
July Financial Plan 2005-2008

MISSION STATEMENT

The mission of the MTA Long Island Rail Road is to provide 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.

FINANCIAL OVERVIEW

The LIRR's 2005 Preliminary Budget incorporates those resource requirements that will best enable the Railroad to fulfill its service obligations as efficiently as possible, while minimizing impacts on our customers. In preparing the budget, every area of LIRR administration and operations was scrutinized to reduce costs, eliminate cost inefficient functions and make the difficult structural and service decisions necessary to meet demanding budget targets.

The budget is designed to reflect continuation of current service levels, with certain exceptions (seen in the gap-closing section below), as well as to sustain the MTA's commitment to safety and security. In looking to sustain service levels, efficiencies were pursued throughout the company to optimize use of available resources. The LIRR is looking ahead to the anticipated expansion of service into Grand Central Terminal in 2012 and to other expansions of its infrastructure incorporated in its long-range capital plans, recognizing that these changes are also likely to expand its cost structure. Making budget reductions in the intervening years prior to 2012 affords the LIRR the opportunity to streamline our operations, simplify our network and become more cost efficient. All efforts were made to minimize adverse impacts to our customers, with the objective of protecting peak service to the largest extent possible.

While the 2005 budget outlined below generally supports continuation of current service levels, the MTA-wide funding gap anticipated for 2006 will require more significant changes to close that gap. The magnitude of resource reductions required to close the gap will require serious reductions to service levels, with both the quantity and quality of service adversely affected. In addition, changes to the fare structure will likely have an adverse impact on ridership levels. The impacts of the reductions are expected to carry forward through 2008.

2005 Budget Baseline

The goals and objectives contained in the 2005 Preliminary Budget are consistent with the LIRR's mission and its aim to continue to improve service attributes. Among the key goals for 2005 are improving on-time performance to 95.3% and achieving an all-time

high fleet-wide mean distance between failures (MDBF) of 50,300 miles. The budget plan also reflects a continuing commitment to improve both employee and customer safety, with projected improvements of 10% in both key areas. Other key assumptions incorporated in the baseline are discussed in a later section, along with reconciliations to the February Financial Plan.

The 2005 Revenue budget totals \$576.9 million, and the total expense budget is \$1.363 billion, of which \$1.103 billion is for operating expenses and the balance is associated with such non-cash items as depreciation. The cash budget for 2005 incorporates \$650.4 million in cash receipts and \$1.139 billion in cash disbursements. The net cash requirement is \$(427.4) million, as driven by operating expenses paid for in 2005, revenues received in 2005, 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 incurred and when they will be paid for.

On an accrued basis, both revenues and expenses are higher in the 2005 Preliminary Budget than in the 2004 Mid-Year Forecast. Non-reimbursable and reimbursable revenues are respectively \$6.9 million and \$7.8 million higher in the 2005 budget than in the 2004 Forecast. Baseline Ridership in 2005 grows over 2004 Forecast by 0.9 million rides, or 1.1%. Operating expenses before depreciation of \$1.103 billion reflect growth of \$71.5 million over the 2004 Mid-Year Forecast, \$64 million of which is in non-reimbursable expenses. Total revenues of \$576.9 million are \$14.7 million higher than in the Mid-Year Forecast, with non-reimbursable revenues rising by \$6.9 million and reimbursable revenues rising by \$7.8 million. While the resulting total operating deficit rises \$27.2 million to \$(724.7) million in 2005, the projected cash deficit (or subsidy requirement) of \$(427.4) million in 2005 is lower by \$13.3 million. This is primarily a result of prepayment of a portion of the 2005 cash pension expense in 2003.

Full-time positions total 6,556 in the 2005 Preliminary Budget, with 5,884 non-reimbursable positions and 672 reimbursable positions. Compared to the 2004 Forecast, this reflects an increase of 95 non-reimbursable positions and a decrease of 35 reimbursable positions, consistent with anticipated levels of capital funding in 2005.

The major New Needs identified in the 2005 Budget are related to transitions from the M1 fleet to the M7 fleet. Specifically, additional funds are needed to support ongoing decommissioning of the M1 fleet (previously funded outside the operating budget) and for increases in M7 periodic inspection activity. This limited set of new needs adds 10 positions and \$1.5 million to the 2005 budget. Funding these new needs will ensure that M1's are removed from the property in a timely manner, eliminating the need to maintain them, and will also ensure that the M7's are maintained to a standard aimed at sustaining their current high level of mean distance between failures.

While the Baseline budget outlined above supports key goals and sustains operational service levels, it does not close the budget gap for 2005. In a later section, there is a

discussion of the below-the-line gap closing actions taken to fill in a \$61.1 million budget gap. Before addressing gap-closing measures, a process of re-estimating elements of the original forecast for 2005 resulted in savings of 50 positions (increases avoided) and \$21.8 million. The major impact was seen in the Life Cycle Maintenance (LCM) program, where refined plans yielded 29 fewer positions and \$14.4 million less in labor and non-labor costs. Another 21 positions and \$2.6 million originally added into 2005 were pushed out of the operating plan period, as an alternative use of the new Arch Street Shop reduced the need for additional plant equipment maintenance forces.

2006-2008 Projections

As noted in the overview, a significant funding gap arises in 2006 for all MTA agencies. The baseline projections for 2006 through 2008 reflect no notable changes to the LIRR's commitment to its customers. Goals are still in place to continue improving key performance measures of on-time performance and MDBF. During this period the LIRR also moves into a critical time for widespread implementation of Life Cycle Maintenance for its growing M7 fleet, as many components start to enter key maintenance stages. Fulfillment of LCM requirements will continue to place growing demands on resources, particularly maintenance materials.

The baseline projections for 2006-2008 reflect these various impacts. Both non-reimbursable and reimbursable revenues rise steadily over the years, with the most significant rise in both occurring in 2006. In the later years, the rate of growth is much lower, with non-reimbursable revenue rising about 1.2% each year, consistent with the projected changes in baseline ridership. Reimbursable revenues grow by less than 1.7% a year in 2007 and 2008.

By contrast the pace of expense growth is much higher, driven by high rates of increase above normal inflation in health and welfare and in materials. Non-reimbursable expenses (before depreciation) grow by 4.5% in 2006, 5.1% in 2007 and 7.2% in 2008. In 2008 particularly, nearly 40% of the \$77 million increase to operating expenses is for materials. Reimbursable expenses grow by 13.6% (\$17.7 million) in 2006 over 2005, and by another 3.0% in 2007 and 2.7% in 2008.

The baseline positions in these projections increase in each year after 2005, with an overall increase of 210 positions over the 2005 baseline. With the timing of capital program funding and project initiation uncertain for the 2005-2009 program, the number of positions supporting reimbursable activity in 2005 is actually lower than in 2004. By 2006, reimbursable positions rise by 34%, or 228 positions, over 2005. Most of these are in the Engineering department, where total positions increase by 149 over 2005. The other function with position increases is the Maintenance of Equipment department, where the number of positions increases by about 3% by 2008, or a total of 55 positions, consistent with the commitment to Life Cycle Maintenance.

While the Baseline projections outlined here continue supporting key goals and service levels, significant budget gaps exist for 2006 through 2008. Closing those gaps (\$89.3

million in 2006; \$91.6 million in 2007; and \$93.8 million in 2008) is addressed in the Gap Closing Measure section that appears below. Also appearing in a separate section is a discussion of the major assumptions in the 2006-2008 forecasts and reconciliations to the February plan for the years through 2007.

GAP CLOSING MEASURES

2005 PEG Actions

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 to the baseline 2005 Preliminary Budget. The PEGs for 2005 total \$61.1 million and encompass a wide range of activities eliminated, downsized or deferred. Of the \$61.1 million in reductions, roughly 37% involve reductions to non-labor accounts (such as materials and contract maintenance services) and the balance incorporate reductions to the workforce along with non-labor reductions. In developing reductions to meet the budget target, priorities were established to ensure that train service would be the last area assessed for savings.

Nearly 362 positions, slightly less than 6% of the originally planned 2005 workforce, are eliminated as part of the budget balancing process. These reductions are across all departments in the company, and are achieved through reduced functional requirements, reorganizations within departments, reduced levels of station and car cleaning, reduction to lower-priority infrastructure maintenance and realignment of car maintenance activities. A small number of headcount reductions come from train service changes with minimal impacts on customers and elimination of planned growth in service.

An aggressive sweep was made through management and administrative areas, reducing more than 100 management and administrative positions and cutting back in various non-payroll expense areas, such as information service technology investments throughout the duration of the financial plan, including some server replacements and a crew scheduling system. Reductions to a variety of expenses including communications, advertising, leases, tuition, operating and professional services, and replacement of passenger automobiles are spread throughout the company. Slightly more than a third of the PEG savings come through \$20.9 million in administrative reductions, including 112 of the 362 position eliminations.

Changes to maintenance plans and practices provide \$23.8 million in reductions, including more than \$5 million in overtime and 100 positions. There is also a significant across-the-board reduction to overtime. The majority of the maintenance reductions in the 2005 PEGs are in Engineering maintenance staff and operations, with elimination of lower-priority maintenance activities. Additional reductions in track, structures, signal, power and communications may affect response times for trouble tickets, fence repairs, and right-of-way debris removal and other maintenance activities. Equipment maintenance reductions focused on ensuring critical activities are covered, although

some shifts and special teams are eliminated. Two of 4 special HVAC Freeze Teams are eliminated (as a reduction to Customer Amenities). In addition, inspection work performed in Long Island City Yard will be reassigned to other locations. Other savings are projected from placing five diesel locomotives into long-term storage and extending the interval between Periodic Inspections for all diesel equipment.

The largest impacts in terms of position eliminations are in the areas of customer convenience and amenities, particularly car cleaning and station cleaning. Those reductions total \$10.4 million and 121 positions. Station cleaning reductions will impact both regular station cleanings as well as heavy duty station cleaning. Substantial reductions to car cleaning are included in the 2005 PEGs, including doubling the time between an Extraordinary Interior Cleaning from 60 to 120 days.

Based on current ridership levels and the latest projections of growth, the LIRR can avoid increasing the morning peak car requirement as previously planned. By reducing the AM peak car requirement, some maintenance PEGs can be made without adverse impact on the customers. For 2005, the car requirement has been reduced to 838 cars. The minimal reductions proposed to train service are largely actions that would be taken consistent with good business practices, essentially realigning service levels with demand. Specifically, some trains are canceled and combined with other trains where ridership can be accommodated, and weekday off-peak frequency is changed to hourly from half-hourly.

To achieve some of these budget reductions Board approval will be necessary. The LIRR remains concerned about entering a cycle of degraded service and performance, followed by declining revenues, followed by further service deterioration. Over the past 10 years, LIRR service delivery and overall performance has improved. There is a reluctance to return to poor service, excessive standees, and lower levels of reliability.

2006 PEG Actions

As noted in the baseline overview, the MTA is anticipating significant budget gaps in 2006. To meet its target, the LIRR is proposing some severe reductions to service. The 2006 PEGs include closing all car washes and significant reductions to trains service. In addition, the 2006 PEG calls for closing virtually all line station ticket-selling windows (except ten key hub and terminal stations). These stations all have ticket vending machines.

Further, the 2006 PEG includes eliminating weekend service on select branches, abandonment of West Hempstead, Oyster Bay, Ronkonkoma to Greenport, and Lower Montauk (West of Jamaica) branches, and canceling and combining 30 trains in peak and off-peak service across the system. This also impacts freight operations.

In 2006, the AM peak car requirement would be reduced to 782 cars. It should be noted that the Railroad had previously identified a need to increase service in the rush hours to accommodate ridership growth and seat loss associated with the M7 rollout. If the service is not increased the level of standees will grow.

This proposal includes reductions associated with the suspension of service and abandonment of assets. The infrastructure will be removed and sold off to help defray the costs of abandonment.

All of these actions result in reductions of more than 250 positions and savings of \$27.6 million in 2006. Such changes would impact the commutation market and the discretionary travel market that has grown so significantly in the last decade. Achieving such serious changes by the beginning of 2006 would require completion of any necessary public hearings and environmental reviews during 2005.

2007-2008 Projections

The PEG actions taken in 2005 and 2006 are largely carried forward into 2007 and 2008, escalating in value with inflation. The PEGs total \$91.6 million in 2007 and \$93.8 million in 2008. Because targets have been met, neither year contains any unspecified PEGs.

MTA Long Island Rail Road
July Financial Plan 2005 - 2008
Accrual Statement of Operations by Category
(\$ in millions)

NON-REIMBURSABLE

	2003 Actuals	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<u>Revenue</u>						
Farebox Revenue	\$393.291	\$415.173	\$421.586	\$431.646	\$436.965	\$442.350
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	22.766	24.619	25.106	26.047	26.621	27.140
Capital and Other Reimbursements	0.000	0.000	0.000	0.000	0.000	0.000
Total Revenue	\$416.057	\$439.792	\$446.692	\$457.693	\$463.586	\$469.490
<u>Expenses</u>						
Labor:						
Payroll	336.790	338.669	361.375	371.527	384.340	398.176
Overtime	74.387	76.653	65.275	67.040	69.288	71.802
Health and Welfare	77.982	90.102	102.333	113.824	127.231	140.142
Pensions	70.021	100.556	101.486	104.534	105.952	105.190
Other Fringe Benefits	77.249	74.979	82.597	85.237	88.456	91.666
Reimbursable Overhead	(16.942)	(19.661)	(20.144)	(23.213)	(24.058)	(24.813)
Total Labor Expenses	\$619.487	\$661.298	\$692.922	\$718.949	\$751.209	\$782.163
Non-Labor:						
Traction and Propulsion Power	43.240	47.159	53.138	54.809	54.971	55.309
Fuel for Buses and Trains	6.167	6.829	6.843	7.326	7.327	7.349
Insurance	13.952	14.350	17.104	19.695	22.689	26.144
Claims	9.920	12.651	14.964	15.214	15.542	15.901
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other						
Operating Contracts	52.244	57.571	68.340	66.196	63.800	65.092
Professional Service Contracts	15.499	19.443	21.039	20.016	21.134	21.570
Materials & Supplies	59.388	66.678	76.782	80.229	89.732	119.377
Other Business Expenses	5.292	5.324	5.986	5.837	6.213	6.344
Total Non-Labor Expenses	\$205.702	\$230.005	\$264.196	\$269.322	\$281.408	\$317.086
Other Expenses Adjustments:						
Other	5.490	17.394	15.291	27.535	34.859	45.537
Total Other Expense Adjustments	\$5.490	\$17.394	\$15.291	\$27.535	\$34.859	\$45.537
Total Expenses before Depreciation	\$830.679	\$908.697	\$972.409	\$1,015.806	\$1,067.476	\$1,144.786
Depreciation	192.649	228.622	260.116	272.293	268.774	253.325
Total Expenses	\$1,023.328	\$1,137.319	\$1,232.525	\$1,288.099	\$1,336.250	\$1,398.111
Baseline Net Surplus/(Deficit)	(\$607.271)	(\$697.527)	(\$785.833)	(\$830.406)	(\$872.664)	(\$928.621)
Program to Eliminate the Gap			61.150	89.285	91.627	93.813
Net Surplus/(Deficit)	(\$607.271)	(\$697.527)	(\$724.683)	(\$741.121)	(\$781.037)	(\$834.808)

REIMBURSABLE

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
Revenue					
Farebox Revenue	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	0.000	0.000	0.000	0.000	0.000
Capital and Other Reimbursements	123.563	122.497	130.260	147.945	156.441
Total Revenue	\$123.563	\$122.497	\$130.260	\$147.945	\$156.441
Expenses					
Labor:					
Payroll	60.239	65.722	59.719	67.267	70.775
Overtime	10.055	0.000	7.518	8.344	8.535
Health and Welfare	7.970	8.162	8.674	10.390	11.522
Pensions	7.900	7.737	11.078	12.837	13.986
Other Fringe Benefits	16.551	16.195	19.421	22.073	23.103
Reimbursable Overhead	16.942	19.661	20.144	23.213	24.813
Total Labor Expenses	\$119.657	\$117.477	\$126.554	\$144.124	\$152.734
Non-Labor:					
Traction and Propulsion Power	0.000	0.000	0.000	0.000	0.000
Fuel for Buses and Trains	0.000	0.062	0.000	0.000	0.000
Insurance	0.191	0.436	0.361	0.370	0.304
Claims	0.000	0.000	0.000	0.000	0.000
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000
Maintenance and Other					
Operating Contracts	2.602	2.163	2.026	2.028	2.033
Professional Service Contracts	0.295	0.027	0.000	0.000	0.000
Materials & Supplies	0.739	2.332	1.319	1.423	1.370
Other Business Expenses	0.079	0.000	0.000	0.000	0.000
Total Non-Labor Expenses	\$3.906	\$5.020	\$3.706	\$3.821	\$3.707
Other Expenses Adjustments:					
Other	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Other Expense Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenses before Depreciation	\$123.563	\$122.497	\$130.260	\$147.945	\$156.441
Depreciation	0.000	0.000	0.000	0.000	0.000
Total Expenses	\$123.563	\$122.497	\$130.260	\$147.945	\$156.441
Baseline Net Surplus/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Program to Eliminate the Gap			0.000	0.000	0.000
Net Surplus/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000

MTA Long Island Rail Road
July Financial Plan 2005 - 2008
Accrual Statement of Operations by Category
(\$ in millions)

**NON-REIMBURSABLE and
REIMBURSABLE**

	2003 Actuals	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<u>Revenue</u>						
Farebox Revenue	\$393.291	\$415.173	\$421.586	\$431.646	\$436.965	\$442.350
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	22.766	24.619	25.106	26.047	26.621	27.140
Capital and Other Reimbursements	123.563	122.497	130.260	147.945	152.351	156.441
Total Revenue	\$539.620	\$562.289	\$576.952	\$605.638	\$615.937	\$625.931
<u>Expenses</u>						
Labor:						
Payroll	397.029	404.391	421.094	438.794	453.010	468.951
Overtime	84.442	76.653	72.793	75.384	77.847	80.337
Health and Welfare	85.952	98.264	111.007	124.214	138.452	151.664
Pensions	77.921	108.293	112.564	117.371	119.513	119.176
Other Fringe Benefits	93.800	91.174	102.018	107.310	110.956	114.769
Reimbursable Overhead						
Total Labor Expenses	\$739.144	\$778.775	\$819.476	\$863.073	\$899.778	\$934.897
Non-Labor:						
Traction and Propulsion Power	43.240	47.159	53.138	54.809	54.971	55.309
Fuel for Buses and Trains	6.167	6.891	6.843	7.326	7.327	7.349
Insurance	14.143	14.786	17.465	20.065	23.070	26.448
Claims	9.920	12.651	14.964	15.214	15.542	15.901
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other						
Operating Contracts	54.846	59.734	70.366	68.224	65.830	67.125
Professional Service Contracts	15.794	19.470	21.039	20.016	21.134	21.570
Materials & Supplies	60.127	69.010	78.101	81.652	91.103	120.747
Other Business Expenses	5.371	5.324	5.986	5.837	6.213	6.344
Total Non-Labor Expenses	\$209.608	\$235.025	\$267.902	\$273.143	\$285.190	\$320.793
Other Expenses Adjustments:						
Other	5.490	17.394	15.291	27.535	34.859	45.537
Total Other Expense Adjustments	\$5.490	\$17.394	\$15.291	\$27.535	\$34.859	\$45.537
Total Expenses before Depreciation	\$954.242	\$1,031.194	\$1,102.669	\$1,163.751	\$1,219.827	\$1,301.227
Depreciation	192.649	228.622	260.116	272.293	268.774	253.325
Total Expenses	\$1,146.891	\$1,259.816	\$1,362.785	\$1,436.044	\$1,488.601	\$1,554.552
Baseline Net Surplus/(Deficit)	(\$607.271)	(\$697.527)	(\$785.833)	(\$830.406)	(\$872.664)	(\$928.621)
Program to Eliminate the Gap			61.150	89.285	91.627	93.813
Net Surplus/(Deficit)	(\$607.271)	(\$697.527)	(\$724.683)	(\$741.121)	(\$781.037)	(\$834.808)

**MTA Long Island Rail Road
July Financial Plan 2005 - 2008
Cash Receipts & Expenditures
(\$ in millions)**

	2003 Actuals	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<u>Receipts</u>						
Farebox Revenue	\$419.065	\$443.672	\$450.286	\$460.846	\$466.665	\$472.550
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	22.073	26.722	27.385	28.396	29.053	29.664
Capital and Other Reimbursements	159.011	170.041	172.717	195.887	200.397	204.507
Total Receipts	\$600.149	\$640.435	\$650.388	\$685.129	\$696.115	\$706.721
<u>Expenditures</u>						
Labor:						
Payroll	396.108	406.246	420.936	438.794	453.010	468.951
Overtime	84.442	76.653	72.793	75.384	77.847	80.337
Health and Welfare	86.871	98.264	111.007	124.214	138.452	151.664
Pensions	109.826	109.646	84.334	119.377	121.655	119.176
Other Fringe Benefits	95.768	91.330	102.018	107.310	110.956	114.769
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenditures	\$773.015	\$782.139	\$791.088	\$865.079	\$901.920	\$934.897
Non-Labor:						
Traction and Propulsion Power	42.692	47.159	53.138	54.809	54.971	55.309
Fuel for Buses and Trains	5.215	6.891	6.843	7.326	7.327	7.349
Insurance	19.289	19.367	24.305	26.148	29.277	33.747
Claims	9.611	12.171	14.155	14.383	14.684	15.012
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	58.168	62.373	71.775	69.911	67.517	68.812
Professional Service Contracts	20.930	21.255	25.114	20.516	21.634	22.070
Materials & Supplies	93.990	96.771	118.476	127.659	137.510	167.154
Other Business Expenses	2.878	5.533	6.086	5.927	6.293	6.414
Total Non-Labor Expenditures	\$252.773	\$271.520	\$319.892	\$326.679	\$339.213	\$375.867
Other Expenditure Adjustments:						
Other	25.377	27.500	28.000	44.071	52.344	63.513
Total Other Expenditure Adjustments	\$25.377	\$27.500	\$28.000	\$44.071	\$52.344	\$63.513
Total Expenditures	\$1,051.165	\$1,081.159	\$1,138.980	\$1,235.829	\$1,293.477	\$1,374.277
Baseline Net Cash Deficit	(\$451.016)	(\$440.724)	(\$488.592)	(\$550.700)	(\$597.362)	(\$667.556)
Program to Eliminate the Gap	0.000	0.000	61.150	89.285	91.627	93.813
Net Cash Deficit	(\$451.016)	(\$440.724)	(\$427.442)	(\$461.415)	(\$505.735)	(\$573.743)
Impact of Opening/Closing Balance	1.396					
Adjusted Net Cash Deficit	(\$449.620)					

MTA Long Island Rail Road
July Financial Plan 2005 - 2008
Cash Conversion (Cash Flow Adjustments)
(\$ in millions)

	2003 Actuals	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<u>Receipts</u>						
Farebox Revenue	\$25.774	\$28.499	\$28.700	\$29.200	\$29.700	\$30.200
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	(0.693)	2.103	2.279	2.349	2.432	2.524
Capital and Other Reimbursements	35.448	47.544	42.457	47.942	48.046	48.066
Total Receipt Adjustments	\$60.529	\$78.146	\$73.436	\$79.491	\$80.178	\$80.790
<u>Expenditures</u>						
Labor:						
Payroll	0.921	(1.855)	0.158	0.000	0.000	0.000
Overtime	0.000	0.000	0.000	0.000	0.000	0.000
Health and Welfare	(0.919)	0.000	0.000	0.000	0.000	0.000
Pensions	(31.905)	(1.353)	28.230	(2.006)	(2.142)	0.000
Other Fringe Benefits	(1.968)	(0.156)	0.000	0.000	0.000	0.000
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenditures	(\$33.871)	(\$3.364)	\$28.388	(\$2.006)	(\$2.142)	\$0.000
Non-Labor:						
Traction and Propulsion Power	0.548	0.000	0.000	0.000	0.000	0.000
Fuel for Buses and Trains	0.952	0.000	0.000	0.000	0.000	0.000
Insurance	(5.146)	(4.581)	(6.840)	(6.083)	(6.207)	(7.299)
Claims	0.309	0.480	0.809	0.831	0.858	0.889
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	(3.322)	(2.639)	(1.409)	(1.687)	(1.687)	(1.687)
Professional Service Contracts	(5.136)	(1.785)	(4.075)	(0.500)	(0.500)	(0.500)
Materials & Supplies	(33.863)	(27.761)	(40.375)	(46.007)	(46.407)	(46.407)
Other Business Expenditures	2.493	(0.209)	(0.100)	(0.090)	(0.080)	(0.070)
Total Non-Labor Expenditures	(\$43.165)	(\$36.495)	(\$51.990)	(\$53.536)	(\$54.023)	(\$55.074)
Other Expenditure Adjustments:						
Other	(19.887)	(10.106)	(12.709)	(16.536)	(17.485)	(17.976)
Total Other Expenditure Adjustments	(\$19.887)	(\$10.106)	(\$12.709)	(\$16.536)	(\$17.485)	(\$17.976)
Total Cash Conversion Adjustments before Depreciation	(\$36.394)	\$28.181	\$37.125	\$7.413	\$6.528	\$7.740
Depreciation Adjustment	192.649	228.622	260.116	272.293	268.774	253.325
Baseline Total Cash Conversion Adjustments	\$156.255	\$256.803	\$297.241	\$279.706	\$275.302	\$261.065
Program to Eliminate the Gap	0.000	0.000	0.000	0.000	0.000	0.000
Total Cash Conversion Adjustments	\$156.255	\$256.803	\$297.241	\$279.706	\$275.302	\$261.065
Impact of Opening/Closing Balance	1.396					
Adjusted Total Cash Conversion Adjustments	\$157.651					

**MTA Long Island Rail Road
Year-to-Year Changes by Category 2004-2008
Accrual and Cash**

Revenue

Farebox Revenue

- The regional economy and employment trends are the primary drivers.
- Employment trends in New York City are lower than projected in the 2004 budget that is adversely affecting ridership projections for the balance of 2004.
- 2005 ridership is projected to increase by 1.0% over 2004 level to 81.5 million. This growth is predicated on some recovery in employment levels.
- Passenger revenue forecasts in the outer years 2006-2008 reveal modest annual growth due to increases in ridership.

Other Operating Revenue

- Other revenues (rent, station privileges, etc.) are projected to grow each year primarily through contractual and inflationary increases.

Capital and Other Reimbursements

- Reflects the 2005-2009 Capital Program and completion of projects from the 2000-2004 Capital Program.

Expenses

Payroll

- 2004-2006 reflect pattern bargaining agreements of 3.0% annually for represented employees and CPI increases for management employees of 2.03% for 2005 and 2.20% for 2006.
- 2007-2008 includes CPI increases for both represented and management employees of 2.57% and 2.81%, respectively.
- Vacancy savings in 2004 account for approximately \$7 million of the increased costs from 2004 to 2005.
- Headcount changes each year are associated with changes in programs (i.e., fleet modifications) and Capital Program activity.

Overtime

- 2004-2005 savings is associated with increased headcount and availability, change in Capital Program activity and decrease in anticipated weather related overtime.
- 2006-2008 increases reflect the pattern bargaining agreements and changes in Capital Program activity.

Health & Welfare

- 2005 reflects 12.9% growth in rates over 2004.
- 2006-2008 includes 9.3% annual increase.

Pensions

- Reflects the latest actuarial valuation for each year.

Other Fringe Benefits

- Railroad Retirement Tax maximum limits are expected to increase each year by approximately 3%; the tax rate for each tier is expected to remain unchanged.
- Railroad Unemployment reflects an annual increase of 3% in the monthly amount per employee.

Traction and Propulsion Power

- 2004 is based on actuals through April.
- 2005-2008 reflects price inflators, historical data and M-7 delivery schedule.

Fuel

- 2004 is based on actuals through April.
- 2005-2008 reflects price inflators and historical performance.

Insurance

- 2005-2008 reflects price inflators.
- 2006-2008 reflects a 20% growth in All Agency Property Insurance-Terrorism.

Claims

- 2004 reflects actual experience through April.
- 2005-2008 reflects anticipated increase in reserves and payments due to claims regarding the Fresh Pond and Amtrak crashes.

Maintenance and Other Operating Contracts

- 2005 reflects contract price increases, M-1 decommissioning and Jamaica Central Control/Air Train Facility costs.
- 2006-2008 reflects inflationary increases, which have been partially offset by the elimination of the M-1 fleet.

Professional Service Contracts

- 2004-2008 reflects Information Services system initiative plans with the completion of projects and the start of new initiatives.
- 2005-2008 reflects price inflators.

Material and Supplies

- 2005-2008 reflects CPI growth.
- 2005-2008 reflects changes in LCM program and fleet schedule periodic inspections, partially offset by support shop reductions due to M-1 retirements and diesel modifications.
- 2007-2008 includes the operation of the Arch Street Shop.

Other Business Expenses

- 2004-2006 reflects changes in credit/debit card authorization fees and savings in miscellaneous expenses.
- 2007-2008 includes CPI increases.

Other Expense Adjustments

- Reflects changes year-to-year in expenses incidental to project work and inventory adjustments.

Depreciation

- Reflects depreciation of current assets as well as estimates for capital programs based on their beneficial use.

Cash Adjustments**Revenue**

- 2004-2005 – nonrecurring City Ticket reimbursement in 2004; World Trade Center recovery received in 2004; and reimbursement in 2004 for capital material purchased in 2003.
- 2006-2007 – timing of capital reimbursement

Expense

- Payroll 2004-2005 – represented contract settlement paid out in 2004
- Pension – cash payments versus accrued expenses; prepayment in 2003 for 2005 pension contribution
- Insurance and Claims & Suits – payments versus accrued expenses.
- Professional, Maintenance and Other Contract services – changes in environmental payments.
- 2004-2006 - timing of material purchases versus charge-outs
- Increase in Operating Funded Capital in 2005 over 2004 resulting from delays in 2004 project activity. Continue with 2005 level in future years.
- Depreciation and other non-cash adjustments for each year 2004-2008

MTA Long Island Rail Road
July Financial Plan 2005 - 2008
Year-to-Year Changes by Category - Accrual Basis
(\$ in millions)

**NON-REIMBURSABLE and
REIMBURSABLE**

REIMBURSABLE	Favorable/(Unfavorable)								
	2004	2005	Change 2005 - 2004	2006	Change 2006 - 2005	2007	Change 2007 - 2006	2008	Change 2008 - 2007
Revenue									
Farebox Revenue	\$415.173	\$421.586	\$6.413	\$431.646	\$10.060	\$436.965	\$5.319	\$442.350	\$5.385
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	24.619	25.106	0.487	26.047	0.941	26.621	0.574	27.140	0.519
Capital and Other Reimbursements	122.497	130.260	7.763	147.945	17.685	152.351	4.406	156.441	4.090
Total Revenue	\$562.289	\$576.952	\$14.663	\$605.638	\$28.686	\$615.937	\$10.299	\$625.931	\$9.994
Expenses									
Labor:									
Payroll	404.391	421.094	(16.703)	438.794	(17.700)	453.010	(14.216)	468.951	(15.941)
Overtime	76.653	72.793	3.860	75.384	(2.591)	77.847	(2.463)	80.337	(2.490)
Health and Welfare	98.264	111.007	(12.743)	124.214	(13.207)	138.452	(14.238)	151.664	(13.212)
Pensions	108.293	112.564	(4.271)	117.371	(4.807)	119.513	(2.142)	119.176	0.337
Other Fringe Benefits	91.174	102.018	(10.844)	107.310	(5.292)	110.956	(3.646)	114.769	(3.813)
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenses	\$778.775	\$819.476	(\$40.701)	\$863.073	(\$43.597)	\$899.778	(\$36.705)	\$934.897	(\$35.119)
Non-Labor:									
Traction and Propulsion Power	47.159	53.138	(5.979)	54.809	(1.671)	54.971	(0.162)	55.309	(0.338)
Fuel for Buses and Trains	6.891	6.843	0.048	7.326	(0.483)	7.327	(0.001)	7.349	(0.022)
Insurance	14.786	17.465	(2.679)	20.065	(2.600)	23.070	(3.005)	26.448	(3.378)
Claims	12.651	14.964	(2.313)	15.214	(0.250)	15.542	(0.328)	15.901	(0.359)
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other	59.734	70.366	(10.632)	68.224	2.142	65.830	2.394	67.125	(1.295)
Professional Service Contracts	19.470	21.039	(1.569)	20.016	1.023	21.134	(1.118)	21.570	(0.436)
Materials & Supplies	69.010	78.101	(9.091)	81.652	(3.551)	91.103	(9.451)	120.747	(29.644)
Other Business Expenses	5.324	5.986	(0.662)	5.837	0.149	6.213	(0.376)	6.344	(0.131)
Total Non-Labor Expenses	\$235.025	\$267.902	(\$32.877)	\$273.143	(\$5.241)	\$285.190	(\$12.047)	\$320.793	(\$35.603)
Other Expenses Adjustments:									
Other	17.394	15.291	2.103	27.535	(12.244)	34.859	(7.324)	45.537	(10.678)
Total Other Expense Adjustments	\$17.394	\$15.291	\$2.103	\$27.535	(\$12.244)	\$34.859	(\$7.324)	\$45.537	(\$10.678)
Total Expenses before Depreciation									
Depreciation	\$1,031.194	\$1,102.669	(\$71.475)	\$1,163.751	(\$61.082)	\$1,219.827	(\$56.076)	\$1,301.227	(\$81.400)
Depreciation	228.622	260.116	(31.494)	272.293	(12.177)	268.774	3.519	253.325	15.449
Total Expenses	\$1,259.816	\$1,362.785	(\$102.969)	\$1,436.044	(\$73.259)	\$1,488.601	(\$52.557)	\$1,554.552	(\$65.951)
Baseline Net Surplus/(Deficit)	(\$697.527)	(\$785.833)	(\$88.306)	(\$830.406)	(\$44.573)	(\$872.664)	(\$42.258)	(\$928.621)	(\$55.957)
Program to Eliminate the Gap	0.000	61.150	61.150	89.285	28.135	91.627	2.342	93.813	2.186
Net Surplus/(Deficit)	(\$697.527)	(\$724.683)	(\$27.156)	(\$741.121)	(\$16.438)	(\$781.037)	(\$39.916)	(\$834.808)	(\$53.771)

MTA Long Island Rail Road
July Financial Plan 2005 - 2008
Year-to-Year Changes by Category - Cash Basis
(\$ in millions)

	Favorable/(Unfavorable)								
	2004	2005	Change 2005 - 2004	2006	Change 2006 - 2005	2007	Change 2007 - 2006	2008	Change 2008 - 2007
Cash Receipts & Expenditures									
<u>Receipts</u>									
Farebox Revenue	\$443.672	\$450.286	\$6.614	\$460.846	\$10.560	\$466.665	\$5.819	\$472.550	\$5.885
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	26.722	27.385	0.663	28.396	1.011	29.053	0.657	29.664	0.611
Capital and Other Reimbursements	170.041	172.717	2.676	195.887	23.170	200.397	4.510	204.507	4.110
Total Receipts	\$640.435	\$650.388	\$9.953	\$685.129	\$34.741	\$696.115	\$10.986	\$706.721	\$10.606
<u>Expenditures</u>									
Labor:									
Payroll	406.246	420.936	(14.690)	438.794	(17.858)	453.010	(14.216)	468.951	(15.941)
Overtime	76.653	72.793	3.860	75.384	(2.591)	77.847	(2.463)	80.337	(2.490)
Health and Welfare	98.264	111.007	(12.743)	124.214	(13.207)	138.452	(14.238)	151.664	(13.212)
Pensions	109.646	84.334	25.312	119.377	(35.043)	121.655	(2.278)	119.176	2.479
Other Fringe Benefits	91.330	102.018	(10.688)	107.310	(5.292)	110.956	(3.646)	114.769	(3.813)
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenditures	\$782.139	\$791.088	(\$8.949)	\$865.079	(\$73.991)	\$901.920	(\$36.841)	\$934.897	(\$32.977)
Non-Labor:									
Traction and Propulsion Power	47.159	53.138	(5.979)	54.809	(1.671)	54.971	(0.162)	55.309	(0.338)
Fuel for Buses and Trains	6.891	6.843	0.048	7.326	(0.483)	7.327	(0.001)	7.349	(0.022)
Insurance	19.367	24.305	(4.938)	26.148	(1.843)	29.277	(3.129)	33.747	(4.470)
Claims	12.171	14.155	(1.984)	14.383	(0.228)	14.684	(0.301)	15.012	(0.328)
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other									
Operating Contracts	62.373	71.775	(9.402)	69.911	1.864	67.517	2.394	68.812	(1.295)
Professional Service Contracts	21.255	25.114	(3.859)	20.516	4.598	21.634	(1.118)	22.070	(0.436)
Materials & Supplies	96.771	118.476	(21.705)	127.659	(9.183)	137.510	(9.851)	167.154	(29.644)
Other Business Expenses	5.533	6.086	(0.553)	5.927	0.159	6.293	(0.366)	6.414	(0.121)
Total Non-Labor Expenditures	\$271.520	\$319.892	(\$48.372)	\$326.679	(\$6.787)	\$339.213	(\$12.534)	\$375.867	(\$36.654)
Other Expenditure Adjustments:									
Other	27.500	28.000	(0.500)	44.071	(16.071)	52.344	(8.273)	63.513	(11.169)
Total Other Expenditure Adjustments	\$27.500	\$28.000	(\$0.500)	\$44.071	(\$16.071)	\$52.344	(\$8.273)	\$63.513	(\$11.169)
Total Expenditures	\$1,081.159	\$1,138.980	(\$57.821)	\$1,235.829	(\$96.849)	\$1,293.477	(\$57.648)	\$1,374.277	(\$80.800)
Baseline Net Cash Deficit	(\$440.724)	(\$488.592)	(\$47.868)	(\$550.700)	(\$62.108)	(\$597.362)	(\$46.662)	(\$667.556)	(\$70.194)
Program to Eliminate the Gap	0.000	61.150	61.150	89.285	28.135	91.627	2.342	93.813	2.186
Net Cash Deficit	(\$440.724)	(\$427.442)	\$13.282	(\$461.415)	(\$33.973)	(\$505.735)	(\$44.320)	(\$573.743)	(\$68.008)

MTA Long Island Rail Road
July Financial Plan 2005 - 2008
Ridership/Traffic Volume (Utilization)
(in millions)

	2003 Actuals	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008	2009
Baseline Total Ridership	80.924	80.712	81.566	83.351	84.378	85.253	85.982
<i>Impact of:</i> Program to Eliminate the Gap			(0.025)	(0.679)	(0.679)	(0.679)	(0.679)
Total Ridership	80.924	80.712	81.541	82.672	83.699	84.574	85.303

MTA Long Island Rail Road
Summary of Changes between Financial Plans
2004-2007

2004: July Financial Plan vs. February Financial Plan

2004 July Financial Plan based on actual performance through April with projections for May through December based on current trends and known activities.

Revenue

- (1.4)% decrease in ridership
- (1.0)% decrease in average yield per passenger
- Special Services – higher yield per assignment (price increase)
- Higher advertising revenue, station privileges revenue and sale of scrap, partially offset by lower newsstand/concession and rental income.
- Capital and other reimbursements are lower primarily resulting from changes in capital project activity (scopes and schedules).

Expense

- Payroll and benefits – reduced from February Plan due to lower headcount (higher attrition and delays in filling vacant positions; change in capital activity and headcount need for project work)
- Traction Power and Fuel are higher primarily resulting from increased rates. Traction power increased by 0.8% due to increase in NYPA rates and LIPA fuel cost adjustment, partially offset by lower LIPA consumption. Diesel fuel increased by 18.5% resulting from higher oil prices.
- All other non-payroll expenses have been re-estimated based on planned activities and timing of service contracts (primarily consultant activity, environmental services, M-1 Decommissioning and M-1 modifications).

2005: July Financial Plan vs. February Financial Plan

Revenue

- (1.0)% decrease in ridership
- (0.6)% decrease in average yield per passenger
- Special Services – higher yield per assignment (price increase)
- Lower rental income and newsstand/concession income.
- Capital and other reimbursements are lower primarily resulting from changes in capital project activity resulting primarily from start of 2005-2009 Capital Program.

Expense

- Reflects Health & Welfare rate increase from 8.4% to 12.9%
- Traction Power and Fuel are higher primarily resulting from increased rates.
- Materials have been re-estimated based on changes in the original plans for the Life Cycle Maintenance Program.
- All other non-payroll expenses have been re-estimated based on planned activities and changes in service contracts (primarily consultant activity, environmental services, M-1 Decommissioning and fleet modifications).

2006: July Financial Plan vs. February Financial Plan

Revenue

- (0.5)% decrease in ridership
- (0.4)% decrease in average yield per passenger
- Special Services – higher yield per assignment (price increase)
- Lower rental income and newsstand/concession income.
- Capital and other reimbursements are slightly higher primarily resulting from changes in capital project activity associated with the 2005-2009 Capital Program.

Expense

- Reflects Health & welfare rate increase from 8.4% to 9.3%
- Traction Power and Fuel are higher primarily resulting from increased rates.
- Materials have been re-estimated based on changes in the original plans for the Life Cycle Maintenance Program.
- All other non-payroll expenses have been re-estimated based on planned activities and changes in service contracts.

2007: July Financial Plan vs. February Financial Plan

Revenue

- (0.6)% decrease in ridership
- (0.4)% decrease in average yield per passenger
- Special Services – higher yield per assignment (price increase)
- Lower rental income and newsstand/concession income.
- Capital and other reimbursements are lower primarily resulting from changes in capital project activity associated with the 2005-2009 Capital Program.

Expense

- Reflects Health & welfare rate increase from 8.4% to 9.3%
- Traction Power and Fuel are higher primarily resulting from increased rates.
- Materials have been re-estimated based on changes in the original plans for the Life Cycle Maintenance Program.
- All other non-payroll expenses have been re-estimated based on planned activities and changes in service contracts.

MTA Long Island Rail Road
July Financial Plan 2005 - 2008
Summary of Changes Between Financial Plans by Category
(\$ in millions)

NON-REIMBURSABLE

	2004	2005	2006	2007
2004 February Financial Plan - Operating Cash Income/(Deficit)	(\$446.048)	(\$439.290)	(\$485.936)	(\$525.918)
Add Back: February Plan Unspecified PEGS		(\$38.243)	(\$70.870)	(\$77.198)
Baseline 2004 February Financial Plan - Operating Cash Income/(Deficit)	(\$446.048)	(\$477.533)	(\$556.806)	(\$603.116)
Changes:				
Revenue				
Fare Revenue	(\$10.052)	(\$6.987)	(\$4.193)	(\$4.741)
Other Revenue	0.547	(0.458)	(1.256)	(1.998)
Capital and Other Reimbursements - change in Capital Program activity	0.000	0.000	0.000	0.000
Sub-Total Revenue Changes	(\$9.505)	(\$7.445)	(\$5.449)	(\$6.739)
Expense				
Payroll and Benefits - primarily rate adjustments/inflation changes	1.007	(7.509)	(5.297)	(12.601)
Pension - latest assumptions	0.757	0.502	2.270	6.762
Traction Power rate increases/usage	(0.360)	(5.178)	(5.794)	(5.768)
Fuel for Trains price per gallon increase/inflation	(1.016)	(0.609)	(0.655)	(0.219)
Material & Supplies re-estimate primarily associated with the Life Cycle Maintenance Program	0.719	10.025	32.848	37.835
Insurance re-estimate (FMTAC chargeback change)	2.243	1.978	2.249	2.547
Claims Reserve and anticipated payment adjustments	2.041	0.000	0.048	(0.125)
Re-estimate of all other non-payroll expenses	0.639	(1.127)	1.876	7.907
Re-estimate of other expense adjustments (Misc. chgs. & crs.)	(5.404)	(3.301)	(18.545)	(25.844)
Depreciation Re-estimate	(10.868)	(32.483)	(27.534)	(14.442)
Sub-Total Expense Changes	(\$10.242)	(\$37.702)	(\$18.534)	(\$3.948)
Cash Adjustments:				
Revenue				
City Ticket Revenue loss reimbursement	0.299			
World Trade Center loss reimbursement	4.300			
Miscellaneous adjustment		(0.135)	(0.052)	
Expense				
Labor Contract Settlement	1.592	0.000	0.000	0.000
Pension - re-estimate of cash payments	(1.242)	(1.770)	(2.006)	(2.142)
Insurance - timing of payments	1.630	0.054	0.075	0.086
Claims reserve adjustments	(0.820)	(0.515)	(0.519)	(0.522)
Environmental Professional Services	2.240	0.583	2.000	2.000
Timing of Production Plan Material purchases	(1.000)	0.000	0.000	0.000
Operating Funded Capital	0.000	0.200	0.200	0.200
Non-cash expense adjustments (Misc. Charges & Credits)	5.404	3.188	2.857	2.377
Depreciation	10.868	32.483	27.534	14.442
Sub-Total Cash Adjustment Changes	\$23.271	\$34.088	\$30.089	\$16.441
Total Baseline Changes	\$3.524	(\$49.302)	(\$64.764)	(\$71.444)
Program to Eliminate the Gap	\$0.000	\$61.150	\$89.285	\$91.627
Total Changes	\$3.524	\$11.848	\$24.521	\$20.183
2004 July Financial Plan - Operating Cash Income/(Deficit)	(\$442.524)	(\$427.442)	(\$461.415)	(\$505.735)

MTA Long Island Rail Road
July Financial Plan 2005 - 2008
Summary of Changes Between Financial Plans by Category
(\$ in millions)

REIMBURSABLE

	2004	2005	2006	2007
2004 February Financial Plan - Operating Cash Income/(Deficit)	\$1.800	\$0.000	\$0.000	\$0.000
Add Back: February Plan Unspecified PEGS				
Baseline 2004 February Financial Plan - Operating Cash Income/(Deficit)	\$1.800	\$0.000	\$0.000	\$0.000
Changes:				
Revenue				
Capital and Other Reimbursements	(11.389)	(13.845)	0.035	(2.160)
Sub-Total Revenue Changes	(\$11.389)	(\$13.845)	\$0.035	(\$2.160)
Expenses				
Payroll and Overheads - primarily changes in Capital Program reimbursable activity	11.639	13.399	(0.432)	1.174
Non-Labor expense adjustments (primarily materials)	(0.250)	0.446	0.397	0.986
Sub-Total Expense Changes	\$11.389	\$13.845	(\$0.035)	\$2.160
Cash Adjustments:				
Revenue				
Capital and Other Reimbursements	(1.793)	1.600	6.406	5.973
Expense				
Material and Other non-payroll adjustments	1.793	(1.600)	(6.406)	(5.973)
Sub-Total Cash Adjustment Changes	\$0.000	\$0.000	\$0.000	\$0.000
Total Baseline Changes	\$0.000	\$0.000	\$0.000	\$0.000
Program to Eliminate the Gap				
Total Changes	\$0.000	\$0.000	\$0.000	\$0.000
2004 July Financial Plan - Operating Cash Income/(Deficit)	\$1.800	\$0.000	\$0.000	\$0.000

MTA Long Island Rail Road
July Financial Plan 2005 - 2008
Summary of Changes Between Financial Plans by Category
(\$ in millions)

**NON-REIMBURSABLE and
REIMBURSABLE**

	2004	2005	2006	2007
2004 February Financial Plan - Operating Cash Income/(Deficit)	(\$444.248)	(\$439.290)	(\$485.936)	(\$525.918)
Add Back: February Plan Unspecified PEGS		(\$38.243)	(\$70.870)	(\$77.198)
Baseline 2004 February Financial Plan - Operating Cash Income/(Deficit)	(\$444.248)	(\$477.533)	(\$556.806)	(\$603.116)
Changes:				
Revenue				
Fare Revenue	(\$10.052)	(\$6.987)	(\$4.193)	(\$4.741)
Other Revenue	0.547	(0.458)	(1.256)	(1.998)
Capital and Other Reimbursements - change in Capital Program activity	(11.389)	(13.845)	0.035	(2.160)
Sub-Total Revenue Changes	(\$20.894)	(\$21.290)	(\$5.414)	(\$8.899)
Expenses				
Payroll and Benefits - primarily changes in Capital Program reimbursable activity and rate adjustments	11.848	4.213	(6.117)	(11.842)
Pension - latest assumptions	1.555	2.179	2.658	7.177
Traction Power rate increases/usage	(0.360)	(5.178)	(5.794)	(5.768)
Fuel for Trains price per gallon increase/inflation	(1.078)	(0.609)	(0.655)	(0.219)
Material & Supplies re-estimate primarily associated with the Life Cycle Maintenance Program	0.715	10.458	33.189	38.725
Insurance re-estimate (includes FMTAC chargeback change)	2.243	2.063	2.340	2.643
Claims Reserve and anticipated payment adjustments	2.041	0.000	0.048	(0.125)
Re-estimate of all other non-payroll expenses	0.455	(1.199)	1.841	7.907
Re-estimate of other expense adjustments (Misc. chgs. & crs.)	(5.404)	(3.301)	(18.545)	(25.844)
Depreciation Re-estimate	(10.868)	(32.483)	(27.534)	(14.442)
Sub-Total Expense Changes	\$1.147	(\$23.857)	(\$18.569)	(\$1.788)
Cash Adjustments:				
Revenue				
City Ticket Revenue loss reimbursement	0.299			
World Trade Center insurance reimbursement	4.300			
Miscellaneous adjustment		(0.135)	(0.052)	
Expense				
Labor Contract Settlement	1.592	0.000	0.000	0.000
Pension - re-estimate of cash payments	(1.242)	(1.770)	(2.006)	(2.142)
Insurance - timing of payments	1.630	0.054	0.075	0.086
Claims reserve adjustments	(0.820)	(0.515)	(0.519)	(0.522)
Environmental Professional Services	2.240	0.583	2.000	2.000
Timing of Production Plan Material purchases	(1.000)	0.000	0.000	0.000
Operating Funded Capital	0.000	0.200	0.200	0.200
Non-cash expense adjustments (Misc. Charges & Credits)	5.404	3.188	2.857	2.377
Depreciation	10.868	32.483	27.534	14.442
Sub-Total Cash Adjustment Changes	\$23.271	\$34.088	\$30.089	\$16.441
Total Baseline Changes	\$3.524	(\$49.302)	(\$64.764)	(\$71.444)
Program to Eliminate the Gap		\$61.150	\$89.285	\$91.627
Total Changes	\$3.524	\$11.848	\$24.521	\$20.183
2004 July Financial Plan - Operating Cash Income/(Deficit)	(\$440.724)	(\$427.442)	(\$461.415)	(\$505.735)

MTA Long Island Rail Road
July Financial Plan 2005 - 2008
Summary of the Programs to Eliminate the Gap
(\$ in millions)

Favorable/(Unfavorable)										
2004		2005		2006		2007		2008		
Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars	
LIST of PROGRAMS										
Administration:										
Transportation Admin- Reduce Staffing Level		6.0	\$1.117	6.0	\$1.149	6.0	\$1.179	6.0	\$1.212	
Reduction to Administrative Non-Payroll exp			1.607		1.632		1.666		1.703	
Reduction to Training Staff and Programs		4.0	0.372	4.0	0.383	4.0	0.393	4.0	0.404	
OFC Funding Reduced			0.800		0.800		0.800		0.800	
M/E Operational Admin-Reduce Staffing Levels		9.0	0.908	9.0	0.938	9.0	0.959	9.0	0.986	
Lease Line Savings			0.100		0.102		0.104		0.106	
IS System Initiatives			1.911		1.942		1.982		2.026	
IS Department Misc. Initiatives			0.600		0.610		0.622		0.636	
IS Department Headcount Reductions		8.0	0.808	8.0	0.832	8.0	0.953	8.0	0.877	
Engineering Admin- Reduce Staffing Levels		8.0	0.658	8.0	0.677	8.0	0.695	8.0	0.714	
Decreased Passenger Vehicle Replacement			0.646		0.656		0.670		0.685	
Cut Budget for Uniforms			0.250		0.254		0.259		0.261	
Admin Headcount & Payroll Reductions		31.0	2.684	31.0	2.760	31.0	2.829	31.0	2.907	
Reduction to Administrative Non-Payroll funding			0.818		0.831		0.848		0.867	
Reduction to Training Staff and Programs			0.590		0.607		0.623		0.640	
Reduced Funding for Advertising			0.443		0.450		0.459		0.470	
IS System Initiatives			2.287		2.323		2.371		2.424	
IS Department Headcount Reductions		8.0	0.808	8.0	0.832	8.0	0.953	8.0	0.877	
Engineering Admin- Reduce Staffing Levels		3.0	0.213	3.0	0.220	3.0	0.225	3.0	0.232	
Cut Additional Passenger Vehicle Replacement			0.243		0.247		0.252		0.258	
Administrative Headcount & Payroll Reductions		19.0	1.705	19.0	1.755	19.0	1.800	19.0	1.850	
Additional Reductions to Training Staff & Programs		1.0	0.093	1.0	0.096	1.0	0.098	1.0	0.101	
Reduction to Administrative Non payroll funding			0.187		0.190		0.194		0.198	
Reduction to Training Staff and Programs		15.0	1.092	15.0	1.124	15.0	1.153	15.0	1.185	
Sub-Total Administration	0	\$0.000	112.0	\$20.940	112.0	\$21.410	112.0	\$22.087	112.0	\$22.419
Customer Convenience & Amenities:										
Train Crew Staffing Reductions		14.0	\$2.410	14.0	\$2.481	14.0	\$2.545	14.0	\$2.616	
Ticket Selling- Reduce Windows at Selected Stations		6.0	0.430	6.0	0.442	6.0	0.453	6.0	0.466	
Station Cleaning Reductions		1.0	0.057	1.0	0.059	1.0	0.060	1.0	0.062	
Reduce Car Cleaning Operations		12.0	0.684	12.0	0.704	12.0	0.722	12.0	0.742	
Eliminate Funding for Replacement Penn Station Signs			1.000		1.016		1.037		1.060	
Ticket Selling- Further Reductions at Selected Stations		11.0	0.764	11.0	0.786	11.0	0.806	11.0	0.829	
Eliminate 1 of 4 HVAC Freeze Teams		3.0	0.326	3.0	0.336	3.0	0.344	3.0	0.354	
Cuts to Station Cleaners		14.0	0.798	14.0	0.821	14.0	0.842	14.0	0.866	
Customer Communication-Transportation Department		2.0	0.160	2.0	0.165	2.0	0.169	2.0	0.174	
Substantial Reductions to Car Cleaners		51.0	3.161	51.0	3.252	51.0	3.336	51.0	3.429	
Eliminate all additional HVAC Freeze Teams		3.0	0.326	3.0	0.336	3.0	0.344	3.0	0.354	
Eliminate M7 Sinks		4.0	0.300	4.0	0.308	4.0	0.316	4.0	0.325	
Close all Car Washes- Eliminate Exterior Car Cleaning				4.0	0.381		0.391		0.402	
Eliminate Ticket Selling Positions at 16 Stations				14.0	0.965		0.990		1.018	
Eliminate Ticket Selling Positions at all Remaining Line Stations				14.0	0.965		0.990		1.018	
Sub-Total Customer Convenience & Amenities	0	\$0.000	121.0	\$10.416	153.0	\$13.017	153.0	\$13.345	153.0	\$13.715

Service:

Service Reductions with Minimal Impact	10.0	\$1.759	10.0	\$1.801	10.0	\$1.844	10.0	\$1.892
Eliminate Planned Growth MU AM Peak Service (Support shops)		0.936		0.951		0.971		0.992
Eliminate Planned Growth MU AM Peak Service (Field)	8.1	0.840	8.1	0.858	8.1	0.878	8.1	0.899
Transportation Overtime Reductions		0.560		0.576		0.591		0.608
Reduce Emergency Busing Service		0.250		0.254		0.259		0.265
Transportation Operational Administration-Reduce Staffing Levels and Payroll	2.0	0.189	2.0	0.194	2.0	0.199	2.0	0.205
Reduction in Co-mingling Penalty Payments		0.125		0.129		0.132		0.136
Reduction of Supervisor-Schedule's Position in Service Planning	1.0	0.099	1.0	0.102	1.0	0.105	1.0	0.108
Customer Service Office-Penn Station	1.0	0.090	1.0	0.093	1.0	0.095	1.0	0.098
Eliminate Service to Belmont Race Track				0.135		0.139		0.143
Abandon West Hempstead Branch			24.9	2.423	24.9	2.484	24.9	2.551
Abandon Oyster Bay Branch			69.8	7.130	69.8	7.306	69.8	7.503
Abandon Montauk Branch west of Jamaica			19.9	1.117	19.9	1.144	19.9	1.174
Abandon Greenport to Ronkonkoma			22.5	1.696	22.5	1.737	22.5	1.783
Eliminate Weekend Service on Oyster Bay, Far Rockaway, Port Jeff and West Hempstead			3.0	3.168	3.0	3.249	3.0	3.339
Service Reductions Below Current Service Levels			83.0	9.326	83.0	9.560	83.0	9.822
Sub-Total Service	0	\$0.000	22.1	\$4.848	245.1	\$29.953	245.1	\$31.518
Maintenance:								
Rubbish Removal on the ROW	2.0	\$0.428	2.0	\$0.437	2.0	\$0.447	2.0	\$0.458
Low Priority Maintenance-Engineering Track		0.088		0.089		0.091		0.093
Low Priority Maintenance-Engineering Structures		1.258		1.279		1.305		1.334
Low Priority Maintenance-Engineering Signals	1.0	0.672	1.0	0.684	1.0	0.699	1.0	0.715
Low Priority Maintenance-Engineering Power	3.0	1.211	3.0	1.234	3.0	1.261	3.0	1.291
Low Priority Maintenance-Engineering MofW		0.500		0.508		0.519		0.530
Low Priority Maintenance-Engineering Communication:	2.0	1.128	2.0	1.148	2.0	1.173	2.0	1.200
Eliminate the Stores Department Second Shift @ Hillside	5.0	0.358	5.0	0.368	5.0	0.378	5.0	0.389
Re-estimate M/E Life Cycle Maintenance Program		0.954		0.969		0.989		1.011
Reduce Cleaning of Employee Facility	4.0	0.228	4.0	0.235	4.0	0.241	4.0	0.247
M/E Operational Administration- Reduce Staffing Levels and Payroll	9.0	0.934	9.0	0.962	9.0	0.987	9.0	1.014
Further Reduction to Engineering Maintenance- Track	14.0	1.378	14.0	1.417	14.0	1.453	14.0	1.493
Further Reduction to Engineering Maintenance- Structures	8.0	1.109	8.0	1.138	8.0	1.166	8.0	1.197
Further Reduction to Engineering Maintenance- Signal	3.0	0.308	3.0	0.317	3.0	0.325	3.0	0.334
Further Reduction to Engineering Maintenance- Power	8.0	0.715	8.0	0.735	8.0	0.754	8.0	0.775
Further Reduction to Engineering Maintenance- Communications	3.0	0.293	3.0	0.301	3.0	0.308	3.0	0.317
Curtail Long Island City Yard Operation	6.0	0.548	6.0	0.564	6.0	0.579	6.0	0.595
Arch Street PEMD Support	2.0	0.182	2.0	0.187	2.0	0.192	2.0	0.197
Re-estimate M/E Life Cycle Maintenance Program	2.0	0.946	2.0	0.963	2.0	0.984	2.0	1.007
Reduce Staffing in Engineering Signal Gangs	10.0	0.900	10.0	0.925	10.0	0.948	10.0	0.975
Reduce M/E Field Operations and Staffing	5.0	0.491	5.0	0.505	5.0	0.518	5.0	0.533
Long Tern Storage for Diesel Locomotives	1.5	1.533	1.5	1.560	1.5	1.594	1.5	1.631
Further Reduce Plant Equipment Maintenance Staffing in M/E								
Assigned to Arch Street and West Side Shop	7.0	0.634	7.0	0.652	7.0	0.669	7.0	0.688
Continue Reductions to Bridge Painting Program		0.153		0.155		0.158		0.162
Close West Side Shop(1 shift)	4.0	0.359	4.0	0.369	4.0	0.379	4.0	0.390
Agency Wide Reduction in Overtime		5.577		5.029		5.543		5.698
Extend Periodic Inspection for Diesel Equipment	7.0	0.949	7.0	0.975	7.0	0.999	7.0	1.026
Sub-Total Maintenance	0.0	\$0.000	106.5	\$23.834	106.5	\$23.705	106.5	\$25.300
Revenue Enhancements:								
Revenue- Additional Parking Fees		0.500		0.508		0.519		0.530
Leasing of Arch Street Shop		0.300		0.375				
Sub-Total Revenue Enhancements	0	\$0.000	0.0	\$0.800	0.0	\$0.883	0.0	\$0.530
Other:								
Reduce CARE funding		\$0.178		\$0.181		\$0.185		\$0.189
Environmental Program Reductions		0.134		0.136		0.139		0.142
Sub-Total Other	0.0	\$0.000	0.0	\$0.312	0.0	\$0.317	0.0	\$0.331
Total PEGS	0.0	\$0.000	361.6	\$61.150	616.6	\$89.285	616.6	\$93.813

MTA LONG ISLAND RAIL ROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category:

ADMINISTRATION

Program:

Transp Operational Administration - Reduce Staffing Levels and Payroll

Background Details: N/A

PEG Description and Implementation Plan: Reduction in overtime associated with improved employee availability resulting from reduction in employee development and/or change in training programs; reduction of 5 Administrative staff positions.

PEG Implementation Date:

Jan-05

When will PEG savings begin?: Jan-05

Financial Impact (Operating)

Net Savings (in millions)

2004
Mid-Year
Forecast

2005
Preliminary
Budget

2006

2007

2008

\$0.000

\$1.117

\$1.149

\$1.179

\$1.212

Total Reduction in Positions Required

0

6

6

6

6

Current Vacancies

0

0

0

0

0

Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other

(Identify Appropriate Indicator)

MTA LONG ISLAND RAIL ROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category:

ADMINISTRATION

Program:

Reduction to Administrative Non payroll expense

Background Details: N/A

PEG Description and Implementation Plan:

Reduction of miscellaneous non-payroll: supplies, furniture and fixtures, periodicals & books, outside training, computer purchases, tuition reimbursement, winter vehicle rental; etc.

PEG Implementation Date:

Jan-05

When will PEG savings begin?: Jan-05

Financial Impact (Operating)

Net Savings (in millions)

2004
Mid-Year
Forecast

2005
Preliminary
Budget

2006

2007

2008

\$0.000

\$1.607

\$1.632

\$1.666

\$1.703

Total Reduction in Positions Required

0

0

0

0

0

Current Vacancies

0

0

0

0

0

Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other

(Identify Appropriate Indicator)

MTA LONG ISLAND RAIL ROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category:

ADMINISTRATION

Program:

Reduction to Training Staff and Programs

Background Details:	Currently have 2 Training Specialist for Computer training which would now be reduced to 1.
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PEG Description and Implementation Plan:	Reduction of 4 Training Specialist (2 Equip., 1 Engr, 1 Computer) - reduction in computer training; M-7 research and Curriculum Development complete; training institutionalized requiring less manpower; reduced staff	
PEG Implementation Date:	Jan-05	When will PEG savings begin?: Jan-05

Financial Impact (Operating)

Net Savings (in millions)

2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
\$0.000	\$0.372	\$0.383	\$0.393	\$0.404

Total Reduction in Positions Required

0 4 4 4 4

Current Vacancies

0 0 0 0 0

Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other

(Identify Appropriate Indicator)

MTA LONG ISLAND RAIL ROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category: ADMINISTRATION
Program: OFC Funding Reduced

Background Details: OFC funding level was \$8.0 million per year based on smaller scale capital project need

PEG Description and Implementation Plan: Operating Funded Capital - 10% reduction.

PEG Implementation Date: Jan-05 **When will PEG savings begin?:** Jan-05

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.800	\$0.800	\$0.800	\$0.800
<i>Total Reduction in Positions Required</i>	0	0	0	0	0
 Current Vacancies	0	0	0	0	0
 <i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
 Other (Identify Appropriate Indicator)					

MTA LONG ISLAND RAIL ROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category: ADMINISTRATION

Program: M/E Operational Administration - Reduce Staffing Levels and Payroll

Background Details: N/A

PEG Description and Implementation Plan: Reduction in 9 administrative staff positions: 1 Mgr Warranty (MPA) , 2 Jr Engineers (NTSA), 1 Elec Eng (MPA), 1 Draftsman (NTSA) and 1 Supv Equip (IRSA 21A); 2 Warranty Engineers and 1 Vehicle Manager.

PEG Implementation Date: Jan-05 **When will PEG savings begin?:** Jan-05

Financial Impact (Operating)

Net Savings (in millions)

2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
\$0.000	\$0.908	\$0.938	\$0.959	\$0.986

Total Reduction in Positions Required

0	9	9	9	9
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Current Vacancies

0	0	0	0	0
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Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other

(Identify Appropriate Indicator)

MTA LONG ISLAND RAIL ROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category: ADMINISTRATION

Program: Lease Line Savings

Background Details:	N/A
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PEG Description and Implementation Plan:	Lease line savings due to Fiber Optic Network.		
PEG Implementation Date:	Jan-05	When will PEG savings begin?:	Jan-05

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.100	\$0.102	\$0.104	\$0.106
<i>Total Reduction in Positions Required</i>	0	0	0	0	0
 Current Vacancies	0	0	0	0	0
 <i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
 Other					
(Identify Appropriate Indicator)					

MTA LONG ISLAND RAIL ROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category: ADMINISTRATION

Program: IS System Initiatives

Background Details:	N/A
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PEG Description and Implementation Plan:	Eliminate new Information system initiatives: Tape Storage, Maximo - Engineering, Wireless LAN for Yards and Macola.	
PEG Implementation Date:	Jan-05	When will PEG savings begin?: Jan-05

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$1.911	\$1.942	\$1.982	\$2.026
<i>Total Reduction in Positions Required</i>	0	0	0	0	0
 Current Vacancies	0	0	0	0	0
 <i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
 Other (Identify Appropriate Indicator)					

MTA LONG ISLAND RAIL ROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category: ADMINISTRATION
Program: IS Department Miscellaneous Initiatives

Background Details: N/A

PEG Description and Implementation Plan: Explore opportunities for savings in the IS department through efficiencies and/or elimination of redundant operations and processes: Negotiate new contract and reduce the number of copier machines; reduce cell phones.

PEG Implementation Date: Jan-05 **When will PEG savings begin?:** Jan-05

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.600	\$0.610	\$0.622	\$0.636
<i>Total Reduction in Positions Required</i>	0	0	0	0	0
Current Vacancies	0	0	0	0	0
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator)					

MTA LONG ISLAND RAIL ROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category:

ADMINISTRATION

Program:

Information System Dept Headcount Reductions

Background Details:

N/A

PEG Description and Implementation Plan:

Reduction of 8 Admin and Mgmt Positions in IS.

PEG Implementation Date:

Jan-05

When will PEG savings begin?: Jan-05

Financial Impact (Operating)

Net Savings (in millions)

2004
Mid-Year
Forecast

2005
Preliminary
Budget

2006

2007

2008

\$0.000

\$0.808

\$0.832

\$0.953

\$0.877

Total Reduction in Positions Required

0

8

8

8

8

Current Vacancies

0

0

0

0

0

Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other

(Identify Appropriate Indicator)

MTA LONG ISLAND RAIL ROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category:

ADMINISTRATION

Program:

Engineering Operational Administration - Reduce Staffing Levels and Payroll

Background Details:	N/A
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PEG Description and Implementation Plan:	Reduce Junior Engineer Program (5 positions) and 1 position reduction in MW Inventory Bldg. - Control & oversight consolidation within MW Material functions; consolidate functions.
PEG Implementation Date:	Jan-05
	When will PEG savings begin?: Jan-05

Financial Impact (Operating)

Net Savings (in millions)

2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
\$0.000	\$0.658	\$0.677	\$0.695	\$0.714

Total Reduction in Positions Required

0 8 8 8 8

Current Vacancies

0 0 0 0 0

Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other

(Identify Appropriate Indicator)

MTA LONG ISLAND RAIL ROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category:

ADMINISTRATION

Program:

Decrease Planned Passenger Vehicle Replacement

Background Details:	Current 2005 vehicle replacement plan (for vehicles costing less than \$25k) uses a replacement criteria based on vehicles 60 months or older and/or mileage exceeding 95,000. Approximately 66 vehicles will fit these criteria in 2005. In order to meet target, criteria can be revised based on mileage 95,000+, and not based on age. Using these criteria, 35 vehicles will be replaced in 2005, at a cost of \$.770.
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PEG Description and Implementation Plan:	Reduction in anticipated number of passenger vehicles to be replaced	
PEG Implementation Date:	Jan-05	When will PEG savings begin?: Jan-05

Financial Impact (Operating)

Net Savings (in millions)

2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
\$0.000	\$0.646	\$0.656	\$0.670	\$0.685

Total Reduction in Positions Required

0 0 0 0 0

Current Vacancies

0 0 0 0 0

Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other

(Identify Appropriate Indicator)

MTA LONG ISLAND RAIL ROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category: ADMINISTRATION
Program: Cut Budget for Uniforms

Background Details:	Revised uniform budget = \$595K
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PEG Description and Implementation Plan:	Reduction in uniform purchases associated with reduced staff. Also, do not do re-issues to trainmen who received issuances in 2004.		
PEG Implementation Date:	Jan-05	When will PEG savings begin?:	Jan-05

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.250	\$0.254	\$0.259	\$0.261
<i>Total Reduction in Positions Required</i>	0	0	0	0	0
 Current Vacancies	0	0	0	0	0
 <i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
 Other (Identify Appropriate Indicator)					

MTA LONG ISLAND RAIL ROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category: ADMINISTRATION
Program: Administrative Headcount and Payroll Reductions

Background Details: N/A

PEG Description and Implementation Plan: Reduction of 31 Management and Administrative staff positions.

PEG Implementation Date: Jan-05 **When will PEG savings begin?:** Jan-05

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$2.684	\$2.760	\$2.829	\$2.907
<i>Total Reduction in Positions Required</i>	0	31	31	31	31
Current Vacancies	0	0	0	0	0
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator)					

MTA LONG ISLAND RAIL ROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category Level: ADMINISTRATION

Program: Reduction to Administrative Non payroll Funding

Background Details: N/A	Non-payroll funds are used to purchase supplies, computer equipment, and to hire outside professional services and legal counsel.
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PEG Description and Implementation Plan:	Reduce non-payroll funds in administrative and operational departments. This includes a reduction in funding for outside legal counsel and computer equipment.
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PEG Implementation Date:	Jan-05	When will PEG savings begin?: Jan-05
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Financial Impact (Operating)

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
Net Savings (in millions)	\$0.000	\$0.818	\$0.831	\$0.848	\$0.867

<i>Total Reduction in Positions Required</i>	0	0	0	0	0
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Current Vacancies	0	0	0	0	0
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Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other

(Identify Appropriate Indicator)

MTA LONG ISLAND RAIL ROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category Level: ADMINISTRATION

Program: Reduction to Training Staff and Programs

Background Details: Maximo computer system will be replacing the RSMS system in Maintenance of Equipment. This system tracks rolling stock maintenance work. The Maximo system is an integral part of the LCM initiative.

PEG Description and Implementation Plan: This budget reduction will eliminate the funding to train M/E craft positions (ex: Carmen) on the Maximo application. As a result, M/E will rely on existing clerks and gang foreman to do data entry, and for gang foreman to instruct mechanics as needed.

PEG Implementation Date: Jan-05 **When will PEG savings begin?:** Jan-05

Other Issues:

Financial Impact (Operating)

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
Net Savings (in millions)	\$0.000	\$0.590	\$0.607	\$0.623	\$0.640

Total Reduction in Positions Required	0	0	0	0	0
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Current Vacancies	0	0	0	0	0
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Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other

(Identify Appropriate Indicator)

MTA LONG ISLAND RAIL ROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category Level: ADMINISTRATION
Program: Reduced Funding for Advertising

Background Details: General Ridership Advertising

PEG Description and Implementation Plan: Substantial reduction in LIRR advertising. Limited funds remain for Newsday ads and targeted programs.

PEG Implementation Date: Jan-05 **When will PEG savings begin?:** Jan-05

Financial Impact (Operating)

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
Net Savings (in millions)	\$0.000	\$0.443	\$0.450	\$0.459	\$0.470

<i>Total Reduction in Positions Required</i>	0	0	0	0	0
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Current Vacancies	0	0	0	0	0
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Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other

(Identify Appropriate Indicator)

MTA LONG ISLAND RAIL ROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category Level: ADMINISTRATION
Program: IS System Initiatives

Background Details: N/A The Information Service Dept's budget includes funds for new initiatives.

PEG Description and Implementation Plan: This reduction would virtually eliminate funds for new IS initiatives. Initiatives originally scheduled for 2005 that will be terminated include: Mid range server replacements, Enterprise SANS solution back-up systems, expansion of the Resource Planning and Control system, and development of a Kronos (Payroll) Web Version for M/E, and the Crew Scheduling System.

PEG Implementation Date: Jan-05 **When will PEG savings begin?:** Jan-05

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$2.287	\$2.323	\$2.371	\$2.424
<i>Total Reduction in Positions Required</i>	0	0	0	0	0
Current Vacancies	0	0	0	0	0
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator)					

MTA LONG ISLAND RAIL ROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category Level: ADMINISTRATION

Program: Information Services Dept Headcount Reductions

Background Details: N/A N/A

PEG Description and Implementation Plan: Reduction of headcount in the Information Services Department.

PEG Implementation Date: Jan-05 **When will PEG savings begin?:** Jan-05

Financial Impact (Operating)

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
Net Savings (in millions)	\$0.000	\$0.808	\$0.832	\$0.853	\$0.877

Total Reduction in Positions Required	0	8	8	8	8
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Current Vacancies	0	0	0	0	0
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Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other

(Identify Appropriate Indicator)

MTA LONG ISLAND RAIL ROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category Level: ADMINISTRATION

Program: Engineering Operational Administration - Reduce Staffing Levels and Payroll

Background Details: N/A	The Junior Engineer Program is used to develop future managers and leaders for the Engineering Department and the LIRR.
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PEG Description and Implementation Plan:	The elimination of positions from this group will have a negative impact on the company as a result of the large number of current managers reaching retirement eligibility.
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PEG Implementation Date:	Jan-05	When will PEG savings begin?: Jan-05
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Financial Impact (Operating)

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
Net Savings (in millions)	\$0.000	\$0.213	\$0.220	\$0.225	\$0.232

<i>Total Reduction in Positions Required</i>	0	3	3	3	3
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Current Vacancies	0	0	0	0	0
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Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other

(Identify Appropriate Indicator)

MTA LONG ISLAND RAIL ROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category Level: ADMINISTRATION

Program: Cut Additional Passenger Vehicle Replacements

Background Details: The highway passenger car fleet is funded from the Operating Budget. These vehicles are largely assigned to supervisors and managers with field oversight responsibility in operational departments.

PEG Description and Implementation Plan: Cut an additional 11 vehicles from the plan in order to meet the third target. This will leave 24 vehicles to be purchased in 2005. The result will be retaining vehicles that exceed replacement standards, which typically increases maintenance costs.

PEG Implementation Date: Jan-05 **When will PEG savings begin?:** Jan-05

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.243	\$0.247	\$0.252	\$0.258
<i>Total Reduction in Positions Required</i>	0	0	0	0	0
Current Vacancies	0	0	0	0	0
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator)					

MTA LONG ISLAND RAIL ROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category Level: ADMINISTRATION

Program: Administrative Headcount and Payroll Reductions

Background Details:	N/A
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PEG Description and Implementation Plan:	Eliminate 19 positions in administrative departments, including Budget, Accounting, Human Resources, Market Development, Procurement & Logistics, Strategic Investments, Employee Assistance Program and General Counsel's office. Efforts will be made to mitigate the impact by reassigning work to remaining staff. However some potential adverse implications include: less revenue audits, increasing the time period for processing refunds, and less analysis of financial and budget information, and the accuracy and consistency of some specifications.			
PEG Implementation Date:	Jan-05	When will PEG savings begin?: Jan-05		

Financial Impact (Operating)

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
Net Savings (in millions)	\$0.000	\$1.705	\$1.755	\$1.800	\$1.850

<i>Total Reduction in Positions Required</i>	0	19	19	19	19
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Current Vacancies	0	0	0	0	0
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Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other

(Identify Appropriate Indicator)

MTA LONG ISLAND RAIL ROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category Level: ADMINISTRATION

Program: Additional Reductions to Training Staff and Programs

Background Details: N/A	The railroad relies on in-house training staff to conduct a wide range of training program, including: safety, computer, signal system, etc. Appropriate training services is critical in a diverse environment, especially given the complexity of the new M7 rail cars and efforts to implement new computer systems.
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PEG Description and Implementation Plan:	Would reduce the level of computer training available. Assumes that one computer training specialist can teach all packages included Microsoft Office Suite, Oracle Discoverer, PLS, potentially PeopleSoft, Maximo, etc. If Employment increases the number of computer assessments used as a screening tool for employment decisions this would pose a challenge.
PEG Implementation Date:	Jan-05
	When will PEG savings begin?: Jan-05

Financial Impact (Operating)

Net Savings (in millions)

2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
\$0.000	\$0.093	\$0.096	\$0.098	\$0.101

Total Reduction in Positions Required

0 1 1 1 1

Current Vacancies

0 0 0 0 0

Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other

(Identify Appropriate Indicator)

MTA LONG ISLAND RAIL ROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category:

ADMINISTRATION

Program:

Reduction to Administrative Non payroll Funding

Background Details:

N/A

PEG Description and Implementation Plan:

Reduction to Maintenance of Equipment Non-payroll budget.

PEG Implementation Date:

Jan-05

When will PEG savings begin?: Jan-05

Financial Impact (Operating)

Net Savings (in millions)

2004
Mid-Year
Forecast

2005
Preliminary
Budget

2006

2007

2008

\$0.000

\$0.187

\$0.190

\$0.194

\$0.198

Total Reduction in Positions Required

0

0

0

0

0

Current Vacancies

0

0

0

0

0

Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other

(Identify Appropriate Indicator)

MTA LONG ISLAND RAIL ROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category: ADMINISTRATION
Program: Reduction to Training Staff and Programs

Background Details: N/A

PEG Description and Implementation Plan: Reduction to projected hiring associated with Level I reductions yields savings, in conjunction with further reductions to existing training programs.

PEG Implementation Date: Jan-05 **When will PEG savings begin?:** Jan-05

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$1.092	\$1.124	\$1.153	\$1.185
<i>Total Reduction in Positions Required</i>	0	15	15	15	15
Current Vacancies	0	0	0	0	0
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator)					

MTA LONG ISLAND RAILROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category: CUSTOMER CONVENIENCE & AMENITIES

Program: Train Crew Staffing Reductions

Background Details: N/A

PEG Description and Implementation Plan: Abolish 10 Extra collector assignments and protect crew (savings in OT); eliminate 12 collectors (brakemen positions); abolish 1st & 2nd tour Train Dispatcher in Section"A" on Port Washington Branch.

PEG Implementation Date: Jan-05 **When will PEG savings begin?:** Jan-05

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$2.410	\$2.481	\$2.545	\$2.616
<i>Total Reduction in Positions Required</i>	0	14	14	14	14
Current Vacancies	0	0	0	0	0
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator)					

MTA LONG ISLAND RAILROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category: CUSTOMER CONVENIENCE & AMENITIES
Program: Ticket Selling - Reduce Windows at Selected Stations

Background Details:	N/A
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PEG Description and Implementation Plan:	Eliminate selling positions where there is more than one window during the week; reduce clerk extra list; eliminate 1 Hicksville AM position; reduce operating services.
PEG Implementation Date:	Jan-05
	When will PEG savings begin?: Jan-05

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.430	\$0.442	\$0.453	\$0.466
<i>Total Reduction in Positions Required</i>	0	6	6	6	6
Current Vacancies	0	0	0	0	0
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other					
(Identify Appropriate Indicator)					

MTA LONG ISLAND RAILROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category: CUSTOMER CONVENIENCE & AMENITIES

Program: Station Cleaning Reductions

Background Details: N/A

PEG Description and Implementation Plan: Eliminate FBA Restroom Attendant SAM.

PEG Implementation Date: Jan-05 **When will PEG savings begin?:** Jan-05

Financial Impact (Operating)

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
Net Savings (in millions)	\$0.000	\$0.057	\$0.059	\$0.060	\$0.062

Total Reduction in Positions Required	0	1	1	1	1
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Current Vacancies	0	0	0	0	0
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Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other

(Identify Appropriate Indicator)

MTA LONG ISLAND RAILROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category: REVENUE ENHANCEMENTS

Program: Reduce Car Cleaning Operations

Background Details:	N/A
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PEG Description and Implementation Plan:	Eliminate Traveling Car Cleaners (10 positions) and reduce lay-up cleaning on C3s at Richmond Hill and LIC.	
PEG Implementation Date:	Jan-05	When will PEG savings begin?: Jan-05

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.684	\$0.704	\$0.722	\$0.742
<i>Total Reduction in Positions Required</i>	0	12	12	12	12
Current Vacancies	0	0	0	0	0
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator)					

MTA LONG ISLAND RAILROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category: REVENUE ENHANCEMENTS

Program: Eliminate Funding for Replacement Penn Station Signs - Gate Signs

Background Details:	N/A
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PEG Description and Implementation Plan:	Eliminate Penn Station Signs - Gate Signs; pursue other source of funding (Office of Domestic Protection).	
PEG Implementation Date:	Jan-05	When will PEG savings begin?: Jan-05

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$1.000	\$1.016	\$1.037	\$1.060
<i>Total Reduction in Positions Required</i>	0	0	0	0	0
 Current Vacancies	0	0	0	0	0
 <i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other					
(Identify Appropriate Indicator)					

MTA LONG ISLAND RAILROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category: CUSTOMER CONVENIENCE & AMENITIES

Program: Ticket Selling - Further Reductions at Selected Stations

Background Details: Some stations have more than one Ticket Window open during a shift.

PEG Description and Implementation Plan: Eliminate one ticket selling position at: Ronkonkoma, Jamaica (overnight), Penn Station (overnight). Also, eliminate weekend tours at twelve stations: Westbury, Merrick, Freeport, Woodside, Bayside, Lynbrook, Great Neck, Manhasset, Massapequa, Mineola, Rockville Centre, Wantagh. All windows are closed on weekends except 10 major hub and terminal stations.

PEG Implementation Date: Jan-05 **When will PEG savings begin?:** Jan-05

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.764	\$0.786	\$0.806	\$0.829
<i>Total Reduction in Positions Required</i>	0	11	11	11	11
Current Vacancies	0	0	0	0	0
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator)					

MTA LONG ISLAND RAIL ROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category: CUSTOMER CONVENIENCE & AMENITIES

Program: Eliminate 1 of 4 HVAC Freeze Teams

Background Details: N/A	The Maintenance of Equipment Department fields 4 HVAC Freeze Teams to address heating and air conditioning problems in the field.
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PEG Description and Implementation Plan:	This reduction would eliminate one of the four teams. As a result, maintenance crew response time will be reduced.
PEG Implementation Date:	Jan-05 When will PEG savings begin?: Jan-05

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.326	\$0.336	\$0.344	\$0.354
<i>Total Reduction in Positions Required</i>	0	3	3	3	3
Current Vacancies	0	0	0	0	0
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator)					

MTA LONG ISLAND RAIL ROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category: CUSTOMER CONVENIENCE & AMENITIES

Program: Cuts to Station Cleaners

Background Details: N/A	Station Appearance Maintainers are deployed throughout the system to clean stations and department facilities.
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PEG Description and Implementation Plan:	Savings are generated by eliminating two Heavy Duty Cleaning Teams (from 5 to 3), eliminate 2 SAM positions assigned to Mineola, replace selected line cleaners with mobile van cleaners at Hempstead, Lindenhurst, and Ronkonkoma.
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PEG Implementation Date:	Jan-05	When will PEG savings begin?: Jan-05
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Financial Impact (Operating)

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
Net Savings (in millions)	\$0.000	\$0.798	\$0.821	\$0.842	\$0.866

<i>Total Reduction in Positions Required</i>	0	14	14	14	14
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Current Vacancies	0	0	0	0	0
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Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other

(Identify Appropriate Indicator)

MTA LONG ISLAND RAIL ROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category: CUSTOMER CONVENIENCE & AMENITIES

Program: Customer Communication - Transportation Dept

Background Details: N/A The Transportation Department operates a centrally controlled Public Address system to verbally communicate train information to customers waiting at stations.

PEG Description and Implementation Plan: Eliminate P.A. coverage on weekends in the Movement Bureau. Eliminate the Customer Communication Coordinator.

PEG Implementation Date: Jan-05 **When will PEG savings begin?:** Jan-05

Financial Impact (Operating)

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
Net Savings (in millions)	\$0.000	\$0.160	\$0.165	\$0.169	\$0.174

<i>Total Reduction in Positions Required</i>	0	2	2	2	2
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Current Vacancies	0	0	0	0	0
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Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other

(Identify Appropriate Indicator)

MTA LONG ISLAND RAIL ROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category: CUSTOMER CONVENIENCE & AMENITIES

Program: Substantial Reductions to Car Cleaners

Background Details: The railroad has established several different car cleaning operations that strive to maintain clean cars for customers. These programs range from a turnaround sweeping to an Extraordinary Interior Cleaning.

PEG Description and Implementation Plan: Savings are achieved through a substantial reduction in several railroad cleaning programs. This includes doubling the EIC interval from 60 to 120 days. Further, C3 detail work will be eliminated, East End cleaners would be eliminated during the 8 to 4 and 4 to 12 shift, and car cleaning services in Penn Station and Flatbush Ave will also be eliminated.

PEG Implementation Date: Jan-05 **When will PEG savings begin?:** Jan-05

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$3.161	\$3.252	\$3.336	\$3.429
<i>Total Reduction in Positions Required</i>	0	51	51	51	51
Current Vacancies	0	0	0	0	0
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator)					

MTA LONG ISLAND RAIL ROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category: CUSTOMER CONVENIENCE & AMENITIES

Program: Eliminate an additional HVAC Freeze Team

Background Details: N/A	The Maintenance of Equipment Department fields 4 HVAC Freeze Teams to address heating and air conditioning problems in the field.
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PEG Description and Implementation Plan:	This reduction would eliminate the second of the four teams. As a result, maintenance crew response time will be even further reduced.
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PEG Implementation Date:	Jan-05	When will PEG savings begin?: Jan-05
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Financial Impact (Operating)

Net Savings (in millions)

**2004
Mid-Year
Forecast**

**2005
Preliminary
Budget**

2006

2007

2008

\$0.000

\$0.326

\$0.336

\$0.344

\$0.354

Total Reduction in Positions Required

0

3

3

3

3

Current Vacancies

0

0

0

0

0

Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other

(Identify Appropriate Indicator)

MTA LONG ISLAND RAIL ROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category: CUSTOMER CONVENIENCE & AMENITIES

Program: Eliminate M7 Sinks

Background Details: N/A	The new M7 cars are designed with sinks that dispense water.
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PEG Description and Implementation Plan:	This reduction would eliminate sinks with water, saving the staff associated with filling the M7 water tank on a regular basis. This represents the elimination of a recently added feature on MU cars.	
PEG Implementation Date:	Jan-05	When will PEG savings begin?: Jan-05

Financial Impact (Operating)

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
Net Savings (in millions)	\$0.000	\$0.300	\$0.308	\$0.316	\$0.325

<i>Total Reduction in Positions Required</i>	0	4	4	4	4
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Current Vacancies	0	0	0	0	0
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Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other

(Identify Appropriate Indicator)

MTA LONG ISLAND RAIL ROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category: SERVICE

Program: Service Reductions with Minimal Impact

Background Details: N/A

PEG Description and Implementation Plan: Combine and/or cancel low ridership trains; hourly service in the off-peak on some trains.

PEG Implementation Date: Jan-05 **When will PEG savings begin?:** Jan-05

Financial Impact (Operating)

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
Net Savings (in millions)	\$0.000	\$1.759	\$1.801	\$1.844	\$1.892

Total Reduction in Positions Required	0	10	10	10	10
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Current Vacancies	0	0	0	0	0
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Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other

(Identify Appropriate Indicator)

MTA LONG ISLAND RAIL ROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category: SERVICE

Program: Eliminate Planned Growth in MU AM Peak Service from 842 to 886.

Background Details:	N/A
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PEG Description and Implementation Plan:	Material savings associated with reduced AM requirement from base of 886 to 842 year end and associated increase in M1 Retirement (Support Shops).	
PEG Implementation Date:	Jan-05	When will PEG savings begin?: Jan-05

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.936	\$0.951	\$0.971	\$0.992
<i>Total Reduction in Positions Required</i>	0	0	0	0	0
Current Vacancies	0	0	0	0	0
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other					
(Identify Appropriate Indicator)					

MTA LONG ISLAND RAIL ROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category: SERVICE

Program: Eliminate Planned Growth in MU AM Peak Service from 842 to 886.

Background Details: The railroad projected and budget for an increase in peak service to accommodate project ridership growth and seat loss associated with the M7 rollout. The strategy called for an increase in AM Peak service levels from 842 MU cars to 886.

PEG Description and Implementation Plan: This reduction eliminates the projected growth in peak service. Savings are generated by removing funds associated with the increased fleet, and the corresponding fleet cleaning and PI daily inspections (Field Operations).

PEG Implementation Date: Jan-05 **When will PEG savings begin?:** Jan-05

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.840	\$0.858	\$0.878	\$0.899
<i>Total Reduction in Positions Required</i>	0	8.1	8.1	8.1	8.1
Current Vacancies	0	0	0	0	0
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator)					

MTA LONG ISLAND RAIL ROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category: SERVICE

Program: Transportation Overtime Reductions

Background Details: N/A The use of overtime is a required part of staffing train crews. Certain crew assignments have a built in overtime cost, which is more efficient than the cost associated with adding an additional crew. Or, overtime is incurred when disruptions require crews to be reassigned.

PEG Description and Implementation Plan: A reduction in service levels associated with both Cancel and Combinations as well as Branch Closings should result in a reduction in Transportation Department overtime.

PEG Implementation Date: Jan-05 **When will PEG savings begin?:** Jan-05

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.560	\$0.576	\$0.591	\$0.608
<i>Total Reduction in Positions Required</i>	0	0	0	0	0
Current Vacancies	0	0	0	0	0
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator)					

MTA LONG ISLAND RAIL ROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category: SERVICE

Program: Reduce Emergency Busing Service

Background Details: N/A Buses are deploying during storms and service disruptions to provide customer transportation in the event of equipment problems.

PEG Description and Implementation Plan: This proposal represents a 25% reduction to the Emergency Busing Budget. This will be achieved through a combination of tighter controls and oversight of buses that are deployed as well as a re-evaluation of the policy that define when buses are utilized.

PEG Implementation Date: Jan-05 **When will PEG savings begin?:** Jan-05

Financial Impact (Operating)

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
Net Savings (in millions)	\$0.000	\$0.250	\$0.254	\$0.259	\$0.265

<i>Total Reduction in Positions Required</i>	0	0	0	0	0
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Current Vacancies	0	0	0	0	0
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Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other

(Identify Appropriate Indicator)

MTA LONG ISLAND RAIL ROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category: SERVICE

Program: Transp Operational Administration - Reduce Staffing Levels and Payroll

Background Details: N/A	Transportation Department has three to four person crews that move rolling stock equipment in yards. YE crews Yard Extra crews are assigned to different locations depending on need.
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PEG Description and Implementation Plan:	Combine the YE11 and YE12 drill crews stationed in Jamaica.
---	---

PEG Implementation Date:	Jan-05	When will PEG savings begin?: Jan-05
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Financial Impact (Operating)

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
Net Savings (in millions)	\$0.000	\$0.189	\$0.194	\$0.199	\$0.205

<i>Total Reduction in Positions Required</i>	0	2	2	2	2
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Current Vacancies	0	0	0	0	0
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Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other

(Identify Appropriate Indicator)

MTA LONG ISLAND RAIL ROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category: SERVICE

Program: Reduction in Co-mingling Penalty Payments

Background Details: N/A	Labor rules require the payment of penalties in crews operate different types of equipment during the same tour.
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PEG Description and Implementation Plan:	The railroad plans to convert some DM locomotives to DE by removing contact shoes and reprogramming software. As a result, the Transportation Dept anticipates a reduction in co-mingling payments.
PEG Implementation Date:	Jan-05
	When will PEG savings begin?: Jan-05

Financial Impact (Operating)

Net Savings (in millions)

2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
\$0.000	\$0.125	\$0.129	\$0.132	\$0.136

Total Reduction in Positions Required

0 0 0 0 0

Current Vacancies

0 0 0 0 0

Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other

(Identify Appropriate Indicator)

MTA LONG ISLAND RAIL ROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category: SERVICE

Program: Reduction of Supervisor-Schedules Position in Service Planning

Background Details: The Service Planning Department is responsible for developing timetables and crew schedules.

PEG Description and Implementation Plan: Reduction of Supervisor-Schedules Position in Service Planning.

PEG Implementation Date: Jan-05 **When will PEG savings begin?:** Jan-05

Financial Impact (Operating)

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
Net Savings (in millions)	\$0.000	\$0.099	\$0.102	\$0.105	\$0.108

Total Reduction in Positions Required	0	1	1	1	1
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Current Vacancies	0	0	0	0	0
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Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other

(Identify Appropriate Indicator)

MTA LONG ISLAND RAIL ROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category: SERVICE

Program: Customer Service Office - Penn Station

Background Details: Customer Service Office - Penn Station

PEG Description and Implementation Plan: Unavailable Customer Service Office for AM Peak Commission hours. Distributes late slips to customers.

PEG Implementation Date: Jan-05 **When will PEG savings begin?:** Jan-05

Financial Impact (Operating)

Net Savings (in millions)

2004
Mid-Year
Forecast

2005
Preliminary
Budget

2006

2007

2008

\$0.000

\$0.090

\$0.093

\$0.095

\$0.098

Total Reduction in Positions Required

0

1

1

1

1

Current Vacancies

0

0

0

0

0

Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other

(Identify Appropriate Indicator)

MTA LONG ISLAND RAILROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category Level: MAINTENANCE

Program: Rubbish Removal on the ROW

Background Details:	N/A
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PEG Description and Implementation Plan:	Reduce rubbish removal along the Right of Way.
PEG Implementation Date:	Jan-05
	When will PEG savings begin?: Jan-05

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.428	\$0.437	\$0.447	\$0.458
<i>Total Reduction in Positions Required</i>	0	2	2	2	2
Current Vacancies	0	0	0	0	0
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other					
(Identify Appropriate Indicator)					

MTA LONG ISLAND RAILROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category Level: MAINTENANCE

Program: Low Priority Maint - Eng Track/ROW

Background Details: N/A

PEG Description and Implementation Plan: Reduce weed control current funding by 26%; outlying areas outside main track reduced to minimal level on an as needed basis; not programmed.

PEG Implementation Date: Jan-05 **When will PEG savings begin?:** Jan-05

Financial Impact (Operating)

Net Savings (in millions)

2004
Mid-Year
Forecast

2005
Preliminary
Budget

2006

2007

2008

\$0.000

\$0.088

\$0.089

\$0.091

\$0.093

Total Reduction in Positions Required

0

0

0

0

0

Current Vacancies

0

0

0

0

0

Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other

(Identify Appropriate Indicator)

MTA LONG ISLAND RAILROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category Level: MAINTENANCE

Program: Low Priority Maint - Eng Structures

Background Details: Hillside roof repairs assumes funding in the 2005-2009 Capital Program

PEG Description and Implementation Plan: Eliminate Copiague Sta. Stair replacement and facility contract increases; reduce Hillside misc. repairs and roof repairs.

PEG Implementation Date: Jan-05 **When will PEG savings begin?:** Jan-05

Financial Impact (Operating)

Net Savings (in millions)

**2004
Mid-Year
Forecast**

**2005
Preliminary
Budget**

2006

2007

2008

\$0.000

\$1.258

\$1.279

\$1.305

\$1.334

Total Reduction in Positions Required

0

0

0

0

0

Current Vacancies

0

0

0

0

0

Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other

(Identify Appropriate Indicator)

MTA LONG ISLAND RAILROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category Level: MAINTENANCE
Program: Low Priority Maint - Eng Signal

Background Details: N/A

PEG Description and Implementation Plan: Reduction of maintenance signal material for replacement/repairs; reduction in meter calibration; defer new circuit designs requests.

PEG Implementation Date: Jan-05 **When will PEG savings begin?:** Jan-05

Financial Impact (Operating)

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
Net Savings (in millions)	\$0.000	\$0.672	\$0.684	\$0.699	\$0.715

Total Reduction in Positions Required	0	1	1	1	1
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Current Vacancies	0	0	0	0	0
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Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other

(Identify Appropriate Indicator)

MTA LONG ISLAND RAILROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category Level: MAINTENANCE
Program: Low Priority Maint - Eng Power

Background Details: N/A

PEG Description and Implementation Plan: Reduction in Transformer maintenance, Richmond Hill Substation maint.; negative bonding; Substation roof and fence repairs (eliminate third party emergency repairs); Substation Regasketing Program (cut program in half).

PEG Implementation Date: Jan-05 **When will PEG savings begin?:** Jan-05

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$1.211	\$1.234	\$1.261	\$1.291
<i>Total Reduction in Positions Required</i>	0	3	3	3	3
Current Vacancies	0	0	0	0	0
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator)					

MTA LONG ISLAND RAILROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category Level: MAINTENANCE

Program: Low Priority Maint - Eng Maint of Way

Background Details: Capital Program funding pending for Broadway Station

PEG Description and Implementation Plan: Reduction in material for Hunterspoint, Seaford, Wantagh & Broadway Stations (\$200k) and maintenance of deteriorated track components caused by weight of diesel equipment (\$300k).

PEG Implementation Date: Jan-05 **When will PEG savings begin?:** Jan-05

Financial Impact (Operating)

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
Net Savings (in millions)	\$0.000	\$0.500	\$0.508	\$0.519	\$0.530

Total Reduction in Positions Required	0	0	0	0	0
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Current Vacancies	0	0	0	0	0
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Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other

(Identify Appropriate Indicator)

MTA LONG ISLAND RAILROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category Level: MAINTENANCE

Program: Low Priority Maint - Eng Communications

Background Details:	N/A
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PEG Description and Implementation Plan:	Reduce communication maintenance: Comm. Cable Asbestos Abatement; fire suppression at Comm Huts, no expansion of radio base stations or increase in pole line tree trimming; reduce response time for moves, add, changes to telephones and LANs.
PEG Implementation Date:	Jan-05
	When will PEG savings begin?: Jan-05

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$1.128	\$1.148	\$1.173	\$1.200
<i>Total Reduction in Positions Required</i>	0	2	2	2	2
Current Vacancies	0	0	0	0	0
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator)					

MTA LONG ISLAND RAILROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category Level: MAINTENANCE

Program: Eliminate the Stores Dept Second Shift at Hillside Maintenance Facility

Background Details:	This shift continues the material receiving function past the "normal" 3:30 p.m. quitting time; replenishes the material in the unit load and mini load systems; load trucks with the next day's delivery requirements; deliver heavy loads to the shop floor late in the day (when the shop floors are less congested); respond to late day deliveries from outside vendors and emergencies from the using departments without incurring overtime expense.
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PEG Description and Implementation Plan:	The Stores Department will no longer provide any service on the second shift (Monday – Friday).			
PEG Implementation Date:	Jan-05	When will PEG savings begin?: Jan-05		

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.358	\$0.368	\$0.378	\$0.389
<i>Total Reduction in Positions Required</i>	0	5	5	5	5
Current Vacancies	0	0	0	0	0
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator)					

MTA LONG ISLAND RAILROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category Level: MAINTENANCE

Program: Re-estimate M/E Life Cycle Maintenance Program

Background Details: N/A

PEG Description and Implementation Plan: Reduction in pool material required at the start of the LCM program.

PEG Implementation Date: Jan-05 **When will PEG savings begin?:** Jan-05

Financial Impact (Operating)

Net Savings (in millions)

2004
Mid-Year
Forecast

2005
Preliminary
Budget

2006

2007

2008

\$0.000

\$0.954

\$0.969

\$0.989

\$1.011

Total Reduction in Positions Required

0

0

0

0

0

Current Vacancies

0

0

0

0

0

Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other

(Identify Appropriate Indicator)

MTA LONG ISLAND RAILROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category Level: MAINTENANCE

Program: Reduce Cleaning of Employee Facilities

Background Details: N/A	Railroad owned facilities are cleaned by Station Appearance Maintainers.

PEG Description and Implementation Plan:		Reduce SAM staffing at two railroad facilities: Hillside Support Facility and Jamaica.
PEG Implementation Date:		When will PEG savings begin?:
Jan-05		Jan-05

Financial Impact (Operating)

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
Net Savings (in millions)	\$0.000	\$0.228	\$0.235	\$0.241	\$0.247

<i>Total Reduction in Positions Required</i>	0	4	4	4	4
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Current Vacancies	0	0	0	0	0
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Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other

(Identify Appropriate Indicator)

MTA LONG ISLAND RAILROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category Level: MAINTENANCE

Program: M/E Operational Administration - Reduce Staffing Levels and Payroll

Background Details: N/A

PEG Description and Implementation Plan: Reduce administration positions in the Maintenance of Equipment Department.

PEG Implementation Date: Jan-05 **When will PEG savings begin?:** Jan-05

Financial Impact (Operating)

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
Net Savings (in millions)	\$0.000	\$0.934	\$0.962	\$0.987	\$1.014

Total Reduction in Positions Required	0	9	9	9	9
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Current Vacancies	0	0	0	0	0
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Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other

(Identify Appropriate Indicator)

MTA LONG ISLAND RAILROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category Level: MAINTENANCE

Program: Further Reductions to Eng Maintenance - Track

Background Details: N/A	The Track Department is responsible for maintenance and capital work that maintains the rails, ties, and track base in addition to the condition of the right-of-way shoulders.
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PEG Description and Implementation Plan:	Increased response time, potential train delays. Stations, parking lots and track beds won't be cleaned. Unable to assist Police with homeless issues. Only Branch Line Manager request involving immediate Safety will be addressed. Public Affairs issues regarding quality of life issues to neighboring residents won't be addressed. Will not be able to investigate claims involving property damage. In 2003, handled over 1,100 trouble tickets; removed 8,000 c.y. of debris, and presently can only handle 1/2 the requests from ROW task force.
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PEG Implementation Date:	Jan-05	When will PEG savings begin?: Jan-05
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Financial Impact (Operating)

Net Savings (in millions)

2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
\$0.000	\$1.378	\$1.417	\$1.453	\$1.493

Total Reduction in Positions Required

0	14	14	14	14
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Current Vacancies

0	0	0	0	0
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Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other

(Identify Appropriate Indicator)

MTA LONG ISLAND RAILROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category Level: MAINTENANCE

Program: Further Reductions to Eng Maintenance - Structures

Background Details: N/A	The Structures Department is responsible for the maintenance of all railroad structures, including: bridges and buildings.
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PEG Description and Implementation Plan:	Fence repairs; graffiti removal/cover up; Lexan repairs; office renovations/painting; plaques; banners. Only Branch Line Manager request involving Safety. About 20% reduction in trouble tickets.
PEG Implementation Date:	Jan-05
	When will PEG savings begin?: Jan-05

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$1.109	\$1.138	\$1.166	\$1.197
<i>Total Reduction in Positions Required</i>	0	8	8	8	8
Current Vacancies	0	0	0	0	0
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator)					

MTA LONG ISLAND RAILROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category Level: MAINTENANCE

Program: Further Reductions to Eng Maintenance - Signal

Background Details: The Signals Department is responsible for the maintenance of all elements of the signal system along the right-of-way. This includes relays, signal huts and bridges.

PEG Description and Implementation Plan: Increased response time, potential train delays. Staff Mgr. functions to be consolidated with other managerial functions. Repair and rebuilding of relays in Relay Shop will be impacted. Possibly purchase new relays rather than rebuilding old ones.

PEG Implementation Date: Jan-05 **When will PEG savings begin?:** Jan-05

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.308	\$0.317	\$0.325	\$0.334
<i>Total Reduction in Positions Required</i>	0	3	3	3	3
Current Vacancies	0	0	0	0	0
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator)					

MTA LONG ISLAND RAILROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category Level: MAINTENANCE

Program: Further Reductions to Eng Maintenance - Power

Background Details: N/A	The Power Department is responsible for the maintenance of all elements of the traction power system along the right-of-way. This includes third rails, substations, and power poles and cables.
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PEG Description and Implementation Plan:	Trouble ticket backlog. Increased repair timeframe, and Branch Line Manager complaints. Consolidate gang ratio of Electricians to Foremen in Subs.; extend remaining foremen responsibilities; productivity. Reduce track inspections; rely on TC82 and broken rail reports; increased delays; eliminate third shift crew in entire territory. Emergencies handled with callouts.
PEG Implementation Date:	Jan-05
	When will PEG savings begin?: Jan-05

Financial Impact (Operating)

Net Savings (in millions)

2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
\$0.000	\$0.715	\$0.735	\$0.754	\$0.775

Total Reduction in Positions Required

0 8 8 8 8

Current Vacancies

0 0 0 0 0

Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other

(Identify Appropriate Indicator)

MTA LONG ISLAND RAILROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category Level: MAINTENANCE

Program: Further Reductions to Eng Maintenance - Communications

Background Details: The Communications Department is responsible for the maintenance of all elements of the communications network along the right-of-way. This includes T call boxes, Fiber Optic Network, and radio antennas.

PEG Description and Implementation Plan: Reduced maintenance; increased trouble calls; optimal coverage and audio degradation will occur and become more prevalent; decrease response and scheduling of radio installations in vehicles.

PEG Implementation Date: Jan-05 **When will PEG savings begin?:** Jan-05

Financial Impact (Operating)

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
Net Savings (in millions)	\$0.000	\$0.293	\$0.301	\$0.308	\$0.317

<i>Total Reduction in Positions Required</i>	0	3	3	3	3
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Current Vacancies	0	0	0	0	0
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Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other

(Identify Appropriate Indicator)

MTA LONG ISLAND RAILROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category Level: MAINTENANCE

Program: Curtail Long Isl City Yard Operation

Background Details: Long Island City Yard is a mid day layover location in Queens and has recently been partially renovated through a capital project.

PEG Description and Implementation Plan: Curtail LIC Yard operations by relocating 2B and other work to other locations.

PEG Implementation Date: Jan-05 **When will PEG savings begin?:** Jan-05

Financial Impact (Operating)

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
Net Savings (in millions)	\$0.000	\$0.548	\$0.564	\$0.579	\$0.595

Total Reduction in Positions Required	0	6	6	6	6
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Current Vacancies	0	0	0	0	0
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Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other

(Identify Appropriate Indicator)

MTA LONG ISLAND RAILROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category Level: MAINTENANCE

Program: Arch St - Reduce PEMD Support

Background Details:	The construction of the ESA related Arch Street Support Shop was accelerated to allow for the facility to support the M7 acquisition. Shop equipment is being installed as part of the capital construction.
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PEG Description and Implementation Plan:	The 2005 Budget reflects 11 positions in the Plant Equipment Maintenance Division to maintain rolling stock maintenance equipment when beneficial use is achieved. This reduction lowers the initial staffing level to 9.
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PEG Implementation Date:	Jan-05	When will PEG savings begin?: Jan-05
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Financial Impact (Operating)

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
Net Savings (in millions)	\$0.000	\$0.182	\$0.187	\$0.192	\$0.197

<i>Total Reduction in Positions Required</i>	0	2	2	2	2
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Current Vacancies	0	0	0	0	0
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Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other

(Identify Appropriate Indicator)

MTA LONG ISLAND RAIL ROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category: MAINTENANCE

Program: Re-estimate M/E Life Cycle Maintenance Program

Background Details: N/A

PEG Description and Implementation Plan: Further reduction in pool material required at the start of the LCM program. This could adversely the ability of M/E to maintain the LCM schedules. Also, defer C3 toilet LCM interval.

PEG Implementation Date: Jan-05 **When will PEG savings begin?:** Jan-05

Financial Impact (Operating)

Net Savings (in millions)

**2004
Mid-Year
Forecast**

**2005
Preliminary
Budget**

2006

2007

2008

\$0.000

\$0.946

\$0.963

\$0.984

\$1.007

Total Reduction in Positions Required

0

2

2

2

2

Current Vacancies

0

0

0

0

0

Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other

(Identify Appropriate Indicator)

MTA LONG ISLAND RAIL ROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category: MAINTENANCE

Program: Reduce Staffing in Engineering Signal Gangs

Background Details: N/A Four Signal Gangs would be reduced by 2 to 4 positions each.

PEG Description and Implementation Plan: Signal Gangs located in Valley Stream, Ronkonkoma, Jamaica, and Hicksville would be reduced. Increased response time to trouble calls during peak hours. Trouble calls to be handled by nearest personnel on increased territories.

PEG Implementation Date: Jan-05 **When will PEG savings begin?:** Jan-05

Financial Impact (Operating)

Net Savings (in millions)

**2004
Mid-Year
Forecast**

**2005
Preliminary
Budget**

2006

2007

2008

\$0.000

\$0.900

\$0.925

\$0.948

\$0.975

Total Reduction in Positions Required

0

10

10

10

10

Current Vacancies

0

0

0

0

0

Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other

(Identify Appropriate Indicator)

MTA LONG ISLAND RAIL ROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category: MAINTENANCE

Program: Reduce M/E Field Operations and Staffing

Background Details: N/A Road Car Inspectors and Gang 269 are field assignments that repairs on rolling stock in the field.

PEG Description and Implementation Plan: Eliminate RCI at Port Washington and Babylon Car wash. Eliminate gang 269 Relief Crew-no coverage on Monday & Tuesday.

PEG Implementation Date: Jan-05 **When will PEG savings begin?:** Jan-05

Financial Impact (Operating)

Net Savings (in millions)

**2004
Mid-Year
Forecast**

**2005
Preliminary
Budget**

2006

2007

2008

\$0.000

\$0.491

\$0.505

\$0.518

\$0.533

Total Reduction in Positions Required

0

5

5

5

5

Current Vacancies

0

0

0

0

0

Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other

(Identify Appropriate Indicator)

MTA LONG ISLAND RAIL ROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category: MAINTENANCE

Program: Long-term Storage for Diesel Locomotives

Background Details: N/A Current Locomotive Spare Ratio is 45% due to delay in increasing the level of dual mode service.

PEG Description and Implementation Plan: Place 5 dual mode locomotives into long-term storage. This prevents the railroad from increasing dual mode service. M/E notes that the Altona Project should be complete by Fall 2004. And, 5 year LCM work on in-service locomotives should improve their reliability.

PEG Implementation Date: Jan-05 **When will PEG savings begin?:** Jan-05

Financial Impact (Operating)

Net Savings (in millions)

**2004
Mid-Year
Forecast**

**2005
Preliminary
Budget**

2006

2007

2008

\$0.000

\$1.533

\$1.560

\$1.594

\$1.631

Total Reduction in Positions Required

0

1.5

1.5

1.5

1.5

Current Vacancies

0

0

0

0

0

Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other

(Identify Appropriate Indicator)

MTA LONG ISLAND RAIL ROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category: MAINTENANCE

Program: Further Reduce Plant Equipment Maintenance Staffing in M/E Assigned to Arch Street and West Side Shop.

Background Details: The construction of the ESA related Arch Street Support Shop was accelerated to allow for the facility to support the M7 acquisition. Shop equipment is being installed as part of the capital construction.

PEG Description and Implementation Plan: The 2005 Budget reflects 11 positions in the Plant Equipment Maintenance Division to maintain rolling stock maintenance equipment when beneficial use is achieved. This additional reduction lowers the initial staffing level to 2. This will make it difficult for M/E to maintain plant equipment, including repairing any equipment that breaks or fails prior to shop operation.

PEG Implementation Date: Jan-05 **When will PEG savings begin?:** Jan-05

Financial Impact (Operating)

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
Net Savings (in millions)	\$0.000	\$0.634	\$0.652	\$0.669	\$0.688

<i>Total Reduction in Positions Required</i>	0	7	7	7	7
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Current Vacancies	0	0	0	0	0
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Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other

(Identify Appropriate Indicator)

MTA LONG ISLAND RAIL ROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category: MAINTENANCE

Program: Continue Reductions to Bridge Painting Program

Background Details: N/A	Bridge painting is a critical part of maintaining bridges and associated steel structure in a state of good repair.
--------------------------------	---

PEG Description and Implementation Plan:	No program for 4th straight year; structures now taking on rust and deterioration, all protective measures are gone. Only Capital Program would alleviate problem. Impact to get back on cycle would be \$2M.
PEG Implementation Date:	Jan-05
	When will PEG savings begin?: Jan-05

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.153	\$0.155	\$0.158	\$0.162
<i>Total Reduction in Positions Required</i>	0	0	0	0	0
Current Vacancies	0	0	0	0	0
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator)					

MTA LONG ISLAND RAIL ROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category: MAINTENANCE
Program: Close West Side Shop One Shift

Background Details: N/A

PEG Description and Implementation Plan: Entire shop closed one shift Monday thru Friday, excluding Wheel Truing Machine. Shift work to HSF.

PEG Implementation Date: Jan-05 **When will PEG savings begin?:** Jan-05

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.359	\$0.369	\$0.379	\$0.390
<i>Total Reduction in Positions Required</i>	0	4	4	4	4
 Current Vacancies	0	0	0	0	0
 <i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
 Other (Identify Appropriate Indicator)					

MTA LONG ISLAND RAIL ROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category: MAINTENANCE

Program: Agency-wide Reduction in Overtime

Background Details: 2004 Overtime Budget is approximately \$80m. This represents a 6% reduction to the base overtime funding.

PEG Description and Implementation Plan: Reduce overtime spending from current levels. However, it is important to note that this reduction is in addition to overtime savings that has been incorporated in other PEG reduction proposals.

PEG Implementation Date: Jan-05 **When will PEG savings begin?:** Jan-05

Financial Impact (Operating)

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
Net Savings (in millions)	\$0.000	\$5.577	\$5.029	\$5.543	\$5.698

Total Reduction in Positions Required	0	0	0	0	0
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Current Vacancies	0	0	0	0	0
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Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other

(Identify Appropriate Indicator)

MTA LONG ISLAND RAIL ROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category:

MAINTENANCE

Program:

Extend Periodic Inspection Intervals for Diesel Equipment

Background Details:	Diesel equipment receive Periodic Inspection on a schedule that ranges from 45 to 92 days depending on the type of equipment.
----------------------------	---

PEG Description and Implementation Plan:	This reduction would extend the interval periods further. The risk is that problems will not be identified before failure. As a result, this would likely result in service disruptions and train delays.	
PEG Implementation Date:	Jan-05	When will PEG savings begin?: Jan-05

Financial Impact (Operating)

Net Savings (in millions)

2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
\$0.000	\$0.949	\$0.975	\$0.999	\$1.026

Total Reduction in Positions Required

0 7 7 7 7

Current Vacancies

0 0 0 0 0

Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other

(Identify Appropriate Indicator)

MTA LONG ISLAND RAILROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category: REVENUE ENHANCEMENTS

Program: Revenue - Additional Parking Fees

Background Details: N/A N/A

PEG Description and Implementation Plan: Additional parking revenues - review potential increase in parking fees.

PEG Implementation Date: Jan-05 **When will PEG savings begin?:** Jan-05

Financial Impact (Operating)

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
Net Savings (in millions)	\$0.000	\$0.500	\$0.508	\$0.519	\$0.530

Total Reduction in Positions Required	0	0	0	0	0
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Current Vacancies	0	0	0	0	0
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Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other

(Identify Appropriate Indicator)

MTA LONG ISLAND RAIL ROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category: REVENUE ENHANCEMENT

Program: Leasing of Arch Street Shop

Background Details:	Arch Street Facility is scheduled to achieve beneficial use in the fourth quarter of 2004.
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PEG Description and Implementation Plan:	Two year lease of Arch Street Shop to Bombardier for use as an M-7 modification facility. Bombardier will do modification work on the M-7s and will reimburse the LIRR for lease of the facility.	
PEG Implementation Date:	Jan-05	When will PEG savings begin?: Jan-05

Financial Impact (Operating)

Net Savings (in millions)

2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
\$0.000	\$0.300	\$0.375	\$0.000	\$0.000

Total Reduction in Positions Required

0	0	0	0	0
---	---	---	---	---

Current Vacancies

0	0	0	0	0
---	---	---	---	---

Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other

(Identify Appropriate Indicator)

MTA LONG ISLAND RAIL ROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category Level: OTHER

Program: Reduce Funding for Employee Safety Related Initiatives

Background Details: N/A	N/A
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PEG Description and Implementation Plan:	Reduce "CARE" funding.	
PEG Implementation Date:	Jan-05	When will PEG savings begin?: Jan-05

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.178	\$0.181	\$0.185	\$0.189
<i>Total Reduction in Positions Required</i>	0	0	0	0	0
 Current Vacancies	0	0	0	0	0
 <i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
 Other (Identify Appropriate Indicator)					

MTA LONG ISLAND RAILROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category: OTHER
Program: Environmental Program Reductions

Background Details: N/A

PEG Description and Implementation Plan: Reduce funding for Environmental Clean-up and Abatement.

PEG Implementation Date: Jan-05 **When will PEG savings begin?:** Jan-05

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.134	\$0.136	\$0.139	\$0.142
<i>Total Reduction in Positions Required</i>	0	0	0	0	0
 Current Vacancies	0	0	0	0	0
 <i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
 Other (Identify Appropriate Indicator)					

MTA LONG ISLAND RAIL ROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category: CUSTOMER CONVENIENCE & AMENITIES

Program: Close all Car Washes - Eliminate Exterior Car Cleaning Capability

Background Details: N/A	The railroad operates 3 car washes to clean the exterior of rail cars. Two car washes are located east of Jamaica, including the recently constructed Ronkonkoma Car Wash.
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PEG Description and Implementation Plan:	This reduction would result in the closure of all three car washes. The railroad would have no capability to clean the exterior of rail cars.
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PEG Implementation Date:	Jan-06	When will PEG savings begin?: Jan-06
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Financial Impact (Operating)

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
Net Savings (in millions)	\$0.000	\$0.000	\$0.381	\$0.391	\$0.402

Total Reduction in Positions Required	0	0	4	4	4
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Current Vacancies	0	0	0	0	0
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Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other

(Identify Appropriate Indicator)

MTA LONG ISLAND RAILROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category: CUSTOMER CONVENIENCE & AMENITIES

Program: Eliminate Ticket Selling Positions at 16 Stations.

Background Details: N/A Line stations typically have one ticket window open to sell tickets and provide customers with information.

PEG Description and Implementation Plan: Eliminate the Ticket Selling position at 16 line stations. These stations were selected because they have an average ticket sales rate below 175 per hour. As a result of this reduction, only TVMs will be available at the station. Most stations have only one TVM. This will result in a change to customer ticket buying pattern.

PEG Implementation Date: Jan-06 **When will PEG savings begin?:** Jan-06

Financial Impact (Operating)

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
Net Savings (in millions)	\$0.000	\$0.000	\$0.965	\$0.990	\$1.018

Total Reduction in Positions Required	0	0	14	14	14
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Current Vacancies	0	0	0	0	0
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Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other

(Identify Appropriate Indicator)

MTA LONG ISLAND RAIL ROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category: CUSTOMER CONVENIENCE & AMENITIES

Program: Eliminate Ticket Selling Positions at all Remaining Line Stations.

Background Details: N/A Line stations typically have one ticket window open to sell tickets and provide customers with information.

PEG Description and Implementation Plan: Eliminate the Ticket Selling position at virtually all remaining line stations. The only stations that would have a Ticket Selling position would be ten major hub and terminal stations. As a result of this reduction, only TVMs will be available at affected station. Most of these stations have only one TVM. This will result in a change to customer ticket buying pattern.

PEG Implementation Date: Jan-06 **When will PEG savings begin?:** Jan-06

Financial Impact (Operating)

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
Net Savings (in millions)	\$0.000	\$0.000	\$0.965	\$0.990	\$1.018

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
Total Reduction in Positions Required	0	0	14	14	14

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
Current Vacancies	0	0	0	0	0

Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other

(Identify Appropriate Indicator)

MTA LONG ISLAND RAIL ROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category: SERVICE

Program: Eliminate Service to Belmont Race Track

Background Details:	The railroad operates special service to Belmont Race Track during the racing season.
----------------------------	---

PEG Description and Implementation Plan:	This reduction would completely eliminate this service. While this is not a primary service of the railroad, this PEG will result in a loss of revenue.		
PEG Implementation Date:	Jan-06	When will PEG savings begin?:	Jan-06

Financial Impact (Operating)

Net Savings (in millions)

2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
\$0.000	\$0.000	\$0.135	\$0.139	\$0.143

Total Reduction in Positions Required

0	0	0	0	0
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Current Vacancies

0	0	0	0	0
---	---	---	---	---

Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other

(Identify Appropriate Indicator)

MTA LONG ISLAND RAIL ROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category: SERVICE

Program: Abandon West Hempstead Branch

Background Details: The West Hempstead Branch serves approximately 3,000 customers daily, including 1,500 during the AM peak.

PEG Description and Implementation Plan: This proposal would result in the suspension of all service on the West Hempstead Branch and abandonment of the branch line. Infrastructure material would be removed and salvaged. The PEG savings reflect savings in the Transportation, Engineering, Maintenance of Equipment, and Passenger Services departments. No service has been added to any other branch to accommodate the displaced riders.

PEG Implementation Date: Jan-06 **When will PEG savings begin?:** Jan-06

Financial Impact (Operating)

Net Savings (in millions)

2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
\$0.000	\$0.000	\$2.423	\$2.484	\$2.551

Total Reduction in Positions Required

0 0 24.86 24.86 24.86

Current Vacancies

0 0 0 0 0

Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other

(Identify Appropriate Indicator)

MTA LONG ISLAND RAIL ROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category: SERVICE
Program: Abandon Oyster Bay Branch

Background Details: The Oyster Bay Branch serves approximately 6,000 customers daily, including 2,000 during the AM peak.

PEG Description and Implementation Plan: This proposal would result in the suspension of all service on the Oyster Bay Branch and abandonment of the branch line. Infrastructure material would be removed and salvaged. The PEG savings reflect savings in the Transportation, Engineering, Maintenance of Equipment, and Passenger Services departments. No service has been added to any other branch to accommodate the displaced riders.

PEG Implementation Date: Jan-06 **When will PEG savings begin?:** Jan-06

Financial Impact (Operating)

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
Net Savings (in millions)	\$0.000	\$0.000	\$7.130	\$7.306	\$7.503

<i>Total Reduction in Positions Required</i>	0	0	69.79	69.79	69.79
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Current Vacancies	0	0	0	0	0
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Impact on Operations:

Ridership Per Week (in thousands)
Mean Distance Between Failure
On-Time Performance

Other
(Identify Appropriate Indicator)

MTA LONG ISLAND RAIL ROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category: SERVICE

Program: Abandon Montauk Branch West of Jamaica (Lower Montauk)

Background Details: Lower Montauk leads from the Main Line at Harold to Long Island City. It is primarily used by the freight carrier - New York & Atlantic.

PEG Description and Implementation Plan: This proposal would result in the suspension of all service on the Lower Montauk Branch(West of Jamaica) and abandonment of the branch line. Infrastructure material would be removed and salvaged. The PEG savings reflect savings in the Transportation, Engineering, Maintenance of Equipment, and Passenger Services departments.

PEG Implementation Date: Jan-06 **When will PEG savings begin?:** Jan-06

Financial Impact (Operating)

Net Savings (in millions)

**2004
Mid-Year
Forecast**

**2005
Preliminary
Budget**

2006

2007

2008

\$0.000

\$0.000

\$1.117

\$1.144

\$1.174

Total Reduction in Positions Required

0

0

19.86

19.86

19.86

Current Vacancies

0

0

0

0

0

Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other

(Identify Appropriate Indicator)

MTA LONG ISLAND RAILROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category: SERVICE

Program: Abandon Greenport to Ronkonkoma.

Background Details:	The Greenport-Ronkonkoma Branch serves approximately 200 customers daily, including 30 during the AM peak.
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PEG Description and Implementation Plan:	This proposal would result in the suspension of all service on the Greenport to Ronkonkoma Branch and abandonment of the branch line. Infrastructure material would be removed and salvaged. The exception is that track material between Ronkonkoma and Yaphank will remain in order to permit future expansion of MU service. The PEG savings reflect savings in the Transportation, Engineering, Maintenance of Equipment, and Passenger Services departments. No service has been added to any other branch to accommodate the displaced riders.
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PEG Implementation Date:	Jan-06	When will PEG savings begin?: Jan-06
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Financial Impact (Operating)

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
Net Savings (in millions)	\$0.000	\$0.000	\$1.696	\$1.737	\$1.783

<i>Total Reduction in Positions Required</i>	0	0	22.5	22.5	22.5
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Current Vacancies	0	0	0	0	0
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Impact on Operations:

Ridership Per Week (in thousands)
Mean Distance Between Failure
On-Time Performance

Other
(Identify Appropriate Indicator)

MTA LONG ISLAND RAIL ROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category: SERVICE

Program: Eliminate Weekend Service on Oyster Bay, Far Rockaway, Port Jeff, and West Hempstead

Background Details: N/A	The LIRR operates weekend service on all branches.
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PEG Description and Implementation Plan:	This reduction would eliminate Weekend Service on Oyster Bay, Far Rockaway, Port Jeff, and West Hempstead.
PEG Implementation Date:	Jan-06
	When will PEG savings begin?: Jan-06

Financial Impact (Operating)

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
Net Savings (in millions)	\$0.000	\$0.000	\$3.168	\$3.249	\$3.339

<i>Total Reduction in Positions Required</i>	0	0	3	3	3
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Current Vacancies	0	0	0	0	0
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Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other

(Identify Appropriate Indicator)

MTA LONG ISLAND RAIL ROAD
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category: SERVICE

Program: Service Reductions Below Current Service Levels

Background Details: N/A	The railroad operates service 24 hours per day/7 days per week. The railroad is forecasting a need to increase service and seating capacity in order to minimize standees and accommodate ridership growth.
--------------------------------	---

PEG Description and Implementation Plan:	This reduction requires reducing service below current levels. This will be achieved through canceling and combining 30 trains in peak and off-peak service. These trains serve 16,000 customers. In addition, to achieve these budget savings, it is necessary to eliminate extra Holiday and Holiday Eve (Christmas & Thanksgiving) Service. As a result, the AM Peak Service, which drives the fleet size requirements, is reduced by approximately 38 MU cars. This yields savings in M/E for fleet cleaning, maintenance, and support shop activities.
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PEG Implementation Date:	Jan-06	When will PEG savings begin?: Jan-06
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Financial Impact (Operating)

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
Net Savings (in millions)	\$0.000	\$0.000	\$9.326	\$9.560	\$9.822

Total Reduction in Positions Required	0	0	83	83	83
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Current Vacancies	0	0	0	0	0
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Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other

(Identify Appropriate Indicator)

		2004	2005				
	2003	Mid-Year	Preliminary				
Departments	Actuals	Forecast	Budget	2006	2007	2008	2009
Engineering	1,489	1,495	1,529	1,678	1,678	1,678	1,678
Equipment	1,784	1,845	1,868	1,873	1,902	1,923	1,923
Transportation	1,815	1,893	1,887	1,887	1,887	1,887	1,887
Passenger Services	380	382	381	384	387	387	387
All Other	24	24	24	24	24	24	24
Total Operating & Maint.	5,492	5,639	5,689	5,846	5,878	5,899	5,899
Executive VP	2	2	2	2	2	2	2
Labor Relations	9	10	12	12	12	12	12
Procurement & Logistics	177	182	185	185	185	185	185
Human Resources	100	99	99	99	99	99	99
Strategic Investments	33	40	40	40	40	40	40
Diversity Management	2	3	3	3	3	3	3
Total Exec Vice Pres	323	336	341	341	341	341	341
President	3	3	3	3	3	3	3
VP & Chief Financial Officer	102	107	110	110	110	110	110
Svc. Planning, Tech. & CPM	274	295	293	294	294	294	294
Market Dev & Public Affairs	64	63	66	66	66	66	66
Gen Counsel & Secretary	30	32	32	32	32	32	32
System Safety	21	21	22	21	21	21	21
Total General & Admin	494	521	526	526	526	526	526
Baseline Total Positions	6,309	6,496	6,556	6,713	6,745	6,766	6,766
<i>Non-Reimbursable</i>	5,539	5,789	5,884	5,813	5,851	5,872	5,872
<i>Reimbursable</i>	770	707	672	900	894	894	894
<i>Total Full-Time</i>	6,309	6,496	6,556	6,713	6,745	6,766	6,766
<i>Total Full-Time-Equivalents</i>	0	0	0	0	0	0	0
Impact of:							
Program to Eliminate Gap	0	0	362	616	616	616	616
Total Positions	6,309	6,496	6,194	6,097	6,129	6,150	6,150
<i>Non-Reimbursable</i>	5,539	5,789	5,522	5,197	5,235	5,256	5,256
<i>Reimbursable</i>	770	707	672	900	894	894	894
<i>Total Full-Time</i>	6,309	6,496	6,194	6,097	6,129	6,150	6,150
<i>Total Full-Time-Equivalents</i>	0	0	0	0	0	0	0

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