

MTA 2005 Preliminary Budget

July Financial Plan 2005 – 2008

Volume 2 – Agency Details



July 29, 2004



Metropolitan Transportation Authority

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VOLUME 2

This volume contains 2003 actuals, 2004-2008 projections and supporting documentation for each MTA agency. Each section is organized as follows:

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MTA Bridges & Tunnel

MTA Bridges and Tunnels
2005 Preliminary Budget
July Financial Plan 2005 – 2008

Mission Statement

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

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

Financial Overview

Overall, for the 2004-2005 period, B&T projects a total of \$1,551.2 million in net operating income before factoring in the Program to Eliminate the Gap (PEG). This consists of \$2,272.6 million in revenues, offset by \$721.4 million in expenses. Together with the savings at year-end 2003, these expenses are \$28.4 million better than the expense reduction target of \$34.1 million established by the MTA for the period from 2003-2005, while maintaining the current service levels and MTA's commitment to safety and security. For 2006 to 2008, B&T will continue to meet the financial goals set by the MTA, and projects that a total of almost \$2.2 billion before PEGs will be provided in net operating income over that three-year period. The budget being submitted enables B&T to continue to meet its strategic business plan goals in the areas of safety, customer service, and cost effectiveness. However, in order to meet the funding targets, significant new fees will need to be imposed that could have an impact on overall customer satisfaction.

Highlights of the preliminary budget are outlined below.

2005 Preliminary Budget - Baseline

In the 2005 Preliminary Budget, a total of \$770.1 million is projected in net operating income for 2005 before factoring in the savings from PEGs. This consists of \$1,138.7 million in revenues, offset by \$368.6 million in expenses. The expenses are composed of \$192.4 million in labor costs, which include a new need for the maintenance of the centralized access and monitoring control system (\$0.3 million in 2005 for 3 maintainers and 1 security analyst with 3 additional maintainers to be added in 2006), and \$176.3 million in non-labor expenses, which include a new need for critical painting requirements at the Verrazano-Narrows Bridge (\$2.1 million in 2005).

In 2005, total headcount is 1,816, which includes 45 reimbursable positions and 4 new positions for the new need mentioned above.

The 2005 Preliminary Budget also includes below-the-line gap closing actions of \$9.3 million, which are discussed later in this document, under Gap Closing Measures.

Year-to-year, the 2005 Preliminary Budget is \$11.0 million below the 2004 Forecast for net operating income of \$781.1 million before PEGs and reflects a \$4.8 million increase in revenues (\$0.9 million in toll revenue, \$2.8 million in capital reimbursements, \$1.1 million in investment income). The revenue increases are offset by a \$9.9 million increase in labor expenses as a result of annualizing salaries and associated fringe benefits for the 2004 hires and incorporating contractual step-up and CPIU increases of 2.03%, and a \$5.9 million increase in non-labor expenses resulting from E-ZPass tag purchases.

Further details regarding the reconciliations to the February Plan and major assumptions are discussed in a later section.

2006-2008 Projections

The 2006 projection for net operating income is \$751.8 million before factoring in the savings from PEGs. This consists of \$1,146.1 million in revenues, offset by \$394.3 million in expenses. The expenses are composed of \$204.5 million in labor costs, which include a new need for the maintenance of the centralized access and monitoring control system (\$0.5 million for 6 maintainers and 1 security analyst), and \$189.8 million in non-labor expenses.

In 2006, the total headcount increases to 1,819, which includes 45 reimbursable positions, and 3 additional positions for the new need mentioned above.

The 2006 projection also includes below-the-line gap closing actions of \$18.5 million, which are discussed later in this document under Gap Closing Measures.

The 2006 projection is \$18.2 million below the 2005 Preliminary Budget Forecast for net operating income of \$770.1 million before PEGs and reflects a \$7.4 million increase in revenues (\$4.4 million in toll revenue, \$2.6 million in capital reimbursements, \$0.6 million in investment income). The revenue increases are offset by a \$12.1 million increase in labor expenses as a result of contractual step-up and CPIU increases of 2.20%, and a \$13.5 million increase in non-labor expenses resulting from bridge painting requirements at the Verrazano-Narrows Bridge, offset by lower CPIU increases.

Further details regarding the reconciliations to the February Plan and major assumptions are discussed in a later section.

The 2007 and 2008 projections for net operating income are \$734.4 million and \$726.6 million, respectively, before factoring in the savings from PEGs. For 2007, this consists of \$1,152.6 million in revenues, offset by \$418.1 million in expenses. The expenses are composed of \$215.0 million in labor costs, which include the aforementioned new need for the maintenance of the centralized access and monitoring control system (\$0.5 million for 6 maintainers and 1 security analyst), and \$203.1 million in non-labor expenses. For 2008, this consists of \$1,158.4 million in revenues, offset by \$431.9 million in expenses. The expenses are composed of \$224.3 million in labor costs, including the new need for the maintenance of the centralized access and monitoring control system (\$0.5 million for 6 Maintainers and 1 Security Analyst), and \$207.5 million in non-labor expenses.

In 2007 and 2008, the total headcount remains at 1,819, which continues to include the 45 reimbursable positions.

The 2007 and 2008 projections also include below-the-line gap closing actions of \$18.5 million per year, which are discussed later in this document under Gap Closing Measures.

Details for the reconciliations to the February Plan and major assumptions are discussed in a later section.

GAP CLOSING MEASURES

2005 PEG Actions

Total PEG actions beginning in 2005 are projected to generate \$9.3 million. The major proposed initiatives are:

- Establish a \$1/monthly E-ZPass account fee, effective July 2005. This fee would generate an estimated \$6.6 million in 2005 and \$13.2 million annually thereafter. An estimated 15% of current E-ZPass account holders who are very infrequent travelers are projected to opt out of the program, but total traffic is not expected to change significantly.
- Fund all traffic control capital construction overtime from the capital budget, which would generate \$2.2 million annually.
- Other actions totaling \$0.5 million in 2005 and \$1.0 million annually thereafter include:
 - Establish an E-ZPass administrative fee in July 2005 for tags issued to an outside agency receiving toll free passage (\$0.2 million in 2005, \$0.3 million annually thereafter);
 - Increase current E-ZPass fees as of July 2005 for returned checks and retained tag fees (\$0.1 million in 2005, \$0.2 million annually thereafter);
 - Reduce administrative headcount by 1 position (\$0.04 million annually).

2006 PEG Actions

If adopted and implemented, the programs initiated in 2005 will contribute \$14.4 million in 2006, and the following proposed actions would generate an additional \$2.3 million:

- Negotiate a more favorable MasterCard rate on E-ZPass account replenishments. Annual savings of \$1.3 million on E-ZPass credit card fees will be realized if the MTA and B&T can successfully secure the service industry incentive rate from MasterCard as opposed to B&T's current group classification, which carries a higher rate.
- Charge a fee to any customer who necessitates a lane intervention due to an improperly mounted E-ZPass tag. The fee income will go towards offsetting the labor costs associated with E-ZPass lane interventions, which are estimated to total \$0.7 million.
- Reduce the Bridge Painting Program by \$0.2 million.

2007 and 2008 PEG Projections

Assuming all of the above initiatives are adopted and can be implemented, total PEG savings will amount to \$18.5 million annually in 2007 and 2008.

No new PEGs are scheduled to begin in either 2007 or 2008.

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MTA Bridges and Tunnels
July Financial Plan 2005 - 2008
Accrual Statement of Operations by Category
(\$ in millions)

NON-REIMBURSABLE

	2003	2004	2005			
	Actuals	Mid-Year	Preliminary	2006	2007	2008
		Forecast	Budget			
Revenue						
Farebox Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vehicle Toll Revenue	1,021.938	1,086.587	1,087.455	1,091.872	1,095.502	1,099.139
Other Operating Revenue	10.706	8.916	8.998	8.756	8.852	8.009
Capital and Other Reimbursements	85.735	24.973	27.314	29.428	31.509	33.246
Investment Income	2.334	1.081	2.172	2.750	2.920	3.760
Total Revenue	\$ 1,120.713	\$ 1,121.557	\$ 1,125.939	\$ 1,132.806	\$ 1,138.783	\$ 1,144.154
Expenses						
Labor:						
Payroll	97.636	104.105	108.646	112.049	115.765	119.855
Overtime	25.884	25.419	24.546	25.085	25.727	26.448
Health and Welfare	21.156	25.310	28.673	31.165	33.935	36.987
Pensions	1.819	5.397	10.663	15.178	17.743	18.343
Other Fringe Benefits	18.182	16.457	13.761	14.536	15.076	15.671
Reimbursable Overhead	(4.090)	(6.580)	(6.714)	(6.861)	(7.038)	(7.235)
Total Labor Expenses	\$ 160.587	\$ 170.108	\$ 179.576	\$ 191.152	\$ 201.208	\$ 210.068
Non-Labor:						
Traction and Propulsion Power	-	-	-	-	-	-
Fuel for Buses and Trains	-	-	-	-	-	-
Insurance	8.247	9.081	8.422	9.270	9.459	9.666
Claims	-	0.006	0.006	0.006	0.006	0.006
Paratransit Service Contracts	-	-	-	-	-	-
Operating Contracts	116.870	125.844	126.461	141.128	153.126	156.480
Professional Service Contracts	10.840	14.908	14.291	14.213	14.472	14.755
Materials & Supplies	31.429	19.315	25.238	23.311	24.167	24.702
Other Business Expenses	1.044	1.223	1.860	1.878	1.900	1.925
Total Non-Labor Expenses	\$ 168.430	\$ 170.377	\$ 176.278	\$ 189.806	\$ 203.130	\$ 207.534
Other Expenses Adjustments:						
Other	-	-	-	-	-	-
Total Other Expense Adjustments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses before Depreciation	\$ 329.017	\$ 340.485	\$ 355.854	\$ 380.958	\$ 404.339	\$ 417.602
Add: Depreciation	41.160	42.000	45.780	49.900	54.390	59.300
Total Expenses after Depreciation	\$ 370.177	\$ 382.485	\$ 401.634	\$ 430.858	\$ 458.729	\$ 476.902
Less: Depreciation	(41.160)	(42.000)	(45.780)	(49.900)	(54.390)	(59.300)
Total Expenses	\$ 329.017	\$ 340.485	\$ 355.854	\$ 380.958	\$ 404.339	\$ 417.602
Baseline Net Income/(Deficit)	\$ 791.696	\$ 781.072	\$ 770.085	\$ 751.848	\$ 734.445	\$ 726.552
Program to Eliminate the Gap	-	-	9.252	18.503	18.503	18.503
Net Income/(Deficit)	\$ 791.696	\$ 781.072	\$ 779.337	\$ 770.351	\$ 752.947	\$ 745.055

MTA Bridges and Tunnels
July Financial Plan 2005 - 2008
Accrual Statement of Operations by Category
(\$ in millions)

REIMBURSABLE

	2003	2004	2005			
	Actuals	Mid-Year	Preliminary	2006	2007	2008
		Forecast	Budget			
<u>Revenue</u>						
Farebox Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vehicle Toll Revenue						
Other Operating Revenue						
Capital and Other Reimbursements	8.483	12.361	12.776	13.311	13.785	14.262
Investment Income						
Total Revenue	\$ 8.483	\$ 12.361	\$ 12.776	\$ 13.311	\$ 13.785	\$ 14.262
<u>Expenses</u>						
Labor:						
Payroll	3.253	4.070	4.153	4.244	4.353	4.475
Overtime	-	-	-	-	-	-
Health and Welfare	0.660	0.918	1.025	1.184	1.285	1.369
Pensions	0.050	0.196	0.219	0.252	0.274	0.292
Other Fringe Benefits	0.430	0.597	0.666	0.770	0.835	0.890
Reimbursable Overhead	4.090	6.580	6.714	6.861	7.038	7.235
Total Labor Expenses	\$ 8.483	\$ 12.361	\$ 12.776	\$ 13.311	\$ 13.785	\$ 14.262
Non-Labor:						
Traction and Propulsion Power						
Fuel for Buses and Trains						
Insurance						
Claims						
Paratransit Service Contracts						
Operating Contracts						
Professional Service Contracts						
Materials & Supplies						
Other Business Expenses						
Total Non-Labor Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Expenses Adjustments:						
Other						
Total Other Expense Adjustments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses before Depreciation	\$ 8.483	\$ 12.361	\$ 12.776	\$ 13.311	\$ 13.785	\$ 14.262
Add: Depreciation	-	-	-	-	-	-
Total Expenses after Depreciation	\$ 8.483	\$ 12.361	\$ 12.776	\$ 13.311	\$ 13.785	\$ 14.262
Less: Depreciation	-	-	-	-	-	-
Total Expenses	\$ 8.483	\$ 12.361	\$ 12.776	\$ 13.311	\$ 13.785	\$ 14.262
Baseline Net Income/(Deficit)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Program to Eliminate the Gap						
Net Income/(Deficit)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

MTA Bridges and Tunnels
July Financial Plan 2005 - 2008
Accrual Statement of Operations by Category
(\$ in millions)

**NON-REIMBURSABLE and
REIMBURSABLE (Page 1 of 2)**

	2003	2004	2005			
	Actuals	Mid-Year Forecast	Preliminary Budget	2006	2007	2008
Revenue						
Farebox Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vehicle Toll Revenue	1,021.938	1,086.587	1,087.455	1,091.872	1,095.502	1,099.139
Other Operating Revenue	10.706	8.916	8.998	8.756	8.852	8.009
Capital and Other Reimbursements	94.218	37.334	40.090	42.739	45.294	47.508
Investment Income	2.334	1.081	2.172	2.750	2.920	3.760
Total Revenue	\$ 1,129.196	\$ 1,133.918	\$ 1,138.715	\$ 1,146.117	\$ 1,152.568	\$ 1,158.416
Expenses						
Labor:						
Payroll	100.889	108.175	112.799	116.293	120.118	124.330
Overtime	25.884	25.419	24.546	25.085	25.727	26.448
Health and Welfare	21.816	26.228	29.698	32.349	35.220	38.356
Pensions	1.869	5.593	10.882	15.430	18.017	18.635
Other Fringe Benefits	18.612	17.054	14.427	15.306	15.911	16.561
Reimbursable Overhead	-	-	-	-	-	-
Total Labor Expenses	\$ 169.070	\$ 182.469	\$ 192.352	\$ 204.463	\$ 214.993	\$ 224.330
Non-Labor:						
Traction and Propulsion Power	-	-	-	-	-	-
Fuel for Buses and Trains	-	-	-	-	-	-
Insurance	8.247	9.081	8.422	9.270	9.459	9.666
Claims	0.000	0.006	0.006	0.006	0.006	0.006
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	116.870	125.844	126.461	141.128	153.126	156.480
Professional Service Contracts	10.840	14.908	14.291	14.213	14.472	14.755
Materials & Supplies	31.429	19.315	25.238	23.311	24.167	24.702
Other Business Expenses	1.044	1.223	1.860	1.878	1.900	1.925
Total Non-Labor Expenses	\$ 168.430	\$ 170.377	\$ 176.278	\$ 189.806	\$ 203.130	\$ 207.534
Other Expenses Adjustments:						
Other	-	-	-	-	-	-
Total Other Expense Adjustments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses before Depreciation	\$ 337.500	\$ 352.846	\$ 368.630	\$ 394.269	\$ 418.123	\$ 431.864
Depreciation	41.160	42.000	45.780	49.900	54.390	59.300
Total Expenses after Depreciation	\$ 378.660	\$ 394.846	\$ 414.410	\$ 444.169	\$ 472.513	\$ 491.164
Depreciation	(41.160)	(42.000)	(45.780)	(49.900)	(54.390)	(59.300)
Total Expenses	\$ 337.500	\$ 352.846	\$ 368.630	\$ 394.269	\$ 418.123	\$ 431.864
Baseline Net Income/(Deficit)	\$ 791.696	\$ 781.072	\$ 770.085	\$ 751.848	\$ 734.445	\$ 726.552
Program to Eliminate the Gap	-	-	9.252	18.503	18.503	18.503
Net Income/(Deficit)	\$ 791.696	\$ 781.072	\$ 779.337	\$ 770.351	\$ 752.948	\$ 745.055

MTA Bridges and Tunnels
July Financial Plan 2005 - 2008
Accrual Statement of Operations by Category
(\$ in millions)

**NON-REIMBURSABLE and
REIMBURSABLE (Page 2 of 2)**

	2003 Actuals	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
Baseline Net Income/(Deficit)	\$ 791.696	\$ 781.072	\$ 770.085	\$ 751.848	\$ 734.445	\$ 726.552
<u>Deductions from Income:</u>						
Less: Capitalized Assets	4.178	10.476	10.161	10.363	10.594	10.849
Reserves	10.411	14.140	14.402	14.689	15.017	15.379
Adjusted Baseline Net Income/(Deficit)	\$ 777.107	\$ 756.456	\$ 745.522	\$ 726.796	\$ 708.834	\$ 700.324
Less: Debt Service	319.613	404.502	464.362	471.472	483.684	495.807
Less: Gain on Escrow: Transfer to MTA (*)	25.013					
Income Available for Distribution	\$ 432.481	\$ 351.954	\$ 281.160	\$ 255.324	\$ 225.150	\$ 204.517
Distributable To:						
MTA - Investment Income	2.334	1.081	2.172	2.750	2.920	3.760
MTA - Distributable Income	251.871	220.225	191.033	177.721	162.624	151.919
NYCT - Distributable Income	178.276	130.648	87.955	74.853	59.606	48.838
Total Distributable Income:	\$ 432.481	\$ 351.954	\$ 281.160	\$ 255.324	\$ 225.150	\$ 204.517
Actual Cash Transfers:						
MTA - Investment Income	14.727	2.334	1.081	2.172	2.750	2.920
MTA - Transfers	327.780	236.499	193.953	179.052	164.134	152.989
NYCT - Transfers	231.178	139.302	92.225	76.164	61.130	49.915
Total Cash Transfers:	\$ 573.685	\$ 378.135	\$ 287.259	\$ 257.388	\$ 228.014	\$ 205.824
SUPPORT TO MASS TRANSIT:						
Total Revenues	1,129.196	1,133.918	1,138.715	1,146.117	1,152.568	1,158.416
Less: Net Operating Expenses	337.500	352.846	368.630	394.269	418.123	431.864
Program to Eliminate the Gap	-	-	9.252	18.503	18.503	18.503
Net Operating Income:	\$ 791.696	\$ 781.072	\$ 779.337	\$ 770.351	\$ 752.947	\$ 745.055
Deductions from Operating Income:						
B&T Debt Service	75.107	109.570	124.794	132.446	144.261	156.234
Capitalized Assets	4.178	10.476	10.161	10.363	10.594	10.849
Reserves	10.411	14.140	14.402	14.689	15.017	15.379
Total Deductions from Operating Inc:	\$ 89.696	\$ 134.186	\$ 149.357	\$ 157.498	\$ 169.872	\$ 182.462
Total Support to Mass Transit:	\$ 702.000	\$ 646.886	\$ 629.980	\$ 612.853	\$ 583.075	\$ 562.593

(*) Excess escrow balance investments from the bond restructuring program, transferred to the MTA for the capital program.

MTA Bridges and Tunnels
2005 Preliminary Budget
July Financial Plan 2005 – 2008

Year-to-Year Changes: 2004-2008

Toll Revenue

- Revenues are estimated to reach \$1,086.6 million in 2004 and \$1,087.5 million in 2005 based on current traffic trends, an increase of \$0.9 million.
- Projected revenues grow by \$4.4 million in 2006, and by \$3.6 million per year in 2007 and 2008, reflecting modest growth in regional (New York City, Long Island and Westchester) employment and other economic and operational considerations. The Global Insight forecast projects a 1.2% average annual growth in regional employment for the 2006 to 2008 period.

Other Operating Revenue

- Other income primarily consists of Battery Parking Garage revenue, various E-ZPass fees (charges for lost or non-returned tags, returned checks, etc.), and E-ZPass Plus fees.
- Modest increases are projected each year for Battery Parking Garage receipts, reflecting expected economic improvements in lower Manhattan, and for E-ZPass Plus usage.

Capital and Other Reimbursements

- Income from Capital and Other Reimbursements have increased by approximately \$2.8 million in 2005, \$2.6 million in 2006 and 2007, and \$2.2 million in 2008, due to step-up increases for Bridge and Tunnel Officers and CPIU increases applied to reimbursable salaries.

Investment Income

- The 2004 investment income is based on actual interest earnings on fund balances through April annualized.
- For 2005 through 2008, the investment income reflects potential earnings on estimated fund balances based on Global Insight's forecasts for short-term investment yields.

Payroll

- The 2004 to 2005 increases in payroll are a result of annualizing salaries for 2004 hires, contractual step increases and CPIU increases.

- In 2005 and 2006, there is an increase in payroll as a result of a new need for the maintenance of the centralized access and monitoring control system.
- For 2006 to 2008 increases in payroll reflect CPIU and contractual step increases.
- CPIU increases are 2.03% in 2005, 2.20% in 2006, 2.57% in 2007 and 2.81% in 2008, obtained from Global Insight's forecasts, and are applied to salaries and overtime.

Overtime

- The 2004 to 2005 reduction is due to decreases in the Operations Department's overtime, as more tasks are performed on straight time by the 2004 new hires.
- The 2006 to 2008 increases are due to CPIU.

Health and Welfare

- The 2004 to 2005 increases are due to increases based on estimates from the medical services providers and full-year benefits for 2004 hires.
- The 2006 to 2008 increases are due to increases based on estimates from the medical services providers.

Pensions

- The 2004 to 2008 increases reflect the latest NYCERS estimates.

Other Fringe Benefits

- The 2004 to 2005 increases are due to CPIU, full year benefits for 2004 hires and actuarial estimates for Worker's Compensation.
- The 2006 to 2008 increases are due to CPIU and estimates for Worker's Compensation based on information received for 2004 and 2005.

Insurance

- The 2004 through 2006 projections are largely based on MTA Risk Management estimates for property and general liability insurance.
- The increases for 2007 and 2008 are due to CPIU.
- CPIU increases are 1.28% in 2005, 1.60% in 2006, 2.07% in 2007 and 2.22% in 2008, obtained from Global Insight's forecasts.

Maintenance and Other

- 2005 expenses are \$0.6 million higher than 2004 primarily due to lower major maintenance (\$2.0 million) and bridge painting requirements (\$0.4

million), which includes a new need for painting of the Verrazano-Narrows Bridge (increase of \$2.1 million), offset by increases in E-ZPass Customer Service Center expenses and CPIU increases.

- 2006 expenses are \$14.7 million higher than 2005 primarily due to bridge painting requirements at the Verrazano-Narrows Bridge (\$14.1 million) and CPIU increases.
- 2007 expenses increase by \$12.0 million over 2006 primarily due to additional bridge painting requirements (\$9.5 million) and CPIU increases.
- In 2008, there is an increase of \$3.4 million from 2007 primarily due to CPIU increases.
- CPIU increases are 1.28% in 2005, 1.60% in 2006, 2.07% in 2007 and 2.22% in 2008, obtained from Global Insight's forecasts.

Professional Service Contracts

- In 2005, expenses are \$0.6 million lower than 2004 mainly due to a re-estimate of bond insurance fees (\$0.3 million) and a reduction in planning studies (\$0.3 million).
- For 2006 to 2008, the higher expenses are a result of CPIU increases.
- CPIU increases are 1.28% in 2005, 1.60% in 2006, 2.07% in 2007 and 2.22% in 2008, obtained from Global Insight's forecasts.

Materials and Supplies

- In 2005, there is an increase of \$5.9 million over 2004 primarily due to E-ZPass tag purchases. These increased expenses, along with inflationary adjustments, are offset by modest reductions in equipment purchases.
- 2006 expenses are \$1.9 million lower than 2005 primarily due to fewer E-ZPass tag purchases in 2006 (\$2.2 million). This decline is partially offset by CPIU increases.
- In 2007, expenses are \$0.9 million higher than 2006 primarily due to an increase in E-ZPass tag needs (\$0.7 million) for the tag swap program; all other expenses in this category grow by the CPIU rate.
- The 2008 expenses are higher due to CPIU increases.
- CPIU increases are 1.28% in 2005, 1.60% in 2006, 2.07% in 2007 and 2.22% in 2008, obtained from Global Insight's forecasts.

Other Business Expenses

- In 2005, expenses in this category increase by \$0.6 million due to a one-time reimbursement received in 2004 from New York State Department of Transportation for installation of a sign gantry on the Long Island Expressway.
- For 2006 through 2008, the higher expenses reflect CPIU increases.
- CPIU increases are 1.28% in 2005, 1.60% in 2006, 2.07% in 2007 and 2.22% in 2008, obtained from Global Insight's forecasts.

MTA Bridges and Tunnels
July Financial Plan 2005 - 2008
Year-to-Year Changes by Category - Accrual Basis
(\$ in millions)

**NON-REIMBURSABLE and
REIMBURSABLE (Page 2 of 2)**

	Favorable/(Unfavorable)								
	2004	2005	Change 2005 - 2004	2006	Change 2006 - 2005	2007	Change 2007 - 2006	2008	Change 2008 - 2007
Baseline Net Income/(Deficit)	\$ 781.072	\$ 770.085	\$ (10.987)	\$ 751.848	\$ (18.237)	\$ 734.445	\$ (17.403)	\$ 726.552	\$ (7.893)
<u>Deductions from Income:</u>									
Less: Capitalized Assets	10.476	10.161	0.315	10.363	(0.202)	10.594	(0.231)	10.849	(0.255)
Reserves	14.140	14.402	(0.262)	14.689	(0.287)	15.017	(0.328)	15.379	(0.362)
Adjusted Baseline Net Income/(Deficit)	\$ 756.456	\$ 745.522	\$ (10.934)	\$ 726.796	\$ (18.726)	\$ 708.834	\$ (17.962)	\$ 700.324	\$ (8.510)
Less: Debt Service	404.502	464.362	(59.860)	471.472	(7.110)	483.684	(12.212)	495.807	(12.123)
Income Available for Distribution	\$ 351.954	\$ 281.160	\$ (70.794)	\$ 255.324	\$ (25.836)	\$ 225.150	\$ (30.174)	\$ 204.517	\$ (20.633)
Distributable To:									
MTA - Investment Income	1.081	2.172	1.091	2.750	0.578	2.920	0.170	3.760	0.840
MTA - Distributable Income	220.225	191.033	(29.192)	177.721	(13.312)	162.624	(15.097)	151.919	(10.705)
NYCT - Distributable Income	130.648	87.955	(42.693)	74.853	(13.102)	59.606	(15.247)	48.838	(10.768)
Total Distributable Income:	\$ 351.954	\$ 281.160	\$ (70.794)	\$ 255.324	\$ (25.836)	\$ 225.150	\$ (30.174)	\$ 204.517	\$ (20.633)
SUPPORT TO MASS TRANSIT:									
Total Revenues	1,133.918	1,138.715	(4.797)	1,146.117	(7.402)	1,152.568	(6.451)	1,158.416	(5.848)
Less: Net Operating Expenses	352.846	368.630	(15.784)	394.269	(25.639)	418.123	(23.854)	431.864	(13.741)
Program to Eliminate the Gap	-	9.252	(9.252)	18.503	(9.250)	18.503	-	18.503	-
Net Operating Income:	\$ 781.072	\$ 779.337	\$ 1.735	\$ 770.351	\$ 8.987	\$ 752.947	\$ 17.403	\$ 745.055	\$ 7.893
Deductions from Operating Income:									
B&T Debt Service	109.570	124.794	(15.224)	132.446	(7.652)	144.261	(11.815)	156.234	(11.973)
Capitalized Assets	10.476	10.161	0.315	10.363	(0.202)	10.594	(0.231)	10.849	(0.255)
Reserves	14.140	14.402	(0.262)	14.689	(0.287)	15.017	(0.328)	15.379	(0.362)
Total Deductions from Operating Inc:	\$ 134.186	\$ 149.357	\$ (15.171)	\$ 157.498	\$ (8.141)	\$ 169.872	\$ (12.374)	\$ 182.462	\$ (12.590)
Total Support to Mass Transit:	\$ 646.886	\$ 629.980	\$ 16.906	\$ 612.853	\$ 17.128	\$ 583.075	\$ 29.777	\$ 562.593	\$ 20.483

MTA Bridges and Tunnels
July Financial Plan 2005 - 2008
Ridership/Traffic Volume (Utilization)
(in millions)

	2003	2004	2005			
	Actuals	Mid-Year	Preliminary	2006	2007	2008
		Forecast	Budget			
Baseline Total Toll Revenue	\$1,021.938	\$1,086.587	\$1,087.455	\$1,091.872	\$1,095.502	\$1,099.139
<i>Impact of:</i>						
Program to Eliminate the Gap	0.000	0.000	0.000	0.000	0.000	0.000
Total Toll Revenue	1,021.938	1,086.587	1,087.455	1,091.872	1,095.502	1,099.139
 Baseline Total Traffic Volume	 296.647	 300.914	 301.652	 303.382	 304.899	 306.423
<i>Impact of:</i>						
Program to Eliminate the Gap	0.000	0.000	0.000	0.000	0.000	0.000
Total Traffic Volume	296.647	300.914	301.652	303.382	304.899	306.423

MTA Bridges and Tunnels
2005 Preliminary Budget
July Financial Plan – 2005 to 2008

<u>Plan-to-Plan</u>	<u>Favorable/ Unfavorable</u> (\$ in millions)
2004: July Financial Plan vs. February Financial Plan	\$24.3
<ul style="list-style-type: none"> There are no programmatic changes for 2004, other than those outlined as PEGs. All adjustments to the plan are re-estimates. 	
2005: July Financial Plan vs. February Financial Plan	\$21.2
<ul style="list-style-type: none"> The painting program has identified critical painting needs at the Verrazano-Narrows Bridge upper towers due to corrosion and rust in the area. 	\$2.1
<ul style="list-style-type: none"> New equipment, including surveillance cameras, alarm systems, video recorders and detection monitors and fiber optic lines at all Authority bridges and tunnels, will be integrated into a centralized access and monitoring control system. Three maintainers will be hired in 2005 to service the equipment as the systems are put in place and a security analyst will be added at the centralized monitoring station. 	\$0.3
<ul style="list-style-type: none"> There are no other programmatic changes for 2005, other than those outlined as PEGs. 	
2006: July Financial Plan vs. February Financial Plan	\$23.1
<ul style="list-style-type: none"> An additional three maintainer positions will be hired in 2006 for the centralized access and monitoring control system. 	\$0.5
<ul style="list-style-type: none"> There are no other programmatic changes for 2006, other than those outlined as PEGs. 	
2007: July Financial Plan vs. February Financial Plan	\$22.0
<ul style="list-style-type: none"> Ongoing costs for six maintainers and a security analyst for the centralized access and monitoring control system. 	\$0.5
<ul style="list-style-type: none"> There are no other programmatic changes for 2007, other than those outlined as PEGs. 	

**MTA Bridges and Tunnels
2005 Preliminary Budget
July Financial Plan 2005 – 2008**

Other Assumptions

Position Table: 2005 through 2008

Total 2004 headcount was 1,811, which includes reimbursable headcount of 45. In 2005, there is an increase of 1 non-represented position and 4 positions for the new need involving the maintenance of the centralized access and monitoring control system. These adjustments bring total headcount to 1,816 positions in 2005. In 2006, there is an increase of an additional 3 positions for the aforementioned new need, increasing headcount to 1,819 positions. From 2007 through 2008, the number of positions remains constant.

Ridership/Traffic Volume (Utilization): 2003 through 2008

Paid traffic volume reached 296.6 million vehicles in 2003 and is projected to rise to a record high of 300.9 million vehicles in 2004, an increase of 1.4%. The year-to-year growth in traffic is attributed to favorable weather trends through May 2004 as compared to 2003, as well as to the blackout that occurred in August of last year. Traffic volumes are estimated to grow 0.25% in 2005 and an average of 0.50% per year from 2006 through 2008 and incorporate the current forecasts for regional employment and national inflation provided by Global Insight.

MTA Bridges and Tunnels
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)	\$756.772	\$748.893	\$728.717	\$712.414
Add Back: February Plan Unspecified PEGS	\$0.000	\$0.000	\$0.000	\$0.000
Baseline 2004 February Financial Plan - Operating Cash Income/(Deficit)	\$756.772	\$748.893	\$728.717	\$712.414
Baseline:				
Changes				
Revenue				
- Increases in Toll Revenue	11.167	8.266	4.675	2.774
- Adjustments in Other Income	-	(0.022)	(0.040)	(0.048)
- Re-estimate of Capital Reimbursements due to revised O/H rate	-	-	-	-
- Adjustments in inflation for Capital Reimbursements	-	-	-	-
- Adjustments in Other Reimbursements	0.292	(0.650)	(0.824)	(0.923)
- Adjustments in Investment Income	(3.504)	(3.272)	(3.267)	(4.816)
Sub-Total Revenue Changes	\$7.955	\$4.322	\$5.444	(\$3.013)
Expenses				
- Re-estimate of Salary & Wages (Non-Reimb)	0.828	1.148	2.332	3.160
- Re-estimate of Salary & Wages (Reimb)	3.794	3.931	4.180	4.360
- Re-estimate of Overtime	0.009	1.762	2.070	2.300
- Re-estimate of Fringe Benefits	0.804	2.778	3.219	3.989
- Increase in PS costs for the maintenance and operation of surveillance equipment	-	(0.265)	(0.469)	(0.469)
- Re-estimate of OTPS Expenses	10.527	8.482	10.694	11.113
- Re-estimate of Insurance Expenses	0.383	1.217	0.561	0.591
- Increase in Surveillance Equipment	-	(0.083)	-	-
- Increase in Bridge Painting	-	(2.100)	-	-
Sub-Total Expense Changes	\$16.345	\$16.870	\$22.587	\$25.044
Cash Adjustments:				
Revenue				
None				
Expense				
None				
Sub-Total Cash Adjustment Changes	\$0.000	\$0.000	\$0.000	\$0.000
Total Baseline Changes	\$24.300	\$21.192	\$23.131	\$22.031
Program to Eliminate the Gap	\$0.000	\$9.252	\$18.503	\$18.503
Total Changes	\$24.300	\$30.444	\$41.634	\$40.534
2004 July Financial Plan - Operating Cash Income/(Deficit)	\$781.072	\$779.337	\$770.351	\$752.948

MTA Bridges and Tunnels
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)	\$0.000	\$0.000	\$0.000	\$0.000
Add Back: February Plan Unspecified PEGS	\$0.000	\$0.000	\$0.000	\$0.000
Baseline 2004 February Financial Plan - Operating Cash Income/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000
Baseline:				
Changes				
Revenue				
- Increases in Toll Revenue	-	-	-	-
- Adjustments in Other Income	-	-	-	-
- Re-estimate of Capital Reimbursements due to revised O/H rate	3.794	3.794	3.794	3.794
- Adjustments in inflation for Capital Reimbursements	-	0.137	0.386	0.566
- Adjustments in Other Reimbursements	-	-	-	-
- Adjustments in Investment Income	-	-	-	-
Sub-Total Revenue Changes	\$3.794	\$3.931	\$4.180	\$4.360
Expenses				
- Re-estimate of Salary & Wages (Reimb)	(3.794)	(3.931)	(4.180)	(4.360)
- Re-estimate of Overtime	-	-	-	-
- Re-estimate of Fringe Benefits	-	-	-	-
- Increase in PS costs for the maintenance and operation of surveillance equipment	-	-	-	-
- Re-estimate of OTPS Expenses	-	-	-	-
- Re-estimate of Insurance Expenses	-	-	-	-
- Increase in Surveillance Equipment	-	-	-	-
- Increase in Bridge Painting	-	-	-	-
Sub-Total Expense Changes	(\$3.794)	(\$3.931)	(\$4.180)	(\$4.360)
Cash Adjustments:				
Revenue				
None				
Expense				
None				
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	\$0.000	\$0.000	\$0.000	\$0.000
Total Changes	\$0.000	\$0.000	\$0.000	\$0.000
2004 July Financial Plan - Operating Cash Income/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000

MTA Bridges and Tunnels
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)	\$756.772	\$748.893	\$728.717	\$712.414
Add Back: February Plan Unspecified PEGS	\$0.000	\$0.000	\$0.000	\$0.000
Baseline 2004 February Financial Plan - Operating Cash Income/(Deficit)	\$756.772	\$748.893	\$728.717	\$712.414
Baseline:				
Changes				
Revenue				
- Increases in Toll Revenue	11.167	8.266	4.675	2.774
- Adjustments in Other Income	-	(0.022)	(0.040)	(0.048)
- Re-estimate of Capital Reimbursements due to revised O/H rate	3.794	3.794	3.794	3.794
- Adjustments in inflation for Capital Reimbursements	-	0.137	0.386	0.566
- Adjustments in Other Reimbursements	0.292	(0.650)	(0.824)	(0.923)
- Adjustments in Investment Income	(3.504)	(3.272)	(3.267)	(4.816)
Sub-Total Revenue Changes	\$11.749	\$8.253	\$4.724	\$1.347
Expenses				
- Re-estimate of Salary & Wages (Non-Reimb)	0.828	1.148	2.332	3.160
- Re-estimate of Salary & Wages (Reimb)	-	-	-	-
- Re-estimate of Overtime	0.009	1.762	2.070	2.300
- Re-estimate of Fringe Benefits	0.804	2.778	3.219	3.989
- Increase in PS costs for the maintenance and operation of surveillance equipment	-	(0.265)	(0.469)	(0.469)
- Re-estimate of OTPS Expenses	10.527	8.482	10.694	11.113
- Re-estimate of Insurance Expenses	0.383	1.217	0.561	0.591
- Increase in Surveillance Equipment	-	(0.083)	-	-
- Increase in Bridge Painting	-	(2.100)	-	-
Sub-Total Expense Changes	\$12.551	\$12.939	\$18.407	\$20.684
Cash Adjustments:				
Revenue				
None				
Expense				
None				
Sub-Total Cash Adjustment Changes	\$0.000	\$0.000	\$0.000	\$0.000
Total Baseline Changes	\$24.300	\$21.192	\$23.131	\$22.031
Program to Eliminate the Gap	\$0.000	\$9.252	\$18.503	\$18.503
Total Changes	\$24.300	\$30.444	\$41.634	\$40.534
2004 July Financial Plan - Operating Cash Income/(Deficit)	\$781.072	\$779.337	\$770.351	\$752.948

MTA Bridges and Tunnels
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:										
- Reduce 1 administrative position	0	\$.000	1	\$.040	1	\$.040	1	\$.040	1	\$.040
- Negotiate a more favorable credit card rate for the E-ZPass program	0	\$.000	0	\$.000	0	\$ 1.371	0	\$ 1.371	0	\$ 1.371
Sub-Total Administration	0	\$.000	1	\$.040	1	\$ 1.411	1	\$ 1.411	1	\$ 1.411
Customer Convenience & Amenities:										
None	0	\$.000	0	\$.000	0	\$.000	0	\$.000	0	\$.000
Sub-Total Customer Convenience & Amenities	0	\$.000	0	\$.000	0	\$.000	0	\$.000	0	\$.000
Service:										
None										
Sub-Total Service	0	\$.000	0	\$.000	0	\$.000	0	\$.000	0	\$.000
Maintenance:										
- Reduction in bridge painting	0	\$.000	0	\$.000	0	\$.241	0	\$.241	0	\$.241
Sub-Total Maintenance	0	\$.000	0	\$.000	0	\$.241	0	\$.241	0	\$.241
Revenue Enhancements:										
- Establish a monthly E-ZPass account fee	0	\$.000	0	\$ 6.598	0	\$ 13.195	0	\$ 13.195	0	\$ 13.195
- Fund B&T traffic control for capital construction projects	0	\$.000	0	\$ 2.217	0	\$ 2.217	0	\$ 2.217	0	\$ 2.217
- Establish an E-ZPass administrative fee for each tag issued to an outside agency receiving toll free passage	0	\$.000	0	\$.163	0	\$.325	0	\$.325	0	\$.325
- Increase the current fee for retained tags	0	\$.000	0	\$.092	0	\$.183	0	\$.183	0	\$.183
- Establish an administrative fee for deferred toll payment	0	\$.000	0	\$.036	0	\$.073	0	\$.073	0	\$.073
- Increase the current fee for returned checks	0	\$.000	0	\$.017	0	\$.035	0	\$.035	0	\$.035
- Charge a fee for improperly-mounted E-ZPass tags	0	\$.000	0	\$.000	0	\$.733	0	\$.733	0	\$.733
Sub-Total Revenue Enhancements	0	\$.000	0	\$ 9.122	0	\$ 16.760	0	\$ 16.760	0	\$ 16.760
Other:										
- Eliminate DuPont Training Program	0	\$.000	0	\$.090	0	\$.090	0	\$.090	0	\$.090
Sub-Total Other	0	\$.000	0	\$.090	0	\$.090	0	\$.090	0	\$.090
Total PEGS	0	\$.000	1	\$ 9.252	1	\$ 18.503	1	\$ 18.503	1	\$ 18.503

¹ Reflects the impact of amendments on year-end positions.

MTA Bridges and Tunnels
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category: Administrative

Program: Reduction of one secretarial position in Engineering & Construction Executive Office

Background Details:	The position of secretary to the Chief of Staff will be eliminated.
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PEG Description and Implementation Plan:	Eliminate the position. The work that was performed by this position will be absorbed by other clerical positions in the department.	
PEG Implementation Date:	January 2005	When will PEG savings begin?: January 2005

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.040	\$0.040	\$0.040	\$0.040
<i>Total Reduction in Positions Required</i>	0	1	1	1	1
Current Vacancies	0	1	1	1	1
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator)					

MTA Bridges and Tunnels
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category: Revenue Enhancement
Program: Establish a monthly E-ZPass account fee

Background Details:	From the inception of E-ZPass, B&T customers have received tags and account maintenance services (payment processing, tag replacement mailings, etc.) free of charge. Currently, there are approximately 1.3 million B&T private (non-commercial) E-ZPass accounts. New Jersey toll agencies have been charging a one-dollar per month account fee since 2002. In April 2004, the Port Authority of New York and New Jersey began charging a comparable fee.
----------------------------	--

PEG Description and Implementation Plan:	B&T proposes charging private E-ZPass accounts a \$1 per month fee.	
PEG Implementation Date:	July 2005	When will PEG savings begin?: July 2005

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$6.598	\$13.195	\$13.195	\$13.195
<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 Bridges and Tunnels
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category: Revenue Enhancement
Program: Fund B&T Traffic Control for Capital Construction Projects

Background Details: Capital construction projects require BTO and Sergeant coverage of traffic control and other posts directly related to capital construction. Unlike all other capital construction-related expenses, this overtime is not currently funded out of the capital program. To control operating expenses, accurately reflect expenses by proper funding source and provide an incentive for better planning of the customer impact of construction, this proposal would fund all traffic control capital construction overtime costs from the capital budget.

PEG Description and Implementation Plan: Fund all traffic control capital construction overtime from the capital budget.
PEG Implementation Date: January 2005 **When will PEG savings begin?:** Fiscal year 2005

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$2.217	\$2.217	\$2.217	\$2.217
<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 Bridges and Tunnels
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category:

Revenue Enhancement

Program:

Establish an E-ZPass administrative fee for each tag issued to an outside agency receiving toll free passage

Background Details:

Emergency and law enforcement organizations, numerous city and state governmental agencies, and other public service entities, including ambulances, currently have E-ZPass tags that allow free passage over all of MTA Bridges and Tunnels' facilities. There are over 19,000 such tags currently in circulation. It costs B&T approximately \$25 for each tag, and B&T incurs administrative costs for ongoing account maintenance.

PEG Description and Implementation Plan:

Modeled after New York State Thruway Authority's program, MTA Bridges and Tunnels proposes establishing an annual \$25 per tag fee for entities with free passage privileges.

PEG Implementation Date:

July 2005

When will PEG savings begin?: July 2005

Financial Impact (Operating)

Net Savings (in millions)

2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
------------------------------	-------------------------------	------	------	------

\$0.000	\$0.163	\$0.325	\$0.325	\$0.325
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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 Bridges and Tunnels
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category: Revenue Enhancement
Program: Increase the current fee for retained tags

Background Details: A customer may be required to surrender an E-ZPass tag if the tag has been reported as lost or stolen, or if it is linked to an account that has been suspended, revoked, or has a negative balance. MTA Bridges and Tunnels currently charges a fee of \$25 to offset the processing costs associated with retaining the tag. A total of 36,650 tags were retained in 2003.

PEG Description and Implementation Plan: MTA Bridges and Tunnels proposes raising the retained tag fee from \$25 to \$30 to cover the processing costs in full.
PEG Implementation Date: July 2005 **When will PEG savings begin?:** July 2005

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.092	\$0.183	\$0.183	\$0.183
<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 Bridges and Tunnels
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category: Revenue Enhancement
Program: Establish an administrative fee for deferred toll payment

Background Details: Currently, all passenger vehicles that are unable to pay their cash toll are permitted to cross B&T facilities after completing the appropriate deferred toll form and receiving instructions on how to mail in payment.

PEG Description and Implementation Plan: MTA Bridges and Tunnels proposes instituting a \$2 fee for deferred toll transactions to offset processing costs.

PEG Implementation Date: July 2005 **When will PEG savings begin?:** July 2005

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.036	\$0.073	\$0.073	\$0.073
<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 Bridges and Tunnels
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category: Revenue Enhancement
Program: Increase the current fee for returned checks

Background Details:	Approximately 8% of all E-ZPass customers replenish their accounts by check. A \$15 fee is currently charged for each check returned unpaid from the customer's banking institution. There were 3,473 returned checks in 2003.
----------------------------	--

PEG Description and Implementation Plan:	After analysis of cost, MTA Bridges and Tunnels proposes raising the returned check fee from \$15 to \$25. The additional fee income will go toward offsetting associated administrative costs.		
PEG Implementation Date:	July 2005	When will PEG savings begin?:	July 2005

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.017	\$0.035	\$0.035	\$0.035
<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 Bridges and Tunnels
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category: Other
Program: DuPont Training

Background Details:	In 2003, TBTA assumed payment of Dupont consultant services. These training services are not mandatory and are currently performed by in-house instructors.
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PEG Description and Implementation Plan:	We are currently providing safety training by in-house staff and plan to discontinue safety training services by DuPont.	
PEG Implementation Date:	January 2005	When will PEG savings begin?: Fiscal year 2005

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.090	\$0.090	\$0.090	\$0.090
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 Bridges and Tunnels
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category:

Administration

Program:

Negotiate a more favorable MasterCard rate on E-ZPass account replenishments

Background Details:

The MTA entered into an all-agency procurement for credit card services. B&T uses these services for its E-ZPass program. The contract with MasterCard has classified the E-ZPass program as "Merit 1: Internet Rate Group" for the purposes of determining the fees which are charged. B&T has learned that there is a category called the "Service Industry Incentive Rate" for which B&T meets 9 of the 10 criteria. The rates for this group are 75 basis points and \$0.05 per transaction lower than the current group's rates.

PEG Description and Implementation Plan:

Savings on E-ZPass credit card fees will be realized against what is budgeted in the February Financial Plan if the MTA and B&T can successfully secure the service industry incentive rate from MasterCard.

PEG Implementation Date:

January 2006

When will PEG savings begin?: January 2006

Financial Impact (Operating)

Net Savings (in millions)

2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
------------------------------	-------------------------------	------	------	------

\$0.000	\$0.000	\$1.371	\$1.371	\$1.371
---------	---------	---------	---------	---------

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 Bridges and Tunnels
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category: Maintenance
Program: Reduction in Bridge Painting

Background Details:	Bridge painting must be performed on a regular basis to preserve the structural integrity of the bridge and is a fundamental form of bridge maintenance. The costs are increasing significantly due to the age of B&T's structures and the environmental safeguard that must be maintained as part of a painting program. Aggressive measures to eliminate all lead and corrosion by applying undercoatings and outer coatings are necessary to protect the steel structures of the bridges. To meet the budget targets, B&T is reducing the program in the out-years.
----------------------------	--

PEG Description and Implementation Plan:	B&T is proposing to reduce the painting program from 2006 to 2009.	
PEG Implementation Date:	January 2006	When will PEG savings begin?: Fiscal year 2006

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.000	\$0.241	\$0.241	\$0.241
<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 Bridges and Tunnels
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet

PEG Category: Revenue Enhancement
Program: Charge a fee for improperly mounted E-ZPass tags

Background Details: All new E-ZPass customers are provided with an information guidebook, which includes instructions on required tag placement. Improperly mounted tags often cannot be read in the toll lane. In these instances, a Bridge and Tunnel Officer needs to intervene, which causes delays in traffic flow. A total of 222,000 interventions were made in 2003, of which an estimated 33% were due to improperly mounted tags.

PEG Description and Implementation Plan: MTA Bridges and Tunnels proposes charging a \$10 fee to any customer who necessitates a lane intervention due to an improperly mounted E-ZPass tag. The fee income will go towards offsetting the labor costs associated with E-ZPass lane interventions.

PEG Implementation Date: January 2006 **When will PEG savings begin?:** January 2006

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.000	\$0.733	\$0.733	\$0.733
<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)					

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MTA Bridges and Tunnels
July Financial Plan 2005 - 2008
Total Non-Reimbursable/Reimbursable Positions at End-of-Year
Full-Time Positions and Full Time Equivalents

Departments	2003 Actuals	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
Executive	3	4	4	4	4	4
EEO	1	1	1	1	1	1
Law	9	10	10	10	10	10
Engineering & Construction	161	168	168	168	168	168
Procurement & Materials	53	55	55	55	55	55
Labor Relations	5	5	5	5	5	5
Internal Security	64	64	69	72	72	72
Health & Safety	10	10	10	10	10	10
Technology	55	58	58	58	58	58
Total CFO:	91	95	95	95	95	95
Total Staff Services:	46	50	50	50	50	50
Total Operations/Maintenance:	1234	1291	1291	1291	1291	1291
Baseline Total Positions	1732	1811	1816	1819	1819	1819
<i>Non-Reimbursable</i>	1687	1766	1771	1774	1774	1774
<i>Reimbursable</i>	45	45	45	45	45	45
<i>Total Full-Time</i>	1732	1811	1816	1819	1819	1819
<i>Total Full-Time-Equivalents</i>	0	0	0	0	0	0
Impact of: Program to Eliminate the Gap	0	0	-1	0	0	0
Total Positions	1732	1811	1815	1819	1819	1819

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MTA
Capital Construction Company

***MTA Capital Construction Company
2005 Preliminary Budget
July Financial Plan 2005-2008***

Mission Statement

The mission of the MTA Capital Construction Company (MTACC) is to serve the mobility needs of customers of the Metropolitan Transportation Authority (MTA) for the 21st Century by planning, designing, and building projects that expand the reach and capacity of the MTA network while meeting the MTA's obligation to serve the changing transportation needs of its customers in a timely, creative and cost-effective manner.

Financial Overview

In July 2003, the MTA Board approved the creation of the MTA Capital Construction Company with a specific mission to manage the implementation of future MTA system expansion projects. These projects currently consist of all activities associated with East Side Access, the Second Avenue Subway, #7 Line Extension, Lower Manhattan Fulton Transit Center, the new South Ferry station complex, and system-wide capital security projects. All MTACC costs are 100% reimbursable from the MTA Capital Program. The creation of a consolidated capital construction agency will allow dedicated resources to work more efficiently to address the challenges related to the planning, design, construction, regulatory framework, and community participation requirements of large complex capital projects. It is the goal of MTACC to minimize the number of full-time employees in order to maintain a cost efficient program management structure. To fulfill this goal requires that the expertise and support services available in the project's sponsor agencies be utilized to support design, construction and management. The preliminary budget proposal reflects this philosophy.

Currently, both MTA NYCT and MTA Headquarters are providing many support services. This budget proposal assumes that many of these services will continue to be provided.

2005 Preliminary Budget - Baseline

In 2005, MTACC will have two main objectives: 1) complete the initial setup of the MTACC organization and offices; and 2) begin major construction and continue the design of the MTA's system expansion projects. To accomplish these objectives, MTACC projects 2005 costs at \$31.048 million and a year end headcount of 150.

Labor and fringe expenses are projected at \$18.604 million. The 2005 year end staffing level of 150 employees consists of 56 MTACC positions who support the system expansion projects and cannot charge directly to a specific project; 49 for the East Side

Access project; 16 for the Second Avenue Subway project; 17 for the Lower Manhattan projects; and 12 for Security projects.

Non-Labor costs are projected at \$12.444 million. In 2005, one-time costs are included for the initial setup of the MTACC organization, such as computer equipment, copiers, and the establishment of an MTACC intranet. By early 2005, MTACC will be utilizing the majority of the 8th floor of 2 Broadway. Funds have been budgeted for the lease costs for this floor. Funds are also budgeted for other project office costs such as communications and supplies.

2006 - 2008 Projections

MTACC costs are projected to decrease by 1.8% in 2006, and then increase by 4.3% in 2007 and 4.7% in 2008. Year-end staffing levels remain constant at 150. Labor costs increase by 14.5 % in 2006, reflecting the first year of full staffing. Non-Labor costs decline in 2006 by approximately 26% because the initial agency setup costs are a one-time 2005 expense. Costs remain fairly constant through 2007 and 2008 and grow by 2.2% and 2.5% respectively.

These assumptions will need to be monitored and revised as the MTACC organization structure and processes are finalized and actual expenditures are realized.

MTA Capital Construction Company
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	\$	\$	\$	\$	\$	\$
Vehicle Toll Revenue						
Other Operating Revenue						
Capital and Other Reimbursements						
Total Revenue	\$	\$	\$	\$	\$	\$
<u>Expenses</u>						
Labor:						
Payroll						
Overtime						
Health and Welfare						
Pensions						
Other Fringe Benefits						
Reimbursable Overhead						
Total Labor Expenses	\$	\$	\$	\$	\$	\$
Non-Labor:						
Traction and Propulsion Power						
Fuel for Buses and Trains						
Insurance						
Claims						
Paratransit Service Contracts						
Maintenance and Other						
Operating Contracts						
Professional Service Contracts						
Materials & Supplies						
Other Business Expenses						
Total Non-Labor Expenses	\$	\$	\$	\$	\$	\$
Other Expenses Adjustments:						
Other						
Total Other Expense Adjustments	\$	\$	\$	\$	\$	\$
Total Expenses before Depreciation	\$	\$	\$	\$	\$	\$
Depreciation						
Total Expenses	\$	\$	\$	\$	\$	\$
Net Surplus/(Deficit)	\$	\$	\$	\$	\$	\$

MTA Capital Construction Company
July Financial Plan 2005 - 2008
Accrual Statement of Operations by Category
(\$ in millions)

REIMBURSABLE

	2003	2004	2005			
	Actuals	Mid-Year Forecast	Preliminary Budget	2006	2007	2008
Revenue						
Farebox Revenue	\$	\$	\$	\$	\$	\$
Vehicle Toll Revenue						
Other Operating Revenue						
Capital and Other Reimbursements						
MTACC Administration		9.614	17.193	15.344	15.917	16.504
East Side Access		5.164	7.092	7.646	7.965	8.403
Second Avenue Subway		0.700	2.140	2.598	2.734	6.220
Fulton Street/South Ferry		0.786	2.790	2.956	3.132	-
Security		0.560	1.833	1.939	2.045	2.166
Total Revenue	\$ -	\$ 16.824	\$ 31.048	\$ 30.483	\$ 31.793	\$ 33.293

Expenses

Labor:						
Payroll	0.000	\$ 5.633	\$ 13.633	\$ 15.314	\$ 15.708	\$ 16.149
Overtime	0.000	0.000	0.000	0.000	0.000	0.000
Health and Welfare	0.000	0.000	0.000	0.000	0.000	0.000
Pensions	0.000	0.000	0.000	0.000	0.000	0.000
Other Fringe Benefits	0.000	\$ 2.484	\$ 4.971	\$ 5.992	\$ 6.703	\$ 7.532
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenses	\$ -	8.117	18.604	21.306	22.411	23.681

Non-Labor:

Traction and Propulsion Power	0.000	0.000	0.000	0.000	0.000	0.000
Fuel for Buses and Trains	0.000	0.000	0.000	0.000	0.000	0.000
Insurance	0.000	0.452	0.461	0.462	0.464	0.465
Claims	0.000	0.000	0.000	0.000	0.000	0.000
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other						
Operating Contracts	0.000	0.000	0.000	0.000	0.000	0.000
Professional Service Contracts	0.000	3.011	5.128	2.566	2.610	2.702
Materials & Supplies	0.000	1.744	2.454	2.452	2.467	2.467
Other Business Expenses	0.000	3.500	4.401	3.697	3.841	3.978
Total Non-Labor Expenses	\$ -	8.707	12.444	9.177	9.382	9.612

Other Expenses Adjustments:

Other	0.000	0.000	0.000	0.000	0.000	0.000
Total Other Expense Adjustments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Total Expenses before Depreciation	\$ -	\$ 16.824	\$ 31.048	\$ 30.483	\$ 31.793	\$ 33.293
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Depreciation	0.000	0.000	0.000	0.000	0.000	0.000
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Total Expenses	\$	\$ 16.824	\$ 31.048	\$ 30.483	\$ 31.793	\$ 33.293
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Net Surplus/(Deficit)	\$	\$ -	\$ -	\$ -	\$ -	\$ -
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MTA Capital Construction Company
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
Revenue						
Farebox Revenue	\$	\$	\$	\$	\$	\$
Vehicle Toll Revenue						
Other Operating Revenue						
Capital and Other Reimbursements						
MTACC Administration		9.614	17.193	15.344	15.917	16.504
East Side Access		5.164	7.092	7.646	7.965	8.403
Second Avenue Subway		0.700	2.140	2.598	2.734	6.220
Fulton Street/South Ferry		0.786	2.790	2.956	3.132	-
Security		0.560	1.833	1.939	2.045	2.166
Total Revenue	\$	\$ 16.824	\$ 31.048	\$ 30.483	\$ 31.793	\$ 33.293
Expenses						
Labor:						
Payroll		5.633	13.633	15.314	15.708	16.149
Overtime						
Health and Welfare						
Pensions						
Other Fringe Benefits		2.484	4.971	5.992	6.703	7.532
Reimbursable Overhead						
Total Labor Expenses	\$	8.117	18.604	21.306	22.411	23.681
Non-Labor:						
Traction and Propulsion Power						
Fuel for Buses and Trains						
Insurance		0.452	0.461	0.462	0.464	0.465
Claims						
Paratransit Service Contracts						
Maintenance and Other						
Professional Service Contracts		3.011	5.128	2.566	2.610	2.702
Materials & Supplies		1.744	2.454	2.452	2.467	2.467
Other Business Expenses		3.500	4.401	3.697	3.841	3.978
Total Non-Labor Expenses	\$	\$ 8.707	\$ 12.444	\$ 9.177	\$ 9.382	\$ 9.612
Other Expenses Adjustments:						
Other						
Total Other Expense Adjustments	\$	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses before Depreciation	\$	\$ 16.824	\$ 31.048	\$ 30.483	\$ 31.793	\$ 33.293
Depreciation						
Total Expenses	\$	\$ 16.824	\$ 31.048	\$ 30.483	\$ 31.793	\$ 33.293
Net Surplus/(Deficit)	\$	\$ -	\$ -	\$ -	\$ -	\$ -

MTA Capital Construction Company
July Financial Plan 2005 - 2008
Cash Receipts & Expenditures
(\$ in millions)

	2003	2004	2005			
	Actuals	Mid-Year Forecast	Preliminary Budget	2006	2007	2008
Receipts						
Farebox Revenue	\$ -	\$	\$	\$	\$	\$
Vehicle Toll Revenue	0					
Other Operating Revenue	0					
Capital and Other Reimbursements	0					
MTACC Administration	0	9.614	17.193	15.344	15.917	16.504
East Side Access	0	5.164	7.092	7.646	7.965	8.403
Second Avenue Subway	0	0.700	2.140	2.598	2.734	6.220
Fulton Street/South Ferry	0	0.786	2.790	2.956	3.132	-
Security	0	0.560	1.833	1.939	2.045	2.166
Total Receipts	\$ -	\$ 16.824	\$ 31.048	\$ 30.483	\$ 31.793	\$ 33.293
Expenditures						
Labor:						
Payroll		5.633	13.633	15.314	15.708	16.149
Overtime						
Health and Welfare						
Pensions						
Other Fringe Benefits		2.484	4.971	5.992	6.703	7.532
Reimbursable Overhead						
Total Labor Expenditures	\$	\$ 8.117	\$ 18.604	\$ 21.306	\$ 22.411	\$ 23.681
Non-Labor:						
Traction and Propulsion Power						
Fuel for Buses and Trains						
Insurance		0.452	0.461	0.462	0.464	0.465
Claims						
Paratransit Service Contracts						
Maintenance and Other Operating Contracts						
Professional Service Contracts		3.011	5.128	2.566	2.610	2.702
Materials & Supplies		1.744	2.454	2.452	2.467	2.467
Other Business Expenses		3.500	4.401	3.697	3.841	3.978
Total Non-Labor Expenditures	\$	\$ 8.707	\$ 12.444	\$ 9.177	\$ 9.382	\$ 9.612
Other Expenditure Adjustments:	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total Other Expenditure Adjustments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenditures	\$	\$ 16.824	\$ 31.048	\$ 30.483	\$ 31.793	\$ 33.293
Net Cash Deficit	\$	\$ -	\$ -	\$ -	\$ -	\$ -

MTA Capital Construction Company
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	\$	\$	\$	\$	\$	\$
Vehicle Toll Revenue						
Other Operating Revenue						
Capital and Other Reimbursements						
MTACC Administration						
East Side Access						
Second Avenue Subway						
Fulton Street/South Ferry						
Security						
Total Capital and Other Reimbursements						
Total Receipt Adjustments	\$	\$	\$	\$	\$	\$
<u>Expenditures</u>						
Labor:						
Payroll						
Overtime						
Health and Welfare						
Pensions						
Other Fringe Benefits						
Reimbursable Overhead						
Total Labor Expenditures	\$	\$	\$	\$	\$	\$
Non-Labor:						
Traction and Propulsion Power						
Fuel for Buses and Trains						
Insurance						
Claims						
Paratransit Service Contracts						
Maintenance and Other Operating Contracts						
Professional Service Contracts						
Materials & Supplies						
Other Business Expenditures						
Total Non-Labor Expenditures	\$	\$	\$	\$	\$	\$
Other Expenditure Adjustments:						
Other						
Total Other Expenditure Adjustments	\$	\$	\$	\$	\$	\$
Total Cash Conversion Adjustments before Depreciation	\$	\$	\$	\$	\$	\$
Depreciation Adjustment						
Total Cash Conversion Adjustments	\$	\$	\$	\$	\$	\$

MTA Capital Construction Company
July Financial Plan 2005-2008
Baseline Assumptions
Accrual Statement of Operations by Category
Non-Reimbursable and Reimbursable

Revenue

Capital and Other Reimbursements

- All MTACC expenses are reimbursable from the MTA Capital Program.
- Costs will be reimbursed from specific capital projects in accordance with how the resources are utilized.
- MTACC has requested capital program funding for administrative costs that cannot be charged directly to a specific capital project.

Expenses

Payroll

- 2004 payroll costs reflect a projected year-end staffing level of 79.
- The Increase in 2005 payroll reflects a year-end staffing level of 150, an increase of 71 employees over 2004. Costs are based on 2004 projected salaries, escalated by 2.03%.
- 2006, 2007, and 2008 year-end staffing levels remain the same as 2005. Payroll costs are escalated by 2.2%, 2.57%, and 2.81% per year from the prior year's base salary.

Other Fringe Benefits

- All labor related fringe benefits are included in this category.
- Benefits in 2004 have been calculated at 25%, 55%, 51% and 39% for MTA, MaBSTOA, LIRR and MNR employees, respectively.
- Benefits are escalated by 12.9% in 2005 and by 9.3 % in 2006, 2007 and 2008.

Insurance

- 2004 includes insurance for three automobiles at \$2,500 a year per car and \$444,708 for the All-Agency APPL program for the South Ferry project.
- 2005 through 2008 costs are based on 2004 projections. Costs are escalated by 2.03%, 2.2%, 2.57%, and 2.81% in 2005, 2006, 2007, and 2008 respectively.

Professional Service Contracts

- 2005 increases by 70% to reflect a full year of costs and include project and agency related legal and real estate costs.
- Costs decrease 50% in 2006 due to lower projected legal and real estate costs.
- Costs remain fairly constant in 2007 and 2008.
- 2005 through 2008 costs have not been adjusted for inflation or other variances.

Materials and Supplies

- 2005 increase 41% to reflect projected staffing levels and a full year of costs.
- 2006 through 2008 costs are based on 2005 projections. Costs are escalated by 2.2%, 2.57%, and 2.81% in 2006, 2007, and 2008 respectively.

Other Business Expenses

- 2005 increases 26% over 2004 to include agency set up costs such as procurement of copy machines, telephones, miscellaneous office furniture, computer equipment and to establish an MTACC intranet.
- Costs decrease 16% in 2006 because agency set up costs are not included.
- Costs remain fairly constant in 2007 and 2008.
- 2005 through 2008 costs are escalated by 2.03%, 2.2%, 2.57%, and 2.81% respectively.

Summary of Assumptions Regarding Staffing Positions

- 2004 Year-End staffing level of 79 employees: 28 represent MTACC administrative positions; 33 for the East Side Access; seven for the Second Avenue Subway project; six for the Lower Manhattan projects; and six for Security projects. Remaining support will be provided by individuals matrixed from other MTA agencies.
- 2005 Year-End Staffing level grows to 150 employees: 56 represent MTACC administrative positions; 49 for the East Side Access project; 16 for the Second Avenue Subway project; 17 for the Lower Manhattan projects; and 12 for security projects.
- 2006 and 2007 Year-End staffing levels remain the same as 2005.
- In 2008, full time MTACC staff working on the Lower Manhattan projects is reassigned to the Second Avenue Subway project.

MTA Capital Construction Company
July Financial Plan 2005 - 2008
Total Non-Reimbursable - Reimbursable Positions at End-of-Year
Full-Time Positions and Full Time Equivalents
(\$ in millions)

Departments	2003 Actuals	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
MTACC Administration Core		28	56	56	56	56
ESA		33	49	49	49	49
SAS		7	16	16	16	33
Lower Manhattan		6	17	17	17	-
Security		6	12	12	12	12
<i>Total Positions</i>		79	150	150	150	150
Non-Reimbursable						
Reimbursable		79	150	150	150	150
Total Full-Time		79	150	150	150	150
Total Full-Time-Equivalents						

MTA
Long Island Bus

MTA Long Island Bus 2005 Preliminary Budget July Financial Plan 2005 - 2008

MISSION STATEMENT

MTA Long Island Bus remains committed to providing a safe, reliable, convenient and efficient transit bus service throughout Nassau, eastern Queens and western Suffolk counties.

AGENCY OVERVIEW

LI Bus operates 339 fixed route and 85 Paratransit buses. Ridership in 2003 was 30.04 million on Fixed Route and 309.6 thousand on Paratransit. Fixed route ridership is projected to remain the same in 2004 and increase by less than 1% in each of the years 2005-2008. Paratransit continues to show increases in ridership of 5% and 6% for the years 2005-2008, as service demand continues to increase.

LI Bus continues to address the needs of its customers and employees by utilizing the latest technology to improve scheduling, communication, safety and reliability of its fleet. Through the use of JobAccess/Reverse Commute (JARC), Community Solutions for Transportation (CST) and Innovative Mobility Demonstration grants, we continue to be responsive and flexible in providing services that meet the demand for weekend, job access and reverse commute services on the fixed route system.

FINANCIAL OVERVIEW

The shortfall in Nassau County's 2004 subsidy has presented challenges to LI Bus's 2004 operating budget. Internal austerity measures were implemented to offset this gap. Projected savings from these internal initiatives are expected to reduce expenditures by \$1.7 million in 2004. However, the full benefit will not be realized due to unexpected increase in variables such as fuel, utilities, workers compensation and lower fare box revenue.

LI Bus plans services to best meet customer's demands while being cognizant of financial constraints. The 2005 budget provides comparable service levels as provided in the previous year, with the expectation that the operating deficit will be funded by subsidies from Nassau County or New York State. MTA has capped its subsidy funding at the 2004 level of \$14.771 million. Should our subsidy assumptions fall short, LI Bus will take action to close the resulting budget gap in 2005-2008.

PROGRAMMATIC OVERVIEW

The final phase of the conversion of LI Bus's fixed route fleet to 100% compressed natural gas (CNG) is near completion. At the start of 2004, there were 49 diesel buses in the fleet. As of July 15, 2004, 28 of these buses were replaced with the remainder scheduled for replacement by August. This will make LI Bus the largest 100% CNG fleet in the nation.

LI Bus received five expansion Paratransit buses during the last quarter in 2003. Plans to replace another 22 vehicles in 2004 are on schedule.

**MTA Long Island Bus
2005 Preliminary Budget
July Financial Plan 2005 - 2008**

The automated vehicle locator system will be fully deployed in 2004, providing increased efficiency and management of the fleet by monitoring, measuring and optimizing schedule and route adherence.

Plans are in place to develop a training center in our Rockville Centre depot that will include a bus simulator used to provide “state of the art” training and accident simulation for our bus operators.

Steady progress is being made on the rehabilitation of the Stewart Avenue Paratransit facility; completion is scheduled for early 2006.

POSITIONS

There are no position increases in the 2004-2008 budget.

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

REIMBURSABLE

	2003	2004	2005			
	Actuals	Mid-Year Forecast	Preliminary Budget	2006	2007	2008
<u>Revenue</u>						
Farebox Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vehicle Toll Revenue	-	-	-	-	-	-
Other Operating Revenue	-	-	-	-	-	-
Capital and Other Reimbursements	4.194	4.331	4.392	4.429	4.567	4.617
Total Revenue	\$ 4.194	\$ 4.331	\$ 4.392	\$ 4.429	\$ 4.567	\$ 4.617
<u>Expenses</u>						
Labor:						
Payroll	\$ 0.687	\$ 0.745	\$ 0.830	\$ 0.858	\$ 0.963	\$ 1.001
Overtime	-	-	-	-	-	-
Health and Welfare	0.131	0.161	0.131	0.135	0.152	0.158
Pensions	0.024	0.067	0.055	0.056	0.063	0.066
Other Fringe Benefits	0.052	0.058	0.076	0.079	0.089	0.092
Reimbursable Overhead	-	-	-	-	-	-
Total Labor Expenses	\$ 0.894	\$ 1.031	\$ 1.092	\$ 1.129	\$ 1.267	\$ 1.317
Non-Labor:						
Traction and Propulsion Power	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fuel for Buses and Trains	-	-	-	-	-	-
Insurance	-	-	-	-	-	-
Claims	-	-	-	-	-	-
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other	-	-	-	-	-	-
Operating Contracts	-	-	-	-	-	-
Professional Service Contracts	-	-	-	-	-	-
Materials & Supplies	3.300	3.300	3.300	3.300	3.300	3.300
Other Business Expenses	-	-	-	-	-	-
Total Non-Labor Expenses	\$ 3.300	\$ 3.300	\$ 3.300	\$ 3.300	\$ 3.300	\$ 3.300
Other Expenses Adjustments:						
Other	-	-	-	-	-	-
Total Other Expense Adjustments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses before Depreciation	\$ 4.194	\$ 4.331	\$ 4.392	\$ 4.429	\$ 4.567	\$ 4.617
Depreciation	-	-	-	-	-	-
Total Expenditures	\$ 4.194	\$ 4.331	\$ 4.392	\$ 4.429	\$ 4.567	\$ 4.617
Baseline Net Accrual Deficit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

	2003	2004	2005			
	Actuals	Mid-Year Forecast	Preliminary Budget	2006	2007	2008
Receipts						
Farebox Revenue	\$ 34.944	\$ 36.683	\$ 36.745	\$ 37.010	\$ 37.143	\$ 37.230
Vehicle Toll Revenue	-	-	-	-	-	-
Other Operating Revenue	4.355	4.759	5.555	5.513	5.163	5.200
Capital and Other Reimbursements	4.011	4.325	4.355	4.386	4.518	4.529
Total Receipts	\$ 43.310	\$ 45.767	\$ 46.655	\$ 46.909	\$ 46.824	\$ 46.959
Expenditures						
Labor:						
Payroll	\$ 53.327	\$ 55.598	\$ 59.410	\$ 61.588	\$ 63.436	\$ 65.339
Overtime	4.984	4.733	4.964	5.146	5.300	5.459
Health and Welfare	10.091	10.875	12.463	13.622	14.889	16.274
Pensions	2.311	4.927	5.201	5.445	5.608	6.638
Other Fringe Benefits	6.042	6.485	6.645	6.908	7.178	7.393
Reimbursable Overhead	-	-	-	-	-	-
Total Labor Expenditures	\$ 76.755	\$ 82.618	\$ 88.683	\$ 92.709	\$ 96.411	\$ 101.103
Non-Labor:						
Traction and Propulsion Power	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fuel for Buses and Trains	5.622	5.786	5.181	5.006	5.171	5.262
Insurance	-	0.014	0.014	0.014	0.014	0.015
Claims	2.562	3.775	2.800	2.900	2.987	3.077
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	2.793	3.080	3.347	3.524	3.632	3.743
Professional Service Contracts	1.463	1.523	1.588	1.680	1.736	1.794
Materials & Supplies	5.484	5.449	5.740	5.853	6.028	6.209
Other Business Expenses	3.271	3.603	3.749	3.860	3.977	3.952
Total Non-Labor Expenditures	\$ 21.195	\$ 23.230	\$ 22.419	\$ 22.837	\$ 23.545	\$ 24.052
Other Expenditure Adjustments:						
Other Unspecified PEGS	-	-	-	-	-	-
Total Other Expenditure Adjustments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenditures	\$ 97.950	\$ 105.848	\$ 111.102	\$ 115.546	\$ 119.956	\$ 125.155
Baseline Net Cash Deficit	\$ (54.640)	\$ (60.081)	\$ (64.447)	\$ (68.637)	\$ (73.132)	\$ (78.196)

MTA Long Island Bus
July Financial Plan 2005 - 2008
Cash Conversion (Cash Flow Adjustment)
(\$ in millions)

	2003	2004	2005			
	Actuals	Mid-Year Forecast	Preliminary Budget	2006	2007	2008
<u>Receipts</u>						
Farebox Revenue	\$ (0.382)	\$ (0.417)	\$ (0.430)	\$ (0.440)	\$ (0.450)	\$ (0.462)
Vehicle Toll Revenue	-	-	-	-	-	-
Other Operating Revenue	0.825	1.000	1.129	1.234	1.228	1.227
Capital and Other Reimbursements	(0.183)	(0.006)	(0.037)	(0.043)	(0.049)	(0.088)
Total Receipts	\$ 0.260	\$ 0.577	\$ 0.662	\$ 0.751	\$ 0.729	\$ 0.677
<u>Expenditures</u>						
<u>Labor:</u>						
Payroll	\$ 1.459	\$ 0.612	\$ 0.630	\$ 0.648	\$ 0.668	\$ 0.688
Overtime	0.136	0.054	0.027	0.029	0.030	0.031
Health and Welfare	(1.124)	(1.000)	(1.128)	(1.234)	(1.288)	(1.227)
Pensions	(0.452)	(0.738)	(0.038)	(0.038)	(0.039)	(0.046)
Other Fringe Benefits	(0.673)	0.030	0.030	0.031	0.032	0.033
Reimbursable Overhead	-	-	-	-	-	-
Total Labor Expenditures	\$ (0.654)	\$ (1.042)	\$ (0.479)	\$ (0.564)	\$ (0.597)	\$ (0.521)
<u>Non-Labor:</u>						
Traction and Propulsion Power	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fuel for Buses and Trains	(0.192)	0.080	0.085	0.088	0.095	0.105
Insurance	0.069	-	-	-	-	-
Claims	2.689	(1.050)	0.040	0.045	0.046	0.048
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	0.249	0.107	0.117	0.127	0.136	0.144
Professional Service Contracts	0.131	0.111	0.055	0.047	0.053	0.049
Materials & Supplies	(0.038)	0.012	0.055	0.054	0.069	0.066
Other Business Expenses	(0.369)	0.052	0.065	0.068	0.071	0.070
Total Non-Labor Expenditures	\$ 2.539	\$ (0.688)	\$ 0.417	\$ 0.429	\$ 0.470	\$ 0.482
<u>Other Expenditure Adjustments:</u>						
Other Unspecified PEGS	-	-	-	-	-	-
Total Other Expenditure Adjustments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenditures	\$ 1.885	\$ (1.730)	\$ (0.062)	\$ (0.135)	\$ (0.127)	\$ (0.039)
Baseline Net Cash Surplus/ (Deficit)	\$ 2.145	\$ (1.153)	\$ 0.600	\$ 0.616	\$ 0.602	\$ 0.638

**MTA Long Island Bus
2005 Preliminary Budget
July Financial Plan 2005 - 2008**

YEAR TO YEAR

The year-to-date actual reduction in average passenger fares and ridership are reflected in the 2005-2008 fixed route revenue and ridership numbers. Fixed route ridership is projected to increase a modest .25% in 2005. Paratransit service is projected to increase 3% each year.

Adjustments to expenses were based on Economic Indicator forecasts, contractual obligations and programmatic needs:

- The 2005-2008 changes to base salary reflect existing contracts and inflationary factors, thereafter.
- Pension expenses reflect the rates for the NYSERS pension plan, including the term life rate, applied for all employees in NYSERS. Rates increased from a low of 4.9% in 2003/2004 to an estimated 11.1% in 2007/2008. Whereas the MTA Defined Benefit Retirement System does not require LI Bus employer contribution, as headcount increases and/or retirees are replaced with new hires entering the NYSERS plan, additional expenses are incurred.
- Health Insurance costs were adjusted based on the MTA guidelines. Increases over prior year are projected to be 12.9% in 2005 and 9.3% in each of the other years in the plan.
- Workers Compensation is experiencing a higher than budgeted rate in 2004 and is factored into projections for the out years.
- Other Fringes show changes reflective of changes to base salary excepting in cases where it pertains to unique allowances such as Uniform and Tool allowances.
- Fuel and Utilities – changes mirror the Global Insight, Inc. forecast indicators that were provided by MTA.
- Claims – projected to be \$0.975 million lower in 2005 than 2004, which included an allocation for claims related to the Hempstead Transit Center accident.
- All Service contracts, Materials and Supplies are projected to increase according to inflation.

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

	2003 Actuals	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
Fixed Route	29.946	29.979	30.054	30.218	30.430	30.643
Paratransit	0.321	0.345	0.365	0.380	0.406	0.434
Baseline Total Ridership	30.267	30.324	30.419	30.598	30.836	31.077
<i>Impact of:</i>						
New Needs						
Program to Eliminate the Gap (Fixed/Para)			0	0	0	0
Total Ridership			30.419	30.598	30.836	31.077

**MTA Long Island Bus
2005 Preliminary Budget
July Financial Plan 2005 - 2008**

PLAN TO PLAN OVERVIEW

The major changes between the February and July Plans 2004-2008 were caused by similar variables:

Lower than planned average fares and reduced ridership levels resulted in the change in revenue projections. Other operating revenues helped to offset the fare box projections.

Operating expenses in the July plan were lower due to the projected Vacancy and Administrative savings. The net effect of revised inflators and estimates in 2005-2008 is projected to cause an increase in expenses. The main contributors are health & welfare, fuel and utility costs. We continue to implement administrative savings in the future years.

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

NON-REIMBURSABLE

	2004	2005	2006	2007	2008
2004 February Financial Plan - Operating Cash Income/(Deficit)	(\$60.782)	(\$63.491)	(\$67.165)	(\$70.351)	(\$77.952)
Add Back: February Plan Unspecified PEGS	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Baseline 2004 February Financial Plan - Operating Cash Income/(Deficit)	(\$60.782)	(\$63.491)	(\$67.165)	(\$70.351)	(\$77.952)
Baseline:					
Changes					
Revenue:					
Reduction in Farebox Receipts-Lower Avg Fares	(\$.634)	(\$.635)	(\$.639)	(\$.634)	(\$.642)
Net Change In Operating Revenue	\$150	\$500	\$500	\$000	\$000
Sub-Total Revenue Changes	(\$.484)	(\$135)	(\$139)	(\$.634)	(\$.642)
Expenses:					
Health & Welfare Savings	\$077	(\$900)	(\$1.600)	(\$2.398)	
Workers Comp. Projected Increases	(\$192)				
Change in Fuel/Utility Costs	(\$400)	(\$320)	(\$132)	(\$147)	
Administrative Savings	\$324	\$399	\$399	\$399	\$399
Vacancy Savings	\$1.376				
Sub-Total Expense Changes	\$1.185	(\$821)	(\$1.333)	(\$2.146)	\$0.399
Cash Adjustments:					
Revenue:					
Opening Cash	\$2.377				
Expense:					
Sub-Total Cash Adjustment Changes	\$2.377	\$000	\$000	\$000	\$000
Total Baseline Changes	\$3.078	(\$0.956)	(\$1.472)	(\$2.780)	(\$0.243)
 Program to Eliminate the Gap					
Total Changes	\$3.078	(\$0.956)	(\$1.472)	(\$2.780)	(\$0.243)
2004 July Financial Plan - Operating Cash Income/(Deficit)	(\$57.704)	(\$64.447)	(\$68.637)	(\$73.131)	(\$78.195)

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

REIMBURSABLE

	2004	2005	2006	2007	2008
2004 February Financial Plan - Operating Cash Income/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Add Back: February Plan Unspecified PEGS	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Baseline 2004 February Financial Plan - Operating Cash Income/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Baseline:					
Changes					
Revenue					
Sub-Total Revenue Changes	\$.000	\$.000	\$.000	\$.000	\$.000
Expenses					
Sub-Total Expense Changes	\$.000	\$.000	\$.000	\$.000	\$.000
Cash Adjustments:					
Revenue					
Expense					
Sub-Total Cash Adjustment Changes	\$.000	\$.000	\$.000	\$.000	\$.000
Total Baseline Changes	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Program to Eliminate the Gap					
Total Changes	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
2004 July Financial Plan - Operating Cash Income/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000

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

**NON-REIMBURSABLE and
REIMBURSABLE**

	2004	2005	2006	#	2007	2008
2004 February Financial Plan - Operating Cash Income/(Deficit)	(\$60.782)	(\$63.491)	(\$67.165)		(\$70.351)	(\$77.952)
Add Back: February Plan Unspecified PEGS	\$0.000	\$0.000	\$0.000		\$0.000	\$0.000
Baseline 2004 February Financial Plan - Operating Cash Income/(Deficit)	(\$60.782)	(\$63.491)	(\$67.165)		(\$70.351)	(\$77.952)
Baseline:						
Changes						
Revenue:						
Reduction in Farebox Receipts-Lower Avg Fares	(\$.634)	(\$.635)	(\$.639)		(\$.634)	(\$.642)
Net Change In Operating Revenue	\$.150	\$.500	\$.500		\$.000	\$.000
Sub-Total Revenue Changes	(\$.484)	(\$.135)	(\$.139)		(\$.634)	(\$.642)
Expenses:						
Health & Welfare Savings	\$.077	(\$.900)	(\$ 1.600)		(\$ 2.398)	
Workers Comp. Projected Increases	(\$.192)					
Change in Fuel/Utility Costs	(\$.400)	(\$.320)	(\$.132)		(\$.147)	
Administrative Savings	\$.324	\$.399	\$.399		\$.399	\$.399
Vacancy Savings	\$ 1.376					
Sub-Total Expense Changes	\$ 1.185	(\$.821)	(\$ 1.333)		(\$ 2.146)	\$ 0.399
Cash Adjustments:						
Revenue:						
Opening Cash	\$ 2.377					
Expense:						
Sub-Total Cash Adjustment Changes	\$ 2.377	\$.000	\$.000		\$.000	\$.000
Total Baseline Changes	\$ 3.078	(\$ 0.956)	(\$ 1.472)		(\$ 2.780)	(\$ 0.243)
 Program to Eliminate the Gap						
Total Changes	\$ 3.078	(\$ 0.956)	(\$ 1.472)		(\$ 2.780)	(\$ 0.243)
 2004 July Financial Plan - Operating Cash Income/(Deficit)	(\$ 57.704)	(\$ 64.447)	(\$ 68.637)		(\$ 73.131)	(\$ 78.195)

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
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
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)

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
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

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.372	\$0.383	\$0.393	\$0.404
<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: 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
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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

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.908	\$0.938	\$0.959	\$0.986
<i>Total Reduction in Positions Required</i>	0	9	9	9	9
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: 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

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

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.
----------------------------	---

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

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

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	\$0.261

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:

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

Financial Impact (Operating)

Net Savings (in millions)

2004
Mid-Year
Forecast

2005
Preliminary
Budget

2006

2007

2008

\$0.000

\$2.684

\$2.760

\$2.829

\$2.907

Total Reduction in Positions Required

0

31

31

31

31

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: 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.
--------------------------------	---

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.
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	\$0.818	\$0.831	\$0.848	\$0.867
<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: 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

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: ADMINISTRATION
Program: IS System Initiatives

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

Financial Impact (Operating)

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
Net Savings (in millions)	\$0.000	\$1.092	\$1.124	\$1.153	\$1.185

Total Reduction in Positions Required	0	15	15	15	15
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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: 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

Financial Impact (Operating)

Net Savings (in millions)

**2004
Mid-Year
Forecast**

**2005
Preliminary
Budget**

2006

2007

2008

\$0.000

\$2.410

\$2.481

\$2.545

\$2.616

Total Reduction in Positions Required

0

14

14

14

14

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

Background Details: N/A

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
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PEG Description and Implementation Plan:	Eliminate FBA Restroom Attendant SAM.		
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	\$0.057	\$0.059	\$0.060	\$0.062
<i>Total Reduction in Positions Required</i>	0	1	1	1	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 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

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

Financial Impact (Operating)

Net Savings (in millions)

**2004
Mid-Year
Forecast**

**2005
Preliminary
Budget**

2006

2007

2008

\$0.000

\$0.684

\$0.704

\$0.722

\$0.742

Total Reduction in Positions Required

0

12

12

12

12

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: 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

Total Reduction in Positions Required 0 11 11 11 11

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 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.
--------------------------------	--

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.
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	\$0.798	\$0.821	\$0.842	\$0.866
<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 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.
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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

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
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
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: 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

Financial Impact (Operating)

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
Net Savings (in millions)	\$0.000	\$3.161	\$3.252	\$3.336	\$3.429

Total Reduction in Positions Required	0	51	51	51	51
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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 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)

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
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
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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 M7 Sinks

Background Details: N/A	The new M7 cars are designed with sinks that dispense water.
--------------------------------	--

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

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$1.759	\$1.801	\$1.844	\$1.892
<i>Total Reduction in Positions Required</i>	0	10	10	10	10
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:	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

Financial Impact (Operating)

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
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
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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: 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

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
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
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: 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

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

Financial Impact (Operating)

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
Net Savings (in millions)	\$0.000	\$0.428	\$0.437	\$0.447	\$0.458

Total Reduction in Positions Required	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 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

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.088	\$0.089	\$0.091	\$0.093
<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 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

<i>Total Reduction in Positions Required</i>	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

<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 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

Financial Impact (Operating)

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
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
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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: 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)

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
Net Savings (in millions)	\$0.000	\$0.954	\$0.969	\$0.989	\$1.011

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: 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.

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.

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

\$1.378

\$1.417

\$1.453

\$1.493

Total Reduction in Positions Required

0

14

14

14

14

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 - 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

Financial Impact (Operating)

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
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
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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 - 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

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.715	\$0.735	\$0.754	\$0.775
<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 - 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

<i>Total Reduction in Positions Required</i>	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.

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.

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	\$0.182	\$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
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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

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.946	\$0.963	\$0.984	\$1.007
<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 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)

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
Net Savings (in millions)	\$0.000	\$0.900	\$0.925	\$0.948	\$0.975

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: 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
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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: 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)

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
Net Savings (in millions)	\$0.000	\$1.533	\$1.560	\$1.594	\$1.631

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
Total Reduction in Positions Required	0	1.5	1.5	1.5	1.5

	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: 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.
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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.
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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.
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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	\$0.949	\$0.975	\$0.999	\$1.026

Total Reduction in Positions Required

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 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
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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	

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.500	\$0.508	\$0.519	\$0.530
<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: 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
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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 Level: OTHER

Program: Reduce Funding for Employee Safety Related Initiatives

Background Details: N/A N/A

PEG Description and Implementation Plan: Reduce "CARE" funding.

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	\$0.178	\$0.181	\$0.185	\$0.189

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: 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.

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.

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	\$0.381	\$0.391	\$0.402

<i>Total Reduction in Positions Required</i>	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

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.000	\$0.965	\$0.990	\$1.018
<i>Total Reduction in Positions Required</i>	0	0	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 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.
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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

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.000	\$0.965	\$0.990	\$1.018
<i>Total Reduction in Positions Required</i>	0	0	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 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

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.000	\$0.135	\$0.139	\$0.143
<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: 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 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.

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.

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	\$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

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
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
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: 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)

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MTA
Metro-North Railroad

**MTA METRO-NORTH RAILROAD
2005 PRELIMINARY BUDGET
JULY FINANCIAL PLAN 2005-2008**

MISSION STATEMENT

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

DESCRIPTION OF SERVICES

MTA Metro-North Railroad provides passenger rail service to five suburban counties in New York State (Westchester, Putnam, Dutchess, Rockland, and Orange), two in Connecticut (Fairfield and New Haven), and two urban counties in New York City (Bronx and Manhattan). East of Hudson train service extends 85 miles from Manhattan, with terminals to the northeast in New Haven, Waterbury, Danbury, and New Canaan on the New Haven Line; to the north in Wassaic on the Harlem Line, and Poughkeepsie on the Hudson Line. The Harlem, Hudson, and New Haven Lines converge and terminate at Grand Central Terminal in Manhattan. West of the Hudson River the Pascack Valley Line extends to Spring Valley, New York and the Port Jervis Line 95 miles from Hoboken at the border of New York and Pennsylvania. Both lines terminate in Hoboken, New Jersey. Service on the New Haven line is provided by Metro-North pursuant to a contract between the Connecticut Department of Transportation (ConnDOT) and Metro-North/MTA. Service on the Port Jervis and Pascack Valley Lines is operated by New Jersey Transit under contract to Metro-North. The railroad carried 72 million customers in 2003 over 385 route miles, to and from 121 stations, operating 598 trains on an average weekday East of Hudson, and 35 trains on an average weekday West of the Hudson.

FINANCIAL OVERVIEW

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

Metro-North's budget resource requirements reflected in the July Financial Plan 2005-2008 are substantially reduced from the February 2004-2007 Plan in a deliberate effort to meet a cost reduction target set by MTA to close a projected funding gap. These reductions were achieved through savings generated by lower than projected cost trends as well as program deferrals and eliminations. In Metro-North's case, these

**MTA METRO-NORTH RAILROAD
2005 PRELIMINARY BUDGET
JULY FINANCIAL PLAN 2005-2008**

reductions had to be realized net of higher than projected costs (e.g. overtime and lower than projected overhead recovery) and lower than projected passenger revenue on both East and West of Hudson service lines. In addition, Metro-North identified a number of "Programs to Eliminate the Gap" (PEGs), which are listed separately below the "Baseline Net Cash Surplus/(Deficit)" for each year, and described and quantified in detail further in this document.

2005 PRELIMINARY BUDGET

The 2005 Preliminary Non-Reimbursable Budget reflects revenue projections totaling \$448.6 million, and expenses, including depreciation, of \$919.6 million that generate an operating deficit of \$471.0 million. Cash adjustments of \$194.2 million reduce that amount to a cash deficit of \$276.8 million, of which \$224.0 million represents MTA share and \$52.8 million ConnDOT share. The 2005 Reimbursable revenues and expenses total \$157.5 million.

The Non-Reimbursable revenue projections reflect the average 5.5% Connecticut fare increase on the New Haven Line authorized to take effect January 2005. The Non-Reimbursable expenses and cash adjustments reflect the impact of net cost/deficit reductions vs. the February 2004-2007 Financial Plan totaling \$32.2 million over 2003-2005 period. PEGs totaling \$15.9 million have been identified for 2005 (an additional \$.9 million in PEGs is listed for 2004). Should it be necessary to implement the PEGs, the resulting 2005 cash deficit would decrease to \$260.9 million, of which \$212.3 million would represent MTA share and \$48.6 million ConnDOT share. Notwithstanding PEG reductions, the 2005 Preliminary Budget reflects a continuation of current train service levels and maintains MTA's commitment to safety and security. Major assumptions reflected in the 2005 Preliminary Budget and reconciliation to the February Plan are furnished later in this document.

2006-2008 PROJECTIONS

The Non-Reimbursable revenue projections total \$457.1 million in 2006, \$462.8 million in 2007, and \$467.8 million in 2008. Non-Reimbursable expense projections, including depreciation, total \$964.5 million in 2006, \$990.5 million in 2007, and \$1,021.7 million in 2008. These revenue and expense projections generate an operating deficit of \$507.4 million in 2006, \$527.7 million in 2007, and \$554.0 million in 2008. Cash adjustments of \$179.7 million in 2006, \$183.6 million in 2007, and \$183.9 million in 2008 reduce the amounts to a cash deficit projection of \$327.7 million in 2006, \$344.1 million in 2007, and \$370.1 million in 2008. MTA share of the cash deficit totals \$266.3 million in 2006, \$276.6 million in 2007, and \$296.2 million in 2008, while ConnDOT share totals \$61.4 million, \$67.5 million, and \$73.9 million, respectively. The Reimbursable revenues and expenses total \$156.6 million in 2006, \$159.3 million in 2007, and \$164.7 million in 2008.

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2005 PRELIMINARY BUDGET
JULY FINANCIAL PLAN 2005-2008**

The Non-Reimbursable expenses and cash adjustments listed above reflect the impact of net cost/deficit reductions vs. the February Plan of \$11.3 million in 2006 and \$9.9 million in 2007. Major assumptions reflected in the 2006-2008 projections and reconciliation to the February Plan for 2006 and 2007 are furnished later in this document. PEGs for 2006 total \$36.6 million, \$33.5 million for 2007 and \$22.4 for 2008.

GAP CLOSING MEASURES

2005 PEG ACTIONS

As mentioned previously, PEGs totaling \$15.9 million have been identified for 2005. The initiatives listed to begin in 2004 and 2005 met selection criteria that first deferred improvements then increased parking fees and commissary prices, and last reduced existing programs/efforts. These were sequenced to first affect programs that are administrative in nature and /or address customer convenience and amenities (including cleanliness) followed by maintenance and other programs. The PEGs listed for 2005 will affect 180 positions: the deferral of 96 position additions, and the abolishment of 84 current positions.

2006 PEG ACTIONS

The value of PEGs listed for 2006 totals \$36.6 million. This amount in addition to PEGs continued from 2005 includes measures that will have serious adverse impact on Metro-North services and ridership. They include the closure of most NYS ticket offices (only GCT and 5 NYS stations will have staffed ticket offices), increase in East of Hudson-NYS loading standard (more riders will stand), and NYS peak service (East and West of Hudson) as well as West of Hudson weekend service reductions. Additional cost savings from these measures net of projected loss in revenue totals \$10.1 million. The amount also includes \$9.7 million in as of yet unspecified PEGs. Due to the adverse impact on service, Metro-North believes these measures may require public hearings and environmental reviews pursuant to the State Environmental Quality Review Act. The specified PEGs listed for 2006 will involve the elimination of 71 more positions (total of 251: 155 existing and 96 new).

2007-2008 PROJECTIONS

The value of PEGs listed for 2007 totals \$33.5 million. Of that amount, \$6.1 million is unspecified. The value of PEGs currently listed for 2008 totals \$22.4 million; specific reductions of \$24.9 million exceed the targeted reduction by \$2.5 million.

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**MTA METRO-NORTH RAILROAD
2005 PRELIMINARY BUDGET
JULY FINANCIAL PLAN 2005-2008**

YEAR-TO-YEAR CHANGES BY CATEGORY – ACCRUAL (TOTAL)

FARE BOX REVENUE

Non-Reimbursable

- Projected ridership growth of 0.7% in 2005, 1.6% in 2006, 1.0% in 2007, and 1.0% in 2008 together with an average 5.5% Connecticut fare increase effective January 2005 is responsible for higher Fare Box Revenue.

Reimbursable

- Not applicable

OTHER OPERATING REVENUE

Non-Reimbursable

- 2004-2005 reflects the withdrawal of all outside buildings from the GCT power grid.
- 2005 reflects the impact of additional West of Hudson parking fees and contractually based advertising revenue increases.
- 2006-2008 primarily incorporates CPI increase of 2.2%, 2.6%, and 2.8%, respectively.

Reimbursable

- Not applicable

CAPITAL AND OTHER REIMBURSEMENTS

Non-Reimbursable

- Not applicable

Reimbursable

- Capital project cost reimbursements in each year of the financial plan are based on recouping 100% of accrued project expenditures. 2005-2008 accrued expenditures (and receipts) are based on a continuation of the 2004 mid-year forecast project cost levels.
- The increase in 2005 reimbursements reflects the impact of inflation on the 2004 mid-year expenditure base, plus an increase in the M2 Critical System Replacement project.
- 2006-2008 increases in reimbursements reflect the impact of inflation.

PAYROLL

Non-Reimbursable

- 2004-2006 costs include an annual wage increase of 3.0%. Differentials between 3% and CPI rates of 2.0% in 2005 and 2.2% in 2006 for management staff represent projected costs for phased merit costs as well as equity adjustments required for compression differentials with agreement employees.
- 2007 and 2008 include CPI based wage increases of 2.6% and 2.8%, respectively.
- 2005 includes additional labor resources primarily for:

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- Customer Service Amenities improvements with additional car cleaning, E-cleaning and maintenance at Highbridge Yard (\$1.1million) as well as GCT platform cleaning (\$.2 million).
- Maintenance force increases in GCT, West of Hudson and along the right-of-way (\$.7 million).
- Service increases primarily on the Harlem line due to new third track (\$.6 million).
- Security upgrades to signal and information systems and on-going testing and inspection of life safety devices (\$.6 million)
- Administrative oversight to strengthen quality assurance functions in key operations groups (\$1.1 million).
- 2006 - 2008 additional labor costs are added for on-going safety improvements to systems and facilities and service increases on all lines.

Reimbursable

- 2004-2006 costs include an annual wage increase of 3.0%. Differentials between 3% and CPI rates of 2.0% in 2005 and 2.2% in 2006 for management staff represent projected costs for phased merit costs as well as equity adjustments required for compression differentials with agreement employees.
- 2005 includes an increase staffing for the M2 Critical System Replacement project
- 2007 and 2008 include CPI-based wage increases of 2.6% and 2.8%, respectively.

OVERTIME

Non-Reimbursable

- 2005-2006 costs include annual wage increases of 3.0%.
- 2007 and 2008 include CPI-based wage increases of 2.6% and 2.8%, respectively.
- 2005-2008 includes additional on-board coverage requirements due to increases in service levels on all lines.

Reimbursable

- 2005-2006 costs include annual wage increases of 3.0%.
- 2007 and 2008 include CPI based wage increases of 2.6% and 2.8%, respectively.

HEALTH AND WELFARE

Non-Reimbursable

- Projected inflationary increases of 14.2% in 2004, 12.9% in 2005, and 9.3% each year 2006 - 2008.
- 2005-2008 include the non-reimbursable share of cost reductions associated with escalating levels of agreement employee premium contributions estimated at \$.374 million in 2005, \$.643 million in 2006, \$.927million in 2007 and \$1.227million in 2008.

**MTA METRO-NORTH RAILROAD
2005 PRELIMINARY BUDGET
JULY FINANCIAL PLAN 2005-2008**

- Other Cost adjustments for 2005-2008 are the result of changes in staffing levels associated with the programmatic changes that are incorporated into each year of the financial plan for Maintenance Improvements, Service Plan Enhancements, Customer Service Amenities, Security, and Administration.

Reimbursable

- Projected inflationary increases of 14.2% in 2004, 12.9% in 2005, and 9.3% each year 2006 - 2008.
- 2005-2008 include the reimbursable share of cost reductions associated with escalating levels of agreement employee premium contributions, estimated at \$.374 million in 2005, \$.643 million in 2006, \$.927 million in 2007 and \$1.227 million in 2008.

PENSIONS

Non-Reimbursable

- Pension cost increases 2005-2006 are based on payroll costs that increase by 3% each year and CPI-based wage increases for 2007-2008.
- 2005-2006 agreement pension costs incorporate an effective employer contribution rate of 6% of payroll costs; employer contribution rate increases by 0.2% in 2007 and 2008.
- 2005-2008 management pension costs reflect the non-reimbursable share of a \$0.3 million annual cost increase.

Reimbursable

- Pension cost increases 2005-2006 are based on payroll costs that increase by 3% each year and CPI-based wage increases for 2007-2008.
- 2005-2006 agreement pension costs incorporate an effective employer contribution rate of 6% of payroll costs; rate increases by 0.2% in 2007 and 2008.
- 2005-2008 management pension costs reflect the reimbursable share of a \$0.3 million annual cost increase.

OTHER FRINGE BENEFITS

Non-Reimbursable

- Railroad Retirement tax rates for Tier I and II remain constant for 2005-2008 at 7.65% and 13.1%, respectively.
- Maximum earnings level for Tier I are estimated at \$94,500 in 2005, \$99,000 in 2006, \$103,800 in 2007, and \$108,000 in 2008.
- Maximum earnings level for Tier II are estimated at \$70,200 in 2005, \$73,500 in 2006, \$77,100 in 2007, and \$80,400 in 2008
- Other cost adjustments reflect inflationary salary increase and changes in staffing levels.

Reimbursable

- Railroad Retirement tax rates for Tier I and II remain constant for 2005-2008 at 7.65% and 13.1%, respectively.

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2005 PRELIMINARY BUDGET
JULY FINANCIAL PLAN 2005-2008**

- Maximum earnings level for Tier I are estimated at \$94,500 in 2005, \$99,000 in 2006, \$103,800 in 2007, and \$108,000 in 2008.
- Maximum earnings level for Tier II are estimated at \$70,200 in 2005, \$73,500 in 2006, \$77,100 in 2007, and \$80,400 in 2008

REIMBURSABLE OVERHEAD

Non-Reimbursable

- Overhead cost credits are based on a percentage share of direct labor costs charged to a capital project. 2005-2008 direct labor costs are based on the continuation of the 2004 mid-year forecast project cost levels.
- The increase in 2005 overhead costs reflects the impact of a 3% wage increase on the 2004 mid-year labor base, plus an increase in payroll costs for the M2 Critical System Replacement project.
- 2006-2008 increases in overheads reflect the impact of wage increases on direct labor project costs.

Reimbursable

- Overhead costs are based on a percentage share of direct labor costs charged to a reimbursable project. 2005-2008 direct labor costs are based on the continuation of the 2004 mid-year forecast project cost levels.
- The increase in 2005 overhead costs reflects the impact of a 3% wage increase on the 2004 mid-year labor base, plus an increase in payroll costs for the M2 Critical System Replacement project.
- 2006-2008 increases in overheads reflect the impact of wage increases on direct labor project costs.

TRACTION AND PROPULSION POWER

Non-Reimbursable

- In addition to CPI increases in 2005-2008 of 2.0%, 2.2%, 2.6% and 2.8%, respectively, costs include a \$2.1 million provision for power cost increases.
- 2005-2008 incorporates the net effect of new car procurements and retirements.
- Service Plan enhancements increase costs by \$.4 million in 2005 and 2006 with the completion of the Harlem third track, by \$.1 million in 2007 and by \$.2 million in 2008.

Reimbursable

- No Cost

FUEL FOR BUSES AND TRAINS

Non-Reimbursable

- CPI increases in 2005-2008 of 2.0%, 2.2%, 2.6% and 2.8%, respectively.
- Equipment Replacement Plan introduction of new coaches and locomotives.
- 2005-2008 Service Plan enhancements increase costs by \$.1 million annually.

**MTA METRO-NORTH RAILROAD
2005 PRELIMINARY BUDGET
JULY FINANCIAL PLAN 2005-2008**

Reimbursable

- No Cost

INSURANCE

Non-Reimbursable

- CPI increases in 2005-2008 of 2.0%, 2.2%, 2.6% and 2.8%, respectively.

Reimbursable

- CPI increases in 2005-2008 of 2.0%, 2.2%, 2.6% and 2.8%, respectively.

CLAIMS

Non-Reimbursable

- 2005 and 2006 include consultant fees for Employee Safety Training.

Reimbursable

- No Cost

MAINTENANCE AND OTHER CONTRACTS

Non-Reimbursable

- CPI increases in 2005-2008 of 2.0%, 2.2%, 2.6% and 2.8%, respectively.
- Equipment maintenance programs increase 2005 costs by \$1.3 million and 2006 costs by \$3.5 million for the Genesis and West of Hudson Locomotive Remanufacture and Comet 3 Overhaul programs. In 2007 costs are reduced by \$5.9 million with the completion of these programs and a decrease in car disposal costs, offset by preventative maintenance improvement provisions.
- 2005 includes lower costs for GCT electric charges due to the withdrawal of outside buildings from power grid (\$1.2 million), offset by an increase in Port Jervis line lease charges (\$1.5 million). The costs also reflect a provision for power cost increase (\$.8 million), office space renovations (\$1.0 million), financial system maintenance costs (\$.6 million) and outlying facility security costs (\$.8 million).
- 2006 includes additional outlying facility security costs (\$.8 million, offset by decreasing fees for DuPont safety training (\$.8 million).

Reimbursable

- CPI increases in 2005-2008 of 2.0%, 2.2%, 2.6% and 2.8%, respectively.

PROFESSIONAL SERVICE CONTRACTS

Non-Reimbursable

- CPI increases in 2005-2008 of 2.0%, 2.2%, 2.6% and 2.8%, respectively.
- Reduction in Insurance charge-back starting in 2004 (\$.6 million) and MTA police service charges starting in 2005 (\$1.3 million).
- Restoration of 2004 reduction in Advertising provision in 2006 (\$.8 million).

Reimbursable

- CPI increases in 2005-2008 of 2.0%, 2.2%, 2.6% and 2.8%, respectively.

**MTA METRO-NORTH RAILROAD
2005 PRELIMINARY BUDGET
JULY FINANCIAL PLAN 2005-2008**

MATERIAL AND SUPPLIES

Non-Reimbursable

- CPI increases in 2005-2008 of 2.0%, 2.2%, 2.6% and 2.8%, respectively.
- Elimination of M1 Rehabilitation Project costs in 2004 and 2005.
- 2005 includes cost savings from the completion of the FL9 Overhaul (\$.9 million), the M4/M6 inverter conversion program (\$.5 million), and the M3 HVAC control replacement program.
- 2005-2008 includes the impact of equipment procurements and retirements

Reimbursable

- CPI increases in 2005-2008 of 2.0%, 2.2%, 2.6% and 2.8%, respectively.
- 2005 includes an increase in material costs for the M2 Critical System Replacement project

OTHER BUSINESS EXPENSES

Non-Reimbursable

- CPI increases in 2005-2008 of 2.0%, 2.2%, 2.6% and 2.8%, respectively.
- 2005 reduction in legal fees (\$.7 million).
- 2007 and 2008 include provisions for maintenance initiatives (\$1.0 million in 2007 and \$2.0 million in 2008).

Reimbursable

- CPI increases in 2005-2008 of 2.0%, 2.2%, 2.6% and 2.8%, respectively.

DEPRECIATION

Non-Reimbursable

- Increase is primarily due to purchase of new equipment (M7s).

Reimbursable

- No Cost

**MTA METRO-NORTH RAILROAD
2005 PRELIMINARY BUDGET
JULY FINANCIAL PLAN 2005-2008**

YEAR-TO-YEAR CHANGES BY CATEGORY – CASH (TOTAL)

FARE BOX REVENUE

Non-Reimbursable

- Projected ridership growth of 0.7% in 2005, 1.6% in 2006, 1.0% in 2007, and 1.0% in 2008 together with an average 5.5% Connecticut fare increase effective January 2005 is responsible for higher Fare Box Revenue.

Reimbursable

- Not applicable

Cash

- 2004-2008 cash adjustments include receipts from the sale of MetroCards, Westchester County bus fares, and special event promotions, partially offset by credit card fees associated with the purchase of passenger tickets.

OTHER OPERATING REVENUE

Non-Reimbursable

- 2004-2005 reflects the withdrawal of all outside buildings from the GCT power grid.
- 2005 reflects the impact of additional West of Hudson parking fees and contractually based advertising revenue increases.
- 2006-2008 primarily incorporates CPI increase of 2.2%, 2.6%, and 2.8%, respectively.

Reimbursable

- Not applicable

Cash

- 2004 cash adjustments include a projected \$3.7 million reimbursement for September 11, 2001 revenue loss. 2004-2008 adjustments include the reclassification of Amtrak and other railroad reimbursements (from the Maintenance and Other Operating Contracts category), reimbursements from CDOT for station facilities and unitickets, the MTA for electricity charges, and payments by former employees for health insurance coverage and other miscellaneous items.

CAPITAL AND OTHER REIMBURSEMENTS

Non-Reimbursable

- Not applicable

Reimbursable

- Capital project cost reimbursements in each year of the financial plan are based on recouping 100% of accrued project expenditures. 2005-2008 accrued expenditures (and receipts) are based on a continuation of the 2004 mid-year forecast project cost levels.

**MTA METRO-NORTH RAILROAD
2005 PRELIMINARY BUDGET
JULY FINANCIAL PLAN 2005-2008**

- The increase in 2005 reimbursements reflects the impact of inflation on the 2004 mid-year expenditure base, plus an increase in the M2 Critical System Replacement project.
- 2006-2008 increases in reimbursements reflect the impact of inflation.

PAYROLL

Non-Reimbursable

- 2004-2006 costs include an annual wage increase of 3.0%. Differentials between 3% and CPI rates of 2.0% in 2005 and 2.2% in 2006 for management staff represent projected costs for phased merit costs as well as equity adjustments required for compression differentials with agreement employees.
- 2007 and 2008 include CPI based wage increases of 2.6% and 2.8%, respectively.
- 2005 includes additional labor resources primarily for:
 - Customer Service Amenities improvements with additional car cleaning, E-cleaning and maintenance at Highbridge Yard (\$1.1million) as well as GCT platform cleaning (\$.2 million).
 - Maintenance force increases in GCT, West of Hudson and along the right-of-way (\$.7 million).
 - Service increases primarily on the Harlem line due to new third track (\$.6 million).
 - Security upgrades to signal and information systems and on-going testing and inspection of life safety devices (\$.6 million)
 - Administrative oversight to strengthen quality assurance functions in key operations groups (\$1.1 million).
- 2006 - 2008 additional labor costs are added for on-going safety improvements to systems and facilities and service increases on all lines.

Reimbursable

- 2004-2006 costs include an annual wage increase of 3.0%. Differentials between 3% and CPI rates of 2.0% in 2005 and 2.2% in 2006 for management staff represent projected costs for phased merit costs as well as equity adjustments required for compression differentials with agreement employees.
- 2005 includes an increase staffing for the M2 Critical System Replacement project
- 2007 and 2008 include CPI-based wage increases of 2.6% and 2.8%, respectively.

Cash

- 2004 Cash adjustments include payment of \$6 million (excluding fringe) for prior period accrued RWA for unsettled unions. 2004-2008 cash adjustments include difference between expense accruals and cash disbursements for the number of days paid, vacation and sick day provisions, employee health club memberships, agreement employee allowance for tools and safety shoes, employee contribution to health care coverage, and agreement employee contributions to the Defined Benefit Pension Plan.

**MTA METRO-NORTH RAILROAD
2005 PRELIMINARY BUDGET
JULY FINANCIAL PLAN 2005-2008**

OVERTIME

Non-Reimbursable

- 2005-2006 costs include annual wage increases of 3.0%.
- 2007 and 2008 include CPI-based wage increases of 2.6% and 2.8%, respectively.
- 2005-2008 includes additional on-board coverage requirements due to increases in service levels on all lines.

Reimbursable

- 2005-2006 costs include annual wage increases of 3.0%.
- 2007 and 2008 include CPI based wage increases of 2.6% and 2.8%, respectively.

HEALTH AND WELFARE

Non-Reimbursable

- Projected inflationary increases of 14.2% in 2004, 12.9% in 2005, and 9.3% each year 2006 - 2008.
- 2005-2008 include the non-reimbursable share of cost reductions associated with escalating levels of agreement employee premium contributions estimated at \$.374 million in 2005, \$.643 million in 2006, \$.927 million in 2007 and \$1.227 million in 2008.
- Other Cost adjustments for 2005-2008 are the result of changes in staffing levels associated with the programmatic changes that are incorporated into each year of the financial plan for Maintenance Improvements, Service Plan Enhancements, Customer Service Amenities, Security, and Administration.

Reimbursable

- Projected inflationary increases of 14.2% in 2004, 12.9% in 2005, and 9.3% each year 2006 - 2008.
- 2005-2008 include the reimbursable share of cost reductions associated with escalating levels of agreement employee premium contributions, estimated at \$.374 million in 2005, \$.643 million in 2006, \$.927 million in 2007 and \$1.227 million in 2008.

Cash

- 2004-2008 cash adjustments include current and former employee contributions toward health insurance costs.

PENSIONS

Non-Reimbursable

- Pension cost increases 2005-2006 are based on payroll costs that increase by 3% each year and CPI-based wage increases for 2007-2008.
- 2005-2006 agreement pension costs incorporate an effective employer contribution rate of 6% of payroll costs; employer contribution rate increases by 0.2% in 2007 and 2008.

**MTA METRO-NORTH RAILROAD
2005 PRELIMINARY BUDGET
JULY FINANCIAL PLAN 2005-2008**

- 2005-2008 management pension costs reflect the non-reimbursable share of a \$0.3 million annual cost increase.

Reimbursable

- Pension cost increases 2005-2006 are based on payroll costs that increase by 3% each year and CPI-based wage increases for 2007-2008.
- 2005-2006 agreement pension costs incorporate an effective employer contribution rate of 6% of payroll costs; rate increases by 0.2% in 2007 and 2008.
- 2005-2008 management pension costs reflect the reimbursable share of a \$0.3 million annual cost increase.

Cash

- 2004-2008 adjustments include difference between expense accruals and cash disbursements, and agreement employee contribution to the Defined Benefit Pension Plan. 2005 reflects a \$20 million cash reduction due to the prepayment of pension costs (paid in 2003).

OTHER FRINGE BENEFITS

Non-Reimbursable

- Railroad Retirement tax rates for Tier I and II remain constant for 2005-2008 at 7.65% and 13.1%, respectively.
- Maximum earnings level for Tier I are estimated at \$94,500 in 2005, \$99,000 in 2006, \$103,800 in 2007, and \$108,000 in 2008.
- Maximum earnings level for Tier II are estimated at \$70,200 in 2005, \$73,500 in 2006, \$77,100 in 2007, and \$80,400 in 2008
- Other cost adjustments reflect inflationary salary increase and changes in staffing levels.

Reimbursable

- Railroad Retirement tax rates for Tier I and II remain constant for 2005-2008 at 7.65% and 13.1%, respectively.
- Maximum earnings level for Tier I are estimated at \$94,500 in 2005, \$99,000 in 2006, \$103,800 in 2007, and \$108,000 in 2008.
- Maximum earnings level for Tier II are estimated at \$70,200 in 2005, \$73,500 in 2006, \$77,100 in 2007, and \$80,400 in 2008

REIMBURSABLE OVERHEAD

Non-Reimbursable

- Overhead cost credits are based on a percentage share of direct labor costs charged to a capital project. 2005-2008 direct labor costs are based on the continuation of the 2004 mid-year forecast project cost levels.
- The increase in 2005 overhead costs reflects the impact of a 3% wage increase on the 2004 mid-year labor base, plus an increase in payroll costs for the M2 Critical System Replacement project.

**MTA METRO-NORTH RAILROAD
2005 PRELIMINARY BUDGET
JULY FINANCIAL PLAN 2005-2008**

- 2006-2008 increases in overheads reflect the impact of wage increases on direct labor project costs.

Reimbursable

- Overhead costs are based on a percentage share of direct labor costs charged to a reimbursable project. 2005-2008 direct labor costs are based on the continuation of the 2004 mid-year forecast project cost levels.
- The increase in 2005 overhead costs reflects the impact of a 3% wage increase on the 2004 mid-year labor base, plus an increase in payroll costs for the M2 Critical System Replacement project.
- 2006-2008 increases in overheads reflect the impact of wage increases on direct labor project costs.

TRACTION AND PROPULSION POWER

Non-Reimbursable

- In addition to CPI increases in 2005-2008 of 2.0%, 2.2%, 2.6% and 2.8%, respectively, costs include a \$2.1 million provision for power cost increases.
- 2005-2008 incorporates the net effect of new car procurements and retirements.
- Service Plan enhancements increase costs by \$.4 million in 2005 and 2006 with the completion of the Harlem third track, by \$.1 million in 2007 and by \$.2 million in 2008.

Reimbursable

- No Cost

FUEL FOR BUSES AND TRAINS

Non-Reimbursable

- CPI increases in 2005-2008 of 2.0%, 2.2%, 2.6% and 2.8%, respectively.
- Equipment Replacement Plan introduction of new coaches and locomotives.
- 2005-2008 Service Plan enhancements increase costs by \$.1 million annually.

Reimbursable

- No Cost

INSURANCE

Non-Reimbursable

- CPI increases in 2005-2008 of 2.0%, 2.2%, 2.6% and 2.8%, respectively.

Reimbursable

- CPI increases in 2005-2008 of 2.0%, 2.2%, 2.6% and 2.8%, respectively.

Cash

- 2005 reflects increase in force account payments as well payment of Bioterrorism insurance (Renewed every three years).

**MTA METRO-NORTH RAILROAD
2005 PRELIMINARY BUDGET
JULY FINANCIAL PLAN 2005-2008**

CLAIMS

Non-Reimbursable

- 2005 and 2006 include consultant fees for Employee Safety Training.

Reimbursable

- No Cost

Cash

- 2004 payments reflect settlement of prior period New Haven Line accident claim.

MAINTENANCE AND OTHER CONTRACTS

Non-Reimbursable

- CPI increases in 2005-2008 of 2.0%, 2.2%, 2.6% and 2.8%, respectively.
- Equipment maintenance programs increase 2005 costs by \$1.3 million and 2006 costs by \$3.5 million for the Genesis and West of Hudson Locomotive Remanufacture and Comet 3 Overhaul programs. In 2007 costs are reduced by \$5.9 million with the completion of these programs and a decrease in car disposal costs, offset by preventative maintenance improvement provisions.
- 2005 includes lower costs for GCT electric charges due to the withdrawal of outside buildings from power grid (\$1.2 million), offset by an increase in Port Jervis line lease charges (\$1.5 million). The costs also reflect a provision for power cost increase (\$.8 million), office space renovations (\$1.0 million), financial system maintenance costs (\$.6 million) and outlying facility security costs (\$.8 million).
- 2006 includes additional outlying facility security costs (\$.8 million, offset by decreasing fees for DuPont safety training (\$.8 million).

Reimbursable

- CPI increases in 2005-2008 of 2.0%, 2.2%, 2.6% and 2.8%, respectively.

Cash

- 2004 cash adjustments include payment of prior period accruals for damaged equipment, West of Hudson subsidy costs, and GCT management fees, partially offset by 2004 accrued costs for miscellaneous services paid in 2005.

PROFESSIONAL SERVICE CONTRACTS

Non-Reimbursable

- CPI increases in 2005-2008 of 2.0%, 2.2%, 2.6% and 2.8%, respectively.
- Reduction in Insurance charge-back starting in 2004 (\$.6 million) and MTA police service charges starting in 2005 (\$1.3 million).
- Restoration of 2004 reduction in Advertising provision in 2006 (\$.8 million).

Reimbursable

- CPI increases in 2005-2008 of 2.0%, 2.2%, 2.6% and 2.8%, respectively.

**MTA METRO-NORTH RAILROAD
2005 PRELIMINARY BUDGET
JULY FINANCIAL PLAN 2005-2008**

MATERIAL AND SUPPLIES

Non-Reimbursable

- CPI increases in 2005-2008 of 2.0%, 2.2%, 2.6% and 2.8%, respectively.
- Elimination of M1 Rehabilitation Project costs in 2004 and 2005.
- 2005 includes cost savings from the completion of the FL9 Overhaul (\$.9 million), the M4/M6 inverter conversion program (\$.5 million), and the M3 HVAC control replacement program.
- 2005-2008 includes the impact of equipment procurements and retirements

Reimbursable

- CPI increases in 2005-2008 of 2.0%, 2.2%, 2.6% and 2.8%, respectively.
- 2005 includes an increase in material costs for the M2 Critical System Replacement project

OTHER BUSINESS EXPENSES

Non-Reimbursable

- CPI increases in 2005-2008 of 2.0%, 2.2%, 2.6% and 2.8%, respectively.
- 2005 reduction in legal fees (\$.7 million).
- 2007 and 2008 include provisions for maintenance initiatives (\$1.0 million in 2007 and \$2.0 million in 2008).

Reimbursable

- CPI increases in 2005-2008 of 2.0%, 2.2%, 2.6% and 2.8%, respectively.

Cash

- 2004 cash adjustments include a one-time MTA reclassification associated with prior period administrative assets. 2005 includes lower CDOT pass-through reimbursements.

DEPRECIATION

Non-Reimbursable

- Increase is primarily due to purchase of new equipment (M7s).

Reimbursable

- No Cost

MTA Metro-North Railroad
July Financial Plan 2005 - 2008
Ridership/Traffic Volume (Utilization)
(in millions)

	2003 Actuals	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<u>Farebox Revenue</u>						
Harlem Line	\$111.545	\$ 118.338	\$ 120.363	\$ 123.077	\$ 125.129	\$ 126.753
Hudson Line	77.870	83.276	85.157	87.853	89.782	91.158
New Haven Line	188.678	205.108	212.980	215.025	216.132	217.417
Total Farebox Revenue	\$ 378.093	\$ 406.722	\$ 418.500	\$ 425.955	\$ 431.043	\$ 435.328
<u>Ridership</u>						
Harlem Line	24.004	24.322	24.662	25.146	25.491	25.811
Hudson Line	13.739	13.873	14.128	14.517	14.786	15.015
New Haven Line	32.759	33.151	33.049	33.313	33.460	33.678
Baseline Total Ridership	70.502	71.346	71.839	72.976	73.737	74.504
<i>Impact of:</i>						
Program to Eliminate the Gap	0	0	0.000	(1.942)	(2.070)	(2.224)
Total Ridership	70.502	71.346	71.839	71.034	71.667	72.280

**MTA METRO-NORTH RAILROAD
2005 PRELIMINARY BUDGET
JULY FINANCIAL PLAN 2005-2008**

CHANGES TO THE FEBRUARY FINANCIAL PLAN 2004 - 2007

Revisions to Metro-North's financial plan for the 2004-2007 period reflect adjustments resulting from evolving economic conditions, changing cost assumptions and a series of program deferrals that contribute toward cost reduction mandates while limiting to the extent possible adverse impact to Metro-North's current service levels and performance standards. Note that the subsidy requirements in the February Financial Plan assumed unidentified PEGs of \$16.4 million in 2005, \$8.6 million in 2006, and \$5.1 million in 2007.

2004: JULY FINANCIAL PLAN VS. FEBRUARY FINANCIAL PLAN

In the July Financial Plan subsidy requirements for non-reimbursable operations are \$1.6 million higher than in the February Plan. Several factors beyond the railroad's control had a significant impact on projections. Sluggish job market in New York City that seems to contradict predictions of an ending economic downturn and the reduced employment opportunities in lower Manhattan since the events of 9/11, have resulted in lower than projected passenger fares from both East and West of Hudson operations. Inclement weather conditions earlier in the year necessitated high overtime costs for snow removal and equipment repair, and lowered the level of reimbursable project activity that in turn resulted in a reduced level of overhead cost recoveries. These unfavorable impacts were only partially offset by favorable adjustments to wage and tax rate assumptions.

Reimbursable project costs (and receipts) were \$18.1 million below the February Plan. In addition to inclement weather conditions during the first quarter, which reduced overall project activity levels and the lower wage and tax rate assumptions noted above, lower costs reflect changes to project schedules. They include rescheduling of expenditures for East Side Access, M2 Critical System Replacement, Shell-at-Grade and several Communication and Signal projects.

2005: July Financial Plan vs. February Financial Plan

In the July Financial Plan 2005 subsidy requirements for non-reimbursable operations are \$10.3 million lower than in the February plan. 2004 plan changes associated with lower passenger fare growth, changes in wage and tax rates, and higher overtime costs continue to be realized as cost adjustments in 2005. In addition, current cost increase projections for health and welfare exceed previously projected levels, as are power cost projections. Reduction in subsidies is attributed to the Connecticut fare increase, higher advertising and GCT retail tenant revenues, and several changes to Operating/Capital projects planned for 2005. These include expense re-estimates for the Corporate Data Network and Equipment Disposal projects, the elimination of the Automated People Counting System and Penta Upgrade projects, and the deferral of the Commissary

**MTA METRO-NORTH RAILROAD
2005 PRELIMINARY BUDGET
JULY FINANCIAL PLAN 2005-2008**

Renovation, Vehicle Replacement, and the GCT Upper Level Block Restoration projects.

Reimbursable project costs (and receipts) were \$12.6 million below the February Plan reflecting lower wage and tax rates, higher health and welfare costs, and a general decrease in expenditures predicated on the continuation of the revised 2004 expenditure level base.

2006 JULY FINANCIAL PLAN VS. FEBRUARY FINANCIAL PLAN

In the July Financial Plan 2006 subsidy requirements for non-reimbursable operations are \$9.5 million lower than the February plan. 2006 plan changes have been adjusted for current trends in lower passenger fare growth, Connecticut fare increase, higher non-passenger revenues, favorable wage and tax rates, higher overtime, increasing health and welfare and power costs as well as lower cost recoveries from reimbursable projects. Other changes in subsidies are attributed to the elimination of the Business Recovery Hot Site project at Mott Haven, the deferral of the GCT Upper Level Block Restoration and Customer Communication and Model Station projects, and the re-estimate of MTA Police Services costs. The subsidies also reflect project cost refinements for Equipment Plan Disposal, the Corporate Data Network, and the Genesis Locomotive Remanufacture.

Reimbursable project costs (and receipts) were \$17.1 million below the February Plan reflecting lower wage and tax rates, higher health and welfare costs, and a general decrease in expenditures predicated on the continuation of 2005 project expenditure levels.

2007 July Financial Plan Vs. February Financial Plan

In the July Financial Plan 2007 subsidy requirements for non-reimbursable operations are \$11.6 million lower than the February Plan. 2007 plan changes have been adjusted for current trends in lower passenger fare growth, Connecticut fare increase, higher non-passenger revenues, favorable wage and tax rates, higher overtime, increasing health and welfare and power costs as well as lower cost recoveries from reimbursable projects. Other changes in subsidies are attributed to the re-estimate of the Corporate Data Network project, the elimination of cost provisions for unspecified projects, and the rescheduling of expenditures for the Global Positioning System Installation and Vehicle Replacement projects.

Reimbursable project costs (and receipts) were \$17.6 million below the February Plan reflecting lower wage and tax rates, higher health and welfare costs, and a general decrease in expenditures predicated on the continuation of 2006 project expenditure levels.

**MTA METRO-NORTH RAILROAD
2005 PRELIMINARY BUDGET
JULY FINANCIAL PLAN 2005-2008**

POSITION ASSUMPTIONS

NON-REIMBURSABLE POSITIONS

- Positions are stated as of December 31 of each year and reflect the estimated number of paid employees. Consequently, position totals incorporate existing vacancy and turnover estimates.
- Annual staffing levels include the impact of program deferrals, eliminations, or re-estimates, consistent with the associated cost changes incorporated into the financial plan.

REIMBURSABLE POSITIONS

- Positions are stated as of December 31 of each year and reflect employees estimated to be paid. Consequently, position totals incorporate existing vacancy and turnover estimates.
- 2004 staffing levels reflect changes in project requirements.
- 2005-2008 staffing levels assume a continuation of 2004 project activity levels.

RIDERSHIP/UTILIZATION PROJECTIONS

- Ridership projections are developed primarily by the application of line segment ridership forecasting models that incorporate the impact of economic and demographic factors and government-supported mass transit initiatives. In addition, internal programs that affect service, customer awareness, and access to Metro-North are also incorporated into ridership forecasts.
- The current financial plan assumes lower customer growth levels than the February Plan. Ridership from both East and West of Hudson operations was lower than projected primarily due to the unfavorable job market in New York City that reflects a sluggish economy and the reduced employment opportunities in lower Manhattan since the events of 9/11.
- The 2004 revised forecast reflects East of Hudson Service ridership that is 1.2% lower than the adopted (February Plan) budget, but still 1.2% higher than 2003 actual results. In 2005, 2006, 2007 and 2008, ridership is projected to grow 0.7%, 1.6%, 1.0% and 1.0%, respectively.

MTA Metro-North Railroad
July Financial Plan 2005 - 2008
Summary of Changes Between Financial Plans by Category
(\$ in millions)

	2004	2005	2006	2007
REIMBURSABLE				
2004 February Financial Plan - Operating Cash Income/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000
 Baseline 2004 February Financial Plan - Operating Cash Income/(Deficit)	 \$0.000	 \$0.000	 \$0.000	 \$0.000
Baseline:				
Changes				
Revenue				
Changes in Capital Project Activity Levels	(18.079)	(12.622)	(17.129)	(17.595)
Sub-Total Revenue Changes	(\$18.079)	(\$12.622)	(\$17.129)	(\$17.595)
Expenses				
Changes in Capital Project Activity Levels	18.079	12.622	17.129	17.595
Sub-Total Expense Changes	\$18.079	\$12.622	\$17.129	\$17.595
Cash Adjustments:				
Revenue				
Expense				
Sub-Total Cash Adjustment Changes	\$.000	\$.000	\$.000	\$.000
Total Baseline Changes	\$0.000	\$0.000	(\$0.000)	\$0.000
Programmatic New Needs	\$.000	\$.000	\$.000	\$.000
Program to Eliminate the Gap	\$.000	\$.000	\$.000	\$.000
Total Changes	\$0.000	\$0.000	\$0.000	\$0.000
2004 July Financial Plan - Operating Cash Income/(Deficit)	\$0.000	\$0.000	(\$0.000)	\$0.000

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MTA Metro-North Railroad
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
MAINTENANCE:										
Additional Car Cleaning and Maintenance	0	\$.000	21	\$1.333	21	\$1.386	21	\$1.439	21	\$1.495
Landmark Preservation Maintenance	0	\$.500	0	\$.510	0	\$.521	0	\$.535	0	\$.550
Second Trick Periodic Inspection - M of E	0	\$.000	4	\$.321	0	(\$.006)	0	\$.000	0	\$.000
Standard Engineer Track and Other Administrative Resources	0	\$.000	4	\$.488	4	\$.508	4	\$.527	4	\$.547
Reduce Station Maintenance Forces	0	\$.000	22	\$1.657	22	\$1.706	22	\$1.771	22	\$1.841
Sub-Total Maintenance	0	\$.500	51	\$4.309	47	\$4.115	47	\$4.271	47	\$4.433
REVENUE ENHANCEMENTS:										
E of H Parking Fees Increase (Increase Revenue)	0	\$.000	0	\$.160	0	\$.160	0	\$.160	0	\$.160
Increase Commissary Prices 5 Percent (increase revenues)	0	\$.000	0	\$.100	0	\$.100	0	\$.100	0	\$.100
Sub-Total Revenue Enhancements	0	\$.000	0	\$.260	0	\$.260	0	\$.260	0	\$.260
OTHER:										
Right of Way Fencing - New Program	0	\$.000	2	\$.162	2	\$.169	2	\$.175	2	\$.182
H&H Interlocking Lighting	0	\$.000	3	\$.371	3	\$.383	3	\$.396	3	\$.411
Security Plan - GCT Maint & Test Life Safety & Fire Alarm	0	\$.000	6	\$.438	6	\$.456	6	\$.473	6	\$.492
Sub-Total Other	0	\$.000	11	\$.970	11	\$1.008	11	\$1.045	11	\$1.084
Total PEGS	27	\$.904	180	\$15.869	251	\$26.889	251	\$27.408	238	\$24.914
Unspecified Reductions	0	\$.000	0	\$.000	0	\$9.748	0	\$6.097	0	(\$2.492)
Total Reductions	27	\$.904	180	\$15.869	251	\$36.637	251	\$33.505	238	\$22.422

**MTA Metro-North Railroad
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Administration
Program: IT- Evaluation Equipment & Technology

Background Details: The Information Technology Department must perform research and evaluation of new technologies and products to ensure that MNR IT services are both efficient and secure while at the same time meeting current and future industry standards.

PEG Description/Implementation Plan: The IT department will not be able to perform this service as planned if this equipment evaluation and technology product is eliminated.

PEG Implementation Date: January 2005 **When will PEG savings begin?:** January 2005

Financial Impact (Operating)

Net Savings (in millions)

2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
\$0.000	\$0.102	\$0.104	\$0.000	\$0.000

Total Reduction in Positions Required

- - - - -

Current Vacancies

Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

- - - - -
- - - - -

Other

(Identify Appropriate Indicator)

- - - - -

**MTA Metro-North Railroad
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Administration
Program: Office Space Renovation

Background Details: MNR HQ is located at 347 Madison Avenue. Many offices have not been renovated in over twenty years.

PEG Description/Implementation Plan: Continue to delay much needed improvements to working conditions.

PEG Implementation Date: January 2005 **When will PEG savings begin?:** January 2005

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$1.020	\$1.042	\$0.535	(\$1.099)
Total Reduction in Positions Required	-	-	-	-	-
Current Vacancies					
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure	-	-	-	-	-
On-Time Performance	-	-	-	-	-
Other (Identify Appropriate Indicator)	-	-	-	-	-

**MTA Metro-North Railroad
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Administration

Program: Establish a Quality Assurance Group for Op. Services, GCT and Mof W

Background Details:	Additional staffing in the Quality Assurance Department is required to implement the recommended standards for improved oversight of capital programs, enhance contract and contractor auditing, and to introduce the QA/QC function within the Operations Services, GCT, and Maintenance of Way Departments.
----------------------------	---

PEG Description/Implementation Plan:	Defer or eliminate additional QA/QC staffing. QA/QC will continue to provide oversight at current levels.	
PEG Implementation Date:	January 2005	When will PEG savings begin?: January 2005

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$1.849	\$1.922	\$1.994	\$0.000

Total Reduction in Positions Required	-	13.0	13.0	13.0	-
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Current Vacancies

<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)	-	-	-	-	-
Mean Distance Between Failure	-	-	-	-	-
On-Time Performance	-	-	-	-	-
Other (Identify Appropriate Indicator)	-	-	-	-	-

**MTA Metro-North Railroad
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Administration
Program: Reduce Administrative Positions (20 positions)

Background Details: Reduce 20 management positions to achieve budget compliance.

PEG Description/Implementation Plan: Various throughout the railroad. Specific positions not yet identified.

PEG Implementation Date: January 2005 **When will PEG savings begin?:** January 2005

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$1.927	\$2.005	\$2.080	\$2.161
 <i>Total Reduction in Positions Required</i>	-	20.0	20.0	20.0	20.0
 Current Vacancies					
 <i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure	-	-	-	-	-
On-Time Performance	-	-	-	-	-
Other (Identify Appropriate Indicator)	-	-	-	-	-

**MTA Metro-North Railroad
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Customer Convenience & Amenities

Program: Customer E-Mail

Background Details: Customer e-mail was implemented in February 2003. Staff was added to support this new customer communication service. 5,000 e-mails received in first twelve months and growing.

PEG Description/Implementation Plan: E-mail response staff will be reduced. Average time for response to customer will be increased by up to five business days.

PEG Implementation Date: July 2004 **When will PEG savings begin?:** July 2004

Financial Impact (Operating)

Net Savings (in millions)

2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
\$0.053	\$0.111	\$0.116	\$0.120	\$0.125

Total Reduction in Positions Required

1.0 1.0 1.0 1.0 1.0

Current Vacancies

Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

- - - - -
- - - - -

Other

(Identify Appropriate Indicator)

- - - - -

**MTA Metro-North Railroad
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Customer Convenience & Amenities

Program: Close GCT North Weekends

Background Details: Approximately 6,000 customers use Grand Central North on a typical weekend. Closing GCN on weekends may add up to 20 minutes to their trip in each direction.

PEG Description/Implementation Plan: Eliminate 8 positions and close GCN to customers from 9:30PM Friday until 6:30 AM on Monday. The current Customer Satisfaction Rating for Grand Central North was a "98% satisfied"; this more than likely will decline.

PEG Implementation Date: January 2005 **When will PEG savings begin?:** January 2005

Financial Impact (Operating)

Net Savings (in millions)

2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
\$0.000	\$0.584	\$0.608	\$0.631	\$0.656

Total Reduction in Positions Required

- 8.0 8.0 8.0 8.0

Current Vacancies

Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

- - - - -
- - - - -

Other

(Identify Appropriate Indicator)

- - - - -

**MTA Metro-North Railroad
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Customer Convenience & Amenities
Program: Eliminate GCT North Station Master's Office

Background Details: Grand Central North is open from 6:30 AM until 9:30 PM weekdays and from 9:00AM to 9:30 PM on weekends. There is a satellite Station Masters Office that is staffed during the peak periods and during certain hours on the weekends. This satellite SMO is accessible to all customers for information, assistance, and to address safety issues as need.

PEG Description/Implementation Plan: Close the satellite SMO completely, thereby eliminating two positions seven days a week. MNR customers who use GCN will not have immediate access to assistance. These customers will be required to go all the way to the main concourse SMO for assistance. The current Customer Satisfaction Rating of Grand Central North was a 98% satisfied; this more than likely will decline.

PEG Implementation Date: January 2005 **When will PEG savings begin?:** January 2005

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.147	\$0.153	\$0.159	\$0.166

Total Reduction in Positions Required - 1.0 1.0 1.0 1.0

Current Vacancies

Impact on Operations:

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

Other
(Identify Appropriate Indicator)

-	-	-	-	-
-	-	-	-	-
-	-	-	-	-

**MTA Metro-North Railroad
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Customer Convenience

Program: Platform Cleaning GCT

Background Details: This program was designed to ensure that all GCT platforms are cleaned on a 3 day cyclical basis. The program includes five additional positions and a \$75k start-up cost for scrubbing machinery.

PEG Description/Implementation Plan: Additional resources for program implementation are eliminated from the budget.

PEG Implementation Date: January 2005 **When will PEG savings begin?:** January 2005

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.442	\$0.380	\$0.395	\$0.410
 <i>Total Reduction in Positions Required</i>	-	5.0	5.0	5.0	5.0
 Current Vacancies					
 <i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure	-	-	-	-	-
On-Time Performance	-	-	-	-	-
Other (Identify Appropriate Indicator)	-	-	-	-	-

**MTA Metro-North Railroad
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Customer Convenience
Program: GCT Reduced Station Cleaning

Background Details:	GCT currently performs cleaning on all three shifts with the heavy cleaning being performed on the overnight shift.
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PEG Description/Implementation Plan:	Reduce overnight shift by 25% (eliminates 8 positions) . This will result in a much lower level of cleanliness for the restored terminal.
PEG Implementation Date:	January 2005
	When will PEG savings begin?: January 2005

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.584	\$0.608	\$0.631	\$0.656

Total Reduction in Positions Required	-	8.0	8.0	8.0	8.0
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Current Vacancies

<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)	-	-	-	-	-
Mean Distance Between Failure	-	-	-	-	-
On-Time Performance	-	-	-	-	-
Other					
(Identify Appropriate Indicator)	-	-	-	-	-

**MTA Metro-North Railroad
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Customer Convenience
Program: Reduce Station E-Cleaning - NYS

Background Details: All MNR outlying stations receive cyclical extra-ordinary cleaning every 30 to 35 days. Cleaning cycle will increase to once every 65 to 70 days.

PEG Description/Implementation Plan: Cleaning cycle change will eliminate 9 e-cleaning positions as well as two MNR vehicles. There will be a significant impact on the cleanliness of MNR outlying facilities.

PEG Implementation Date: January 2005 **When will PEG savings begin?:** January 2005

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
NY					
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.574	\$0.611	\$0.651	\$0.693

Total Reduction in Positions Required - 7.0 7.0 7.0 7.0

Current Vacancies

Impact on Operations:

Ridership Per Week (in thousands)	-	-	-	-	-
Mean Distance Between Failure	-	-	-	-	-
On-Time Performance	-	-	-	-	-
Other (Identify Appropriate Indicator)	-	-	-	-	-

**MTA Metro-North Railroad
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Customer Convenience
Program: Reduce Station Cleaning - NYS

Background Details: Outlying stations, platforms and shelters receive routine cleaning and trash removal once each day. This cycle would be extended to one cleaning in every 3 days.

PEG Description/Implementation Plan: 17 station cleaning positions would be eliminated. There will be a significant negative impact on the cleanliness of MNR outlying station facilities.

PEG Implementation Date: January 2005 **When will PEG savings begin?:** January 2005

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
NY					
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$1.199	\$1.248	\$1.295	\$1.345

Total Reduction in Positions Required - 17.0 17.0 17.0 17.0

Current Vacancies

Impact on Operations:
Ridership Per Week (in thousands)
Mean Distance Between Failure
On-Time Performance

Other
(Identify Appropriate Indicator)

-	-	-	-	-
-	-	-	-	-
-	-	-	-	-

**MTA Metro-North Railroad
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Service
Program: Increase T&E Staff for Service Coverage

Background Details:	In 2005, twelve (12) assistant conductor positions were scheduled to be added to improve on board customer service and customer communication efforts as well as to improve revenue collection on specific trains.
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PEG Description/Implementation Plan:	Positions are eliminated, foregoing desired improvements.	
PEG Implementation Date:	January 2005	When will PEG savings begin?: January 2005

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$1.124	\$1.168	\$1.211	\$1.257

Total Reduction in Positions Required	-	12.0	12.0	12.0	12.0
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Current Vacancies

<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure	-	-	-	-	-
On-Time Performance	-	-	-	-	-
Other (Identify Appropriate Indicator)	-	-	-	-	-

**MTA Metro-North Railroad
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Service
Program: Service Plan 2004 and 2005

Background Details: The Mid-Harlem Line Third Track Project, which will provide increased capacity to operate additional trains, will be completed in October 2004. Planned service improvements to utilize this completed capital project (\$57 million) were scheduled (along with other service improvements on the Hudson and New Haven lines) to be implemented in 2004.

PEG Description/Implementation Plan: The service improvements will not be implemented and the customer benefits of this \$57 million capital improvement will not be fully realized. The service plan would have provided more frequent service and reduced travel time for the service markets on the Upper Harlem line, Hartsdale and Scarsdale, Crestwood, Tuckahoe and Bronxville. Also, planned new peak intermediate service on the mid-Harlem line would have provided a single-seat ride and reduced trip time for customers traveling from the mid-Harlem stations to the Bronx.

PEG Implementation Date: July 2004 **When will PEG savings begin?:** July 2004

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.351	\$0.665	\$2.228	\$2.345	\$2.472

Total Reduction in Positions Required 26.0 26.0 26.0 26.0 26.0

Current Vacancies

Impact on Operations:
Ridership Per Week (in thousands)
Mean Distance Between Failure
On-Time Performance
Other
(Identify Appropriate Indicator)

-	-	-	-	-
-	-	-	-	-
-	-	-	-	-

**MTA Metro-North Railroad
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Maintenance
Program: Additional Car Cleaning and Maintenance

Background Details: In order to respond to low ratings from customers in terms of car cleanliness, MNR had planned on adding 16 coach cleaners and reducing the current extraordinary cleaning cycle from 90 days down to 60 days.

PEG Description/Implementation Plan: The additional positions would be eliminated from the budget and current e-cleaning cycles would remain in place.

PEG Implementation Date: January 2005 **When will PEG savings begin?:** January 2005

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$1.333	\$1.386	\$1.439	\$1.495

Total Reduction in Positions Required - 21.0 21.0 21.0 21.0

Current Vacancies

Impact on Operations:

Ridership Per Week (in thousands)					
Mean Distance Between Failure	-	-	-	-	-
On-Time Performance	-	-	-	-	-
Other (Identify Appropriate Indicator)	-	-	-	-	-

**MTA Metro-North Railroad
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Maintenance
Program: Landmark Preservation Maintenance

Background Details: GCT restoration and renovation was completed in 1999. In 2005 additional maintenance funding was added to the MNR budget on an annual basis to help ensure that the restoration of GCT would be maintained.

PEG Description/Implementation Plan: Defer additional maintenance funding for GCT, which may pose a risk of deterioration over time. GCT has received the highest customer satisfaction survey ratings and fewest customer complaints. This positive public perception may change over a period of time.

PEG Implementation Date: January 2004 **When will PEG savings begin?:** January 2004

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.500	\$0.510	\$0.521	\$0.535	\$0.550

Total Reduction in Positions Required - - - - -

Current Vacancies

Impact on Operations:

Ridership Per Week (in thousands)	-	-	-	-	-
Mean Distance Between Failure	-	-	-	-	-
On-Time Performance	-	-	-	-	-
Other (Identify Appropriate Indicator)	-	-	-	-	-

**MTA Metro-North Railroad
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Maintenance
Program: Second Trick Periodic Inspection - M of E

Background Details: Eliminate second trick Maintenance of Equipment forces that are dedicated to performing required periodic inspections. These inspections must be performed during the other two tours of duty.

PEG Description/Implementation Plan: FRA regulations require specific periodic inspections on equipment. Elimination of this function during the second trick will result in moving these inspections to the other two tours of duty, resulting in lower car availability.

PEG Implementation Date: January 2005 **When will PEG savings begin?:** January 2005

Financial Impact (Operating)

Net Savings (in millions)

2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
\$0.000	\$0.321	(\$0.006)	\$0.000	\$0.000

Total Reduction in Positions Required

- 4.0 - - -

Current Vacancies

Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

- - - - -
- - - - -

Other

(Identify Appropriate Indicator)

- - - - -

**MTA Metro-North Railroad
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Maintenance
Program: Standard Engineer Track and Other Administrative Resources

Background Details: Standards Engineer and additional resources previously requested will be eliminated from the budget.

PEG Description/Implementation Plan: Standards Engineer/Track, Manager-Fleet Administration, Clerk - Structures and Facilities, CAD Operator - Structures and Facilities, and Planning & Development Interns will not be filled.

PEG Implementation Date: January 2005 **When will PEG savings begin?:** January 2005

Financial Impact (Operating)

Net Savings (in millions)

2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
\$0.000	\$0.488	\$0.508	\$0.527	\$0.547

Total Reduction in Positions Required

- 4.0 4.0 4.0 4.0

Current Vacancies

Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

- - - - -
- - - - -

Other

(Identify Appropriate Indicator)

- - - - -

**MTA Metro-North Railroad
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Maintenance
Program: Reduce Station Maintenance Forces

Background Details: Reduce 22 station and facility maintenance positions (20 east of Hudson and two West of Hudson), which will result in the elimination of certain cyclical maintenance programs at rail stations and other MNR facilities as well as other impacts noted below.

PEG Description/Implementation Plan: Elimination of positions will also result in the closure of all outlying station restroom facilities maintained by MNR, the elimination of outlying station pigeon proofing program, the elimination of cyclical "scratchiti" removal program, a significantly reduced station painting program, and slower response time for other repair items such as air conditioning and heating.

PEG Implementation Date: January 2005 **When will PEG savings begin?:** January 2005

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$1.657	\$1.706	\$1.771	\$1.841
Total Reduction in Positions Required	-	22.0	22.0	22.0	22.0
Current Vacancies					
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)	-	-	-	-	-
Mean Distance Between Failure	-	-	-	-	-
On-Time Performance	-	-	-	-	-
Other (Identify Appropriate Indicator)	-	-	-	-	-

**MTA Metro-North Railroad
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Administration
Program: E of H Parking Fees Increase (Increase Revenue)

Background Details: Implement East of Hudson Parking fee increases approved by the MTA board in 2004. This was not previously included in the MNR financial plan for 2005.

PEG Description/Implementation Plan: Parking fees will be increased in January 2005 at East of Hudson MNR parking facilities.

PEG Implementation Date: January 2005 **When will PEG savings begin?:** January 2005

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.160	\$0.160	\$0.160	\$0.160

Total Reduction in Positions Required - - - - -

Current Vacancies

Impact on Operations:

Ridership Per Week (in thousands)					
Mean Distance Between Failure	-	-	-	-	-
On-Time Performance	-	-	-	-	-
Other (Identify Appropriate Indicator)	-	-	-	-	-

**MTA Metro-North Railroad
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Administration
Program: Increase Commissary Prices 5 Percent (increase revenues)

Background Details: Commissary prices were last increased on January 1, 2004.

PEG Description/Implementation Plan: An average product price increase of 5.0% would generate and additi0onal \$100K in annual revenue.

PEG Implementation Date: January 2005 **When will PEG savings begin?:** January 2005

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

**MTA Metro-North Railroad
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Other
Program: Right of Way Fencing - New Program

Background Details: Eliminate new Fence Repair Program for maintaining security fencing that has been installed along the MNR right of way.

PEG Description/Implementation Plan: This program dedicated two FTE's and material to ensure right of way fencing installed on MNR property was kept in a state of good repair. As the miles of fencing have increased, so have the maintenance requirements. Repairs to fencing will be done through routine work orders. Repair turnaround time will be significantly longer, which will result in decreasing the security and cleanliness of property and increasing the opportunity for theft and vandalism.

PEG Implementation Date: January 2005 **When will PEG savings begin?:** January 2005

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.162	\$0.169	\$0.175	\$0.182

Total Reduction in Positions Required - 2.0 2.0 2.0 2.0

Current Vacancies

Impact on Operations:
Ridership Per Week (in thousands)
Mean Distance Between Failure
On-Time Performance

Other
(Identify Appropriate Indicator)

-	-	-	-	-
-	-	-	-	-
-	-	-	-	-

**MTA Metro-North Railroad
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Other
Program: H&H Interlocking Lighting

Background Details:	Eliminate dedicated maintenance staff for security lighting repair at all interlockings on the Hudson and Harlem Lines
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PEG Description/Implementation Plan:	Security and safety lighting repairs will be performed through general work orders or on as needed basis. This will lengthen repair turnaround time and may also result in reduced on time performance.	
PEG Implementation Date:	January 2005	When will PEG savings begin?: January 2005

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.371	\$0.383	\$0.396	\$0.411

Total Reduction in Positions Required	-	3.0	3.0	3.0	3.0
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Current Vacancies

<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure	-	-	-	-	-
On-Time Performance	-	-	-	-	-
Other (Identify Appropriate Indicator)	-	-	-	-	-

**MTA Metro-North Railroad
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Other
Program: Security Plan - GCT Maint & Test Life Safety & Fire Alarm

Background Details:

PEG Description/Implementation Plan:

PEG Implementation Date: January 2005 **When will PEG savings begin?:** January 2005

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.438	\$0.456	\$0.473	\$0.492

Total Reduction in Positions Required - 6.0 6.0 6.0 6.0

Current Vacancies

Impact on Operations:

Ridership Per Week (in thousands)	-	-	-	-	-
Mean Distance Between Failure	-	-	-	-	-
On-Time Performance	-	-	-	-	-
Other (Identify Appropriate Indicator)	-	-	-	-	-

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**MTA Metro-North Railroad
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Customer Convenience & Amenities

Program: Close Ticket Offices - NYS

Background Details: Close most NYS ticket offices. A total of 23 will be closed. The only ticket offices remaining open will be Fordham, Harlem -125th Street, Poughkeepsie, White Plains and New Rochelle. In GCT, hours and availability of ticket sellers will also be reduced. Where outlying ticket offices are being closed, station building facilities will also be closed unless they are under lease or integral to station platform access. The station buildings under consideration to be closed are Hastings, Tarrytown, Ossining, Tuckahoe, Bronxville, Larchmont, Mamaroneck, Harrison, and Rye. In addition, ticket seller vacancies will no longer be filled, except where required by labor contract, thus reducing extra list and overtime costs.

PEG Description/Implementation Plan: Closing of 23 outlying stations (6 Hudson Line, 10 Harlem Line, and 7 NYS-New Haven line) will have a major customer impact. There will be long lines at existing TVMs and in GCT. Average time to purchase tickets during peak sale periods may increase from approximately five minutes to an estimated average of twenty minutes. TVM maintenance requirements will also increase as well as the purchase of tickets onboard trains using cash. In addition, customers will lose access to customer facilities at those 18 stations where the building is closed.

PEG Implementation Date: January 2006 **When will PEG savings begin?:** January 2006

NY

Financial Impact (Operating)

Net Savings (in millions)

2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
\$0.000	\$0.000	\$2.506	\$2.610	\$2.720

Total Reduction in Positions Required

- - 32.0 32.0 32.0

Current Vacancies

Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other

(Identify Appropriate Indicator)

-	-	-	-	-
-	-	-	-	-
-	-	-	-	-

**MTA Metro-North Railroad
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Service
Program: Increase East of Hudson Loading Standards - NYS

Background Details: MNR has two basic standards used to determine the number of seats (cars) assigned to a train while still accommodating routine shifts in customer travel patterns. The one standard is used to determine when cars are added to a train, and the other is used to determine whether or not cars can be reduced.

First, cars are added to peak period trains when 5% (95% occupancy) or less seats are empty, and cars are added to off-peak/weekend trains when 25% (75% occupancy) or less seats are empty. (The greater variability of off-peak/weekend ridership requires the broader standard, whereas peak period travel is more consistent.) Second, cars can be reduced on a train during peak periods only if the reduction leaves at least 13% (87% occupancy) of the seats available for customers, and cars can be reduced on OP/WE trains only if the reduction leaves a minimum of 35% (65% occupancy) of the seats available for customers. The car reduction standard maintains a margin of error that allows for longer term ridership growth as well as routine shifts in ridership patterns.

PEG Description/Implementation Plan: Increase overall train capacity standard to 95% on weekdays and 90% on weekends and off-peak. This will reduce annual revenue car miles by 2.9 million miles. The result will be a reduction in car requirements for AM peak service by 32 cars. 264,000 riders per week will experience more crowded/standee conditions. On weekends, due to the variability of ridership, it is estimated that 5% to 10% of our customers will experience standee conditions.

PEG Implementation Date: January 2006 **When will PEG savings begin?:** January 2006

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
NY					
Financial Impact (Operating)					
Net Savings (in millions)	\$0.000	\$0.000	\$1.570	\$1.683	\$1.806

Total Reduction in Positions Required - - 14.0 14.0 14.0

Current Vacancies

Impact on Operations:
Ridership Per Week (in thousands)
Mean Distance Between Failure
On-Time Performance
Other
(Identify Appropriate Indicator)

-	-	-	-	-
-	-	-	-	-
-	-	-	-	-

**MTA Metro-North Railroad
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category:

Service

Program:

Peak Svce Reductions - East of Hudson NYS

Background Details:

Reduce peak period train service frequency 10%. This is a net reduction of 130 peak trains per week and will adversely affect the schedules of 230 additional trains per week.

PEG Description/Implementation Plan:

Several peak period "express zones" will be eliminated on all MNR lines. Customers will have to travel on other scheduled trains that will be making additional stops. Travel time will be increased by as much as ten minutes per trip and 34,000 daily customers (almost 35%) will have to either depart earlier or arrive later. An annual loss of 700,000 rides is anticipated as a result. Similar short term consolidations during past service emergencies have resulted in an extraordinary increase in customer complaints regarding train scheduling. We also anticipate a 100% increase in customer complaints regarding train scheduling. This service reduction will lower the daily peak-period equipment requirements by 20 cars and save 1.8 million annual car miles.

PEG Implementation Date:

January 2006

When will PEG savings begin?: January 2006

NY

Financial Impact (Operating)

Net Savings (in millions)

2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
\$0.000	\$0.000	\$3.131	\$3.331	\$3.549

Total Reduction in Positions Required

- - 29.0 29.0 29.0

Current Vacancies

Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

- - - - -
- - - - -

Other

(Identify Appropriate Indicator)

- - - - -

**MTA Metro-North Railroad
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Service
Program: West of Hudson Weekend Service Reductions (net Subsidy)

Background Details:	Reduce Port Jervis weekend service.
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PEG Description/Implementation Plan:	Eliminate three Port Jervis roundtrips each weekend day, thereby eliminating service additions of August 2003. Major impact for approximately 450 customers, who would have to travel up to two hours earlier or later.	
PEG Implementation Date:	January 2006	When will PEG savings begin?: January 2006

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.000	\$0.500	\$0.513	\$0.528

Total Reduction in Positions Required	-	-	-	-	-
--	---	---	---	---	---

Current Vacancies

Impact on Operations:					
Ridership Per Week (in thousands)	-	-	-	-	-
Mean Distance Between Failure	-	-	-	-	-
On-Time Performance	-	-	-	-	-
Other (Identify Appropriate Indicator)	-	-	-	-	-

**MTA Metro-North Railroad
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Service
Program: West of Hudson Weekday Service Reductions (net Subsidy)

Background Details: Eliminate majority of weekday service that was added in August of 2003, including 2 Port Jervis peak round trips, one Port Jervis AM inbound train, and one Pascack Valley peak express round trip.

PEG Description/Implementation Plan: Due to reduced frequency of service, customers will have to travel up to 34 minutes earlier or later and their trips will be up to 16 minutes longer. This will affect 700 daily customers who use these specific trains.

PEG Implementation Date: January 2006 **When will PEG savings begin?:** January 2006

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.000	\$1.605	\$1.647	\$1.693

Total Reduction in Positions Required - - - - -

Current Vacancies

Impact on Operations:
Ridership Per Week (in thousands)
Mean Distance Between Failure
On-Time Performance
Other
(Identify Appropriate Indicator)

- - - - -
- - - - -
- - - - -

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MTA Headquarters

**MTA Headquarters
2005 Preliminary Budget
July Financial Plan 2005-2008**

Mission Statement

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

Financial Overview

Mindful of its obligations to support customer ridership while maintaining a strong commitment to safety and security for its customers, employees, and facilities, MTA Headquarters has embarked on an aggressive program to reduce costs and to achieve expense reductions through 2008. This has been accomplished through the diligent work of all MTA Headquarters departments in reviewing current programs and cutting those that were superfluous or too expensive, as well as undertaking those projects that promote efficiencies. In reviewing departmental activities it was determined that program reductions can have an immediate impact by reducing headcount by 9 positions in 2004, 8 positions in 2005, and one position in 2006 through 2008 (18 positions total).

Savings from programs to eliminate the gap have already begun and will reduce expenses by \$2.264 million beginning in 2004 and \$15.013 million in 2005. Thereafter, these programs result in expense reductions of \$17.655 million, \$18.167 million, and \$18.750 million in 2006, 2007, and 2008 respectively.

2005 Preliminary Budget – Baseline

MTA Headquarters projects a Baseline Net Deficit of \$246.402 million in the 2005 Preliminary Budget. The Net Deficit is \$0.875 million lower than the 2004 Mid-Year Forecast of \$247.277 million. Reduced internal support requirements are partially offset by increased compensation expenditures related to full-year staffing as well as other-than personnel expenses.

Programs to eliminate the gap will result in administrative cost reductions in 2005 of \$15.013 million and will result in the elimination of 17 positions. Major programs include the following:

Through the PeopleSoft Enterprise Resources Planning System MTA Headquarters is developing an MTA-wide integrated budgeting and financial reporting system that will replace the current outdated suite of financial systems. The PeopleSoft initiative will enable accurate, reliable and timely information to be used for MTA financial decision making as well as to enhance the public's understanding of MTA's finances.

Facilities Management is responsible for the management and upkeep of such older facilities as 341, 345, and 347 Madison Avenue and for the Data Center at 460 West 34th Street. Under new leadership the Administration Department has sought to effect headcount reductions and other savings in maintenance and repairs.

Also under new leadership the Enterprise Technology Group (ETG) has identified telecommunications savings based upon staff relocations that will still continue its high level of support to desktop workstations, LAN/WAN and midrange servers, Internet/Intranet, e-mail as well as voice, data, audio/video communications support and disaster/business recovery services.

Public Safety, which includes the MTA Police, will achieve savings while maintaining its enhanced presence throughout the MTA system providing protection for the MTA infrastructure security at critical locations including railroads, bridges and tunnels, and on trains and buses.

2006 – 2008 Projections

MTA Headquarters projects Net Deficits of \$234.707 million, \$240.946 million, and \$247.789 million in the years 2006, 2007 and 2008, respectively. Growth in Health and Welfare fringe benefits costs is the primary reason for the increase in expenses. Programs to eliminate the gap begun in 2005 continue and the resultant growth in savings provide a partial offset to the growth in other than personal services brought about by inflation.

Headcount of 1,353 positions is achieved in 2006 as the full effect of the Programs to Eliminate the Gap impact MTA Headquarters. This represents a reduction of 15 positions from the 1,368 positions for the 2004 Adopted Budget.

REIMBURSABLE

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MTA Headquarters
July Financial Plan 2005 - 2008
Cash Conversion (Cash Flow Adjustments)
(\$ in millions)

	2003	2004	2005			
	Actuals	Mid-Year	Preliminary	2006	2007	2008
		Forecast	Budget			
<u>Receipts</u>						
Fare Revenue	-	-	-	-	-	-
Vehicle Toll Revenue	-	-	-	-	-	-
Investment Income	-	-	-	-	-	-
Other Operating Revenue	-	-	-	-	-	-
Capital and Other Reimbursements	-	-	-	-	-	-
Total Receipts	-	-	-	-	-	-
<u>Expenditures</u>						
Labor:	-	-	-	-	-	-
Payroll	-	0.820	0.425	0.425	0.425	0.425
Overtime	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	-
Pensions	-	-	-	-	-	-
Actuarial Pension Adjustment Reserve	-	-	-	-	-	-
Other Fringe Benefits	-	-	-	-	-	-
Reimbursable Overhead	-	-	-	-	-	-
Total Labor Expenditures	-	0.820	0.425	0.425	0.425	0.425
Non-Labor:						
Traction and Propulsion Power	-	-	-	-	-	-
Fuel for Buses and Trains	-	-	-	-	-	-
Insurance	-	-	-	-	-	-
Claims	-	-	-	-	-	-
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	-	-	-	-	-	-
Professional Service Contracts	-	(0.300)	(0.300)	(0.300)	(0.300)	(0.300)
Materials & Supplies	-	-	-	-	-	-
Other Business Expenditures	-	-	-	-	-	-
Total Non-Labor Expenditures	-	(0.300)	(0.300)	(0.300)	(0.300)	(0.300)
Other Expenditures Adjustments:						
Capital Expenditures	(6.971)	(24.929)	(20.779)	(20.779)	(20.779)	(20.779)
Other	(21.712)	7.458	-	-	-	-
Total Other Expenditures Adjustments	\$ (28.683)	\$ (17.471)	\$ (20.779)	\$ (20.779)	\$ (20.779)	\$ (20.779)
Total Expenditures before Depreciation	\$ (28.683)	\$ (16.951)	\$ (20.654)	\$ (20.654)	\$ (20.654)	\$ (20.654)
Depreciation Adjustment	12.838	13.275	13.275	13.275	13.275	13.275
Baseline Total Cash Conversion Adjustments	\$ (15.845)	\$ (3.676)	\$ (7.379)	\$ (7.379)	\$ (7.379)	\$ (7.379)
Program to Eliminate the Gap	-	-	-	-	-	-
Total Cash Conversion Adjustments	\$ (15.845)	\$ (3.676)	\$ (7.379)	\$ (7.379)	\$ (7.379)	\$ (7.379)

**MTA Headquarters
2004-2008 Financial Plan
Year-To-Year Major Changes by Category-Baseline Narrative**

Baseline Assumptions:

The following explanations refer to the year-to-year variances in MTA Baseline assumptions for the July Financial Plan 2005-2008:

Receipts:

Rental Income, Data Center Billings, and Other

- Mid-year Forecast 2004 and 2005 Preliminary Budget are inflated by 3.2%.
- Thereafter 2006, 2007, and 2008 are inflated by 2.2%, 2.6%, and 2.8%, respectively.

Expenditures:

Payroll

- Increases in Mid-year Forecast for 2004 primarily reflect fewer vacancies for MTA Headquarters and MTA Police than assumed in the adopted budget.
- Increases in the 2005 Preliminary Budget are inflated by 3.2%.
- Thereafter 2006, 2007, and 2008 are inflated by 2.2%, 2.6% and 2.8%, respectively.

Overtime

- Decreases in the Mid-year Forecast for 2004 are primarily due to reductions from a higher base in 2003 that included greater MTA Police heightened alert activity.
- The 2005 Preliminary Budget primarily reflects increases resulting from full-year MTA Police staffing.
- Thereafter 2006, 2007, and 2008 are inflated by 2.2%, 2.6%, and 2.8%, respectively as well as a higher base due to full-year MTA Police staffing.

Health and Welfare

- Increases in the Mid-Year Forecast for 2004 and the 2005 Preliminary Budget are projected at 14.2% and 12.9% respectively, due to projected increases in Empire Plan costs for employers.
- Thereafter 2006, 2007, and 2008 reflect increases of 9.3% per year based on projected increases in Empire Plan costs for employers.

Pensions

- Increases in the Mid-year Forecast for 2004 and the 2005 Preliminary Budget are inflated at 4.5% and 3.2%, respectively.
- Thereafter 2006, 2007, and 2008 are inflated at 3.2% per year.

Actuarial Pension Adjustment Reserve

- A reserve of \$25.0 million per year is provided for potential contributions for unfunded pension liabilities.

Other Fringe Benefits

- Increases in all years of the plan are inflated at 3.2%.

Insurance

- Increases in the Mid-year Forecast for 2004 and the 2005 Preliminary Budget generally reflect increased general liability premiums.
- Thereafter 2006, 2007, and 2008 are inflated at 2.2%, 2.6%, and 2.8%, respectively.

Maintenance and Other Operating Contracts

- Increases in the Mid-year Forecast for 2004 and the 2005 Preliminary Budget generally reflect increases related to Safety and Security activity.
- Thereafter 2006, 2007, and 2008 are inflated at 2.2%, 2.6%, and 2.8%, respectively.

Professional Service Contracts

- Expenses in the Mid-year Forecast for 2004 are expected to be lower than 2003 primarily due to higher Safety and Security consulting services.
- Professional services in the 2005 Preliminary Budget are inflated at 3.2%.
- Thereafter 2006, 2007, and 2008 are inflated at 2.2%, 2.6%, and 2.8%, respectively.

Materials & Supplies

- Increases in the Mid-year Forecast for 2004 primarily reflect increases related to Safety and Security activity.
- Increases in the 2005 Preliminary Budget are inflated at 3.2%.
- Thereafter 2006, 2007, and 2008 are inflated at 2.2%, 2.6%, and 2.8%, respectively.

MTA Internal Subsidy

- All years reflect MTA support requirements for SIRTOA and Long Island Bus based on projected revenue and support shortfalls from state and local governments. In addition, internal support is provided for NYCT in the 2004 Preliminary Budget, only.

Other Business Expenses

- Increases in the Mid-year Forecast for 2004 reflect general increases from lower 2003 activity as a result of headcount increasing to budgeted levels by the end of 2004.
- Increases in 2005 Preliminary Budget primarily reflect an inflation rate of 3.2%.

- Thereafter 2006, 2007, and 2008 are inflated at 2.2%, 2.6%, and 2.8%, respectively

Other Expenditure Adjustments:

Capital Expenditures

- 2004 expenditures reflect an increase of \$4.150 million representing a transfer from the Safety and Security operating budget for expenditures related to MTA Police facilities.
- Thereafter, expenditures for 2005-2008 remain constant at \$20.779 million.

MTA Headquarters
2004-2008 Financial Plan
Summary of Major Plan-to-Plan Changes-Baseline Narrative

The following explanations summarize the total differences between the July Financial Plan and the February Financial Plan:

2004: July Financial Plan vs. February Financial Plan

The Net Cash Deficit in the 2004 July Financial Plan of \$248.689 million is higher than the February Plan of \$228.676 million, an increase of \$20.013 million. The unfavorable impact of creating an Actuarial Pension adjustment reserve of \$25.000 million is partly offset by the favorable impact of Programs to Eliminate the Gap of \$2.264 million beginning in 2004.

2005: July Financial Plan vs. February Financial Plan

The Operating Cash Deficit in the 2004 July Financial Plan of \$238.768 million is lower than the February Plan of \$249.207 million, a decrease of \$10.439 million. The unfavorable impact of creating an Actuarial Pension adjustment reserve of \$25.000 million is more than offset by a reduction in MTA support for subsidiaries of \$22.316 million, coupled with the favorable impact of Programs to Eliminate the Gap of \$15.013 million.

2006: July Financial Plan vs. February Financial Plan

The Operating Cash Deficit in the 2004 July Financial Plan of \$242.086 million is lower than the February Plan of \$259.134 million, a decrease of \$17.048 million. The unfavorable impact of creating an Actuarial Pension adjustment reserve of \$25.000 million is more than offset by a reduction in MTA support for subsidiaries of \$25.817 million, coupled with the favorable impact of Programs to Eliminate the Gap of \$17.655 million.

2007: July Financial Plan vs. February Financial Plan

The Operating Cash Deficit in the 2004 July Financial Plan of \$248.325 million is lower than the February Plan of \$268.679 million, a decrease of \$20.354 million. The unfavorable impact of creating an Actuarial Pension adjustment reserve of \$25.000 million is more than offset by a reduction in MTA support for subsidiaries of \$28.729 million, coupled with the favorable impact of Programs to Eliminate the Gap of \$18.167 million.

MTA Headquarters
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)	(\$228.676)	(\$249.207)	(\$259.134)	(\$268.679)
<i>Changes:</i>				
Revenue				
Other Operating Revenue	.000	(0.004)	(0.185)	(0.307)
Sub-Total Revenue Changes	\$.000	(\$.004)	(\$.185)	(\$.307)
Expenses				
Payroll	0.448	(0.253)	1.792	2.521
Overtime	-	0.262	(0.762)	(0.786)
Health and Welfare	(0.993)	(2.334)	(3.113)	(3.972)
Pensions	(0.035)	(0.056)	(0.056)	(0.049)
Actuarial Pension Adjustment Reserve	(25.000)	(25.000)	(25.000)	(25.000)
Other Fringe Benefits	(0.025)	(0.012)	(0.048)	(0.098)
Reimbursable Overhead	-	(0.026)	(0.410)	(0.671)
Insurance	0.017	(0.017)	0.015	0.037
Maintenance and Other Operating Contracts	4.128	(0.170)	0.081	0.200
Professional Service Contracts	0.606	0.582	1.054	1.345
Materials & Supplies	0.027	0.140	0.217	0.271
MTA Internal Subsidy	1.370	22.316	25.817	28.729
Other Business Expense	1.330	(0.002)	(0.009)	(0.033)
Sub-Total Expense Changes	(\$18.127)	(\$4.570)	(\$.422)	2.494
Cash Adjustments:				
Revenue				
Capital Expenditures	(\$4.150)	0.000	0.000	0.000
Other	\$.000	0.000	0.000	0.000
Sub-Total Cash Adjustment Changes	(\$4.150)	\$.000	\$.000	\$.000
Total Baseline Changes	(\$22.277)	(\$4.574)	(\$0.607)	\$2.187
Program to Eliminate the Gap	2.264	15.013	17.655	18.167
Total Changes	\$2.264	\$15.013	\$17.655	\$18.167
2004 July Financial Plan - Operating Cash Income/(Deficit)	(\$248.689)	(\$238.768)	(\$242.086)	(\$248.325)

MTA Headquarters
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)	\$0.000	\$0.000	\$0.000	\$0.000
<i>Changes:</i>				
Revenue				
Other Reimbursements	\$.000	(0.026)	(0.410)	(0.671)
Sub-Total Revenue Changes	\$.000	(\$.026)	(\$.410)	(\$.671)
Expenses				
Reimbursable Overhead	-	0.026	0.410	0.671
Sub-Total Expense Changes	\$.000	\$.026	\$.410	\$.671
Cash Adjustments:				
Revenue				
Expense				
Sub-Total Cash Adjustment Changes	\$.000	\$.000	\$.000	\$.000
Total Changes	\$0.000	\$0.000	(\$0.000)	\$0.000
2004 July Financial Plan - Operating Cash Income/(Deficit)	\$0.000	\$0.000	(\$0.000)	\$0.000

¹ Reflects the impact of amendments on year-end positions.

MTA Headquarters
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)	(\$228.676)	(\$249.207)	(\$259.134)	(\$268.679)
<i>Changes:</i>				
Revenue				
Other Reimbursements	\$.000	(0.026)	(0.410)	(0.671)
Other Operating Revenue		(0.004)	(0.185)	(0.307)
Sub-Total Revenue Changes	\$.000	(\$.030)	(\$.595)	(\$.978)
Expenses				
Payroll	0.448	(0.253)	1.792	2.521
Overtime	-	0.262	(0.762)	(0.786)
Health and Welfare	(0.993)	(2.334)	(3.113)	(3.972)
Pensions	(0.035)	(0.056)	(0.056)	(0.049)
Actuarial Pension Adjustment Reserve	(25.000)	(25.000)	(25.000)	(25.000)
Other Fringe Benefits	(0.025)	(0.012)	(0.048)	(0.098)
Insurance	0.017	(0.017)	0.015	0.037
Maintenance and Other Operating Contracts	4.128	(0.170)	0.081	0.200
Professional Service Contracts	0.606	0.582	1.054	1.345
Materials & Supplies	0.027	0.140	0.217	0.271
MTA Internal Subsidy	1.370	22.316	25.817	28.729
Other Business Expense	1.330	(0.002)	(0.009)	(0.033)
Sub-Total Expense Changes	(\$18.127)	(\$4.544)	(\$.012)	3.165
Cash Adjustments:				
Revenue				
Capital Expenditures	(\$4.150)	0.000	0.000	0.000
Other	\$.000	0.000	0.000	0.000
Sub-Total Cash Adjustment Changes	(\$4.150)	\$.000	\$.000	\$.000
Total Baseline Changes	(\$22.277)	(\$4.574)	(\$0.607)	\$2.187
Program to Eliminate the Gap	2.264	15.013	17.655	18.167
Total Changes	\$2.264	\$15.013	\$17.655	\$18.167
2004 July Financial Plan - Operating Cash Income/(Deficit)	(\$248.689)	(\$238.768)	(\$242.086)	(\$248.325)

¹ Reflects the impact of amendments on year-end positions.

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**MTA Headquarters
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Administration
Program: Enterprise Information Technology Group Re engineering

Background Details: Due to various efficiencies brought by about by new Enterprise Information Technology Group management reengineering initiatives a headcount reduction brought about by the elimination of 1 staff position can be made in the 2005 Preliminary Plan and in the out years.

PEG Description/Implementation Plan: Elimination of one position in Enterprise Information Technology Group through reengineering.

PEG Implementation Date: 2005 **When will PEG savings begin?:** 2005

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	-	\$0.292	\$0.300	\$0.312	\$0.321
<i>Impact on Positions:</i>					
Total Reduction in Positions Required	-	1	1	1	1
Current Vacancies (List title of vacant positions)					
None	-	-	-	-	-
<i>Impact on Operations:</i>					
Other					
Other (Identify Appropriate Indicator)	-	-	-	-	-

**MTA Headquarters
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Administration

Program: Real Estate Headcount Reduction and Capitalization

Background Details: The Real Estate Department currently has employees that are working on large scale capital projects such as East Side Access, Second Avenue Subway and the 7 - Line extension. Two (2) full time equivalent positions will be charged to the Capital Plan.

PEG Description/Implementation Plan: Beginning in 2005, the Plan would capitalize the equivalent of 2 positions due to the involvement of staff working on major capital programs.

PEG Implementation Date: 2005 **When will PEG savings begin?:** 2005

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	0	\$0.238	\$0.246	\$0.253	\$0.262
<i>Impact on Positions:</i>					
Total Reduction in Positions Required	-	2	2	2	2
Current Vacancies					
(List title of vacant positions)					
	-	-	-	-	-
	-	-	-	-	-
Total	-	-	-	-	-
<i>Impact on Operations:</i>					
Other					
Other					

**MTA Headquarters
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Administration
Program: Administration - Facilities Management Efficiencies

Background Details: Facilities Management is responsible for the management and upkeep of the facilities at 341, 345, and 347 Madison Avenue and at the Data Center at 460 West 34th Street. These buildings are older and typically require large expenditures to maintain and operate the buildings in areas such as plumbing, electrical work and security. Facilities Management is also responsible for Office Services for MTA Headquarters and is the central location for ordering supplies, computer equipment and the like. Under new leadership the Administration Department has sought to effect headcount reductions and other savings in maintenance and repairs as well as other professional services. However, this program does not allow for any major repair incident that might arise and these will have to be handled on a case-by-case basis as they occur. Of the proposed savings, \$0.295 million relate to existing lease and data center operations assigned to a vendor who will stay on-site.

PEG Description/Implementation Plan: Reductions of 3 positions and other than personal services costs through reengineering.

PEG Implementation Date: 2004 **When will PEG savings begin?:** 2004

Financial Impact (Operating)

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
Net Savings (in millions)	\$0.930	\$0.451	\$0.465	\$0.480	\$0.494

Impact on Positions:

	2004	2005	2006	2007	2008
Total Reduction in Positions Required	3	3	3	3	3

Current Vacancies
(List title of vacant positions)

Facilities Manager	1	1	1	1	1
Mail Clerks	2	2	2	2	2

Impact on Operations:

Other

Other

**MTA Headquarters
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Administration
Program: Audit Services Succession Plan

Background Details: The Audit Department has slated a program for 2004/2005 to identify and train internal candidates to fill or assume future departmental roles. This plan included the identification of future needs, the staff capable of filling those needs, the training required to prepare staff for positions as they become available and a process to monitor the progress.

PEG Description/Implementation Plan: Reduction of two positions through increased productivity.

PEG Implementation Date: 2004 **When will PEG savings begin?:** 2004

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	0.146	\$0.150	\$0.156	\$0.160	\$0.166
Total Reduction in Positions Required	2	2	2	2	2
Current Vacancies (List title of vacant positions)					
Senior Auditor	1	-	-	-	-
Admin. Assistant	1	-	-	-	-
Total	2	-	-	-	-
<i>Impact on Operations:</i>					
Other					
Other					

**MTA Headquarters
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Administration
Program: PeopleSoft Efficiencies

Background Details: The MTA has stated its intent to develop MTA-wide integrated budgeting and financial reporting practices that will yield accurate, reliable and timely information to be used for MTA financial decision-making as well as to enhance the public's understanding of MTA's finances. The MTA has chosen through extensive analysis PeopleSoft's Enterprise Resources Planning System to provide these requirements. In anticipation of efficiencies that will be brought about by the PeopleSoft initiative, the Chief Financial Officer has accumulated vacancy savings from positions that have not yet been filled in the current year pending re-engineering and will find other opportunities for future productivity savings as the project is implemented. Coupled with savings identified in the Human Resources module, further savings from the PeopleSoft initiative will be identified as the project unfolds.

PEG Description/Implementation Plan: Vacancy savings are currently being realized; some current vacant positions will remain vacant and there will be OTPS expenses that will be eliminated since they are included in PeopleSoft modules.

PEG Implementation Date: 2004 **When will PEG savings begin?:** 2004

Financial Impact (Operating)

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
Net Savings (in millions)	0.594	\$0.438	\$0.500	\$0.517	\$0.534

Total Reduction in Positions Required

	3	3	4	4	4
--	---	---	---	---	---

Current Vacancies
(List title of vacant positions)

Administrative	3	3	4	4	4
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Impact on Operations:

Other

Other

**MTA Headquarters
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Administration
Program: Transit Museum Reductions

Background Details:	The Transit Museum combines a retail function with on-going exhibits of Transit history and it's role in the development of New York City. In addition to this, the museum also provides extensive research and educational opportunities to the public as well as MTA Staff. The Transit Museum combines education of numerous school/youth groups with adult education programs to preserve Transit history.
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PEG Description/Implementation Plan:	The Plan would reduce the services provided by the Transit Museum and the staff required to support them. In addition the number and complexity of exhibits would be reduced along with other operating costs such as printing, equipment and automotive expenses.
PEG Implementation Date:	2005 When will PEG savings begin?: 2005

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	0	\$0.256	\$0.264	\$0.273	\$0.281
Total Reduction in Positions Required	-	1	1	1	1
<i>(List title of positions)</i>					
Current Vacancies					
Deputy Director, Special Projects	-	1	1	1	1
<i>Impact on Operations:</i>					
Other					
Other					

**MTA Headquarters
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Administration

Program: Overall - MTA Headquarters-wide cut

Background Details: There were a number of cuts identified throughout MTA Headquarters that were attributable to overall cost savings and not associated with any particular program. Executive Office/Chief of Staff anticipate 1 headcount reduction. Administration Department cut backs relate to personnel and OTPS reductions at Capital Program Management, Policy and the Office of Construction Oversight. Reductions in Corporate Affairs and Communications reflect Exhibit reductions in Arts for Transit, reduced lobbying expenses in Community Affairs and Communications, and the elimination of some production and design support expenses at Marketing and Corporate Communications. General Counsel reductions mainly reflect a staff reduction and reduced professional services at the Office of General Counsel and the Office of Civil Rights. In addition, the new management team at the MTA Police have reviewed all operations and identified opportunities for savings in OTPS.

PEG Description/Implementation Plan: Administrative reductions in staff and contractual services throughout MTA Headquarters.

PEG Implementation Date: 2004 **When will PEG savings begin?:** 2004

Financial Impact (Operating)

Net Savings (in millions)

2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
0.594	\$1.868	\$1.928	\$1.988	\$2.053

Total Reduction in Positions Required

Current Vacancies

1	5	5	5	5
---	---	---	---	---

Impact on Operations:

Other

Other

**MTA Headquarters
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Other

Program: Other

Background Details:	In order to support short and long term security measures, the MTA operating agencies have been undertaking many baseline security measures to protect its customers, employees and infrastructure. These measures include among others, training, fencing, barriers, security guard services, hazardous incident response equipment, cameras, alarms, and the like. However, as much of this security work has commenced, new agency needs become more focused, and new sources of funding have been identified, the MTA funding source can be reduced by approximately \$10.320 million beginning in 2005.
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PEG Description/Implementation Plan:	Minor Safety and Security measures such as fencing and cameras which have been implemented since 9/11 have reduced the need for future operating budget enhancements.
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PEG Implementation Date:	2005	When will PEG savings begin?: 2005
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	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	0	\$10.320	\$12.764	\$13.119	\$13.540
 Total Reduction in Positions Required		0	0	0	0
 Current Vacancies					
 <i>Impact on Operations:</i>					
Other					
Other					

**MTA Headquarters
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Other
Program: MTA Police - Overtime Reduction

Background Details: Since 9/11 the MTA Police have been called upon to increase security measures to protect MTA customers, employees, and infrastructure. As the terrorist alert level has been elevated from time to time to Orange Alert status, the resulting impact of MTAPD operating in heightened alert conditions has caused planning difficulties, particularly related to overtime practices. With almost three years of experience in controlling terrorist activity the new management team at the MTA Police has reviewed policies and deployment practices and proposes to install efficiency programs that will reduce overall overtime expenditures levels by 7.8% in 2005 and to the out years of the Plan.

PEG Description/Implementation Plan: By continued oversight and by implementing new overtime deployment procedures the MTA Police will reduce overtime expenditures by \$1.000 million in the 2005 Plan and beyond.

PEG Implementation Date: 2005 **When will PEG savings begin?:** 2005

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	0	\$1.000	\$1.032	\$1.065	\$1.099
Total Reduction in Positions Required		0	0	0	0
Current Vacancies					
<i>Impact on Operations:</i>					
Other					
Other					

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MTA Headquarters
July Financial Plan 2005 - 2009
Total Non-Reimbursable - Reimbursable Positions at End-of-Year
Full-Time Positions and Full Time Equivalents
(\$ in millions)

Departments	2003 Actuals	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
Executive Office	7	6	6	6	6	6
Administration	169	199	199	199	199	199
Audit	87	100	100	100	100	100
Budget and Financial Management	81	105	105	105	105	105
DED Corp. Affairs & Communications	43	53	53	53	53	53
Dir Communications/Press Secretary	4	4	4	4	4	4
DED General Counsel	74	77	76	76	76	76
Chief of Staff/Senior Policy Advisor	4	5	5	5	5	5
Special Proj Development/Planning	9	9	9	9	9	9
Finance	11	13	13	13	13	13
Labor Relations	27	32	32	32	32	32
PCAC	1	1	1	1	1	1
Safety Programs	0	0	0	0	0	0
Vending Fare Media	3	9	9	9	9	9
Corporate Account	33	31	32	32	32	32
<u>Public Safety</u>	<u>673</u>	<u>727</u>	<u>727</u>	<u>727</u>	<u>727</u>	<u>727</u>
Total Positions	1,226	1,371	1,371	1,371	1,371	1,371
Non-Reimbursable	1,174	1,320	1,319	1,319	1,319	1,319
Reimbursable	52	51	52	52	52	52
Total Full-Time	1,226	1,371	1,371	1,371	1,371	1,371
Total Full-Time Equivalents	0	0	0	0	0	0
Impact of:						
Program to Eliminate the Gap	0	(9)	(17)	(18)	(18)	(18)
New Needs	0	0	0	0	0	0
Total Positions	1,226	1,362	1,354	1,353	1,353	1,353
Non-Reimbursable	1,174	1,311	1,302	1,301	1,301	1,301
Reimbursable	52	51	52	52	52	52
Total Full-Time	1,226	1,362	1,354	1,353	1,353	1,353
Total Full-Time Equivalents	0	0	0	0	0	0

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MTA
New York City Transit

**MTA New York City Transit
2005 Preliminary Budget
July Financial Plan 2005 – 2008**

MISSION STATEMENT

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

FINANCIAL OVERVIEW

MTA NYC Transit carries out its mission by providing effective and cost-efficient transportation services through:

- a subway system operating more than 6,100 subway cars on 27 routes over 233 route miles and 660 miles of mainline track, serving 468 stations located in four of the City's boroughs;
- a bus system operating more than 4,400 buses on 207 local and 36 express routes for more than 118 million miles per year; and
- Access-a-Ride, a paratransit service that operates throughout the City under private contract to serve persons whose disabilities preclude their use of bus and subway services.

Despite a generally unfavorable economic environment, the 2005 Preliminary Budget provides sufficient funding to maintain NYC Transit's high standard of service reliability, with no reduction in maintenance, safety and security standards for employees and customers and generally maintains existing service levels. This is accomplished primarily through the implementation of organizational and operating efficiencies that optimize the use of resources to achieve agency goals. In addition, the Preliminary Budget proposes an increase in the express bus fare, bringing the farebox operating ratio of this costly premium service more in line with that of local bus and commuter railroads. The Preliminary Budget also includes a bus service adjustment to revise off-peak local and express bus schedules to accommodate a seated passenger load at the maximum load point on each route. This is not expected to have a significant impact on customers. However, the MTA financial picture in 2006 is less optimistic and consequently, more significant service adjustments will be a necessary element in closing a sizable budget gap.

2005 Preliminary Budget – Baseline

MTA NYC Transit's Preliminary 2005 Budget includes total expenses before depreciation of \$5,379.4 million, consisting of \$4,671.7 million of non-reimbursable expenses and \$707.7 million of reimbursable expenses. Total revenues are projected to be \$3,528.4 million, of which \$2,820.7 million are operating revenues and \$707.7 million are capital reimbursements. Total

full-time and full-time equivalent positions are 47,673 (42,357 non-reimbursable positions and 5,316 reimbursable positions). The above information excludes the effect of Programs to Eliminate the Gap (PEGs) and a proposed increase in express bus fares, which are presented separately on the attached financial tables.

Programs to Eliminate the Gap, described below, yield deficit reductions of \$124.3 million, with position reductions of 2,136, including an adjustment to convert part-time positions into full-time equivalents. A proposed increase in express bus fares, also described below, is projected to result in deficit reductions of \$19.5 million and position reductions of 58.

The provision of quality service is paramount to MTA NYC Transit. To ensure this goal, the 2005 Preliminary Budget includes additional funding necessary to properly maintain fleet and other equipment integral to NYC Transit system operations. Highlights of these investments include:

- **Subway Car Maintenance** – To properly maintain the subway fleet, the Scheduled Maintenance System (SMS) protocol defines car maintenance work to be done on 4-year, 6-year, 7-year and 12-year cycles. Each year, in anticipation of the coming year's program, final work scopes are defined and resources are adjusted accordingly. The 2005 Preliminary Budget provides increased funding of \$7.3 million and 54 positions to support the enhanced SMS requirements and additional work on deteriorated car floors, A/C compressor motors and R46 motor leads.
- **Bus Maintenance** – The Department of Buses is responsible for ensuring that safe, reliable buses are available for service and that all buses maintain high performance standards throughout their vehicle lives. The 2005 budget supports this objective by providing an additional \$6.5 million and 8 positions for improved maintenance activities.
- **Fare Collection and Security Equipment Maintenance** – The 2005 Preliminary Budget increases funding by \$7.6 million and 83 positions to properly maintain Automated Fare Collection (AFC) and closed circuit television (CCTV) equipment. Improved AFC equipment maintenance will now include a Scheduled Maintenance System (SMS) protocol to reduce equipment failures and improve the reliability and availability of MetroCard Vending Machines (MVMs), low turnstiles, and High Exit/Entry Turnstiles (HEETs). Also included in this program are the maintenance requirements for the more than 1,000 CCTV units added in 2004, as well as improved quality control in the Central Electronics Shop.

Major assumptions and reconciliations to the February Plan are discussed later in this section.

2006-2008 Projections

MTA NYC Transit's projections for 2006-2008 reflect total expenses before depreciation as follows: 2006-\$5,626.9 million, 2007-\$5,858.6 million, 2008-\$6,110.2 million. Non-reimbursable expenses before depreciation are projected as follows: 2006-\$4,913.7 million,

2007-\$5,133.9, 2008-\$5,367.6 million. Reimbursable expenses are projected as follows: 2006-\$713.2 million, 2007-\$724.7 million, 2008-\$742.6 million. Total revenues are projected as follows: 2006-\$3,576.5 million, 2007-\$3,635.1 million, 2008-\$3,695.1 million. Operating revenues are projected as follows: 2006-\$2,863.3 million, 2007-\$2,910.4 million, 2008-\$2,952.6 million. Capital reimbursements are projected as follows: 2006-\$713.2 million, 2007-\$724.7 million, 2008-\$742.6 million. Total full-time and full-time equivalent positions are projected to be 47,641 in 2006, 47,627 in 2007, and 47,624 in 2008. Non-reimbursable positions are projected to be 42,431 in 2006, 42,457 in 2007, and 42,464 in 2008. Reimbursable positions are projected to be 5,210 in 2006, 5,170 in 2007, and 5,160 in 2008. The above information excludes the effect of Programs to Eliminate the Gap and a proposed increase in express bus fares, which are presented separately in the attached financial tables.

Programs to Eliminate the Gap, described below, generate deficit reductions of \$256.4 million in 2006, \$234.4 million in 2007 and \$288.9 million in 2008. Position reductions are projected to be 3,930 in 2006, 3,767 in 2007 and 3,960 in 2008, including an adjustment to convert part-time positions into full-time equivalents. The proposed increase in express bus fares, also described below, is projected to result in deficit reductions of \$20.0 million and position reductions of 58 each year.

Major assumptions and reconciliations to the February Plan, again, are discussed later in this section.

GAP CLOSING MEASURES

2005 Programs to Eliminate the Gap (PEGs)

MTA NYC Transit has developed programs that will save \$124.3 million in 2005. These reductions are largely achieved through administrative streamlining and operating efficiencies, which account for \$70.7 million of the savings cited.

Administrative savings include reductions in virtually all departments and divisions, which will be achieved with little impact on NYC Transit operations. These reductions save \$39.7 million and 233 positions in 2005. Significant reductions include 22 positions and \$3.2 million in the Technology and Information Services Division, made possible by a reorganization initiated in 2004; 28 positions and \$2.6 million in savings from consolidations within the Electronics Maintenance Division, which eliminated duplication of administrative and support functions and increased supervisory and managerial spans of control; and savings of 25 positions and \$2.3 million from administrative functions in the Department of Buses. Also included are savings of \$11.8 million for hourly-rated employee health benefit costs, made possible by actions of the Employee Benefits Office since NYC Transit assumed responsibility for administering those benefits. The savings largely resulted from careful reviews of benefit eligibility lists and removing dependents found to be ineligible.

The Preliminary Budget also includes savings in other operating areas. While the scope of work will remain the same, the Department of Buses has extended its current three-year bus upgrade cycle to a four-year schedule, saving \$3.6 million and 49 positions in 2005. This is not expected to significantly impact bus reliability. The Department of Subways currently operates work

trains out of three yards: 207th Street in Manhattan, Linden and 38th Street in Brooklyn. The 207th Street location was established as a temporary location to accommodate work train movement during the Manhattan Bridge closure. With the bridge re-opening, this location is no longer required, saving \$1.0 million and 15 positions, with no impact on operations. In addition, savings of \$1.9 million and 12 positions will be realized through reduced warehousing costs in the Department of Supply Logistics by eliminating positions and reducing overtime and Other Than Personal Services costs.

Cleaner efficiencies in the Departments of Subways and Buses account for an additional \$2.4 million of savings in 2005. In 2003, the Department of Subways began maintaining cleaner vacancies generated by attrition to help reduce the budget deficit for a period of two years. The organization has been able to maintain acceptable cleaning levels despite these vacancies through better supervision and redeployment of cleaners to “hot spots” where conditions warrant. Consequently, the 2005 Preliminary Budget maintains this cleaning standard with the number of cleaners remaining at the 2004 incumbent level. The Department of Buses will minimally reduce the number of cleaner positions, eliminating one cleaner from each of its 18 depots and two shops. Nine positions dedicated to administration of the Work Experience Program (WEP) have been eliminated to more closely align staffing with the current number of program participants, saving \$1.3 million in 2005.

The Station Automation Plan reflects changes in booth operations as part of NYC Transit's ongoing effort to modernize the way we do business in order to operate more efficiently and better serve our customers. With the introduction of Automated Fare Collection, the traditional role of the station agent in booths collecting money, emptying turnstiles, dispensing and accounting for tokens has now changed dramatically (tokens were eliminated in May 2003) and customer service has become a greater part of their job. MetroCard Vending Machines (MVMs) and MetroCard Express Machines (MEMs) now provide customers with the convenience of purchasing MetroCards at locations other than station booths, with the added convenience of being able to use credit or debit cards. In May 2004, the Station Customer Assistant pilot began. Under this pilot program, at ten locations, Station Agents are working outside the booth to provide customer assistance, while remaining in contact by radio and portable transmitters. If successful, this pilot will be expanded to re-deploy station agents as customer assistant agents. The pilot has received very favorable customer reviews to date.

The 2005 Preliminary Budget proposal incorporates plans to automate 49 full-time booths and all remaining 115 part-time booths, commencing in April 2005. This follows the success of MTA NYC Transit's automation of 45 part-time booths in 2003 and 17 in early 2004. Many of these locations are now open more hours of the day than when they were staffed and ridership has increased or remained constant at these locations. Most importantly, crime has not increased. Under the Station Automation Plan there will be at least one booth open at all stations at all times, and station complexes may have additional staff. All control areas to be automated will be equipped with talkback communication equipment that will transmit to the full-time service booth and to the Station Command Center. Where required, CCTV cameras will be installed and will be digitally recorded and transmitted to the full-time booth still in operation. In addition, emergency gates will be equipped for access by both the NYPD and FDNY. The 2005

Preliminary Budget will save \$8.3 million in 2005, and \$29.5 million when fully implemented in 2006.

Service adjustments and related savings made possible by the adjustments account for \$41.6 million savings and a reduction of 788 positions in 2005. The off-peak bus schedule revisions to accommodate a seated passenger load at the busiest point along a route will save a projected \$38.4 million and 647 positions. On affected routes, the average off-peak customer load at the busiest point is estimated to increase from approximately 28 to 33 passengers on a standard bus (below the seating capacity), and the average bus headway is estimated to increase by approximately two to three minutes on affected routes. Peak period service is not affected under this proposal. The Preliminary Budget also proposes a change in "G" line service. This line now terminates at Court Square in Queens on weekdays; evening, night and weekend service currently terminates at Forest Hills-71st Avenue. This proposal, saving \$1.0 million and 12 positions in 2005, will establish Court Square as the northern terminal for "G" service at all times; passengers wishing to reach the Queens Boulevard line and Forest Hills-71st Avenue can transfer at Court Square.

Reductions in support functions made possible by the service changes described above save \$13.4 million and 134 positions in 2005. These include reductions in training coverage positions, employee uniform costs and maintenance and dispatcher positions.

Further savings of \$12.0 million and 212 positions are achieved in other service support activities in 2005. This includes One Person Train Operation (OPTO) on two lines. OPTO will be implemented on the "L" and "G" lines in April 2005 and November 2005 respectively. This initiative will save \$3.5 million in 2005 and \$6.4 million annually thereafter, and eliminates 107 positions. OPTO on the "L" line is being implemented in conjunction with installation of Communication Based Train Control (CBTC), a more advanced train control system than the wayside signal system currently in place. Trains will be equipped with on-board closed circuit televisions, allowing the train operator to monitor the platform as the trains enter and leave the station. The "G" line currently provides weekend service with OPTO. Under this proposal, OPTO will be expanded to the "G" line at all times. Furthermore, miscellaneous support reductions in Rapid Transit Operations account for savings of \$6.0 million and the elimination of 89 positions in 2005, increasing to \$6.5 million and 98 positions in 2006. Similar efficiencies in other departments account for the remaining 2005 service support reductions of \$2.5 million and 16 positions.

In addition, beginning in January 2005, the Preliminary Budget proposes increasing the fare for express bus service to \$6.00. Express bus routes are the most expensive ones to operate and despite the fare increase, the farebox operating ratio for express bus service will remain lower than that for local routes and commuter railroads. This proposal will reduce the deficit by \$19.5 million in 2005.

Public hearings will be required for the Station Automation Plan, the "G" line change and fare policy components of this proposal. MTA NYC Transit will consult with employee unions, as appropriate, on the implementation of programs contained in the budget proposal.

In 2006, however, the MTA financial plan requires closing a major funding gap. MTA NYC Transit's financial plan includes \$256.4 million in reductions toward closing this gap. While \$84.7 million of these savings comes from administrative and operational streamlining, the remaining \$171.7 million in savings is a result of additional service reductions required to balance the budget. As described below, this includes changes to subway service spans and headways, discontinuation of bus routes with low-cost recovery and late night bus service, and further changes in off-peak bus loading guidelines.

To achieve some of these budget reductions, Board approval will be necessary.

2006 PEG Actions

In 2006, total service related changes account for \$171.7 million of \$256.4 million PEG savings. Service adjustments and related savings made possible by those adjustments account for \$156.1 million and 2,546 positions.

Subway service changes include operating weekday evening subway service at policy headways, saving \$6.1 million and 72 positions in 2006. On all lines, NYC Transit would operate a 10 minute headway starting at 9 PM, a 12 minute headway at 10 PM, a 15 minute headway at 11 PM, and a 20 minute headway at midnight. On Subdivision "B" lines, Saturday service would operate every ten minutes and Sunday service every 10-12 minutes. Subdivision "A" routes already operate at reduced frequency on Saturdays and Sundays to allow for construction projects. Average wait times would generally increase by approximately 1-2 minutes, with some customers experiencing an increase in crowding. The budget proposal would also save \$2.5 million and 24 positions by reducing the frequency of overnight subway service, from every 20 minutes to every 30 minutes between 1 AM and 5 AM. Finally, savings of \$19.5 million and 375 positions would be attained in 2006 by implementing reductions in service span on several routes, and midday and peak frequency would be reduced on numerous routes as well. These changes would impact customers systemwide, and would result in additional crowding and longer waits. More customers would be required to stand during off-peak periods, and the likelihood of not being able to board a train due to excessive crowding would increase, particularly during peak periods.

Bus service changes reduce bus operator, maintenance, and fuel requirements based on reductions in vehicle miles, vehicle hours, and peak bus requirements. Savings of \$47.5 million and 690 positions would be achieved in 2006 by discontinuing 33 local bus routes with low cost recovery. Low cost recovery routes that maintain route spacing standards would remain in service. As noted earlier, beginning in February 2005, off-peak service guidelines will be changed to accommodate 100% of a seated passenger load at the busiest load point along a route, saving \$41.9 million annually and 647 positions. Beginning in 2006, off-peak service guidelines would be changed to 125% of a seated passenger load at the busiest load point, saving an additional \$31.6 million and 447 positions. Compared to the 100% guideline that would be implemented in 2005, on affected routes the average off-peak customer load at the busiest point is estimated to increase from approximately 33 to 40 passengers on a standard 40-foot bus, and the average bus headway is estimated to increase by approximately one to two minutes. Finally,

overnight bus service would be discontinued on 95 routes between 1 AM and 5 AM, saving \$8.7 million and 145 positions in 2006. Customers would either be required to use subway service, or would have no transit service available during those hours.

Reductions in support functions made possible by the service changes described above save \$20.0 million and 197 positions in 2006. These include reductions in training coverage positions, employee uniform costs and maintenance and dispatcher positions.

To achieve some of these budget reductions, Board approval will be necessary.

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MTA New York City Transit
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	\$2,399.200	\$2,563.184	\$2,595.358	\$2,628.735	\$2,679.569	\$2,701.332
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue:						
Fare Reimbursement	103.800	103.766	103.766	103.766	103.766	103.766
Paratransit Reimbursement	31.400	37.307	39.990	46.411	54.750	63.128
Other	75.540	223.736	90.256	93.262	93.662	94.062
Total Other Operating Revenue	210.740	364.809	234.012	243.439	252.178	260.956
Capital and Other Reimbursements	820.165	785.328	716.969	707.083	717.273	733.843
Total Receipts	\$3,430.105	\$3,713.321	\$3,546.339	\$3,579.257	\$3,649.020	\$3,696.131
<u>Expenditures</u>						
Labor:						
Payroll	2,700.633	2,674.073	2,703.696	2,759.631	2,823.044	2,894.849
Overtime	278.366	248.667	243.185	251.502	254.112	261.898
Total Salaries & Wages	2,978.999	2,922.740	2,946.881	3,011.133	3,077.156	3,156.747
Health and Welfare	502.543	549.257	627.170	685.749	749.345	818.442
Pensions	215.226	214.896	320.271	507.261	570.928	627.593
Other Fringe Benefits	260.166	270.801	263.212	268.796	273.919	280.087
Total Fringe Benefits	977.935	1,034.954	1,210.653	1,461.806	1,594.192	1,726.122
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenditures	\$3,956.934	\$3,957.694	\$4,157.534	\$4,472.939	\$4,671.348	\$4,882.869
Non-Labor:						
Traction and Propulsion Power	107.575	114.198	123.250	123.349	124.083	124.642
Fuel for Buses and Trains	55.399	70.659	58.201	55.336	56.261	57.771
Insurance	25.457	27.864	26.427	26.850	27.406	28.014
Claims	71.600	53.950	61.086	62.599	64.511	67.734
Paratransit Service Contracts	110.249	142.616	169.512	199.794	240.863	283.821
Mtce. and Other Operating Contracts	202.303	229.378	205.307	211.352	213.465	214.979
Professional Service Contracts	125.824	105.413	86.282	84.371	83.962	85.959
Materials & Supplies	279.167	290.566	277.423	269.514	279.904	277.853
Other Business Expenditures	28.832	32.751	33.407	34.578	35.945	37.492
Total Non-Labor Expenditures	\$1,006.406	\$1,067.395	\$1,040.895	\$1,067.743	\$1,126.400	\$1,178.265
Other Expenditure Adjustments:						
Other	56.600	0.000	0.000	0.000	0.000	0.000
Total Other Expenditure Adjustments	\$56.600	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenditures	\$5,019.940	\$5,025.089	\$5,198.429	\$5,540.682	\$5,797.748	\$6,061.134
Baseline Net Cash Deficit	(\$1,589.835)	(\$1,311.768)	(\$1,652.090)	(\$1,961.425)	(\$2,148.728)	(\$2,365.003)
Program to Eliminate the Gap	0.000	16.502	124.254	256.385	234.438	288.949
Increase Express Bus Fare	0.000	0.000	19.470	19.985	19.985	19.985
Net Cash Deficit	(\$1,589.835)	(\$1,295.266)	(\$1,508.366)	(\$1,685.055)	(\$1,894.305)	(\$2,056.069)

MTA New York City Transit
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	\$2.900	(\$2.400)	\$8.700	\$9.000	\$21.300	\$9.700
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue:						
Fare Reimbursement	0.000	0.000	0.000	0.000	0.000	0.000
Paratransit Reimbursement	0.000	(0.052)	(0.041)	(0.102)	0.014	0.034
Other	(7.400)	125.454	0.000	0.000	0.000	0.000
Total Other Operating Revenue	(7.400)	125.402	(0.041)	(0.102)	0.014	0.034
Capital and Other Reimbursements	41.749	9.202	9.250	(6.102)	(7.392)	(8.733)
Total Receipt Adjustments	\$37.249	\$132.204	\$17.909	\$2.796	\$13.922	\$1.001
<u>Expenditures</u>						
Labor:						
Payroll	(67.968)	7.882	8.898	9.329	9.915	9.578
Overtime	(6.117)	0.655	0.720	0.766	0.801	0.778
Total Salaries & Wages	(74.085)	8.537	9.618	10.095	10.716	10.356
Health and Welfare	34.877	7.847	0.000	0.000	0.000	0.000
Pensions	(15.359)	95.255	133.504	38.972	17.035	6.875
Other Fringe Benefits	23.968	(6.744)	0.821	0.757	0.804	0.777
Total Fringe Benefits	43.486	96.358	134.325	39.729	17.839	7.652
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenditures	(\$30.599)	\$104.895	\$143.943	\$49.824	\$28.555	\$18.008
Non-Labor:						
Traction and Propulsion Power	(0.148)	0.000	0.000	0.000	0.000	0.000
Fuel for Buses and Trains	0.344	(1.080)	0.000	0.000	0.000	0.000
Insurance	0.000	0.000	0.000	0.000	0.000	0.000
Claims	9.456	16.751	11.557	11.983	12.060	10.875
Paratransit Service Contracts	(1.021)	3.119	3.200	4.200	0.000	0.000
Mtce. and Other Operating Contracts	(5.273)	0.000	0.000	0.000	0.000	0.000
Professional Service Contracts	(7.723)	3.664	16.700	16.700	16.700	16.700
Materials & Supplies	14.437	8.931	5.572	3.500	3.500	3.500
Other Business Expenditures	(0.715)	0.000	0.001	0.001	0.001	0.000
Total Non-Labor Expenditures	\$9.357	\$31.385	\$37.030	\$36.384	\$32.261	\$31.075
Other Expenditure Adjustments:						
Other	(56.600)	0.000	0.000	0.000	0.000	0.000
Total Other Expenditure Adjustments	(\$56.600)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Cash Conversion Adjustments before Depreciation	(\$40.593)	\$268.484	\$198.882	\$89.004	\$74.738	\$50.084
Depreciation Adjustment	828.957	912.200	986.800	1,060.400	1,139.500	1,221.700
Baseline Total Cash Conversion Adj.	\$788.364	\$1,180.684	\$1,185.682	\$1,149.404	\$1,214.238	\$1,271.784
Program to Eliminate the Gap	0.000	0.000	0.000	0.000	0.000	0.000
Increase Express Bus Fare	0.000	0.000	0.000	0.000	0.000	0.000
Total Cash Conversion Adjustments	\$788.364	\$1,180.684	\$1,185.682	\$1,149.404	\$1,214.238	\$1,271.784

MTA New York City Transit
2004-2008 Financial Plan
Year-To-Year Major Changes by Category-Baseline Narrative

TOTAL REVENUES

Farebox Revenue

- Annual improvements in subway/bus farebox revenue are based largely on Global Insight's forecasted growth in NYC employment as follows: 2005-1.37%, 2006-1.44%, 2007-1.25%, and 2008-0.88%.
- Annual improvements in paratransit farebox revenue are based on assumed annual ridership growth rates of 15% consistent with current ridership growth.

Other Operating Revenue

- Annual revenue increases represent primarily contractually-capped increases in NYC reimbursements that serve to partially fund the annual growth in paratransit expenses.
- 2004 includes non-recurring insurance reimbursements of \$10.1 million associated with losses in prior years.

Capital and Other Reimbursements

- Reimbursements are projected to decrease by \$68.4 million or 8.8% from 2004 to 2005 due to the scheduled completion of a number of significant capital projects. These include both projects undertaken by in-house construction forces (e.g., Critical Signal Safety Phase II, Tunnel Lighting) and contractor projects with substantial NYCT support requirements (e.g., Stillwell Avenue Reconstruction, ATS/Rail Control Center, Nassau Loop Reconfiguration). An additional factor is the completion of the warranty period for R142, R142A, and R143 cars, as these contracts provided for warranty labor to be supplied by NYCT employees.
- Annual increases are projected from 2006 through 2008 to provide for reimbursement consistent with projected CPI increases in labor expenses and actuarial-based pension increases as explained below.

TOTAL EXPENSES

Payroll

- 2004-2005 reflects primarily pattern bargaining with an effective rate in 2005 of 2.84%.
- 2006-2008 includes primarily CPI rate increases with effective rates as follows: 2006-2.21%, 2007-2.54%, and 2008-2.80%.
- Annualization of savings programs implemented during 2004 and the non-recurrence of the 2004 vacation cash-in largely resulted in \$20.0 million of non-reimbursable expense savings from 2004 to 2005.
- Reimbursable expenses decreased by \$20.3 million from 2004 to 2005, due to the completion of a number of significant capital projects.

Overtime

- 2004-2008 payroll wage rate increase assumptions apply.
- \$6.6 million of non-reimbursable overtime requirements relating to vacancies and special needs in 2004 that are not projected to recur in 2005.
- Reimbursable expenses decrease by \$4.2 million from 2004 to 2005, due to the completion of a number of significant capital projects.

Health & Welfare

- Inflation assumptions are as follows: 2005-12.9%, and 2006 through 2008-9.3%.
- Re-estimates of expenses/usage results in reduced expense projections.

Pension

- Significant projected increases in expenses are based upon information from pension plan actuaries.

Other Fringe Benefits

- Inflation assumptions consistent with payroll rate increase assumptions.
- Reimbursable expenses decreased by \$7.0 million from 2004 to 2005 due to the completion of a number of significant capital projects.

Traction and Propulsion Power

- Reflects NYPA rate increases effective April 1, 2004 (6.5%) and January 1, 2005 (5.3%) and Global Insight inflation assumptions as follows: 2005-1.83%, 2006-0.09%, 2007-0.61%, and 2008-0.44%.

Fuel for Buses and Trains

- 2004 includes significant spikes in fuel prices representing an effective rate increase of 21.6%.
- 2005-2008 inflation/(deflation) assumptions are based upon Global Insight's estimates as follows: 2005-(18.4%), 2006-(6.2%), 2007-1.8%, and 2008-2.8%.

Insurance

- 2005-2008 inflation assumptions are based upon Global Insight's estimates as follows: 2005-1.28%, 2006-1.60%, 2007-2.07%, and 2008-2.22%.

Claims

- 2004 reflects a reduction of \$5.0 million due to a reassessment of reserve requirements.
- Assumes annual inflation of 2.5% for 2005 through 2008.

Paratransit Service Contracts

- Inflation assumptions are based upon current carrier contracts.
- Significant expense increases are based upon projected annual ridership growth of 15%.
- 2004 non-reimbursable expenses include \$1.3 million of non-recurring expenses from 2003 timing adjustments.

Maintenance and Other Operating Contracts

- 2005-2008 inflation assumptions are based upon Global Insight's estimates as follows: 2005-1.28%, 2006-1.60%, 2007-2.07%, and 2008-2.22%.
- Facility power cost inflation is based upon NYPA rate increases effective April 1, 2004 (6.5%) and January 1, 2005 (5.3%).
- Approximately \$20.8 million of non-reimbursable expense reductions occurred in 2005 largely due to 2004 non-recurring expenses, including \$4.8 million of 2003 timing adjustments and various expense re-estimates.
- Reimbursable expenses decreased by \$8.0 million from 2004 to 2005, due to the completion of a number of significant capital projects.

Professional Service Contracts

- 2005-2008 inflation assumptions are based upon Global Insight's estimates as follows: 2005-1.28%, 2006-1.60%, 2007-2.07%, and 2008-2.22%.
- Approximately \$8.8 million of non-reimbursable expense reductions occurred in 2005, largely due to 2004 non-recurring expenses including \$1.5 million of 2003 timing adjustments and various expense re-estimates.
- Reimbursable expenses decreased by \$1.7 million from 2004 to 2005, due to the completion of a number of significant capital projects.

Materials and Supplies

- 2005-2008 inflation assumptions are based upon Global Insight's estimates as follows: 2005-1.50%, 2006-1.17%, 2007-1.23%, and 2008-1.31%.
- 2004 non-reimbursable expenses include \$2.4 million of non-recurring expenses from 2003 timing adjustments.
- Non-reimbursable expense levels year-to-year tend to fluctuate, due to the timing of subway and bus scheduled maintenance programs.
- Reimbursable expenses decreased by \$19.6 million from 2004 to 2005, due to the completion of a number of significant capital projects.

Other Business Expenses

- 2005-2008 inflation assumptions are based upon Global Insight's estimates as follows: 2005-1.28%, 2006-1.60%, 2007-2.07%, and 2008-2.22%.
- Reimbursable expenses decreased by \$0.8 million from 2004 to 2005, due to the completion of a number of significant capital projects.

Depreciation

- Annual expense increases are due to projections of additional capital assets reaching beneficial use. Examples of these assets include subway station rehabilitations, track-work, new subway cars and buses.

TOTAL RECEIPTS

Farebox Receipts

- Annual improvements in subway/bus farebox revenue are based largely on Global Insight's forecasted growth in NYC employment as follows: 2005-1.37%, 2006-1.44%, 2007-1.25%, and 2008-0.88%.
- Includes cash adjustments for expired MetroCard values and the timing of counting cash, which can cause some annual fluctuations in cash received.

- Annual improvements in paratransit farebox revenue are based on assumed annual ridership growth rates of 15%, consistent with current ridership growth.

Other Operating Receipts

- Annual revenue increases represent primarily contractually-capped increases in NYC reimbursements that serve to partially fund the annual growth in paratransit expenses.
- 2004 includes non-recurring receipts as follows: insurance reimbursements of \$10.1 million associated with losses in prior years; cash reimbursements of \$103.1 million relating to revenue losses/incurred expenses associated with the WTC attack; and cash reimbursements of \$21.1 million relating to Transit Adjudication Bureau Funds (timing from 2003) and interest draw-downs of funds accumulated in prior years.

Capital and Other Reimbursements

- Accrued reimbursements are projected to decrease by \$68.4 million or 8.8% from 2004 to 2005 due to the scheduled completion of a number of significant capital projects. These include both projects undertaken by in-house construction forces (e.g., Critical Signal Safety Phase II, Tunnel Lighting) and contractor projects with substantial NYCT support requirements (e.g., Stillwell Avenue Reconstruction, ATS/Rail Control Center, Nassau Loop Reconfiguration). An additional factor is the completion of the warranty period for R142, R142A, and R143 cars, as these contracts provided for warranty labor to be supplied by NYCT employees.
- Annual accrued increases are projected from 2006 through 2008 to provide for reimbursement consistent with projected CPI increases in labor expenses and actuarial-based pension increases as explained below.
- Cash adjustments are reflected annually to recognize the change in timing of receipts. The only significant change year-over-year is from 2005 to 2006 when receipts are projected to decrease by \$15.4 million.
- 2004 includes a \$7.1 million favorable cash timing adjustment originally anticipated to be received in 2003.

TOTAL EXPENDITURES

Payroll

- 2004-2005 reflects primarily pattern bargaining with an effective rate in 2005 of 2.84%.
- 2006-2008 includes primarily CPI rate increases with effective rates as follows: 2006-2.21%, 2007-2.54%, and 2008-2.80%.
- Non-reimbursable expenses decreased by \$20.0 million from 2004 to 2005, largely due to the annualization of savings programs implemented during 2004 and the non-recurrence of the 2004 vacation cash-in.
- Reimbursable expenses decreased by \$20.3 million from 2004 to 2005, due to the completion of a number of significant capital projects.
- 2004 includes an unfavorable \$1.8 million timing adjustment from 2003.

Overtime

- 2004-2008 payroll wage rate increase assumptions apply.
- \$6.6 million of non-reimbursable overtime requirements relating to vacancies and special needs in 2004 are projected not to recur in 2005.
- Reimbursable expenses decreased by \$4.2 million from 2004 to 2005, due to the completion of a number of significant capital projects.

Health & Welfare

- Inflation assumptions are as follows: 2005-12.9%, and 2006 through 2008-9.3%.
- Re-estimates of expenses/usage results in reduced expense projections.
- 2004 includes an unfavorable \$1.0 million timing adjustment from 2003.

Pension

- Significant projected increases in expenses are based upon information from pension plan actuaries.
- Significant cash payment fluctuations result annually, due to the effect of prepaying pension expenses. The year-over-year effects are projected as follows: 2005/2004-\$38.2 million, 2006/2005-\$94.5 million, 2007/2006-\$21.9 million, and 2008/2007-\$10.2 million.

Other Fringe Benefits

- Inflation assumptions consistent with payroll rate increase assumptions.
- Reimbursable expenses decreased by \$7.0 million from 2004 to 2005 due to the completion of a number of significant capital projects.

Traction and Propulsion Power

- Reflects NYPA rate increases effective April 1, 2004 (6.5%) and January 1, 2005 (5.3%) and the Global Insight inflation assumptions as follows: 2005-1.83%, 2006-0.09%, 2007-0.61%, and 2008-0.44%.

Fuel for Buses and Trains

- 2004 includes significant spikes in fuel prices representing an effective rate increase of 21.6%.
- 2005-2008 inflation/(deflation) assumptions are based upon Global Insight's estimates as follows: 2005-(18.4)%, 2006-(6.2)%, 2007-1.8%, and 2008-2.8%.
- 2004 includes an unfavorable \$1.1 million timing adjustment from 2003.

Insurance

- Inflation assumptions are based upon Global Insight's estimates as follows: 2005-1.28%, 2006-1.60%, 2007-2.07%, and 2008-2.22%.

Claims

- Assumes annual inflation of 2.5% for 2005 through 2008.

Paratransit Service Contracts

- Inflation assumptions are based upon current carrier contracts.
- Significant expense increases are based on projected annual ridership growth of 15%.
- 2004 non-reimbursable expenses include \$1.3 million of non-recurring expenses from 2003 timing adjustments.

Maintenance and Other Operating Contracts

- 2005-2008 inflation assumptions are based upon Global Insight's estimates as follows: 2005-1.28%, 2006-1.60%, 2007-2.07%, and 2008-2.22%.
- Facility power cost inflation based upon NYPA rate increases effective April 1, 2004 (6.5%) and January 1, 2005 (5.3%).

- Approximately \$20.8 million of non-reimbursable expense reductions occurred in 2005 largely due to 2004 non-recurring expenses including \$4.8 million of 2003 timing adjustments and various expense re-estimates.
- Reimbursable expenses decreased by \$8.0 million from 2004 to 2005, due to the completion of a number of significant capital projects.

Professional Service Contracts

- 2005-2008 inflation assumptions are based upon Global Insight's estimates as follows: 2005-1.28%, 2006-1.60%, 2007-2.07%, and 2008-2.22%.
- Approximately \$8.8 million of non-reimbursable expense reductions occurred in 2005 largely due to 2004 non-recurring expenses including \$1.5 million of 2003 timing adjustments and various expense re-estimates.
- Reimbursable expenses decreased by \$1.7 million from 2004 to 2005, due to the completion of a number of significant capital projects.

Materials and Supplies

- 2005-2008 inflation assumptions are based upon Global Insight's estimates as follows: 2005-1.50%, 2006-1.17%, 2007-1.23%, and 2008-1.31%.
- 2004 non-reimbursable expenses include \$2.4 million of non-recurring expenses from 2003.
- Non-reimbursable expense levels year-to-year tend to fluctuate due to the timing of subway car and bus scheduled maintenance programs.
- Reimbursable expenses decreased by \$19.6 million from 2004 to 2005, due to the completion of a number of significant capital projects.

Other Business Expenditures

- 2005-2008 inflation assumptions are based upon Global Insight's estimates as follows: 2005-1.28%, 2006-1.60%, 2007-2.07%, and 2008-2.22%.
- Reimbursable expenses decreased by \$0.8 million from 2004 to 2005, due to the completion of a number of significant capital projects.

REIMBURSABLE

MTA New York City Transit
July Financial Plan 2005 - 2008
Ridership/Traffic Volume (Utilization)
(in millions)

	2003 Actuals	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
Subway	1,384.069	1,426.894	1,442.403	1,459.820	1,479.918	1,497.058
Bus	735.263	751.464	760.200	768.982	778.761	787.179
Paratransit*	3.564	4.093	4.711	5.418	6.230	7.165
Baseline Total Ridership	2,122.896	2,182.451	2,207.314	2,234.220	2,264.909	2,291.402
Impact of:						
Program to Eliminate the Gap	0.000	0.000	(11.258)	(50.309)	(50.309)	(50.309)
Increase Express Bus Fare	0.000	0.000	(0.574)	(0.574)	(0.574)	(0.574)
Total Ridership	2,122.896	2,182.451	2,195.482	2,183.337	2,214.026	2,240.519

* Paratransit ridership includes guests and personal care attendants.

MTA New York City Transit
2004-2008 Financial Plan
Summary of Major Plan-to-Plan Changes-Baseline Narrative

2004: July Financial Plan vs. February Financial Plan

Revenue Changes

- Fare media liability (expired MetroCard revenue) is projected to increase by \$11.6 million due to a re-estimate of revenue received for fare media projected not to be utilized.
- Capital reimbursements improve by \$5.8 million due to a change in mix and timing of reimbursable projects.
- Farebox revenue re-estimate resulting in an improvement of \$3.4 million.

Expense Changes

- Bus fuel expenses are projected to grow by \$22.2 million, due to significant fuel price increases.
- Depreciation expenses increase \$17.0 million, due to a re-estimate of capital assets reaching beneficial use.
- \$11.0 million of expenses originally planned for 2003 are now projected to be incurred in 2004.
- Electric power expenses increase by \$5.5 million, due to a NYPA price increase effective April 1, 2004.
- Health & welfare costs are projected to decrease by \$18.8 million due to a reassessment of costs and usage.
- Public liability “claims” expenses are reduced by \$5.0 million based upon a reassessment of reserve requirements.
- Bus depot material requirements increase by \$5.1 million.

Cash Adjustments

- Fare media/farebox revenue cash timing adjustments of \$(8.0) million.
- WTC insurance reimbursement increase of \$7.9 million.
- Offset to non-cash depreciation expense increase of \$17.0 million.
- Offset to non-cash claims expense decrease of \$(5.0) million.
- 2003 cash timing adjustments affecting 2004 of \$15.2 million.

2005: July Financial Plan vs. February Financial Plan

Revenue Changes

- Fare media liability (expired MetroCard revenue) is projected to increase by \$13.1 million, due to a re-estimate of revenue received for fare media projected not to be utilized.
- Farebox revenue re-estimate resulting in a decrease of \$4.5 million.

Expense Changes

- Bus fuel expenses are projected to grow by \$8.0 million, due to significant fuel price increases arising in 2004.
- Depreciation expenses increase \$21.3 million, due to a re-estimate of capital assets reaching beneficial use.
- Electric power expenses increase \$16.1 million, due to NYPA price increases effective April 1, 2004 (6.5%) and January 1, 2005 (5.3%).
- Health & welfare costs increase by \$19.7 million, due to revised inflation assumptions.
- Health & welfare costs are projected to decrease by \$22.4 million, due to a reassessment of costs and usage.
- Excess employee/average pay rates/attrition/hiring assumptions were re-estimated resulting in an expense reduction of \$20.0 million.
- Public liability "claims" expenses were reduced by \$5.0 million based upon a reassessment of reserve requirements.
- Bus depot material requirements increase \$4.4 million.
- Automated fare control maintenance requirements increase \$5.7 million.

Cash Adjustments

- Offset to non-cash depreciation expense increase of \$21.3 million.
- Offset to non-cash claims expense decrease of \$(5.0) million.

2006: July Financial Plan vs. February Financial Plan

Revenue Changes

- Fare media liability (expired MetroCard revenue) is projected to increase by \$12.7 million due to a re-estimate of revenue received for fare media projected not to be utilized.
- Farebox revenue re-estimate resulting in an increase of \$4.4 million.
- Capital reimbursements decrease by \$4.3 million, due to change in mix and timing of reimbursable projects.

Expense Changes

- Depreciation expenses increase \$24.7 million, due to a re-estimate of capital assets reaching beneficial use.
- Electric power expenses increase \$16.1 million, due to NYPA price increases effective April 1, 2004 (6.5%) and January 1, 2005 (5.3%).
- Health & welfare costs increase by \$27.2 million, due to revised inflation assumptions.

- Health & welfare costs are projected to decrease by \$23.6 million, due to a reassessment of costs and usage.
- Excess employee/average pay rates/attrition/hiring assumptions were re-estimated resulting in an expense reduction of \$17.9 million.
- Other inflation adjustments are projected to reduce expenses by \$35.7 million, due largely to revised salary & wage inflation assumptions.
- Public liability “claims” expenses are reduced by \$5.0 million based upon a reassessment of reserve requirements.
- Bus depot material requirements increase \$4.4 million.
- Automated fare control maintenance requirements increase \$5.6 million.

Cash Adjustments

- Offset to non-cash depreciation expense increase of \$24.7 million.
- Offset to non-cash claims expense decrease of \$(5.0) million.

2007: July Financial Plan vs. February Financial Plan

Revenue Changes

- Fare media liability (expired MetroCard revenue) is projected to increase by \$13.0 million due to a re-estimate of revenue received for fare media projected not to be utilized.
- Farebox revenue re-estimate resulting in an increase of \$4.9 million.
- Capital reimbursements decrease by \$9.3 million, due to change in mix and timing of reimbursable projects.

Expense Changes

- Depreciation expenses increase \$28.1 million, due to a re-estimate of capital assets reaching beneficial use.
- Electric power expenses increase \$16.2 million, due to a NYPA price increase effective April 1, 2004.
- Health & welfare costs increase by \$35.6 million, due to revised inflation assumptions.
- Health & welfare costs are projected to decrease by \$26.7 million, due to a reassessment of costs and usage.
- Excess employee/average pay rates/attrition/hiring assumptions were re-estimated resulting in an expense reduction of \$18.2 million.
- Other inflation adjustments are projected to reduce expenses by \$61.4 million, due largely to revised salary & wage inflation assumptions.
- Public liability “claims” expenses are reduced by \$5.0 million based upon a reassessment of reserve requirements.
- Bus depot material requirements increase \$4.4 million.
- Automated fare control maintenance requirements increase \$5.6 million.

Cash Adjustments

- Fare media/farebox revenue cash timing adjustments of \$15.7 million.
- Offset to non-cash depreciation expense increase of \$28.1 million.
- Offset to non-cash claims expense decrease of \$(5.0) million.

Other Assumptions

Total Non-reimbursable and Reimbursable Positions

- Year-over-year, there were no significant changes in positions by department caused by re-estimates of expenses and revenues.

Ridership/Utilization

- Annual improvements in subway/bus ridership are based largely on Global Insight's forecasted growth in NYC employment as follows: 2005-1.37%, 2006-1.44%, 2007-1.25%, and 2008-0.88%.
- Annual improvements in paratransit ridership are based on assumed annual growth rates of 15% consistent with current ridership growth.

MTA New York City Transit
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)	(\$1,316.995)	(\$1,632.959)	(\$1,930.199)	(\$2,112.643)
Changes:				
Revenue				
Farebox Revenue- Bus, Subway and Paratransit	3.399	(4.494)	4.367	4.924
Farebox Media Liability- Expired Card Value	11.600	13.100	12.700	13.000
Other Operating Revenue	0.865	(0.008)	0.494	(0.546)
Year End 2003 Results Timing	(0.396)	0.000	0.000	0.000
Other	0.031	0.016	0.050	0.049
Sub-Total Revenue Changes	\$15.499	\$8.614	\$17.611	\$17.427
Expenses				
Bus Fuel Inflation	(22.153)	(8.028)	(1.435)	(0.953)
Power (NYPA) Rate Increase	(5.500)	(16.080)	(16.081)	(16.173)
Health & Welfare Inflation Change	4.329	(19.704)	(27.184)	(35.624)
Depreciation Reestimate	(17.000)	(21.300)	(24.700)	(28.100)
Year End 2003 Results Timing	(10.960)	0.000	0.000	0.000
Excess Employee/Base Pay Reestimate	0.000	20.028	17.915	18.190
Health & Welfare Cost/Usage Reestimates	18.784	22.419	23.637	26.688
Other Inflation Adjustments	0.000	2.960	35.655	61.382
Claims Reserve Reestimate	5.000	5.000	5.000	5.000
Bus Depot Material Requirements	(5.100)	(4.419)	(4.419)	(4.419)
Automated Fare Control Maintenance	0.000	(5.716)	(5.616)	(5.616)
Other New Maintenance Requirements	(0.558)	(4.428)	(4.392)	(4.155)
Other New Needs	(2.062)	(5.378)	(3.604)	(3.604)
Power Usage	(3.915)	(3.915)	(3.915)	(3.915)
Subway Car Floor Program	0.000	(3.504)	(6.139)	0.031
Subway Car Scheduled Maintenance Systems	0.000	(0.889)	(3.057)	(1.037)
Vacation Cash-In	(6.000)	0.000	0.000	0.000
Telephone/Data Communications	4.433	1.350	1.350	1.350
UTS Training Dispatchers	(0.928)	0.000	0.000	0.000
Signal Flagging Overtime	(1.290)	0.000	0.000	0.000
Paratransit Reestimate	2.927	4.165	4.691	5.227
Bus Base Pay	2.799	0.000	0.000	0.000
Bus Shop Reestimate	(1.000)	0.000	0.000	0.000
OA Pension Prepayments-Interest Savings	2.822	2.807	0.000	0.000
Electronic Maintenance Overtime/Material	(3.742)	0.000	0.000	0.000
Bus Supervisor Overtime	(1.127)	(1.207)	(1.207)	(1.207)
Uniform Reestimate	1.594	1.730	(1.188)	(1.188)
Bus Shuttle Maintenance	(1.268)	(1.401)	(1.401)	(1.401)
R-160 Crew and Maintenance Training	0.000	1.751	(0.551)	(1.200)
Clean Fuel Bus Costs	0.000	0.982	0.006	0.006
Other Reestimates	0.915	2.467	1.309	(1.294)
Sub-Total Expense Changes	(\$39.000)	(\$30.310)	(\$15.326)	\$7.988
Cash Adjustments:				
Revenue				
Fare Media Liability/Fare Revenue	(8.000)	3.100	3.400	15.700
WTC Insurance Reimbursement	7.900	0.000	0.000	0.000
Expense				
Depreciation	17.000	21.300	24.700	28.100
Eliminate Health & Welfare Deposit Requirement	1.200	0.000	0.000	0.000
Year End 2003 Results Timing	8.056	0.000	0.000	0.000
Claims Reserve Reestimate	(5.000)	(5.000)	(5.000)	(5.000)
Payroll Cash Flow Timing/Other	(1.627)	(0.726)	(0.910)	(0.807)
Sub-Total Cash Adjustment Changes	\$19.529	\$18.674	\$22.190	\$37.993
Total Baseline Changes	(\$3.972)	(\$3.022)	\$24.475	\$63.408
Program to Eliminate the Gap	16.502	124.254	256.385	234.438
Increase Express Bus Fare	0.000	19.470	19.985	19.985
Eliminate 2004 Budget Additional Agency PEG	0.000	(25.400)	(49.600)	(92.100)
Total Changes	\$12.530	\$115.302	\$251.245	\$225.731
2004 July Financial Plan - Operating Cash Income/(Deficit)	(\$1,304.465)	(\$1,517.657)	(\$1,678.954)	(\$1,886.912)

MTA New York City Transit
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)	\$3.662	\$8.146	(\$7.265)	(\$8.446)
<i>Changes:</i>				
Revenue				
Capital Reimbursements	5.848	1.115	(4.253)	(9.272)
Sub-Total Revenue Changes	\$5.848	\$1.115	(\$4.253)	(\$9.272)
Expenses	(5.848)	(1.115)	4.253	9.272
Sub-Total Expense Changes	(\$5.848)	(\$1.115)	\$4.253	\$9.272
Cash Adjustments:				
Revenue				
Capital Reimbursements	(1.599)	1.145	1.164	1.053
Year End 2003 Results Timing	7.136	0.000	0.000	0.000
Expense	0.000	0.000	0.000	0.000
Sub-Total Cash Adjustment Changes	\$5.537	\$1.145	\$1.164	\$1.053
Total Baseline Changes	\$5.537	\$1.145	\$1.164	\$1.053
Programmatic New Needs	0.000	0.000	0.000	0.000
Program to Eliminate the Gap	0.000	0.000	0.000	0.000
Total Changes	\$5.537	\$1.145	\$1.164	\$1.053
2004 July Financial Plan - Operating Cash Income/(Deficit)	\$9.199	\$9.291	(\$6.101)	(\$7.393)

MTA New York City Transit
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)	(\$1,313.333)	(\$1,624.813)	(\$1,937.464)	(\$2,121.089)
Changes:				
Revenue				
Farebox Revenue- Bus, Subway and Paratransit	3.399	(4.494)	4.367	4.924
Farebox Media Liability- Expired Card Value	11.600	13.100	12.700	13.000
Other Operating Revenue	0.865	(0.008)	0.494	(0.546)
Year End 2003 Results Timing	(0.396)	0.000	0.000	0.000
Capital Reimbursements	5.848	1.115	(4.253)	(9.272)
Other	0.031	0.016	0.050	0.049
Sub-Total Revenue Changes	\$21.347	\$9.729	\$13.358	\$8.155
Expenses				
Bus Fuel Inflation	(22.153)	(8.028)	(1.435)	(0.953)
Power (NYPA) Rate Increase	(5.500)	(16.080)	(16.081)	(16.173)
Health & Welfare Inflation Change	4.329	(19.704)	(27.184)	(35.624)
Depreciation Reestimate	(17.000)	(21.300)	(24.700)	(28.100)
Year End 2003 Results Timing	(10.960)	0.000	0.000	0.000
Other Inflation Adjustments	0.000	2.960	35.655	61.382
Excess Employee/Base Pay Reestimate	0.000	20.028	17.915	18.190
Health & Welfare Cost/Usage Reestimates	18.784	22.419	23.637	26.688
Claims Reserve Reestimate	5.000	5.000	5.000	5.000
Bus Depot Material Requirements	(5.100)	(4.419)	(4.419)	(4.419)
Automated Fare Control Maintenance	0.000	(5.716)	(5.616)	(5.616)
Other New Maintenance Requirements	(0.558)	(4.428)	(4.392)	(4.155)
Other New Needs	(2.062)	(5.378)	(3.604)	(3.604)
Power Usage	(3.915)	(3.915)	(3.915)	(3.915)
Subway Car Floor Program	0.000	(3.504)	(6.139)	0.031
Subway Car Scheduled Maintenance Systems	0.000	(0.889)	(3.057)	(1.037)
Reimbursable Expenses	(5.848)	(1.115)	4.253	9.272
Vacation Cash-In	(6.000)	0.000	0.000	0.000
Telephone/Data Communications	4.433	1.350	1.350	1.350
UTS Training Dispatchers	(0.928)	0.000	0.000	0.000
Signal Flagging Overtime	(1.290)	0.000	0.000	0.000
Paratransit Reestimate	2.927	4.165	4.691	5.227
Bus Base Pay	2.799	0.000	0.000	0.000
Bus Shop Reestimate	(1.000)	0.000	0.000	0.000
OA Pension Prepayments-Interest Savings	2.822	2.807	0.000	0.000
Electronic Maintenance Overtime/Material	(3.742)	0.000	0.000	0.000
Bus Supervisor Overtime	(1.127)	(1.207)	(1.207)	(1.207)
Uniform Reestimate	1.594	1.730	(1.188)	(1.188)
Bus Shuttle Maintenance	(1.268)	(1.401)	(1.401)	(1.401)
R-160 Crew and Maintenance Training	0.000	1.751	(0.551)	(1.200)
Clean Fuel Bus Costs	0.000	0.982	0.006	0.006
Other Reestimates	0.915	2.467	1.309	(1.294)
Sub-Total Expense Changes	(\$44.848)	(\$31.425)	(\$11.073)	\$17.260
Cash Adjustments:				
Revenue				
Fare Media Liability/Fare Revenue	(8.000)	3.100	3.400	15.700
WTC Insurance Reimbursement	7.900	0.000	0.000	0.000
Expense				
Depreciation	17.000	21.300	24.700	28.100
Capital & Other Reimbursements	(1.599)	1.145	1.164	1.053
Eliminate Health & Welfare Deposit Requirement	1.200	0.000	0.000	0.000
Year-End 2003 Results Timing	15.192	0.000	0.000	0.000
Claims Reserve Reestimate	(5.000)	(5.000)	(5.000)	(5.000)
Payroll Cash Flow Timing/Other	(1.627)	(0.726)	(0.910)	(0.807)
Sub-Total Cash Adjustment Changes	\$25.066	\$19.819	\$23.354	\$39.046
Total Baseline Changes	\$1.565	(\$1.877)	\$25.639	\$64.461
Program to Eliminate the Gap	16.502	124.254	256.385	234.438
Increase Express Bus Fare	0.000	19.470	19.985	19.985
Eliminate 2004 Budget Additional Agency PEG	0.000	(25.400)	(49.600)	(92.100)
Total Changes	\$18.067	\$116.447	\$252.409	\$226.784

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MTA New York City Transit
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	
<u>SERVICE</u>										
<u>Service Direct:</u>										
Subway Service Plan - G Line to Court Square 24x7	-	\$.000	12	\$ 1.029	12	\$ 1.211	12	\$ 1.211	12	\$ 1.211
Bus Service Plan - Guideline Based Adjustments	-	\$.000	23	\$ 2.273	23	\$ 2.481	23	\$ 2.481	23	\$ 2.481
Bus Service Plan - Off Peak Guidelines @ 100%/125% Seated Load ('05/'06 + beyond)	-	\$.000	647	\$ 38.415	1,094	\$ 73.475	1,094	\$ 73.475	1,094	\$ 73.475
Bus Service Plan - Average Rate and Availability Offset	-	\$.000	(28)	\$ (13.573)	(86)	\$ (25.443)	(86)	\$ (25.443)	(86)	\$ (25.443)
Subway Service Plan - Policy Headways Evenings and Weekends	-	\$.000	-	\$.000	72	\$ 6.092	72	\$ 6.092	72	\$ 6.092
Subway Service Plan - 30 Minute Overnight Headways	-	\$.000	-	\$ (0.000)	24	\$ 2.524	24	\$ 2.524	24	\$ 2.524
Subway Service Plan - 10% Service Cut	-	\$.000	-	\$ (0.000)	375	\$ 19.506	375	\$ 19.506	375	\$ 19.506
Bus Service Plan - Discontinue Local Routes with Low Cost-Recovery	-	\$.000	-	\$.000	690	\$ 47.490	690	\$ 47.490	690	\$ 47.490
Bus Service Plan - Discontinue Remaining Late Night Service	-	\$.000	-	\$.000	145	\$ 8.743	145	\$ 8.743	145	\$ 8.743
Sub-Total Service Direct	-	\$.000	654	\$ 28.144	2,349	\$ 136.079	2,349	\$ 136.079	2,349	\$ 136.079
<u>Service Spinoff:</u>										
Rapid Transit Operations Training Float Reduction	-	\$.000	27	\$ 5.031	2	\$ 1.841	2	\$.122	2	\$.122
Bus Dispatcher Reductions	-	\$.000	24	\$ 1.811	71	\$ 5.842	71	\$ 5.842	71	\$ 5.842
Bus Training Program Reductions	-	\$.000	76	\$ 5.667	73	\$ 5.970	73	\$ 4.929	39	\$ 2.738
Additional Bus Shop Maintenance Reductions	-	\$.000	-	\$.018	7	\$ 1.474	30	\$ 4.171	8	\$ 1.315
Bus Assistant General Superintendent Reductions	-	\$.000	2	\$.213	9	\$ 1.044	9	\$ 1.044	9	\$ 1.044
Bus Maintenance Support Reductions	-	\$.000	1	\$.106	2	\$.232	2	\$.232	2	\$.232
Bus Line Supervisor Reductions	-	\$.000	4	\$.308	18	\$ 1.512	18	\$ 1.512	18	\$ 1.512
Uniform and Footwear Savings	-	\$.520	-	\$.282	-	\$.775	-	\$.775	-	\$.775
Additional Bus Administrative Support Reductions	-	\$.000	-	\$.000	2	\$.195	2	\$.195	2	\$.195
Bus Shop Management/Supervisory Reductions	-	\$.000	-	\$.000	4	\$.368	4	\$.368	4	\$.368
Bus Transportation Command Center	-	\$.000	-	\$.000	3	\$.277	3	\$.277	3	\$.277
Eliminate Training and Employment Center Positions	-	\$.000	-	\$.000	3	\$.259	3	\$.259	3	\$.259
Reduce Labor Relations Field Operations Positions	-	\$.000	-	\$.000	3	\$.217	3	\$.217	3	\$.217
Sub-Total Service Spinoff	-	\$.520	134	\$ 13.436	197	\$ 20.006	220	\$ 19.943	164	\$ 14.896
<u>Service Support:</u>										
One Person Train Operation (OPTO) - G Line	-	\$.000	36	\$.365	36	\$ 2.190	36	\$ 2.190	36	\$ 2.190
One Person Train Operation (OPTO) - L Line	-	\$.000	71	\$ 3.154	71	\$ 4.204	71	\$ 4.204	71	\$ 4.204
Rapid Transit Operations (RTO) Support Reductions	-	\$.000	89	\$ 5.950	98	\$ 6.492	98	\$ 6.729	98	\$ 6.729
Traffic Checker Productivity Savings	-	\$.198	5	\$ 1.923	5	\$ 2.153	5	\$ 2.153	5	\$ 2.153
Eliminate Revenue Collections Booth Truck Crew	-	\$.000	5	\$.297	5	\$.297	5	\$.297	5	\$.297
Joint Coin/Bill Processing	-	\$.000	6	\$.275	6	\$.275	6	\$.275	6	\$.275
Sub-Total Service Support	-	\$.198	212	\$ 11.964	221	\$ 15.611	221	\$ 15.848	221	\$ 15.848
SUB-TOTAL SERVICE	-	\$.718	1,000	\$ 53.544	2,767	\$ 171.696	2,790	\$ 171.870	2,734	\$ 166.823

MTA New York City Transit
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	
<u>Maintenance:</u>										
Worktrain Train Operator Savings	-	\$,000	9	\$,991	9	\$,991	9	\$,991	9	\$,991
Car Equipment Overtime & Night Differential Reductions	-	\$,000	-	\$,442	-	\$,442	-	\$,442	-	\$,442
Reschedule Car Equipment Facility Roof Repairs	-	\$,000	-	\$,000	-	\$,000	-	\$,000	-	\$,000
Concrete Work Support Reduction	-	\$,000	3	\$,209	3	\$,209	3	\$,209	3	\$,209
Booth Heating Ventilation & Air Conditioning (HVAC) Maintenance Reduction	-	\$,000	27	\$,917	27	\$,917	27	\$,917	27	\$,917
Close Work Train Operations at 207th St. Yard	-	\$,000	15	\$,008	15	\$,008	15	\$,008	15	\$,008
Eliminate Emergency Generator Maintenance Investment	-	\$,000	2	\$,138	2	\$,138	2	\$,138	2	\$,138
Reduce Production Equipment Maintenance	-	\$,000	11	\$,806	11	\$,806	11	\$,806	11	\$,806
Track Geometry Car Thermal Imaging Readings Reduction	-	\$,000	1	\$,070	1	\$,070	1	\$,070	1	\$,070
Track Surfacing Support Reduction	-	\$,000	4	\$,259	4	\$,259	4	\$,259	4	\$,259
Emergency Alarm Maintenance Cycle Extension	-	\$,000	7	\$,439	7	\$,439	7	\$,439	7	\$,439
Increase Bus Shop Maintenance to a 4 Year Cycle	-	\$5,094	49	\$3,642	54	(\$,265)	(132)	(\$27,970)	117	\$22,802
Reduce Amsterdam Annex Quota	-	\$,000	25	\$1,693	25	\$1,693	25	\$1,693	25	\$1,693
Central Maintenance Facility Management/Supervisory Reductions	-	\$,000	11	\$,967	11	\$,967	11	\$,967	11	\$,967
Electronics Maintenance Division Other Than Personal Services (OTPS) Reductions	-	\$,000	-	\$1,050	-	\$1,050	-	\$1,050	-	\$1,050
Reduce Warehousing Costs	-	\$,000	12	\$1,931	12	\$1,931	12	\$1,931	12	\$1,931
Sub-Total Maintenance	-	\$5,094	176	\$16,562	181	\$11,655	(5)	(\$16,050)	244	\$34,722
<u>Other:</u>										
Office of System Safety Savings Plan	-	\$,000	5	\$,412	5	\$,412	5	\$,412	5	\$,412
Reduce Contracted Security Services at New Revenue Facility	-	\$,000	-	\$,317	-	\$,317	-	\$,317	-	\$,317
Sub-Total Other	-	\$,000	5	\$,729	5	\$,729	5	\$,729	5	\$,729
Total PEGS	54	\$16,502	2,085	\$124,254	3,873	\$256,385	3,710	\$229,020	3,903	\$274,745
<i>Unspecified Reductions</i>	-	\$,000	-	\$,000	-	\$,000	-	\$5,418	-	\$14,204
Total Reductions	54	\$16,502	2,085	\$124,254	3,873	\$256,385	3,710	\$234,438	3,903	\$288,949

¹ Reflects the impact of amendments on year-end positions.

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**MTA New York City Transit
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Administration
Program: Subways Senior Vice President - Administrative Reductions

Background Details:	In 2004, the Senior Vice President's Office had 40 non-reimbursable positions in the Administration and Finance unit, including 21 Professional, Technical and Engineering positions.
----------------------------	---

PEG Description/Implementation Plan:	This proposal eliminates two analyst positions from Administration and Finance. One position was assigned to the Unified Timekeeping System (UTS) project to install, train and support end-users of UTS (an automated timekeeping, pick, crew and local personnel management system. The second position was assigned to Financial Control. There will be no impact as a result of this reduction.		
PEG Implementation Date:	1/1/2005	When will PEG savings begin?:	1/1/2005

Financial Impact (Operating)

Net Savings (in millions)

2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
\$0.000	\$0.165	\$0.165	\$0.165	\$0.165

Total Reduction in Positions Required

Current Vacancies

0	2	2	2	2
4	4	4	4	4

Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other (Identify Appropriate Indicator):

**MTA New York City Transit
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Administration
Program: Perform Fewer Track Gap Measurements

Background Details:	Gap measurements are performed by engineering personnel in order to ensure that spaces between cars and platform edges are within specified limits. Currently gap measurements are taken every two years. This work is currently performed on overtime.
----------------------------	---

PEG Description/Implementation Plan:	With this proposal, gap measurements will be performed only when there is either a change to the track configuration or platform, or as a result of a specific safety concern. No adverse impact is anticipated.
---	--

PEG Implementation Date:	1/1/2005	When will PEG savings begin?:	1/1/2005
---------------------------------	----------	--------------------------------------	----------

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.162	\$0.162	\$0.162	\$0.162
Total Reduction in Positions Required	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 New York City Transit
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Administration
Program: Maintenance of Way (MOW) - Administrative Reductions

Background Details:	MOW Administration provides support for the divisions of track, infrastructure, electrical, and electronics maintenance. In 2004, there were a total of 103 non-reimbursable positions. Elimination of 16 positions represents a 16% reduction.
----------------------------	---

PEG Description/Implementation Plan:	MOW Administration will reduce 16 non-reimbursable positions from its staffing level. The reductions includes positions transferred as part of the Technology and Information Systems /Metro Card Operations reorganization, as well as existing positions from Administration and Personnel, Finance, Safety and the MOW Operations Center.		
PEG Implementation Date:	1/1/2005	When will PEG savings begin?:	1/1/2005

Financial Impact (Operating)
Net Savings (in millions)

2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
\$0.000	\$1.365	\$1.365	\$1.365	\$1.365

Total Reduction in Positions Required

0 16 16 16 16

Current Vacancies

16 16 16 16 16

Impact on Operations:

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

Other (Identify Appropriate Indicator):

**MTA New York City Transit
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Administration
Program: Car Equipment Operations Support Reduction

Background Details:	Operation Support positions in Car Equipment perform central and field office administrative work, as well as engineering and quality assurance functions.
----------------------------	--

PEG Description/Implementation Plan:	This proposal will reduce 14 support positions from various areas within Car Equipment.		
PEG Implementation Date:	1-Jan-05	When will PEG savings begin?:	1-Jan-05

Financial Impact (Operating)

Net Savings (in millions)

2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
\$0.000	\$1.008	\$1.008	\$1.008	\$1.008

Total Reduction in Positions Required

0 14 14 14 14

Current Vacancies

3 3 3 3 3

Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other (Identify Appropriate Indicator):

**MTA New York City Transit
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Administration
Program: Elevator and Escalator Personnel Reduction

Background Details:	The positions are responsible for the planning and scheduling functions for the Elevator & Escalator and Hydraulics Sub-divisions in Infrastructure.
----------------------------	--

PEG Description/Implementation Plan:	This proposal will eliminate 2 hourly Elevator & Escalator (1 day/1 night) and 1 Professional Technical; 3 hourly Hydraulics positions (1 position per shift) for planning and scheduling. These functions will be absorbed by field supervision.		
PEG Implementation Date:	1/1/2005	When will PEG savings begin?:	1/1/2005

Financial Impact (Operating)

Net Savings (in millions)

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
Net Savings (in millions)	\$0.000	\$0.433	\$0.433	\$0.433	\$0.433

Total Reduction in Positions Required

0 6 6 6 6

Current Vacancies

7 7 7 7 7

Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other (Identify Appropriate Indicator):

**MTA New York City Transit
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Administration
Program: Electro-Mechanical Personnel Reduction

Background Details: The clerical positions perform general office functions (answering telephones, filing, etc.). The cleaner is a dedicated position to perform the cleaning duties at Sands Street.

PEG Description/Implementation Plan: This proposal will eliminate 2 clerical positions in Engineering and Technical Field Support and Hydraulics, and the cleaner at Sands Street. The clerical work will be absorbed by remaining personnel and the cleaning duties will be performed other cleaners not dedicated to Sands Street.

PEG Implementation Date: 1/1/2005 **When will PEG savings begin?:** 1/1/2005

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.151	\$0.151	\$0.151	\$0.151
Total Reduction in Positions Required	0	3	3	3	3
Current Vacancies	(2)	(2)	(2)	(2)	(2)
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Administration
Program: Infrastructure Capital Construction Reduction

Background Details:	The Infrastructure Capital Construction (ICC) Sub-division performs in-house construction including but not limited to station rehabilitation projects. Although the workforce performing this work is reimbursable, the management oversight is non-reimbursable, since by accounting convention, it is captured in the overhead rate. There are currently 12 non-reimbursable field superintendents in ICC.
----------------------------	---

PEG Description/Implementation Plan:	This proposal will eliminate 1 of the 12 field superintendent positions in Infrastructure's Capital Construction unit. Work will be reassigned among the remaining managerial personnel.		
PEG Implementation Date:	1/1/2005	When will PEG savings begin?:	1/1/2005

Financial Impact (Operating)

Net Savings (in millions)

2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
\$0.000	\$0.114	\$0.114	\$0.114	\$0.114

Total Reduction in Positions Required

0	1	1	1	1
---	---	---	---	---

Current Vacancies

3	3	3	3	3
---	---	---	---	---

Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other (Identify Appropriate Indicator):

**MTA New York City Transit
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Administration
Program: Infrastructure Replace Hourlies with Clericals

Background Details:	These positions are assigned to office functions in Infrastructure's Elevator & Escalator and Hydraulics sections. They perform timekeeping, answer telephones and receive trouble calls for electro-mechanical equipment at locations city-wide.
----------------------------	---

PEG Description/Implementation Plan:	This proposal will replace 3 hourly positions assigned to office functions in Infrastructure's Elevator & Escalator and Hydraulics subdivisions with 3 clerical positions. The hourly incumbents will be reassigned to field duties.
---	--

PEG Implementation Date:	1/1/2005	When will PEG savings begin?:	1/1/2005
---------------------------------	----------	--------------------------------------	----------

Financial Impact (Operating)
Net Savings (in millions)

2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
\$0.000	\$0.068	\$0.068	\$0.068	\$0.068

Total Reduction in Positions Required

0 0 0 0 0

Current Vacancies

3 3 3 3 3

Impact on Operations:
Ridership Per Week (in thousands)
Mean Distance Between Failure
On-Time Performance

Other (Identify Appropriate Indicator):

**MTA New York City Transit
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Administration
Program: Signals - 2 Position Reduction

Background Details:	Superintendents are assigned various geographical areas throughout the system on a 24-hour, 7-day per week basis. These managers augment various trouble responses. In addition, they monitor the daily activities of their assigned personnel engaged in maintenance, testing and inspection of signal devices on the trackway.
----------------------------	--

PEG Description/Implementation Plan:	This proposal will increase the managerial span of control within Signals.		
PEG Implementation Date:	1/1/2005	When will PEG savings begin?:	1/1/2005

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.228	\$0.228	\$0.228	\$0.228
Total Reduction in Positions Required	0	2	2	2	2
Current Vacancies	(1)	(1)	(1)	(1)	(1)
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Administration
Program: Modify Apprenticeship Program

Background Details:	This PEG assumes that the Apprentice Program will be modified such that new apprentice classes are reduced by 50% from the contractual level and limited to current incumbents only.
----------------------------	--

PEG Description/Implementation Plan:	Beginning with the July 2004 apprentice class, limit the class and subsequent classes to 50% of the contractual level and include current employees only.		
PEG Implementation Date:	7/1/2004	When will PEG savings begin?:	7/1/2004

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.975	\$2.437	\$2.862	\$3.076	\$3.076
Total Reduction in Positions Required	45	60	74	74	74
Current Vacancies	(6)	(6)	(6)	(6)	(6)
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Administration
Program: Buses Administrative Support Reductions

Background Details:	Reduces administrative support positions.
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PEG Description/Implementation Plan:	Eliminates 21 administrative support positions in the offices of Senior Vice President, Industrial Standards, Facilities, Transportation, Training and Operations Support.		
PEG Implementation Date:	1/1/2005	When will PEG savings begin?:	1/1/2005

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008	
<i>Financial Impact (Operating)</i>						
Net Savings (in millions)	\$0.000	\$1.900	\$1.900	\$1.900	\$1.900	
Total Reduction in Positions Required						
	0	21	21	21	21	
Current Vacancies	0	(3)	(3)	(3)	(3)	(3)
<i>Impact on Operations:</i>						
Ridership Per Week (in thousands)						
Mean Distance Between Failure						
On-Time Performance						
Other (Identify Appropriate Indicator):						

**MTA New York City Transit
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Administration
Program: Buses Depot Superintendent Reductions

Background Details:	Each Borough will eliminate one general superintendent with the exception of Staten Island. Each depot has one general superintendent with administrative responsibilities.
----------------------------	---

PEG Description/Implementation Plan:	Beginning in February 2005, four superintendents located at the four smallest depots will be eliminated.		
PEG Implementation Date:	2/1/2005	When will PEG savings begin?:	2/1/2005

Financial Impact (Operating)

Net Savings (in millions)

2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
\$0.000	\$0.426	\$0.464	\$0.464	\$0.464

Total Reduction in Positions Required

Current Vacancies

0	4	4	4	4
(6)	(6)	(6)	(6)	(6)

Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other (Identify Appropriate Indicator):

**MTA New York City Transit
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Administration
Program: Reduce Outside Counsel Fees

Background Details:	Reduce outside counsel costs by staffing to budgeted levels for attorneys and increasing staff by hiring four new positions (3 attorneys and 1 administrative associate).
----------------------------	---

PEG Description/Implementation Plan:	Positions scheduled to be filled effective January 2005 with the resulting savings spread over the remainder of the year.		
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
Net Savings (in millions)	\$0.000	\$0.891	\$0.891	\$0.891	\$0.891

Total Addition in Positions Required

Current Vacancies

Total Addition in Positions Required	0	(4)	(4)	(4)	(4)
Current Vacancies	1	1	1	1	1

Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other (Identify Appropriate Indicator):

**MTA New York City Transit
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Administration
Program: Reduce Law Staff

Background Details:	Reduce operating cost by reducing staff size (4 full time and 5 part time positions). In addition, overtime will be reduced.
----------------------------	--

PEG Description/Implementation Plan:	Excluding the reduction of the summer intern position (May and June of 2004), all other position reductions (4 full time and 5 part time Hearing Referees) will be effective as of January 2005. The full time positions are shown below. Unscheduled overtime will also be reduced beginning in January 2005.		
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	\$0.456	\$0.452	\$0.452	\$0.452
Total Reduction in Positions Required	0	4	4	4	4
Current Vacancies	5	5	5	5	5
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Administration
Program: Reduce Law Other Than Personal Service & Other Expenses

Background Details:	Reduce operating expenses by discontinuing the use of outside professional services in the processing of medical exams, witness statements, note of issue reviews and summary of judgment notices. These functions will now be processed using in-house resources or contracting for consultants at lower rates. Operating cost will also be reduced by using computerized legal research programs as opposed to hardcopy services and discontinuing the storage of files on CD's. Additionally, NYCT is actively seeking the recovery of claims paid via No-Fault provisions from other parties.
----------------------------	---

PEG Description/Implementation Plan:	All initiatives are effective as of January 2005. The reduction of library costs in a one time savings measure (2005 only).			
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	\$1.535	\$1.485	\$1.485	\$1.485
Total Reduction in Positions Required	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 New York City Transit
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Administration
Program: Reduce Office of the Executive Vice President's Staff

Background Details:	Reduce staff (clerical and managerial) within the Executive Vice-President's Office and reduce miscellaneous Other Than Personal Services to correspond with prior year's actual expenditures.
----------------------------	--

PEG Description/Implementation Plan:	The clerical quota reduction takes effect as of January 2004. The managerial and Other Than Personal Service (OTPS) reductions are effective January 2005.
---	--

PEG Implementation Date:	Jan-04	When will PEG savings begin?:	Jan-04
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Financial Impact (Operating)

Net Savings (in millions)

2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
\$0.071	\$0.390	\$0.390	\$0.390	\$0.390

Total Reduction in Positions Required

1	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 New York City Transit
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Administration
Program: Phase out Tuition Reimbursement Program

Background Details:	In the past few years the tuition reimbursement costs have escalated due to greater participation. In order to meet savings targets, Human Resources proposes to phase out the program entirely.
----------------------------	--

PEG Description/Implementation Plan:	The elimination of this program is set to begin January 2005 and completed by EOY 2005.		
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	\$0.363	\$0.666	\$0.666	\$0.666

Total Reduction in Positions Required

0 1 1 1 1

Current Vacancies

(3) (3) (3) (3) (3)

Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other (Identify Appropriate Indicator):

**MTA New York City Transit
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Administration
Program: Eliminate Training Staff - Apprenticeship Program

Background Details:	Instructor positions may be eliminated as new apprentices will not be hired.
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PEG Description/Implementation Plan:	New apprentices were anticipated to start July 1, 2004. These apprentices will not be hired.		
PEG Implementation Date:	Jul-04	When will PEG savings begin?:	Jul-04

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.259	\$0.616	\$0.711	\$0.759	\$0.759
 Total Reduction in Positions Required	6	7	8	8	8
 Current Vacancies	(1)	(1)	(1)	(1)	(1)
 <i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Administration
Program: Reduce Human Resources Positions & Other Than Personal Services

Background Details:	Reduce various Human Resources quota to meet savings target. Areas impacted include the elimination of the High School Intern Program and the elimination of the in-house production of training videos. Instead of producing training videos, vendor materials will be used. OTPS savings include reductions in outside training costs, civil service exam advertising fees, and background investigation fees.
----------------------------	--

PEG Description/Implementation Plan:	All reductions will begin January 2005 except for the elimination of an Administrative Manager that will begin in January 2006.		
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	\$0.581	\$0.694	\$0.694	\$0.694
 Total Reduction in Positions Required	0	7	8	8	8
 Current Vacancies	(7)	(7)	(7)	(7)	(7)
 <i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
 Other (Identify Appropriate Indicator):					

**MTA New York City Transit
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Administration
Program: Token Scrap Revenue

Background Details:	Scrap revenue from obsolete subway tokens.
----------------------------	--

PEG Description/Implementation Plan:	One time scrap revenue credit of \$500,000 for obsolete tokens.		
PEG Implementation Date:	Jan-04	When will PEG savings begin?:	Jan-04

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.500	\$0.000	\$0.000	\$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 New York City Transit
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Administration
Program: Reduce Office of Management and Budget Staff

Background Details:	Reduce Office of Management and Budget Staff and maintain vacancies to meet savings target.
----------------------------	---

PEG Description/Implementation Plan:	One Manager's position will be reduced effective 2004, and hiring will be delayed for additional 2004 savings.		
PEG Implementation Date:	Jan-04	When will PEG savings begin?:	Jan-04

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.213	\$0.123	\$0.123	\$0.123	\$0.123
Total Reduction in Positions Required	1	1	1	1	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 New York City Transit
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Administration

Program: Marketing, Administration and Other Savings

Background Details:	Eliminate quota vacancies in Marketing and Public Affairs, reduce Other Than Personal Services costs in Marketing, eliminate funding for the MTA General Advertising account, for specialty MetroCards and for outside temporary services used to process Metro Card claims. Increase the expected amount of revenue for programs such as Metro Card promotions, Co-Op Program and Poetry-in-Motion. Additionally, chargeback the MTA for all printing, bindery and mailing expenses incurred by Marketing in support of the Transit Museum.
----------------------------	--

PEG Description/Implementation Plan:	Budget reductions and increased revenue streams will start January 2005.			
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	\$1.979	\$1.979	\$1.979	\$1.979
Total Reduction in Positions Required	0	4	4	4	4
Current Vacancies	4	4	4	4	4
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Administration

Program: Reduce Technology and Information Systems Staffing

Background Details:	This program reduces a total of 23 positions starting in 2005, in a variety of areas: 1 in Internet Resources; 3 in Internal Controls; 5 in Applications; 7 in Administration; and 7 in Computing Service and Support. In addition, Technology and Information Systems is reducing approximately \$300,000 annually in overtime and night
----------------------------	---

PEG Description/Implementation Plan:	Position reduction is effective starting January 2005. Overtime and night differential savings begin in mid-2004				
PEG Implementation Date:	mid-2004	When will PEG savings begin?: mid-2004			

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008	
<i>Financial Impact (Operating)</i>						
Net Savings (in millions)	\$0.262	\$2.509	\$2.507	\$2.506	\$2.507	\$2.508

Total Reduction in Positions Required	0	23	23	23	23	
Current Vacancies	(15)	(15)	(15)	(15)	(15)	(15)

Impact on Operations:

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

Other (Identify Appropriate Indicator):

**MTA New York City Transit
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Administration

Program: Technology and Information Systems Efficiency/Productivity Savings

Background Details:	Investment of one position will result in savings regarding the Automated Fare Control Area Controller Maintenance. In addition, maintenance of SAS Software maintenance will be done by in-house staff; frequency of disaster recovery drills will be reduced from four times per year to two; and mainframe costs will be reduced as a result of decreased code inefficiencies.
----------------------------	---

PEG Description/Implementation Plan:	Mid-2004			
PEG Implementation Date:	Jul-04	When will PEG savings begin?:	Jul-04	

Financial Impact (Operating)

Net Savings (in millions)

2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
\$0.262	\$0.680	\$0.680	\$0.680	\$0.680

Total Addition in Positions Required

0 (1) (1) (1) (1)

Current Vacancies

8 8 8 8 8

Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other (Identify Appropriate Indicator):

**MTA New York City Transit
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Administration
Program: Electronics Maintenance Division Span of Control Savings

Background Details:	As a result of the Technology and Information Systems / MetroCard Operations reorganization and consolidation of similar titles and functions, considerable savings can be achieved.
----------------------------	--

PEG Description/Implementation Plan:	Consolidating Electronics Maintenance Division units will enable span of control savings (management and supervision) and eliminate duplication of administrative and support functions in all divisions.		
PEG Implementation Date:	1/1/2005	When will PEG savings begin?:	1/1/2005

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$2.630	\$2.630	\$2.630	\$2.630
Total Reduction in Positions Required	0	28	28	28	28
Current Vacancies	8	8	8	8	8
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Administration
Program: Reduce Automated Fare Control Back-Office Staff

Background Details:	Reduce Automated Fare Control back office staff at 34th Street as a result of the reorganization producing greater efficiencies.
----------------------------	--

PEG Description/Implementation Plan:	Reduce 3 positions by combining functions.		
PEG Implementation Date:	1/1/2005	When will PEG savings begin?:	1/1/2005

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.257	\$0.257	\$0.257	\$0.257
Total Reduction in Positions Required	0	3	3	3	3
Current Vacancies	3	3	3	3	3
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Administration

Program: Fringe Benefits Reforecast -- Health and Welfare Management Actions

Background Details:	This program represents savings in health and welfare costs due to actions taken by the Employee Benefits office since NYCT's assumption of responsibility for administering the plan in July 2003. The savings are primarily due to removal of ineligible employees, retirees, and dependents who were being carried as eligible by HIP and GHI. Total covered lives at the two carriers were reduced by 4,040 (7.1%) between February and August 2003.
----------------------------	--

PEG Description/Implementation Plan:	The PEG was largely implemented during the course of 2003.		
PEG Implementation Date:	1/1/2004	When will PEG savings begin?:	1/1/2004

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$11.800	\$11.800	\$11.800	\$11.800	\$11.800
Total Reduction in Positions Required	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 New York City Transit
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category:

Administration

Program:

Reduce Normal Replacement Costs of Data Processing Equipment

Background Details:

Reduce normal replacement costs for data processing equipment by \$3.5 million in 2005 only by extending the replacement cycle from 5 to 6 years on eligible equipment. Equipment would be replaced only on an emergency basis during 2005.

PEG Description/Implementation Plan:

Effective starting January 2005.

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

\$3.518

\$0.000

\$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 New York City Transit
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Administration
Program: Reduce Employee Recognition Program Positions

Background Details:	Reduce the Employee Recognition Program (ERP) by 70%. ERP will continue to administer four core programs: The 20, 25 & 30 Exemplary Years of Service, Safe Driving, Managerial Awards and Medals of Excellence. The following seven programs will be eliminated: Safe Driving Depot Recognition, 10 & 15 Year Exemplary Years of Service, 10 & 15 Year Safe Driving, Employee Appreciation Week, 35+ Years of Service, Chaplain's Luncheon and Unit Citation and Achievement Award.
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PEG Description/Implementation Plan: Effective starting January 2005.	
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	\$0.447	\$0.447	\$0.447	\$0.447
Total Reduction in Positions Required	0	5	5	5	5
Current Vacancies	(6)	(6)	(6)	(6)	(6)
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Administration
Program: Warehouse Inventory Cycle Count Savings

Background Details:	Savings based on the following 3 items: (1) NYCT will assume some of the reports previously done by the vendor. (2) Reduce the number of vendor representatives actually performing cycle counts by 2 at various warehouse locations. (3) Reduce the number of inventory cycle counts from a range of 6-7 times per year to 4-5 times per year at the various warehouse locations. Counters are employed by New York State Industries for the Disabled.
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PEG Description/Implementation Plan:	Jul-04		
PEG Implementation Date:	Jul-04	When will PEG savings begin?:	Jul-04

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.100	\$0.150	\$0.150	\$0.150	\$0.150
Total Reduction in Positions Required	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 New York City Transit
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Administration
Program: Reduce Materiel Positions and Other Than Personal Services

Background Details:	Reduce 11 positions (1 Managerial, 7 Professional Technical and 3 Admin/Clericals) in a variety of areas: solicitation management, vendor relations, logistics and procurement. Reduce Other Than Personal Services in various areas including: reduce the cost of bid advertising by changing from the New York Post to the New York Observer and by posting the Addenda on NYCT's website instead of using overnight mail, reduce the number of construction/demolition disposals by substituting vendor roll-off service at Truxton transfer station, and increase the revenue generated from the sale of bid packages to potential vendors.
----------------------------	--

PEG Description/Implementation Plan:	One clerical position quota would be eliminated effective July 2004 along with \$219K in Other Than Personal Services, all other reductions are effective January 2005.		
PEG Implementation Date:	Jul-04	When will PEG savings begin?:	Jul-04

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.248	\$1.132	\$1.132	\$1.132	\$1.132
Total Reduction in Positions Required	1	11	11	11	11
Current Vacancies	(5)	(5)	(5)	(5)	(5)
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Administration
Program: Reduce Controller's Staff and Overtime

Background Details:	Reduce Controller's staff by 5 positions and reduce overtime in all sections.
----------------------------	---

PEG Description/Implementation Plan:			
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	\$0.502	\$0.502	\$0.502	\$0.502
Total Reduction in Positions Required	0	5	5	5	5
Current Vacancies	1	1	1	1	1
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Administration
Program: Paratransit Administration Reduction

Background Details:	Eliminate provision for administrative staff increase (8 quota). The provision reflected an increase in staff to provide administrative support commensurate with projected increases in Access-A-Ride service levels. Operating efficiencies eliminate the need for increased staff.
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PEG Description/Implementation Plan:			
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	\$0.653	\$0.653	\$0.653	\$0.653
Total Reduction in Positions Required	0	8	8	8	8
Current Vacancies	0	8	8	8	8
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Customer Convenience & Amenities
Program: Work Experience Program Consolidation

Background Details: The Work Experience Program (WEP) began in 1999 with the expectation of receiving 1,000 WEP's from the City -- 500 in Department of Car Equipment (DCE) and 500 in Stations. These positions were assigned to augment subway car and station cleaning. At that time 58 positions were budgeted (Senior Vice President - 11 positions, DCE - 23 positions, Stations - 24 positions) to administer, coordinate and oversee the WEP program. This program never lived up to its potential because the City was never able to supply the Authority with 1,000 WEP's weekly; in March 2004, the program had less than 400 participants. Consequently, WEP program support has already been downsized by 50% to more closely reflect the size of the program. Positions have been eliminated as follows: in 2000 (-2 positions), 2001 (-1 position) 2002 (-18 positions), 2003 (-1 position) and 2004 (- 7 positions). An additional 9 positions will be eliminated in 2005, to continue the Authority's effort of sizing the WEP program more closely with the actual number of WEP's received from the City.

PEG Description/Implementation Plan: This proposal consolidates the number of locations from which the WEP program participants will be deployed. As a result there is reduction of 9 of the remaining 29 WEP support positions; in DCE -- 5 positions and \$97k in Material & Supplies; and in Stations -- 4 positions and \$65k in Material & Supplies. This proposal assumes retention of 40 Lead Cleaners, payroll savings reflect reduced Lead Cleaner premiums of \$166k in DCE and \$183k in Stations. Note: Although when the program originated the stations component was budgeted in the Stations Division, it has since been transferred to Service Delivery Operations Support, and this is where the 2005 reduction will be made.

PEG Implementation Date: 1/1/2005 **When will PEG savings begin?:** 1/1/2005

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$1.287	\$1.287	\$1.287	\$1.287
Total Reduction in Positions Required	0	9	9	9	9
Current Vacancies	(7)	(7)	(7)	(7)	(7)
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Customer Convenience & Amenities

Program: Eliminate Cleaner Vacancies

Background Details:	There are currently 1,210 cleaners budgeted in the Division of Car Equipment. Prior budget initiatives included savings by maintaining the vacancies generated by attrition. As of March 2004, there are 79 vacancies and by the end of 2004, it is projected that there will be 106 vacancies. The current budget for 2005 assumed continued attrition of 3.0 per month, offset by the hiring of 6 positions per month.
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PEG Description/Implementation Plan:	This proposal will maintain the vacancy level at the end of 2004, estimated to be 106 positions, and is revised to include hiring of 3 per month, intended only to replace 2005 vacancies created through attrition.			
PEG Implementation Date:	1/1/2005	When will PEG savings begin?:	1/1/2005	

Financial Impact (Operating)

Net Savings (in millions)

2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
\$0.000	\$1.247	\$1.247	\$1.151	\$1.151

Total Reduction in Positions Required

0 0 0 0 0

Current Vacancies

Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other (Identify Appropriate Indicator):

**MTA New York City Transit
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Customer Convenience & Amenities
Program: Reduce Station Operations Support Unit

Background Details:	It's the policy of MTA New York City Transit to provide customers with timely and accurate information regarding service changes. In support of this principle and to centralize responsibility for posting, tracking, replacing and removing service notices and brochures in stations, this function will be transferred from Division of Stations to the Division of Operation Planning General Order Support unit effective May 17, 2004.
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PEG Description/Implementation Plan:	This program will commence as a pilot program no later than April 18, 2004. District #3, in the Division of Stations, will be the pilot location. The District consists of 86 stations divided into 10 zones throughout Manhattan and Brooklyn. If the pilot period is successful (after a minimum of 30 days), the program will be expanded to additional districts.		
PEG Implementation Date:	1/1/2005	When will PEG savings begin?:	1/1/2005

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.155	\$0.155	\$0.155	\$0.155
Total Reduction in Positions Required	0	2	2	2	2
Current Vacancies	(24)	(24)	(24)	(24)	(24)
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Customer Convenience & Amenities

Program: Station Automation Plan

Background Details:	The changes in booth operations are part of NYC Transit's ongoing effort to modernize the way we do business in order to operate more efficiently and better serve our customers. In particular, the changes are an outgrowth of the introduction of Automated Fare Collection (AFC) in 1994. With the installation of MetroCard activated High Entry/Exit Turnstiles (HEETs), NYCT has provided increased means of entry to the system. As expected, the success of MetroCard and advent of MetroCard Vending Machines and HEETs offer many opportunities to make station booth operations more efficient and cost-effective.
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PEG Description/Implementation Plan:	This proposal incorporates plans to automate 49 full-time booths proposed in the 2003 public hearings, and all remaining 115 part-time booths, commencing April 2005. Station Agent positions will be reduced at the rate of 67 per month, with the final 64 positions eliminated in December. This will also allow for a reduction of 4 Managerial and 16 Supervisory positions. The operating assumption is that there will be one booth open at all station complexes and the booths selected for closure had the lowest registrations at these locations. Talk back units similar to those installed at the 62 part time booths closed in 2003 and early 2004 will be installed at these locations. These will transmit to the full-time booth and to the Station Command Center. Where required CCTV cameras will be installed and will be digitally recorded and transmitted to the full-time booth. Emergency gates will be equipped for access by NYPD and FDNY. In addition, if the Station Customer Assistance pilot program proves successful, it will be expanded. This program redeploys Station Agents outside the booth, with the ability to move around the station while remaining in contact by radio and portable transmitter. Station Automation Plan savings are initially offset in part by implementation costs (beginning in 2004).
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PEG Implementation Date: 4/1/2005 **When will PEG savings begin?:** 4/1/2005

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	(\$4.000)	\$8.301	\$29.455	\$29.455	\$29.455

Total Reduction in Positions Required	0	620	620	620	620
Current Vacancies	9	9	9	9	9

Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other (Identify Appropriate Indicator):

**MTA New York City Transit
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Customer Convenience & Amenities

Program: Reduce Training Float in Stations

Background Details:	Stations training float provides backfill resources for Station Agents in training. The requirement fluctuates with hiring needs.
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PEG Description/Implementation Plan:	In conjunction with the proposal to eliminate 600 Station Agent positions starting in April 2005, NYCT will be in full attrition mode and without hiring required, savings can be attained through elimination of the training float allocation.			
PEG Implementation Date:	1/1/2005	When will PEG savings begin?:	1/1/2005	

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.652	\$0.652	\$0.652	\$0.652
Total Reduction in Positions Required	0	11	11	11	11
Current Vacancies	(8)		(8)	(8)	(8)
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Customer Convenience & Amenities

Program: Depot Cleaner Reductions

Background Details:	Depot cleaners perform a variety of functions including washing and sweeping of buses, removing graffiti on buses, as well as other facility cleaning functions. The 2004 Budget includes 474 cleaners at 18 depots and two shops.
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PEG Description/Implementation Plan:	This program eliminates one cleaner from each of the 18 depots as well as one from each of the two shops leaving Department of Buses with 454 cleaners.			
PEG Implementation Date:	1/1/2005	When will PEG savings begin?:	1/1/2005	

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$1.134	\$1.134	\$1.134	\$1.134
Total Reduction in Positions Required	0	20	20	20	20
Current Vacancies	20	20	20	20	20
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Customer Convenience & Amenities
Program: Encode Time and Value on MetroCards

Background Details:	Current policy dictates that value-based cards may be reused only for value-based transactions; while time-based cards may not be reused. This program will allow both time-based and value based transactions on the same card.
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PEG Description/Implementation Plan:	Implementation of policy change will result in reduced encoding and card stock costs and one position savings. Customer Service assistance is required to educate customers of policy change and may result in increased Customer Service claims.			
PEG Implementation Date:	1/1/2005	When will PEG savings begin?:	6/1/2005	

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.376	\$0.706	\$0.706	\$0.706
Total Reduction in Positions Required	0	1	1	1	1
Current Vacancies	5	5	5	5	5
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Customer Convenience & Amenities
Program: Reduce/Eliminate Customer Service Programs

Background Details:	Eliminate delay verification for customers and eliminate Customer Service representatives at Metro North's Grand Central Station Information Booth. Reduce the weekday operating hours of the Metro Card telephone information line from 16 hours to 8 hours per day and reduce the operating hours of the Travel Information Center by one hour from 6am to 10pm to 6am to 9pm.
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PEG Description/Implementation Plan:	Reductions are scheduled to be implemented January 2005.			
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	\$0.598	\$0.598	\$0.598	\$0.598
Total Reduction in Positions Required	0	8	8	8	8
Current Vacancies	10	10	10	10	10
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Direct Service
Program: Subway Service Plan G Line to Court Square 24x7

Background Details:	Currently, the G-line operates from Smith/9th Streets in Brooklyn to Court Square, Queens during the rush-hours and midday. During the evening/late night and weekends the G-line operates from Smith/9th Streets to Forest Hills - 71 st Ave., Queens. Reducing the length of the G Line will reduce the number of car miles operated annually.			
PEG Description/Implementation Plan:	This proposal would short-line the G-line, terminating at Court Square at all times, eliminating weekend and evening/late night service between Court Square and Forest Hills - 71 st Ave. Passengers for local stations could use the "R" "weekday evenings and weekends, and the "E" late nights. In 2005, this will result in a reduction of 5 train crews, approximately \$0.2 million savings in car maintenance and savings of \$0.2 million in traction power consumption; annualized savings are slightly higher. With reduced service, a loss of revenue is anticipated, partially offsetting planned savings.			
PEG Implementation Date:	20-Feb-05	When will PEG savings begin?:	20-Feb-05	

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$1.029	\$1.211	\$1.211	\$1.211
Total Reduction in Positions Required	0	12	12	12	12
Current Vacancies	(217)	(217)	(217)	(217)	(217)
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)		(1)	(1)	(1)	(1)
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Service Direct
Program: Bus Service Plan - Guideline Based Adjustments

Background Details:	This proposal makes adjustments to existing service to meet NYCT Transit service guidelines.
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PEG Description/Implementation Plan:	Beginning in February 2005, adjustments to service will be made to comply with NYCT adopted service guidelines. These are routine adjustments to the system that are made each year. This program reduces maintenance requirements based on reductions in vehicle miles, vehicle hours, and peak bus requirements. Related bus fuel savings are also included.			
PEG Implementation Date:	1-Feb-05	When will PEG savings begin?:	1-Feb-05	

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$2.273	\$2.481	\$2.481	\$2.481
Total Reduction in Positions Required	0	23	23	23	23
Current Vacancies	(4)	(4)	(4)	(4)	(4)
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Service Direct
Program: Bus Service Plan - 100% Off-Peak Seated Load

Background Details:	Change off-peak bus guideline to allow 100% of a seated load in 2005 and 125% of a seated load in 2006. Upon implementation of the 100% seated load proposal, service will be scheduled so that on average at the point where ridership is highest in the peak direction, all seats will be occupied with no standees. Upon implementation of the 125% seated load proposal, service will be scheduled so that on average at the point where ridership is highest in the peak direction, all seats will be occupied with nine standees per standard bus and 14 standees per articulated bus.
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PEG Description/Implementation Plan:	Beginning in February 2005, off peak loading guidelines will be changed to 100% of a seated load. Beginning in 2006, off peak loading guidelines will be changed to 125% of a seated load. At 100% of a seated load, the average off-peak customer load at the busiest point is estimated to increase from approximately 28 to 33 passengers on a standard bus, and the average frequency is estimated to increase by approximately 2 to 3 minutes. On an incremental basis from 100% to 125%, the average off-peak customer load at the busiest point is estimated to increase from approximately 33 to 40 passengers on a standard bus, and the average frequency is estimated to increase by approximately 1 to 2 minutes. This program reduces bus operator, as well as, maintenance requirements based on reductions in vehicle miles, vehicle hours, and peak bus requirements. Related bus fuel savings are also included with reduced service.		
PEG Implementation Date:	2/1/2005	When will PEG savings begin?:	2/1/2005

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$38.415	\$73.475	\$73.475	\$73.475
Total Reduction in Positions Required	0	647	1094	1094	1094
Current Vacancies	41	41	41	41	41
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)		(215)	(400)	(400)	(400)
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Service Direct
Program: Bus Service Plan - Average Rate and Availability Offset

Background Details:	The reduction of bus operators due to proposed service changes results in higher average pay rates for the remaining operators since those with less seniority are removed first. Similarly, the remaining more senior bus operators are entitled to more vacation time, or less available time for work, requiring additional staffing to provide coverage. These additional costs are offsets to the savings from the proposed 2005 and 2006 service plans.
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PEG Description/Implementation Plan:			
PEG Implementation Date:	2/1/2005	When will PEG savings begin?:	2/1/2005

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	(\$13.573)	(\$25.443)	(\$25.443)	(\$25.443)
Total Reduction in Positions Required	0	(28)	(86)	(86)	(86)
Current Vacancies	(4)	(4)	(4)	(4)	(4)
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Service Spinoff
Program: Training Float - Rapid Transit Operations

Background Details:	Rapid Transit Operation's (RTO) training float provides backfill resources for supervisory and hourly positions in training. The requirement fluctuates with hiring needs.
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PEG Description/Implementation Plan:	RTO is reducing its induction training float (for new hires) as a result of the Subway Service Reduction. Fewer train crews and support operations staff are required if reduced service plans are implemented.		
PEG Implementation Date:	1/1/2005	When will PEG savings begin?:	1/1/2005

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$5.031	\$1.841	\$0.122	\$0.122
Total Reduction in Positions Required	0	27	2	2	2
Current Vacancies	(87)	(87)	(87)	(87)	(87)
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Service Spinoff
Program: Bus Dispatcher Reductions

Background Details: There are two types of dispatcher activities, road operations and depot based support service functions. Road dispatchers have fixed and mobile posts. At fixed posts dispatchers are responsible for keeping buses moving (short turning, detouring, etc.) at key intersecting points while service dispatchers are assigned to the depots to perform administrative and timekeeping duties, shifter supervision, Human Resources duties related to bus operators, bus assignments and overall supervision of bus operators.

PEG Description/Implementation Plan: As a result of service reductions, beginning in February 2005, 24 dispatcher positions will be eliminated. This reduction will increase to 71 dispatchers in 2006. Road dispatchers' AM and PM posts will be combined providing coverage for primarily PM peak; various fixed and mobile dispatchers will be eliminated; some relief and extra positions will be eliminated. Some depot based dispatcher functions will be combined in the depot as the number of bus operators are reduced.

PEG Implementation Date: 1-Feb-05 **When will PEG savings begin?:** 1-Feb-05

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$1.811	\$5.842	\$5.842	\$5.842
Total Reduction in Positions Required	0	24	71	71	71
Current Vacancies	(5)	(5)	(5)	(5)	(5)
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Service Spinoff
Program: Bus Training Program Reductions

Background Details:	Eliminate bus operators and bus maintainers used for backfill while incumbents are being trained for new duties and reduce maintenance and transportation training managers.
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PEG Description/Implementation Plan:	Due to planned service reductions and the resultant need to hire less bus operators and bus maintainers, training requirements and related backfill requirements will decrease. This will also reduce the level of training staff.			
PEG Implementation Date:	1-Feb-05	When will PEG savings begin?:	1-Feb-05	

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$5.667	\$5.970	\$4.929	\$2.738
Total Reduction in Positions Required	0	76	73	73	39
Current Vacancies	(13)	(13)	(13)	(13)	(13)
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Service Spinoff
Program: Additional Bus Shop Maintenance Reductions

Background Details:	Due to service reductions, the Shop's activities are impacted as the level of service and number of peak buses are reduced.
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PEG Description/Implementation Plan: Currently the Shop performs bus overhauls on a three year cycle; this is being extended to a four year cycle. The maintenance performed during the new cycle will be basically the same as the old cycle; while the scope remains the same, the length of time between shop interventions is being extended. To mitigate any potential impacts, a reserve fund for use in addressing any requirements that may result from this change has been established.

PEG Implementation Date: 1/1/2005 **When will PEG savings begin?:** 1/1/2005

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.018	\$1.474	\$4.172	\$1.315
Total Reduction in Positions Required	0	0	7	30	8
Current Vacancies	34	34	34	34	34
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure (MDBF)					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Service Spinoff
Program: Bus Assistant General Superintendent Reductions

Background Details:	Assistant General Superintendents (AGS) were added to mega depots to address rapidly growing operating needs. Currently there are twelve maintenance AGS positions and twelve transportation AGS positions.
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PEG Description/Implementation Plan:	Eliminate 9 Depot Assistant General Superintendents (5 Maintenance and 4 Transportation AGS positions). Two positions will be eliminated as of February 2005, and the remaining 7 positions will be eliminated in 2006.			
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PEG Implementation Date:	2/1/2005	When will PEG savings begin?:	2/1/2005
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	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.213	\$1.044	\$1.044	\$1.044
Total Reduction in Positions Required	0	2	9	9	9
Current Vacancies	(8)	(8)	(8)	(8)	(8)
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Service Spinoff
Program: Bus Maintenance Support Reductions

Background Details:	Maintenance Support will reduce 2 maintenance support staff positions.
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PEG Description/Implementation Plan:	As a result of service reductions, eliminate 2 positions, 1 beginning in February 2005, and the other 1 in 2006. This proposal will reduce supervisory field presence in two maintenance support units.		
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PEG Implementation Date:	2/1/2005	When will PEG savings begin?:	2/1/2005
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	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.106	\$0.232	\$0.232	\$0.232
Total Reduction in Positions Required	0	1	2	2	2
Current Vacancies	(3)	(3)	(3)	(3)	(3)
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Service Spinoff
Program: Bus Line Supervisor Reductions

Background Details: As a result of service reductions, eliminate staff responsible for maintenance supervision in the Depots. Currently, there are 339 Line Supervisors.

PEG Description/Implementation Plan: Beginning in February 2005, 4 line maintenance supervisors will be eliminated from the depots due to lesser maintenance requirements resulting from service reductions. This reduction will increase to 18 positions in 2006.

PEG Implementation Date: 2/1/2005 **When will PEG savings begin?:** 2/1/2005

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.308	\$1.512	\$1.512	\$1.512
Total Reduction in Positions Required	0	4	18	18	18
Current Vacancies	(3)	(3)	(3)	(3)	(3)
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
mean distance between failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Service-Spinoff
Program: Uniform & Footwear Savings

Background Details:	Savings in uniform and footwear expenses corresponding to service reductions.
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PEG Description/Implementation Plan:	Will be implemented in accordance to the service reductions.		
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)	\$0.520	\$0.282	\$0.775	\$0.775	\$0.775
Total Reduction in Positions Required	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 New York City Transit
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Service Support
Program: One Person Train Operations - G Line

Background Details:	Currently the G-line operates with One Person Train Operation (OPTO) on weekends.
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PEG Description/Implementation Plan:	This proposal will provide for full-time One Person Train Operation (OPTO) on the 'G' line, effective November 2005. Station mounted Closed Circuit Televisions will be installed at select G-Line stations to further ensure safe operations.		
PEG Implementation Date:	November-05	When will PEG savings begin?:	November-05

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.365	\$2.190	\$2.190	\$2.190
 Total Reduction in Positions Required	 0	 36	 36	 36	 36
Current Vacancies	(360)	(360)	(360)	(360)	(360)
 <i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
 Other (Identify Appropriate Indicator):					

**MTA New York City Transit
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Service Support
Program: One Person Train Operation - L Line

Background Details:	This program is associated with the installation of Communication Based Train Control (CBTC) system on the Canarsie ("L") line. The CBTC system will automatically control the speed of trains within the CBTC monitored territory and ensure that train operators keep safe control of trains. The beneficial use date is scheduled for April 2005 and it will be NYCT policy to operate One Person Train Operation (OPTO) on the L-line.
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PEG Description/Implementation Plan:	The implementation of full-time OPTO on the "L" line is planned for April 2005. Station mounted Closed Circuit Televisions will be installed at all stations. Full implementation of CBTC would realize a savings of 79 Conductor positions, however a modest investment in platform coverage (4 Conductors and 4 Train Service supervisors) is required during rush hours at the busiest stations to assist with the boarding and alighting process, and in supervisory coverage to assure an expeditious response to any and all problems.		
PEG Implementation Date:	4/1/2005	When will PEG savings begin?:	4/1/2005

Financial Impact (Operating)

Net Savings (in millions)

2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
\$0.000	\$3.154	\$4.204	\$4.204	\$4.204

Total Reduction in Positions Required

Current Vacancies

0	71	71	71	71
(367)	(367)	(367)	(367)	(367)

Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other (Identify Appropriate Indicator):

**MTA New York City Transit
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Service Support
Program: Rapid Transit Operations Support Reductions

Background Details:	Rapid Transit Operations (RTO) operates Subways' fleet of revenue and non-revenue cars 24-hours a day, 7 days a week. Their primary mission is to ensure the delivery of safe, reliable, cost-efficient, around the clock train service. In addition to the train crews, a variety of positions are required to support the service delivery. Major task performed include, but are not limited to put-ins and lay-ups (yard moves), switching (relaying), train routing (tower operations), platform/passenger control, train dispatching, crew assignment and fitness for duty assessment.
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PEG Description/Implementation Plan:	Over the years, a number of supervisory and hourly positions have been reduced as a result of improved service performance and reduced customer injuries, specifically draggings. As RTO is maintaining current service performance benchmarks, this proposal will reduce 89 support positions assigned to tower operations, dispatching, train switching and platform/passenger control throughout Subdivision's A and B.		
PEG Implementation Date:	1/1/2005	When will PEG savings begin?:	1/1/2005

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$5.950	\$6.492	\$6.729	\$6.729
Total Reduction in Positions Required	0	89	98	98	98
Current Vacancies	(674)	(674)	(674)	(674)	(674)
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit
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PEG Category: Service Support

Program: Traffic Checker Productivity Savings

Background Details:	Reduce 69 part-time traffic checkers, 4 analysts and 1 confidential secretary by EOY 2005. An additional 10 part-time traffic checkers will be reduced in 2006.
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PEG Description/Implementation Plan:	Improved traffic checking operation scheduling will reduce travel time and the need for meal pay starting in 2004. In 2006, additional improvements are expected to yield additional savings. Operations Planning will also discontinue data collection and reporting related to the Service Performance Program (on-time performance, wait assessment), resulting in 2005 savings.		
PEG Implementation Date:	2004	When will PEG savings begin?:	2004

Financial Impact (Operating)

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
Net Savings (in millions)	\$0.198	\$1.923	\$2.153	\$2.153	\$2.153

Total Reduction in Positions Required

	0	5	5	5	5
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Current Vacancies	(9)	(9)	(9)	(9)	(9)
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Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other (Identify Appropriate Indicator):

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PEG Category: Service Support
Program: Eliminate Revenue Collections Booth Truck Crew

Background Details: Reduce the frequency of station booth pickups from twice a week to once a week at 51 locations.

PEG Description/Implementation Plan: Eliminate one truck crew consisting of five collecting agents.

PEG Implementation Date: 1/1/2005 **When will PEG savings begin?:** 1/1/2005

Other Issues:

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.297	\$0.297	\$0.297	\$0.297
Total Reduction in Positions Required	0	5	5	5	5
Current Vacancies	24	24	24	24	24
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit
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PEG Category: Service Support
Program: Joint Coin/Bill Processing

Background Details:	Quota savings reflects operational changes associated with occupancy of the new consolidated revenue facility and system changes under development. Coin-only and bill-only cashiers will be replaced by cashiers processing both coin and currency.
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PEG Description/Implementation Plan:	Budgeted to start January 2005.			
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	\$0.275	\$0.275	\$0.275	\$0.275
Total Reduction in Positions Required	0	6	6	6	6
Current Vacancies	5	5	5	5	5
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit
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PEG Category: Maintenance
Program: Worktrain Train Operator Savings

Background Details:	Worktrain Train Operator's main responsibility is to transfer non-revenue equipment, relieve personnel and avert hours of service violations, provide field support for service delivery, support main shop car moves for the Department of Car Equipment and support non-reimbursable work performed by Maintenance of Way including the loading/unloading of track material and equipment.
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PEG Description/Implementation Plan:	Subdivision "C" will eliminate 9 Train Operator positions supporting the "B" division work train work program on the midnight tour. The overtime budget will be reduced as well.
PEG Implementation Date:	When will PEG savings begin?:

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.991	\$0.991	\$0.991	\$0.991
Total Reduction in Positions Required	0	9	9	9	9
Current Vacancies	233	233	233	233	233
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit
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PEG Category: Maintenance
Program: Car Equipment Overtime & Night Differential Reductions

Background Details: Car Equipment has been underrunning its overtime and night differential budgets in recent years.

PEG Description/Implementation Plan: This proposal will reduce overtime by \$242k and night differential by \$200k.

PEG Implementation Date: 1-Jan-05 **When will PEG savings begin?:** 1-Jan-05

Financial Impact (Operating)

Net Savings (in millions)

2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
\$0.000	\$0.442	\$0.442	\$0.442	\$0.442

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):

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PEG Category: Maintenance
Program: Reschedule Car Equipment Facility Roof Repairs

Background Details:	During the 1999 budget cycle, funding was provided for an initiative to address deteriorated roofing conditions at Car Equipment facilities; moderate annual funding was provided to maintain roofs once initial repairs were made. Through this initiative, Car Equipment is currently repairing roofs at the Jerome Maintenance shop and at the 239th Street shop, as well as designing repairs for the Coney Island Administration building.			
PEG Description/Implementation Plan:	This is a one-time savings proposal that will save \$1million in 2005 from rescheduling the repair of roofs at the Jerome Maintenance shop and Coney Island Administration building.			
PEG Implementation Date:	1-Jan-05	When will PEG savings begin?:	1-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	\$0.000	\$0.000	\$0.000
Total Reduction in Positions Required	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 New York City Transit
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PEG Category: Maintenance
Program: Concrete Work Support Reduction

Background Details:	The Structures and Facilities/Subway Nights sub-division provides support to Track, Signal and Power maintenance for small (30 to 115 feet) concrete cuts and pours.
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PEG Description/Implementation Plan:	This proposal will eliminate 3 of 19, or 16% of masonry positions in Structures and Facilities night forces. This will reduce the amount of support provided for Track, Signal and Power maintenance resulting in a slight increase in response time for trouble calls.
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PEG Implementation Date:	1/1/2005	When will PEG savings begin?:	1/1/2005
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Financial Impact (Operating)

Net Savings (in millions)

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
Net Savings (in millions)	\$0.000	\$0.209	\$0.209	\$0.209	\$0.209

Total Reduction in Positions Required

Current Vacancies

	0	3	3	3	3
Current Vacancies	(3)	(3)	(3)	(3)	(3)

Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other (Identify Appropriate Indicator):

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PEG Category: Maintenance
Program: Heating and Ventilation Air Conditioning (HVAC) Maintenance Reduction

Background Details: Currently Type I HVAC maintenance (cleaning, lubricating, inspecting and minor repairs) is performed approximately once a month for token booth air conditioners and twice monthly on unit heaters located in shops and barns. Bi-weekly preventative maintenance of central, window and split air conditioning units is performed in the towers and locker rooms. Mobile gangs address all trouble calls.

PEG Description/Implementation Plan: This proposal will eliminate 12 HVAC positions performing Type I maintenance; this work will be performed in conjunction with the Type II maintenance cycle which incorporates all Type I procedures along with more in-depth service involving the dismantling of equipment and more thorough cleaning. In addition, 12 HVAC positions performing bi-weekly preventative maintenance will be eliminated; this work will now be done on a trouble call basis. Finally, 3 positions within the emergency response mobile gangs will be eliminated. This proposal has minimal impact on HVAC maintenance operations.

PEG Implementation Date: 1/1/2005 **When will PEG savings begin?:** 1/1/2005

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$1.917	\$1.917	\$1.917	\$1.917
Total Reduction in Positions Required	0	27	27	27	27
Current Vacancies	(3)	(3)	(3)	(3)	(3)
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit
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PEG Category: Maintenance
Program: Close Work Train Operations at 207th St. Yard

Background Details:	Work Trains operate out of three locations: 207th Street in the Manhattan, Linden and 38th Street yards in Brooklyn.
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PEG Description/Implementation Plan:	Due to the re-opening of the Manhattan Bridge, the 207th Street Yard is no longer needed for work train operations. Work will shift to 38th Street yard and Linden yard. This proposal will have no impact on operations.
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PEG Implementation Date:	1/1/2005	When will PEG savings begin?:	1/1/2005
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Financial Impact (Operating)

Net Savings (in millions)

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
Net Savings (in millions)	\$0.000	\$1.008	\$1.008	\$1.008	\$1.008

Total Reduction in Positions Required

Current Vacancies

Total Reduction in Positions Required	0	15	15	15	15
Current Vacancies	21	21	21	21	21

Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other (Identify Appropriate Indicator):

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PEG Category: Maintenance
Program: Eliminate Emergency Generator Maintenance Investment

Background Details:	There are approximately 30 fixed plant emergency generators located systemwide. Additional units come on-line as various shop, barn and building capital improvement projects are completed. During 1999, 2 positions were added to the Production Equipment group to service the additional fixed plant emergency generators that had been installed since the mid-1980's. There are 4 positions dedicated to this function.
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PEG Description/Implementation Plan:	This proposal will eliminate the 1999 staffing increase, reducing the number of positions assigned to emergency generator maintenance by 50%. The 30 day inspection cycle will double to 60 days, and light maintenance will be performed on an as-needed basis.		
PEG Implementation Date:	1/1/2005	When will PEG savings begin?:	1/1/2005

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.138	\$0.138	\$0.138	\$0.138
Total Reduction in Positions Required	0	2	2	2	2
Current Vacancies	(2)	(2)	(2)	(2)	(2)
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit
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PEG Category: Maintenance
Program: Reduce Production Equipment Maintenance

Background Details:	As part of Track Operations, there were 83 non-reimbursable positions assigned to Production Equipment in 2004, including 4 managers and 66 hourly positions.
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PEG Description/Implementation Plan:	This proposal will eliminate one manager and 10 hourly positions. The span of control for the remaining superintendents will be extended. Shop equipment maintenance support will be reduced by 7 positions. Compressor and generator maintenance will be extended from monthly to bi-monthly. In addition, three dedicated positions for the rail benders at the 38th Street and Westchester yards will be eliminated. Assignment of a Track Equipment Maintainer will be made as required. Minimal impact is anticipated.			
PEG Implementation Date:	1/1/2005	When will PEG savings begin?:	1/1/2005	

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.806	\$0.806	\$0.806	\$0.806
Total Reduction in Positions Required	0	11	11	11	11
Current Vacancies	3	3	3	3	3
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit
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PEG Category: Maintenance
Program: Track Geometry Car Thermal Imaging Readings Reduction

Background Details:	The track geometry car is a self-propelled automated all-weather vehicle capable of continuously measuring several track parameters such as horizontal alignment (curvature), track surface (vertical alignment), tunnel clearance measurements, and third rail height and gauge. There are two positions (one hourly and one supervisor) dedicated in Third Rail to support the Track Geometry Car's thermal imaging readings and review the output for the purpose of identifying hot spots along the third rail.
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PEG Description/Implementation Plan:	This proposal will eliminate 1 of the 2 positions. The hourly position will be eliminated and this work will continue to be performed by the supervisor.		
PEG Implementation Date:	1/1/2005	When will PEG savings begin?:	1/1/2005

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.070	\$0.070	\$0.070	\$0.070
Total Reduction in Positions Required	0	1	1	1	1
Current Vacancies	9	9	9	9	9
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit
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PEG Category: Maintenance
Program: Track Surfacing Support Reduction

Background Details:	Positions in Track Construction are assigned to perform surfacing of Type I ballasted track. Surfacing is the adjustment of the profiling and alignment track.
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PEG Description/Implementation Plan:	This proposal will eliminate 4 positions in Track Construction assigned to track surfacing. This reduction impact will be minimal due to the recent purchase of 4 new tampers. The new tampers allow this work to be done mechanically rather than manually.		
PEG Implementation Date:	1/1/2005	When will PEG savings begin?:	1/1/2005

Financial Impact (Operating)

Net Savings (in millions)

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

Total Reduction in Positions Required

Current Vacancies

Total Reduction in Positions Required	0	4	4	4	4
Current Vacancies	19	19	19	19	19

Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other (Identify Appropriate Indicator):

**MTA New York City Transit
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PEG Category: Maintenance
Program: Emergency Alarm Maintenance Cycle Extension

Background Details:	In the event of an emergency, track sections are de-energized via 190 emergency alarm panels. Failure of emergency alarm equipment means power will not come off when an emergency alarm is pulled; emergency alarm activations occur 40 times per year, on average. Further, each substation is equipped with a 60 cell battery and battery charger. In the event AC power is lost, these backup batteries allow for the safe shutdown of a substation and provide power to operate relays and control equipment. Failure of a battery charger will result in the lack of battery capacity for critical power operations and operation of the system will be affected.
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PEG Description/Implementation Plan:	This proposal extends the maintenance cycle for emergency alarm panels and battery chargers. A reduction of 1 supervisor and 4 hourly positions will extend the emergency alarm panel cycle from once per year to once every two years. The reduction of 2 hourly positions will extend the battery charger maintenance cycle from once every three years to once every 4 years. Minimal impact is anticipated.		
PEG Implementation Date:	1/1/2005	When will PEG savings begin?:	1/1/2005

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.439	\$0.439	\$0.439	\$0.439
Total Reduction in Positions Required	0	7	7	7	7
Current Vacancies	(3)	(3)	(3)	(3)	(3)
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit
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PEG Category: Maintenance
Program: Increase Bus Shop Maintenance to a 4 Year Cycle

Background Details:	Implementation of a four-year bus upgrade cycle from the current three-year schedule. Generally, engines, transmissions and other parts are replaced. The buses are also painted and have body work performed on them.

PEG Description/Implementation Plan:	Currently the shop performs bus overhauls on a three year cycle; this is being extended to a four year cycle. The maintenance performed during the new cycle will be basically the same as the old cycle; while the scope remains the same, the length of time between shop interventions is being extended. To mitigate any potential impacts, a reserve fund for use in addressing any requirements that may result from this change has been established.			
PEG Implementation Date:	1/1/2004	When will PEG savings begin?:	1/1/2004	

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$5.094	\$3.642	(\$0.265)	(\$27.970)	\$22.802
Total Reduction in Positions Required	0	49	54	(132)	117
Current Vacancies	51	51	51	51	51
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit
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PEG Category: Maintenance
Program: Reduce Amsterdam Annex Quota

Background Details:	While this depot is not currently in use, it was planned to be used as swing space when other depots are being renovated.
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PEG Description/Implementation Plan:	Eliminates 25 budgeted positions associated with the use of Amsterdam depot during other depot renovations. Depending upon the level of service reductions, this depot may not be needed as swing space if depots need renovation.		
PEG Implementation Date:	1/1/2005	When will PEG savings begin?:	1/1/2005

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$1.693	\$1.693	\$1.693	\$1.693
Total Reduction in Positions Required	0	25	25	25	25
Current Vacancies	42	42	42	42	42
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit
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Program to Eliminate the Gap Worksheet**

PEG Category: Maintenance
Program: Central Maintenance Facility Management/Supervisory Reductions

Background Details: This is a reduction to the Central Maintenance Facilities' managerial, supervisory and clerical staff.

PEG Description/Implementation Plan: Due to the implementation of a four-year bus upgrade cycle from the current three-year schedule, two managers, eight supervisors and one clerical position from the Shop will be eliminated resulting in a supervisory to hourly ratio of 1:15.

PEG Implementation Date: 1/1/2005 **When will PEG savings begin?:** 1/1/2005

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.967	\$0.967	\$0.967	\$0.967
Total Reduction in Positions Required	0	11	11	11	11
Current Vacancies	(8)	(8)	(8)	(8)	(8)
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

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PEG Category: Maintenance
Program: Electronics Maintenance Division Other Than Personal Services Reductions

Background Details: Reduce Other Than Personal Services costs.

PEG Description/Implementation Plan: Reduce materials and supplies through improved forecasting, larger quantity purchases, using drawdown contracts, and identifying more competitive vendors. Reduce rental and miscellaneous accounts by increased monitoring and reducing budget to actuals.

PEG Implementation Date: When will PEG savings begin?:

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$1.050	\$1.050	\$1.050	\$1.050
Total Reduction in Positions Required	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 New York City Transit
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Program to Eliminate the Gap Worksheet**

PEG Category: Maintenance
Program: Reduce Warehousing Costs

Background Details:	Reduce warehousing costs by reducing managerial, clerical, supervisory quota and hourly overtime, Other Than Personal Services costs and by downgrading some stockworkers from Level II to Level I.
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PEG Description/Implementation Plan:	The implementation will start as of January 2005.		
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	\$1.931	\$1.931	\$1.931	\$1.931
Total Reduction in Positions Required	0	12	12	12	12
Current Vacancies	(2)	(2)	(2)	(2)	(2)
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

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PEG Category: Other
Program: Office of System Safety Savings Plan

Background Details:	Reduce 3 of 28 Safety Specialists and 2 support positions. As a result of the quota reductions the department will need to prioritize support efforts and will reduce or delay assistance and technical consulting to NYCT managers on a number of issues determined to be non-life threatening or posing an immediate threat to the health of employees or customers.
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PEG Description/Implementation Plan:	Budget plan is scheduled to be implemented in January 2005.			
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	\$0.412	\$0.412	\$0.412	\$0.412
Total Reduction in Positions Required	0	5	5	5	5
Current Vacancies	1	1	1	1	1
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit
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PEG Category: Other
Program: Reduce Contracted Security Services at New Revenue Facility

Background Details:	Reduce contracted security services at new consolidated revenue facility by reducing staffing levels. Savings also reflects the elimination of one security guard for the Jay Street Reduced Fare and Customer Information Service Centers to be staffed through the Division of Security.
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PEG Description/Implementation Plan:	Reduce contracted security staffing levels. The impact would be reduced to an acceptable level through concentration of Closed Circuit Television coverage, reassignment of security personnel assigned to alarm response and meal relief when available, and special attention to these areas by both in-house and contracted security supervision and management.		
PEG Implementation Date:	1/1/2005	When will PEG savings begin?:	1/1/2005

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.317	\$0.317	\$0.317	\$0.317
Total Reduction in Positions Required	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):					

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**MTA New York City Transit
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Program to Eliminate the Gap Worksheet**

PEG Category: Direct Service
Program: Subway Service Policy Headways Evenings and Weekends

Background Details: Currently, NYCT evening and weekend subway service on many lines adheres to passenger loading guidelines rather than policy headways. Running policy headways will reduce the number of car miles operated annually.

PEG Description/Implementation Plan: This proposal is to operate policy headways evenings and weekends instead of scheduling according to loading guidelines starting in 2006. On all lines in the evening, NYCT will operate a 10 minute headway starting at 9 p.m., a 12 minute headway at 10 p.m., a 15 minute headway at 11 p.m., and a 20 minute headway at midnight. In addition, on Saturdays, NYCT will operate a 10 minute headway and on Sundays, will operate a 10 - 12 minute headway, on all Subdivision B lines. This will result in a reduction of 25 train crews, approximately \$1.6 million savings in car maintenance and savings of \$2.2 million in traction power consumption. With reduced service, a loss of revenue is anticipated, lowering planned savings.

PEG Implementation Date: 1-Jan-06 **When will PEG savings begin?:** 1-Jan-06

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.000	\$6.092	\$6.092	\$6.092
Total Reduction in Positions Required	0	0	72	72	72
Current Vacancies	(217)	(217)	(217)	(217)	(217)
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)			(37)	(37)	(37)
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit
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Program to Eliminate the Gap Worksheet**

PEG Category: Direct Service
Program: Subway Service Plan - 30 Minute Overnight Headways

Background Details:	Currently, NYCT runs subway service every 20 minutes between 1 a.m. and 5 a.m.. Increasing the headways will result in fewer car miles operated annually.
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PEG Description/Implementation Plan:	This proposal is to extend the 20 minute headway to 30 minutes between 1 a.m. and 5 a.m., seven days a week starting in 2006. There will be some standing passengers on some lines. This will result in a reduction of 5 train crews, approximately \$1 million savings in car maintenance and savings of \$1.4 million in traction power consumption. With reduced service, a loss of revenue is anticipated, lowering planned savings.			
PEG Implementation Date:	1-Jan-06	When will PEG savings begin?:	1-Jan-06	

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.000	\$2.524	\$2.524	\$2.524
Total Reduction in Positions Required	0	0	24	24	24
Current Vacancies	(217)	(217)	(217)	(217)	(217)
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)			(28)	(28)	(28)
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Direct Service
Program: Subway Service Plan - 10% Cut

Background Details:	Reduce the span of service on several routes, reduce midday service frequency on most routes, and reduce peak period service on many routes.			
PEG Description/Implementation Plan:	This proposal reflects an approximate 10% service reduction on most subway lines starting in 2006 through span and midday reductions as well as peak period adjustments. This will result in a reduction of 156 train crews, approximately \$4.7m savings in car maintenance and savings of \$6.3 million in traction power consumption. With reduced service, and the potential for customer dissatisfaction, a loss of revenue is anticipated, offsetting planned savings.			
PEG Implementation Date:	1-Jan-06	When will PEG savings begin?:	1-Jan-06	

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.000	\$19.506	\$19.506	\$19.506
Total Reduction in Positions Required	0	0	375	375	375
Current Vacancies	(217)	(217)	(217)	(217)	(217)
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)			(164)	(164)	(164)
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Service Direct
Program: Bus Service Plan - Low Cost Recovery Local Routes

Background Details:	Discontinue all service on local bus routes with less than two-thirds systemwide cost recovery, excluding routes retained for route spacing.
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PEG Description/Implementation Plan:	Beginning in January 2006, eliminate low cost recovery local routes. This program reduces bus operator, as well as, maintenance requirements based on reductions in vehicle miles, vehicle hours, and peak bus requirements. Related bus fuel savings are also included with reduced service. This proposal includes the elimination of 33 bus routes.		
PEG Implementation Date:	1/1/2006	When will PEG savings begin?:	1/1/2006

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008	
<i>Financial Impact (Operating)</i>						
Net Savings (in millions)	\$0.000	\$0.000	\$47.490	\$47.490	\$47.490	\$47.490
 Total Reduction in Positions Required	 0	 0	 690	 690	 690	
Current Vacancies	41	41	41	41	41	
 <i>Impact on Operations:</i>						
Ridership Per Week (in thousands)			(276)	(276)	(276)	
Mean Distance Between Failure						
On-Time Performance						
Other (Identify Appropriate Indicator):						

**MTA New York City Transit
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Service Direct
Program: Bus Service Plan - Discontinue Late Night Bus Service

Background Details:	Elimination of remaining bus service between 1 a.m. and 5 a.m.
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PEG Description/Implementation Plan:	Beginning in January 2006, late night bus service will be discontinued. This program reduces bus operator, as well as, maintenance requirements based on reductions in vehicle miles, vehicle hours, and peak bus requirements. Related bus fuel savings are also included with reduced service. This proposal entails the elimination of overnight service on 95 routes.			
PEG Implementation Date:	1/1/2006	When will PEG savings begin?:	1/1/2006	

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.000	\$8.745	\$8.745	\$8.745
Total Reduction in Positions Required	0	0	145	145	145
Current Vacancies	16	16	16	16	16
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)			(60)	(60)	(60)
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Service Spinoff
Program: Additional Bus Administrative Support Reductions

Background Details: Due to service reductions, administrative support positions will be eliminated.

PEG Description/Implementation Plan: Eliminates 2 administrative support positions in HR and Operations Support.

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

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.000	\$0.195	\$0.195	\$0.195
Total Reduction in Positions Required	0	0	2	2	2
Current Vacancies	6	6	6	6	6
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Service-Spinoff
Program: Bus Shop Management/Supervisory Reductions

Background Details: As a result of service reductions, The Central Maintenance Facility will reduce 1 management and 3 supervisory positions at its two facilities, East New York and Zerega.

PEG Description/Implementation Plan: Beginning in 2006, 3 maintenance supervisors and 1 superintendents will be eliminated due to lesser maintenance support requirements as a result of service reductions.

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

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.000	\$0.368	\$0.368	\$0.368
Total Reduction in Positions Required	0	0	4	4	4
Current Vacancies	(9)	(9)	(9)	(9)	(9)
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
mean Distance between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Service-Spinoff
Program: Bus Transportation Command Center

Background Details: The Command Center coordinates all communications to and between buses and manages all customer communications and correspondence. Currently, there are 82 budgeted positions in the Command Center, 62 of whom are dispatchers.

PEG Description/Implementation Plan: As a result of service reductions, beginning in 2006, 3 positions will be reduced in the Transportation Command Center. A dispatcher will be eliminated due to the automation of the accident desk function planned for year end. The elimination of another dispatcher and a console director are tied to the service reductions.

PEG Implementation Date: 1-Jan-06 **When will PEG savings begin?:** 1-Jan-06

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.000	\$0.277	\$0.277	\$0.277
Total Reduction in Positions Required	0	0	3	3	3
Current Vacancies	(6)	(6)	(6)	(6)	(6)
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Service-Spinoff
Program: Eliminate Training and Employment Center Positions

Background Details:	As a result of decreased hiring due to service reductions, two instructors and one other position can be eliminated.
----------------------------	--

PEG Description/Implementation Plan:	Budgeted to take effect January 2006 or as service reductions dictate.		
PEG Implementation Date:	Jan-06	When will PEG savings begin?:	Jan-06

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.000	\$0.259	\$0.259	\$0.259
Total Reduction in Positions Required	0	0	3	3	3
Current Vacancies	(4)	(4)	(4)	(4)	(4)
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit
July Financial Plan 2005 - 2008
Program to Eliminate the Gap Worksheet**

PEG Category: Service-Spinoff
Program: Reduce Labor Relations Field Operations Positions

Background Details:	This proposal reduces Field Operations staffing and presumes that staffing levels across NYCT will be reduced as a result of the 2006 targets. Labor Relations will support fewer discipline hearings and fewer contract grievances relating to the reduced workforce. Savings is based on reductions in operating service levels.
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PEG Description/Implementation Plan:	Budgeted to start effective January 2006.			
PEG Implementation Date:	Jan-04	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	\$0.000	\$0.217	\$0.217	\$0.217
Total Reduction in Positions Required	0	0	3	3	3
Current Vacancies	(3)	(3)	(3)	(3)	(3)
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

MTA New York City Transit
July Financial Plan 2005 - 2008
Total Non-Reimbursable - Reimbursable Positions at End-of-Year
Full-Time Positions and Full Time Equivalents

Departments	2003 Actuals*	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
Subways						
Sr. Vice President	0	577	577	577	541	540
Service Delivery	0	14,326	14,223	14,149	14,151	14,162
Maintenance of Way & Rolling Stock	0	12,890	12,925	12,809	12,789	12,804
Subtotal	0	27,793	27,725	27,535	27,481	27,506
Buses						
Buses excl. Paratransit	0	14,242	14,251	14,381	14,458	14,430
Paratransit	0	109	109	109	109	109
Subtotal	0	14,351	14,360	14,490	14,567	14,539
Exec. Vice President						
Executive Vice President	0	21	20	20	20	20
Operations Planning	0	435	454	453	453	453
Human Resources	0	462	474	470	470	470
Revenue Control	0	591	613	613	613	613
Office of Management & Budget	0	36	36	36	36	36
Technology & Information Systems	0	563	537	535	534	534
Materiel	0	266	266	265	265	265
Supply Logistics	0	570	563	563	563	563
Controller	0	241	241	241	241	241
Subtotal	0	3,185	3,204	3,196	3,195	3,195
Office of the President	0	5	5	5	5	5
System Safety	0	93	93	93	93	93
Law	0	307	306	306	306	306
Corporate Communications	0	298	298	298	298	298
Labor Relations	0	105	105	105	105	105
Capital Program Management	0	1,566	1,566	1,566	1,566	1,566
Non-Departmental	0	3	11	47	11	11
Baseline Total Positions	47,768	47,706	47,673	47,641	47,627	47,624
Non-Reimbursable	42,278	42,018	42,357	42,431	42,457	42,464
Reimbursable	5,490	5,688	5,316	5,210	5,170	5,160
Total Full-Time	47,480	47,458	47,426	47,394	47,380	47,377
Total Full-Time-Equivalents	288	248	247	247	247	247
Impact of:						
Program to Eliminate the Gap	0	(54)	(2,136)	(3,930)	(3,767)	(3,960)
Increase Express Bus Fare	0	0	(58)	(58)	(58)	(58)
Total Positions	47,768	47,652	45,479	43,653	43,802	43,606

*In early 2004, a major departmental reorganization was implemented resulting in the above new departmental structure. There is no 2003 incumbent data available that is comparable to the new structure.

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MTA
Staten Island Railway

MTA Staten Island Railway 2005 Preliminary Budget July Financial Plan 2005-2008

MISSION STATEMENT

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

FINANCIAL OVERVIEW

MTA Staten Island Railway carries out its mission by providing effective and cost-efficient transportation services through:

- a subway system operating 64 subway cars over 233 route miles and 26.6 miles of mainline track, serving 22 stations located on the south shore of Staten Island.

The 2005 Preliminary Budget maintains reliability, maintenance, safety and security standards for employees and customers and generally maintains existing service levels. Despite a generally unfavorable economic environment, this is accomplished through implementation of organizational and operating efficiencies that optimize the use of resources to achieve agency goals. The economic forecast in 2006 is less favorable and consequently, more significant service adjustments will be necessary to close a sizable budget gap.

2005 Preliminary Budget – Baseline

MTA Staten Island Railway's 2005 Preliminary Budget reflects total expenses before depreciation of \$29.046 million including \$28.027 million of non-reimbursable expenses and \$1.019 million of reimbursable expenses. Total revenues are projected to be \$6.155 million of which \$5.136 million are operating revenues and \$1.019 million represent capital reimbursements. Total full-time positions are 313 including 307 non-reimbursable positions and 6 reimbursable positions. The above information excludes the effect of Programs to Eliminate the GAP (PEGs), which are presented separately on the attached financial tables.

Programs to Eliminate the GAP, which are described below, represent deficit reductions of \$2.840 million and position reductions of 35.

Providing quality service is paramount to MTA Staten Island Railway. To ensure this goal, the 2005 Preliminary Budget includes additional funding necessary to properly maintain fleet and other equipment integral to Staten Island Railway system operations.

Major assumptions and reconciliations to the February Plan are discussed later in this section.

2006-2008 Projections

MTA Staten Island Railway's projections for 2006-2008 reflect total expenses before depreciation as follows: 2006-\$30.119 million, 2007-\$31.341 million, and 2008-\$32.701 million. Non-reimbursable expenses before depreciation are projected as follows: 2006-\$29.075 million, 2007-\$30.266, and 2008-\$31.586 million. Reimbursable expenses are projected as follows: 2006-\$1.044 million, 2007-\$1.075 million, and 2008-\$1.115 million. Total revenues are projected as follows: 2006-\$6.218 million, 2007-\$6.298 million, and 2008-\$6.380 million. Operating revenues are projected as follows: 2006-\$5.174 million, 2007-\$5.223 million, and 2008-\$5.265 million. Capital reimbursements are projected as follows: 2006-\$1.044 million, 2007-\$1.075 million, and 2008-\$1.115 million. Total full-time positions are projected to be 313 in each year. Non-reimbursable positions are projected to be 307 in each year. Reimbursable positions are projected to be 6 in each year. The above information excludes the effect of Programs to Eliminate the GAP, which is presented separately on the attached financial tables.

Programs to Eliminate the GAP, which are described below, represent deficit reductions of \$3.553 million in 2006, \$3.400 million in 2007 and \$3.481 million in 2008. Position reductions are projected to be 41 in 2006, 38 in 2007 and 38 in 2008.

Major assumptions and reconciliations to the February Plan are discussed later in this section.

GAP CLOSING MEASURES

2005 Programs to Eliminate the Gap (PEG) Actions

MTA Staten Island Railway has developed programs that will save \$2.840 million in 2005 as shown below.

- One Person Train Operation (OPTO) - Currently the Authority operates four car trains with a crew of one Train Operator and one Conductor. In 2005, implementation of One Person Train Operation (OPTO) will reduce crew size to one Train Operator. Projections are that 26 Conductor positions can be eliminated with 2005 savings of \$1.747 million.
- Add fare collection at the Tompkinsville train station - The Tompkinsville train station is a free entry/exit station located less than 0.5 miles from the St. George Terminal. Consequently, passengers can avoid the fare collection system in St. George by entering and exiting the system at Tompkinsville. Beginning in 2005, implementation of a fare collection system at Tompkinsville will generate additional revenue and eliminate the opportunity to avoid fare collection at St. George. This action will result in a net deficit reduction of \$0.300 million.

- **Modify Weekend Headways** - The Authority has always maintained a schedule that was well coordinated with Ferry service. At certain times on weekends our headways exceed those of the Staten Island Ferry. Starting in 2005 savings will be achieved with the modification of weekend service headways to correspond with the Staten Island Ferry connections. This will save one position and \$0.067 million.
- **Modify Weekday Headways** - Currently, Authority weekday service includes additional express service during selected periods. It was hoped this service would lead to increased ridership. This did not occur and, in 2005, savings will be achieved with the elimination of those selected service enhancements, saving two positions and \$0.134 million.
- **Reduce the size of the car fleet by 12 R44 B units** - The current SIR fleet of 64 cars includes an increase of 12 cars early in the 1990's. This action was in anticipation of operating 5 car trains to accommodate the expected growth in ridership which has not materialized. Reducing the fleet size back to its original 52 cars in 2005 will reduce maintenance and cleaning costs saving four positions and \$0.269 million.
- **Facility Painting/ Station Maintenance** - Currently, Authority budgeted cycles for painting interiors/exterior of facilities is 5 years while station maintenance is performed continuously on an as needed basis. In 2005, interior/exterior facility painting cycles will be increased to every 6 years and efficiencies will be developed and implemented for station related masonry and carpentry repairs. This action will save 2 positions and \$0.134 million in 2005.
- **Reduce Trains to Two Cars During Off-Peak** - Currently the Authority operates four (4) car trains for all passenger service. Beginning in 2005 this proposal reduces trains to two (2) cars during off-peak hours. With recent ridership declines this plan is not expected to adversely affect current customers and will save \$0.188 million.

2006 - 2008 Program to Eliminate the Gap (PEG) Actions

Programs to Eliminate the GAP described above continue in 2006 through 2008 with deficit reductions of \$3.553 million in 2006, \$3.400 million in 2007 and \$3.481 million in 2008.

Position reductions are projected to be 41 in 2006, 38 in 2007 and 38 in 2008.

One additional service change will be implemented beginning in 2006 as follows:

- **Eliminate Weekend Service** - The Authority currently provides service 24 hours a day, 7 days per week. All service meets or exceeds Staten Island Ferry service. Beginning in 2006, weekend service will be eliminated beginning at 2 a.m. Saturday through 5 a.m. Monday. Existing local bus service at the St. George Terminal is an available alternative. This action will save eight positions and \$0.401 million.

To achieve some of these budget reductions, Board approval will be necessary.

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

NON-REIMBURSABLE

	2003	2004	2005			
	Actuals	Mid-Year	Preliminary	2006	2007	2008
		Forecast	Budget			
<u>Revenue</u>						
Farebox Revenue	\$3.110	\$3.204	\$3.245	\$3.283	\$3.332	\$3.374
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	1.728	1.891	1.891	1.891	1.891	1.891
Capital and Other Reimbursements	0.000	0.000	0.000	0.000	0.000	0.000
Total Revenue	\$4.838	\$5.095	\$5.136	\$5.174	\$5.223	\$5.265
<u>Expenses</u>						
Labor:						
Payroll	14.328	15.295	15.606	15.949	16.359	16.819
Overtime	1.236	0.732	0.747	0.763	0.783	0.805
Total Salaries & Wages	15.564	16.027	16.353	16.712	17.142	17.624
Health and Welfare	2.560	2.747	3.026	3.307	3.615	3.951
Pensions	1.490	1.649	1.874	2.059	2.266	2.493
Other Fringe Benefits	1.247	1.631	1.337	1.365	1.397	1.434
Total Fringe Benefits	5.297	6.027	6.237	6.731	7.278	7.878
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenses	\$20.861	\$22.054	\$22.590	\$23.443	\$24.420	\$25.502
Non-Labor:						
Traction and Propulsion Power	1.588	1.632	1.738	1.851	1.971	2.099
Fuel for Buses and Trains	0.000	0.000	0.000	0.000	0.000	0.000
Insurance	0.144	0.144	0.146	0.148	0.151	0.155
Claims	0.216	0.221	0.226	0.231	0.232	0.243
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000
Mtce. and Other Operating Contracts	1.436	1.811	2.089	2.148	2.218	2.293
Professional Service Contracts	0.178	0.317	0.319	0.325	0.333	0.341
Materials & Supplies	0.840	0.899	0.913	0.923	0.935	0.947
Other Business Expenses	0.008	0.006	0.006	0.006	0.006	0.006
Total Non-Labor Expenses	\$4.410	\$5.030	\$5.437	\$5.632	\$5.846	\$6.084
Other Expense Adjustments:						
Other	0.000	0.000	0.000	0.000	0.000	0.000
Total Other Expense Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenses before Depreciation	\$25.271	\$27.084	\$28.027	\$29.075	\$30.266	\$31.586
Depreciation	6.626	7.344	10.337	10.337	10.337	10.337
Total Expenses	\$31.897	\$34.428	\$38.364	\$39.412	\$40.603	\$41.923
Baseline Net Surplus/(Deficit)	(\$27.059)	(\$29.333)	(\$33.228)	(\$34.238)	(\$35.380)	(\$36.658)
Program to Eliminate the Gap	0.000	0.000	2.840	3.553	3.400	3.481
Net Surplus/(Deficit)	(\$27.059)	(\$29.333)	(\$30.388)	(\$30.685)	(\$31.980)	(\$33.177)

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

NON-REIMBURSABLE and REIMBURSABLE	2003	2004	2005	2006	2007	2008
	Actuals	Mid-Year Forecast	Preliminary Budget			
<u>Revenue</u>						
Farebox Revenue	\$3.110	\$3.204	\$3.245	\$3.283	\$3.332	\$3.374
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	1.728	1.891	1.891	1.891	1.891	1.891
Capital and Other Reimbursements	1.682	1.235	1.019	1.044	1.075	1.115
Total Revenue	\$6.520	\$6.330	\$6.155	\$6.218	\$6.298	\$6.380
<u>Expenses</u>						
Labor:						
Payroll	14.711	15.604	15.861	16.209	16.626	17.094
Overtime	1.970	1.430	1.323	1.351	1.386	1.425
Total Salaries & Wages	16.681	17.034	17.184	17.560	18.012	18.519
Health and Welfare	2.919	2.807	3.076	3.361	3.674	4.016
Pensions	1.605	1.740	1.949	2.136	2.345	2.580
Other Fringe Benefits	1.333	1.708	1.400	1.430	1.464	1.502
Total Fringe Benefits	5.857	6.255	6.425	6.927	7.483	8.098
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenses	\$22.538	\$23.289	\$23.609	\$24.487	\$25.495	\$26.617
Non-Labor:						
Traction and Propulsion Power	1.588	1.632	1.738	1.851	1.971	2.099
Fuel for Buses and Trains	0.000	0.000	0.000	0.000	0.000	0.000
Insurance	0.144	0.144	0.146	0.148	0.151	0.155
Claims	0.216	0.221	0.226	0.231	0.232	0.243
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000
Mtce. and Other Operating Contracts	1.436	1.811	2.089	2.148	2.218	2.293
Professional Service Contracts	0.178	0.317	0.319	0.325	0.333	0.341
Materials & Supplies	0.845	0.899	0.913	0.923	0.935	0.947
Other Business Expenses	0.008	0.006	0.006	0.006	0.006	0.006
Total Non-Labor Expenses	\$4.415	\$5.030	\$5.437	\$5.632	\$5.846	\$6.084
Other Expense Adjustments:						
Other	0.000	0.000	0.000	0.000	0.000	0.000
Total Other Expense Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenses before Depreciation	\$26.953	\$28.319	\$29.046	\$30.119	\$31.341	\$32.701
Depreciation	6.626	7.344	10.337	10.337	10.337	10.337
Total Expenses	\$33.579	\$35.663	\$39.383	\$40.456	\$41.678	\$43.038
Baseline Net Surplus/(Deficit)	(\$27.059)	(\$29.333)	(\$33.228)	(\$34.238)	(\$35.380)	(\$36.658)
Program to Eliminate the Gap	0.000	0.000	2.840	3.553	3.400	3.481
Net Surplus/(Deficit)	(\$27.059)	(\$29.333)	(\$30.388)	(\$30.685)	(\$31.980)	(\$33.177)

MTA Staten Island Railway
July Financial Plan 2005 - 2008
Cash Receipts & Expenditures
(\$ in millions)

	2003	2004	2005			
	Actuals	Mid-Year	Preliminary	2006	2007	2008
		Forecast	Budget			
<u>Receipts</u>						
Farebox Revenue	\$3.024	\$3.204	\$3.245	\$3.283	\$3.332	\$3.374
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	1.499	1.891	1.891	1.891	1.891	1.891
Capital and Other Reimbursements	1.707	1.341	1.013	1.038	1.068	1.115
Total Receipts	\$6.230	\$6.436	\$6.149	\$6.212	\$6.291	\$6.380
<u>Expenditures</u>						
Labor:						
Payroll	15.168	15.604	15.861	16.209	16.626	17.094
Overtime	1.484	1.430	1.323	1.351	1.386	1.425
Total Salaries & Wages	16.652	17.034	17.184	17.560	18.012	18.519
Health and Welfare	2.753	2.807	3.076	3.361	3.674	4.016
Pensions	1.577	1.740	1.949	2.136	2.345	2.580
Other Fringe Benefits	1.690	1.708	1.400	1.430	1.464	1.502
Total Fringe Benefits	6.020	6.255	6.425	6.927	7.483	8.098
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenditures	\$22.672	\$23.289	\$23.609	\$24.487	\$25.495	\$26.617
Non-Labor:						
Traction and Propulsion Power	1.588	1.632	1.738	1.851	1.971	2.099
Fuel for Buses and Trains	0.000	0.000	0.000	0.000	0.000	0.000
Insurance	0.144	0.144	0.146	0.148	0.151	0.155
Claims	0.341	0.221	0.226	0.231	0.232	0.243
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000
Mtce. and Other Operating Contracts	1.289	1.811	2.089	2.148	2.218	2.293
Professional Service Contracts	0.178	0.317	0.319	0.325	0.333	0.341
Materials & Supplies	0.961	0.899	0.913	0.923	0.935	0.947
Other Business Expenditures	0.008	0.006	0.006	0.006	0.006	0.006
Total Non-Labor Expenditures	\$4.509	\$5.030	\$5.437	\$5.632	\$5.846	\$6.084
Other Expenditure Adjustments:						
Other	\$0.000	0.001	0.000	0.000	0.000	0.000
Total Other Expenditure Adjustments	\$0.000	\$0.001	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenditures	\$27.181	\$28.320	\$29.046	\$30.119	\$31.341	\$32.701
Baseline Net Cash Surplus/(Deficit)	(\$20.951)	(\$21.884)	(\$22.897)	(\$23.907)	(\$25.050)	(\$26.321)
Program to Eliminate the Gap	0.000	0.000	2.840	3.553	3.400	3.481
Net Cash Surplus/(Deficit)	(\$20.951)	(\$21.884)	(\$20.057)	(\$20.354)	(\$21.650)	(\$22.840)

MTA Staten Island Railway
July Financial Plan 2005 - 2008
Cash Conversion (Cash Flow Adjustments)
(\$ in millions)

	2003	2004	2005			
	Actuals	Mid-Year	Preliminary	2006	2007	2008
		Forecast	Budget			
<u>Receipts</u>						
Farebox Revenue	(\$0.086)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	(0.229)	0.000	0.000	0.000	0.000	0.000
Capital and Other Reimbursements	0.025	0.106	(0.006)	(0.006)	(0.007)	0.000
Total Receipt Adjustments	(\$0.290)	\$0.106	(\$0.006)	(\$0.006)	(\$0.007)	\$0.000
<u>Expenditures</u>						
Labor:						
Payroll	(0.457)	0.000	0.000	0.000	0.000	0.000
Overtime	0.486	0.000	0.000	0.000	0.000	0.000
Total Salaries & Wages	0.029	0.000	0.000	0.000	0.000	0.000
Health and Welfare	0.166	0.000	0.000	0.000	0.000	0.000
Pensions	0.028	0.000	0.000	0.000	0.000	0.000
Other Fringe Benefits	(0.357)	0.000	0.000	0.000	0.000	0.000
Total Fringe Benefits	(0.163)	0.000	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	(\$0.134)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Non-Labor:						
Traction and Propulsion Power	0.000	0.000	0.000	0.000	0.000	0.000
Fuel for Buses and Trains	0.000	0.000	0.000	0.000	0.000	0.000
Insurance	0.000	0.000	0.000	0.000	0.000	0.000
Claims	(0.125)	0.000	0.000	0.000	0.000	0.000
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000
Mtce. and Other Operating Contracts	0.147	0.000	0.000	0.000	0.000	0.000
Professional Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000
Materials & Supplies	(0.116)	0.000	0.000	0.000	0.000	0.000
Other Business Expenditures	0.000	0.000	0.000	0.000	0.000	0.000
Total Non-Labor Expenditures	(\$0.094)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Other Expenditure Adjustments:						
Other	0.000	(0.001)	0.000	0.000	0.000	0.000
Total Other Expenditure Adjustments	\$0.000	(\$0.001)	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenditure Adjustments	(\$0.228)	(\$0.001)	\$0.000	\$0.000	\$0.000	\$0.000
Total Cash Conversion Adjustments before Depreciation	(\$0.518)	\$0.105	(\$0.006)	(\$0.006)	(\$0.007)	\$0.000
Depreciation Adjustment	6.626	7.344	10.337	10.337	10.337	10.337
Baseline Total Cash Conversion Adjustmer	\$6.108	\$7.449	\$10.331	\$10.331	\$10.330	\$10.337
Program to Eliminate the Gap	0.000	0.000	0.000	0.000	0.000	0.000
Total Cash Conversion Adjustments	\$6.108	\$7.449	\$10.331	\$10.331	\$10.330	\$10.337

MTA Staten Island Railway
2004-2008 Financial Plan
Year-To-Year Changes by Category-Baseline Narrative

TOTAL REVENUES

Farebox Revenue

- Farebox Revenue improvements of: 2005-\$.041 million (0.8%), 2006-\$.038 million (0.7%), 2007-\$.049 million (0.9%), and 2008-\$.042 million (0.8%) were due to projected increases in ridership.
- The ridership increase is based upon Global Insight's NYC employment growth forecasts as follows: 2005-1.37%, 2006-1.44%, 2007-1.25%, 2008-0.88%.

Other Operating Revenue

- No changes.

Capital and Other Reimbursements

- Reimbursements are projected to decrease by \$.216 million or 17.5% from 2004 to 2005 due to the scheduled completion of the Signal Modernization capital project and the projected start of a three bridge replacements program requiring smaller in-house labor support.
- Annual increases are projected from 2006 through 2008 to provide for reimbursement consistent with projected CPI increases for labor expenses and actuarial-based pension increases as explained below.

TOTAL EXPENSES

Payroll

- Increases largely represent effective inflationary increases as follows: 2005-2.03%, 2006-2.20%, 2007-2.57%, and 2008-2.81%.
- Reimbursable expenses decreased by \$.054 million from 2004 to 2005 due to the completion of a significant capital project.

Overtime

- 2004-2008 payroll wage rate increase assumptions apply.
- Reimbursable expenses decreased by \$.122 million from 2004 to 2005, due to the completion of a significant capital project.

Health & Welfare

- Increases include the following inflation rate assumptions: 2005-12.9%, and 2006 through 2008-9.3%.

Pension

- Significant projected increases in expenses are based on information from pension plan actuaries.

Other Fringe Benefits

- Favorable change in 2005 was due to a high level of worker's compensation claims in 2004, not projected to recur.
- Inflation assumptions consistent with payroll rate increase assumptions.

Traction and Propulsion Power

- Reflects NYPA annual rate increases of 6.5% effective April 1, 2004.

Insurance

- 2005-2008 inflation assumptions are based upon Global Insight's estimates as follows: 2005-1.28%, 2006-1.60%, 2007-2.07%, and 2008-2.22%.

Claims

- Assumes annual inflation of 2.5% for 2005 through 2008.

Maintenance and Other Operating Contracts

- 2005-2008 inflation assumptions are based upon Global Insight's estimates as follows: 2005-1.28%, 2006-1.60%, 2007-2.07%, and 2008-2.22%.
- Non-reimbursable expenses reflect NYPA 6.5% annual rate increases effective April 1, 2004 for lighting expenses.
- 2004-2008 increased power consumption associated with new signal system as follows: 2004-26.9%, 2005-15.3%, 2006-2.8%, 2007-3.3%, and 2008-3.4%.

Professional Service Contracts

- 2005-2008 inflation assumptions are based upon Global Insight's estimates as follows: 2005-1.28%, 2006-1.60%, 2007-2.07%, and 2008-2.22%.
- 2004-2008 reflects higher costs associated with NYS bridge inspection requirements as follows: 2004-78.6%, 2005-0.6%, 2006-1.9%, 2007-2.5%, and 2008-2.4%.

Materials and Supplies

- 2005-2008 inflation assumptions are based upon Global Insight's estimates as follows: 2005-1.50%, 2006-1.17%, 2007-1.23%, and 2008-1.31%.

Other Business Expenses

- 2005-2008 inflation assumptions are based upon Global Insight's estimates as follows: 2005-1.28%, 2006-1.60%, 2007-2.07%, and 2008-2.22%.

Depreciation

- Annual expense increases are due to projections of additional capital assets reaching beneficial use. Examples of these assets include Right of way fencing, track-work, and a new signal system.

TOTAL RECEIPTS

Farebox Receipts

- Farebox receipt improvements of: 2005-\$.041 million (0.8%), 2006-\$.038 million (0.7%), 2007-\$.049 million (0.9%), and 2008-\$.042 million (0.8%) were due to projected increases in ridership.
- The ridership increase is based upon Global Insight's NYC employment forecasts as follows: 2005-1.37%, 2006-1.44%, 2007-1.25%, 2008-0.88%.

Other Operating Receipts

- No changes.

Capital and Other Reimbursements

- Reimbursements are projected to decrease by \$.216 million or 17.5% from 2004 to 2005 due to the scheduled completion of the Signal Modernization capital project and the projected start of a three bridge replacements program requiring reduced in-house labor support.
- Cash adjustments are reflected annually to recognize the change in timing of receipts.

TOTAL EXPENDITURES

Payroll

- Increases largely represent effective inflationary increases as follows: 2005-2.03%, 2006-2.20%, 2007-2.57%, and 2008-2.81%.
- Reimbursable expenses decreased by \$.054 million from 2004 to 2005, due to the completion of a significant capital project.

Overtime

- 2004-2008 payroll wage rate increase assumptions apply.
- Reimbursable expenses decreased by \$.122 million from 2004 to 2005, due to the completion of a significant capital project.

Health & Welfare

- Increases include the following inflation rate assumptions: 2005-12.9%, and 2006 through 2008-9.3%.

Pension

- Significant projected increases in expenses are based on information from pension plan actuaries.

Other Fringe Benefits

- Favorable change in 2005 was due to a high level of worker's compensation claims in 2004, not projected to recur.
- Inflation assumptions consistent with payroll rate increase assumptions

Traction and Propulsion Power

- Reflects NYPA 6.5% annual rate increases effective April 1, 2004.

Insurance

- 2005-2008 inflation assumptions are based upon Global Insight's estimates as follows: 2005-1.28%, 2006-1.60%, 2007-2.07%, and 2008-2.22%.

Claims

- Assumes annual inflation of 2.5% for 2005 through 2008.

Maintenance and Other Operating Contracts

- 2005-2008 inflation assumptions are based on Global Insight's estimates as follows: 2005-1.28%, 2006-1.60%, 2007-2.07%, and 2008-2.22%.
- Non-reimbursable expenses reflect NYPA 6.5% annual rate increases effective April 1, 2004 for lighting expenses.
- 2004-2008 increased power consumption associated with new signal system as follows: 2004-26.9%, 2005-15.3%, 2006-2.8%, 2007-3.3%, and 2008-3.4%.

Professional Service Contracts

- 2005-2008 inflation assumptions are based on Global Insight's estimates as follows: 2005-1.28%, 2006-1.60%, 2007-2.07%, and 2008-2.22%.
- 2004-2008 reflects higher costs associated with NYS bridge inspection requirements as follows: 2004-78.6%, 2005-0.6%, 2006-1.9%, 2007-2.5%, and 2008-2.4%.

Materials and Supplies

- 2005-2008 inflation assumptions are based on Global Insight's estimates as follows: 2005-1.50%, 2006-1.17%, 2007-1.23%, and 2008-1.31%.

Other Business Expenses

- 2005-2008 inflation assumptions are based on Global Insight's estimates as follows: 2005-1.28%, 2006-1.60%, 2007-2.07%, and 2008-2.22%.

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

**NON-REIMBURSABLE and
REIMBURSABLE**

	Favorable/(Unfavorable)								
	2004	2005	Change 2005-2004	2006	Change 2006-2005	2007	Change 2007-2006	2008	Change 2008-2007
Revenue									
Farebox Revenue	\$3.204	\$3.245	\$0.041	\$3.283	\$0.038	\$3.332	\$0.049	\$3.374	\$0.042
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	1.891	1.891	0.000	1.891	0.000	1.891	0.000	1.891	0.000
Capital and Other Reimbursements	1.235	1.019	(0.216)	1.044	0.025	1.075	0.031	1.115	0.040
Total Revenue	\$6.330	\$6.155	(\$0.175)	\$6.218	\$0.063	\$6.298	\$0.080	\$6.380	\$0.082
Expenses									
Labor:									
Payroll	15.604	15.861	(0.257)	16.209	(0.348)	16.626	(0.417)	17.094	(0.468)
Overtime	1.430	1.323	0.107	1.351	(0.028)	1.386	(0.035)	1.425	(0.039)
Total Salaries & Wages	17.034	17.184	(0.150)	17.560	(0.376)	18.012	(0.452)	18.519	(0.507)
Health and Welfare	2.807	3.076	(0.269)	3.361	(0.285)	3.674	(0.313)	4.016	(0.342)
Pensions	1.740	1.949	(0.209)	2.136	(0.187)	2.345	(0.209)	2.580	(0.235)
Other Fringe Benefits	1.708	1.400	0.308	1.430	(0.030)	1.464	(0.034)	1.502	(0.038)
Total Fringe Benefits	6.255	6.425	(0.170)	6.927	(0.502)	7.483	(0.556)	8.098	(0.615)
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenses	\$23.289	\$23.609	(\$0.320)	\$24.487	(\$0.878)	\$25.495	(\$1.008)	\$26.617	(\$1.122)
Non-Labor:									
Traction and Propulsion Power	1.632	1.738	(0.106)	1.851	(0.113)	1.971	(0.120)	2.099	(0.128)
Fuel for Buses and Trains	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Insurance	0.144	0.146	(0.002)	0.148	(0.002)	0.151	(0.003)	0.155	(0.004)
Claims	0.221	0.226	(0.005)	0.231	(0.005)	0.232	(0.001)	0.243	(0.011)
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Mtce. and Other Operating Contracts	1.811	2.089	(0.278)	2.148	(0.059)	2.218	(0.070)	2.293	(0.075)
Professional Service Contracts	0.317	0.319	(0.002)	0.325	(0.006)	0.333	(0.008)	0.341	(0.008)
Materials & Supplies	0.899	0.913	(0.014)	0.923	(0.010)	0.935	(0.012)	0.947	(0.012)
Other Business Expenses	0.006	0.006	0.000	0.006	0.000	0.006	0.000	0.006	0.000
Total Non-Labor Expenses	\$5.030	\$5.437	(\$0.407)	\$5.632	(\$0.195)	\$5.846	(\$0.214)	\$6.084	(\$0.238)
Other Expense Adjustments:									
Other	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Other Expense Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenses before Depreciation	\$28.319	\$29.046	(\$0.727)	\$30.119	(\$1.073)	\$31.341	(\$1.222)	\$32.701	(\$1.360)
Depreciation	7.344	10.337	(2.993)	10.337	0.000	10.337	0.000	10.337	0.000
Total Expenses	\$35.663	\$39.383	(\$3.720)	\$40.456	(\$1.073)	\$41.678	(\$1.222)	\$43.038	(\$1.360)
Baseline Net Surplus/(Deficit)	(\$29.333)	(\$33.228)	(\$3.895)	(\$34.238)	(\$1.010)	(\$35.380)	(\$1.142)	(\$36.658)	(\$1.278)
Program to Eliminate the Gap	0.000	2.840	2.840	3.553	0.713	3.400	(0.153)	3.481	0.081
Net Surplus/(Deficit)	(\$29.333)	(\$30.388)	(\$1.055)	(\$30.685)	(\$0.297)	(\$31.980)	(\$1.295)	(\$33.177)	(\$1.197)

MTA Staten Island Railway
July Financial Plan 2005 - 2008
Ridership/Traffic Volume (Utilization)
(in millions)

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
Baseline Total Ridership	3.365	3.400	3.432	3.474	3.51
Impact of:					
New Needs	0.000	0.000	0.000	0.000	0.000
Program to Eliminate the Gap	0.000	0.256	0.015	0.015	0.015
Total Ridership	3.365	3.656	3.447	3.489	3.525

**MTA Staten Island Railway
2004-2008 Financial Plan
Summary of Plan to Plan Changes-Baseline Narrative**

2004: July Financial Plan vs. February Financial Plan

Revenue Re-estimates

- Passenger revenue shortfall of \$.184 million partially offset by \$.036 student reimbursement improvement.

Expense Re-estimates

- Health and Welfare expenses reflect \$.067 million in additional costs associated with increased levels of covered retirees.
- Workers compensation includes \$.319 million for employee claims paid in excess of budgeted levels.
- Inflationary increase of \$.052 million primarily based upon Global Insight's re-estimates of inflation rates.
- Maintenance and Other Operating Contracts reflect \$.387 million in higher power consumption associated with the new signal system.
- Professional Service Contracts reflect \$.140 million in higher costs associated with additional NYS bridge inspection requirements.

2005: July Financial Plan vs. February Financial Plan

Revenue Re-estimates

- Passenger revenue shortfall of \$.178 million partially offset by \$.036 student reimbursement improvement.

Expense Re-estimates

- Inflationary increase of \$.090 million primarily based upon Global Insight's re-estimate of inflation rates.
- Maintenance and Other Operating Contracts reflect \$.624 million in higher power consumption associated with the new signal system.
- Professional Service Contracts reflect \$.140 million in higher costs associated with additional NYS bridge inspection requirements.

2006: July Financial Plan vs. February Financial Plan

Revenue Re-estimates

- Passenger revenue shortfall of \$.168 million partially offset by \$.036 student reimbursement improvement.

Expense Re-estimates

- Inflationary decrease of \$.021 million primarily based upon Global Insight's re-estimate of inflation rates.
- Maintenance and Other Operating Contracts reflect \$.638 million in higher power consumption associated with the new signal system.
- Professional Service Contracts reflect \$.143 million in higher costs associated with additional NYS bridge inspection requirements.

2007: July Financial Plan vs. February Financial Plan

Revenue Re-estimates

- Passenger revenue shortfall of \$.169 million partially offset by \$.036 student reimbursement improvement.

Expense Re-estimates

- Inflationary decrease of \$.076 million, primarily based upon Global Insight's re-estimate of inflation rates.
- Maintenance and Other Operating Contracts reflect \$.655 million in higher power consumption associated with the new signal system.
- Professional Service Contracts reflect \$.147 million in higher costs associated with additional NYS bridge inspection requirements.

Other Assumptions

Total Non-Reimbursable and Reimbursable Positions 2003 - 2008

- 2003 actual incumbents of 305 include 8 non-reimbursable vacancies.
- Total position levels of 313 maintained through 2008.

Ridership/Utilization Projections 2003-2008

- The ridership increase is based upon Global Insight's NYC employment forecasts as follows: 2005-1.37%, 2006-1.44%, 2007-1.25%, and 2008-0.88%.

MTA Staten Island Railway
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)	(\$20.877)	(\$21.895)	(\$23.009)	(\$24.184)
Changes:				
Revenue				
Passenger Revenue Shortfall	(0.184)	(0.178)	(0.168)	(0.169)
Student Reimbursement Improvement	0.036	0.036	0.036	0.036
Sub-Total Revenue Changes	(\$.148)	(\$.142)	(\$.132)	(\$.133)
Expenses				
Health and Welfare - Retiree Benefits	(0.067)			
Expense Inflation Revision Impact	(0.052)	(0.090)	0.021	0.076
Workers Compensation	(0.319)			
Power Consumption-New Signal System	(0.387)	(0.624)	(0.638)	(0.655)
Bridge Inspections	(0.140)	(0.140)	(0.143)	(0.147)
Sub-Total Expense Changes	(\$.965)	(\$.854)	(\$.760)	(\$.726)
Cash Adjustments:				
Revenue				
Expense				
Sub-Total Cash Adjustment Changes	\$.000	\$.000	\$.000	\$.000
Program to Eliminate the Gap	0.000	2.840	3.553	3.400
Total Changes	(\$1.113)	\$1.844	\$2.661	\$2.541
2004 July Financial Plan - Operating Cash Income/(Deficit)	(\$21.990)	(\$20.051)	(\$20.348)	(\$21.643)

MTA Staten Island Railway
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)	\$0.106	(\$0.006)	(\$0.006)	(\$0.007)
<i>Changes:</i>				
Revenue				
Capital and Other Reimbursements	(0.005)	(0.006)	(0.007)	(0.004)
Sub-Total Revenue Changes	(\$0.005)	(\$0.006)	(\$0.007)	(\$0.004)
Expenses				
Reimbursable Labor and Fringe Inflatons	.005	0.006	0.007	0.004
Sub-Total Expense Changes	\$0.005	\$0.006	\$0.007	\$0.004
Cash Adjustments:				
Revenue				
Expense				
Sub-Total Cash Adjustment Changes	\$0.000	\$0.000	\$0.000	\$0.000
Total Changes	\$0.000	\$0.000	\$0.000	\$0.000
2004 July Financial Plan - Operating Cash Income/(Deficit)	\$0.106	(\$0.006)	(\$0.006)	(\$0.007)

MTA Staten Island Railway
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)	(\$20.771)	(\$21.901)	(\$23.015)	(\$24.191)
<i>Changes:</i>				
Revenue				
Passenger Revenue Shortfall	(0.184)	(0.178)	(0.168)	(0.169)
Student Reimbursement Improvement	0.036	0.036	0.036	0.036
Capital and Other Reimbursements	(.005)	(.006)	(.007)	(.004)
Sub-Total Revenue Changes	(\$.153)	(\$.148)	(\$.139)	(\$.137)
Expenses				
Health and Welfare - Retiree Benefits	(0.067)			
Expense Inflator Revision Impact	(0.052)	(0.090)	0.021	0.076
Workers Compensation	(0.319)			
Reimbursable Labor and Fringe Inflaters	0.005	0.006	0.007	0.004
Power Consumption-New Signal System	(0.387)	(0.624)	(0.638)	(0.655)
Bridge Inspections	(0.140)	(0.140)	(0.143)	(0.147)
Sub-Total Expense Changes	(\$.960)	(\$.848)	(\$.753)	(\$.722)
Cash Adjustments:				
Revenue				
Expense				
Sub-Total Cash Adjustment Changes	\$.000	\$.000	\$.000	\$.000
Program to Eliminate the Gap	0.000	2.840	3.553	3.400
Total Changes	(\$1.113)	\$1.844	\$2.661	\$2.541
2004 July Financial Plan - Operating Cash Income/(Deficit)	(\$21.884)	(\$20.057)	(\$20.354)	(\$21.650)

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MTA Staten Island Railway
July Financial Plan 2005 - 2008
Summary of the Program 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:										
Sub-Total Administration	0	\$.000	0	\$.000	0	\$.000	0	\$.000	0	\$.000
Customer Convenience & Amenities:										
Sub-Total Customer Convenience & Amenities	0	\$.000	0	\$.000	0	\$.000	0	\$.000	0	\$.000
Service:										
One Person Train Operation (OPTO) Service Support			26	1.747	26	1.809	26	1.876	26	1.950
Add fare collection at the Tompkinsville train station			0	0.300	0	0.300	0	0.300	0	0.300
Modify Weekend Headways			1	0.067	1	0.069	1	0.072	1	0.075
Modify Weekday Headways			2	0.134	2	0.139	2	0.144	2	0.149
Reduce Trains to Two Cars During Off-Peak			0	0.188	0	0.188	0	0.188	0	0.188
Eliminate Weekend Service			0	0.000	8	0.401	8	0.401	8	0.401
Sub-Total Service	0	\$.000	29	\$2.437	37	\$2.906	37	\$2.981	37	\$3.063
Maintenance:										
Reduce the size of the car fleet by 12 R44 B units			4	0.269	4	0.327	1	0.099	1	0.099
Facility Painting/ Station Maintenance			2	0.134		-		-		-
Sub-Total Maintenance	0	\$.000	6	\$.403	4	\$.327	1	\$.099	1	\$.099
Revenue Enhancement:										
Sub-Total Revenue Enhancement	0	\$.000	0	\$.000	0	\$.000	0	\$.000	0	\$.000
Other:										
Sub-Total Other	0	\$.000	0	\$.000	0	\$.000	0	\$.000	0	\$.000
Total Program to Eliminate the Gap	0	\$.000	35	\$2.840	41	\$3.234	38	\$3.081	38	\$3.162
Unspecified Reductions			0	0.000	0	0.319	0	0.319	0	0.319
Total Reductions	0	\$.000	35	\$2.840	41	\$3.553	38	\$3.400	38	\$3.481

¹ Reflects the impact of amendments on year-end positions.

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**MTA Staten Island Railway
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet**

PEG Category: Service

Program: One Person Train Operation (OPTO)

Background Details:	Currently the Authority operates four car trains with a crew of one Train Operator and one Conductor.
----------------------------	---

PEG Description and Implementation Plan:	Implementation of One Person Train Operation (OPTO) will reduce crew size to one Train Operator. Projections are that 27 Conductor positions can be eliminated.	
PEG Implementation Date:	1/1/05	When will PEG savings begin?: Based on renegotiation of labor agreements

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$1.747	\$1.808	\$1.875	\$1.949
<i>Total Reduction in Positions Required</i>	0	29	26	26	26
Current Level of Vacancies	0	3	26	26	26
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator)					
<i>List of Other Concerns:</i>					

**MTA Staten Island Railway
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet**

PEG Category: Service

Program: Add fare collection at the Tompkinsville train station

Background Details:	The Tompkinsville train station is a free entry/exit station located less than .5 miles from the St. George Terminal. Consequently, a significant number of passengers can avoid the fare collection system in St. George by entering and exiting the system at Tompkinsville.
----------------------------	--

PEG Description and Implementation Plan:	Implement a fare collection system at Tompkinsville to generate additional revenue and eliminate the opportunity to avoid fare collection at St. George.	
PEG Implementation Date:	1/1/05	When will PEG savings begin?: 1/1/05

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.300	\$0.300	\$0.300	\$0.300
<i>Total Reduction in Positions Required</i>	0	0	0	0	0
Current Level of 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)					
<i>List of Other Concerns:</i>					

**MTA Staten Island Railway
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet**

PEG Category: Service

Program: Modify Weekend Headways

Background Details:	The Authority has always maintained a schedule that was well coordinated with Ferry service. At certain times on weekends our headways exceed those of the Staten Island Ferry.
----------------------------	---

PEG Description and Implementation Plan:	Modify our weekend service headways to correspond with the Staten Island Ferry connections.	
PEG Implementation Date:	1/1/05	When will PEG savings begin?: 1/1/5

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.067	\$0.069	\$0.072	\$0.075
<i>Total Reduction in Positions Required</i>	0	1	1	1	1
Current Level of 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)					
<i>List of Other Concerns:</i>					

**MTA Staten Island Railway
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet**

PEG Category: Service

Program: Modify Weekday Headways

Background Details:	Currently Authority weekday service includes additional express service during selected periods in anticipation of increased passengers.
----------------------------	--

PEG Description and Implementation Plan:	Eliminate those selected service enhancements which are being under-utilized due the depressed ridership trend.	
PEG Implementation Date:	1/1/05	When will PEG savings begin?: 1/1/05

Financial Impact (Operating)

Net Savings (in millions)

2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
\$0.000	\$0.134	\$0.139	\$0.144	\$0.149

Total Reduction in Positions Required

Current Level of Vacancies

0	2	2	2	2
0	0	0	0	0

Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other

(Identify Appropriate Indicator)

List of Other Concerns:

**MTA Staten Island Railway
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet**

PEG Category: Service

Program: Reduce Trains to Two Cars During Off-Peak

Background Details:	Currently the Authority operates four (4) car trains for all passenger service.
----------------------------	---

PEG Description and Implementation Plan:	Reduce trains to two (2) cars during off-peak hours. With recent ridership declines this plan should not adversely affect current customers.
PEG Implementation Date:	1/1/05
	When will PEG savings begin?: 1/1/05

Financial Impact (Operating)

Net Savings (in millions)

2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
\$0.000	\$0.188	\$0.188	\$0.188	\$0.188

Total Reduction in Positions Required

Current Level of Vacancies

0	0	0	0	0
0	0	0	0	0

Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other

(Identify Appropriate Indicator)

List of Other Concerns:

**MTA Staten Island Railway
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet**

PEG Category: Maintenance

Program: Reduce the size of the car fleet by 12 R44 B units

Background Details:	The current SIR fleet of 64 cars includes an increase of 12 cars early in the 1990's. This action was in anticipation of operating 5 car trains to accommodate the expected growth in ridership which has not materialized.
----------------------------	---

PEG Description and Implementation Plan:	Reduce the fleet size back to its original 52 cars thereby reducing maintenance and cleaning costs.	
PEG Implementation Date:	1/1/05	When will PEG savings begin?: 1/1/05

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.269	\$0.327	\$0.099	\$0.099
<i>Total Reduction in Positions Required</i>	0	4	4	4	4
Current Level of 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)					
<i>List of Other Concerns:</i>					

**MTA Staten Island Railway
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet**

PEG Category: Maintenance

Program: Facility Painting/ Station Maintenance

Background Details:	Currently Authority budgeted cycles for painting interiors/exterior of facilities is 5 years while station maintenance is performed continuously on an as needed basis.
----------------------------	---

PEG Description and Implementation Plan:	Interior/exterior facility painting cycles will be increased to every 6 years and efficiencies will be developed and implemented for station related masonry and carpentry repairs.	
PEG Implementation Date:	1/1/05	When will PEG savings begin?: 1/1/05

Financial Impact (Operating)

Net Savings (in millions)

2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
\$0.000	\$0.134	\$0.000	\$0.000	\$0.000

Total Reduction in Positions Required

Current Level of Vacancies

0	2	0	0	0
0	0	0	0	0

Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other

(Identify Appropriate Indicator)

List of Other Concerns:

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**MTA Staten Island Railway
July Financial Plan 2005 - 2008
Program to Eliminate the Gap (PEG) Worksheet**

PEG Category: Service

Program: Eliminate Weekend Service

Background Details:	The Authority currently provides service 24 hours a day, 7 days per week. All service meets or exceeds Staten Island Ferry service.
----------------------------	---

PEG Description and Implementation Plan:	Eliminate weekend service beginning at 2 a.m. Saturday through 5 a.m. Monday. Existing local bus service at the St. George Terminal is an available alternate.	
PEG Implementation Date:	1/1/06	When will PEG savings begin?: 1/1/06

	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.000	\$0.401	\$0.401	\$0.401
<i>Total Reduction in Positions Required</i>	0	0	8	8	8
Current Level of Vacancies	0	0	0	0	0
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)			(5)	(5)	(5)
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator)					
<i>List of Other Concerns:</i>					

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MTA Staten Island Railway
 July Financial Plan 2005 - 2008
 Total Non-Reimbursable - Reimbursable Positions at End-of-Year
 Full-Time Positions and Full-Time Equivalents
 (\$ in millions)

Departments	2003 Actuals	2004 Mid-Year Forecast	2005 Preliminary Budget	2006	2007	2008
Police	24	24	24	24	24	24
Mechanical	38	37	37	37	37	37
Cleaning	20	22	22	22	22	22
Power/Signals	23	22	22	22	22	22
M of W	45	49	49	49	49	49
B & B	24	24	24	24	24	24
Transportation	97	99	99	99	99	99
Administration	34	36	36	36	36	36
Baseline Total Positions*	305	313	313	313	313	313
<i>Non-Reimbursable</i>	299	307	307	307	307	307
<i>Reimbursable</i>	6	6	6	6	6	6
<i>Total Full-Time</i>	305	313	313	313	313	313
<i>Total Full-Time-Equivalents</i>	0	0	0	0	0	0
Impact of: Program to Eliminate the Gap	0	0	(35)	(41)	(38)	(38)
Total Positions	305	313	278	272	275	275
<i>Non-Reimbursable</i>	299	307	272	266	269	269
<i>Reimbursable</i>	6	6	6	6	6	6
<i>Total Full-Time</i>	305	313	278	272	275	275
<i>Total Full-Time-Equivalents</i>						

* Baseline Positions for 2004 thru 2008 include 10 authorized positions which represent vacancy savings in the February 2004 Financial Plan.

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