

MTA 2005

Final Proposed Budget

November Financial Plan 2005 – 2008

Volume 2 – Agency Details



November 24, 2004



Metropolitan Transportation Authority

NOTICE

Volume 2 of the 2005 Final Proposed Budget and November Financial Plan 2005-2008 contains Agency detail that was prepared by November 1, 2004. The estimates do not reflect later positive information on subsidies and debt service, contained in Volume 1. Moreover, the preparation of these documents preceded the public hearings that took place November 8-10, 2004.

As a result of these later developments, the MTA Executive Director will be recommending that some of the Programs to Eliminate the Gap (PEGs) detailed in this Volume not be implemented or be modified. The Board will take these recommendations into consideration as well as information obtained from the public hearings before adopting the 2005 Budget in December 2004.

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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 B&T

MTA Bridges and Tunnels
2005 Final Proposed Budget
November Financial Plan 2005 – 2008

MISSION STATEMENT

MTA Bridges and Tunnels (B&T) 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 nearly two-thirds of this toll revenue, based on historical data, 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 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.

MAJOR HIGHLIGHTS

MTA Bridges & Tunnels was successful in achieving its primary goals in 2004.

Total Support to Mass Transit for 2004 is projected to be \$664.6 million, \$17.7 million higher than what was projected in the July Financial Plan. Since 1968, when B&T became part of the MTA, \$13.0 billion has been provided to the MTA for support to mass transit.

In the 2004 Customer Satisfaction Survey, B&T's customers rated their overall satisfaction at 7.4 out of 10, the agency's second highest rating ever, and up from 7.3 in 2003. Overall satisfaction with the agency's E-ZPass system was 8.6, which was consistent with the score received in 2003. More impressively, the overall satisfaction of B&T's cash customers rose from 6.7 in 2003 to 7.2 in 2004.

One factor driving the improvement in customer satisfaction is the reduction in median queue time during peak periods. In September 2004, the year-to-

date median queue time was 12 seconds, well below the agency's goal of 20 seconds for the year. The E-ZPass electronic toll system enabled B&T facilities to maintain low average peak hour queue times while managing record level traffic volumes in 2004. Through September 2004, 72% of all B&T traffic and 82% of all trucks used E-ZPass on an average weekday. E-ZPass traffic is expected to reach a record high of over 210 million vehicles by year-end 2004, and total traffic is expected to also reach a record high level of over 300 million vehicles.

Safety is the agency's first priority. Through September 2004, the year-to-date number of collisions with serious injury per million vehicles was 0.76, as compared to 0.83 during the same period in 2003. The overall collision rate showed even greater improvement with a year-to-date rate of 5.11 collisions per million vehicles as compared to 6.11 collisions per million vehicles during the same period in 2003.

The number of lost-time injuries for B&T employees is also down significantly from 2003. Through September 2004, the year-to-date lost time injuries were just 36, as compared to 47 during the same period a year ago.

FINANCIAL OVERVIEW

B&T's Financial Plan, consistent with its strategic operating and financial goals, is projecting net operating income of \$3.8 billion for the next five years (2004-2008) before factoring in the Program to Eliminate the Gap (PEG). This reflects higher revenue and moderate expense growth without compromising the operation and exceeding the MTA's net income target.

This financial plan increases B&T's headcount from 1,811 to 1,815. Between 1994 and 2000, B&T reduced its headcount by over 200 positions due to E-ZPass and other initiatives; since September 11, 2001, however, B&T has been asked to play an increasing role in securing its facilities and has added over 250 positions for this purpose. The 2005 headcount change includes a reduction of 1 administrative position and the addition of 5 positions to operate and maintain a new centralized access and monitoring control system.

For the 2004-2005 period, B&T projects a total of \$1,563.8 million in net operating income before factoring in the Program to Eliminate the Gap (PEG). This consists of \$2,281.6 million in revenue offset by \$717.8 million in expenses. Taken together, 2004-2005 net operating income is \$12.6 million better than the July Financial Plan target, while maintaining the current service levels and MTA's continued 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 over \$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.

2004 November Final Forecast

In the 2004 November Final Forecast, a total of \$794.3 million is projected in net operating income. This consists of \$1,135.9 million in revenues, offset by \$341.6 million in expenses. The expenses are composed of \$172.7 million in labor costs and \$168.9 million in non-labor expenses, which include \$0.4 million in prospective expenses related to a potential toll rate increase, primarily for the Environmental Assessment Study.

In 2004, the total planned headcount is 1,811, which includes 45 reimbursable positions.

There are no proposed PEGs in 2004.

2005 Final Proposed Budget - Baseline

In the 2005 Final Proposed Budget, a total of \$769.5 million is projected in net operating income for 2005 before factoring in the savings from PEGs. This consists of \$1,145.7 million in revenues, offset by \$376.2 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 4 positions with 3 additional positions to be added in 2006), and \$183.8 million in non-labor expenses, which include a new need for critical painting requirements at the Verrazano-Narrows Bridge (\$2.1 million in 2005), increased property insurance (\$2.1 million) and prospective expenses related to a potential toll rate increase (\$4.2 million). The prospective revenues associated with potential rate increases are not included.

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

The 2005 Final Proposed Budget also includes below-the-line gap closing actions of \$7.4 million and the reduction of 1 position to bring total headcount to 1,815 in 2005. These actions will be discussed later in this document, under Gap Closing Measures.

Year-to-year, the 2005 Final Proposed Budget reflects a \$9.7 million increase in revenues (\$5.0 million in toll revenue, \$4.2 million in capital and other reimbursements, and \$0.5 million from other sources). The revenue increases are offset by a \$19.7 million increase in labor expenses as a result of annualizing salaries and associated fringe benefits for the 2004 hires, incorporating contractual step-up and CPIU increases of 2.03%, in addition to a \$14.9 million increase in non-labor expenses, which includes a \$4.1 million increase in expenses for the potential toll increase, primarily for E-ZPass tag purchases and credit card fees.

Further details regarding the reconciliations to the July Financial Plan and major assumptions are discussed in the Plan-to-Plan Summary of Changes.

2006-2008 Projections

The 2006 projection for net operating income is \$751.9 million before factoring in the savings from PEGs. This consists of \$1,151.8 million in revenues, offset by \$399.9 million in expenses. The expenses are comprised of \$203.6 million in labor costs, which incorporate the new need for the maintenance of the centralized access and monitoring control system (\$0.5 million), and \$196.3 million in non-labor expenses.

In 2006, the total planned headcount increases to 1,819 pre-PEG, 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 \$19.5 million and the continued reduction of 1 position to bring total headcount to 1,818 in 2006. These actions are discussed later in this document under Gap Closing Measures.

Year to year, the 2006 projection includes a \$6.1 million increase in revenues (\$4.2 million in toll revenue and \$1.9 million in capital and other reimbursements). The revenue increases are offset by an \$11.2 million increase in labor expenses as a result of contractual step-up and CPIU increases of 2.20%. In addition, there is a \$12.5 million increase in non-labor expenses resulting from ongoing bridge painting requirements at the Verrazano-Narrows Bridge, which includes an increase in credit card expenses of \$1.8 million due to the potential toll increase, offset by lower CPIU increases.

Further details regarding the reconciliations to the July Financial Plan and major assumptions are discussed in the Plan-to-Plan Summary of Changes.

The 2007 and 2008 projections for net operating income are \$732.5 million and \$722.1 million, respectively, before factoring in the savings from PEGs.

For 2007, this consists of \$1,156.5 million in revenues, offset by \$423.9 million in expenses. The expenses are composed of \$213.8 million in labor costs, which include the aforementioned new need for the maintenance of the centralized access and monitoring control system (\$0.5 million), and \$210.1 million in non-labor expenses, which includes \$1.8 million in increased credit card expenses for the potential toll increase. For 2008, this consists of \$1,160.0 million in revenues, offset by \$438.0 million in expenses. The expenses are composed of \$222.7 million in labor costs, including the new need for the maintenance of the centralized access and monitoring control system (\$0.5 million), and \$215.3 million in non-labor expenses, which includes an increase in credit card expenses of \$1.9 million due to the potential toll increase, offset by lower CPIU increases.

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

The 2007 and 2008 projections also include below-the-line gap closing actions of \$18.0 million and \$17.8 million, respectively, and the continued reduction of 1 position to bring total headcount to 1,818 for both years. These actions are discussed later in this document under Gap Closing Measures.

Details for the reconciliations to the July Financial Plan and major assumptions are discussed in the Plan-to-Plan Summary of Changes.

GAP CLOSING MEASURES

2005 PEG Actions

Total PEG actions beginning in 2005 are projected to generate \$7.4 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.
- Fund all traffic control capital construction overtime from the capital budget, which would generate \$0.5 million in 2005 and \$1.8 million annually thereafter.
- Other actions totaling \$0.3 million in 2005 and \$0.4 million annually thereafter include:
 - 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);

- Establish an administrative fee for deferred toll payment (\$0.04 million in 2005, \$0.07 million annually thereafter);
- Continue in-house safety training and eliminate the contract for DuPont Training (\$0.09 million annually);
- Reduce administrative headcount by 1 position (\$0.04 million annually).

2006 PEG Actions

If adopted and implemented, the programs initiated in 2005 will contribute \$15.4 million in 2006, and the following proposed actions would generate an additional \$4.1 million:

- Negotiate a more favorable MasterCard rate on E-ZPass account replenishments, generating a potential annual savings of \$1.4 million.
- 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.
- Unspecified PEGs totaling \$1.8 million.

2007 and 2008 PEG Projections

Assuming all of the above initiatives are adopted and can be implemented, total PEG savings will amount to \$18.0 million in 2007, which includes unspecified PEGs of \$0.3 million, and \$17.8 million in 2008.

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

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

NON-REIMBURSABLE

	2004 November Forecast	2005 Final Proposed Budget	2006	2007	2008
<u>Revenue</u>					
Farebox Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Vehicle Toll Revenue	1,089.936	1,094.911	1,099.162	1,101.499	1,103.509
Other Operating Revenue	9.327	8.998	8.756	8.852	8.009
Capital and Other Reimbursements	23.233	27.073	28.563	30.403	32.255
Investment Income	1.080	1.949	2.175	2.134	2.337
Total Revenue	\$ 1,123.576	\$ 1,132.931	\$ 1,138.655	\$ 1,142.887	\$ 1,146.110
<u>Expenses</u>					
Labor:					
Payroll	102.256	109.439	112.182	115.616	119.294
Overtime	24.440	25.066	24.846	25.320	25.849
Health and Welfare	23.314	28.681	31.293	34.204	37.431
Pensions	4.597	10.245	15.183	17.747	18.298
Other Fringe Benefits	12.295	12.967	13.738	14.316	14.954
Reimbursable Overhead	(6.580)	(6.707)	(6.790)	(6.922)	(7.067)
Total Labor Expenses	\$ 160.321	\$ 179.692	\$ 190.451	\$ 200.281	\$ 208.759
Non-Labor:					
Traction and Propulsion Power	-	-	-	-	-
Fuel for Buses and Trains	-	-	-	-	-
Insurance	9.492	10.452	11.573	12.718	14.005
Claims	0.006	0.006	0.006	0.006	0.006
Paratransit Service Contracts	-	-	-	-	-
Maintenance and Other Operating Contracts	124.819	129.010	144.912	156.532	159.638
Professional Service Contracts	13.659	14.282	14.120	14.347	14.606
Materials & Supplies	19.634	28.080	23.680	24.504	25.016
Other Business Expenses	1.322	1.958	1.974	1.995	2.018
Total Non-Labor Expenses	\$ 168.933	\$ 183.789	\$ 196.266	\$ 210.103	\$ 215.291
Other Expenses Adjustments:					
Other	-	-	-	-	-
Total Other Expense Adjustments	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses before Depreciation	\$ 329.254	\$ 363.480	\$ 386.717	\$ 410.384	\$ 424.050
Add: Depreciation	42.000	45.780	49.900	54.390	59.300
Total Expenses after Depreciation	\$ 371.254	\$ 409.260	\$ 436.617	\$ 464.774	\$ 483.350
Less: Depreciation	(42.000)	(45.780)	(49.900)	(54.390)	(59.300)
Total Expenses	\$ 329.254	\$ 363.480	\$ 386.717	\$ 410.384	\$ 424.050
Baseline Net Income/(Deficit)	\$ 794.322	\$ 769.451	\$ 751.938	\$ 732.504	\$ 722.061
2005 Program to Eliminate the Gap (PEGs)	-	7.380	15.412	15.412	15.412
2006 Program to Eliminate the Gap (PEGs)	-	-	2.345	2.345	2.345
Unspecified PEGs	-	-	1.784	0.288	-
Net Income/(Deficit)	\$ 794.322	\$ 776.831	\$ 771.479	\$ 750.548	\$ 739.817

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

REIMBURSABLE

	2004 November Forecast	2005 Final Proposed Budget	2006	2007	2008
<u>Revenue</u>					
Farebox Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Vehicle Toll Revenue					
Other Operating Revenue					
Capital and Other Reimbursements	12.361	12.728	13.151	13.564	13.932
Investment Income					
Total Revenue	\$ 12.361	\$ 12.728	\$ 13.151	\$ 13.564	\$ 13.932
<u>Expenses</u>					
Labor:					
Payroll	4.070	4.149	4.200	4.281	4.371
Overtime	-	-	-	-	-
Health and Welfare	0.918	1.005	1.160	1.267	1.339
Pensions	0.196	0.214	0.247	0.270	0.285
Other Fringe Benefits	0.597	0.653	0.754	0.824	0.870
Reimbursable Overhead	6.580	6.707	6.790	6.922	7.067
Total Labor Expenses	\$ 12.361	\$ 12.728	\$ 13.151	\$ 13.564	\$ 13.932
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	\$ 12.361	\$ 12.728	\$ 13.151	\$ 13.564	\$ 13.932
Add: Depreciation	-	-	-	-	-
Total Expenses after Depreciation	\$ 12.361	\$ 12.728	\$ 13.151	\$ 13.564	\$ 13.932
Less: Depreciation	-	-	-	-	-
Total Expenses	\$ 12.361	\$ 12.728	\$ 13.151	\$ 13.564	\$ 13.932
Baseline Net Income/(Deficit)	\$ -	\$ -	\$ -	\$ -	\$ -
2005 Program to Eliminate the Gap (PEGs)					
2006 Program to Eliminate the Gap (PEGs)					
Unspecified PEGs					
Net Income/(Deficit)	\$ -	\$ -	\$ -	\$ -	\$ -

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

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

	2004 November Forecast	2005 Final Proposed Budget	2006	2007	2008
Revenue					
Farebox Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Vehicle Toll Revenue	1,089.936	1,094.911	1,099.162	1,101.499	1,103.509
Other Operating Revenue	9.327	8.998	8.756	8.852	8.009
Capital and Other Reimbursements	35.594	39.800	41.714	43.967	46.187
Investment Income	1.080	1.949	2.175	2.134	2.337
Total Revenue	\$ 1,135.937	\$ 1,145.658	\$ 1,151.806	\$ 1,156.452	\$ 1,160.042
Expenses					
Labor:					
Payroll	106.326	113.588	116.382	119.897	123.665
Overtime	24.440	25.066	24.846	25.320	25.849
Health and Welfare	24.232	29.686	32.453	35.471	38.770
Pensions	4.793	10.459	15.430	18.017	18.583
Other Fringe Benefits	12.892	13.620	14.492	15.140	15.824
Reimbursable Overhead	-	-	-	-	-
Total Labor Expenses	\$ 172.682	\$ 192.419	\$ 203.602	\$ 213.845	\$ 222.691
Non-Labor:					
Traction and Propulsion Power	-	-	-	-	-
Fuel for Buses and Trains	-	-	-	-	-
Insurance	9.492	10.452	11.573	12.718	14.005
Claims	0.006	0.006	0.006	0.006	0.006
Paratransit Service Contracts	-	-	-	-	-
Maintenance and Other Operating Contracts	124.819	129.010	144.912	156.532	159.638
Professional Service Contracts	13.659	14.282	14.120	14.347	14.606
Materials & Supplies	19.634	28.080	23.680	24.504	25.016
Other Business Expenses	1.322	1.958	1.974	1.995	2.018
Total Non-Labor Expenses	\$ 168.933	\$ 183.789	\$ 196.266	\$ 210.103	\$ 215.291
Other Expenses Adjustments:					
Other	-	-	-	-	-
Total Other Expense Adjustments	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses before Depreciation	\$ 341.615	\$ 376.208	\$ 399.868	\$ 423.948	\$ 437.981
Depreciation	42.000	45.780	49.900	54.390	59.300
Total Expenses after Depreciation	\$ 383.615	\$ 421.988	\$ 449.768	\$ 478.338	\$ 497.281
Depreciation	(42.000)	(45.780)	(49.900)	(54.390)	(59.300)
Total Expenses	\$ 341.615	\$ 376.208	\$ 399.868	\$ 423.948	\$ 437.981
Baseline Net Income/(Deficit)	\$ 794.322	\$ 769.450	\$ 751.938	\$ 732.504	\$ 722.061
2005 Program to Eliminate the Gap (PEGs)					
	-	7.380	15.412	15.412	15.412
2006 Program to Eliminate the Gap (PEGs)					
	-	-	2.345	2.345	2.345
Unspecified PEGs					
	-	-	1.784	0.288	-
Net Income/(Deficit)	\$ 794.322	\$ 776.830	\$ 771.479	\$ 750.549	\$ 739.818

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

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

	2004 November Forecast	2005 Final Proposed Budget	2006	2007	2008
Baseline Net Income/(Deficit)	\$ 794.322	\$ 769.450	\$ 751.938	\$ 732.504	\$ 722.061
<u>Deductions from Income:</u>					
Less: Capitalized Assets	6.550	11.014	10.669	10.864	11.086
Reserves	14.140	14.402	14.614	14.881	15.186
Adjusted Baseline Net Income/(Deficit)	\$ 773.632	\$ 744.034	\$ 726.656	\$ 706.759	\$ 695.788
Less: Debt Service	411.598	463.775	472.928	487.242	501.862
Less: Gain on Escrow: Transfer to MTA (*)	-	-	-	-	-
Income Available for Distribution	\$ 362.034	\$ 280.259	\$ 253.728	\$ 219.517	\$ 193.926
Distributable To:					
MTA - Investment Income	1.080	1.949	2.175	2.134	2.337
MTA - Distributable Income	226.640	192.085	178.599	161.589	148.711
NYCT - Distributable Income	134.314	86.225	72.954	55.794	42.878
Total Distributable Income:	\$ 362.034	\$ 280.259	\$ 253.728	\$ 219.517	\$ 193.926
Actual Cash Transfers:					
MTA - Investment Income	2.334	1.080	1.949	2.175	2.134
MTA - Transfers	242.272	195.541	179.948	163.290	149.999
NYCT - Transfers	142.602	91.034	74.282	57.510	44.169
Total Cash Transfers:	\$ 387.208	\$ 287.655	\$ 256.179	\$ 222.975	\$ 196.302
SUPPORT TO MASS TRANSIT:					
Total Revenues	1,135.937	1,145.658	1,151.806	1,156.452	1,160.042
Less: Net Operating Expenses	341.615	376.208	399.868	423.948	437.981
2005 Program to Eliminate the Gap (PEGs)	-	7.380	15.412	15.412	15.412
Net Operating Income:	\$ 794.322	\$ 776.831	\$ 767.350	\$ 747.916	\$ 737.473
Deductions from Operating Income:					
B&T Debt Service	109.061	126.030	135.742	149.666	164.190
Capitalized Assets	6.550	11.014	10.669	10.864	11.086
Reserves	14.140	14.402	14.614	14.881	15.186
Total Deductions from Operating Inc:	\$ 129.751	\$ 151.446	\$ 161.024	\$ 175.411	\$ 190.463
Total Support to Mass Transit:	\$ 664.571	\$ 625.385	\$ 606.326	\$ 572.505	\$ 547.010

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

**MTA Bridges and Tunnels
2005 Final Proposed Budget
November Financial Plan 2005 – 2008**

YEAR-TO-YEAR CHANGES: 2004-2008

Toll Revenue

- Revenues are estimated to reach \$1,089.9 million in 2004 and \$1,094.9 million in 2005 based on current traffic trends and economic forecasts provided by Global Insight, an increase of \$5.0 million.
- Projected revenues grow by \$4.3 million in 2006, \$2.3 million in 2007 and \$2.0 million in 2008, reflecting modest growth in regional (New York City, Long Island and Westchester) employment and other economic and operational considerations.
- Paid traffic is expected to reach record high levels of 300.5 million vehicles in 2004, 302.4 million vehicles in 2005, 304.1 million in 2006, 305.2 million in 2007, and 306.3 million in 2008.
- Economic projections for CPIU are 1.65% in 2005, 1.47% in 2006, 1.83% in 2007 and 2.05% in 2008, provided by Global Insight.

Other Operating Revenue

- Other income primarily consists of Battery Parking Garage revenue, various E-ZPass fees (charges for lost or non-returned tags, retained tags, returned checks, etc.), and E-ZPass Plus fees.
- Other Operating Revenue is forecast at \$9.3 million in 2004 and is projected to decline by \$0.3 million in 2005 due to a re-estimation of E-ZPass fees. Year-to-year changes from 2006 through 2008 are primarily influenced by fees collected for lost tags associated with the E-ZPass Tag Swap Program, which will wind down in 2007 and end by 2008. No revenue from this source is expected. The decreases will be partially offset by increases due to CPIU.

Capital and Other Reimbursements

- Income from Capital and Other Reimbursements are projected to increase by approximately \$4.2 million in 2005, \$1.9 million in 2006, \$2.3 million in 2007, and \$2.2 million in 2008, due primarily to CPIU adjustments.

Investment Income

- The 2004 investment income is based on actual interest earnings on fund balances through August and expected earnings for the remainder of the year.

- For 2005 through 2008, 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 increase of \$7.3 million in payroll is a result of annualizing salaries for 2004 hires, an increase in payroll as a result of a new need for the repair and maintenance of the equipment for the centralized access and monitoring control system (designed to serve and monitor key control points at two of our facilities and other critical locations), contractual step-up increases, expected adjustments in salaries due to pending contract settlements, as well as CPIU increases.
- In 2006, there is an increase of \$2.8 million in payroll for contractual step-up increases, CPIU increases, and for additional personnel to repair and maintain additional equipment for the aforementioned new need.
- For 2007 to 2008, an increase of \$3.5 million in payroll reflects CPIU and contractual step-up increases.
- Increases for pattern bargaining of 3% have been included in 2005 due to pending contract settlements. Out-year projections are 1.24% in 2006, 1.94% in 2007 and 2.09% in 2008, based on forecasts for national inflation provided by Global Insight, and are applied to salaries and overtime.

Overtime

- The increase of \$0.6 million from 2004 to 2005 is due to CPIU adjustments.
- The decrease of \$0.2 million between 2005 and 2006 is a result of revised overtime workload requirements. The increases in the out-years are a result of CPIU adjustments.

Health and Welfare

- The change from 2004 to 2005 is due to a 12.9% estimated increase from the health insurance providers and full-year benefits for 2004 hires and 2005 new needs.
- In 2006 through 2008, a 9.3% CPIU has been added to each year, based on estimates provided by the MTA, in addition to increases due to new needs.

Pensions

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

Other Fringe Benefits

- The 2004 to 2005 increases are due to CPIU adjustments, full year benefits for 2004 hires, and revised actuarial estimates for Worker's Compensation.

- The 2006 to 2008 increases are a result of CPIU inflators and estimates for Worker's Compensation based on information received from MTA Risk Management.

Insurance

- The 2004 through 2008 projections incorporate MTA Risk Management's estimates for property and general liability insurance.
- The increases for 2007 and 2008 are due to CPIU.
- CPIU increases are 1.65% in 2005, 1.47% in 2006, 1.83% in 2007 and 2.05% in 2008, based on forecasts for national inflation provided by Global Insight.

Maintenance and Other

- The 2005 expenses are \$4.2 million higher than 2004, primarily due to higher major maintenance expenses (\$1.3 million), increases in E-ZPass expenses (\$4.3 million) and CPIU increases for other expenses (\$1.4 million higher), offset by lower bridge painting (\$2.6 million) due to new bridge painting requirements.
- In 2006, expenses are \$15.9 million higher than 2005 primarily due to bridge painting requirements at the Henry Hudson, Verrazano-Narrows and Triborough Bridges (\$14.1 million) and CPIU increases.
- The 2007 expenses increase by \$11.6 million over 2006 primarily due to additional bridge painting requirements (\$9.4 million) and CPIU increases.
- In 2008, there is an increase of \$3.1 million from 2007 primarily due to CPIU increases.
- CPIU increases are 1.65% in 2005, 1.47% in 2006, 1.83% in 2007 and 2.05% in 2008, based on forecasts for national inflation provided by Global Insight.

Professional Service Contracts

- In 2005, expenses are \$0.6 million higher than 2004 mainly due to a re-estimate of bond insurance fees (\$0.7 million higher), increase in General Engineering Services (\$0.4 million), offset by a reduction in planning studies (\$0.6 million).
- For 2006 to 2008, the higher expenses are a result of CPIU increases.
- CPIU increases are 1.65% in 2005, 1.47% in 2006, 1.83% in 2007 and 2.05% in 2008, based on forecasts for national inflation provided by Global Insight.

Materials and Supplies

- In 2005, there is an increase of \$8.4 million over 2004 primarily due to a greater requirement for tag purchases (\$8.6 million) for the E-ZPass tag swap program and for the toll increase. These increases are offset by modest reductions in equipment purchases.

- 2006 expenses are \$4.4 million lower than 2005 primarily due to fewer tag purchases for the E-ZPass tag swap program (\$4.2 million) and a reduction in security surveillance equipment purchases and de-icing materials (\$0.3 million), offsetting increases from CPIU.
- In 2007, expenses are \$0.8 million higher than 2006 primarily due to an increase in E-ZPass tag needs (\$0.7 million) for the tag swap program, in addition to increases from CPIU.
- The 2008 expenses are higher due to CPIU increases.
- CPIU increases are 1.65% in 2005, 1.47% in 2006, 1.83% in 2007 and 2.05% in 2008, based on forecasts for national inflation provided by Global Insight.

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 1.65% in 2005, 1.47% in 2006, 1.83% in 2007 and 2.05% in 2008, based on forecasts for national inflation provided by Global Insight.

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

REIMBURSABLE

	Favorable/(Unfavorable)								
	2004	2005	Change 2005 - 2004	2006	Change 2006 - 2005	2007	Change 2007 - 2006	2008	Change 2008 - 2007
Revenue									
Farebox Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vehicle Toll Revenue	-	-	-	-	-	-	-	-	-
Other Operating Revenue	-	-	-	-	-	-	-	-	-
Capital and Other Reimbursements	12.361	12.728	0.367	13.151	0.424	13.564	0.413	13.932	0.367
Investment Income	-	-	-	-	-	-	-	-	-
Total Revenue	\$ 12.361	\$ 12.728	\$ 0.367	\$ 13.151	\$ 0.424	\$ 13.564	\$ 0.413	\$ 13.932	\$ 0.367
Expenses									
Labor:									
Payroll	4.070	4.149	(0.079)	4.200	(0.051)	4.281	(0.081)	4.371	(0.089)
Overtime	-	-	-	-	-	-	-	-	-
Health and Welfare	0.918	1.005	(0.087)	1.160	(0.155)	1.267	(0.107)	1.339	(0.072)
Pensions	0.196	0.214	(0.018)	0.247	(0.033)	0.270	(0.023)	0.285	(0.015)
Other Fringe Benefits	0.597	0.653	(0.056)	0.754	(0.101)	0.824	(0.070)	0.870	(0.046)
Reimbursable Overhead	6.580	6.707	(0.127)	6.790	(0.083)	6.922	(0.132)	7.067	(0.145)
Total Labor Expenses	\$ 12.361	\$ 12.728	\$ (0.367)	\$ 13.151	\$ (0.424)	\$ 13.564	\$ (0.413)	\$ 13.932	\$ (0.367)
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	\$ 12.361	\$ 12.728	\$ (0.367)	\$ 13.151	\$ (0.424)	\$ 13.564	\$ (0.413)	\$ 13.932	\$ (0.367)
Add: Depreciation	-	-	-	-	-	-	-	-	-
Total Expenses after Depreciation	\$ 12.361	\$ 12.728	\$ (0.367)	\$ 13.151	\$ (0.424)	\$ 13.564	\$ (0.413)	\$ 13.932	\$ (0.367)
Less: Depreciation	-	-	-	-	-	-	-	-	-
Total Expenses	\$ 12.361	\$ 12.728	\$ (0.367)	\$ 13.151	\$ (0.424)	\$ 13.564	\$ (0.413)	\$ 13.932	\$ (0.367)
Baseline Net Income/(Deficit)	\$ -	\$ -	\$ 0.000	\$ -	\$ 0.000	\$ -	\$ -	\$ -	\$ 0.000
2005 Program to Eliminate the Gap (PEGs)									
2006 Program to Eliminate the Gap (PEGs)	-	-	-	-	-	-	-	-	-
Unspecified PEGs	-	-	-	-	-	-	-	-	-
Net Income/(Deficit)	\$ -	\$ -	\$ 0.000	\$ -	\$ 0.000	\$ -	\$ -	\$ -	\$ 0.000

MTA Bridges and Tunnels
November 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)	\$ 794.322	\$ 769.451	\$ (24.871)	\$ 751.938	\$ (17.512)	\$ 732.504	\$ (19.434)	\$ 722.061	\$ (10.443)	
<u>Deductions from Income:</u>										
Less: Capitalized Assets	6.550	11.014	(4.464)	10.669	0.345	10.864	(0.195)	11.086	(0.223)	
Reserves	14.140	14.402	(0.262)	14.614	(0.212)	14.881	(0.267)	15.186	(0.305)	
Adjusted Baseline Net Income/(Deficit)	\$ 773.632	\$ 744.035	\$ (29.597)	\$ 726.656	\$ (17.379)	\$ 706.759	\$ (19.897)	\$ 695.788	\$ (10.971)	
Less: Debt Service	411.598	463.775	(52.177)	472.928	(9.153)	487.242	(14.314)	501.862	(14.620)	
Income Available for Distribution	\$ 362.034	\$ 280.260	\$ (81.774)	\$ 253.728	\$ (26.532)	\$ 219.517	\$ (34.211)	\$ 193.926	\$ (25.591)	
Distributable To:										
MTA - Investment Income	1.080	1.949	0.869	2.175	0.226	2.134	(0.041)	2.337	0.203	
MTA - Distributable Income	226.640	192.085	(34.555)	178.599	(13.486)	161.589	(17.010)	148.711	(12.878)	
NYCT - Distributable Income	134.314	86.225	(48.089)	72.954	(13.271)	55.794	(17.160)	42.878	(12.916)	
Total Distributable Income:	\$ 362.034	\$ 280.259	\$ (81.775)	\$ 253.728	\$ (26.531)	\$ 219.517	\$ (34.211)	\$ 193.926	\$ (25.591)	
Actual Cash Transfers:										
MTA - Investment Income	14.727	2.334	12.393	1.080	1.254	1.949	(0.869)	2.175	(0.226)	
MTA - Transfers	327.780	242.272	85.508	195.541	46.731	179.948	15.593	163.290	16.658	
NYCT - Transfers	231.178	142.602	88.576	91.034	51.568	74.282	16.752	57.510	16.772	
Total Cash Transfers:	\$ 573.685	\$ 387.208	\$ 186.477	\$ 287.655	\$ 99.553	\$ 256.179	\$ 31.476	\$ 222.975	\$ 33.204	
SUPPORT TO MASS TRANSIT:										
Total Revenues	1,135.937	1,145.658	(9.722)	1,151.806	(6.148)	1,156.452	(4.645)	1,160.042	(3.590)	
Less: Net Operating Expenses	341.615	376.208	(34.593)	399.868	(23.660)	423.948	(24.080)	437.981	(14.033)	
Program to Eliminate the Gap	-	7.380	(7.380)	15.412	(8.032)	15.412	-	15.412	-	
Net Operating Income:	\$ 794.322	\$ 776.831	\$ 17.491	\$ 767.350	\$ 9.480	\$ 747.916	\$ 19.434	\$ 737.473	\$ 10.443	
Deductions from Operating Income:										
B&T Debt Service	109.061	126.030	(16.969)	135.742	(9.712)	149.666	(13.924)	164.190	(14.524)	
Capitalized Assets	6.550	11.014	(4.464)	10.669	0.345	10.864	(0.195)	11.086	(0.223)	
Reserves	14.140	14.402	(0.262)	14.614	(0.212)	14.881	(0.267)	15.186	(0.305)	
Total Deductions from Operating Inc:	\$ 129.751	\$ 151.446	\$ (21.695)	\$ 161.024	\$ (9.578)	\$ 175.411	\$ (14.387)	\$ 190.463	\$ (15.052)	
Total Support to Mass Transit:	\$ 664.571	\$ 625.385	\$ 39.186	\$ 606.326	\$ 19.059	\$ 572.505	\$ 33.821	\$ 547.010	\$ 25.495	

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

	2003 Actuals	2004 November Forecast	2005 Final Proposed Budget	2006	2007	2008
Baseline Total Toll Revenue	\$1,021.938	\$1,089.936	\$1,094.911	\$1,099.162	\$1,101.499	\$1,103.509
<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	\$1,089.936	\$1,094.911	\$1,099.162	\$1,101.499	\$1,103.509
 Baseline Total Traffic Volume	 296.647	 300.505	 302.378	 304.056	 305.209	 306.275
<i>Impact of:</i>						
2005 Program to Eliminate the Gap	0.000	0.000	0.000	0.000	0.000	0.000
2006 Program to Eliminate the Gap	0.000	0.000	0.000	0.000	0.000	0.000
Total Traffic Volume	296.647	300.505	302.378	304.056	305.209	306.275

MTA Bridges and Tunnels
2005 Final Proposed Budget
November Financial Plan – 2005 to 2008

<u>PLAN-TO-PLAN</u>	<u>Favorable/ Unfavorable (\$ in millions)</u>
2004: November Financial Plan vs. July Financial Plan	\$13.2
<ul style="list-style-type: none"> • Increase in toll revenue due to higher average tolls resulting from a slight shift in the ratio of traffic from the minor to the major facilities. • Other Operating Revenue is higher primarily due to a re-estimation of E-ZPass fees. • Security Reimbursement re-estimated to reflect a decrease in estimated security expenses in 2004 as a result of lower overtime and a corresponding reduction in fringe benefits. • Security expense (offset to reimbursement) • Lower payroll expenses due to higher vacancies and the timing of promotions. • Lower expenses in fringe benefits due to the re-estimate of pension (\$0.8 million) and workers' compensation costs (\$3.2 million); and lower health & welfare (\$2.0 million) and FICA costs due to Sergeant, Lieutenant and BTO vacancies (\$1.0 million). • The major maintenance program has been revised primarily due to the deferral of a suspender rope maintenance project at the VN. This project is included in the 2005 program. • Additional painting work required at the Henry Hudson Bridge due to unexpected steel repairs uncovered during an inspection. • Lower than planned Bond Insurance fees. • Additional expenses resulting from a potential toll increase, primarily for a required Environmental Assessment Study. • Other 	<ul style="list-style-type: none"> \$3.3 \$0.4 (\$1.7) \$1.7 \$1.8 \$7.0 \$3.2 (\$2.3) \$1.0 (\$0.4) (\$0.8)
2004: PEGs: November Financial Plan vs. July Financial Plan	\$0.0
2005: November Financial Plan vs. July Financial Plan	(\$0.6)
<ul style="list-style-type: none"> • Toll revenues have been re-forecast to reflect higher average tolls experienced in 2004 and to incorporate traffic re-estimations derived from changes in the economic forecasts provided by Global Insight. 	<ul style="list-style-type: none"> \$7.5

- Investment Income has been re-estimated to reflect current expectations for fund balances and Global Insight's forecasts for short-term investment yields. (\$0.2)
- Revised assessments by MTA Risk Management for property and general liability insurance. (\$2.0)
- Security Reimbursement re-estimated to reflect a decrease in estimated security expenses during the plan period resulting from the lower salaries of new hires. (\$0.2)
- Security expense (offset to reimbursement) \$0.2
- Increased expenses for the E-ZPass Customer Service Center. (\$0.7)
- Additional expenses due to the potential toll increase, primarily for increased credit card fees and E-ZPass tag requirements. (\$4.2)
- Other (\$1.0)

2005: PEGs: November Financial Plan vs. July Financial Plan (\$1.9)

- Elimination of PEG to establish an annual fee of \$25 per tag, per year, to outside agencies receiving toll-free passage. (\$0.2)
- Re-estimate of reimbursable overtime from the capital program. (\$1.7)

2006: November Financial Plan vs. July Financial Plan \$0.1

- Toll revenues have been re-forecast to reflect higher average tolls experienced in 2004 and to incorporate traffic re-estimations derived from changes in the economic forecasts provided by Global Insight. \$7.3
- Investment Income has been re-estimated to reflect current expectations for fund balances and Global Insight's forecasts for short-term investment yields. (\$0.6)
- Security Reimbursement re-estimated to reflect a decrease in estimated security expenses during the plan period resulting from the lower salaries of new hires. (\$0.9)
- Security expense (offset to reimbursement). \$0.9
- Revised assessments by MTA Risk Management for property and general liability insurance. (\$2.3)
- Increased expenses for the E-ZPass Customer Service Center. (\$0.7)
- Re-estimate of E-ZPass Equipment Maintenance. (\$0.6)
- Additional expenses due to the potential toll increase for increased credit card fees. (\$1.8)
- Other (\$1.2)

2006: PEGs: November Financial Plan vs. July Financial Plan **\$1.1**

- Elimination of PEG to establish an annual fee of \$25 per tag, per year, to outside agencies receiving toll-free passage. (\$0.3)
- Re-estimate of reimbursable overtime from the capital program. (\$0.4)
- Unspecified PEGs \$1.8

2007: November Financial Plan vs. July Financial Plan **(\$1.9)**

- Toll revenues have been re-forecast to reflect higher average tolls experienced in 2004 and to incorporate traffic re-estimations derived from changes in the economic forecasts provided by Global Insight. \$6.0
- Investment Income has been re-estimated to reflect current expectations for fund balances and Global Insight's forecasts for short-term investment yields. (\$0.8)
- Security Reimbursement re-estimated to reflect a decrease in estimated security expenses during the plan period resulting from the lower salaries of new hires. (\$1.1)
- Security expense (offset to reimbursement) \$1.1
- Revised assessments by MTA Risk Management for property and general liability insurance. (\$3.3)
- Increased expenses for the E-ZPass Customer Service Center. (\$0.6)
- Additional expenses due to the potential toll increase for increased credit card fees. (\$1.8)
- Other. (\$1.4)

2007: PEGs: November Financial Plan vs. July Financial Plan **(\$0.4)**

- Elimination of PEG to establish an annual fee of \$25 per tag, per year, to outside agencies receiving toll-free passage. (\$0.3)
- Re-estimate of reimbursable overtime from the capital program. (\$0.4)
- Unspecified PEGs \$0.3

2008: November Financial Plan vs. July Financial Plan **(\$4.5)**

- Toll revenues have been re-forecast to reflect higher average tolls experienced in 2004 and to incorporate traffic re-estimations derived from changes in the economic forecasts provided by Global Insight. \$4.4
- Investment Income has been re-estimated to reflect current expectations for fund balances and Global Insight's forecasts for short-term investment yields. (\$1.4)
- Security Reimbursement re-estimated to reflect a decrease in estimated security expenses during the plan period resulting from the lower salaries of new hires. (\$1.0)
- Security expense (offset to reimbursement) \$1.0
- Increases in personnel expenses due to change in CPIU. (\$0.6)
- Revised assessments by MTA Risk Management for property and general liability insurance. (\$4.3)
- Increased expenses for the E-ZPass Customer Service Center. (\$0.6)
- Expenses due to the potential toll increase for increased credit card fees. (\$1.9)
- Other (\$0.1)

2008: PEGs: November Financial Plan vs. July Financial Plan **(\$0.7)**

- Elimination of PEG to establish an annual fee of \$25 per tag, per year, to outside agencies receiving toll-free passage. (\$0.3)
- Re-estimate of reimbursable overtime from the capital program. (\$0.4)

**MTA Bridges and Tunnels
2005 Final Proposed Budget
November Financial Plan 2005 – 2008**

OTHER ASSUMPTIONS

Position Table

Total 2004 headcount is 1,811, which includes reimbursable headcount of 45. In 2005, there is an increase of 5 positions, which are for the new need involving the repair and maintenance of the equipment for the centralized access and monitoring control system, designed to serve and monitor key control points at two of our facilities and other critical locations. These adjustments bring total headcount to 1,816 positions in 2005, offset by the elimination of 1 position proposed for the Program to Eliminate the Gap, bringing the final headcount for 2005 to 1,815. In 2006, there is an increase of an additional 3 positions to repair and maintain additional equipment for the aforementioned new need, increasing headcount to 1,818 positions. From 2007 through 2008, the number of positions remains constant.

Ridership/Traffic Volume (Utilization)

Paid traffic volume is projected to reach a record high of 300.5 million vehicles in 2004. Traffic volumes are estimated to grow 0.6% in 2005 and an average of 0.4% per year from 2006 through 2008 and incorporate the current forecasts for regional employment and national inflation provided by Global Insight.

MTA Bridges & Tunnels
November Financial Plan 2005 - 2008
Summary of Changes Between Financial Plans by Category
(\$ in millions)

NON-REIMBURSABLE

	2004	2005	2006	2007	2008
2004 July Financial Plan - Baseline Net Income/(Deficit)	\$781.072	\$770.085	\$751.848	\$734.445	\$726.552
Baseline Changes (List):					
Revenue					
<i>Toll Revenue</i>	3.349	7.456	7.290	5.997	4.370
<i>Other Operating Revenue</i>	0.411	0.000	0.000	0.000	0.000
<i>Capital Reimbursement</i>	0.000	0.000	0.000	0.000	0.000
<i>Security Reimbursement (offset: Security Exp)</i>	(1.740)	(0.242)	(0.865)	(1.106)	(0.991)
<i>Investment Income</i>	(0.001)	(0.223)	(0.575)	(0.786)	(1.423)
Sub-Total Revenue Changes	\$2.019	\$6.991	\$5.850	\$4.105	\$1.956
Expenses					
Labor:					
<i>Payroll</i>	1.849	(0.792)	(0.133)	0.149	0.561
<i>Overtime</i>	0.987	(0.381)	0.239	0.408	0.599
<i>Health & Welfare</i>	1.996	(0.009)	(0.128)	(0.269)	(0.444)
<i>Pension</i>	0.800	0.418	(0.005)	(0.004)	0.045
<i>Other Fringe Benefits</i>	4.163	0.808	0.798	0.759	0.717
<i>Reimbursable Overhead</i>	0.000	(0.006)	(0.071)	(0.116)	(0.169)
OTPS:					
<i>Insurance</i>	(0.411)	(2.030)	(2.303)	(3.259)	(4.340)
<i>Claims</i>	0.000	(0.000)	(0.000)	(0.000)	0.000
<i>Maintenance & Other Operating Contracts</i>	1.135	(1.103)	(2.001)	(1.590)	(1.305)
<i>Professional Services Contracts</i>	1.539	0.075	0.093	0.124	0.149
<i>Materials & Supplies</i>	(0.318)	(0.282)	(0.368)	(0.336)	(0.314)
<i>Other Business Expenses</i>	(0.099)	(0.098)	(0.097)	(0.095)	(0.093)
<i>Expenses due to Toll Increase</i>	(0.409)	(4.226)	(1.783)	(1.816)	(1.853)
Sub-Total Expense Changes	\$11.231	(\$7.625)	(\$5.759)	(\$6.046)	(\$6.447)
Cash Adjustments:					
<i>None</i>					
Sub-Total Cash Adjustment Changes	0.000	0.000	0.000	0.000	0.000
Total Baseline Changes	\$13.249	(\$0.634)	\$0.091	(\$1.941)	(\$4.491)
2004 November Financial Plan - Baseline Net Income/(Deficit)	\$794.322	\$769.450	\$751.938	\$732.504	\$722.061
July Financial Plan - Program to Eliminate the GAP	0.000	9.252	18.503	18.503	18.503
PEG Changes:					
2005 PEG Changes (List):					
<i>Establish an E-ZPass administrative fee for each tag issued to an outside agency receiving toll free passage</i>	0.000	(0.162)	(0.325)	(0.325)	(0.325)
<i>Adjustment to capital reimbursement for overtime performed for capital construction projects</i>	0.000	(1.710)	(0.421)	(0.421)	(0.421)
2006 PEG Changes (List)					
Unspecified PEGs	0.000	0.000	1.784	0.288	0.000
Sub-Total PEG Changes	\$0.000	(\$1.872)	\$1.038	(\$0.458)	(\$0.746)
GAP	\$0.000	\$7.380	\$19.541	\$18.045	\$17.757
2004 November Financial Plan - Net Income/(Deficit)	\$794.322	\$776.830	\$771.479	\$750.549	\$739.818

MTA Bridges & Tunnels
November Financial Plan 2005 - 2008
Summary of Changes Between Financial Plans by Category
(\$ in millions)

REIMBURSABLE

	2004	2005	2006	2007	2008
2004 July Financial Plan - Baseline Net Income/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
<i>Baseline Changes (List):</i>					
Revenue					
- Re-estimate of Capital Reimb due to revised O/H rate	-	(0.048)	(0.160)	(0.221)	(0.330)
Sub-Total Revenue Changes	\$0.000	(\$0.048)	(\$0.160)	(\$0.221)	(\$0.330)
Expenses					
<i>Labor:</i>					
<i>Payroll</i>	0.000	0.004	0.044	0.072	0.104
<i>Overtime</i>	0.000	0.000	0.000	0.000	0.000
<i>Health & Welfare</i>	0.000	0.020	0.024	0.018	0.030
<i>Pension</i>	0.000	0.005	0.005	0.004	0.007
<i>Other Fringe Benefits</i>	0.000	0.013	0.016	0.011	0.020
<i>Reimbursable Overhead</i>	0.000	0.006	0.071	0.116	0.169
Sub-Total Expense Changes	\$0.000	\$0.048	\$0.160	\$0.221	\$0.330
Cash Adjustments:					
<i>None</i>					
Sub-Total Cash Adjustment Changes	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
<i>Total Baseline Changes</i>	<i>\$0.000</i>	<i>\$0.000</i>	<i>\$0.000</i>	<i>\$0.000</i>	<i>\$0.000</i>
2004 November Financial Plan - Baseline Net Income/(Deficit)	\$0.000 0	\$0.000 0	\$0.000 0	\$0.000	\$0.000
July Financial Plan - Program to Eliminate the Gap					
<i>PEG Changes:</i>					
<i>Sub-Total PEG Changes</i>	<i>\$0.000 0</i>	<i>\$0.000 0</i>	<i>\$0.000 0</i>	<i>\$0.000</i>	<i>\$0.000</i>
Gap	\$0.000 0	\$0.000 0	\$0.000 0	\$0.000	\$0.000
2004 November Financial Plan - Net Cash Income/(Deficit)	\$0.000 0	\$0.000 0	\$0.000 0	\$0.000	\$0.000

MTA Bridges & Tunnels
November Financial Plan 2005 - 2008
Summary of Changes Between Financial Plans by Category
(\$ in millions)

**NON-REIMBURSABLE/
REIMBURSABLE**

	2004	2005	2006	2007	2008
2004 July Financial Plan - Baseline Net Income/(Deficit)	\$781.072	\$770.085	\$751.848	\$734.445	\$726.552
Baseline Changes (List):					
Revenue					
<i>Toll Revenue</i>	3.349	7.456	7.290	5.997	4.370
<i>Other Operating Revenue</i>	0.411	0.000	0.000	0.000	0.000
<i>Capital Reimbursement</i>	0.000	(0.048)	(0.160)	(0.221)	(0.330)
<i>Security Reimbursement (offset: Security Exp)</i>	(1.740)	(0.242)	(0.865)	(1.106)	(0.991)
<i>Investment Income</i>	(0.001)	(0.223)	(0.575)	(0.786)	(1.423)
Sub-Total Revenue Changes	\$2.019	\$6.943	\$5.690	\$3.884	\$1.626
Expenses					
Labor:					
<i>Payroll</i>	1.849	(0.788)	(0.089)	0.221	0.665
<i>Overtime</i>	0.987	(0.381)	0.239	0.408	0.599
<i>Health & Welfare</i>	1.996	0.011	(0.104)	(0.251)	(0.414)
<i>Pension</i>	0.800	0.423	0.000	0.000	0.052
<i>Other Fringe Benefits</i>	4.163	0.821	0.814	0.770	0.737
<i>Reimbursable Overhead</i>	0.000	0.000	0.000	0.000	0.000
OTPS:					
<i>Insurance</i>	(0.411)	(2.030)	(2.303)	(3.259)	(4.340)
<i>Claims</i>	0.000	(0.000)	(0.000)	(0.000)	0.000
<i>Maintenance & Other Operating Contracts</i>	1.135	(1.103)	(2.001)	(1.590)	(1.305)
<i>Professional Services Contracts</i>	1.539	0.075	0.093	0.124	0.149
<i>Materials & Supplies</i>	(0.318)	(0.282)	(0.368)	(0.336)	(0.314)
<i>Other Business Expenses</i>	(0.099)	(0.098)	(0.097)	(0.095)	(0.093)
<i>Expenses due to Toll Increase</i>	(0.409)	(4.226)	(1.783)	(1.816)	(1.853)
Sub-Total Expense Changes	\$11.231	(\$7.577)	(\$5.599)	(\$5.825)	(\$6.117)
Cash Adjustments:					
<i>None</i>					
Sub-Total Cash Adjustment Changes	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Baseline Changes	\$13.249	(\$0.634)	\$0.091	(\$1.941)	(\$4.491)
2004 November Financial Plan - Baseline Net Income/(Deficit)	\$794.322	\$769.450	\$751.938	\$732.504	\$722.061
July Financial Plan - Program to Eliminate the GAP	\$0.000	\$9.252	\$18.503	\$18.503	\$18.503
PEG Changes:					
2005 PEG Changes (List):					
<i>Establish an E-ZPass admin. fee for each tag issued to an outside agency receiving toll free passage</i>	\$0.000	(\$0.162)	(\$0.325)	(\$0.325)	(\$0.325)
<i>Adjustment to capital reimbursement for overtime performed for capital construction projects</i>	\$0.000	(\$1.710)	(\$0.421)	(\$0.421)	(\$0.421)
2006 PEG Changes (List)					
Unspecified PEGs	\$0.000	\$0.000	\$1.784	\$0.288	\$0.000
Sub-Total PEG Changes	\$0.000	(\$1.872)	\$1.038	(\$0.458)	(\$0.746)
November Financial Plan - Program to Eliminate the	\$0.000	\$7.380	\$19.541	\$18.045	\$17.757
2004 November Financial Plan - Net Income/(Deficit)	\$794.322	\$776.830	\$771.479	\$750.549	\$739.818

MTA Bridges and Tunnels
November Financial Plan 2005 - 2008
Summary of 2005 Program to Eliminate the Gap
(\$ in millions)

	2004		2005		2006		2007		2008	
	Positions¹	Dollars	Positions¹	Dollars	Positions¹	Dollars	Positions¹	Dollars	Positions¹	Dollars
LIST of PROGRAMS										
Administration:										
- Reduce 1 administrative position	0	\$.000	1	\$.040	1	\$.040	1	\$.040	1	\$.040
Sub-Total Administration	0	\$.000	1	\$.040	1	\$.040	1	\$.040	1	\$.040
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:										
None										
Sub-Total Maintenance	0	\$.000	0	\$.000	0	\$.000	0	\$.000	0	\$.000
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	\$.507	0	\$1.796	0	\$1.796	0	\$1.796
- 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
Sub-Total Revenue Enhancements	0	\$.000	0	\$7.250	0	\$15.282	0	\$15.282	0	\$15.282
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	\$7.380	1	\$15.412	1	\$15.412	1	\$15.412

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

MTA Bridges and Tunnels
November Financial Plan 2005 - 2008
Summary of 2006 Program to Eliminate the Gap
(\$ in millions)

	2004		2005		2006		2007		2008	
	Positions¹	Dollars	Positions¹	Dollars	Positions¹	Dollars	Positions¹	Dollars	Positions¹	Dollars
LIST of PROGRAMS										
Administration:										
- 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	0	\$.000	0	\$1.371	0	\$1.371	0	\$1.371
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:										
- 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	\$.000	0	\$.733	0	\$.733	0	\$.733
Other:										
None	0	\$.000	0	\$.000	0	\$.000	0	\$.000	0	\$.000
Sub-Total Other	0	\$.000	0	\$.000	0	\$.000	0	\$.000	0	\$.000
Total PEGS	0	\$.000	0	\$.000	0	\$2.345	0	\$2.345	0	\$2.345
Unspecified PEGs	0	\$.000	0	\$.000	0	\$1.784	0	\$.288	0	\$.000
Total PEGS	0	\$.000	1	\$7.380	1	\$19.541	1	\$18.045	1	\$17.757

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

MTA Bridges & Tunnels
November 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 November Forecast	2005 Final Proposed 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	49	49	49	49
Total Operations/Maintenance:	1234	1291	1292	1292	1292	1292
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:						
2005 Program to Eliminate the Gap	0	0	-1	-1	-1	-1
2006 Program to Eliminate the Gap	0	0	0	0	0	0
Total Positions	1732	1811	1815	1818	1818	1818
<i>Non-Reimbursable</i>	1687	1766	1770	1773	1773	1773
<i>Reimbursable</i>	45	45	45	45	45	45
<i>Total Full-Time</i>	1732	1811	1815	1818	1818	1818
<i>Total Full-Time-Equivalents</i>	0	0	0	0	0	0

MTA CC

MTA Capital Construction Company
2005 Final Proposed Budget
November 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 \$31.572 million and a year end headcount of 150.

Labor and fringe expenses are projected at \$17.772 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; 50 for the East Side

Access project; 15 for the Second Avenue Subway project; 17 for the Lower Manhattan projects; and 12 for Security projects.

Non-Labor costs are projected at \$13.799 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 3.5% in 2006, and then increase by 2.2% in 2007 and by 2.2% in 2008. Year-end staffing levels remain constant at 150. Labor costs increase by 15.2 % in 2006, reflecting the first year of full staffing. Non-Labor costs decline in 2006 by 27.6% because the initial agency setup costs are a one-time 2005 expense. Costs remain fairly constant through 2007 and 2008 and grow by 2.8% and 2.3% 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
November 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	\$	\$	\$	\$	\$	\$
Baseline Net Surplus/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Program to Eliminate the Gap						
Net Surplus/(Deficit)	\$	\$	\$	\$	\$	\$

MTA Capital Construction Company
November 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		8.403	18.039	16.044	16.465	16.791
East Side Access		2.941	7.295	7.668	7.805	8.007
Second Avenue Subway		0.404	1.999	2.394	2.443	5.210
Fulton Street/South Ferry		0.684	2.543	2.606	2.659	-
Security		0.276	1.697	1.753	1.788	1.826
Total Revenue	\$ -	\$ 12.708	\$ 31.572	\$ 30.465	\$ 31.160	\$ 31.834

Expenses

Labor:						
Payroll	-	4.513	12.976	15.107	15.400	15.722
Overtime						
Health and Welfare		0.742	2.335	2.623	2.674	2.730
Pensions		0.330	0.873	0.998	1.024	1.047
Other Fringe Benefits	-	0.780	1.588	1.744	1.790	1.830
Reimbursable Overhead						
Total Labor Expenses	\$ -	6.365	17.774	20.472	20.888	21.329

Non-Labor:

Traction and Propulsion Power						
Fuel for Buses and Trains						
Insurance	-	0.452	0.497	0.546	0.599	0.659
Claims						
Paratransit Service Contracts						
Maintenance and Other						
Operating Contracts						
Professional Service Contracts	-	3.659	6.438	3.301	3.359	3.413
Materials & Supplies	-	0.003	2.452	2.429	2.452	2.449
Other Business Expenses	-	2.228	4.412	3.718	3.862	3.984
Total Non-Labor Expenses	\$ -	6.343	13.799	9.993	10.272	10.505

Other Expenses Adjustments:

Other

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

Total Expenses before Depreciation	\$ -	\$ 12.707	\$ 31.572	\$ 30.465	\$ 31.160	\$ 31.834
-------------------------------------------	-------------	------------------	------------------	------------------	------------------	------------------

Depreciation

Total Expenses	\$ -	\$ 12.707	\$ 31.572	\$ 30.465	\$ 31.160	\$ 31.834
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Baseline Net Surplus/(Deficit)

Program to Eliminate the Gap

Net Surplus/(Deficit)	\$ -	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
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MTA Capital Construction Company
November 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		8.403	18.039	16.044	16.465	16.791
East Side Access		2.941	7.295	7.668	7.805	8.007
Second Avenue Subway		0.404	1.999	2.394	2.443	5.210
Fulton Street/South Ferry		0.684	2.543	2.606	2.659	-
Security		0.276	1.697	1.753	1.788	1.826
Total Revenue	\$	\$ 12.708	\$ 31.572	\$ 30.465	\$ 31.160	\$ 31.834
Expenses						
Labor:						
Payroll		4.513	12.976	15.107	15.400	15.722
Overtime		-	-	-	-	-
Health and Welfare		0.742	2.335	2.623	2.674	2.730
Pensions		0.330	0.873	0.998	1.024	1.047
Other Fringe Benefits		0.780	1.588	1.744	1.790	1.830
Reimbursable Overhead						
Total Labor Expenses	\$	6.365	17.774	20.472	20.888	21.329
Non-Labor:						
Traction and Propulsion Power						
Fuel for Buses and Trains						
Insurance		0.452	0.497	0.546	0.599	0.659
Claims						
Paratransit Service Contracts						
Maintenance and Other						
Operating Contracts						
Professional Service Contracts		3.659	6.438	3.301	3.359	3.413
Materials & Supplies		0.003	2.452	2.429	2.452	2.449
Other Business Expenses		2.228	4.412	3.718	3.862	3.984
Total Non-Labor Expenses	\$	\$ 6.343	\$ 13.799	\$ 9.993	\$ 10.272	\$ 10.505
Other Expenses Adjustments:						
Other						
Total Other Expense Adjustments	\$	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses before Depreciation	\$	\$ 12.707	\$ 31.572	\$ 30.465	\$ 31.160	\$ 31.834
Depreciation						
Total Expenses	\$	\$ 12.707	\$ 31.572	\$ 30.465	\$ 31.160	\$ 31.834
Baseline Net Surplus/(Deficit)	\$	\$ -	\$ 0.000	\$ 0.000	\$ 0.000	\$ -
Program to Eliminate the Gap						
Net Surplus/(Deficit)	\$	\$ -	\$ -	\$ -	\$ -	\$ -

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

	2003	2004	2005	2006	2007	2008
	Actuals	Mid-Year Forecast	Preliminary Budget			
Receipts						
Farebox Revenue	\$ -	\$	\$	\$	\$	\$
Vehicle Toll Revenue						
Other Operating Revenue						
Capital and Other Reimbursements						
MTACC Administration		8.403	18.039	16.044	16.465	16.791
East Side Access		2.941	7.295	7.668	7.805	8.007
Second Avenue Subway		0.404	1.999	2.394	2.443	5.210
Fulton Street/South Ferry		0.684	2.543	2.606	2.659	-
Security		0.276	1.697	1.753	1.788	1.826
Total Receipts	\$ -	\$ 12.708	\$ 31.572	\$ 30.465	\$ 31.160	\$ 31.834
Expenditures						
Labor:						
Payroll		4.513	12.976	15.107	15.400	15.722
Overtime		-	-	-	-	-
Health and Welfare		0.742	2.335	2.623	2.674	2.730
Pensions		0.330	0.873	0.998	1.024	1.047
Other Fringe Benefits		0.780	1.588	1.744	1.790	1.830
Reimbursable Overhead		-	-	-	-	-
Total Labor Expenditures	\$	\$ 6.365	\$ 17.774	\$ 20.472	\$ 20.888	\$ 21.329
Non-Labor:						
Traction and Propulsion Power						
Fuel for Buses and Trains						
Insurance		0.452	0.497	0.546	0.599	0.659
Claims		-	-	-	-	-
Paratransit Service Contracts		-	-	-	-	-
Maintenance and Other Operating Contracts		-	-	-	-	-
Professional Service Contracts		3.659	6.438	3.301	3.359	3.413
Materials & Supplies		0.003	2.452	2.429	2.452	2.449
Other Business Expenses		2.228	4.412	3.718	3.862	3.984
Total Non-Labor Expenditures	\$	\$ 6.343	\$ 13.799	\$ 9.993	\$ 10.272	\$ 10.505
Other Expenditure Adjustments:						
Other						
Total Other Expenditure Adjustments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenditures	\$	\$ 12.707	\$ 31.572	\$ 30.465	\$ 31.160	\$ 31.834
Net Cash Deficit	\$	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

MTA Capital Construction
November Financial Plan 2005 - 2008
Cash Conversion (Cash Flow Adjustments)
(\$ in millions)

	2003 Actuals	2004 November Forecast	2005 Final Proposed Budget	2006	2007	2008
<u>Receipts</u>						
Farebox Revenue	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Vehicle Toll Revenue						
Other Operating Revenue						
Capital and Other Reimbursements						
MTACC Administration						
East Side Access						
Second Avenue Subway						
Fulton Street/South Ferry						
Security						
Total Receipt Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
<u>Expenditures</u>						
Labor:						
Payroll						
Overtime						
Health and Welfare						
Pensions						
Other Fringe Benefits						
Reimbursable Overhead						
Total Labor Expenditures	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
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	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Other Expenditure Adjustments:						
Other						
Total Other Expenditure Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Cash Conversion Adjustments before Depreciation	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Depreciation Adjustment						
Baseline Total Cash Conversion Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Program to Eliminate the Gap	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Cash Conversion Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000

MTA Capital Construction Company
November 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 62.
- The increase in 2005 payroll reflects a year-end staffing level of 150, an increase of 88 employees over 2004. Costs are based on 2004 projected salaries escalated by 1.93%.
- 2006, 2007, and 2008 year-end staffing levels remain the same as 2005. Payroll costs are escalated from the prior year's base salary by 1.24%, 1.94% and 2.09% respectively.

Other Fringe Benefits

- Health and Welfare costs have been inflated by 12.9% in 2005 and 9.3% in 2006 through 2008.
- Pension and other benefits have been escalated by 1.93%, 1.24%, 1.94% and 2.09% for 2005 through 2008 respectively.

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 10% each year through 2008.

Professional Service Contracts

- 2005 increases by 76% to reflect a full year of costs and include project and agency related legal and real estate costs.
- Costs decrease 49% in 2006 due to lower projected legal and real estate costs.
- Costs remain fairly constant in 2007 and 2008.
- Costs are escalated by 1.93%, 1.24%, 1.94% and 2.09% for 2005 through 2008 respectively.

Materials and Supplies

- 2005 costs increase by 100% to reflect projected staffing levels and a full year of agency costs.
- 2006 through 2008 costs are based on 2005 projections and remain fairly constant. Costs are escalated by 1.24%, 1.94% and 2.09% in 2006, 2007, and 2008 respectively.

Other Business Expenses

- 2005 increases 100% 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 1.93%, 1.24%, 1.94% and 2.09% respectively.

Summary of Assumptions Regarding Staffing Positions

- 2005 Year-End Staffing level grows to 150 employees: 56 represent MTACC administrative positions; 50 for the East Side Access project; 15 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 are reassigned to the Second Avenue Subway project.

NON-REIMBURSABLE and REIMBURSABLE

MTA Capital Construction Company
November Financial Plan 2005-2008
Summary of Changes
July Financial Plan vs. November Financial Plan

2004 Forecast Budget

The November forecast is approximately 24% lower than the July Financial Plan. This is due to slower than anticipated staffing. Year-to-date staffing is below plan. Year end staffing is projected at 62 rather than the 79 previously assumed.

Non-labor costs overall are lower than the plan. Office expenses are based on staffing levels and office needs. Planned expenditures for supplies are being provided by NYCT and MTAHQ as part of the overhead. Professional Services costs are higher than planned due to costs incurred for employee recruitment.

2005 Preliminary Budget

2005 costs increase by 2% over the July Financial Plan. Payroll and benefit costs decrease slightly due to revised escalation rates and the timing of additional hires. Insurance costs are higher due to revised escalation rates. Professional service costs increase due to the addition of funding for the development and maintenance of an agency Intranet and for miscellaneous engineering contracts.

2006-2008 Preliminary Budget

Overall projections for 2006, 2007 and 2008 vary from the July Plan by 0.1%, 2%, and 4% respectively. Payroll and benefit costs decrease slightly due to revised escalation rates. Insurance costs are higher due to revised escalation rates. Professional service costs increase to reflect the maintenance of the Intranet and miscellaneous engineering services.

Staffing Levels

Year-end 2004 staffing levels are projected at 17 below the July plan. No changes to staffing are currently assumed for the 2005 through the 2008 time period. MTACC year-end staffing for these years is projected at 150.

MTA CAPITAL CONSTRUCTION
November Financial Plan 2005 - 2008
Summary of Changes Between Financial Plans by Category
(\$ in millions)

NON-REIMBURSABLE

	2004	2005	2006	2007	2008
2004 July Financial Plan - Baseline Net Cash Income/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
<i>Baseline Changes (List):</i>					
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
2004 November Financial Plan - Baseline Net Cash Income/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
July Financial Plan - Program to Eliminate the Gap					
<i>PEG & Unspecified PEG Changes (List):</i>					
Sub-Total PEG	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
November Financial Plan - Program to Eliminate the Gap	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
2004 November Financial Plan - Net Cash Income/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000

MTA Capital Construction
November Financial Plan 2005 - 2008
Summary of Changes Between Financial Plans by Category
(\$ in millions)

REIMBURSABLE

	2004	2005	2006	2007	2008
2004 July Financial Plan - Baseline Net Cash Income/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
<i>Baseline Changes (List):</i>					
Revenue	(\$4.116)	\$.524	(\$.0180)	(\$.633)	(\$1.459)
Sub-Total Revenue Changes	(\$4.116)	\$.524	(\$.0180)	(\$.633)	(\$1.459)
Expenses	\$4.116	(\$.524)	\$.0180	\$.633	\$1.459
Sub-Total Expense Changes	\$4.116	(\$.524)	\$.0180	\$.633	\$1.459
Cash Adjustments:					
Revenue					
Expense					
Sub-Total Cash Adjustment Changes	\$.000	\$.000	\$.000	\$.000	\$.000
<i>Total Baseline Changes</i>	<i>\$0.000</i>	<i>\$0.000</i>	<i>\$0.000</i>	<i>\$0.000</i>	<i>\$0.000</i>
2004 November Financial Plan - Baseline Net Cash Income/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
July Financial Plan - Program to Eliminate the Gap					
<i>PEG & Unspecified PEG Changes (List):</i>					
Sub-Total PEG	<i>\$0.000</i>	<i>\$0.000</i>	<i>\$0.000</i>	<i>\$0.000</i>	<i>\$0.000</i>
November Financial Plan - Program to Eliminate the Gap	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
2004 November Financial Plan - Net Cash Income/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000

MTA Capital Construction
November Financial Plan 2005 - 2008
Summary of Changes Between Financial Plans by Category
(\$ in millions)

**NON-REIMBURSABLE/
REIMBURSABLE**

	2004	2005	2006	2007	2008
2004 July Financial Plan - Baseline Net Cash Income/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
<i>Baseline Changes (List):</i>					
Revenue	(\$4.116)	\$.524	(\$.0180)	(\$.633)	(\$1.459)
Sub-Total Revenue Changes	(\$4.116)	\$.524	(\$.0180)	(\$.633)	(\$1.459)
Expenses	4.116	(\$.524)	\$.018	\$.633	\$1.459
Sub-Total Expense Changes	\$4.116	(\$.524)	\$.018	\$.633	\$1.459
Cash Adjustments:					
Revenue					
Expense					
Sub-Total Cash Adjustment Changes	\$.000	\$.000	\$.000	\$.000	\$.000
<i>Total Baseline Changes</i>	<i>\$0.000</i>	<i>\$0.000</i>	<i>\$0.000</i>	<i>\$0.000</i>	<i>\$0.000</i>
2004 November Financial Plan - Baseline Net Cash Income/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
July Financial Plan - Program to Eliminate the Gap					
<i>PEG & Unspecified PEG Changes (List):</i>					
Sub-Total PEG	<i>\$0.000</i>	<i>\$0.000</i>	<i>\$0.000</i>	<i>\$0.000</i>	<i>\$0.000</i>
November Financial Plan - Program to Eliminate the Gap	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
2004 November Financial Plan - Net Cash Income/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000

MTA Capital Construction
November 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 November Forecast	2005 Final Proposed Budget	2006	2007	2008
MTACC Administration Core		18	56	56	56	56
ESA		31	50	50	50	50
SAS		5	15	15	15	32
Lower Manhattan		4	17	17	17	-
Security		5	12	12	12	12
Baseline Total Positions		62	150	150	150	150
<i>Non-Reimbursable</i>						
<i>Reimbursable</i>		62	150	150	150	150
<i>Total Full-Time</i>		62	150	150	150	150
<i>Total Full-Time-Equivalents</i>						

Impact of:
Program to Eliminate the Gap

Total Positions

Non-Reimbursable
Reimbursable

Total Full-Time
Total Full-Time-Equivalents

LI Bus

**MTA Long Island Bus
2005 Final Proposed Budget
November Financial Plan 2005-2008**

MISSION STATEMENT

MTA Long Island Bus (LI 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 335 fixed route buses serving over 96 communities, 47 Long Island Rail Road stations, 5 New York City Transit subway stations, shopping centers, colleges, museums, parks, theaters and beaches throughout the area. Fixed route ridership is projected to reach 30.05 million in 2005, which is slightly higher than 2004. An increase of less than 1% is estimated for each of the years, 2006-2008.

In 1995, LI Bus began operating the Able-Ride Paratransit program. This program offers curb-to-curb transportation for eligible customers who, because of their disabilities, are unable to use public transportation. Demand for this service has grown tremendously over the years and the 2005 ridership is projected to be 326 thousand. Moderate annual increases of 2.5% are projected for the 2005-2008 period. The fleet currently has 87 fully equipped paratransit vehicles.

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. In particular, Sunday ridership has shown a steady increase during 2004.

FINANCIAL OVERVIEW

LI Bus plans service to best meet customer's demands while being cognizant of financial constraints. Programs and services are constantly being reviewed to realize productivity and efficiency gains. The budget contained in this plan (2005-2008) reflects such initiatives and shows substantial reduction from the adopted budget. Individual programs were reviewed to come up with accurate needs and where applicable, lower Regional Economic Indicators were utilized to formulate projections.

The 2005 budget provides for service levels comparable to previous year. Revenue projections of \$47.2 million, operating expenses of \$112.8 million and cash adjustments of \$.5 million create a cash deficit of \$65.1 million before subsidies or programs to eliminate gap (PEGs). Under the lease and operating agreement between the MTA and Nassau County, the operating deficit after State subsidies is to be funded by Nassau County.

**MTA Long Island Bus
2005 Final Proposed Budget
November Financial Plan 2005-2008**

Increases in future operating deficits will rely on increases in State and Nassau County subsidies and fare increases in 2005 and 2007 to fund them. If gap closing actions or subsidy levels contained in this plan are not realized, LI Bus will be forced to consider service related reductions in the 2006-2008 period.

In conjunction with the detailed review of our programs to realize savings, we are again reducing administrative expenses by \$.4 million and personnel expenses by \$1.0 million. This will be achieved through delayed hiring of the equivalent of 9 administrative positions through out the year.

PROGRAMMATIC OVERVIEW

The final phase of the conversion of LI Bus's fixed route fleet to 100% compressed natural gas (CNG) is complete. With the acceptance of 58 of the 67 new (CNG) buses on order, all the diesel-powered buses have been retired. The remaining 9 buses on order will replace older 1992 CNG buses. LI Bus now has the largest 100% CNG fleet in the nation with an average age of 6 years.

LI Bus received five expansion Paratransit buses during the last quarter in 2003. As of October 2004, we have received 10 of the planned 22 replacement vehicles scheduled in 2004.

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 to develop a training center in our Rockville Centre depot are on schedule and will include a bus simulator that will be used to provide "state of the art" training and accident simulation for our bus operators. Completion is expected by the 2nd quarter of 2005.

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

POSITIONS

Through an extended vacancy turnover initiative, position levels in the 2005 – 2008 period have been effectively reduced by the equivalent of 9 administrative positions.

MTA LONG ISLAND BUS
November Financial Plan 2005 - 2008
Accrual Statement of Operations by Category
(\$ in millions)

NON-REIMBURSABLE

	2003 Actuals	2004 November Forecast	2005 Final Proposed Budget	2006	2007	2008
<u>Revenue</u>						
Farebox Revenue	\$35.326	\$37.017	\$37.205	\$37.390	\$37.577	\$37.767
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	3.530	3.759	4.397	4.455	3.685	3.578
Capital and Other Reimbursements	0.000	0.000	0.000	0.000	0.000	0.000
Total Revenue	\$38.856	\$40.776	\$41.602	\$41.845	\$41.262	\$41.345
<u>Expenses</u>						
Labor:						
Payroll	\$54.099	\$55.103	\$58.315	\$60.090	\$61.195	\$62.475
Overtime	5.120	4.752	4.984	5.134	5.233	5.343
Health and Welfare	8.836	9.714	11.203	12.244	13.383	14.628
Pensions	1.835	5.022	5.911	6.025	6.152	6.289
Other Fringe Benefits	5.317	6.453	6.580	6.778	6.910	7.055
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenses	\$75.207	\$81.044	\$86.993	\$90.270	\$92.873	\$95.790
Non-Labor:						
Traction and Propulsion Power	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Fuel for Buses and Trains	5.430	6.028	5.920	5.690	5.394	5.147
Insurance	0.069	0.099	0.107	0.118	0.130	0.143
Claims	5.251	2.725	2.840	2.845	2.946	3.125
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other						
Operating Contracts	3.042	3.359	3.485	3.528	3.595	3.669
Professional Service Contracts	1.594	1.598	1.969	1.991	2.023	2.058
Materials & Supplies	2.146	2.055	2.159	2.227	2.335	2.453
Other Business Expenses	2.902	3.653	3.742	3.753	3.771	3.798
Total Non-Labor Expenses	\$20.434	\$19.518	\$20.223	\$20.152	\$20.194	\$20.393
Other Expenses 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	\$95.641	\$100.562	\$107.216	\$110.422	\$113.067	\$116.182
Depreciation	0.000	0.000	0.000	0.000	0.000	0.000
Total Expenses	\$95.641	\$100.562	\$107.216	\$110.422	\$113.067	\$116.182
Baseline Net Surplus/(Deficit)	(\$56.785)	(\$59.785)	(\$65.614)	(\$68.577)	(\$71.805)	(\$74.837)
2004/2005 Program to Eliminate the Gap	0.000	0.150	1.399	1.399	1.399	1.399
2006 Program to Eliminate the Gap	0.000	0.000	0.000	0.000	0.000	0.000
Net Surplus/(Deficit)	(\$56.785)	(\$59.635)	(\$64.215)	(\$67.178)	(\$70.406)	(\$73.438)

REIMBURSABLE

MTA LONG ISLAND BUS
November Financial Plan 2005 - 2008
Accrual Statement of Operations by Category
(\$ in millions)

**NON-REIMBURSABLE and
REIMBURSABLE**

	2003 Actuals	2004 November Forecast	2005 Final Proposed Budget	2006	2007	2008
<u>Revenue</u>						
Farebox Revenue	\$35.326	\$37.017	\$37.205	\$37.390	\$37.577	\$37.767
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	3.530	3.759	4.397	4.455	3.685	3.578
Capital and Other Reimbursements	4.194	4.331	5.569	5.724	5.939	6.108
Total Revenue	\$43.050	\$45.107	\$47.171	\$47.569	\$47.201	\$47.453
<u>Expenses</u>						
Labor:						
Payroll	\$54.786	\$55.848	\$59.145	\$60.948	\$62.133	\$63.434
Overtime	5.120	4.752	4.984	5.134	5.233	5.343
Health and Welfare	8.967	9.875	12.513	13.677	14.949	16.339
Pensions	1.859	5.089	5.980	6.096	6.224	6.363
Other Fringe Benefits	5.369	6.511	6.640	6.840	6.973	7.119
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenses	\$76.101	\$82.075	\$89.262	\$92.694	\$95.512	\$98.598
Non-Labor:						
Traction and Propulsion Power						
Fuel for Buses and Trains	\$5.430	\$6.028	\$5.920	\$5.690	\$5.394	\$5.147
Insurance	0.069	0.099	0.107	0.118	0.130	0.143
Claims	5.251	2.725	2.840	2.845	2.946	3.125
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other						
Operating Contracts	3.042	3.359	3.485	3.528	3.595	3.669
Professional Service Contracts	1.594	1.598	1.969	1.991	2.023	2.058
Materials & Supplies	5.446	5.355	5.459	5.527	5.635	5.753
Other Business Expenses	2.902	3.653	3.742	3.753	3.771	3.798
Total Non-Labor Expenses	\$23.734	\$22.818	\$23.523	\$23.452	\$23.494	\$23.693
Other Expenses 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	\$99.835	\$104.893	\$112.785	\$116.146	\$119.006	\$122.290
Depreciation	0.000	0.000	0.000	0.000	0.000	0.000
Total Expenses	\$99.835	\$104.893	\$112.785	\$116.146	\$119.006	\$122.290
Baseline Net Surplus/(Deficit)	(\$56.785)	(\$59.785)	(\$65.614)	(\$68.577)	(\$71.805)	(\$74.837)
2004/2005 Program to Eliminate the Gap	0.000	0.150	1.399	1.399	1.399	1.399
2006 Program to Eliminate the Gap	0.000	0.000	0.000	0.000	0.000	0.000
Net Surplus/(Deficit)	(\$56.785)	(\$59.635)	(\$64.215)	(\$67.178)	(\$70.406)	(\$73.438)

MTA LONG ISLAND BUS
November Financial Plan 2005 - 2008
Cash Receipts & Expenditures
(\$ in millions)

	2003 Actuals	2004 November Forecast	2005 Final Proposed Budget	2006	2007	2008
<u>Receipts</u>						
Farebox Revenue	\$34.944	\$36.600	\$36.775	\$36.950	\$37.127	\$37.305
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	4.355	4.759	4.425	4.504	3.814	3.726
Capital and Other Reimbursements	4.011	4.325	5.484	5.620	5.757	5.907
Total Receipts	\$43.310	\$45.684	\$46.684	\$47.074	\$46.698	\$46.938
<u>Expenditures</u>						
Labor:						
Payroll	\$53.327	\$55.598	\$58.877	\$60.671	\$61.848	\$63.140
Overtime	4.984	4.733	4.964	5.113	5.212	5.321
Health and Welfare	10.091	10.875	12.463	13.622	14.889	16.274
Pensions	2.311	0.000	5.806	5.980	6.096	6.224
Other Fringe Benefits	6.042	6.485	6.614	6.812	6.944	7.089
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenditures	\$76.755	\$77.691	\$88.724	\$92.198	\$94.989	\$98.048
Non-Labor:						
Traction and Propulsion Power	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Fuel for Buses and Trains	5.622	5.941	5.834	5.608	5.316	5.073
Insurance	0.000	0.099	0.107	0.118	0.130	0.143
Claims	2.562	3.775	2.800	2.800	2.900	3.077
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	2.793	3.230	3.351	3.392	3.457	3.528
Professional Service Contracts	1.463	1.523	1.892	1.912	1.942	1.976
Materials & Supplies	5.484	5.299	5.401	5.468	5.574	5.691
Other Business Expenses	3.271	3.603	3.691	3.701	3.718	3.745
Total Non-Labor Expenditures	\$21.195	\$23.470	\$23.076	\$22.999	\$23.037	\$23.233
Other Expenditure Adjustments:						
Other	0.000	0.000	0.000	0.000	0.000	0.000
Total Other Expenditure Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenditures	\$97.950	\$101.161	\$111.800	\$115.197	\$118.026	\$121.281
Baseline Net Cash Deficit	(\$54.640)	(\$55.477)	(\$65.116)	(\$68.123)	(\$71.328)	(\$74.343)
2004/2005 Program to Eliminate the Gap	0.000	0.150	1.399	1.399	1.399	1.399
2006 Program to Eliminate the Gap	0.000	0.000	0.000	0.000	0.000	0.000
Net Cash Deficit	(\$54.640)	(\$55.327)	(\$63.717)	(\$66.724)	(\$69.929)	(\$72.944)

MTA LONG ISLAND BUS
November Financial Plan 2005 - 2008
Cash Conversion (Cash Flow Adjustments)
(\$ in millions)

	2003 Actuals	2004 November Forecast	2005 Final Proposed Budget	2006	2007	2008
<u>Receipts</u>						
Farebox Revenue	(\$0.382)	(\$0.417)	(\$0.430)	(\$0.440)	(\$0.450)	(\$0.462)
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	0.825	1.000	0.028	0.049	0.129	0.148
Capital and Other Reimbursements	(0.183)	(0.006)	(0.085)	(0.104)	(0.182)	(0.201)
Total Receipt Adjustments	\$0.260	\$0.577	(\$0.487)	(\$0.495)	(\$0.503)	(\$0.515)
<u>Expenditures</u>						
Labor:						
Payroll	\$1.459	\$0.250	\$0.268	\$0.277	\$0.285	\$0.294
Overtime	0.136	0.019	0.020	0.021	0.021	0.022
Health and Welfare	(1.124)	(1.000)	0.050	0.055	0.060	0.065
Pensions	(0.452)	5.089	0.174	0.116	0.128	0.139
Other Fringe Benefits	(0.673)	0.026	0.026	0.028	0.029	0.030
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenditures	(\$0.654)	\$4.384	\$0.538	\$0.496	\$0.523	\$0.550
Non-Labor:						
Traction and Propulsion Power						
Fuel for Buses and Trains	(\$0.192)	\$0.087	\$0.086	\$0.082	\$0.078	\$0.074
Insurance	0.069	0.000	0.000	0.000	0.000	0.000
Claims	2.689	(1.050)	0.040	0.045	0.046	0.048
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	0.249	0.129	0.134	0.136	0.138	0.141
Professional Service Contracts	0.131	0.075	0.077	0.079	0.081	0.082
Materials & Supplies	(0.038)	0.056	0.058	0.059	0.061	0.062
Other Business Expenditures	(0.369)	0.050	0.051	0.052	0.053	0.053
Total Non-Labor Expenditures	\$2.539	(\$0.652)	\$0.447	\$0.453	\$0.457	\$0.460
Other Expenditure Adjustments:						
Other	0.000	0.000	0.000	0.000	0.000	0.000
Total Other Expenditure Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Cash Conversion Adjustments before Depreciation	\$1.885	\$3.732	\$0.985	\$0.949	\$0.980	\$1.009
Depreciation Adjustment	0.000	0.000	0.000	0.000	0.000	0.000
Baseline Total Cash Conversion Adjustments	\$2.145	\$4.308	\$0.498	\$0.454	\$0.477	\$0.494
2004/2005 Program to Eliminate the Gap	0.000	0.000	0.000	0.000	0.000	0.000
2006 Program to Eliminate the Gap	0.000	0.000	0.000	0.000	0.000	0.000
Total Cash Conversion Adjustments	\$2.145	\$4.308	\$0.498	\$0.454	\$0.477	\$0.494

MTA Long Island Bus
2005 Final Proposed Budget
November Financial Plan 2005-2008
Year-to-Year Changes by Category – Baseline Narrative

1. REVENUE

- **Farebox:**
 - **2004 – 2005:** Lower projected Paratransit revenue (\$.083 million) reflective of September YTD actual.
 - **2005 – 2008:** Projected annual average growth rate of .5%
- **Other Operating Revenue**
 - **2004 – 2008:** Small increase in non-farebox revenue netted against the reclassification of reimbursable retiree costs to Capital and Other Reimbursements line item.
- **Capital & Other Reimbursements**
 - **2004 – 2008:** Year to year increases shown are due mainly to the addition of reimbursable retiree costs from the Other Operating Revenue line.

2. LABOR EXPENSES

- **Payroll/Overtime:**
 - **2004 – 2005:** Delayed hiring and vacancy savings are reflected in the 2004 budget. This resulted in a net change between years above the 3% CPI used.
 - **2005 – 2008:** Inflators of 3%, 1.94%, 2.09% were used in the years 2006 – 2008 respectively.
- **Health & Welfare**
 - Variance between years due to:
 - **2004 – 2005:** Change in rates +12.9%
 - **2005 – 2008:** Change in rates +9.3%
- **Pension**
 - Variance between years due to:
 - **2004 – 2005:** Deferral of 2004 payments to 2005 (\$4.927 million). An actual payment of \$5.8 million is due in 2005.
 - **2005 – 2008:** Changes are the result of inflation rates applied to payroll.
- **Other Fringe**
 - **2004 – 2008:** Year to year changes are due to inflators used (3% - 2006, 1.94% - 2007, 2.09% - 2008), netted against payroll reductions.

3. NON LABOR EXPENSES

- **Fuel**
 - **2004 – 2005:** Inflators particular to each fuel type were used to calculate the annual change. The net change amongst all the fuel types are; -1.80% in 2005, -3.87% in 2006, -5.21% in 2007 and -4.57% in 2008. Subsequent budget revisions will look at more current data for this expenses category and make the necessary adjustments.
- **Insurance**
 - **2004 – 2008:** New projected insurance rates issued by MTA Budget resulted in the annual increases shown (+\$.085 million in 2004, +\$.093 million in 2005, +\$.104 million in 2006, +\$.116 million in 2007 and +\$.128 million in 2008).
- **Claims**

MTA Long Island Bus
2005 Final Proposed Budget
November Financial Plan 2005-2008
Year-to-Year Changes by Category – Baseline Narrative

- **2004 – 2008:** Cash adjustments were made to the 2006/2007 data that resulted in slightly lower projected expenses.
- **Maintenance & Other Operating Contracts**
 - **2004 – 2005:** Contract renewals at higher rates created a need for additional funding in 2004. A CPI of 1.93% was then applied to project 2005 expenses.
 - **2005 – 2008:** The most recent regional CPI's {2005--1.93%, 2006 -- 1.24%, 2007--1.94%, 2008—2.09%} were applied to project expenses for the out years.
- **Professional Service Contracts**
 - **2005 – 2008:** The most recent regional CPI's {2005--1.93%, 2006 -- 1.24%, 2007--1.94%, 2008—2.09%} were applied to project expenses for the out years.
- **Material & Supplies**
 - **2005 – 2008:** The most recent regional CPI's {2005--1.93%, 2006 -- 1.24%, 2007--1.94%, 2008—2.09%} were applied to project expenses for the out years.
- **Other Business Expenses**
 - **2005 – 2008:** The most recent regional CPI's {2005--1.93%, 2006 -- 1.24%, 2007--1.94%, 2008—2.09%} were applied to project expenses for the out years.

MTA LONG ISLAND BUS
November Financial Plan 2005 - 2008
Ridership/Traffic Volume (Utilization)
(in millions)

	2003 Actuals	2004 November Forecast	2005 Final Proposed Budget	2006	2007	2008
Fixed Route	30.040	29.979	30.105	30.231	30.358	30.486
Paratransit	0.310	0.318	0.326	0.334	0.343	0.351
Baseline Total Ridership	30.350	30.297	30.431	30.565	30.701	30.837
<i>Impact of:</i>						
2005 Program to Eliminate the Gap						
2006 Program to Eliminate the Gap						
Total Ridership	30.350	30.297	30.431	30.565	30.701	30.837

MTA Long Island Bus
2005 Final Proposed Budget
November Financial Plan 2005-2008
Summary of Major Plan-to-Plan Changes

1. REVENUE

- **Farebox:**
 - 2004 revenue projection was reduced by (\$.083million) to reflect the lower September YTD actual results. All other changes were related to the adjustments in ridership/revenue projections in the 2005 – 2008 period. The annual increase (2005-2008) is projected at .5% fixed route and 2.5% Paratransit.
- **Other Operating Revenue**
 - The major change affecting this line item is the reclassification of reimbursable retiree costs to the Capital and Other Reimbursement line item.
- **Capital & Other Reimbursements**
 - The major change affecting this line item is the reclassification of reimbursable retiree costs from the Other Operating Revenue line item.

2. LABOR EXPENSES

- **Payroll/Overtime:**
 - Lower inflators were used in the November Plan for the 2007 – 2008 period (1.94%, 2.09%). This along with adjustments in payroll for 2005 –2008 created the net savings shown from the July Plan.
- **Health & Welfare**
 - No change from the July Plan.
- **Pension**
 - Pension costs were lower in 2007 and 2008 as a result of lower Labor costs in these years.
- **Other Fringe**
 - Other Fringe costs were lower in 2007 and 2008 as a result of lower Labor costs in these years.

3. NON LABOR EXPENSES

- **Fuel:**
 - Due to higher /volatile fuel prices in 2004; additional funds were needed to cover projected expenses in the November plan. Revised CPI's from the September Global Insight Inc. were also used to determine future expenses.

**MTA Long Island Bus
2005 Final Proposed Budget
November Financial Plan 2005-2008
Summary of Major Plan-to-Plan Changes**

- **Insurance**
 - In the November plan, LI Bus used the new insurance rates issued by MTA budget. (+\$.085 million in 2004, +\$.093 million in 2005, +\$.104 million in 2006, +\$.116 million in 2007 and +\$.128 million in 2008).
- **Claims**
 - Changes reflect savings of \$.100 million in 2006 and \$.087 million in 2007.
- **Maintenance & Other Operating Contracts**
 - Increase in contract costs in 2004 necessitated the allocation of additional funds to this line item. This base was then used in conjunction with the most current CPI's to calculate the expenses in the out years. Net result is reduced cost for 2005 – 2008.
- **Professional Service Contracts**
 - Changes between plans are due to the use of lower CPI's in the November plan.
- **Material & Supplies**
 - Changes between plan are due to lower 2004 EOY projected expenses and the use of lower CPI's in the November plan.
- **Other Business Expenses**
 - Changes between plan are due to revised Utilities expenses in 2004 and the use of lower CPI's in the November plan.

MTA LONG ISLAND BUS
November Financial Plan 2005 - 2008
Summary of Changes Between Financial Plans by Category
(\$ in millions)

NON-REIMBURSABLE

	2004	2005	2006	2007	2008
2004 July Financial Plan - Baseline Net Cash Income/(Deficit)	(\$60.081)	(\$64.447)	(\$68.637)	(\$73.132)	(\$78.196)
Baseline Changes (List):					
Revenue					
Change in Projected Farebox Revenue	(0.083)	0.030	(0.060)	(0.016)	0.075
Other Operating Revenue	0.000	(0.029)	0.176	(0.250)	(0.195)
401h Payments					
Sub-Total Revenue Changes	(\$.083)	\$.001	\$.116	(\$.266)	(\$.120)
Expenses					
Change in Pension Payments	(0.900)	(0.817)	(0.689)	(0.664)	0.223
Payroll (including OT) due to budgeted quota reduction	0.397	0.902	1.329	2.030	2.498
Health & Welfare - (401h)	0.000	0.000	0.000	0.000	0.000
Health & Welfare - Quota Reduction	0.000	(0.001)	0.006	0.071	0.247
Other Fringe	0.004	0.035	0.099	0.237	0.307
Fuel	(0.162)	(0.654)	(0.596)	(0.128)	0.220
Insurance	(0.085)	(0.093)	(0.104)	(0.116)	(0.128)
Claims	0.000	0.000	0.100	0.087	0.000
Maintenance & Other Operating Contracts	(0.172)	(0.021)	0.123	0.173	0.218
Professional Services	0.036	(0.326)	(0.264)	(0.234)	(0.215)
Material & Supplies	0.106	0.336	0.380	0.462	0.522
Other Business Expenses	0.002	0.072	0.175	0.277	0.224
Sub-Total Expense Changes	(\$.774)	(\$.567)	\$.559	\$ 2.195	\$ 4.116
Cash Adjustments:					
Revenue					
Other Operating	0.000	(1.100)	(1.185)	(1.099)	(1.079)
Capital Reimbursement					
Expense					
Payroll (OT) change in accrual adjustment	(0.397)	(0.371)	(0.376)	(0.391)	(0.403)
Pension - Delayed Payment	5.827	0.212	0.154	0.167	0.185
Health & Welfare(401h)	0.000	1.178	1.289	1.348	1.292
Other Fringe- Change in accrual adjustments	(0.004)	(0.003)	(0.003)	(0.004)	(0.003)
Fuel - Increase rate	0.007	0.001	(0.006)	(0.017)	(0.031)
Maintenance & Other Operating Contracts	0.022	0.017	0.009	0.002	(0.003)
Professional Services	(0.036)	0.022	0.031	0.028	0.033
Material & Supplies	0.044	(0.046)	(0.058)	(0.141)	(0.117)
Other Business Expenses	(0.002)	(0.013)	(0.016)	(0.018)	(0.017)
Sub-Total Cash Adjustment Changes	\$ 5.461	(\$.103)	(\$.161)	(\$.125)	(\$.143)
Total Baseline Changes	\$ 4.604	(\$ 0.669)	\$ 0.514	\$ 1.804	\$ 3.853
2004 November Financial Plan - Baseline Net Cash Income/(Deficit)	(\$55.477)	(\$65.116)	(\$68.123)	(\$71.328)	(\$74.343)
July Financial Plan - Program to Eliminate the Gap	\$ 0.000	\$ 0.000	\$ 0.000	\$ 0.000	\$ 0.000
Changes:					
2005 PEG Changes (List)					
2004/2005 PEG's	\$ 0.150	\$ 1.399	\$ 1.399	\$ 1.399	\$ 1.399
2006 PEG Changes (List)					
Sub-Total PEG Changes	\$ 0.150	\$ 1.399	\$ 1.399	\$ 1.399	\$ 1.399
November Financial Plan - Program to Eliminate the Gap	\$ 0.150	\$ 1.399	\$ 1.399	\$ 1.399	\$ 1.399
2004 November Financial Plan - Net Cash Income/(Deficit)	(\$55.327)	(\$63.717)	(\$66.724)	(\$69.929)	(\$72.944)

MTA LONG ISLAND BUS
November Financial Plan 2005 - 2008
Summary of Changes Between Financial Plans by Category
(\$ in millions)

REIMBURSABLE

	2004	2005	2006	2007	2008
2004 July Financial Plan - Baseline Net Cash Income/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Baseline Changes (List):					
Revenue					
<i>Lower Paratransit Rideship</i>					
<i>Other Operating Revenue</i>					
<i>401h Payments</i>	.000	1.177	1.295	1.372	1.491
Sub-Total Revenue Changes	\$0.000	\$1.177	\$1.295	\$1.372	\$1.491
Expenses					
<i>Change in Pension Payments</i>	0.000	0.000	0.000	0.009	0.006
<i>Payroll (including OT) due to budgeted quota reduction</i>	0.000	0.000	0.000	0.038	0.042
<i>Health & Welfare - (401h)</i>	0.000	(1.177)	(1.295)	(1.296)	(1.493)
<i>Health & Welfare - Quota Reduction</i>	0.000	0.000	0.000	(0.123)	(0.046)
<i>Other Fringe</i>					
<i>Fuel</i>					
<i>Insurance</i>					
<i>Claims</i>					
<i>Maintenanace & Other Operating Contracts</i>					
<i>Professional Services</i>					
<i>Material & Supplies</i>					
<i>Other Business Expenses</i>					
Sub-Total Expense Changes	\$0.000	(\$1.177)	(\$1.295)	(\$1.372)	(\$1.491)
Cash Adjustments:					
Revenue					
<i>Other Operating</i>					
<i>Capital Reimbursement</i>	0.000	(0.048)	(0.061)	(0.133)	(0.113)
<i>Expense</i>					
<i>Payroll (OT) change in accrual adjustment</i>					
<i>Pension - Delayed Payment</i>					
<i>Health & Welfare</i>					
<i>Other Fringe- Change in accrual adjustments</i>					
<i>Fuel - Increase rate</i>					
<i>Maintenanace & Other Operating Contracts</i>					
<i>Professional Services</i>					
<i>Material & Supplies</i>	0.000	0.048	0.061	0.133	0.113
<i>Other Business Expenses</i>					
Sub-Total Cash Adjustment Changes	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Baseline Changes	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
2004 November Financial Plan - Baseline Net Cash Income/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
<i>July Financial Plan - Program to Eliminate the Gap</i>	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Changes:					
2005 PEG Changes (List)					
2006 PEG Changes (List)					
Sub-Total PEG Changes	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
November Financial Plan - Program to Eliminate the Gap	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
2004 November Financial Plan - Net Cash Income/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000

MTA LONG ISLAND BUS
November Financial Plan 2005 - 2008
Summary of Changes Between Financial Plans by Category
(\$ in millions)

**NON-REIMBURSABLE/
REIMBURSABLE**

	2004	2005	2006	2007	2008
2004 July Financial Plan - Baseline Net Cash Income/(Deficit)	(\$60.081)	(\$64.447)	(\$68.637)	(\$73.132)	(\$78.196)
Baseline Changes (List):					
Revenue					
<i>Lower Paratransit Rideship</i>	(0.083)	0.030	(0.060)	(0.016)	0.075
<i>Other Operating Revenue</i>	0.000	(0.029)	0.176	(0.250)	(0.195)
<i>401h Payments</i>	0.000	1.177	1.295	1.372	1.491
Sub-Total Revenue Changes	(\$.083)	\$1.178	\$1.411	\$1.106	\$1.371
Expenses					
<i>Change in Pension Payments</i>	(0.900)	(0.817)	(0.689)	(0.655)	0.229
<i>Payroll (including OT) due to budgeted quota reduction</i>	0.397	0.902	1.329	2.068	2.540
<i>Health & Welfare - (401h)</i>	0.000	(1.177)	(1.295)	(1.296)	(1.493)
<i>Health & Welfare - Quota Reduction</i>	0.000	(0.001)	0.006	(0.052)	0.201
<i>Other Fringe</i>	0.004	0.035	0.099	0.237	0.307
<i>Fuel</i>	(0.162)	(0.654)	(0.596)	(0.128)	0.220
<i>Insurance</i>	(0.085)	(0.093)	(0.104)	(0.116)	(0.128)
<i>Claims</i>	0.000	0.000	0.100	0.087	0.000
<i>Maintenanace & Other Operating Contracts</i>	(0.172)	(0.021)	0.123	0.173	0.218
<i>Professional Services</i>	0.036	(0.326)	(0.264)	(0.234)	(0.215)
<i>Material & Supplies</i>	0.106	0.336	0.380	0.462	0.522
<i>Other Business Expenses</i>	0.002	0.072	0.175	0.277	0.224
Sub-Total Expense Changes	(\$.774)	(\$1.744)	(\$.736)	\$.823	\$2.625
Cash Adjustments:					
Revenue					
<i>Other Operating</i>	0.000	(1.100)	(1.185)	(1.099)	(1.079)
<i>Capital Reimbursement</i>	0.000	(0.048)	(0.061)	(0.133)	(0.113)
Expense					
<i>Payroll (OT) change in accrual adjustment</i>	(0.397)	(0.371)	(0.376)	(0.391)	(0.403)
<i>Pension - Delayed Payment</i>	5.827	0.212	0.154	0.167	0.185
<i>Health & Welfare</i>	0.000	1.178	1.289	1.348	1.292
<i>Other Fringe- Change in accrual adjustments</i>	(0.004)	(0.003)	(0.003)	(0.004)	(0.003)
<i>Fuel - Increase rate</i>	0.007	0.001	(0.006)	(0.017)	(0.031)
<i>Maintenanace & Other Operating Contracts</i>	0.022	0.017	0.009	0.002	(0.003)
<i>Professional Services</i>	(0.036)	0.022	0.031	0.028	0.033
<i>Material & Supplies</i>	0.044	0.002	0.003	(0.008)	(0.004)
<i>Other Business Expenses</i>	(0.002)	(0.013)	(0.016)	(0.018)	(0.017)
<i>Other Business Expenses</i>					
Sub-Total Cash Adjustment Changes	\$5.461	(\$.103)	(\$.161)	(\$.125)	(\$.143)
Total Baseline Changes	\$4.604	(\$0.669)	\$0.514	\$1.804	\$3.853
2004 November Financial Plan - Baseline Net Cash Income/(Deficit)	(\$55.477)	(\$65.116)	(\$68.123)	(\$71.328)	(\$74.343)
<i>July Financial Plan - Program to Eliminate the Gap</i>	<i>\$0.000</i>	<i>\$0.000</i>	<i>\$0.000</i>	<i>\$0.000</i>	<i>\$0.000</i>
Changes:					
2005 PEG Changes (List)	0.150	1.399	1.399	1.399	1.399
2006 PEG Changes (List)	0.000	0.000	0.000	0.000	0.000
Sub-Total PEG Changes	\$0.150	\$1.399	\$1.399	\$1.399	\$1.399
November Financial Plan - Program to Eliminate the Gap	\$0.150	\$1.399	\$1.399	\$1.399	\$1.399
2004 November Financial Plan - Net Cash Income/(Deficit)	(\$55.327)	(\$63.717)	(\$66.724)	(\$69.929)	(\$72.944)

MTA LONG ISLAND BUS
November Financial Plan 2005 - 2008
Summary of 2005 Program to Eliminate the Gap
(\$ in millions)

	2004		2005		2006		2007		2008	
	Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars
LIST of PROGRAMS										
Administration:										
<i>Delayed Vacancy Hiring</i>		0.150	9	1.000	9	1.000	9	1.000	9	1.000
<i>Administrative Efficiencies</i>				0.399		0.399		0.399		0.399
Sub-Total Administration	0	\$.150	9	\$1.399	9	\$1.399	9	\$1.399	9	\$1.399
Customer Convenience & Amenities:										
Sub-Total Customer Convenience & Amenities	0	\$.000	0	\$.000	0	\$.000	0	\$.000	0	\$.000
Service:										
Sub-Total Service	0	\$.000	0	\$.000	0	\$.000	0	\$.000	0	\$.000
Maintenance:										
Sub-Total Maintenance	0	\$.000	0	\$.000	0	\$.000	0	\$.000	0	\$.000
Revenue Enhancements:										
Sub-Total Revenue Enhancements	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 PEGS	0	\$.150	9	\$1.399	9	\$1.399	9	\$1.399	9	\$1.399

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

MTA LONG ISLAND BUS
November Financial Plan 2005 - 2008
Summary of 2006 Program to Eliminate the Gap
(\$ in millions)

	2004		2005		2006		2007		2008	
	<u>Positions¹</u>	<u>Dollars</u>	<u>Positions¹</u>	<u>Dollars</u>	<u>Positions¹</u>	<u>Dollars</u>	<u>Positions¹</u>	<u>Dollars</u>	<u>Positions¹</u>	<u>Dollars</u>
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:										
Sub-Total Service	0	\$.000	0	\$.000	0	\$.000	0	\$.000	0	\$.000
Maintenance:										
Sub-Total Maintenance	0	\$.000	0	\$.000	0	\$.000	0	\$.000	0	\$.000
Revenue Enhancements:										
Sub-Total Revenue Enhancements	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 2006 PEGS	0	\$.000	0	\$.000	0	\$.000	0	\$.000	0	\$.000
Total PEGS	0	\$.000	0	\$.000	0	\$.000	0	\$.000	0	\$.000

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

MTA LONG ISLAND BUS
November 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 November Forecast	2005 Final Proposed Budget	2006	2007	2008
<i>President</i>	4	4	4	4	4	4
<i>Administration</i>	23	25	25	25	25	25
<i>Finance</i>	22	26	26	26	26	26
<i>Legal</i>	21	24	24	24	24	24
<i>Information & Technology</i>	23	24	24	24	24	24
<i>Operations</i>						
<i>Admin, Scheduling, Bus Stop, TIC</i>	27	31	31	31	31	31
<i>Transportation</i>	584	599	599	599	599	599
<i>Maintenance</i>	227	237	237	237	237	237
<i>Plant & Equipment</i>	13	13	13	13	13	13
<i>Operations Technology</i>	4	5	5	5	5	5
	855	885	885	885	885	885
<i>Paratransit</i>						
<i>Admin, Scheduling, Customer Service</i>	38	41	41	41	41	41
<i>Transportation</i>	128	150	150	150	150	150
<i>Maintenance</i>	12	15	15	15	15	15
	178	206	206	206	206	206
Baseline Total Positions	1,126	1,194	1,194	1,194	1,194	1,194
<i>Non-Reimbursable</i>	1,113	1,180	1,180	1,180	1,180	1,180
<i>Reimbursable</i>	13	14	14	14	14	14
<i>Total Full-Time</i>	1,007	1,043	1,043	1,043	1,043	1,043
<i>Total Full-Time-Equivalents</i>	89	113	113	113	113	113
<hr/>						
Impact of:						
2005 Program to Eliminate the Gap	0	0	9	9	9	9
2006 Program to Eliminate the Gap	0	0	0	0	0	0
Total Positions	0	0	9	9	9	9
<i>Non-Reimbursable</i>	1,113	1,180	1,171	1,171	1,171	1,171
<i>Reimbursable</i>	13	14	14	14	14	14
<i>Total Full-Time</i>	1,007	1,043	1,034	1,034	1,034	1,034
<i>Total Full-Time-Equivalents</i>	89	113	113	113	113	113

LIRR

MTA LONG ISLAND RAIL ROAD
2005 Final Proposed Budget
November 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 REVIEW

The LIRR's 2005 Final Proposed Budget identifies the resources needed to 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 2005 budget continues service at current levels (with certain exceptions seen in the gap-closing section below), sustains improvements to reliability and on-time performance and maintains 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 still 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 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.

Major Assumptions

The primary drivers of the 2005 Budget are, as noted above, keeping service levels as close to what customers experience today while accommodating the impacts of inflation and other cost growth during a period of adapting to new maintenance practices. The commitment to focusing on the customer remains unchanged.

Performance Indicators

The capital investments made in recent years, particularly in the electric fleet, and the ongoing efficiencies in various functions, have resulted in steady improvement in the LIRR customer's experience. On-time performance (OTP) has always been of critical

concern to our customers, and the LIRR has made steady improvements over the years. Results for 2004 are consistent with this commitment to our customers, with OTP through September at 93.0%. Even more noteworthy is the improvement in fleet reliability, which influences the everyday experience our customers have on-board our trains. In 2004, mean distance between failures (MDBF) through August has reached a fleet-wide average of 53,394 miles, up 12% from 2003. Reliability of all fleets except the M-1's (now being retired as the M-7s are brought on line) are up over last year: M-3's are up nearly 16%; the Diesel fleet is up almost 54%; and the M-7 fleet is up 2%. More impressive to note, however, is that the M-7 fleet is operating at an MDBF of more than 240,000 miles, well above the goal of 100,000 miles of operation between failures.

Offering a safe and comfortable ride has always been a priority for the LIRR, as these two measures indicate. Infrastructure maintenance and improvements, such as tie replacements and elimination of rail joints for a smoother ride, continue at or above goal for 2004. These priorities continue with the 2005 budget plan, as part of the focus on sustaining a safe rail operation.

2005 Budget Baseline

The goals and objectives contained in the 2005 Final Proposed 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 July Financial Plan.

The 2005 Revenue budget totals \$578.8 million, and the total expense budget is \$1.364 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 \$648.3 million in cash receipts and \$1.146 billion in cash disbursements. The baseline net cash requirement is \$(497.9) 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 Final Proposed Budget than in the 2004 November Forecast. Baseline Ridership in 2005 grows over 2004 November Forecast by 0.9 million rides, or 1.1%. Operating expenses before depreciation of \$1.103 billion reflect growth of \$65.1 million over the 2004 November Forecast, \$58 million of which is in non-reimbursable expenses. Total revenues of \$578.8 million are \$13.6 million higher than in the November

Forecast, with non-reimbursable revenues and reimbursable revenues each \$6.8 million higher in the 2005 budget than in the 2004 November Forecast. While the resulting total operating deficit rises \$83 million to \$(784.8) million in 2005, the projected baseline cash deficit (or subsidy requirement) of \$(497.9) million in 2005 is higher by \$42.8 million. This is primarily a result of partial prepayment of the 2005 cash pension expense in 2003.

Other adjustments have also been included in the Baseline as a result of changing external variables. Most notably these include a rise in pension costs based on the latest actuarial valuation and plan performance and significant growth in the cost of traction power related to Agency contracts with LIPA, NYPA and Con Edison.

Full-time positions total 6,515 in the baseline 2005 Final Proposed Budget, with 5,841 non-reimbursable positions and 674 reimbursable positions. Compared to the 2004 November Forecast, this reflects an increase of 139 non-reimbursable positions and a decrease of 37 reimbursable positions, consistent with anticipated levels of capital funding in 2005.

New Needs

The major New Needs identified in the Preliminary 2005 Budget have now been incorporated into the Baseline. No other new needs have been identified in the interim for 2005.

GAP CLOSING ACTIONS

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 Final Proposed Budget. The PEGs for 2005 total \$58.0 million and encompass a wide range of activities eliminated, downsized or deferred. Of the \$58.0 million in reductions, roughly 33% 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 350 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 \$21.0 million in administrative reductions, including 112 of the 350 position eliminations.

Changes to maintenance plans and practices provide \$20.1 million in reductions, including more than \$2 million in overtime and just under 100 positions. 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 \$10.7 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.

2006-2008 Projections

While the 2005 budget outlined above generally supports continuation of current service levels, a significant funding gap arises in 2006 for all MTA agencies. The MTA-wide funding gap anticipated for 2006 will require more significant changes to close that gap. The magnitude of resource reductions to close the gap requires serious reductions to service levels, with adverse affects on both the quantity and quality of service. The impacts of the reductions are expected to carry forward through 2008.

2006-2008 Baseline

The baseline projections (prior to recognition of any PEGs) 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 enter key maintenance stages. Fulfillment of LCM requirements will place growing demands on resources, particularly maintenance materials.

The baseline projections for 2006-2008 reflect these various impacts. Non-reimbursable revenues rise slowly but steadily each year, averaging about 1.6% per year, consistent with the projected changes in baseline ridership. Reimbursable revenues rise sharply in 2006 over 2005, reflecting program activity at full-funding levels. The rates of growth are slower in 2007 (up 2.2%) and 2008 (up 1.2%).

By contrast, the pace of expense growth is much higher, driven by rates of increase well above normal inflation in both health and welfare and in materials. Non-reimbursable expenses (before depreciation) grow by 3.6% in 2006, 4.9% in 2007 and 7.5% in 2008. In 2008 particularly, about 55% of the \$81 million increase to operating expenses is for materials. Reimbursable expenses grow by 13.2% (\$17.4 million) in 2006 over 2005, and by another 2.2% in 2007 and 1.2% in 2008.

The baseline positions in these projections increase in each year after 2005, with an overall increase of 268 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 227 positions, over 2005. Most of these are in the Engineering department, where total positions increase by nearly 200 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 63 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 July plan for the years through 2008.

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 train 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.

All of these actions result in reductions of more than 260 positions and savings of \$24.1 million in 2006. Such changes would affect the commutation market as well as the discretionary travel market that has grown so significantly in the last decade.

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 \$76.5 million in 2007 and \$77.7 million in 2008. Because targets have been met, neither year contains any unspecified PEGs.

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

REIMBURSABLE

	2003	2004	2005			
	Actuals	November	Final	2006	2007	2008
		Forecast	Proposed			
			Budget			
Revenue						
Farebox Revenue	\$0.000	\$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	0.000	0.000	0.000	0.000	0.000	0.000
Capital and Other Reimbursements	123.563	125.260	132.066	149.442	152.710	154.559
Total Revenue	\$123.563	\$125.260	\$132.066	\$149.442	\$152.710	\$154.559
Expenses						
Labor:						
Payroll	60.239	64.116	60.299	67.241	68.226	69.830
Overtime	10.055	2.803	7.519	8.345	8.506	8.423
Health and Welfare	7.970	8.332	9.485	10.429	11.197	11.417
Pensions	7.900	7.872	11.679	13.326	13.890	13.776
Other Fringe Benefits	16.551	16.534	14.900	18.332	18.569	18.935
Reimbursable Overhead	16.942	20.002	20.782	24.097	24.639	24.438
Total Labor Expenses	\$119.657	\$119.659	\$124.664	\$141.770	\$145.027	\$146.819
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	0.191	0.245	0.342	0.350	0.358	0.283
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	2.602	2.712	3.893	4.066	4.134	4.216
Professional Service Contracts	0.295	0.651	0.387	0.420	0.426	0.434
Materials & Supplies	0.739	1.993	2.577	2.613	2.536	2.574
Other Business Expenses	0.079	0.000	0.203	0.223	0.229	0.233
Total Non-Labor Expenses	\$3.906	\$5.601	\$7.402	\$7.672	\$7.683	\$7.740
Other Expenses 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	\$123.563	\$125.260	\$132.066	\$149.442	\$152.710	\$154.559
Depreciation	0.000	0.000	0.000	0.000	0.000	0.000
Total Expenses	\$123.563	\$125.260	\$132.066	\$149.442	\$152.710	\$154.559
Baseline Net Surplus/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
2005 Program to Eliminate the Gap (PEGs)	0.000	0.000	0.000	0.000	0.000	0.000
2006 Program to Eliminate the Gap (PEGs)	0.000	0.000	0.000	0.000	0.000	0.000
Unspecified PEGs	0.000	0.000	0.000	0.000	0.000	0.000

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

	2004 November Forecast	2005 Final Proposed Budget	2006	2007	2008
<u>Receipts</u>					
Farebox Revenue	\$443.122	\$449.764	\$455.718	\$463.712	\$470.223
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	34.695	27.385	28.372	29.013	29.605
Capital and Other Reimbursements	163.444	171.200	197.284	198.725	201.244
Total Receipts	\$641.261	\$648.349	\$681.374	\$691.450	\$701.072
<u>Expenditures</u>					
Labor:					
Payroll	406.288	422.108	438.272	450.000	462.400
Overtime	78.577	71.607	75.245	77.261	79.221
Health and Welfare	97.698	111.383	124.167	138.173	151.025
Pensions	119.146	89.634	122.777	123.455	122.076
Other Fringe Benefits	93.623	99.358	104.311	108.229	111.986
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000
Total Labor Expenditures	\$795.332	\$794.090	\$864.772	\$897.118	\$926.708
Non-Labor:					
Traction and Propulsion Power	50.909	59.255	60.433	60.466	60.809
Fuel for Buses and Trains	7.591	6.844	7.276	7.276	7.297
Insurance	18.562	23.639	25.250	28.180	30.292
Claims	10.830	12.470	12.668	12.931	13.218
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	62.976	72.272	69.445	66.824	68.248
Professional Service Contracts	20.217	24.540	19.092	20.665	21.088
Materials & Supplies	96.317	118.837	136.952	154.846	199.988
Other Business Expenses	5.922	6.051	6.175	6.327	6.454
Total Non-Labor Expenditures	\$273.324	\$323.908	\$337.291	\$357.515	\$407.394
Other Expenditure Adjustments:					
Other	27.750	28.250	28.750	29.250	29.750
Total Other Expenditure Adjustments	\$27.750	\$28.250	\$28.750	\$29.250	\$29.750
Total Expenditures	\$1,096.406	\$1,146.248	\$1,230.813	\$1,283.883	\$1,363.852
Baseline Net Cash Deficit	(\$455.145)	(\$497.899)	(\$549.439)	(\$592.433)	(\$662.780)
2005 Program to Eliminate the Gap (PEGs)	0.000	58.042	52.104	52.107	52.615
2006 Program to Eliminate the Gap	0.000	0.000	24.105	24.376	25.107
Unspecified PEGs	0.000	0.000	0.000	0.000	0.000
Net Cash Deficit	(\$455.145)	(\$439.857)	(\$473.230)	(\$515.950)	(\$585.058)

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

	2004 November Forecast	2005 Final Proposed Budget	2006	2007	2008
<u>Receipts</u>					
Farebox Revenue	\$27.949	\$28.250	\$28.750	\$29.250	\$29.750
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	10.003	2.279	2.325	2.392	2.465
Capital and Other Reimbursements	38.184	39.048	47.842	46.015	46.685
Total Receipt Adjustments	\$76.136	\$69.577	\$78.917	\$77.657	\$78.900
<u>Expenditures</u>					
Labor:					
Payroll	0.057	0.519	1.505	1.518	1.526
Overtime	0.000	0.000	0.000	0.000	0.000
Health and Welfare	0.000	0.000	0.000	0.000	0.000
Pensions	(10.853)	22.930	(5.406)	(3.942)	(2.900)
Other Fringe Benefits	(0.509)	(0.086)	0.000	0.000	0.000
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000
Total Labor Expenditures	(\$11.305)	\$23.363	(\$3.901)	(\$2.424)	(\$1.374)
Non-Labor:					
Traction and Propulsion Power	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
Insurance	(3.021)	(4.563)	(5.640)	(6.209)	(5.360)
Claims	0.480	0.745	0.757	0.772	0.789
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	(2.639)	(1.409)	(1.685)	(1.716)	(1.752)
Professional Service Contracts	(1.405)	1.725	4.700	4.500	4.500
Materials & Supplies	(30.262)	(36.968)	(43.093)	(43.303)	(43.804)
Other Business Expenditures	0.491	2.600	2.610	2.620	2.630
Total Non-Labor Expenditures	(\$36.356)	(\$37.870)	(\$42.351)	(\$43.336)	(\$42.997)
Other Expenditure Adjustments:					
Other	(10.359)	(28.250)	(28.750)	(29.250)	(29.750)
Total Other Expenditure Adjustments	(\$10.359)	(\$28.250)	(\$28.750)	(\$29.250)	(\$29.750)
Total Cash Conversion Adjustments before Depreciation	\$18.116	\$26.820	\$3.915	\$2.647	\$4.779
Depreciation Adjustment	228.622	260.116	272.293	268.774	253.325
Baseline Total Cash Conversion Adjustments	\$246.738	\$286.936	\$276.208	\$271.421	\$258.104
2005 Program to Eliminate the Gap (PEGs)	0.000	0.000	0.000	0.000	0.000
2006 Program to Eliminate the Gap	0.000	0.000	0.000	0.000	0.000
Unspecified PEGs	0.000	0.000	0.000	0.000	0.000
Total Cash Conversion Adjustments	\$246.738	\$286.936	\$276.208	\$271.421	\$258.104

**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 1.1% over 2004 level to 81.4 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 1.93% for 2005 and 1.24% for 2006.
- 2007-2008 includes CPI increases for both represented and management employees of 1.94% and 2.09%, 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.
- 2005 reflects the change in allocation of expense adjustments (sick leave buyout) of approximately \$1.5 million. This carries through to each year.

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 between 4.0% and 4.8%; the tax rate for each tier is expected to remain unchanged.
- Railroad Unemployment reflects an annual increase of approximately 3% in the monthly amount per employee.

Traction and Propulsion Power

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

Fuel

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

Insurance

- 2005-2008 reflects price inflators.

Claims

- 2004 reflects actual experience through August.
- 2005-2008 reflects anticipated increases 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.
- 2006-2007 reflects elimination of the M-1 fleet (reduction/elimination of M-1 decommissioning)
- 2008 reflects inflationary increases

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.
- 2005 reflects the change in allocation of expense adjustments (expenses incidental to project work) of approximately \$5.8 million. This carries through to each year.

Material and Supplies

- 2005-2008 reflects CPI growth.
- 2005 reflects the change in allocation of expense adjustments (inventory adjustments) of approximately \$6.0 million. This carries through to each year.
- 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.
- 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.
- 2005 reflects the change in allocation of expense adjustments (miscellaneous expense adjustments) of approximately \$2.0 million. This carries through to each year.
- 2007-2008 includes CPI increases.

Other Expense Adjustments

- 2005 reflects allocation of expense adjustments to the appropriate account such as materials, professional services contracts, payroll and other business expenses.

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.
- 2005-2007 – timing of capital reimbursement.
- 2005-2006 – reductions in miscellaneous revenue captured in other revenues, continue with 2006 level in future years.

Expense

- Payroll 2004-2006 – remaining represented 2003 contract settlement and associated 2004 backpay paid out in 2004 and 2005.
- Pension – cash payments versus accrued expenses; 2005 pension contribution prepaid in 2003.
- Other Fringe Benefits 2004-2005 – final installment of 2003 Railroad Unemployment insurance paid in 2004 at the higher 2003 rate.
- 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
November Financial Plan 2005 - 2008
Ridership/Traffic Volume (Utilization)
(in millions)

	2003 Actuals	2004 November Forecast	2005 Final Proposed Budget	2006	2007	2008
Baseline Total Ridership	80.924	80.504	81.373	82.426	83.873	85.033
<i>Impact of:</i>						
2005 Program to Eliminate the Gap (PEGs)			(0.025)	(0.025)	(0.025)	(0.025)
2006 Program to Eliminate the Gap				(0.654)	(0.654)	(0.654)
Total Ridership	80.924	80.504	81.348	81.747	83.194	84.354

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

2004: November Financial Plan vs. July Financial Plan

2004 November Financial Plan based on actual performance through August with projections for September through December based on current trends and known activities.

Revenue

- (0.3)% decrease in ridership
- 0.3% increase in average yield per passenger
- Special Services – primarily due to lower yield per assignment
- Higher rental and advertising revenue, partially offset by lower newsstand/concession revenue.
- Capital and other reimbursements are higher primarily resulting from changes in capital project activity (primarily acceleration of Queens Interlocking Project).

Expense

- Payroll and benefits – increased from July Plan primarily due to increases in retiree sick/vacation payments and constructive allowances, higher relief day overtime and higher project overtime associated with acceleration of Queens Interlocking Project.
- Traction Power and Fuel are higher primarily resulting from increased rates.
- 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: November Financial Plan vs. July Financial Plan

Revenue

- (0.2)% decrease in ridership
- 0.2% increase in average yield per passenger
- Capital and other reimbursements are higher primarily resulting from a re-estimate of capital project activity resulting primarily from start of 2005-2009 Capital Program, as well as overhead rate adjustments.

Expense

- Other Fringe benefits are lower due to a change in the Railroad Retirement maximum base limits.
- Traction Power costs are higher primarily resulting from increased rates.
- All other non-payroll expenses have been re-estimated based on the latest planned activities and any changes in service contracts (primarily consultant activity, environmental services, M-1 Decommissioning and fleet modifications).

2006: November Financial Plan vs. July Financial Plan

Revenue

- (1.1)% decrease in ridership
- Capital and other reimbursements are slightly higher primarily resulting from changes in capital project activity associated with the 2005-2009 Capital Program.

Expense

- Other Fringe benefits are lower due to a change in the Railroad Retirement maximum base limits.
- Traction Power costs are higher primarily resulting from increased rates.
- Materials and all other non-payroll expenses have been re-estimated based on planned activities and changes in service contracts.

2007: November Financial Plan vs. July Financial Plan**Revenue**

- (0.6)% decrease in ridership
- Capital and other reimbursements are slightly higher primarily resulting from changes in capital project activity associated with the 2005-2009 Capital Program.

Expense

- Other Fringe benefits are lower due to a change in the Railroad Retirement maximum base limits.
- Traction Power costs are higher primarily resulting from increased rates.
- Materials and all other non-payroll expenses have been re-estimated based on planned activities and changes in service contracts.

2008: November Financial Plan vs. July Financial Plan**Revenue**

- (0.3)% decrease in ridership
- (0.2)% decrease in average yield per passenger
- Capital and other reimbursements are lower primarily resulting from changes in capital project activity associated with the 2005-2009 Capital Program.

Expense

- Other Fringe benefits are lower due to a change in the Railroad Retirement maximum base limits.
- Traction Power costs are higher primarily resulting from increased rates.
- Materials and all other non-payroll expenses have been re-estimated based on planned activities and changes in service contracts.

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

NON-REIMBURSABLE

	2004	2005	2006	2007	2008
2004 July Financial Plan - Baseline Net Cash Income/(Deficit)	(\$442.524)	(\$488.592)	(\$550.700)	(\$597.362)	(\$667.556)
Baseline Changes (List):					
Revenue					
Fare Revenue	\$0.000	(\$0.184)	(\$4.790)	(\$2.615)	(\$1.989)
Other Revenue	\$0.073	\$0.000	\$0.000	\$0.000	\$0.000
Capital and Other Reimbursements -change in Capital Program activity					
Sub-Total Revenue Changes	\$.073	(\$.184)	(\$4.790)	(\$2.615)	(\$1.989)
Expenses					
Traction Power rate increases	(3.750)	(8.415)	(8.415)	(8.415)	(8.415)
Inflation and other re-estimates	(0.679)	9.598	17.963	19.840	18.141
Sub-Total Expense Changes	(\$4.429)	\$1.183	\$9.548	\$11.425	\$9.726
Cash Adjustments:					
Revenue					
City Ticket Revenue loss reimbursement	(\$0.100)				
World Trade Center loss reimbursement	(0.040)				
Miscellaneous Revenue		(2.100)	(1.600)	(1.600)	(1.600)
Miscellaneous adjustment		0.135	0.052		
Expense					
Labor Contract Settlement	2.059	(1.216)			
Pension - re-estimate of cash payments	(9.500)	(5.300)	(3.400)	(1.800)	(2.900)
Other Fringe Benefits - RUI adjustment	(0.500)				
Insurance - timing of payments	0.958	1.330	0.092	(0.398)	1.637
Claims reserve adjustments		(0.064)	(0.074)	(0.086)	(0.100)
Environmental Professional Services	0.380				
Timing of Material purchases	(3.319)	(1.000)	(0.400)		
Non-cash expense adjustments (Misc Charges & Credits)	(0.003)		(0.258)	0.002	0.003
Sub-Total Cash Adjustment Changes	(\$10.065)	(\$8.215)	(\$5.588)	(\$3.882)	(\$2.960)
Total Baseline Changes	(\$14.421)	(\$7.216)	(\$0.830)	\$4.928	\$4.777
2004 November Financial Plan - Baseline Net Cash Income/(Deficit)	(\$456.945)	(\$495.808)	(\$551.530)	(\$592.434)	(\$662.779)
July Financial Plan - Program to Eliminate the Gap	\$0.000	\$61.150	\$89.285	\$91.627	\$93.813
Changes:					
2005 PEG Changes		(\$3.108)	(\$9.364)	(\$11.106)	(\$11.986)
2006 PEG Changes			(\$3.712)	(\$4.038)	(\$4.105)
Unspecified PEG Changes					
Sub-Total PEG Changes	\$0.000	(\$3.108)	(\$13.076)	(\$15.144)	(\$16.091)
November Financial Plan - Program to Eliminate the Gap	\$0.000	\$58.042	\$76.209	\$76.483	\$77.722
2004 November Financial Plan - Net Cash Income/(Deficit)	(\$456.945)	(\$437.766)	(\$475.321)	(\$515.951)	(\$585.057)

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

REIMBURSABLE

	2004	2005	2006	2007	2008
2004 July Financial Plan - Baseline Net Cash Income/(Deficit)	\$1.800	\$0.000	\$0.000	\$0.000	\$0.000
Baseline Changes (List):					
Revenue					
Capital and Other Reimbursements					
Sub-Total Revenue Changes	\$.000	\$.000	\$.000	\$.000	\$.000
Expenses					
Sub-Total Expense Changes	\$.000	\$.000	\$.000	\$.000	\$.000
Cash Adjustments:					
Revenue					
Capital and Other Reimbursements	(1.420)	(3.536)	3.516	(0.471)	0.160
Expense					
Material and Other non-payroll adjustments	1.420	1.445	(1.425)	0.471	(0.160)
Sub-Total Cash Adjustment Changes	\$0.000	(\$2.091)	\$2.091	\$0.000	\$0.000
Total Baseline Changes	\$0.000	(\$2.091)	\$2.091	\$0.000	\$0.000
2004 November Financial Plan - Baseline Net Cash Income/(Deficit)	\$1.800	(\$2.091)	\$2.091	\$0.000	\$0.000
July Financial Plan - Program to Eliminate the Gap	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Changes:					
2005 PEG Changes					
2006 PEG Changes					
Unspecified PEG Changes					
Sub-Total PEG Changes	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
November Financial Plan - Program to Eliminate the Gap	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
2004 November Financial Plan - Net Cash Income/(Deficit)	\$1.800	(\$2.091)	\$2.091	\$0.000	\$0.000

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

**NON-REIMBURSABLE/
REIMBURSABLE**

	2004	2005	2006	2007	2008
2004 July Financial Plan - Baseline Net Cash Income/(Deficit)	(\$440.724)	(\$488.592)	(\$550.700)	(\$597.362)	(\$667.556)
Baseline Changes:					
Revenue					
Fare Revenue	\$0.000	(\$0.184)	(\$4.790)	(\$2.615)	(\$1.989)
Other Revenue	\$0.073	\$0.000	\$0.000	\$0.000	\$0.000
Capital and Other Reimbursements					
Sub-Total Revenue Changes	\$0.073	(\$0.184)	(\$4.790)	(\$2.615)	(\$1.989)
Expenses					
Traction Power rate increases	(3.750)	(8.415)	(8.415)	(8.415)	(8.415)
Inflation and other re-estimates	(0.679)	9.598	17.963	19.840	18.141
Sub-Total Expense Changes	(\$4.429)	\$1.183	\$9.548	\$11.425	\$9.726
Cash Adjustments:					
Revenue					
City Ticket Revenue loss reimbursement	(\$0.100)				
World Trade Center loss reimbursement	(0.040)				
Miscellaneous Revenue		(2.100)	(1.600)	(1.600)	(1.600)
Miscellaneous adjustment		0.135	0.052		
Capital and Other Reimbursements		(2.091)	2.091		
Expense					
Labor Contract Settlement	2.059	(1.216)			
Pension - re-estimate of cash payments	(9.500)	(5.300)	(3.400)	(1.800)	(2.900)
Other Fringe Benefits - RUI adjustment	(0.500)				
Insurance - timing of payments	0.958	1.330	0.092	(0.397)	1.636
Claims reserve adjustments		(0.064)	(0.074)	(0.086)	(0.100)
Environmental Professional Services	0.380				
Timing of Material purchases	(3.319)	(1.000)	(0.400)		
Non-cash expense adjustments (Misc Charges & Credits)	(0.003)		(0.258)	0.002	0.003
Sub-Total Cash Adjustment Changes	(\$10.065)	(\$10.306)	(\$3.497)	(\$3.881)	(\$2.961)
Total Baseline Changes	(\$14.421)	(\$9.307)	\$1.261	\$4.929	\$4.776
2004 November Financial Plan - Baseline Net Cash Income/(Deficit)	(\$455.145)	(\$497.899)	(\$549.439)	(\$592.433)	(\$662.780)
July Financial Plan - Program to Eliminate the Gap	\$0.000	\$61.150	\$89.285	\$91.627	\$93.813
Changes:					
2005 PEG Changes		(\$3.108)	(\$9.364)	(\$11.106)	(\$11.986)
2006 PEG Changes			(\$3.712)	(\$4.038)	(\$4.105)
Unspecified PEG Changes					
Sub-Total PEG Changes	\$0.000	(\$3.108)	(\$13.076)	(\$15.144)	(\$16.091)
November Financial Plan - Program to Eliminate the Gap	\$0.000	\$58.042	\$76.209	\$76.483	\$77.722
2004 November Financial Plan - Net Cash Income/(Deficit)	(\$455.145)	(\$439.857)	(\$473.230)	(\$515.950)	(\$585.058)

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MNR

**MTA METRO-NORTH RAILROAD
2005 FINAL PROPOSED BUDGET
NOVEMBER 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 November Financial Plan 2005-2008 are reduced from its adopted budget plan 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

**MTA METRO-NORTH RAILROAD
2005 FINAL PROPOSED BUDGET
NOVEMBER FINANCIAL PLAN 2005-2008**

DEPRECIATION

Non-Reimbursable

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

Reimbursable

- No Cost

**MTA METRO-NORTH RAILROAD
2005 FINAL PROPOSED BUDGET
NOVEMBER FINANCIAL PLAN 2005-2008**

OTHER BUSINESS EXPENSES

Non-Reimbursable

- CPI increases in 2005-2008 of 2.0%, 1.5%, 1.8% and 2.1%, respectively.
- 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%, 1.5%, 1.8% and 2.1%, respectively.

Cash

- 2004 cash adjustments include a one-time MTA reclassification associated with prior period administrative assets.

DEPRECIATION

Non-Reimbursable

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

Reimbursable

- No Cost

**MTA METRO-NORTH RAILROAD
2005 FINAL PROPOSED BUDGET
NOVEMBER FINANCIAL PLAN 2005-2008**

CHANGES TO THE JULY FINANCIAL PLAN 2004- 2008

Revisions to Metro-North's financial plan for the 2004-2008 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.

2004: November Financial Plan Vs. July Financial Plan

In the November Financial Plan subsidy requirements for non-reimbursable operations are \$23.3 million lower than the July Plan. Timing adjustments between accrued and cash expenditures account for \$16.8 million of this change primarily due to the deferral of retroactive wage settlement provisions to 2005 (\$13.2 million). Operating expense reductions of \$7.4 million account for the remaining decrease in subsidy requirements due to lower material and propulsion costs related to timing differences in acquisition of new rolling stock (\$3.5 million), the rescheduling of the West of Hudson locomotive remanufacture program (\$2.2 million), and lower maintenance contract and professional service fees (\$2.8 million), offset by higher labor costs for service coverage requirements.

Reimbursable project costs (and receipts) were \$8.5 million below the July Plan. In addition to inclement weather conditions during the first quarter, which reduced overall project activity levels, 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: November Financial Plan Vs. July Financial Plan

In the July Financial Plan 2005 subsidy requirements for non-reimbursable operations are \$22.0 million higher than the July plan. These increases are primarily due to timing differences as a result of anticipated retroactive wage settlements for 2003 and 2004 that are expected to be paid in 2005 (\$13.5 million), the start-up of the West of Hudson locomotive remanufacture that was rescheduled from 2004 (\$2.2 million) and a higher number of paid versus accrued days (\$1.9 million). Other expenditure increases are due to higher insurance premiums (\$.9 million), an increase in labor costs due to fewer vacancies and higher overtime service coverage (\$1.8 million), and lower cost recoveries from Amtrak (\$.9 million). Subsidy requirements were favorably impacted by a decrease in inflation (\$4.0 million).

**MTA METRO-NORTH RAILROAD
2005 FINAL PROPOSED BUDGET
NOVEMBER FINANCIAL PLAN 2005-2008**

Reimbursable project costs (and receipts) were \$15.9 million higher than the July Plan reflecting a higher general level of capital project activity as well as increases for East Side Access, M2 Critical System Replacement, and the Shell-at-Grade project.

2006 November Financial Plan Vs. July Financial Plan

In the November Financial Plan 2006 subsidy requirements for non-reimbursable operations are on-target to the July plan. Lower inflation (\$6.5 million) and fringe benefit costs (\$1.8 million) are offset by higher insurance costs (\$2.0 million), an increase in labor costs due to fewer vacancies and higher overtime service coverage (\$2.7 million), increased propulsion costs (\$1.5 million), lower Amtrak cost recoveries (\$1.0 million) and other miscellaneous fees and service costs.

Reimbursable project costs (and receipts) were \$22.0 million higher than the July plan reflecting the continuation of 2005 project expenditure levels and an increase in expenditures for the Shell-at-Grade and M2 Critical System Replacement projects.

2007 November Financial Plan Vs. July Financial Plan

In the November Financial Plan 2007 subsidy requirements for non-reimbursable operations are \$2.0 million higher than the July Plan. This increase is due to higher insurance costs (\$3.2 million), an increase in labor costs due to fewer vacancies and higher overtime service coverage (\$3.3 million), increased propulsion and material costs related to changes in equipment plan acquisition schedules (\$3.5 million), lower Amtrak cost recoveries (\$1.0 million), and an increase in the provision for rolling stock preventive maintenance (\$3.5 million) and other miscellaneous fees and service costs. Offsetting these increases were lower inflation (\$10.1 million), reduced fringe benefit costs (\$3.2 million), and higher overhead recovery credits (\$2.8 million).

Reimbursable project costs (and receipts) were \$23.4 million higher than the July plan reflecting the continuation of 2005 project expenditure levels and an increase in expenditures for the Shell-at-Grade and M2 Critical System Replacement projects.

2008 November Financial Plan Vs. July Financial Plan

In the November Financial Plan 2008 subsidy requirements for non-reimbursable operations are \$2.0 million higher than the July Plan. This increase is due to higher insurance costs (\$4.6 million), an increase in labor costs due to fewer vacancies and higher overtime service coverage (\$3.3 million), increased propulsion and material costs related to changes in equipment plan acquisition schedules (\$6.9 million), lower Amtrak cost recoveries (\$1.0 million), and an increase in the provision for rolling stock

**MTA METRO-NORTH RAILROAD
2005 FINAL PROPOSED BUDGET
NOVEMBER FINANCIAL PLAN 2005-2008**

preventive maintenance (\$3.5 million) and other miscellaneous fees and service costs. Offsetting these increases were lower inflation (\$14.0 million), reduced fringe benefit costs (\$5.1 million) and higher overhead recovery credits (\$1.7 million).

Reimbursable project costs (and receipts) were \$22.0 million higher than the July plan reflecting the continuation of 2005 project expenditure levels and an increase in expenditures for the Shell-at-Grade and M2 Critical System Replacement projects.

**MTA METRO-NORTH RAILROAD
2005 FINAL PROPOSED BUDGET
NOVEMBER 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.
- 2006-2008 staffing levels assume a continuation of 2005 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 from both East and West of Hudson operations 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 maintains mid-year July Plan levels that 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
November Financial Plan 2005 - 2008
Summary of Changes Between Financial Plans by Category
(\$ in millions)

	2004	2005	2006	2007	2008
2004 November Financial Plan - Base Line Net Cash Income/(Deficit)	(\$265.486)	(\$298.782)	(\$327.628)	(\$346.130)	(\$372.126)
July Financial Plan - Program to Eliminate the Gap	\$.904	\$15.869	\$36.637	\$33.505	\$22.422
<i>PEG & Unspecified PEG Changes (List):</i>					
2005 Program to Eliminate the Gap	\$.000	\$.000	\$.000	\$.000	\$.000
2006 Program to Eliminate the Gap	\$.000	\$.000	\$.000	\$.000	\$.000
Unspecified PEGS	\$.000	\$.000	(\$1.244)	\$.306	\$.162
Sub-Total PEG	\$.000	\$.000	(\$1.244)	\$.306	\$.162
November Financial Plan - Program to Eliminate the Gap	\$.904	\$15.869	\$35.393	\$33.811	\$22.584
2004 November Financial Plan - Net Cash Income/(Deficit)	(\$264.582)	(\$282.913)	(\$292.235)	(\$312.319)	(\$349.542)

MTA HQ

MTA HEADQUARTERS
2005 Final Proposed Budget
November Financial Plan for 2005-2008

Mission Statement

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

Financial Review

An MTA Headquarters Baseline Net Deficit of \$252.078 million in the 2005 Final Proposed Budget is \$5.676 million higher than the July 2005 Preliminary Budget of \$246.402 million. Increased expenditures are primarily due to increased provisions for consultants to explore opportunities in financial shared services and energy reductions, and for higher support for subsidiaries. Compared to the 2004 November Forecast Baseline Deficit of \$244.872 million the 2005 Final Proposed Budget is \$9.206 million higher, again, mainly due to increased provisions to explore opportunities in financial shared services and energy reductions.

Compared to the 2005 Final Proposed Budget the Baseline Net Deficit decreases by \$3.450 million in 2006 to \$248.628 million mainly due to reduced support for subsidiaries and consulting expenditures partly offset by increases resulting from inflationary impacts on compensation. Thereafter, the Baseline deficit increases to \$254.982 million in 2007 and \$261.175 million in 2008, mainly due to the impacts of inflation.

Inflation rates used in the November Financial Plan were based on the CPI – Urban rate and were 1.93%, 1.24%, 1.94% and 2.09% in 2005, 2006, 2007 and 2008, respectively.

Programmatic Review

The Budget and Financial Management Division in 2005 will explore shared financial services opportunities within the MTA to provide reporting and other financial efficiencies. This will build on the great strides made in 2004 such as providing additional quarterly audited financial statements compared to Budget. The Budget and Financial Management Division continues to provide accurate, reliable and timely information to be used for MTA decision making and to enhance the public's understanding.

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

Besides initiatives taken by the Applications Development division, the Enterprise Information Technology Group (EITG) has identified telecommunications saving based upon staff relocations. It will 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.

Facilities Management is responsible for the management and upkeep of such older facilities as 341, 345, and 347 Madison Avenue and the Data Center at 460 West 34th Street. Under new leadership the Administration Department has sought to bring about headcount reductions and maintenance and repairs savings without compromising the care of these facilities.

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

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

Revenue Forecast

Revenues of \$17.512 million in the 2005 Final Proposed Budget are unchanged from the 2005 Preliminary Budget and includes the three major sources of revenues: Rental Income, primarily from rents charged to Metro-North and other ground floor occupants of MTA Headquarters facilities; Data Center Revenues, primarily charges for use of the Data Center; Other, primarily for Transit Museum revenues related to both the Museum itself and its retail operations.

Expense Budget Highlights

New Needs

There are no new needs proposed for MTA Headquarters in the 2005 Final Proposed Budget. However, as a result of a Phase I review of MTA-wide needs additional funds have been provided in the MTA Headquarters Budget in the amount of \$2.000 million to fund an MTA-wide Shared Services study. This study will promote efficiencies and reduce duplication of efforts primarily in the area of financial management. In addition, funds for other energy consulting studies have been provided totaling \$2.750 million in 2005.

Programs to Eliminate the Gap

Programs to eliminate the gap in the 2005 Final Proposed Budget have already begun and are expected to reduce expenses by \$2.264 million beginning in 2004 and \$15.013 million in 2005. Thereafter these programs will result in expense reductions of \$17.655 million, \$18.167 million and \$18.750 million, in 2006, 2007 and 2008, respectively. Expense reductions in all departments were identified and include efficiencies brought about by the PeopleSoft initiative, and by the Enterprise Information Technology Group, Facilities Management, and the Transit Museum, to name a few. In addition, savings in Public Safety expenditures are achieved since many of the programs, begun since 9/11, have been completed and other non-MTA sources of funding are identified.

**MTA Headquarters
November Financial Plan 2005-2008
Summary of Changes Between Years 2004-2008**

2005 Final Proposed Budget Vs. 2004 November Forecast

Revenue:

Revenues decrease by \$0.134 million from \$53.020 million in the 2004 November Forecast to \$52.886 million in the 2005 Final Proposed Budget primarily reflecting reduced charges to the Agencies from Risk Management that will be charged to the First Mutual Transportation Assurance Company.

Expenses:

Expenses are \$7.072 million higher in the 2005 Final Proposed Budget mainly due to increased provisions for consultants to explore opportunities in financial shared services and energy reductions, and full year annualized compensation, partly offset by reduced support for subsidiaries.

2006 Forecast Vs. 2005 Final Proposed Budget

Revenue:

Increased revenues of \$0.656 million in the 2006 Forecast primarily represents inflation impacts of 1.24% based on the CPI -U.

Expenses:

Expense reductions of \$2.794 million primarily reflect reduced support for subsidiaries and consulting expenses partly offset by inflation impacts of 1.24% based on the CPI - U.

2007 Forecast Vs. 2006 Forecast

Revenue:

Increased revenues of \$1.038 million in the 2007 Forecast primarily represents inflation impacts of 1.94% based on the CPI -U.

Expenses:

Expense increases of \$7.392 million primarily reflect inflation impacts of 1.94% based on the CPI - U.

2008 Forecast Vs. 2007 Forecast

Revenue:

Increased revenues of \$1.141 million in the 2008 Forecast primarily represents inflation impacts of 2.09% based on the CPI -U.

Expenses:

Expense increases of \$7.334 million primarily reflect inflation impacts of 2.09% based on the CPI - U.

MTA HEADQUARTERS
November Financial Plan 2005-2008
Summary of Changes Between Financial Plans 2004-2008

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

2004: November Financial Plan vs. July Financial Plan

The Baseline Net Deficit in the 2004 November Financial Plan of \$244.872 million is lower than the July Plan of \$247.277 million, a decrease of \$2.405 million. Lower support for subsidiaries and the favorable impact of reduced insurance premiums are partly offset by the unfavorable impact of additional professional service contracts for MTA-wide energy studies.

2005: November Financial Plan vs. July Financial Plan

The Baseline Net Deficit in the 2005 November Financial Plan of \$252.078 million is higher than the July Plan of \$246.402 million, an increase of \$5.676 million. The higher deficit in the 2005 November Financial Plan is primarily due to the increased provisions for consultants to explore opportunities in financial shared services and energy conservation, and for higher support for subsidiaries.

2006: November Financial Plan vs. July Financial Plan

The Baseline Net Deficit for 2006 in the November Financial Plan of \$248.628 million is higher than the July Plan of \$252.362 million, a decrease of \$3.734 million.

2007: November Financial Plan vs. July Financial Plan

The Baseline Net Deficit for 2007 in the November Financial Plan of \$254.982 million is lower than the July Plan of \$259.113 million, a decrease of \$4.131 million. The lower deficit in the November Financial Plan is primarily due to inflation savings.

2008: November Financial Plan vs. July Financial Plan

The Baseline Net Deficit for 2008 in the November Financial Plan of \$261.175 million is lower than the July Plan of \$266.113 million, a decrease of \$4.938 million. The lower deficit in the November Financial Plan is primarily due to inflation savings.

MTA Headquarters
November Financial Plan 2005 - 2008
Summary of Changes Between Financial Plans by Category
(\$ in millions)

REIMBURSABLE					
	2004	2005	2006	2007	2008
2004 July Financial Plan - Baseline Net Cash Income/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
<i>Baseline Changes (List):</i>					
Revenue					
Capital and Other Reimbursements	\$.000	(\$1.822)	(\$2.201)	(\$2.484)	(\$2.817)
Sub-Total Revenue Changes	\$.000	(\$1.822)	(\$2.201)	(\$2.484)	(\$2.817)
Expenses					
Reimbursable Overhead	\$.000	\$1.822	\$2.201	\$2.484	\$2.817
Sub-Total Expense Changes	\$.000	\$1.822	\$2.201	\$2.484	\$2.817
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
2004 November Financial Plan - Baseline Net Cash Income/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
July Financial Plan - Program to Eliminate the Gap	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
<i>Changes:</i>					
2005 PEG Changes (List)					
2006 PEG Changes (List)					
Unspecified PEG Changes					
Sub-Total PEG Changes	\$0.000 0	\$0.000 0	\$0.000 0	\$0.000	\$0.000
November Financial Plan - Program to Eliminate the Gap	\$0.000 0	\$0.000 0	\$0.000 0	\$0.000	\$0.000
2004 November Financial Plan - Net Cash Income/(Deficit)	\$0.000 0	\$0.000 0	\$0.000 0	\$0.000	\$0.000

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This increase in staffing will result in greater cost savings to the MTA through the deterrence of fraud, waste and abuse. At the same time, your continued support of our efforts to root out corruption affecting the MTA will reassure the public that the MTA is truly committed to the transparency and accountability they demand and deserve.

Recommendation:

The MTA Board should approve the OIG 2005 budget and its 2004 estimated expenditures.

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NYC Transit

**MTA New York City Transit
2005 Final Proposed Budget
November 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 New York City (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 Final Proposed Budget provides sufficient funding to maintain NYC Transit's high standard of service reliability, with no reduction in maintenance, safety and security standards for customers and employees 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 2005 Final Proposed 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 2005 Final Proposed Budget also includes a bus service adjustment to revise off-peak 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 Final Proposed Budget – Baseline

MTA NYC Transit's 2005 Final Proposed Budget includes total expenses before depreciation of \$5,478.5 million, consisting of \$4,750.5 million of non-reimbursable expenses and \$728.0 million of reimbursable expenses. Total revenues are projected to be \$3,565.9 million, of which \$2,837.9 million are operating revenues and \$728.0 million are capital reimbursements. Total full-time and full-time equivalent positions are 47,753 (42,398 non-reimbursable positions and

5,355 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 \$123.3 million, with position reductions of 2,109. A proposed increase in express bus fares, also described below, is projected to result in deficit reductions of \$16.8 million and position reductions of 53.

The provision of quality service is paramount to MTA NYC Transit. To ensure this goal, the 2005 Final Proposed Budget includes \$21.4 million of additional funding and 145 additional positions necessary to properly maintain fleet and other equipment integral to MTA NYC Transit system operations, as described in following sections.

Major assumptions and reconciliations to the July Plan are addressed later in this section.

2006-2008 Projections

MTA NYC Transit's projections for 2006-2008 reflect total expenses before depreciation as follows: 2006-\$5,652.4 million, 2007-\$5,830.7 million, and 2008-\$6,010.6 million. Non-reimbursable expenses before depreciation are projected as follows: 2006-\$4,933.6 million, 2007-\$5,105.7, and 2008-\$5,273.1 million. Reimbursable expenses are projected as follows: 2006-\$718.8 million, 2007-\$725.1 million, and 2008-\$737.5 million. Total revenues are projected as follows: 2006-\$3,599.0 million, 2007-\$3,648.1 million, and 2008-\$3,694.8 million. Operating revenues are projected as follows: 2006-\$2,880.2 million, 2007-\$2,923.1 million, and 2008-\$2,957.2 million. Capital reimbursements are projected as follows: 2006-\$718.8 million, 2007-\$725.1 million, and 2008-\$737.5 million. Total full-time and full-time equivalent positions are projected to be 47,739 in 2006, 47,702 in 2007, and 47,699 in 2008. Non-reimbursable positions are projected to be 42,494 in 2006, 42,496 in 2007, and 42,503 in 2008. Reimbursable positions are projected to be 5,245 in 2006, 5,206 in 2007, and 5,196 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 \$262.5 million in 2006, \$229.8 million in 2007, and \$275.6 million in 2008. Position reductions are projected to be 3,947 in 2006, 3,783 in 2007, and 3,976 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 53 each year.

Major assumptions and reconciliations to the July Plan are addressed later in this section.

GAP CLOSING MEASURES

2005 Programs to Eliminate the Gap (PEGs)

MTA NYC Transit has developed programs that will save \$123.3 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 MTA 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 MTA 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 2005 Final Proposed 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 \$2.0 million and 14 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 Final Proposed 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 MTA 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 Final Proposed 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 registrations have 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 Final Proposed 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 \$41.0 million savings and 759 positions in 2005. The off-peak bus schedule revisions to accommodate a seated passenger load at the busiest point along a route save a projected \$38.3 million and 625 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 2005 Final Proposed 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 for local stations along the Queens Boulevard line can use the "R" weekday evenings and weekends, and the "E" late nights.

Reductions in support functions made possible by the service changes described above save \$12.9 million and 127 positions in 2005. These include reductions in training coverage positions, employee uniform costs, and maintenance and dispatcher positions.

Further savings of \$11.6 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 \$3.2 million in 2005 and \$6.3 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 2005 Final Proposed 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 \$16.8 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 2005 Final Proposed Budget.

In 2006, however, the MTA financial plan requires closing a major funding gap. MTA NYC Transit’s financial plan includes \$257.3 million in reductions toward closing this gap. While \$84.7 million of these savings comes from administrative and operational streamlining, the remaining \$172.6 million in savings is a result of additional service reductions required to balance the 2005 Final Proposed Budget. 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.

2006 PEG Actions

In 2006, total service related changes account for \$172.6 million of \$257.3 million PEG savings. Service adjustments and related savings made possible by those adjustments account for \$157.1 million and 2,561 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, MTA 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 2005 Final Proposed Budget 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 \$38.3 million annually and 625 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 \$35.7 million and 483 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 \$20.4 million and 198 positions in 2006. These include reductions in training coverage positions, employee uniform costs, and maintenance and dispatcher positions.

2005 Investments

While the 2005 Final Proposed Budget contains a number of reductions to close the projected budget gap, investments were made as necessary to maintain MTA NYC Transit's high standard of service reliability. The 2005 Final Proposed Budget includes \$21.4 million to support critical maintenance investments, ensuring continued quality service.

In 2005, \$7.6 million and 83 positions has been added to improve performance and increase reliability of fare collection and security equipment. A scheduled maintenance system (SMS) protocol will be implemented for Automated Fare Collection (AFC) equipment to reduce trouble calls and improve availability. Maintenance investments have also been made to support the 613 CCTV cameras and related equipment installed in the subway and the 397 units installed for buses in 2004.

Additional funding of \$7.3 million and 54 positions has provided for subway car maintenance to include appropriate SMS program needs, car floor repairs, and replace motor leads on the R46

cars. An additional \$6.5 million and 8 positions have been provided to meet bus maintenance requirements as well.

2004 Accomplishments

In 2004, MTA New York City Transit continued to focus on providing safe, clean, and reliable service to the more than 7 million bus and subway riders served daily. Through September 2004, total MTA New York City Transit ridership was 2.1 percent higher than for the same period in 2003, with Subway ridership reaching its highest level in over 30 years.

Two significant subway service improvements were made possible during 2004 resulting from capital project initiatives. First, subway service was enhanced when, on February 22, 2004, the NYC Department of Transportation completed two-decades of reconstruction on the Manhattan Bridge. This allowed for restoration of four-track service across the bridge between Brooklyn and Manhattan, for the first time since 1986 (except for a brief period in late 1990). MTA New York City Transit was able to increase overall service, especially between Brooklyn and Midtown Manhattan, while reducing congestion in key corridors.

In addition, our Brooklyn subway riders benefited from completion of Phase II of the Stillwell Avenue reconstruction project, and “F” and “Q” line service to the terminal resumed on May 23, 2004. The Neptune Avenue and West 8th Street stations were rehabilitated and also reopened on May 23rd along with the Ocean Parkway station. Phase III, the final phase, will be completed in the spring of 2005, at which time “N” service will also return to Stillwell Avenue.

MTA New York City Transit continues in its efforts to maintain a comfortable and reliable fleet to serve its customers. Between 1999 and 2003, MTA New York City Transit accepted and placed in service 1,762 new subway cars, which included a 362-car fleet increase. By the end of 2004, MTA New York City Transit expects to take delivery of an additional 55 new subway cars, part of a fleet increase order for 80 new R142S cars. Similarly, between 1999 and 2003, MTA New York City Transit has acquired 2,563 new buses. The delivery of an additional 286 new buses in 2004 will increase MTA New York City Transit’s fleet of hybrid and compressed natural gas (CNG) buses to 141 and 481 respectively, representing nearly 15% of the bus fleet, and continuing efforts to advance clean air initiatives by reducing bus fleet emissions. In addition, 2004 will see the arrival of 310 new Paratransit vehicles to serve those customers that are unable to use subways or buses.

In addition to fleet enhancements, investments in maintenance continue to ensure vehicle safety and reliability, with notable result. During 2004 Subway Mean Distance Between Failures (MDBF) continued to improve, and by September had reached an average of 151,716 miles compared with 2003’s average annual rate of 139,960 miles and 1983’s rate of only 8,620 miles. Bus maintenance initiatives resulted in the Mean Distance Between Failures for the 12 month period ending August 2004 increasing to 3,547 miles from 3,501 miles in the preceding 12 month period.

Station rehabilitation efforts continue as well, with 21 stations expected to be completed by year-end. Major stations include 125th Street (4,5,6), the Atlantic-Pacific Street complex (B, D, M, N, Q, R, 2,3,4,5), 116th Street-Columbia University (1,9), the Essex Street-Delancy Street Complex (F, J, M, Z), Utica Avenue (3,4), DeKalb Avenue (B, M, Q, R), and the Broadway Junction-ENY complex (A, C, J, L, Z).

Finally, in 2004, MTA New York City Transit completed the automation of 17 part-time booths, following the successful automation of 45 part-time booths in 2003. Many of these 62 locations now have longer opening times than when they were staffed and registrations have increased or remained constant at these locations, most importantly crime has not increased. In May 2004, the Station Customer Assistant pilot program began with 12 Station Agents assigned outside the booth within the fare control area confines to provide customer assistance at 10 stations, 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.

MTA New York City Transit
November Financial Plan 2005-2008
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: 2005-1.56%, 2006-1.42%, 2007-1.07%, and 2008-0.57%.
- Annual improvements in paratransit farebox revenue are based on assumed annual ridership growth rates of 13% 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 \$58.7 million or 7.5% 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.
- Changes in subsequent years are due to the timing of project requirements and 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 in-place contracts with an effective rate in 2005 of 3.01%.
- 2006-2008 includes primarily CPI rate increases with effective rates as follows: 2006-1.43%, 2007-1.86%, and 2008-2.08%.
- Reimbursable expenses decreased by \$23.6 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.
- Approximately \$5 million of non-reimbursable overtime requirements relating to vacancies and special needs in 2004 are not projected to recur in 2005.
- Reimbursable expenses decrease by \$14.7 million from 2004 to 2005, due largely 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 \$4.7 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%).

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-(7.1)%, 2006-(6.8)%, 2007-(2.5)%, and 2008-2.4%.

Insurance

- 2005-2008 inflation assumptions are based upon Global Insight's estimates as follows: 2005-1.65%, 2006-1.47%, 2007-1.83%, and 2008-2.05%.

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 13%.
- 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: 2005-1.65%, 2006-1.47%, 2007-1.83%, and 2008-2.05%.
- Facility power cost inflation is based upon NYPA rate increases effective April 1, 2004 (6.5%) and January 1, 2005 (5.3%).
- Approximately \$38 million of non-reimbursable expense increases are projected in 2005, largely due to the timing of facility and renovation expenses from 2004.
- Reimbursable expenses decreased by \$8.1 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: 2005-1.65%, 2006-1.47%, 2007-1.83%, and 2008-2.05%.

- Approximately \$4 million of non-reimbursable expense increases are projected in 2005, largely due to the timing of expenses from 2004.
- Reimbursable expenses decreased by \$0.9 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: 2005-2.18%, 2006-1.47%, 2007-1.21%, and 2008-1.29%.
- Approximately \$22 million of non-reimbursable expense increases are projected in 2005, largely due to the timing of programs/expenses from 2004.
- 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 \$8.0 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: 2005-1.65%, 2006-1.47%, 2007-1.83%, and 2008-2.05%.
- Reimbursable expenses decreased by \$0.7 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: 2005-1.56%, 2006-1.42%, 2007-1.07%, and 2008-0.57%.
- 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 13%, 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 \$58.7 million or 7.5% 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.

- Accrued changes in subsequent years are due to the timing of project requirements and 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.
- 2004 includes a \$7.1 million favorable cash timing adjustment originally anticipated to be received in 2003.

TOTAL EXPENDITURES

Payroll

- 2004-2005 reflects primarily in-place contracts with an effective rate in 2005 of 3.01%.
- 2006-2008 includes primarily CPI rate increases with effective rates as follows: 2006-1.43%, 2007-1.86%, and 2008-2.08%.
- Reimbursable expenses decreased by \$23.6 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.
- Approximately \$5 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 \$14.7 million from 2004 to 2005, due largely 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.
- 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-\$37.9 million, 2006/2005-\$95.0 million, 2007/2006-\$31.4 million, and 2008/2007-\$6.2 million.

Other Fringe Benefits

- Inflation assumptions consistent with payroll rate increase assumptions.
- Reimbursable expenses decreased by \$4.7 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%).

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-(7.1)%, 2006-(6.8)%, 2007-(2.5)%, and 2008-2.4%.
- 2004 includes an unfavorable \$1.1 million timing adjustment from 2003.

Insurance

- Inflation assumptions are based upon Global Insight's estimates as follows: 2005-1.65%, 2006-1.47%, 2007-1.83%, and 2008-2.05%.

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 13%.
- 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: 2005-1.65%, 2006-1.47%, 2007-1.83%, and 2008-2.05%.
- Facility power cost inflation based upon NYPA rate increases effective April 1, 2004 (6.5%) and January 1, 2005 (5.3%).
- Approximately \$38 million of non-reimbursable expense increases are projected in 2005, largely due to the timing of facility and renovation expenses from 2004.
- Reimbursable expenses decreased by \$8.1 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: 2005-1.65%, 2006-1.47%, 2007-1.83%, and 2008-2.05%.
- Approximately \$4 million of non-reimbursable expense increases are projected in 2005, largely due to the timing of expenses from 2004.
- Reimbursable expenses decreased by \$0.9 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: 2005-21.8%, 2006-1.47%, 2007-1.21%, and 2008-1.29%.
- Approximately \$22 million of non-reimbursable expense increases are projected in 2005, largely due to the timing of programs/expenses from 2004.
- 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 \$8.0 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: 2005-1.65%, 2006-1.47%, 2007-1.83%, and 2008-2.05%.
- Reimbursable expenses decreased by \$0.7 million from 2004 to 2005, due to the completion of a number of significant capital projects.

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

	2003 Actuals	2004 November Forecast	2005 Final Proposed Budget	2006	2007	2008
Subway	1,384.069	1,428.003	1,449.049	1,466.229	1,483.836	1,496.555
Bus	735.263	748.045	757.905	766.525	775.026	781.224
Paratransit*	3.564	3.723	4.664	5.270	5.955	6.730
Baseline Total Ridership	2,122.896	2,179.771	2,211.618	2,238.024	2,264.817	2,284.509
Impact of:						
2005 Program to Eliminate the Gap (PEGs)	0.000	0.000	(11.258)	(12.279)	(12.279)	(12.279)
2006 Program to Eliminate the Gap	0.000	0.000	0.000	(38.030)	(38.030)	(38.030)
Unspecified PEGs	0.000	0.000	0.000	0.000	0.000	0.000
Increase Express Bus Fare	0.000	0.000	(0.574)	(0.574)	(0.574)	(0.574)
Total Ridership	2,122.896	2,179.771	2,199.786	2,187.141	2,213.934	2,233.626

* Paratransit ridership includes guests and personal care attendants.

MTA New York City Transit
November Financial Plan 2005-2008
Summary of Major Plan-to-Plan Changes

2004: November Financial Plan vs. July Financial Plan

Revenue Changes

Revenue changes from the July Plan resulted in an improvement of \$15.5 million.

- Additional Capital Program requirements increased reimbursements by \$10.5 million.
- Higher estimates of Urban Tax yields resulted in a \$6.5 million increase in paratransit reimbursements.
- Other operating revenue re-estimates resulted in a decrease of \$1.2 million. This decrease includes a renewal of a verizon telephone commission contract at a significant revenue reduction of \$2.4 million as cell-phone usage has largely replaced public telephone usage in the subway system.

Expense Changes

Expense changes from the July Plan resulted in reduced expenses of \$60.6 million. This consisted of favorable timing adjustments of \$49.1 million (expenses rescheduled to 2005 and 2006); non-cash adjustments netting to a favorable \$12.6 million; real non-reimbursable expense reductions of \$9.4 million and reimbursable expense increases of \$10.5 million.

Major variances include:

- Timing savings of \$28.3 million in facility renovation and relocation costs rescheduled to 2005 and 2006.
- Additional timing savings of \$20.8 million, largely in information services and car equipment program costs shifted to 2005 and 2006.
- Non-cash depreciation expenses decreased by \$21.2 million due to updated information on the schedule of assets reaching beneficial use.
- Non-cash increases to the Worker's Compensation reserve of \$9.4 million based upon an assessment of current payouts.
- Reduced estimates of paratransit expenses saving \$8.6 million, including \$3.3 million from a projected reduction in completed trips and \$5.3 million in various non-labor costs.

Cash Adjustments

Cash adjustments were unfavorable by \$18.9 million. This included a net \$12.6 million to offset the favorable non-cash expense adjustments; an unfavorable \$16.6 million for the timing of MTA property insurance settlements and a favorable \$10.2 million for the timing of employee contract settlements, which will be offset in 2005 and 2006.

Program to Eliminate the Gap (PEG)

July Plan PEG savings were reduced by \$0.2 million.

- The reduction was due to re-estimates of implementation costs for the One Person Train Operation Program (OPTO) on the G and L Lines.

Increase in Express Bus Fare

No change from the July Plan.

2005: November Financial Plan vs. July Financial Plan

Revenue Changes

Revenue changes from the July Plan resulted in a \$37.4 million increase.

- Additional Capital Program requirements increased reimbursements by \$20.2 million.
- Farebox revenue is projected to increase by \$18.5 million due to a reduced estimate of 30-day pass market share and improved Global Insight employment projections.
- Other operating revenue re-estimates resulted in decrease of \$3.1 million. This decrease includes a renewal of a verizon telephone commission contract at a significant revenue reduction of \$3.7 million as cell-phone usage has largely replaced public telephone usage in the subway system.
- Higher estimates of Urban Tax yields resulted in a \$1.8 million increase in paratransit reimbursements.

Expense Changes

Expense changes from the July Plan resulted in an increase of \$93.9 million, of which \$46.5 million represents costs shifted from 2004. The remaining changes consist of a net \$6.1 million increase in non-cash provisions; a \$20.2 million increase in reimbursable expenses (offset by reimbursable revenue) and non-reimbursable re-estimates of an unfavorable \$21.2 million, largely due to revised inflation estimates. Major variances include:

- \$27.4 million of increased expenses delayed from 2004, due in large part to the timing of facility rent, renovation & relocation-related costs associated with 2 Broadway, 130 Livingston Street, and a new site for Paratransit operations.
- \$19.1 million of additional costs shifted from 2004 from various project schedule changes largely in information services and car equipment.
- \$25.0 million of expense increases associated with an unfavorable mix of pay rates (\$7.6 million), higher diesel & heating fuel inflation assumptions (\$10.3 million), and a reforecast of Worker's Compensation reserve requirements (\$7.1 million).

Cash Adjustments

Cash adjustments are projected to be unfavorable \$29.2 million to the July Plan. This includes unfavorable consolidation savings adjustments of \$16.7 million and the anticipated timing of union contract settlements which resulted in an unfavorable retroactive salaries & wages adjustment of \$10.2 million.

Program to Eliminate the Gap (PEG)

July Plan PEG expense savings were reduced by \$1.0 million.

- The reduction was due to re-estimates of service spin-offs and implementation costs for the G and L Line OPTO costs.

Increase in Express Bus Fare

July Plan expense savings were reduced by \$2.6 million.

- Anticipated changes to service levels for the express bus operation were rescheduled to September.

2006: November Financial Plan vs. July Financial Plan

Revenue Changes

Revenue changes from the July Plan resulted in an increase of \$22.5 million.

- Farebox revenue is projected to increase by \$18.1 million due to a reduced estimate of 30-day pass market share and improved Global Insight employment projections.
- Additional Capital Program requirements increased reimbursements by \$5.6 million.
- Other operating revenue re-estimates resulted in decrease of \$3.1 million. This decrease includes a renewal of a verizon telephone commission contract at a significant revenue reduction of \$3.7 million as cell-phone usage has largely replaced public telephone usage in the subway system.
- Higher estimates of Urban Tax yields resulted in a \$2.0 million increase in paratransit reimbursements.

Expense Changes

Expense changes from the July Plan resulted in an increase of \$51.6 million.

- Depreciation expenses increased by \$26.1 million due to updated information on the schedule of assets reaching beneficial use.
- \$31.3 million of expense increases associated with an unfavorable mix of pay rates (\$9.0 million), higher diesel & heating fuel inflation assumptions (\$8.9 million), a reforecast of non-cash Worker's Compensation reserve provisions (\$8.4 million), and the impact of supervisor's wage/contract settlement (\$5.0).
- Additional Capital Program requirements increased expenses by \$5.6 million.
- Reduced expenses (mostly salaries & wages) of \$19.5 million resulting from revised Global Insight inflation assumptions.

Cash Adjustments

Cash adjustments are projected to be favorable \$22.7 million to the July Plan. This included a net of \$34.5 million to offset unfavorable non-cash expense adjustments partly offset by unfavorable consolidation savings adjustments of \$16.7 million.

Program to Eliminate the Gap (PEG)

July Plan PEG savings were increased by \$6.1 million.

- A \$0.9 million savings increase was due to re-estimates of bus service plan off-peak guidelines and service spin-offs partly offset by re-estimates of implementation costs for the G and L Line OPTO costs.
- An increase in unspecified PEG savings of \$5.2 million was required to meet MTA targets.

Increase in Express Bus Fare

July Plan savings did not change.

2007: November Financial Plan vs. July Financial Plan

Revenue Changes

Revenue changes from the July Plan resulted in an increase of \$13.0 million.

- Farebox revenue is projected to increase by \$13.4 million due to a reduced estimate of 30-day pass market share and improved Global Insight employment projections.
- Other operating revenue re-estimates resulted in decrease of \$3.1 million. This decrease includes a renewal of a verizon telephone commission contract at a significant revenue reduction of \$3.7 million as cell-phone usage has largely replaced public telephone usage in the subway system.
- Higher estimates of Urban Tax yields resulted in a \$2.3 million increase in paratransit reimbursements.

Expense Changes

Expense changes from the July Plan resulted in an increase of \$23.9 million.

- Depreciation expenses increased by \$51.8 million due to updated information on the schedule of assets reaching beneficial use.
- \$29.1 million of expense increases associated with an unfavorable mix of pay rates (\$9.1 million), higher diesel & heating fuel inflation assumptions (\$6.6 million), a reforecast of Worker's Compensation reserve provisions (\$8.6 million), and the impact of supervisor's wage/contract settlement (\$4.8).
- Reduced expenses (mostly salaries & wages) of \$38.7 million resulting from revised Global Insight inflation assumptions.
- Pension expense re-estimates resulted in a reduction of \$16.1 million.

Cash Adjustments

Cash adjustments are projected to be favorable \$35.7 million to the July Plan. This included a net \$60.4 million to offset unfavorable non-cash expense adjustments and unfavorable consolidation savings adjustments of \$16.7 million.

Program to Eliminate the Gap (PEG)

July Plan PEG savings were decreased by \$4.6 million.

- A savings increase of \$0.8 million was due to re-estimates of bus service plan off-peak guidelines and service spin-offs partly offset by re-estimates of implementation costs for the G and L Line OPTO costs.
- July unspecified savings of \$5.4 million were eliminated as they were replaced by baseline improvements.

Increase in Express Bus Fare

July Plan savings did not change.

2008: November Financial Plan vs. July Financial Plan

Revenue Changes

Revenue changes from the July Plan resulted in a decrease of \$0.4 million.

- Farebox revenue is projected to increase by \$5.1 million due to a reduced estimate of 30-day pass market share and improved Global Insight employment projections.
- Other operating revenue re-estimates resulted in decrease of \$3.1 million. This decrease includes a renewal of a verizon telephone commission contract at a significant revenue reduction of \$3.7 million as cell-phone usage has largely replaced public telephone usage in the subway system.
- Higher estimates of Urban Tax yields resulted in a \$2.7 million increase in paratransit reimbursements.
- Reduced Capital Program requirements decreased reimbursements by \$5.1 million.

Expense Changes

Expense changes from the July Plan resulted in a decrease of \$28.8 million.

- Reduced expenses (mostly salaries & wages) of \$59.9 million resulting from revised Global Insight inflation assumptions.
- Pension expense re-estimates resulted in a reduction of \$55.8 million.
- Paratransit re-estimates resulting in a savings of \$17.0 million.
- Depreciation expenses increased by \$70.8 million due to updated information on the schedule of assets reaching beneficial use.
- \$28.5 million of expense increases associated with an unfavorable mix of pay rates (\$8.7 million), higher diesel & heating fuel inflation assumptions (\$6.4 million), a reforecast of non-cash Worker's Compensation reserve requirements (\$9.1 million), and the impact of supervisor's wage/contract settlement (\$4.3).

Cash Adjustments

Cash adjustments are projected to be favorable \$56.1 million to the July Plan. This included a net \$79.9 million to offset unfavorable non-cash expense adjustments and an unfavorable consolidation savings adjustment of \$16.7 million.

Program to Eliminate the Gap (PEG)

July Plan PEG savings were decreased by \$13.4 million.

- A savings increase of \$0.8 million was due to re-estimates of bus service plan off-peak guidelines and service spin-offs partly offset by re-estimates of implementation costs for the G and L Line OPTO costs.
- July unspecified savings of \$14.2 million were eliminated as they were replaced by baseline improvements.

Increase in Express Bus Fare

July Plan savings did not change.

Other Assumptions

Total Non-reimbursable and Reimbursable Positions

- Of the total baseline increase of 93 positions in 2004, 46 positions are required for increased reimbursable support activities while the 47 non-reimbursable position increase largely represents accelerated 2005 investments for enhanced maintenance of MVM and other AFC equipment.
- The 2004 PEG reduction of 21 in position savings represents positions added to support the implementation of OPTO on the G & L Lines.
- The 2005 PEG reduction of 27 in position savings largely represents a re-estimate of Bus Service Plan PEGs due essentially to the swapping of overtime savings for position reductions.

MTA New York City Transit
November Financial Plan 2005 - 2008
Summary of Changes Between Financial Plans by Category
(\$ in millions)

REIMBURSABLE	Favorable/(Unfavorable)				
	2004	2005	2006	2007	2008
2004 July Financial Plan - Baseline Net Cash Income/(Deficit)	\$9.199	\$9.291	(\$6.101)	(\$7.393)	(\$8.733)
Baseline Changes:					
Revenue					
Capital Program Reimbursement Update	10.529	20.228	5.577	0.388	(5.060)
Sub-Total Revenue Changes	\$10.529	\$20.228	\$5.577	\$388	(\$5.060)
Expenses					
Capital Program Expense Update:					
Salaries & Wages	(5.982)	(6.986)	(4.050)	(1.253)	1.305
Fringe Benefits	0.480	(2.360)	(1.648)	(0.612)	1.394
Reimbursable Overhead	(6.554)	(0.049)	1.721	2.876	3.762
Other Than Personal Services	1.527	(10.833)	(1.600)	(1.399)	(1.401)
Sub-Total Expense Changes	(\$10.529)	(\$20.228)	(\$5.577)	(\$388)	\$5.060
Cash Adjustments:					
Revenue	0.000	0.000	0.000	0.000	0.000
Capital Reimbursements Timing	(2.180)	(4.315)	3.052	1.082	1.136
Expense	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Sub-Total Cash Adjustment Changes	(2.180)	(4.315)	3.052	1.082	1.136
Total Baseline Changes	(\$2.180)	(\$4.315)	\$3.052	\$1.082	\$1.136
2004 November Financial Plan - Baseline Net Cash Income/(Deficit)	7.019	4.976	(3.049)	(6.311)	(7.597)
July Financial Plan - Program to Eliminate the Gap	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
PEG & Unspecified PEG Changes:					
Changes to July PEGs	0.000	0.000	0.000	0.000	0.000
Changes-Unspecified PEGs	0.000	0.000	0.000	0.000	0.000
Sub-Total PEG Changes	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
November Financial Plan - Program to Eliminate the Gap	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
July Financial Plan - Increase Express Bus Fare	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Express Bus Service Implementation Delay	0.000	0.000	0.000	0.000	0.000
November Financial Plan - Increase Express Bus Fare	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
2004 November Financial Plan - Net Cash Income/(Deficit)	\$7.019	\$4.976	(\$3.049)	(\$6.311)	(\$7.597)

MTA New York City Transit
November Financial Plan 2005 - 2008
Summary of 2006 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
<u>Other:</u>										
None										
Sub-Total Other	-	\$.000	-	\$.000	-	\$.000	-	\$.000	-	\$.000
Subtotal	-	\$.000	-	(\$.000)	1,885	\$125.853	1,908	\$128.602	1,885	\$125.636
Unspecified PEGs	-	\$.000	-	\$.000	-	\$5.182	-	\$.000	-	\$.000
TOTAL 2006 PEGS	-	\$.000	-	(\$.000)	1,885	\$131.035	1,908	\$128.602	1,885	\$125.636

MTA New York City Transit
November Financial Plan 2005 - 2008
Summary of Changes Between Financial Plans
Total Non-Reimbursable - Reimbursable Positions at End-of-Year
Full-Time Positions and Full-Time Equivalents
(\$ in millions)

Variance to July Plan Data:		Favorable/(Unfavorable)				
Departments	2003 Actuals	2004 November Forecast	2005 Final Proposed Budget	2006	2007	2008
Subways						
Sr. Vice President	0	0	(4)	(4)	(4)	(4)
Service Delivery	0	(6)	(37)	(21)	(21)	(21)
Maintenance of Way & Rolling Stock	0	(76)	(9)	(55)	(32)	(32)
Subtotal	0	(82)	(50)	(80)	(57)	(57)
Buses						
Buses excl. Paratransit	0	(14)	(45)	(34)	(34)	(34)
Paratransit	0	0	0	0	0	0
Subtotal	0	(14)	(45)	(34)	(34)	(34)
Exec. Vice President						
Executive Vice President	0	0	0	0	0	0
Operations Planning	0	0	26	26	26	26
Human Resources	0	0	0	0	0	0
Revenue Control	0	0	0	0	0	0
Office of Management & Budget	0	0	0	0	0	0
Technology & Information Systems	0	3	3	3	3	3
Materiel	0	0	(2)	(2)	(2)	(2)
Supply Logistics	0	(1)	(1)	(1)	(1)	(1)
Controller	0	0	0	0	0	0
Subtotal	0	2	26	26	26	26
Office of the President	0	0	0	0	0	0
System Safety	0	0	0	0	0	0
Law	0	0	0	0	0	0
Corporate Communications	0	0	0	0	0	0
Labor Relations	0	(2)	(3)	(2)	(2)	(2)
Capital Program Management	0	0	0	0	0	0
Non-Departmental	0	3	(8)	(8)	(8)	(8)
Baseline Total Positions	0	(93)	(80)	(98)	(75)	(75)
<i>Non-Reimbursable</i>	0	(47)	(41)	(63)	(39)	(39)
<i>Reimbursable</i>	0	(46)	(39)	(35)	(36)	(36)
<i>Total Full-Time</i>	0	(93)	(106)	(124)	(101)	(101)
<i>Total Full-Time-Equivalents</i>	0	0	26	26	26	26
Impact of:						
2005 Program to Eliminate the Gap (PEGs)	0	(21)	(22)	(19)	(20)	(20)
2006 Program to Eliminate the Gap	0	0	(5)	36	36	36
Unspecified PEGs	0	0	0	0	0	0
Increase Express Bus Fare	0	0	(5)	(5)	(5)	(5)
Total Positions	0	(114)	(112)	(86)	(64)	(64)
<i>Non-Reimbursable</i>	0	(68)	(73)	(51)	(28)	(28)
<i>Reimbursable</i>	0	(46)	(39)	(35)	(36)	(36)
<i>Total Full-Time</i>	0	(114)	(138)	(112)	(90)	(90)
<i>Total Full-Time-Equivalents</i>	0	0	26	26	26	26

SIR

MTA Staten Island Railway 2005 Final Proposed Budget November 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 Final Proposed 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. Performance indicators including mean distance between failures and on time performance remain within targeted levels. The economic forecast in 2006 is less favorable and consequently significant service adjustments will be necessary to close a sizable budget gap.

2005 Final Proposed Budget – Baseline

MTA Staten Island Railway's 2005 Final Proposed Budget reflects total expenses before depreciation of \$29.307 million including \$28.288 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 effects of Programs to Eliminate the GAP (PEGs) and the proposed increase in express fares, which are presented separately on the attached financial tables.

Programs to Eliminate the GAP, which are described below, represent deficit reductions of \$1.018 million and position reductions of 9. The proposed increase in express bus fares is estimated to improve farebox revenue by 0.386 million as riders are diverted to Staten Island Railway.

Providing quality service is paramount to MTA Staten Island Railway. To ensure this goal, the 2005 Final Proposed 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 July 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-\$30.256 million, 2007-\$31.409 million, and 2008-\$32.678 million. Non-reimbursable expenses before depreciation are projected as follows: 2006-\$29.212 million, 2007-\$30.334, and 2008-\$31.563 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 effects of Programs to Eliminate the GAP and a proposed increase in express bus fares, which are 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, \$3.481 million in 2008. Position reductions are projected to be 41 in 2006, 38 in 2007 and 38 in 2008. The proposed increase in express bus fares is estimated to improve farebox revenue by 0.386 million per year as riders are diverted to Staten Island Railway.

Major assumptions and reconciliations to the July 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 \$1.018 million in 2005 as shown below.

- 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 April 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 \$0.225 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 - A closer review of ridership trends indicates the need for continued express service. Therefore, this PEG will not be implemented as scheduled in

January 2005. However, savings equivalent to two (2) positions and \$0.134 million will be realized through internal efficiencies.

- Reduce the size of the car fleet by 12 R44 B units - The current SIR fleet of 64 cars included 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 five 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 two positions and \$0.134 million in 2005.
- Reduce Trains to Two Cars During Off-Peak - Currently the Authority operates four car trains for all passenger service. Beginning in 2005 this proposal reduces trains to two cars during off-peak hours. With recent ridership declines this plan is not expected to adversely affect current customers and 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.

Two additional service changes will be implemented beginning in 2006 as follows:

- One Person Train Operation (OPTO) - Currently the Authority operates four car trains with a crew of one Train Operator and one Conductor. In 2006, 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 2006 savings of \$1.809 million.
- 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.

MTA Staten Island Railway
November Financial Plan 2005 - 2008
Accrual Statement of Operations by Category
(\$ in millions)

NON-REIMBURSABLE

	2003 Actuals	2004 November Forecast	2005 Final Proposed Budget	2006	2007	2008
<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	15.472	15.770	15.966	16.276	16.616
Overtime	1.236	0.740	0.755	0.764	0.779	0.795
Total Salaries & Wages	15.564	16.212	16.525	16.730	17.055	17.411
Health and Welfare	2.560	2.788	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	1.646	1.350	1.365	1.391	1.418
Total Fringe Benefits	5.297	6.083	6.250	6.731	7.272	7.862
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenses	\$20.861	\$22.295	\$22.775	\$23.461	\$24.327	\$25.273
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	0.157	0.173	0.191	0.210	0.231
Claims	0.216	0.429	0.228	0.231	0.235	0.246
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000
Mtce. and Other Operating Contracts	1.436	1.820	2.127	2.212	2.308	2.412
Professional Service Contracts	0.178	0.319	0.324	0.329	0.335	0.342
Materials & Supplies	0.840	0.898	0.917	0.931	0.942	0.954
Other Business Expenses	0.008	0.006	0.006	0.006	0.006	0.006
Total Non-Labor Expenses	\$4.410	\$5.261	\$5.513	\$5.751	\$6.007	\$6.290
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	\$27.556	\$28.288	\$29.212	\$30.334	\$31.563
Depreciation	6.626	7.344	10.337	10.337	10.337	10.337
Total Expenses	\$31.897	\$34.900	\$38.625	\$39.549	\$40.671	\$41.900
Baseline Net Surplus/(Deficit)	(\$27.059)	(\$29.805)	(\$33.489)	(\$34.375)	(\$35.448)	(\$36.635)
2005 Program to Eliminate the Gap (PEGs)						
2006 Program to Eliminate the Gap	0.000	0.000	1.018	1.024	0.803	0.811
Unspecified PEGs	0.000	0.000	0.000	0.319	0.319	0.319
Express Bus Fare Increase	0.000	0.000	0.386	0.386	0.386	0.386
Net Surplus/(Deficit)	(\$27.059)	(\$29.805)	(\$32.085)	(\$30.436)	(\$31.662)	(\$32.768)

Net Surplus/(Deficit)

MTA Staten Island Railway
November Financial Plan 2005 - 2008
Accrual Statement of Operations by Category
(\$ in millions)

**NON-REIMBURSABLE and
REIMBURSABLE**

	2003 Actuals	2004 November Forecast	2005 Final Proposed Budget	2006	2007	2008
<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	15.781	16.025	16.226	16.543	16.891
Overtime	1.970	1.438	1.331	1.352	1.382	1.415
Total Salaries & Wages	16.681	17.219	17.356	17.578	17.925	18.306
Health and Welfare	2.919	2.848	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	1.723	1.413	1.430	1.458	1.486
Total Fringe Benefits	5.857	6.311	6.438	6.927	7.477	8.082
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenses	\$22.538	\$23.530	\$23.794	\$24.505	\$25.402	\$26.388
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	0.157	0.173	0.191	0.210	0.231
Claims	0.216	0.429	0.228	0.231	0.235	0.246
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000
Mtce. and Other Operating Contracts	1.436	1.820	2.127	2.212	2.308	2.412
Professional Service Contracts	0.178	0.319	0.324	0.329	0.335	0.342
Materials & Supplies	0.845	0.898	0.917	0.931	0.942	0.954
Other Business Expenses	0.008	0.006	0.006	0.006	0.006	0.006
Total Non-Labor Expenses	\$4.415	\$5.261	\$5.513	\$5.751	\$6.007	\$6.290
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	\$28.791	\$29.307	\$30.256	\$31.409	\$32.678
Depreciation	6.626	7.344	10.337	10.337	10.337	10.337
Total Expenses	\$33.579	\$36.135	\$39.644	\$40.593	\$41.746	\$43.015
Baseline Net Surplus/(Deficit)	(\$27.059)	(\$29.805)	(\$33.489)	(\$34.375)	(\$35.448)	(\$36.635)
2005 Program to Eliminate the Gap (PEGs)	0.000	0.000	1.018	1.024	0.803	0.811
2006 Program to Eliminate the Gap	0.000	0.000	0.000	2.210	2.278	2.351
Unspecified PEGs	0.000	0.000	0.000	0.319	0.319	0.319
Express Bus Fare Increase	0.000	0.000	0.386	0.386	0.386	0.386
Net Surplus/(Deficit)	(\$27.059)	(\$29.805)	(\$32.085)	(\$30.436)	(\$31.662)	(\$32.768)

MTA Staten Island Railway
November Financial Plan 2005 - 2008
Cash Receipts & Expenditures
(\$ in millions)

	2003 Actuals	2004 November Forecast	2005 Final Proposed Budget	2006	2007	2008
<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	15.781	16.025	16.226	16.543	16.891
Overtime	1.484	1.438	1.331	1.352	1.382	1.415
Total Salaries & Wages	16.652	17.219	17.356	17.578	17.925	18.306
Health and Welfare	2.753	2.848	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	1.723	1.413	1.430	1.458	1.486
Total Fringe Benefits	6.020	6.311	6.438	6.927	7.477	8.082
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenditures	\$22.672	\$23.530	\$23.794	\$24.505	\$25.402	\$26.388
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	0.157	0.173	0.191	0.210	0.231
Claims	0.341	0.429	0.228	0.231	0.235	0.246
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000
Mtce. and Other Operating Contracts	1.289	1.820	2.127	2.212	2.308	2.412
Professional Service Contracts	0.178	0.319	0.324	0.329	0.335	0.342
Materials & Supplies	0.961	0.898	0.917	0.931	0.942	0.954
Other Business Expenditures	0.008	0.006	0.006	0.006	0.006	0.006
Total Non-Labor Expenditures	\$4.509	\$5.261	\$5.513	\$5.751	\$6.007	\$6.290
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	\$28.792	\$29.307	\$30.256	\$31.409	\$32.678
Baseline Net Cash Surplus/(Deficit)	(\$20.951)	(\$22.356)	(\$23.158)	(\$24.044)	(\$25.118)	(\$26.298)
2005 Program to Eliminate the Gap (PEGs)						
2006 Program to Eliminate the Gap	0.000	0.000	0.000	2.210	2.278	2.351
Unspecified PEGs	0.000	0.000	0.000	0.319	0.319	0.319
Express Bus Fare Increase	0.000	0.000	0.386	0.386	0.386	0.386
Net Cash Surplus/(Deficit)	(\$20.951)	(\$22.356)	(\$21.754)	(\$20.105)	(\$21.332)	(\$22.431)

MTA Staten Island Railway
November Financial Plan 2005 - 2008
Cash Conversion (Cash Flow Adjustments)
(\$ in millions)

	2003 Actuals	2004 November Forecast	2005 Final Proposed Budget	2006	2007	2008
<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
2005 Program to Eliminate the Gap (PEGs)						
2006 Program to Eliminate the Gap	0.000	0.000	0.000	0.000	0.000	0.000
Unspecified PEGs	0.000	0.000	0.000	0.000	0.000	0.000
Express Bus Fare Increase	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
November Financial Plan 2005-2008
Year-To-Year Changes by Category-Baseline Narrative

TOTAL REVENUES

Farebox Revenue

- Farebox Revenue improvements of: 2005-\$.041 million (1.3%), 2006-\$.038 million (1.2%), 2007-\$.049 million (1.5%), and 2008-\$.042 million (1.3%) were due to projected increases in ridership.
- The ridership increase is based upon Global Insight's NYC employment forecasts as follows: 2005-1.56%, 2006-1.42%, 2007-1.07%, and 2008-0.57%.

Other Operating Revenue

- No changes.

Capital and Other Reimbursements

- Reimbursements are projected to decrease by \$0.216 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 replacement 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: 2005-1.93%, 2006-1.24%, 2007-1.94%, and 2008-2.09%.
- Reimbursable expenses decreased by \$0.054 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 \$0.122 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: 2005-1.65%, 2006-1.47%, 2007-1.83%, and 2008-2.05%.

Claims

- 2005-2008 inflation assumptions are based upon Global Insight's estimates as follows: 2005-1.93%, 2006-1.24%, 2007-1.94%, and 2008-2.09%.

Maintenance and Other Operating Contracts

- 2005-2008 inflation assumptions are based upon Global Insight's estimates as follows: 2005-1.65%, 2006-1.47%, 2007-1.83%, and 2008-2.05%.
- 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: 2005-1.65%, 2006-1.47%, 2007-1.83%, and 2008-2.05%.
- 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: 2005-2.18%, 2006-1.47%, 2007-1.21%, and 2008-1.29%.

Other Business Expenses

- 2005-2008 inflation assumptions are based upon Global Insight's estimates as follows: 2005-1.65%, 2006-1.47%, 2007-1.83%, and 2008-2.05%.

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 (1.3%), 2006-\$.038 million (1.2%), 2007-\$.049 million (1.5%), and 2008-\$.042 million (1.3%) were due to projected increases in ridership.
- The ridership increase is based upon Global Insight's NYC employment forecasts as follows: 2005-1.56%, 2006-1.42%, 2007-1.07%, and 2008-0.57%.

Other Operating Receipts

- No changes.

Capital and Other Reimbursements

- Reimbursements are projected to decrease by \$0.216 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: 2005-1.93%, 2006-1.24%, 2007-1.94%, and 2008-2.09%.
- 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 \$0.122 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: 2005-1.65%, 2006-1.47%, 2007-1.83%, and 2008-2.05%.

Claims

- 2005-2008 inflation assumptions are based upon Global Insight's estimates as follows: 2005-1.93%, 2006-1.24%, 2007-1.83%, and 2008-2.09%.

Maintenance and Other Operating Contracts

- 2005-2008 inflation assumptions are based on Global Insight's estimates as follows: 2005-1.65%, 2006-1.47%, 2007-1.83%, and 2008-2.05%.
- 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: 2005-1.65%, 2006-1.47%, 2007-1.83%, and 2008-2.05%.
- 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: 2005-2.18%, 2006-1.47%, 2007-1.21%, and 2008-1.29%.

Other Business Expenses

- 2005-2008 inflation assumptions are based on Global Insight's estimates as follows: 2005-1.65%, 2006-1.47%, 2007-1.83%, and 2008-2.05%.

MTA Staten Island Railway
November Financial Plan 2005 - 2008
Ridership/Traffic Volume (Utilization)
(in millions)

	2003 Actuals	2004 November Forecast	2005 Final Proposed Budget	2006	2007	2008
Baseline Total Ridership	3.398	3.365	3.400	3.432	3.474	3.510
<i>Impact of:</i>						
2005 Program to Eliminate the Gap	0.000	0.000	0.192	0.256	0.256	0.256
2006 Program to Eliminate the Gap	0.000	0.000	0.000	(0.241)	(0.241)	(0.241)
Express Bus Fare Increase	0.000	0.000	0.324	0.324	0.324	0.324
Total Ridership	3.398	3.365	3.916	3.771	3.813	3.849

MTA Staten Island Railway
November Financial Plan 2005-2008
Summary of Plan-to-Plan Changes-Baseline Narrative

2004: November Financial Plan vs. July Financial Plan

Revenue Re-estimates

- No changes from July Plan.

Expense Re-estimates

- Claims increase of \$0.200 million due primarily to three third party claims paid during the third quarter of 2004 not anticipated in the July Plan.
- Expense inflation revision increase of \$0.218 million primarily based upon an update of Global Insight's economic and demographics forecasts.
- Increases in health & welfare expenses of \$0.041 million and insurance expenses of \$0.013 million.

2005: November Financial Plan vs. July Financial Plan

Revenue Re-estimates

- No changes from July Plan.

Expense Re-estimates

- Expense inflation revision increase of \$0.234 million primarily based upon an update of Global Insight's economic and demographics forecasts.
- Insurance expense re-estimates resulted in an increase of \$0.027 million.

Programs to Eliminate the Gap (PEG) Re-estimates

- One Person Train Operation (OPTO) - The current assessment identified several major requirements associated with OPTO implementation. These include labor contract modifications, installation of door obstruction sensing, hazard assessment by OSS and CCTV, development of training/operational procedures and the identification of funding. Based upon the above factors, it is necessary to delay the OPTO implementation from 1/1/05 to 1/1/06. The 2005 PEG savings of \$1.747 million in the July Financial Plan has therefore been deleted.
- Add fare collection at the Tompkinsville train station - Preliminary planning identified equipment, installation details, tariff modifications and funding needs, which SIR is continuing to address. It is expected that this installation will require a lead time of at least two-to-three months after public hearings are completed. With installation beginning in December and a lead time of up to three months, implementation is now expected effective April 2005 reducing PEG savings by \$0.075 million.

Express Bus Fare Increase

- It is estimated that additional farebox revenue of \$0.386 million will result due to the diversion of riders to Staten Island Railway in response to the fare increase.

2006: November Financial Plan vs. July Financial Plan

Revenue Re-estimates

- No changes from July Plan.

Expense Re-estimates

- Expense inflation revision increase of \$0.094 million primarily based upon an update in Global Insight's economic and demographics forecasts.
- Insurance expense re-estimates resulted in an increase of \$0.043 million.

Programs to Eliminate the Gap (PEG) Re-estimates

- No changes from July Plan.

Express Bus Fare Increase

- It is estimated that additional farebox revenue of \$0.386 million will result due to the diversion of riders to Staten Island Railway in response to the fare increase.

2007: November Financial Plan vs. July Financial Plan**Revenue Re-estimates**

- No changes from July Plan.

Expense Re-estimates

- Expense inflation revision increase of \$0.009 million primarily based upon an update of Global Insight's economic and demographics forecasts.
- Insurance expense re-estimates resulted in an increase of \$0.059 million.

Programs to Eliminate the Gap (PEG) Re-estimates

- No changes from July Plan.

Express Bus Fare Increase

- It is estimated that additional farebox revenue of \$0.386 million will result due to the diversion of riders to Staten Island Railway in response to the fare increase.

2008: November Financial Plan vs. July Financial Plan**Revenue Re-estimates**

- No changes from July Plan.

Expense Re-estimates

- Expense inflation revision decrease of \$0.099 million primarily based upon an update in Global Insight's economic and demographics forecasts.
- Insurance expense re-estimates resulted in an increase of \$0.076 million.

Programs to Eliminate the Gap (PEG) Re-estimates

- No changes from July Plan.

Express Bus Fare Increase

- It is estimated that additional farebox revenue of \$0.386 million will result due to the diversion of riders to Staten Island Railway in response to the fare increase.

MTA Staten Island Railway
November Financial Plan 2005 - 2008
Summary of Changes Between Financial Plans by Category
(\$ in millions)

NON-REIMBURSABLE

	2004	2005	2006	2007	2008
2004 July Financial Plan - Baseline Net Cash Income/(Deficit)	(\$21.890)	(\$22.891)	(\$23.901)	(\$25.043)	(\$26.321)
Baseline Changes (List):					
Revenue					
Sub-Total Revenue Changes	\$.000	\$.000	\$.000	\$.000	\$.000
Expenses					
Health & Welfare	(0.041)	0.000	0.000	0.000	0.000
Insurance	(0.013)	(0.027)	(0.043)	(0.059)	(0.076)
Claims	(0.200)	0.000	0.000	0.000	0.000
Inflation	(0.218)	(0.234)	(0.094)	(0.009)	0.099
Sub-Total Expense Changes	(\$.472)	(\$.261)	(\$.137)	(\$.068)	\$.023
Cash Adjustments:					
Revenue					
Expense					
Sub-Total Cash Adjustment Changes	\$.000	\$.000	\$.000	\$.000	\$.000
Total Baseline Changes	(\$0.472)	(\$0.261)	(\$0.137)	(\$0.068)	\$0.023
2004 November Financial Plan - Baseline Net Cash Income/(Deficit)	(\$22.362)	(\$23.152)	(\$24.038)	(\$25.111)	(\$26.298)
July Financial Plan - Program to Eliminate the Gap	\$0.000	\$2.840	\$3.553	\$3.400	\$3.481
PEG & Unspecified PEG Changes (List):	0.000	(\$1.747)			
2005 PEG Changes					
One Person Train Operation (OPTO) Service Support	0.000	(1.747)	0.000	0.000	0.000
Add fare collection at the Tompkinsville train station	0.000	(0.075)	0.000	0.000	0.000
2006 PEG Changes	0.000	0.000	0.000	0.000	0.000
Unspecified PEG Changes	0.000	0.000	0.000	0.000	0.000
Sub-Total PEG Changes	\$0.000	(\$1.822)	\$0.000	\$0.000	\$0.000
November Financial Plan - Program to Eliminate the Gap	\$0.000	\$1.018	\$3.553	\$3.400	\$3.481
Express Bus Fare Increase	0.000	0.386	0.386	0.386	0.386
2004 November Financial Plan - Net Cash Income/(Deficit)	(\$22.362)	(\$21.748)	(\$20.099)	(\$21.325)	(\$22.431)

MTA Staten Island Railway
November Financial Plan 2005 - 2008
Summary of Changes Between Financial Plans by Category
(\$ in millions)

REIMBURSABLE

	2004	2005	2006	2007	2008
2004 July Financial Plan - Baseline Net Cash Income/(Deficit)	\$0.006	(\$0.006)	(\$0.006)	(\$0.007)	\$0.000
Total MTA Allowable Increases					
Baseline Changes (List):					
Revenue					
Sub-Total Revenue Changes	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Expenses					
Sub-Total Expense Changes	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Cash Adjustments:					
Revenue					
Expense					
Sub-Total Cash Adjustment Changes	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Baseline Changes	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
2004 November Financial Plan - Baseline Net Cash Income/(Deficit)	\$0.006	(\$0.006)	(\$0.006)	(\$0.007)	\$0.000
July Financial Plan - Program to Eliminate the Gap					
PEG & Unspecified PEG Changes (List):					
2005 PEG Changes	0.000	0.000	0.000	0.000	0.000
2006 PEG Changes	0.000	0.000	0.000	0.000	0.000
Unspecified PEG Changes	0.000	0.000	0.000	0.000	0.000
Sub-Total PEG Changes	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
November Financial Plan - Program to Eliminate the Gap	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Express Bus Fare Increase	0.000	0.000	0.000	0.000	0.000
2004 November Financial Plan - Net Cash Income/(Deficit)	\$0.006	(\$0.006)	(\$0.006)	(\$0.007)	\$0.000

MTA Staten Island Railway
November Financial Plan 2005 - 2008
Summary of Changes Between Financial Plans by Category
(\$ in millions)

**NON-REIMBURSABLE/
REIMBURSABLE**

	2004	2005	2006	2007	2008
2004 July Financial Plan - Baseline Net Cash Income/(Deficit)	(\$21.884)	(\$22.897)	(\$23.907)	(\$25.050)	(\$26.321)
Baseline Changes (List):					
Revenue					
Sub-Total Revenue Changes	\$.000	\$.000	\$.000	\$.000	\$.000
Expenses					
Health & Welfare	(0.041)	0.000	0.000	0.000	0.000
Insurance	(0.013)	(0.027)	(0.043)	(0.059)	(0.076)
Claims	(0.200)	0.000	0.000	0.000	0.000
Inflation	(0.218)	(0.234)	(0.094)	(0.009)	0.099
Sub-Total Expense Changes	(\$.472)	(\$.261)	(\$.137)	(\$.068)	\$.023
Cash Adjustments:					
Revenue					
Expense					
Sub-Total Cash Adjustment Changes	\$.000	\$.000	\$.000	\$.000	\$.000
Total Baseline Changes	(\$0.472)	(\$0.261)	(\$0.137)	(\$0.068)	\$0.023
2004 November Financial Plan - Baseline Net Cash Income/(Deficit)	(\$22.356)	(\$23.158)	(\$24.044)	(\$25.118)	(\$26.298)
July Financial Plan - Program to Eliminate the Gap	\$0.000	\$2.840	\$3.553	\$3.400	\$3.481
PEG & Unspecified PEG Changes (List):					
2005 PEG Changes					
One Person Train Operation (OPTO) Service Support	0.000	(1.747)	0.000	0.000	0.000
Add fare collection at the Tompkinsville train station	0.000	(0.075)	0.000	0.000	0.000
2006 PEG Changes	0.000	0.000	0.000	0.000	0.000
Unspecified PEG Changes	0.000	0.000	0.000	0.000	0.000
Sub-Total PEG Changes	\$0.000	(\$1.822)	\$0.000	\$0.000	\$0.000
November Financial Plan - Program to Eliminate the Gap	\$0.000	\$1.018	\$3.553	\$3.400	\$3.481
Express Bus Fare Increase	0.000	0.386	0.386	0.386	0.386
2004 November Financial Plan - Net Cash Income/(Deficit)	(\$22.356)	(\$21.754)	(\$20.105)	(\$21.332)	(\$22.431)

MTA Staten Island Railway
November Financial Plan 2005 - 2008
Summary of 2005 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:										
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:										
Add fare collection at the Tompkinsville train station			0	0.225	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
Sub-Total Service	0	\$.000	3	\$.615	3	\$.696	3	\$.704	3	\$.712
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										
Other:										
Sub-Total Other	0	\$.000	0	\$.000	0	\$.000	0	\$.000	0	\$.000
Total 2004 - 2005 PEGs	0	\$.000	9	\$ 1.018	7	\$ 1.024	4	\$.804	4	\$.811

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

MTA Staten Island Railway
November Financial Plan 2005 - 2008
Summary of 2006 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:										
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	1.809	26	1.876	26	1.950
Eliminate Weekend Service					8	0.401	8	0.401	8	0.401
Sub-Total Service	0	\$.000	0	\$.000	34	\$2.210	34	\$2.277	34	\$2.351
Maintenance:										
Sub-Total Maintenance	0	\$.000	0	\$.000	0	\$.000	0	\$.000	0	\$.000
Revenue Enhancement:										
Sub-Total Revenue Enhancement										
Other:										
Sub-Total Other	0	\$.000	0	\$.000	0	\$.000	0	\$.000	0	\$.000
Subtotal	0	\$.000	0	\$.000	34	\$2.211	34	\$2.278	34	\$2.351
Unspecified PEGs	0	\$.000	0	\$.000	0	\$.319	0	\$.319	0	\$.319
Total 2006 PEGs	0	\$.000	0	\$.000	34	\$2.530	34	\$2.597	34	\$2.670

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

MTA Staten Island Railway
November 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 November Forecast	2005 Final Proposed 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:						
2005 Program to Eliminate the Gap	0	0	(9)	(7)	(4)	(4)
2006 Program to Eliminate the Gap				(34)	(34)	(34)
Total Positions	305	313	304	272	275	275
<i>Non-Reimbursable</i>	299	307	298	266	269	269
<i>Reimbursable</i>	6	6	6	6	6	6
<i>Total Full-Time</i>	305	313	304	272	275	275
<i>Total Full-Time-Equivalents</i>	0	0	0	0	0	0

NOTE: Baseline Positions for 2004 thru 2008 include 10 authorized positions which represent vacancy savings in the February 2004 Financial Plan.