

MTA 2006 Preliminary Budget

July Financial Plan 2006 – 2009



July 2005



Metropolitan Transportation Authority

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I. Introduction

Memorandum



Metropolitan Transportation Authority

State of New York

Date July 27, 2005

To Chairman Peter S. Kalikow
MTA Board Members

From

Re Katherine N. Lapp

Preliminary 2006 Budget & July Financial Plan for 2006-2009

I am transmitting for your consideration the 2006 Preliminary Budget and the four-year Financial Plan for 2006-2009 which reflects developments that have occurred since the last plan was issued in February 2005. The three major changes since February are changes to Real Estate Taxes and Debt Service, which have both been positively affected by the unexpected continuation of low interest rates, and action taken by Albany this past Spring. The first two of these produce substantial windfalls in 2005, as they did in 2004, but are assumed to slow significantly in subsequent years. These two items account for almost 65% of the net changes to the 2005 forecast since February. All levels of government have been experiencing similar surpluses since their budgets, like ours, have anticipated that long-term interest rates would be higher than they currently are. The Albany actions which include several new taxes support the recently approved Five Year Capital Plan.

- Real Estate Taxes – Low mortgage rates have lifted the housing boom to a new level, increasing our forecast for these revenues by \$365 million in 2005. Economists are still predicting rates will soon increase, but they have been doing so – incorrectly – for over a year now. Breaking from historical precedent, consumer interest rates have only increased slightly over the past year, while the Federal Funds Rate went up numerous times from 1% to over 3%. As a result, mortgage rates remain between 4% and less than 6%. In recent Congressional testimony, Federal Reserve Chairman Greenspan has called the current situation “clearly without precedent”.

Our real estate revenue forecast reflects actual receipts through June and sustains high levels of activity for the remainder of this year – much higher than the February Plan, but slightly lower than the first half of 2005. The real estate tax forecasts for 2006-2009 reflect a significant drop from the current level but are still higher than the amounts forecast in February.

- Debt Service savings are expected to generate an additional \$128 million in 2005. Favorable interest rates are driving \$84 million of this improvement, most of which stems from our variable rate bond performance. Like the real estate trends, the July Plan forecast expects that interest rates will increase, thus evaporating almost all of this improvement after 2005. The only recurring aspect of the low rates will be savings associated with recent fixed-rate bond refundings, which will produce \$10 million of annualized savings.

In addition to the real savings resulting from favorable interest rates, the current forecast also includes short-term deferrals of \$18 million in 2005, \$49 million in both 2006 and 2007, and \$19 million in 2008, that result from adjustments made to our borrowing schedule in order to meet cash needs as various projects progress through construction. This is particularly true for Second Avenue Subway and East Access projects. The remaining debt service improvement reflects a one-time savings in bond issuance cost fees.

The approval of the 2005-2009 Capital Program by Albany enables us to move forward with essential capital investments. As part of the funding package enacted by the Legislature last April, new resources were added for the benefit of MTA. These include a one-eighth percent increase to the regional sales tax, a nickel increase in the Mortgage Recording Tax (MRT) and increased Department of Motor Vehicle (DMV) fees. Both the sales and MRT increases were effective on June 1, 2005, while the DMV fees are effective January 1, 2006. These additional revenues, as well as net increases in base taxes stemming from a healthier regional economy, total \$170 million in 2005 and over \$400 million annually thereafter. These funds will support debt service associated with \$5 billion in new borrowing for the capital program. The early inception of these taxes enables MTA to use these additional revenues prior to their use for capital program funding.

Another positive result of the healthy real estate market is that the \$200 million real estate stabilization reserve funded by the 2004 surplus and approved by the Board is now available. This, in conjunction with the other positive revenues I have already discussed enabled us to avoid the 2006 cost reduction proposals included in previous financial plans.

One of the downsides of the current economic climate is that inflation is higher than the assumptions contained in the 2005 Adopted Budget and corresponding four-year financial plan. The key variable driving up inflation, as measured by the consumer price index, is the price of energy, which affects all aspects of the costs of manufacturing and delivery of goods to the market place. Inflation is estimated to increase costs in the July Plan by another \$15 million in 2005, \$74 million in 2006, \$121 million in 2007, \$155 million in 2008 and \$209 million in 2009. Since 65% of our expenses are associated with the cost of labor, the largest area of increase affected by inflation is our labor cost forecast.

The Plan also contains additional agency spending for maintenance, adding costs of \$26 million in 2005 and \$71 million in 2006. Examples of this include: increased costs for scheduled maintenance programs for buses and subways, subway signal improvements and concrete tie replacements at both commuter railroads.

Since a portion of the debt service savings is recurring, about \$10 million annually, I propose that service improvements be implemented. For NYCT subways, \$6.4 million annually would be allotted to fund intensive cleaning initiatives affecting track, infrastructure and stations, with an additional \$2 million to be spent in 2005; for NYCT Bus and SIR, \$0.3 million would be allotted for additional service to match increased Staten Island Ferry service; and \$3 million would be earmarked for the two commuter railroads to increase AM peak service and early afternoon service from Penn Station (LIRR) and expanded Late-Night service from Grand Central Terminal (MNR).

In view of the heightened security stemming from the recent London transit attacks, we have estimated that additional spending of \$10 million will be required in 2005. These funds will be added to the \$18 million already set aside in 2005 and used primarily to enhance police visibility by the NYPD, MTA Police and Bridge and Tunnel Officers. A portion of the funds will be used to assign over 150 additional subway station personnel, trained in evacuation procedures, to platforms in prime locations during peak periods. In addition, the funds will also support expanding various public outreach campaigns such as "See Something, Say Something" and "Eyes and Ears". The needs of these security initiatives will be reevaluated as events dictate. In the next few months, we will be developing a detailed plan to identify ongoing security-related initiatives which will be funded out of our operating budget for 2006 and beyond and those anticipated needs will be reflected in the upcoming November Plan.

While the positive short-term benefits of the 2005 windfalls will assist in reducing future year gaps, it by no means eliminates them. MTA must do its part to ensure that it responsibly contains costs through efficiencies and productivity. To that end, I instructed Agency Presidents last spring to produce MTA-wide cost reduction savings of \$50 million in 2006 and annualizing to \$100 million in 2007. This represents about 2% of Agency expense budgets, excluding depreciation, pension, health & welfare and energy costs. Agencies were instructed that their budgets were not to include service curtailments and that they were to ensure that maintenance standards, employee and customer safety/security would be maintained.

I am pleased to present Agency budgets that reflect savings of \$82 million in 2006 increasing to \$108 million in 2007, well above the goal. In meeting their targets, Agencies were permitted to count net savings stemming from re-estimates of items contained in the February Plan. Examples include lower costs

for credit card fees, insurance premiums, fringe benefit rates and data center charges. The proposed agency budgets reflect \$39 million of these baseline savings in 2006, annualizing to \$62 million in 2007.

In addition, Agencies developed new proposals for reducing costs, which are shown under "2006 Agency PEGs". Examples of agency proposals include Central Electronics Shop Productivity savings at NYCT; efficiencies at both railroads stemming from reductions in on-board ticket sales and increased use of ticket vending machines; revaluation of right-of-way leased line fees at LIRR; process review to achieve productivity at Metro-North; and administrative position savings MTA-wide. The Agency PEG proposals total \$42 million in 2006, increasing to \$73 million in 2009.

As was the case in previous financial plans, the July Plan continues to assume modest bi-annual fare and toll increases. The Plan incorporates proposed 5% revenue increases in 2007 and 2009.

As I noted at the beginning, \$493 million of the 2005 improvement is attributable to the real estate and debt service windfalls. The proposed plan for 2005 earmarks \$10 million for heightened security and \$2 million to quickly start NYCT's intensive cleaning initiatives. Since the remaining \$481 million is not a recurring revenue source, the preliminary budget sets these funds aside in an MTA "Reinvestment Fund" in anticipation of a one-time investment, which will generate long-term operating benefits. I am proposing two options for the Board's consideration.

The first recommended use would be to commit these funds to the construction of a platform over the LIRR yards on the West Side of Manhattan. Working in conjunction with the City and the local community, the MTA would devise an appropriate development plan for the site which would complement the recently approved rezoning plans for the adjoining area. Once that plan is completed, the MTA would issue a Request for Proposals from interested real estate developers.

This is a unique opportunity for the MTA to maximize the value of this critical asset. With the expansion of the Javits Center, redevelopment of the Moynihan Station and the extension of the #7 line, this area of Manhattan is poised for dramatic renewal. Like Rockefeller Center in the 1930's and Lincoln Center in the 1950's, now is an ideal time for a catalytic change in this neighborhood. An integral part of the plan would be the construction of a new MTA headquarters building, consolidating our uses at 341, 345, and 347 Madison Avenue.

This strategy would generate two sources of capital funding for the MTA; first, funds generated by sale of development rights over the rail yards would be applied toward the 2005-2009 MTA Capital Plan that was recently approved by the State. That plan's funding structure anticipates \$1 billion from the MTA's sale

of excess real estate assets. Secondly, once the current headquarters site is vacated, and accommodations are made for Metro-North personnel which need to remain in the vicinity of Grand Central Terminal, this property would become available for redevelopment. Those funds would then be available to be applied to the MTA's next Five -Year Capital Plan for 2010-2015.

The attractiveness of this plan is multifold; (1) it uses unpredictable non-recurring revenues generated by the extraordinary boom in the region's real estate market as well as savings from our variable rate debt for a capital purpose, which will generate an extraordinary source of our revenue for our current capital plan; and (2) it allows for another source of significant revenue (i.e. Sale of current MTA Madison Avenue buildings) to be applied to the MTA's next capital plan.

The second possible use of the "Reinvestment Funds" would be to apply those monies to pay down the accrued unfunded liabilities in our pension plans which currently total \$2.2 billion. By applying the \$481 million fund monies to the liabilities, we would recognize a savings of approximately \$38 million annually in our contributions to these pension funds. The attractiveness of this proposal is the benefit accrues to the benefit of the pension plan and the associated ongoing savings to our operating budgets in the out years.

Clearly, the capital security needs of the MTA network is of paramount concern to all New Yorkers, particularly in the wake of the Madrid and London bombings. As such, the allocation of the Reinvestment Fund to those needs was considered but ultimately determined not to be a prudent strategy for the reasons which follow.

As the Board is aware, in 2003 the State approved the MTA Board's amendment to our Capital Plan to increase our bonding capacity up to \$591M in order to progress priority capital projects designed to "harden" our system in the event of a terrorist attack. While the amendment was pending approval, the Federal government agreed to provide \$143 in FEMA funds to help offset the costs of six of those priority projects. Virtually all of those projects have completed design and are nearing construction – in fact, within the next six months, \$500M of the \$591M will be committed and the projects underway.

The currently approved 2005-2009 Capital Plan anticipates the receipt of \$500M in Federal monies to advance the next category of security projects. If we were to apply the Reinvestment Fund monies to that need, we would be allowing the Federal government to avoid its recognized responsibility to fund mass transit security -- a position which Senators Schumer and Clinton have been forcefully reinforcing with the Department of Homeland Security. In addition, such a course of action would require the MTA to forego a phenomenal opportunity to generate potentially well over an additional \$1 billion through the sale of our most unique real estate asset – revenue which, as the Board is aware, is currently anticipated in our recently approved capital plan to support the core infrastructure needs of

the MTA network. In the absence of that source of funds, the MTA Board would be faced with two equally difficult choices, namely: (1) reduce the approved 2005-2009 Capital Plan by \$1 billion; or (2) authorize the issuance of \$1 billion in MTA debt and increase the debt service burden on the MTA operating budget. Therefore, I recommend that the MTA continue to press the Federal government to meet its responsibility to provide the next \$500M to our capital security program instead of placing that burden on our customers and our State and local governmental partners.

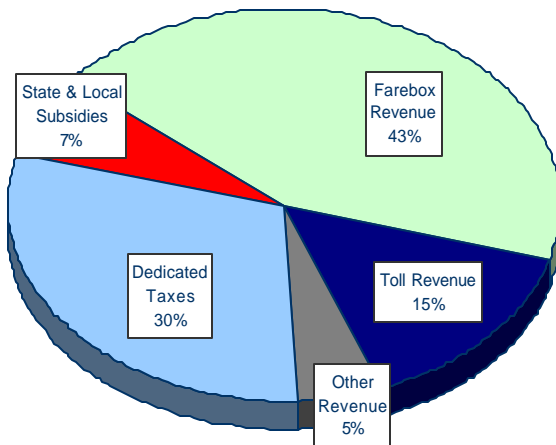
After earmarking the \$481 million for the Reinvestment Fund, the Plan assumes a balanced budget for 2006. The proposed closing cash balance in 2006 of \$239 million includes the now-freed-up \$200 million real estate reserve from 2004. This, together with the early inception of the new State revenues and the recurring agency efficiencies, should enable us to hold the assumed yield for the 2007 fare and toll increase to 5%, but would still leave a gap in that year of \$128 million – down from \$689 million in February. While lower than our February Plan, gaps for 2008 and 2009 remain high, \$771 million and \$880 million, respectively. This is primarily the result of Debt Service cost increases reflecting the acceleration of construction for the 2005-2009 Capital Program and the evaporation of prior year savings.

This plan is a significant improvement from where we were when I presented the four-year plan in 2003. However, there are challenges to be addressed, particularly the long-term challenge of closing the out-year gaps. I believe that the conservative use of cash surpluses, such as the reinvestment options that I have proposed, is the type of prudent fiscal policy required to address that need. I look forward to public and Board input on this plan over the coming months, culminating with the adoption of the 2006 Budget by the Board in December.

II. MTA Consolidated 2005-2009 Financial Plan

MTA 2006 Preliminary Budget Baseline Before Gap Closing Actions

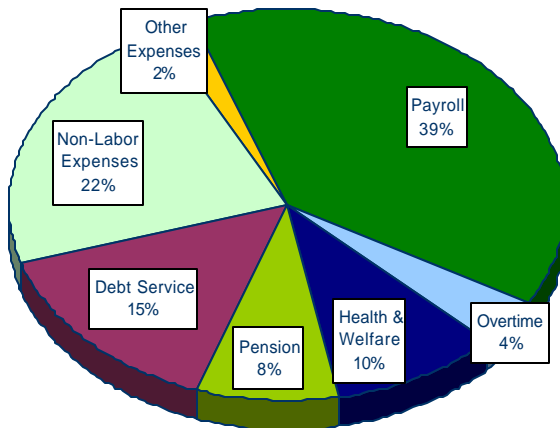
Where the Dollars Come From...



By Revenue Source (in millions)	
Farebox Revenue	\$3,694
Toll Revenue	1,244
Other Revenue	425
Dedicated Taxes	2,569
State & Local Subsidies	583
Total	\$8,515

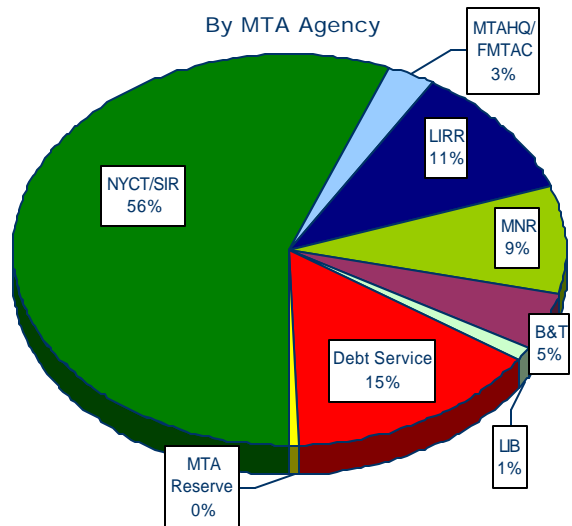
Where the Dollars Go...

By Expense Category



By Expense Category (in millions)	
Payroll	\$3,481
Overtime	349
Health & Welfare	883
Pension	637
Debt Service	1,342
Non-Labor Expenses	1,990
Other Expenses	174
Total	\$8,955

By MTA Agency



By MTA Agency (in millions)	
NYCT/SIR	\$5,010
MTAHQ/FMTAC	235
LIRR	1,001
MNR	799
B&T	417
LIB	111
Debt Service	1,342
MTA Reserve	40
Total	\$8,955

The net difference between revenues and expenses is offset through the use of prior year cash balances and cash flow timing adjustments (\$2,491 million) and depreciation (\$1,590 million). This results in a baseline year-end cash surplus of \$461 million.

METROPOLITAN TRANSPORTATION AUTHORITY
July Financial Plan 2006 - 2009
MTA Consolidated Statement Of Operations By Category
(\$ in millions)

Line Number		2004	2005	2006			
8	Non-Reimbursable						
9		2004	2005	2006			
10		Actual	Mid-Year Forecast	Preliminary Budget	2007	2008	2009
11	<u>Operating Revenue</u>						
12	Farebox Revenue	\$3,425	\$3,623	\$3,694	\$3,742	\$3,781	\$3,799
13	Toll Revenue	1,097	1,207	1,244	1,247	1,255	1,257
14	Other Revenue (Excludes B&T Investment Income for Capital)	336	387	400	410	423	434
15	Capital and Other Reimbursements	23	23	25	27	28	30
16	Total Operating Revenue	\$4,881	\$5,240	\$5,363	\$5,427	\$5,487	\$5,520
17							
18	<u>Operating Expense</u>						
19	Labor Expenses:						
20	Payroll	\$3,303	\$3,375	\$3,481	\$3,568	\$3,682	\$3,785
21	Overtime	350	353	349	356	364	376
22	Health & Welfare	711	805	883	965	1,060	1,158
23	Pensions	480	643	737	763	770	774
24	Other-Fringe Benefits	405	367	379	389	401	415
25	Reimbursable Overhead	(233)	(240)	(239)	(242)	(247)	(250)
26	Sub-total Labor Expenses	\$5,016	\$5,304	\$5,589	\$5,798	\$6,030	\$6,259
27							
28	Non-Labor Expenses:						
29	Traction and Propulsion Power	203	246	259	264	269	279
30	Fuel for Buses and Trains	95	120	115	112	112	114
31	Insurance	19	29	31	32	34	36
32	Claims	130	130	137	141	144	148
33	Paratransit Service Contracts	135	162	188	220	256	296
34	Maintenance and Other Operating Contracts	411	523	563	566	562	582
35	Professional Service Contracts	180	203	189	188	194	199
36	Materials & Supplies	363	412	412	438	484	493
37	Other Business Expenses	143	93	96	98	102	106
38	Sub-total Non-Labor Expenses	\$1,679	\$1,917	\$1,990	\$2,060	\$2,158	\$2,253
39							
40	Other Expense Adjustments:						
41	Other	(\$1)	(\$6)	(\$6)	(\$7)	(\$7)	(\$8)
42	General Reserve	0	40	40	40	40	40
43	Sub-total Other Expense Adjustments	(\$1)	\$34	\$34	\$33	\$33	\$32
44							
45	Total Operating Expense Before Depreciation	\$6,693	\$7,255	\$7,613	\$7,891	\$8,221	\$8,544
46							
47	Depreciation	\$1,344	\$1,497	\$1,640	\$1,758	\$1,852	\$1,963
48							
49	Total Operating Expense (Excluding B&T Depreciation)	\$7,991	\$8,704	\$9,203	\$9,593	\$10,012	\$10,440
50							
51	Net Operating Deficit Before Subsidies and Debt Service	(\$3,111)	(\$3,464)	(\$3,840)	(\$4,166)	(\$4,525)	(\$4,920)
52							
53	Dedicated Taxes and State/Local Subsidies	\$2,822	\$3,226	\$3,152	\$3,252	\$3,272	\$3,331
54							
55	Debt Service (excludes Service Contract Bonds)	(848)	(1,080)	(1,342)	(1,468)	(1,603)	(1,754)
56							
57	Net Deficit After Subsidies and Debt Service	(\$1,137)	(\$1,318)	(\$2,030)	(\$2,382)	(\$2,856)	(\$3,343)
58							
59	Conversion to Cash Basis: Depreciation	\$1,344	\$1,497	\$1,640	\$1,758	\$1,852	\$1,963
60	Conversion to Cash Basis: All Other	149	147	17	(30)	(73)	(73)
61	Net Cash Balance from Previous Year	151	507	833	461	0	0
62							
63	Baseline Net Cash Balance	\$507	\$833	\$461	(\$194)	(\$1,077)	(\$1,453)
64							
65	<u>GAP CLOSING and OTHER ACTIONS:</u>						
66							
67	Reinvestment Fund	0	(481)	0	0	0	0
68	Real Estate Tax Stabilization Account	0	0	200	0	0	0
69	2006 Agency Program to Eliminate the Gap (PEGs)	0	18	42	46	63	73
70	2007 Increased Fare and Toll Yields	0	0	0	241	243	244
71	2009 Increased Fare and Toll Yields	0	0	0	0	0	256
72							
73	Net Cash Balance from Previous Year (Gap Actions only)	0	0	(463)	(221)	0	0
74							
75	Net Cash Surplus/(Deficit)	\$507	\$370	\$239	(\$128)	(\$771)	(\$880)

METROPOLITAN TRANSPORTATION AUTHORITY
July Financial Plan 2006 - 2009
MTA Consolidated Accrued Statement of Operations By Agency
(\$ in millions)

<div style="border: 1px solid black; padding: 2px;">Non-Reimbursable</div>	2005		2006	2007	2008	2009
	2004	Mid-Year	Preliminary			
	<u>Actual</u>	<u>Forecast</u>	<u>Budget</u>			
<u>Total Operating Revenue</u>						
Bridges and Tunnels (Excludes Investment Income)	\$1,130	\$1,246	\$1,293	\$1,297	\$1,304	\$1,308
Capital Construction Company	0	0	0	0	0	0
Long Island Bus	41	42	42	42	41	42
Long Island Rail Road	437	462	473	482	488	497
Metro-North Railroad	433	467	477	485	492	498
MTA Headquarters	14	51	53	55	56	56
New York City Transit	2,814	2,959	3,012	3,054	3,092	3,105
Staten Island Railway	5	5	5	6	6	6
First Mutual Transportation Assurance Company	7	7	7	7	8	8
Total	\$4,881	\$5,240	\$5,363	\$5,427	\$5,487	\$5,520
<u>Total Operating Expenses before Depreciation</u>¹						
Bridges and Tunnels	\$319	\$350	\$391	\$400	\$408	\$424
Capital Construction Company	0	0	0	0	0	0
Long Island Bus	102	107	111	114	118	122
Long Island Rail Road	890	957	1,001	1,036	1,109	1,148
Metro-North Railroad	728	766	799	830	871	924
MTA Headquarters	242	273	278	287	295	305
New York City Transit	4,391	4,748	4,983	5,177	5,375	5,581
Staten Island Railway	26	26	27	28	29	31
First Mutual Transportation Assurance Company	(2)	(6)	(10)	(14)	(18)	(22)
Other	(1)	34	34	33	33	32
Total	\$6,693	\$7,255	\$7,613	\$7,891	\$8,221	\$8,544
<u>Depreciation</u>						
Bridges and Tunnels	\$46	\$48	\$50	\$57	\$61	\$67
Capital Construction Company	0	0	0	0	0	0
Long Island Bus	0	0	0	0	0	0
Long Island Rail Road	220	250	274	275	259	256
Metro-North Railroad	158	184	194	200	207	214
MTA Headquarters	21	23	25	25	22	20
New York City Transit	892	982	1,087	1,191	1,293	1,396
Staten Island Railway	7	10	10	10	10	10
First Mutual Transportation Assurance Company	0	0	0	0	0	0
Total	\$1,344	\$1,497	\$1,640	\$1,758	\$1,852	\$1,963
<u>Net Operating Income/(Deficit)</u>						
Bridges and Tunnels (Excludes Depreciation)	\$811	\$896	\$902	\$897	\$896	\$884
Capital Construction Company	0	0	0	0	0	0
Long Island Bus	(60)	(65)	(69)	(72)	(76)	(81)
Long Island Rail Road	(674)	(745)	(802)	(830)	(880)	(907)
Metro-North Railroad	(453)	(482)	(515)	(545)	(587)	(640)
MTA Headquarters	(249)	(245)	(250)	(257)	(261)	(268)
New York City Transit	(2,469)	(2,770)	(3,057)	(3,314)	(3,576)	(3,872)
Staten Island Railway	(29)	(31)	(32)	(33)	(34)	(35)
First Mutual Transportation Assurance Company	9	13	17	21	25	30
Other	1	(34)	(34)	(33)	(33)	(32)
Total	(\$3,111)	(\$3,464)	(\$3,840)	(\$4,166)	(\$4,525)	(\$4,920)

Note: ¹ Excludes Debt Service

<p align="center">METROPOLITAN TRANSPORTATION AUTHORITY July Financial Plan 2006 - 2009 MTA Consolidated Cash Receipts and Expenditures (\$ in millions)</p>
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Line Number	CASH RECEIPTS AND EXPENDITURES	2004 Actual	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
9							
10							
11	Receipts						
12	Farebox Revenue	\$3,466	\$3,668	\$3,739	\$3,801	\$3,828	\$3,846
13	Other Operating Revenue	469	410	394	406	420	432
14	Capital and Other Reimbursements	1,107	1,151	1,156	1,166	1,187	1,199
15	Total Receipts	\$5,043	\$5,229	\$5,289	\$5,372	\$5,435	\$5,477
16							
17	Expenditures						
18	<u>Labor:</u>						
19	Payroll	\$3,581	\$3,697	\$3,778	\$3,869	\$3,993	\$4,091
20	Overtime	392	402	399	408	418	430
21	Health and Welfare	706	827	901	983	1,079	1,178
22	Pensions	393	489	729	788	801	809
23	Other Fringe Benefits	456	453	461	473	489	501
24	Reimbursable Overhead	0	0	0	0	0	0
25	Total Labor Expenditures	\$5,528	\$5,868	\$6,268	\$6,521	\$6,779	\$7,009
26							
27	<u>Non-Labor:</u>						
28	Traction and Propulsion Power	\$203	\$246	\$259	\$264	\$269	\$279
29	Fuel for Buses and Trains	92	119	115	112	112	114
30	Insurance	33	34	31	34	42	35
31	Claims	88	120	114	117	118	125
32	Paratransit Service Contracts	130	159	184	220	256	296
33	Maintenance and Other Operating Contracts	380	494	494	480	487	497
34	Professional Service Contracts	190	216	196	194	202	210
35	Materials & Supplies	464	508	502	535	578	586
36	Other Business Expenditures	112	102	105	116	111	115
37	Total Non-Labor Expenditures	\$1,692	\$1,998	\$1,998	\$2,074	\$2,176	\$2,257
38							
39	<u>Other Expenditure Adjustments:</u>						
40	Other	\$39	\$81	\$75	\$79	\$86	\$91
41	General Reserve	0	40	40	40	40	40
42	Total Other Expenditure Adjustments	\$39	\$121	\$115	\$119	\$126	\$131
43							
44	Total Expenditures	\$7,259	\$7,988	\$8,381	\$8,713	\$9,082	\$9,397
45							
46	Net Cash Deficit Before Subsidies and Debt Service	(\$2,217)	(\$2,759)	(\$3,091)	(\$3,341)	(\$3,646)	(\$3,920)
47							
48	Dedicated Taxes and State/Local Subsidies	\$3,008	\$3,745	\$3,595	\$3,675	\$3,679	\$3,713
49							
50	Debt Service (excludes Service Contract Bonds)	(435)	(661)	(876)	(989)	(1,109)	(1,246)
51							
52	Net Cash Balance from Previous Year	151	507	833	461	0	0
53							
54	Baseline Net Cash Surplus/(Deficit)	\$507	\$833	\$461	(\$194)	(\$1,077)	(\$1,453)
55							
56	<u>GAP CLOSING and OTHER ACTIONS:</u>						
57							
58	Reinvestment Fund	0	(481)	0	0	0	0
59	Real Estate Tax Stabilization Account	0	0	200	0	0	0
60	2006 Agency Program to Eliminate the Gap (PEGs)	0	18	42	46	63	73
61	2007 Increased Fare and Toll Yields	0	0	0	241	243	244
62	2009 Increased Fare and Toll Yields	0	0	0	0	0	256
63							
64	Net Cash Balance from Previous Year (Gap Actions only)	0	0	(463)	(221)	0	0
65							
66	Net Cash Surplus/(Deficit)	\$507	\$370	\$239	(\$128)	(\$771)	(\$880)

METROPOLITAN TRANSPORTATION AUTHORITY
July Financial Plan 2006 - 2009
MTA Consolidated Cash Statement of Operations By Agency
(\$ in millions)

	2004	2005	2006			
	Actuals	Mid-Year	Preliminary	2007	2008	2009
	Forecast	Budget				
<u>Total Receipts</u>						
Capital Construction Company	\$10	\$18	\$26	\$31	\$30	\$31
Long Island Bus	47	47	47	47	47	47
Long Island Rail Road	639	643	696	708	718	731
Metro-North Railroad	594	652	667	682	691	694
MTA Headquarters	45	93	96	99	102	104
New York City Transit	3,694	3,762	3,743	3,792	3,833	3,855
Staten Island Railway	7	6	6	7	7	7
First Mutual Transportation Assurance Company	7	7	7	7	8	8
Total	\$5,043	\$5,229	\$5,289	\$5,372	\$5,435	\$5,477
<u>Total Expenditures</u>						
Capital Construction Company	\$10	\$18	\$26	\$31	\$30	\$31
Long Island Bus	100	114	116	119	123	130
Long Island Rail Road	1,097	1,111	1,214	1,255	1,332	1,375
Metro-North Railroad	871	953	995	1,030	1,081	1,125
MTA Headquarters	255	356	341	352	361	372
New York City Transit	4,938	5,366	5,614	5,851	6,076	6,284
Staten Island Railway	28	27	28	29	30	32
First Mutual Transportation Assurance Company	7	7	7	7	8	8
Other	(46)	36	39	39	40	40
Total	\$7,259	\$7,988	\$8,381	\$8,713	\$9,082	\$9,397
<u>Net Operating Surplus/(Deficit)</u>						
Capital Construction Company	0	0	0	0	0	0
Long Island Bus	(52)	(67)	(68)	(72)	(76)	(83)
Long Island Rail Road	(457)	(467)	(518)	(547)	(614)	(644)
Metro-North Railroad	(277)	(301)	(329)	(348)	(390)	(431)
MTA Headquarters	(210)	(263)	(245)	(253)	(260)	(269)
New York City Transit	(1,244)	(1,603)	(1,870)	(2,059)	(2,243)	(2,429)
Staten Island Railway	(22)	(21)	(22)	(22)	(23)	(25)
First Mutual Transportation Assurance Company	0	0	0	(0)	0	(0)
Other	46	(36)	(39)	(39)	(40)	(40)
Total	(\$2,217)	(\$2,759)	(\$3,091)	(\$3,341)	(\$3,646)	(\$3,920)

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Metropolitan Transportation Authority
July Financial Plan 2006 - 2009
MTA Consolidated February Financial Plan Compared with July Financial Plan
Cash Reconciliation
(\$ in millions)

	Favorable/(Unfavorable)				
	2005	2006	2007	2008	2009
February Plan Baseline Net Cash Surplus/(Deficit)¹	\$76	(\$737)	(\$1,105)	(\$1,398)	(\$1,751)
<u>Changes to the July Plan</u>					
Effect of 2004 Results	\$85	\$0	\$0	\$0	\$0
Real Estate Tax Yields	365	31	34	52	80
Debt Service	128	59	58	29	(24)
Refunding Savings	8	9	9	10	10
Variable Rate Interest Savings	76	0	0	0	0
Capital Expense Timing	18	49	49	19	(34)
Cost of Issuance Savings	26	0	0	0	0
New State Actions	170	457	458	415	437
New Sales Tax Increase	149	184	188	190	191
Increase in MRT-1	24	46	47	47	46
New Motor Vehicle Fees	0	86	71	71	71
Base Taxes and Other	(3)	141	152	107	129
Service & Cleaning Enhancements	(2)	(10)	(10)	(10)	(10)
2005 Security Measures (MTA, B&T, NYPD)	(10)	0	0	0	0
Agency Baseline Changes	(28)	(109)	(92)	(172)	(191)
Inflation	(7)	(66)	(111)	(143)	(195)
Energy	(7)	(8)	(10)	(12)	(14)
New Needs/Investments:					
Maintenance	(26)	(71)	(42)	(85)	(75)
Other New Needs	(11)	(9)	(8)	(10)	(10)
2005 PEG Program Re-Forecast	(3)	(20)	(11)	(12)	(11)
Toll/Farebox Revenue	20	26	28	35	34
Baseline Re-Estimates	5	39	62	55	80
Other	8	13	2	6	4
Net Cash Balance from Previous Year	42	757	461	0	0
Total Changes	\$757	\$1,198	\$911	\$321	\$297
July Plan Baseline Net Cash Surplus/(Deficit)	\$833	\$461	(\$194)	(\$1,077)	(\$1,453)
<u>GAP CLOSING and OTHER ACTIONS:</u>					
Reinvestment Fund	(481)	0	0	0	0
Real Estate Tax Stabilization Account	0	200	0	0	0
2006 Agency Program to Eliminate the Gap (PEGs)	18	42	46	63	73
2007 Increased Fare and Toll Yields	0	0	241	243	244
2009 Increased Fare and Toll Yields	0	0	0	0	256
Net Cash Balance from Previous Year (Gap Actions only)	0	(463)	(221)	0	0
July Net Cash Surplus/(Deficit)	\$370	\$239	(\$128)	(\$771)	(\$880)

Note:

¹ The 2005 baseline cash balance contained a \$20 million MTA-wide PEG implementation provision, which reduced the cash balance to \$56 million.

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Metropolitan Transportation Authority
July Financial Plan 2006 - 2009
Summary of Total Budgeted Debt Service
(\$ in millions)

Line Number		ACTUAL						FORECAST					
		2004	2005	2006	2007	2008	2009	2004	2005	2006	2007	2008	2009
9	<u>New York City Transit:</u>												
10													
11	Budgeted Gross Debt Service for Existing Transportation Revenue Bonds	\$191.154	\$236.691	\$299.438	\$298.755	\$298.611	\$298.772						
12	Debt Service on Additional Transportation Revenue Bonds Supporting Approved Capital Programs	0.000	7.277	49.122	122.013	199.137	270.892						
13	2 Broadway Certificates of Participation - NYCT Lease Portion	18.301	22.963	17.516	17.518	19.221	19.226						
14	2 Broadway Certificates of Participation - Additional NYCT Share of MTA Lease Portion	1.838	2.453	1.759	1.759	1.931	1.931						
15	Transportation Resolution Commercial Paper	2.977	12.575	20.503	20.503	20.503	34.192						
16	Budgeted Gross Debt Service for Existing Dedicated Tax Fund Bonds	126.260	164.456	174.064	173.995	174.089	174.232						
17	<u>Debt Service on Additional Dedicated Tax Fund Bonds Supporting Existing Capital Programs</u>	<u>0.000</u>	<u>0.101</u>	<u>10.853</u>	<u>32.376</u>	<u>52.689</u>	<u>68.637</u>						
18	Sub-Total MTA Paid Debt Service	\$340.530	\$446.515	\$573.254	\$666.919	\$766.180	\$867.883						
19													
20	Budgeted Gross Debt Service for Existing TBTA (B&T) General Revenue Bonds	\$133.400	\$131.708	\$143.336	\$143.621	\$143.548	\$143.581						
21	<u>Budgeted Gross Debt Service for Existing TBTA (B&T) Subordinate Revenue Bonds</u>	<u>76.155</u>	<u>77.606</u>	<u>85.720</u>	<u>85.658</u>	<u>85.751</u>	<u>85.695</u>						
22	Sub-Total B&T Paid Debt Service	\$209.555	\$209.314	\$229.056	\$229.279	\$229.299	\$229.276						
23													
24													
25	Total NYCT Debt Service	\$550.084	\$655.829	\$802.310	\$896.198	\$995.479	\$1,097.159						
26													
27	<u>Commuter Railroads:</u>												
28													
29	Budgeted Gross Debt Service for Existing Transportation Revenue Bonds	\$67.074	\$162.652	\$222.215	\$221.708	\$221.600	\$221.720						
30	Debt Service on Additional Transportation Revenue Bonds Supporting Approved Capital Programs	0.000	12.526	36.168	53.846	71.570	95.207						
31	Transportation Resolution Commercial Paper	1.654	6.840	9.809	9.809	9.809	16.359						
32	Budgeted Gross Debt Service for Existing Dedicated Tax Fund Bonds	25.476	32.071	33.602	33.588	33.607	33.634						
33	<u>Debt Service on Additional Dedicated Tax Fund Bonds Supporting Existing Capital Programs</u>	<u>0.000</u>	<u>0.233</u>	<u>1.117</u>	<u>3.087</u>	<u>6.598</u>	<u>11.072</u>						
34	Sub-Total MTA Paid Debt Service	\$94.205	\$214.322	\$302.910	\$322.039	\$343.185	\$377.993						
35													
36	Budgeted Gross Debt Service for Existing TBTA (B&T) General Revenue Bonds	\$59.710	\$58.952	\$64.157	\$64.285	\$64.252	\$64.267						
37	<u>Budgeted Gross Debt Service for Existing TBTA (B&T) Subordinate Revenue Bonds</u>	<u>31.317</u>	<u>34.097</u>	<u>37.662</u>	<u>37.634</u>	<u>37.675</u>	<u>37.651</u>						
38	Sub-Total B&T Paid Debt Service	\$91.026	\$93.049	\$101.819	\$101.919	\$101.927	\$101.917						
39													
40	Total CRR Debt Service	\$185.231	\$307.370	\$404.729	\$423.957	\$445.112	\$479.910						
41													
42	<u>Bridges and Tunnels:</u>												
43													
44	Budgeted Gross Debt Service for Existing TBTA (B&T) General Revenue Bonds	\$72.450	\$77.317	\$87.952	\$88.127	\$88.083	\$88.103						
45	Budgeted Gross Debt Service for Existing TBTA (B&T) Subordinate Revenue Bonds	33.806	30.656	33.861	33.836	33.873	33.851						
46	Debt Service on Additional TBTA (B&T) General Revenue Bonds Supporting Approved Capital Programs	0.000	0.578	6.940	19.197	33.381	47.873						
47	2 Broadway Certificates of Participation - TBTA Lease Portion	2.744	3.417	2.626	2.626	2.882	2.883						
48	2 Broadway Certificates of Participation - Additional TBTA Share of MTA Lease Portion	3.756	5.014	3.595	3.595	3.945	3.946						
49													
50	Total Debt Service	\$112.757	\$116.981	\$134.974	\$147.382	\$162.163	\$176.656						
51													
52	<u>MTA Total:</u>												
53													
54	Budgeted Gross Debt Service for Existing Bonds	\$816.801	\$1,006.204	\$1,182.006	\$1,181.207	\$1,181.089	\$1,181.506						
55	2 Broadway Certificates of Participation	26.640	33.847	25.496	25.500	27.979	27.986						
56	Transportation Resolution Commercial Paper	4.631	19.415	30.312	30.312	30.312	50.551						
57	Debt Service on Additional Transportation Revenue Bonds Supporting Existing Capital Programs	0.000	19.803	85.290	175.859	270.707	366.099						
58	Debt Service on Additional Dedicated Tax Fund Bonds Supporting Existing Capital Programs	0.000	0.334	11.970	35.463	59.287	79.709						
59	Debt Service on Additional TBTA (B&T) General Revenue Bonds Supporting Existing Capital Programs	0.000	0.578	6.940	19.197	33.381	47.873						
60													
61	Total Debt Service	\$848.072	\$1,080.180	\$1,342.013	\$1,467.538	\$1,602.754	\$1,753.725						

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**METROPOLITAN TRANSPORTATION AUTHORITY
JULY FINANCIAL PLAN 2006 -2009
FAREBOX RECOVERY AND FAREBOX OPERATING RATIOS
ANNUAL BUDGET and FORECASTS
BEFORE GAP CLOSING and OTHER ACTIONS**

FAREBOX RECOVERY RATIOS

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
	<u>July Plan</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Forecast</u>
New York City Transit	45.1%	43.0%	41.3%	39.7%	38.3%
Staten Island Railway	12.4%	12.5%	13.0%	12.7%	12.4%
Long Island Rail Road	33.5%	31.7%	31.4%	30.6%	30.1%
Metro-North Railroad	42.9%	41.2%	40.3%	38.9%	36.9%
Long Island Bus	<u>34.6%</u>	<u>33.6%</u>	<u>32.8%</u>	<u>32.0%</u>	<u>31.1%</u>
MTA Total Agency Average	42.8%	40.8%	39.5%	38.0%	36.7%

FAREBOX OPERATING RATIOS

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
	<u>July Plan</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Forecast</u>
New York City Transit	59.2%	57.5%	56.0%	54.4%	52.4%
Staten Island Railway	17.9%	17.8%	18.3%	17.7%	17.0%
Long Island Rail Road	45.5%	44.5%	43.7%	41.5%	40.8%
Metro-North Railroad	56.4%	55.4%	54.7%	52.5%	50.0%
Long Island Bus	<u>35.7%</u>	<u>34.6%</u>	<u>33.9%</u>	<u>33.0%</u>	<u>32.0%</u>
MTA Total Agency Average	56.4%	54.8%	53.6%	51.8%	50.0%

Note:

Does not include 2006 PEGs or 2007 and 2009 fare/toll increase.

Farebox recovery ratio has a long-term focus. It includes costs that are not funded in the current year, except in an accounting-ledger sense, but are, in effect, passed on to future years. Those costs include depreciation and interest on long-term debt. Approximately 10% (and sometimes more) of MTA costs are not recovered in the current year from farebox revenues, other operating revenues or subsidies. That is why MTA operating statements generally show deficits. In addition, the recovery ratio allocates centralized MTA services to the Agencies, such as Security, the costs of the Inspector General, Civil Rights, Audit, Risk Management and Legal.

Farebox operating ratio focuses on Agency operating financial performance. It reflects the way MTA meets its statutory and bond-covenant budget-balancing requirements, and it excludes certain cost that are not subject to Agency control, but are provided centrally by MTA.

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III. Major Assumptions – 2006-2009 Projections

Utilization (Ridership, Traffic and Revenue)

UTILIZATION

2005 Ridership, Traffic and Revenue

The 2005 Mid-Year Forecast for MTA consolidated ridership is projected to total 2,378.7 million passengers, while crossings at Bridges and Tunnels (B&T) facilities are projected to total 299.9 million vehicular crossings. New York City Transit (NYCT) combined subway and bus ridership for the 2005 Mid-Year Forecast is expected to be 2,194.1 million, while Long Island Rail Road (LIRR) is projecting 78.3 million passengers and Metro-North Railroad (MNR) is projecting 72.6 million passengers for its East-of-Hudson operations. Staten Island Railway (SIR) ridership is estimated to be 3.5 million, and Long Island Bus (LIB) fixed route ridership is estimated to be 30.2 million.

Farebox revenue for the 2005 Mid-Year Forecast is estimated to be \$3,602.2 million, and toll revenue is estimated to be \$1,206.9 million. NYCT combined subway and bus farebox revenue for the 2005 Mid-Year Forecast is expected to be \$2,689.0 million, while LIRR is projecting \$436.8 million in farebox revenue and MNR is projecting \$435.6 million in farebox revenue for its East-of-Hudson operations. SIR farebox revenue is estimated to be \$3.5 million, and LIB fixed route farebox revenue is estimated to be \$37.3 million.

The 2005 Mid-Year Forecasts are based on actual results through May 2005 for NYCT, SIR and B&T, and through April 2005 for LIRR, MNR and LIB.

MTA ridership for the 2005 Mid-Year Forecast is expected to increase on most MTA operations from 2004 ridership levels, the exceptions being estimated ridership declines at LIRR and LIB, while the 2005 Mid-Year Forecast for traffic at B&T facilities is expected to decline from the 2004 traffic level. The 2005 Mid-Year Forecast for fare and toll revenues projects increases for all MTA operations over 2004 fare and toll revenue levels.

The 2005 Mid-Year Forecast for MTA consolidated ridership is projected to increase by 28.5 million trips – a 1.2% increase – over 2004 MTA consolidated ridership. NYCT ridership for the 2005 Mid-Year Forecast is expected to surpass the 2004 ridership level by 27.4 million passengers, a 1.3% increase. The 2005 Mid-Year Forecast for Commuter Rail ridership is also estimated to be greater than 2004 ridership levels, with LIRR projecting a 0.9 million, or -1.2%, ridership decline and MNR projecting a 1.9 million, or 2.6%, ridership improvement. SIR is projecting a 0.2 million, or 5.7%, increase in ridership, while LIB is projecting a ridership decline of 0.1 million, or -0.2%. The 2005 Mid-Year Forecast for B&T traffic is expected to decline by 3.1 million crossings, a 1.0% decrease, over the 2004 traffic level.

The ridership, traffic and revenue changes from 2004 to the 2005 Mid-Year Forecast levels are primarily affected by fare and toll increases that went into effect on February

27, 2005 for NYCT, SIR and LIB, on March 1, 2005 for LIRR and MNR, and on March 13, 2005 for B&T.

At NYCT, the basic two-dollar single-trip fare and the MetroCard pay-per-ride bonus of 20 percent with a \$10 minimum purchase (or six trips for the price of five trips) did not change. Also remaining unchanged was the seven-dollar price for the one-day unlimited-ride Fun Pass. The 30-day unlimited-ride MetroCard increased in price from \$70 to \$76 and the price of the 7-day unlimited-ride MetroCard increased from \$21 to \$24. The price of a single express bus ride increased from \$4 to \$5, and the price of the 7-day express bus pass increased from \$33 to \$41. As a result of the fare increases, the NYCT average non-student fare – the average fare excluding revenue and trips made with student passes – rose from \$1.25 to \$1.31, an increase of 4.8%. Fare increases on SIR and LIB were consistent with the fare increases for NYCT.

At LIRR, fares increased by 5% across-the-board. Additionally, there were changes to three other fare components: the one-way off-peak discount was reduced from 30% to 27.5% of the one-way peak fare; the 9% discount provided to Mail-N-Ride customers, and applied to the LIRR portion of joint monthly LIRR-MetroCards, was reduced to a 5% discount, and; those purchasing tickets on LIRR trains are now subject to a higher on-board differential, which was increased from three dollars to five dollars per ticket. As with LIRR, the fare increase for the New York State portion of MNR included an across-the-board 5% fare increase, an increase in the on-board differential from \$3 to \$5, and a reduction from 9% to 5% in discount on the MNR portion of the joint MNR-MetroCard pass. The MNR fare change, though, also included a 1% commutation discount reduction in the outer-most fare zones where the commutation discount had been greater than 48 percent; other fare zones at the 48 percent discount level were unchanged by this component of the increase. Finally, reverse commute travel during the morning – outbound from 5:30 AM to 9:00 AM – became subject to peak period fares.

B&T cash and E-ZPass tolls for passenger cars at major facilities – Bronx-Whitestone, Triborough and Throgs Neck Bridges and the Brooklyn-Battery and Queens Midtown Tunnels – increased by 50 cents, to \$4.50 per crossing for cash and to \$4 for E-ZPass; at the Verrazano-Narrows Bridge, where tolls are only collected in the westbound direction, the toll increased by one dollar to \$9 for cash tolls and to \$8 for E-ZPass. At the minor facilities – the Henry Hudson, Cross Bay and Marine Parkway Bridges – cash and E-ZPass tolls increased 25 cents to \$2.25 per crossing for cash transactions, and to \$1.75 for E-ZPass transactions at the Henry Hudson Bridge. At the Cross Bay and Marine Parkway Bridges, E-ZPass transactions increased from \$1.33 to \$1.50 per crossing. The base cash toll for commercial vehicles increased by one dollar at the major facilities and by fifty cents at the minor facilities, and the base E-ZPass toll for commercial vehicles increased by 80 cents at the major facilities and by 40 cents at the minor facilities. Additional charges for both passenger cars and commercial vehicles that are assessed for towed items and for multiple axles also increased.

MTA consolidated ridership for the 2005 Mid-Year Forecast is expected to surpass the 2005 Adopted Budget projection by 2 million trips, a 0.1% increase. NYCT ridership for the Mid-Year Forecast is expected to surpass the Adopted Budget ridership level by 1 million passengers, a 0.1% increase. The Mid-Year Forecast for Commuter Rail ridership is also estimated to be greater than the Adopted Budget level, with LIRR projecting a 1 million, or -1.2%, ridership decline and MNR projecting a 1 million, or 1.8%, ridership improvement. SIR is projecting a 0.2 million, or -5.2%, decrease in ridership, while LIB is projecting a ridership increase of 0.2 million, or 0.7%. At B&T facilities, the Mid-Year Forecast projects an increase of 3 million additional vehicular crossings, a 1.1% increase, over the Adopted Budget forecast.

MTA consolidated farebox revenue in the Mid-Year Forecast is projected to increase by \$4 million from the Adopted Budget, a 0.1% increase. NYCT farebox revenue is projected to increase \$1.2 million, a less than 0.1% increase; LIRR farebox revenue is projected to decline \$3 million, or -0.7%; MNR farebox revenue is projected to increase \$6 million, or 1.4%; LIB farebox revenue is projected to increase less than \$0.1 million, or 0.1%, and; SIR farebox revenue is projected to decline \$0.2 million, a 6.1% decrease. The Mid-Year Forecast for B&T toll revenue is projected to increase \$14 million, or 1.2%, over the Adopted Budget forecast.

The downward adjustment in LIRR's Mid-Year Forecast for ridership and farebox revenue relative to the Adopted Budget reflects ridership trends during the first four months of 2005, when ridership was 3.1% below budget and farebox revenue was 0.8% below budget through April. This variance is partially attributed to heavy snowfall during the weekend of January 22 and 23, when over 15 inches of snowfall was recorded in Islip. Additionally, LIRR ridership levels have not increased as expected from the rebound in New York City employment.

MNR's Mid-Year Forecast improvement in ridership and farebox revenue is attributed to greater than projected ridership trends, as well as the seven-week strike during March and April 2005 that cancelled all Westchester County bus service. The impact of the strike is estimated to account for about 18% in the ridership improvement and about 9% of the revenue improvement in the Mid-Year Forecast.

SIR's reduction in ridership – which is calculated from turnstile registrations – and farebox revenue from the Adopted Budget to the Mid-Year Forecast is due to the delay in installing a fare collection system at its Tompkinsville train station. This project has been delayed until January 2007.

LIB ridership is modestly higher in the July Plan, due largely to less drop-off in riders expected from the February 27 fare increase. Also, more riders are taking advantage of MetroCard discounts, thus boosting ridership. Farebox revenue growth is slower due to lower-than-projected average fare, the result of more riders than expected taking advantage of MetroCard discounts.

B&T vehicle crossings and toll revenue are higher in the Mid-Year Forecast due to less traffic loss than expected in the Adopted Budget from the March 13 toll increase.

2006 Ridership, Traffic and Revenue

MTA consolidated ridership for 2006 is expected to surpass the February Plan projection by 1.0 million trips, an increase of less than 0.1%. NYCT ridership for 2006 is expected to surpass the February Plan ridership level by 0.1 million passengers, which is less than a 0.1% increase. The 2006 forecast for Commuter Rail ridership is also estimated to be greater than the February Plan level, with LIRR projecting a 0.3 million, or -0.3%, ridership decline and MNR projecting a 1.1 million, or 1.6%, ridership improvement. SIR is projecting a 0.3 million, or -6.7%, decrease in ridership, while LIB is projecting a ridership increase of 0.2 million, or 0.8%. At B&T facilities, 2006 reflects an increase of 4.8 million additional vehicular crossings, a 1.6% increase, over the February Plan forecast.

MTA consolidated farebox revenue in 2006 is projected to increase by \$2.5 million from the February Plan, a 0.1% increase. NYCT farebox revenue is projected to decline \$0.1 million, a less than 0.1% decrease; LIRR farebox revenue is projected to decline \$3.2 million, or -0.7%; MNR farebox revenue is projected to increase \$6 million, or 1.4%; LIB farebox revenue is projected to increase less than \$0.1 million, or 0.1%, and; SIR farebox revenue is projected to decline \$0.3 million, a 7.8% decrease. In 2006, B&T toll revenue is projected to increase \$19.8 million, or 1.6%, over the February Plan forecast.

The downward adjustment in LIRR's 2006 Budget forecast for ridership and farebox revenue relative to the February Plan reflects continued adjustments based on ridership trends during the first four months of 2005, as well as a due to a slight decline in the average yield per passenger. MNR's improvement in ridership and farebox revenue is attributed to a continuation of projected ridership trends.

SIR's change in 2006 ridership – which is calculated from turnstile registrations – and farebox revenue from the February Plan is due to the delay in installing a fare collection system at its Tompkinsville train station until January 2007. It was expected that collecting fares at Tompkinsville would increase farebox revenue by \$0.3 million and ridership by 0.3 million in 2006.

LIB ridership and farebox are modestly higher in 2006, the result of continuing trends anticipated for 2005.

B&T vehicle crossings and toll revenue estimates continue the trends projected for 2005, which are higher in the July Plan than levels expected in the February Plan.

2007 – 2009 Ridership, Traffic and Revenue

MTA consolidated ridership for the July Plan is expected to surpass the February Plan projection by 4.5 million trips in 2007 and by 4.9 million trips in 2008, increases of 0.2%

over the February Plan for each year. MTA consolidated farebox revenue in the July Plan is projected to increase by \$7.9 million in 2007 and by \$10.1 million in 2008, increases of 0.2% and 0.3% respectively, from the February Plan.

NYCT ridership for the July Plan is expected to surpass the February Plan ridership level by 3.0 million passengers each year, or 0.1% per year. NYCT farebox revenue is projected to increase \$2.6 million, or 0.1% each year. These increases from the February Plan are the result of a re-estimation of the impact of implementing the off-peak bus service loading guidelines.

LIRR ridership is projected to decline by 0.2 million in 2007 and by 0.3 million in 2008 from the February Plan ridership level, a decrease of 0.3% each year. LIRR farebox revenue is estimated to be below the February Plan levels by \$2.3 million in 2007, a 0.5% decline, and by \$2.1 million in 2008, a decline of 0.4%.

MNR ridership is projected to increase by 1.4 million in 2007 and by 1.8 million in 2008 from the February Plan ridership level, an increase of 2.0% in 2007 and 2.4% in 2008. MNR farebox revenue is estimated to be above the February Plan levels by \$7.6 million in 2007, a 1.7% increase, and by \$9.5 million in 2008, an increase of 2.1%.

SIR is projecting no changes to ridership and farebox revenue forecasts from the February Plan for 2007 and 2008 as the delayed installation of the Tompkinsville train station fare collection system is expected to be completed and operational in January 2007.

LIB ridership and farebox are modestly higher in the July Plan – ridership is up 0.3 million each year (0.9% and 1.0%, respectively) while farebox revenue is up \$0.1 million each year (0.2% and 0.3%), the result of continuing trends anticipated for 2005 relative to the February Plan.

At B&T facilities, the July Plan projects an increase over the February Plan forecast of 4.9 million additional vehicular crossings in 2007, a 1.6% increase, and 6.2 million additional vehicular crossings in 2008, a 2.1% increase. Toll revenue is also expected to exceed projections in the February Plan, increasing by \$20.1 million, or 1.6%, in 2007 and by \$25.5 million, or 2.1%, in 2008. B&T vehicle crossings and toll revenue estimates for 2007 and 2008 continue the trends projected for 2005.

In 2009, year-to-year MTA consolidated ridership, vehicle crossings, farebox revenue and toll revenue are expected to modestly increase over the 2008 levels in the July Plan. Year-to-year consolidated ridership is projected to reach 2,453.2 million passengers, up 0.1%, while year-to-year farebox revenue is estimated to reach \$3,772.4 million, an increase of 0.4%. Year-to-year B&T vehicle crossings are projected to be 306.0 million, a 0.3% annual increase, and toll revenue is estimated to increase to \$1,256.8 million, up 0.2%. The smaller year-to-year increases for 2009 are due to the extra Leap Day in 2008, which primarily affects NYCT ridership and B&T vehicular crossings.

MTA Consolidated Utilization

Plan-to-Plan Comparison

Baseline Before Gap-Closing Actions

MTA Agency Ridership and Traffic Projections, in millions

July Financial Plan 2006-2009					
	Mid-Year Forecast				
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Traffic					
Bridges & Tunnels	299.9	301.4	302.6	305.0	306.0
Ridership					
Long Island Bus ¹	30.2	30.3	30.5	30.6	30.6
Long Island Rail Road	78.3	79.6	81.1	82.2	83.7
Metro-North Railroad ²	72.6	73.5	74.6	75.7	76.4
New York City Transit ^{1, 3}	2,194.1	2,214.7	2,238.4	2,257.2	2,258.5
Staten Island Railway	3.5	3.6	3.9	3.9	3.9
<i>Total Ridership</i>	<i>2,378.7</i>	<i>2,401.8</i>	<i>2,428.4</i>	<i>2,449.7</i>	<i>2,453.2</i>

February Financial Plan 2005-2008				
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Traffic				
Bridges & Tunnels	296.7	296.6	297.8	298.8
Ridership				
Long Island Bus ¹	30.0	30.1	30.2	30.3
Long Island Rail Road	79.2	79.9	81.3	82.5
Metro-North Railroad ²	71.3	72.4	73.1	73.9
New York City Transit ^{1, 3}	2,192.8	2,214.7	2,235.3	2,254.2
Staten Island Railway	3.7	3.8	3.9	3.9
<i>Total Ridership</i>	<i>2,377.0</i>	<i>2,400.8</i>	<i>2,423.9</i>	<i>2,444.8</i>

Plan-to-Plan Changes				
	Favorable / (Unfavorable)			
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Traffic				
Bridges & Tunnels	3.2	4.8	4.9	6.2
Ridership				
Long Island Bus ¹	0.2	0.2	0.3	0.3
Long Island Rail Road	(0.9)	(0.3)	(0.2)	(0.3)
Metro-North Railroad ²	1.3	1.1	1.4	1.8
New York City Transit ^{1, 3}	1.3	0.1	3.0	3.0
Staten Island Railway	(0.2)	(0.3)	0.0	0.0
<i>Total Ridership</i>	<i>1.7</i>	<i>1.0</i>	<i>4.5</i>	<i>4.9</i>

¹ Excludes Paratransit Operations.

² Metro-North Railroad ridership and farebox revenue figures are for East-of-Hudson service (Hudson, Harlem and New Haven Lines) only.

³ Excludes Fare Media Liability.

MTA Consolidated Utilization

Plan-to-Plan Comparison

Baseline Before Gap-Closing Actions

MTA Agency Fare and Toll Revenue Projections, in millions

July Financial Plan 2006-2009					
	Mid-Year Forecast				
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Toll Revenue					
Bridges & Tunnels	\$1,206.9	\$1,244.3	\$1,247.2	\$1,254.8	\$1,256.8
Fare Revenue					
Long Island Bus ¹	\$37.3	\$37.5	\$37.7	\$37.9	\$38.1
Long Island Rail Road	436.8	445.9	454.2	460.5	468.7
Metro-North Railroad ²	435.6	445.2	451.9	458.1	463.6
New York City Transit ^{1, 3}	2,689.0	2,740.1	2,771.7	2,796.4	2,798.0
Staten Island Railway	3.5	3.5	3.9	3.9	4.0
<i>Total Farebox Revenue</i>	<i>3,602.2</i>	<i>3,672.3</i>	<i>3,719.4</i>	<i>3,756.8</i>	<i>3,772.4</i>

February Financial Plan 2005-2008				
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Toll Revenue				
Bridges & Tunnels	\$1,192.7	\$1,224.5	\$1,227.1	\$1,229.3
Fare Revenue				
Long Island Bus ¹	\$37.3	\$37.5	\$37.6	\$37.8
Long Island Rail Road	439.9	449.1	456.6	462.6
Metro-North Railroad ²	429.5	439.2	444.3	448.6
New York City Transit ^{1, 3}	2,687.8	2,740.2	2,769.1	2,793.8
Staten Island Railway	3.7	3.8	3.9	3.9
<i>Total Farebox Revenue</i>	<i>3,598.2</i>	<i>3,669.8</i>	<i>3,711.5</i>	<i>3,746.6</i>

Plan-to-Plan Changes				
	Favorable / (Unfavorable)			
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Toll Revenue				
Bridges & Tunnels	\$14.2	\$19.8	\$20.1	\$25.5
Fare Revenue				
Long Island Bus ¹	\$0.0	\$0.0	\$0.1	\$0.1
Long Island Rail Road	(3.1)	(3.2)	(2.3)	(2.1)
Metro-North Railroad ²	6.1	6.0	7.6	9.5
New York City Transit ^{1, 3}	1.2	(0.1)	2.6	2.6
Staten Island Railway	(0.2)	(0.3)	0.0	0.0
<i>Total Farebox Revenue</i>	<i>4.1</i>	<i>2.5</i>	<i>7.9</i>	<i>10.1</i>

¹ Excludes Paratransit Operations.

² Metro-North Railroad ridership and farebox revenue figures are for East-of-Hudson service (Hudson, Harlem and New Haven Lines) only.

³ Excludes Fare Media Liability.

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Subsidies

SUBSIDIES - Major Assumptions

Overview

The following pages contain accrual and cash summary tables for the subsidies and dedicated taxes. Following these are additional tables detailing the changes between the July Plan and the February Plan. Detailed narratives describing each subsidy, forecast methodologies and explanations of changes since the February Plan follow. Note that the details of Bridges and Tunnels operations that produce the Operating Surplus Transfer subsidy are discussed in the B&T section of this report.

As shown on the following tables, Dedicated Taxes & State and Local Subsidies for the Mid-Year Forecast total \$3.227 billion, on a cash basis, which is \$583 million higher than the 2005 Adopted Budget (February Plan). This is due largely to the new revenues appropriated in the State's 2005-06 Enacted Budget as well as substantially higher forecasts for real estate taxes. The 2005 Mid-Year Forecast reflects total new tax receipts of \$174 million in additional PBT, MMTOA sales taxes and MRT-1, as well as increases in the real estate tax forecasts of \$369 million¹.

During the period 2006 to 2009, the July Financial Plan projects that overall Dedicated Taxes & State and Local Subsidies will increase over the levels projected in the February Plan by \$497 million in 2006, \$502 million in 2007, \$480 million in 2008 and \$541 million in 2009. These significant increases are largely due to new tax receipts, which represent \$316 million in 2006, \$306 million in 2007, \$308 in 2008 and \$309 in 2009. Changes in real estate forecasts¹ from the February plan represent increases in the 2006 forecast of \$31 million, \$34 million in 2007, \$52 million in 2008 and \$80 million in 2009.

¹ These reflect the net value of MRT subsidy for MTA after all required statutory allocations.

MTA Consolidated Subsidies

July Financial Plan 2006 - 2009

Accrual Basis
(\$ in millions)

	2004 Actual	2005 Mid-Year Forecast	2006	2007	2008	2009
<u>Subsidies</u>						
<i>Dedicated Taxes</i>						
Metro. Mass Transp. Oper. Asst. (MMTOA)	\$767.4	\$982.1	\$1,239.0	\$1,281.4	\$1,269.9	\$1,304.5
Petroleum Business Tax (PBT) Receipts	558.2	541.6	633.9	626.4	629.4	632.2
Mortgage Recording Tax (MRT)	644.8	636.8	422.9	433.7	430.6	418.3
MRT Transfer to Suburban Counties	(59.2)	(37.8)	(29.5)	(22.2)	(21.3)	(16.3)
Use of MRT Prior Year Balances	0.0	84.8	0.0	0.0	0.0	0.0
Carryover Balances	0.0	15.1	0.0	0.0	0.0	0.0
Reimburse Agency Security Costs	0.0	(34.8)	(27.5)	(29.5)	(29.6)	(31.1)
Interest	0.0	0.6	0.0	0.0	0.0	0.0
Real Estate Stabilization Reserve	0.0	0.0	0.0	0.0	0.0	0.0
Urban Tax	337.6	418.0	327.5	355.1	370.4	379.2
Investment Income	6.3	6.3	12.6	15.5	17.0	21.3
	\$2,255.2	\$2,612.7	\$2,578.9	\$2,660.3	\$2,666.4	\$2,708.2
<i>State and Local Subsidies</i>						
State Operating Assistance	\$190.9	\$190.9	\$190.9	\$190.9	\$190.9	\$190.9
Local Operating Assistance	187.9	187.9	187.9	187.9	187.9	187.9
Nassau County Subsidy	7.4	10.5	10.5	10.5	10.5	10.5
CDOT Subsidy	51.6	53.3	58.0	62.8	72.4	84.9
Station Maintenance	128.5	131.8	135.4	139.3	143.6	148.5
AMTAP	0.0	38.9	0.0	0.0	0.0	0.0
	\$566.3	\$613.3	\$582.7	\$591.4	\$605.3	\$622.7
Commuter Operating Capital Transfer - MNR M-7	\$0.0	\$0.0	(\$10.0)	\$0.0	\$0.0	\$0.0
Total Dedicated Taxes & State and Local Subsidies	\$2,821.4	\$3,226.0	\$3,151.6	\$3,251.7	\$3,271.7	\$3,330.9
<i>Inter-agency Subsidy Transactions</i>						
B&T Operating Surplus Transfer	\$395.5	\$451.6	\$410.5	\$392.3	\$375.5	\$348.2
MTA Subsidy to Subsidiaries	43.4	31.6	32.1	32.9	34.0	35.3
	\$438.9	\$483.2	\$442.6	\$425.3	\$409.5	\$383.6
GROSS SUBSIDIES	\$3,260.3	\$3,709.2	\$3,594.2	\$3,677.0	\$3,681.2	\$3,714.5

MTA Consolidated Subsidies
July Financial Plan 2006 -2009
Summary of Changes Between July Plan and February Plan
Accrual Basis
(\$ in millions)

	2004	2005	2006	2007	2008	2009
<u>Subsidies</u>						
<i>Dedicated Taxes</i>						
Metro. Mass Transp. Oper. Asst. (MMTOA)	(1.5)	114.9	333.7	343.8	297.4	312.0
Petroleum Business Tax (PBT) Receipts	3.7	(10.0)	81.2	69.9	70.1	80.1
Mortgage Recording Tax (MRT)	40.0	220.5	6.4	2.6	15.1	14.9
MRT Transfer to Suburban Counties	2.6	(21.2)	(10.3)	(1.2)	(5.6)	(1.0)
Use of MRT Prior Year Balances	(81.2)	46.0	0.0	0.0	0.0	0.0
Carryover Balances	0.0	15.1	0.0	0.0	0.0	0.0
Reimburse Agency Security Costs	26.4	(5.6)	3.9	3.9	3.8	3.8
Interest	0.0	0.6	0.0	0.0	0.0	0.0
Real Estate Stabilization Reserve	200.0	0.0	0.0	0.0	0.0	0.0
Urban Tax	36.5	185.4	80.0	80.7	91.9	120.0
Investment Income	1.4	(3.5)	0.6	3.5	3.8	4.8
	\$227.9	\$542.2	\$495.5	\$503.1	\$476.5	\$534.5
<i>State and Local Subsidies</i>						
State Operating Assistance	0.0	0.0	0.0	0.0	0.0	0.0
Local Operating Assistance	0.0	0.0	0.0	0.0	0.0	0.0
Nassau County Subsidy	0.0	0.0	0.0	0.0	0.0	0.0
CDOT Subsidy - Effect of Fare Increase & PEGs	(1.5)	(3.9)	(2.4)	(5.3)	(2.0)	(0.0)
Station Maintenance	0.6	2.0	3.4	4.6	6.0	6.6
AMTAP	0.0	38.9	0.0	0.0	0.0	0.0
	(\$0.9)	\$37.0	\$1.0	(\$0.8)	\$3.9	\$6.5
Commuter Operating Capital Transfer - MNR M-7	0.0	0.0	0.0	0.0	0.0	0.0
Total Dedicated Taxes & State and Local Subsidies	\$227.0	\$579.3	\$496.5	\$502.3	\$480.4	\$541.0
<i>Inter-agency Subsidy Transactions</i>						
B&T Operating Surplus Transfer	34.6	68.1	18.2	34.0	42.7	40.7
MTA Subsidy to Subsidiaries	(0.4)	(4.3)	0.9	(0.2)	0.1	0.0
	\$34.2	\$63.8	\$19.1	\$33.8	\$42.8	\$40.7
GROSS SUBSIDIES	\$261.1	\$643.1	\$515.6	\$536.0	\$523.1	\$581.7

MTA Consolidated Subsidies

July Financial Plan 2006 - 2009

Cash Basis
(\$ in millions)

	2004	2005				
	Actual	Mid-Year Forecast	2006	2007	2008	2009
<u>Subsidies</u>						
<i>Dedicated Taxes</i>						
Metro. Mass Transp. Oper. Asst. (MMTOA)	\$764.8	\$983.0	\$1,239.9	\$1,282.3	\$1,269.9	\$1,304.5
Petroleum Business Tax (PBT) Receipts	563.0	535.0	634.6	626.2	629.1	632.0
Mortgage Recording Tax (MRT)	637.3	636.8	422.9	433.7	430.6	418.3
MRT Transfer to Suburban Counties	(62.9)	(37.8)	(29.5)	(22.2)	(21.3)	(16.3)
Use of MRT Prior Year Balances	58.1	84.8	0.0	0.0	0.0	0.0
Carryover Balances	(43.1)	15.1	0.0	0.0	0.0	0.0
Reimburse Agency Security Costs	(26.4)	(34.8)	(27.5)	(29.5)	(29.6)	(31.1)
Interest	0.0	0.6	0.0	0.0	0.0	0.0
Real Estate Stabilization Reserve	(200.0)	0.0	0.0	0.0	0.0	0.0
Urban Tax	322.5	426.5	325.1	353.8	369.7	378.5
Investment Income	6.3	6.3	12.6	15.5	17.0	21.3
	\$2,019.6	\$2,615.3	\$2,578.1	\$2,659.6	\$2,665.4	\$2,707.3
<i>State and Local Subsidies</i>						
State Operating Assistance	\$195.9	\$190.9	\$190.9	\$190.9	\$190.9	\$190.9
Local Operating Assistance (18-b)	187.6	188.4	187.9	187.9	187.9	187.9
Nassau County Subsidy (includes 18-b local match)	7.4	10.5	10.5	10.5	10.5	10.5
CDOT Subsidy	56.6	53.3	58.0	62.8	72.4	84.9
Station Maintenance	125.7	129.3	132.6	136.3	140.3	144.8
AMTAP	0.0	38.9	0.0	0.0	0.0	0.0
	\$573.1	\$611.3	\$579.9	\$588.4	\$602.0	\$619.0
Commuter Operating Capital Transfer - MNR M-7	\$0.0	\$0.0	(\$10.0)	\$0.0	\$0.0	\$0.0
Total Dedicated Taxes & State and Local Subsidies	\$2,592.7	\$3,226.7	\$3,148.0	\$3,248.0	\$3,267.4	\$3,326.3
<i>Inter-agency Subsidy Transactions</i>						
B&T Operating Surplus Transfer	\$376.7	\$486.8	\$414.6	\$394.2	\$377.2	\$351.0
MTA Subsidy to Subsidiaries	43.4	31.6	32.1	32.9	34.0	35.3
Investment Income in HQ (non-MRT)	(5.2)	0.0	0.0	0.0	0.0	0.0
	\$414.9	\$518.5	\$446.8	\$427.1	\$411.2	\$386.3
GROSS SUBSIDIES	\$3,007.6	\$3,745.1	\$3,594.7	\$3,675.1	\$3,678.5	\$3,712.7

MTA Consolidated Subsidies
July Financial Plan 2006 - 2009
Summary of Changes Between July Plan and February Plan
Cash Basis
(\$ in millions)

	2004	2005	2006	2007	2008	2009
<u>Subsidies</u>						
<i>Dedicated Taxes</i>						
Metro. Mass Transp. Oper. Asst. (MMTOA)	(1.0)	116.9	330.3	341.0	297.4	312.0
Petroleum Business Tax (PBT) Receipts	8.4	(16.6)	81.9	69.7	69.9	79.9
Mortgage Recording Tax (MRT)	32.6	220.5	6.4	2.6	15.1	14.9
MRT Transfer to Suburban Counties	(1.1)	(21.2)	(10.3)	(1.2)	(5.6)	(1.0)
Use of MRT Prior Year Balances	(23.1)	46.0	0.0	0.0	0.0	0.0
Carryover Balances	(43.1)	15.1	0.0	0.0	0.0	0.0
Reimburse Agency Security Costs	0.0	(5.6)	3.9	3.9	3.8	3.8
Interest	0.0	0.6	0.0	0.0	0.0	0.0
Real Estate Stabilization Reserve	0.0	0.0	0.0	0.0	0.0	0.0
Urban Tax	28.5	195.0	80.0	79.8	90.1	112.4
Investment Income	1.4	(3.5)	0.6	3.5	3.8	4.8
	\$2.5	\$547.2	\$492.8	\$499.2	\$474.4	\$526.7
<i>State and Local Subsidies</i>						
State Operating Assistance	0.9	0.0	0.0	0.0	0.0	0.0
Local Operating Assistance (18-b)	(0.4)	0.5	0.0	0.0	0.0	0.0
Nassau County Subsidy (includes 18-b local match)	0.0	0.0	0.0	0.0	0.0	0.0
CDOT Subsidy - Effect of Fare Increase & PEGs	3.6	(3.9)	(2.4)	(5.3)	(2.0)	(0.0)
Station Maintenance	(0.4)	0.7	2.5	3.7	4.9	6.3
AMTAP	0.0	38.9	0.0	0.0	0.0	0.0
	\$3.7	\$36.2	\$0.1	(\$1.7)	\$2.8	\$6.3
Commuter Operating Capital Transfer - MNR M-7	0.0	0.0	0.0	0.0	0.0	0.0
Total Dedicated Taxes & State and Local Subsidies	\$6.3	\$583.4	\$492.9	\$497.5	\$477.2	\$533.0
<i>Inter-agency Subsidy Transactions</i>						
B&T Operating Surplus Transfer	(8.2)	105.6	23.2	32.4	41.8	40.9
MTA Subsidy to Subsidiaries	(0.4)	(4.3)	0.9	(0.2)	0.1	0.0
Unspecified PEGs	0.0	0.0	0.0	0.0	0.0	0.0
Investment Income in HQ (non-MRT)	(5.2)	0.0	0.0	0.0	0.0	0.0
	(\$13.8)	\$101.3	\$24.1	\$32.2	\$41.9	\$40.9
GROSS SUBSIDIES	(\$7.5)	\$684.7	\$517.0	\$529.7	\$519.1	\$573.8

METROPOLITAN MASS TRANSPORTATION OPERATING ASSISTANCE (MMTOA)

Metropolitan Mass Transportation Operating Assistance Taxes (MMTOA) consist of special State taxes imposed within the MTA Transportation District which, subject to State appropriation, supplement the general operating subsidies of transportation systems in the District. Up until 2005, MMTOA has been comprised of the following taxes: petroleum business tax (PBT), which is a small portion of the basic PBT imposed on petroleum businesses operating within New York State; sales tax of one-quarter of one percent (1/4%) imposed on sales and uses of certain tangible personal property and services; corporate franchise taxes imposed on certain transportation and transmission companies; and temporary corporate surcharges imposed on the portion of the franchise and other taxes of certain businesses attributable to the conduct of business within the transportation district.

Total Statewide MMTOA taxes for 2005 are estimated at \$1,410.1 million, of which \$1,345.7 million is allotted for Downstate transit properties. Of the Downstate allotment, \$182.5 million is earmarked to fund the State's 18-b obligations. The percentage allocation of MMTOA's downstate share that comes to NYCT/SIR represents 62.5%, and the share to the commuter railroads represent 27.9%. This is slightly higher than the percentage allocation in the February Plan. A portion was also allotted to Long Island Bus, city private buses and other downstate transportation properties. In 2005, of the total MTA share, \$617.0 million is payable to NYCT and SIR, \$329.7 million to MTA for the commuter railroads, and \$36.3 million to Long Island Bus. MMTOA funds for the city private buses continue to be paid directly to New York City, which totally reimburse MTA for those bus lines run by the MTA Bus Company.

New Revenue

The July Financial Plan incorporates changes to MMTOA that reflect an additional 1/8th of a percent regional sales tax enacted by New York State in its 2005-06 Budget, which took effect on June 1, 2005. The majority of the additional tax revenues are for the benefit of MTA. MTA's estimated share of the new sales tax receipts is \$149.1 million, \$184.4 million, \$187.5 million, \$189.5 million and \$191.5 million in each of the years 2005 through 2009, respectively.

2005 Mid-Year Forecast

The 2005 Mid-Year Forecast reflects the enacted State Budget appropriation for MTA MMTOA of \$983.0 million, or \$116.9 million over the February Plan level. The additional revenue primarily reflects the new sales tax receipts as indicated in the "New Revenue" section above. This is partially offset by lower appropriations than assumed in the February Plan for MTA's share of MMTOA base taxes. The State's funding plan for MTA reflects an additional \$100.0

million in State MMTOA taxes to be generated during State FY 2005-06, which was not included in the enacted State budget for the current year. Instead, the funds are intended to be appropriated in SFY 2006-07 and SFY 2007-08, \$50.0 million in each year.

2006

For 2006, total MTA MMTOA is estimated to be \$1,239.9 million, an increase of \$330.3 million over the February Plan estimate. Of this total, \$787.1 million is earmarked for NYCT and SIR, and \$412.0 million for the commuter railroads. These amounts assume an additional \$50.0 million available from taxes collected in SFY 2005-06 that were not included in the State's prior year appropriation, as discussed above. In addition, \$40.7 million is allocated for Long Island Bus. The increase in the 2006 MMTOA level is primarily the result of the new sales taxes and the reforecast of the base MMTOA taxes to better reflect the 2005-06 NYS State Budget projections. Of the increase, \$184.4 million represents the new sales taxes.

The July Plan assumes that in 2006, the State's funding of its 18-b will be reverted back to the 2003 level of \$161.1 million. In addition, the July Plan retains the February Plan's percentage allocations of MMTOA's downstate share that comes to MTA, reflecting pre-2004 levels. NYCT/SIR's proposed appropriation represents 61.1% and appropriation to the Commuter Railroads represents 27.7%.

The 2006 forecast of the individual MMTOA taxes assumes the following tax growth rates from the 2005 level:

Sales Tax	16.6%
Petroleum Business Tax	5.0%
Corporate Franchise Tax	1.2%
Corporate Tax Surcharge	3.2%

Note that the 2006 sales tax percentage includes the full 12-month yield from the new tax, thus accounting for the large increase over the 2005 level.

2007 - 2009

In 2007, 2008, and 2009, the forecasts for MMTOA cash receipts are above the February Plan levels by \$341.0 million, \$297.4 million and \$312.0 million respectively. The following reflects the breakout of the changes to the February Plan between the new sales taxes and changes to the MMTOA base. The 2007 projection includes the remaining \$50.0 million of base MMTOA taxes generated in the current State FY, discussed above.

	2007	2008	2009
New Sales Taxes	\$187.54	\$189.52	\$191.5
Changes to Base MMTOA	153.50	107.84	120.5

The 2007 through 2009 forecasts assume the following tax growth rates.

		2007	2008	2009
Sales Tax		3.7%	4.3%	4.3%
Petroleum Business Tax		0.4%	0.4%	0.4%
Corporate Franchise Tax		0.0%	0.0%	0.0%
Corporate Tax Surcharge		3.2%	1.6%	0.7%

MMTOA STATE DEDICATED TAXES

July Financial Plan 2005 -2009

Tax Yield Distribution 2004 - 2009

(\$ in millions)

	<u>2004</u> <u>Actual</u>	<u>2005</u> <u>Mid-Year</u> <u>Forecast</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<u>Forecast of MMTOA Gross Receipts (\$FY):</u>						
Sales Tax	\$423.3	\$611.5	\$712.8	\$739.4	\$770.8	\$803.7
PBT	134.9	143.1	150.3	150.9	151.5	152.1
Corporate Franchise	59.0	66.8	67.6	67.6	67.6	67.6
1991 "Spin-Up" / 1995-1996 RAF Payment	0.0	0.0	0.0	0.0	0.0	0.0
Corporate Surcharge	540.0	588.6	605.2	624.6	634.8	639.5
Investment Income	4.9	0.0	0.0	0.0	0.0	0.0
Total Gross Receipts Available for Allocation	\$1,162.1	\$1,410.0	\$1,535.9	\$1,582.4	\$1,624.7	\$1,662.8

Allocation of Total Gross Receipts to DownState:

Total Gross Receipts	\$1,162.1	\$1,410.0	\$1,535.9	\$1,582.4	\$1,624.7	\$1,662.8
Less: Upstate Share of PBT	(60.7)	(64.4)	(67.6)	(67.9)	(68.2)	(68.4)
Upstate Percent Share of Investment Income	5.25%	4.57%	4.40%	4.29%	4.20%	4.12%
Less: Upstate Share of Investment Income	(0.3)	0.1	0.0	0.0	0.0	0.0
Total Net DownState Share Available for Allocation	\$1,101.2	\$1,345.7	\$1,468.3	\$1,514.5	\$1,556.6	\$1,594.4
Less: 18-B Adjustment	(174.6)	(182.5)	(161.1)	(161.1)	(161.1)	(161.1)
Adjusted Total Net DownState Share for Allocation	\$926.5	\$1,163.2	\$1,307.2	\$1,353.4	\$1,395.5	\$1,433.3

Allocation of Total Net DownState Share to NYCT/SIR:

NYCT/SIR Share	56.52%	62.51%	61.12%	61.12%	61.12%	61.12%
From Total Net DownState Share	\$622.3	\$841.3	\$897.5	\$925.7	\$951.4	\$974.5
Less: 18-B Adjustment	(150.0)	(152.0)	(146.4)	(146.4)	(146.4)	(146.4)
Adjusted Total Net DownState Share	\$472.4	\$689.2	\$751.1	\$779.3	\$805.0	\$828.1
From Carryover	(9.1)	(72.2)	36.1	36.1	0.0	0.0
Total NYCT/SIR Share of Net DownState Share	\$463.2	\$617.0	\$787.2	\$815.5	\$805.0	\$828.1
Total SIR Share	1.4	1.9	2.4	2.5	2.5	2.6
Total NYCT Share of Net DownState Share	\$461.8	\$615.1	\$784.7	\$812.9	\$802.5	\$825.6

Allocation of Total Net DownState Share to MTA:

MTA Share	26.53%	27.91%	27.71%	27.71%	27.71%	27.71%
From Total Net DownState Share	\$292.1	\$375.6	\$406.9	\$419.7	\$431.3	\$441.8
Less: 18-B Adjustment	(14.7)	(18.1)	(8.7)	(8.7)	(8.7)	(8.7)
Adjusted Total Net DownState Share	\$277.4	\$357.4	\$398.1	\$410.9	\$422.6	\$433.1
From Carryover	(4.3)	(27.8)	13.9	13.9	0.0	0.0
Total MTA Share of Net DownState Share	\$273.1	\$329.7	\$412.0	\$424.8	\$422.6	\$433.1

Allocation of Total Net DownState Share to LIB:

LI Bus Share	2.99%	2.77%	2.77%	2.77%	2.77%	2.77%
From Total Net DownState Share	\$32.9	\$37.3	\$40.7	\$42.0	\$43.1	\$44.2
Less: Used for 18-B/other	(1.5)	(1.8)	(0.8)	(0.8)	(0.8)	(0.8)
Adjusted Total Net DownState Share	\$31.4	\$35.5	\$39.8	\$41.1	\$42.3	\$43.3
From Carryover	(3.1)	0.9	0.9	0.9	0.0	0.0
Total LIB Share of Net DownState Share	\$28.4	\$36.3	\$40.7	\$42.0	\$42.3	\$43.3

PETROLEUM BUSINESS TAXES (PBT) (Trust Fund Taxes)

The Statewide Dedicated Funds Pool is the repository for revenues from the following dedicated taxes and fees: petroleum business taxes, a business privilege tax imposed on petroleum businesses operating in New York State; motor fuel taxes, an excise tax levied with respect to gasoline and diesel motor fuels; and motor vehicle fees that are derived mainly from vehicle registration and driver license fees. Subject to statutory allocation under current State Law, thirty-four percent (34%) of the Dedicated Funds Pool is currently deposited in the Mass Transportation Trust Fund (MTTF) for MTA's benefit. Amounts transferred from the MTTF Account to the MTA's Dedicated Tax Fund constitute MTTF Receipts. For the purposes of budget preparations, MTTF Receipts are also referred to as PBT Receipts interchangeably. Eighty-five percent (85%) of the MTTF Receipts are payable to New York City Transit (NYCT) for the benefit of NYCT and SIR, and the remaining 15% to MTA for the benefit of LIRR and Metro-North.

MTA utilizes the MTTF Receipts (PBT) to pay debt service on MTA's Dedicated Tax Fund Bonds (DTF Bonds). Debt service on DTF Bonds is payable first from PBT Receipts and then, to the extent of any deficiency, from MMTOA Taxes. On an annual basis to date, PBT Receipts have been sufficient to meet all debt service commitments and no MMTOA Taxes have been used.

After debt obligations are satisfied, the remaining PBT funds are transferred for use by New York City Transit and the Commuter Railroads as a subsidy.

New Revenue

The July Financial Plan incorporates changes to PBT that reflect the projected receipts from new taxes appropriated in the 2005-06 NYS Enacted Budget, which affect certain Department of Motor Vehicle fees beginning January 1, 2006. In addition, changes were made to reflect additional tax collections for PBT and the Motor Fuel Tax from Native American businesses. Of the additional Statewide collections, MTA would receive approximately 34%. Total new tax receipts earmarked for the MTA are \$86.0 million in 2006, and \$71.1 million in each of the years 2007, 2008 and 2009.

The following is a break out of the new taxes by category:

New Taxes (In dollars)	Dollars in Millions			
	2006	2007	2008	2009
PBT–Native American Share	\$ 3.1	\$ 4.1	\$ 4.1	\$ 4.1
Motor Fuel Tax – Native American Share	1.1	1.5	1.5	1.5
2005-06 DMV Fee Increases	81.8	65.5	65.5	65.5
Total	\$86.0	\$71.1	\$71.1	\$71.1

2005 Mid-Year Forecast

The 2005 Mid-Year Forecast is based on actual results through June year-to-date.

The 2005 MTA PBT Receipts, on a cash basis, are estimated at \$535.0 million, a decrease of \$16.6 million compared with the February Plan forecast. The change represents a correction made by the State in allocating DMV revenue deposited into the MTTF. Of the MTA allocation, 85% or \$457.2 million is earmarked for New York City Transit and 15%, or \$77.8 million, for the Commuter Railroads.

On an accrual basis, PBT estimates for 2005 are \$541.6 million, which is \$10 million below the February Plan estimate. The accrual estimate is based on a one-month lag in the booking and collections of PBT proceeds.

2006 Forecast

For 2006, PBT cash is estimated to be \$634.6 million, \$81.9 million more than the February Plan estimate. This includes \$86.0 million in additional new taxes, which was discussed in the "New Revenue" Section above. The 2006 forecast inflates the 2005 level by 2.6% before incorporating the new taxes.

On an accrual basis, PBT is estimated at \$633.9 million, an increase of \$81.2 million over the February Plan level.

2007 - 2009

For 2007 through 2009, PBT cash estimates are \$626.2 million, \$629.1 million and \$632.0 million respectively. The cash estimates are \$69.7 million, \$69.9 million and \$79.9 million higher than forecasted in the February Plan in each of the respective years. The 2007 through 2009 forecasts inflate the previous year's level by 1.2%, 0.5% and 0.5% respectively.

On an accrual basis, PBT estimates for 2007 through 2009 are \$626.4 million, \$629.4 million and \$632.3 million respectively.

SUMMARY OF DEDICATED TAX FUND PROJECTIONS

July Financial Plan 2006 - 2008

Tax Yield Distribution 2004 - 2009

(\$ in millions)

	<u>2004</u>	<u>2005</u>				
	<u>Actual</u>	<u>Mid-Year</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
		<u>Forecast</u>				
Net Base PBT Collections Available for Distribution	\$979.3	\$961.6	\$966.4	\$969.3	\$974.2	\$972.3
<i>Forecast of Supplemental PBT Collections for Distribution:</i>						
Supplemental PBT Collections	\$676.6	\$685.4	\$684.0	\$692.2	\$695.7	\$695.7
Month Cash Lag / DOT Special Programs	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Net Supplemental PBT Collections Available for Distribution	\$676.6	\$685.4	\$684.0	\$692.2	\$695.7	\$695.7
Total Net PBT Collections Available for Distribution	\$1,655.9	\$1,647.0	\$1,650.5	\$1,661.6	\$1,669.9	\$1,668.0
<i>Distribution Shares:</i>						
MTA Total	34.00%	34.00%	34.00%	34.00%	34.00%	34.00%
Other Transit	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Highway Trust Fund	63.00%	63.00%	63.00%	63.00%	63.00%	63.00%
General Fund	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Share Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<i>Amount of Total Net Collections Available for the MTA:</i>						
MTA Total	\$563.0	\$541.6	\$633.9	\$626.4	\$629.4	\$632.2
<i>Accrued</i>						
NYCT/SIR Share of MTA Total	478.5	463.1	541.7	535.3	537.9	540.3
Commuter Railroad Share of MTA Total	<u>84.4</u>	<u>78.5</u>	<u>92.2</u>	<u>91.1</u>	<u>91.5</u>	<u>91.9</u>
MTA Total of Net Collections	\$563.0	\$541.6	\$633.9	\$626.4	\$629.4	\$632.2

MORTGAGE RECORDING TAXES (MRT)

Mortgage Recording Taxes consist of two taxes: Mortgage Recording Tax-1 (MRT-1) and Mortgage Recording Tax-2 (MRT-2).

MRT-1 is imposed on the borrower for recorded mortgages of real property situated in New York State, subject to certain exclusions, and collected by New York City and the seven other counties within the MTA's service area, at the rate of one-quarter of one percent (1/4%) of the debt secured by certain real estate mortgages. (As discussed below, this rate was recently increased). It must be applied, first, to meet MTA Headquarters operating expenses and, second, to make deposits into the New York City Transit (NYCT) Account (55% of the remaining amount) and the Commuter Railroad Account (45% of the remaining amount).

Moneys in the NYCT Account are required to be used to pay operating and capital costs of the Transit Authority, its subsidiaries, and SIR. Moneys in the Commuter Railroad Account are required to be used first to pay up to \$20 million to the State Suburban Transportation Fund each year to finance certain types of highway capital projects in certain areas of the Transportation District. In the event the transfer would result in a Commuter Railroad operating deficit, the amount of the deficit is appropriated to the MTA for Commuter Railroad operating purposes, and not transferred to the Suburban Fund. After first making the required transfers to the State Suburban Transportation Fund, the balance in the Commuter Railroad Account is required to be used to pay operating and capital costs of the commuter railroad operations of MTA, other than SIR.

MRT-2 is a tax imposed on the institutional lender. It consists of one-quarter of one percent (1/4%) of certain recorded mortgages within New York State secured by real estate improved or to be improved by structures containing one to six dwelling units in the Authority's service area. MRT-2 Receipts are to be applied, first, to make deposits into the Payment Sub-accounts of Dutchess, Orange and Rockland counties and, second, to make deposits into the Corporate Purposes Sub-account for the purposes of paying operating and capital costs, including debt service and debt service reserve requirements, if any, incurred for the benefit of MTA, the Transit Authority and their respective subsidiaries.

Each year, MTA is required to transfer in equal quarterly installments, from the Corporate Transportation Account to the Metropolitan Transportation Authority's Dutchess, Orange and Rockland Fund (DORF) an annual amount of \$5.0 million, of which \$1.5 million is for each of the counties of Dutchess and Orange, and \$2.0 million is for the county of Rockland. Additionally, MTA must transfer from that Account to such fund for each of these three counties, respectively, an amount equal to the product of (i) the percentage by which such county's mortgage recording tax payment to MTA in the preceding calendar year increased over such payment in calendar year 1989 and (ii) \$1.5 million each for Dutchess and Orange Counties and \$2.0 million for Rockland County.

New Revenue

The July Financial Plan incorporates changes to MRT-1 that reflect an increase from 25 cents per hundred dollars of recorded mortgage to 30 cents, effective with the June 1, 2005 mortgage origination. The resulting effect is a 20% increase in the MRT-1 tax rate. The new tax revenues are projected to yield additional cash receipts of \$24.5 million, \$45.7 million, \$47.0 million, \$47.0 million and \$46.2 million, respectively, in 2005 through 2009. Since MTA's receipts are lagged approximately one month, the 2005 mid-year cash forecast assumes six months of the tax revenue at the new rate.

2005 Mid-Year Forecast

The 2005 Mid-Year Forecast is based on June year-to-date actual receipts. Mortgage Recording Tax gross cash receipts for June 2005 year-to-date were \$43.3 million (14%) more than the same period in 2004. Mortgage recording activity has remained robust as interest rates have stayed lower than expected.

The MRT forecast for tax collections applied 16 models in total, with New York City and the seven suburban counties (8 jurisdictions) each having an MRT-1 model and an MRT-2 model. Models are time-series regression models, with a log-log specification. In the model, tax collections are a function of the ten-year U.S. Treasury Note rate and population of the county (or New York City).

Global Insight's projection for the 10-year U.S. Treasury Note calls for a rate of 4.8% in 2005. Interest rates for personal mortgages consistently rise and fall as the T-Note rate changes. Population forecasts for each county vary; for 2005, population increases are projected to be 0.3% for New York City, 0.4% for Nassau and Suffolk, 0.1% for Westchester, 1.7% for Putnam, 0.6% for Dutchess, 0.6% for Rockland and 0.7% for Orange.

The 2005 Mid-Year Forecast is based on six months of actual tax receipts. The last six months were derived from tax receipts for the last six months of 2004, reduced by 15% to account for the unusually high level of tax receipts during the second half of 2004, and then adjusted by the impacts projected from the models.

Research of MRT historical tax yields and historical interest rate levels indicated that when interest levels dropped, mortgage activity climbed and conversely, when interest levels increased, mortgage activity dropped. At the end of 2004, leading forecasters were predicting that interest rates would increase steadily during 2005. This has not been the case and mortgage recording activity has remained high, resulting in robust mortgage taxes in 2005.

Total gross MRT-1 receipts for 2005 are estimated at \$370.7 million, an increase of \$136.1 million over the February Plan estimate. This includes the additional receipts from the new tax revenues. Of the total, \$246.9 million is expected to be applied to the MTA Headquarters operating deficit in 2005. MRT-1 distribution to NYCT and SIR is estimated at \$92.4 million and \$70.2 million to the commuter railroads, including actual

receipts received in 2004 but allocated in 2005 after completion of the independent audit of 2004 MTA Financial Statements.

Total gross MRT-2 receipts for 2005 are estimated at \$266.1 million. After all other required adjustments, the NYCT/SIR share is estimated at \$182.9 million, and the Commuter Railroads share is estimated at \$32.3 million in 2005. These subsidy allocations include distribution of \$41.6 million of prior year MRT-2 monies received in December 2004.

2006 - 2009

Refinancing activity is expected to fall off as interest rates increase during the latter part of 2005, which is expected to materially impact receipts in 2006. Therefore, 2006 MRT collections have been estimated by reducing 2005 MRT collections by one-third and then applying the model impacts. The annual 2006 forecast are then used as the basis for projections for 2007 through 2009.

Global Insight's projection for the 10-year U.S. Treasury Note calls for rates of 5.5% in 2006, 5.6% in 2007, 5.8% in 2008, and 6.3% in 2009. Annual population changes are consistent with the annual 2005 forecasts.

In 2006, 2007, 2008 and 2009, total gross MRT collections on a cash basis are projected at \$422.9 million, \$433.8 million, \$430.5, and \$418.3 million, respectively.

Additional Assumptions

The MTA General Reserve is valued at \$40.0 million annually beginning in 2005 and is funded from MRT-2. Funding for the reserve is earmarked before the transfer to NYCT and Commuter Railroads subsidy accounts.

MRT-2 also funds certain Agency Security Costs, which reimburses the agencies for security expenses. MTA Police manages the fund. The July Plan increased the 2005 agency security cost fund by \$10.0 million in order to cover recent heightened security and security-related education outreach programs. These funds have not yet been allocated to MTA agencies. For 2005 through 2009, B&T's reimbursement of certain security overtime costs have been reduced by approximately \$4.0 million annually.

SUMMARY OF MORTGAGE RECORDING TAX PROJECTIONS

July Financial Plan 2006 - 2009

Tax Yield Distribution 2004 - 2009

(\$ in millions)

	2004	2005				
	Actual	Mid-Year Forecast	2006	2007	2008	2009
MORTGAGE RECORDING TAX #261-1						
<u>Receipts Available for Transfer to NYCT and CRs:</u>						
Total Gross Receipts	\$349.2	\$370.7	\$263.4	\$271.2	\$271.3	\$266.3
Carryover	(15.1)	15.1	0.0	0.0	0.0	0.0
Less: MTAHQ Operating Deficit	(219.2)	(246.9)	(251.3)	(257.3)	(260.4)	(266.4)
Net Receipts Available for Transfer	\$114.9	\$138.9	\$12.1	\$13.9	\$11.0	(\$0.1)

Allocation of Net Receipts to NYCT/SIR Account:

Opening Balance	\$0.0	\$15.8	\$0.0	\$0.0	\$0.0	\$0.0
NYCT/SIR Share	55%	55%	55%	55%	55%	55%
From Current Year Net Receipts	63.2	76.4	6.7	7.6	6.0	(0.1)
Interest	0.1	0.3	0.0	0.0	0.0	0.0
Carryover	(10.4)	0.0	0.0	0.0	0.0	0.0
Transfers from MRT-2	0.0	0.0	0.0	0.0	0.0	0.1
Total NYCT/SIR Net Cash Share	\$52.9	\$92.4	\$6.7	\$7.6	\$6.0	\$0.0
Total SIR Net Cash Share	0.2	0.3	0.0	0.0	0.0	0.0
Total NYCT Net Cash Share	\$52.7	\$92.1	\$6.6	\$7.6	\$6.0	\$0.0

Allocation of Net Receipts to Commuter Railroad Account:

Opening Balance - CR/SHF	\$14.5	\$27.4	\$0.0	\$0.0	\$0.0	\$0.0
Commuter Railroad Share	45%	45%	45%	45%	45%	45%
From Net Receipts	51.7	62.5	5.5	6.2	4.9	(0.0)
Interest	0.0	0.3	0.0	0.0	0.0	0.0
Carryover	(23.0)	0.0	0.0	0.0	0.0	0.0
Less: Suburban Highway Fund	(38.9)	(20.0)	(5.5)	(6.2)	(4.9)	0.0
Transfers from MRT-2	0.0	0.0	0.0	0.0	0.0	0.0
Total Commuter Railroad Net Cash Share	\$4.3	\$70.2	\$0.0	\$0.0	\$0.0	\$0.0

MORTGAGE RECORDING TAX #261-2

Receipts Available for Transfer to NYCT and CRs:

Total Receipts to Corporate Account	\$288.2	\$266.1	\$159.5	\$162.6	\$159.2	\$152.0
Opening Fund Balance (starting in 1998)	104.2	41.6	0.0	0.0	0.0	0.0
Transfer (to)/from Agency Operating Accounts	(26.4)	(34.8)	(27.5)	(29.5)	(29.6)	(31.1)
Reserve for Following Year/Cash Flow Provision	(46.1)	0.0	0.0	0.0	0.0	0.0
General Reserve	0.0	(40.0)	(40.0)	(40.0)	(40.0)	(40.0)
Real Estate Tax Stabilization Account	(200.0)	0.0	0.0	0.0	0.0	0.0
Investment Income	2.9	0.0	0.0	0.0	0.0	0.0
Total Receipts Available for Transfer	\$122.8	\$232.9	\$92.0	\$93.0	\$89.7	\$80.9

Use of Total Receipts:

DORF Opening Balance	\$3.8	\$4.5	\$0.0	\$0.0	\$0.0	\$0.0
Less: Transfer to MTA DORF Account	(20.3)	(22.3)	(24.1)	(16.0)	(16.4)	(16.3)
Less: Transfer to MTAHQ Funds	0.0	0.0	0.0	0.0	0.0	(0.1)
Net Receipts Available	\$106.3	\$215.1	\$67.9	\$77.0	\$73.3	\$64.6

Allocation of Net Receipts to NYCT/SIR Corporate Account:

Projected NYCT/SIR Share	85.00%	85.00%	85.00%	85.00%	85.00%	85.00%
From Net Receipts	\$90.4	\$182.9	\$57.7	\$65.5	\$62.3	\$54.9
Total NYCT/SIR Cash Share	\$90.4	\$182.9	\$57.7	\$65.5	\$62.3	\$54.9
Total SIR Cash Share	0.0	0.0	0.0	0.0	0.0	0.0
Total NYCT Cash Share	\$90.4	\$182.9	\$57.7	\$65.5	\$62.3	\$54.9

Allocation of Net Receipts to CRs Corporate Account:

Projected Commuter Railroad Share	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
From Net Receipts	\$15.9	\$32.3	\$10.2	\$11.6	\$11.0	\$9.7
B&T Special Debt Service	0.0	0.0	0.0	0.0	0.0	0.0
Total Commuter Railroad Net Cash Share	\$15.9	\$32.3	\$10.2	\$11.6	\$11.0	\$9.7

URBAN TAXES

Urban Taxes consist of two taxes: a Mortgage Recording Tax imposed on New York City commercial properties' mortgages that exceed \$500,000, and a Real Property Transfer Tax imposed on New York City commercial properties valued over \$500,000. It is available only for transit purposes in New York City. New York City Transit (NYCT) is entitled to 90% of the revenues collected for its general operations. In addition, NYCT receives 6% of the revenues collected for partial reimbursement of Paratransit costs. The remaining 4% is earmarked as subsidy for the City private buses. The City will utilize these funds to reimburse MTA Bus expenses.

2005 Mid-Year Forecast

In the 2005 Mid-Year Forecast, Urban Tax receipts on a cash basis are estimated at \$426.5 million. This represents an increase of \$195.0 million over the February Plan level.

In making the projections for 2005 and the out-years, two models were applied, one for the Mortgage Recording Tax and one for the Real Property Transfer Tax (RPTT). Models are time-series regression models, with a log-log specification. In the model, tax collections are a function of the ninety-day U.S. Treasury Bill rate and New York City private-sector employment. The ninety-day T-Bill rate was forecasted to be 3.2% for 2005. New York City private-sector employment was expected to grow by 1.1% in 2005.

The 2005 projections include actual collections through June. During 2004 and the first half of 2005 (particularly the second quarter), Urban Tax receipts were way above target due to the continued robust commercial real estate market. The Urban Tax projection for the second half of 2005 was based on the second half of 2004, adjusted downwards (by \$6.1 million for RPTT and by \$0.5 million for MRT) to reflect unusually large transaction levels experienced during the year.

2006 - 2009

The MRT and RPTT projections for 2006 were based on adjusted 2005 projections. Downward adjustments of \$78.8 million for RPTT and \$35.7 million for MRT were made to take account of unusually high 2005 yields. The ninety-day T-Bill rate is projected to be 4.2 percent for 2006. Stronger growth is expected in New York City private-sector employment, forecasted to be 1.3 percent.

Cash projections for 2006 are \$80.0 million above the February Plan projections. In 2007, 2008 and 2009, projected receipts are \$79.8 million, \$90.1 million and

\$112.4 million over the February Plan levels, respectively. In 2007, T-Bill rates are expected to reach 4.18% and rise to 4.67% by 2009.

STATE AND LOCAL SUBSIDIES

State and Local Subsidies consist of New York State and Local Section 18-B Operating Assistance, Nassau County Subsidy, Station Maintenance and Connecticut Department of Transportation (CDOT) Subsidy to Metro-North Railroad. In addition the Commuter Railroads' subsidies include additional Mass Transit Assistance Program (AMTAP) aid, appropriated by the State and an operating capital transfer scheduled to be made in 2006.

New York State 18-b Operating Assistance is direct State aid to the MTA appropriated by the State Legislature on an annual basis. Each County in the MTA Transportation District is required by the transportation law to match the State amounts by making quarterly payments of Local 18-b Operating Assistance to the MTA. Beginning in 1994, the State earmarked a portion of the dedicated taxes to fund the State's obligations for 18-b payments.

Nassau County subsidies include of Nassau County's payment obligations to cover LIB's operating deficit. Nassau's Local 18-b match for LIB is also included in the Nassau County subsidy.

Connecticut Department of Transportation (CDOT) subsidy payments are made to Metro-North Railroad as reimbursement for expenses associated with commuter train operations by Metro-North in the State of Connecticut.

Station Maintenance subsidy is paid by the City and each of the seven counties in the MTA region for the operation, maintenance and use of Commuter System passenger stations within the City and each of the counties. Station Maintenance base amounts were established in 1999 and are subject to CPI (Consumer Price Index) adjustment each year thereafter.

2005 Mid-Year Budget

In the 2005 Mid-Year Forecast, State and Local cash subsidy receipts are estimated at \$611.3 million, an increase of \$36.2 million over the February Forecast, due primarily to:

- The commuter railroads were appropriated AMTAP funds of \$38.9 million in 2005 by the State.
- CDOT subsidies were \$4.0 million lower than the February projections due to a reforecast of Connecticut's share.

State and Local 18-b Operating Assistance to MTA has not changed in the last 15 years.

2006 Forecast

In 2006, State and Local subsidy, on a cash basis, is slightly below the February Plan Forecast due to reforecast of CDOT and changes in the CPI affecting Station Maintenance.

2007 - 2009

In 2007, total State and Local cash subsidy estimate is \$2.1 million below the February Plan level. In 2008 and 2009, State and Local subsidy estimates are \$2.4 million and \$5.9 million above the February estimates, respectively. The changes represent reforecast of CDOT and Station Maintenance consistent with the changes in 2006.

In January 2004, the MTA Board authorized the exercise of a M-7 car option to permit Metro-North to accelerate the purchase of 120 additional cars. Included in the action was a provision for the Metro-North Operating Budget to transfer savings of \$10 million to the capital program. Metro-North's financial plan included the requisite \$10 million savings in 2004. Since this resulted in \$10 million of commuter rail subsidy savings, a commensurate operating capital transfer is included as a reduction to 2006 commuter rail subsidies. The car purchase payment schedule will require the transfer in that year.

MTA SUBSIDY TO SUBSIDIARIES

In the 2005 Mid-Year Forecast, total estimated MTA subsidy payment to its subsidiaries on a cash basis is \$31.6 million, a reduction of \$4.3 million from the February Forecast. Staten Island Railroad's (SIR) share is \$17.6 million; Long Island Bus' (LIB) share is \$14.0 million.

SIR's share reflects amounts needed to cover the operating deficit after all other subsidies and operating revenues are allocated.

In 2006, the forecast estimates MTA subsidy payment to LIB and SIR on a cash basis of \$32.1 million.

For each of the years 2007 through 2009, MTA subsidy to its subsidiaries is \$32.9 million, \$34.0 million and \$35.3 million respectively. The Long Island Bus portion remains at \$14.0 million in each year.

MTA New York City Transit Subsidy Allocation
2004-2009
Cash Basis
(\$ in millions)

<u>Subsidies</u>	2004	2005	2006	2007	2008	2009
<i>Dedicated Taxes</i>						
Metropolitan Mass Transportation Operating Assist. (MMTOA)	461.8	615.1	784.7	812.9	802.5	825.6
Petroleum Business Tax (PBT) Receipts	478.5	457.2	542.3	535.1	537.7	540.1
Mortgage Recording Tax (MRT)	143.1	275.0	64.4	73.1	68.3	54.9
Urban Tax	322.5	426.5	325.1	353.8	369.7	378.5
	\$1,405.9	\$1,773.8	\$1,716.6	\$1,774.9	\$1,778.2	\$1,799.1
<i>State and Local Subsidies</i>						
State Operating Assistance	158.1	158.2	158.2	158.2	158.2	158.2
Local Operating Assistance	158.2	158.2	158.2	158.2	158.2	158.2
	\$316.2	\$316.4	\$316.4	\$316.4	\$316.4	\$316.4
Total Dedicated Taxes & State and Local Subsidies	\$1,722.2	\$2,090.1	\$2,032.9	\$2,091.3	\$2,094.6	\$2,115.4
<i>Inter-agency Subsidy Transactions</i>						
Bridges and Tunnels Operating Surplus Transfer	148.6	190.1	156.2	145.4	136.9	123.8
MTA Subsidy to Subsidiaries	13.0	0.0	0.0	0.0	0.0	0.0
	\$161.6	\$190.1	\$156.2	\$145.4	\$136.9	\$123.8
GROSS SUBSIDIES	\$1,883.8	\$2,280.2	\$2,189.2	\$2,236.7	\$2,231.5	\$2,239.2

MTA Commuter Railroad Subsidy Allocation
2004-2009
Cash Basis
(\$ in millions)

	2004	2005	2006	2007	2008	2009
<u>Subsidies</u>						
<i>Dedicated Taxes</i>						
Metropolitan Mass Transportation Operating Assistance (MMTOA)	273.1	329.7	412.0	424.8	422.6	433.1
Petroleum Business Tax (PBT) Receipts	84.4	77.8	92.3	91.0	91.5	91.9
Mortgage Recording Tax (MRT)	20.3	102.4	10.2	11.6	11.0	9.7
Investment Income	6.3	6.3	12.6	15.5	17.0	21.3
	\$384.1	\$516.2	\$527.1	\$542.9	\$542.0	\$556.0
<i>State and Local Subsidies</i>						
State Operating Assistance	30.6	29.3	29.3	29.3	29.3	29.3
Local Operating Assistance	28.9	29.7	29.3	29.3	29.3	29.3
CDOT Subsidy	56.6	53.3	58.0	62.8	72.4	84.9
Station Maintenance	125.7	129.3	132.6	136.3	140.3	144.8
AMTAP	0.0	38.9	0.0	0.0	0.0	0.0
	\$241.8	\$280.5	\$249.1	\$257.6	\$271.2	\$288.2
Commuter Operating Capital Transfer - MNR M-7 Acceleration	\$0.0	\$0.0	(\$10.0)	\$0.0	\$0.0	\$0.0
Total Dedicated Taxes & State and Local Subsidies	\$626.0	\$796.7	\$766.1	\$800.5	\$813.2	\$844.2
<i>Inter-agency Subsidy Transactions</i>						
Bridges and Tunnels Operating Surplus Transfer	228.0	296.8	258.4	248.8	240.3	227.2
GROSS SUBSIDIES	\$854.0	\$1,093.4	\$1,024.5	\$1,049.2	\$1,053.5	\$1,071.3

MTA Long Island Bus Subsidy Allocation
2004-2009
Cash Basis
(\$ in millions)

	2004	2005	2006	2007	2008	2009
<u>Subsidies</u>						
<i>Dedicated Taxes</i>						
MMTOA Allocation	28.4	36.3	40.7	42.0	42.3	43.3
	28.4	36.3	40.7	42.0	42.3	43.3
<i>State and Local Subsidies</i>						
State Operating Assistance	6.7	3.0	3.0	3.0	3.0	3.0
Nassau County Subsidy	7.4	10.5	10.5	10.5	10.5	10.5
	14.0	13.5	13.5	13.5	13.5	13.5
Total Dedicated Taxes & State and Local Subsidies	42.4	49.8	54.2	55.4	55.7	56.8
<i>Inter-agency Subsidy Transactions</i>						
MTA Subsidy to Subsidiaries	11.2	14.0	14.0	14.0	14.0	14.0
GROSS SUBSIDIES	\$53.6	\$63.8	\$68.2	\$69.4	\$69.7	\$70.8

MTA Staten Island Railway Subsidy Allocation
2004-2009
Cash Basis
(\$ in millions)

	2004	2005	2006	2007	2008	2009
<u>Subsidies</u>						
<i>Dedicated Taxes</i>						
Metropolitan Mass Transportation Operating Assistance (MMTOA)	1.4	1.9	2.4	2.5	2.5	2.6
Mortgage Recording Tax (MRT)	0.2	0.3	0.0	0.0	0.0	0.0
	\$1.6	\$2.2	\$2.5	\$2.6	\$2.5	\$2.6
<i>State and Local Subsidies</i>						
State Operating Assistance	0.5	0.5	0.5	0.5	0.5	0.5
Local Operating Assistance	0.5	0.5	0.5	0.5	0.5	0.5
	\$1.0	\$1.0	\$1.0	\$1.0	\$1.0	\$1.0
Total Dedicated Taxes & State and Local Subsidies	\$2.6	\$3.2	\$3.4	\$3.5	\$3.5	\$3.6
<i>Inter-agency Subsidy Transactions</i>						
MTA Subsidy to Subsidiaries	19.2	17.6	18.1	18.9	20.0	21.3
GROSS SUBSIDIES	\$21.8	\$20.8	\$21.6	\$22.5	\$23.5	\$24.9

MTA Headquarters Subsidy Allocation
2004 - 2009
Cash Basis
(\$ in millions)

	2004	2005	2006	2007	2008	2009
<u>Subsidies</u>						
<i>Dedicated Taxes</i>						
Mortgage Recording Tax						
Net Receipts After Agency Transfers	488.8	300.7	348.3	349.0	351.2	353.8
<u>Adjustments</u>						
Funding of General Reserve	0.0	(40.0)	(40.0)	(40.0)	(40.0)	(40.0)
Diversion of MRT to Suburban Counties	(62.9)	(37.8)	(29.5)	(22.2)	(21.3)	(16.3)
Carryover/Opening Balances/Interest	0.0	58.8	0.0	0.0	0.0	0.0
Agency Security Costs from MRT	(26.4)	(34.8)	(27.5)	(29.5)	(29.6)	(31.1)
<i>Total Adjustments</i>	(89.3)	(53.8)	(97.0)	(91.8)	(90.9)	(87.4)
Net Funding of MTA Headquarters	\$399.5	\$246.9	\$251.3	\$257.3	\$260.4	\$266.4

Debt Service

Debt Service in the Financial Plan

The following table reflects debt service projections for 2005 through 2009 associated with approved Capital Programs, including the recently approved five-year capital program for the 2005–2009 period. The table compares all MTA and TBTA debt service as published in the MTA February 2005 Financial Plan with newly revised estimates for this July 2005 Financial Plan (this comparison excludes State Service Contract and Convention Center debt service which is fully paid by New York State).

Debt Service Forecast (\$ in millions)			
Year	February Plan Debt Service	July Plan Debt Service	Difference Favorable/(Unfavorable)
2005	1,208.1	1,080.2	127.9
2006	1,400.6	1,342.0	58.6
2007	1,525.4	1,467.5	57.9
2008	1,631.2	1,602.8	28.4
2009	<u>1,729.8 *</u>	<u>1,753.7</u>	<u>(23.9)</u>
Total:	\$7,495.1	\$7246.2	\$248.9

* Unpublished estimate.

The favorable variance of \$248.9 million reflected in this July 2005 Plan is due to three key factors:

- (1) Two refunding issues completed this year provide over \$9 million in annual recurring savings. The DTF 2005A Bonds totaling \$350 million advance refunded previously issued higher coupon debt generating savings of approximately \$2 million per year. The TBTA 2005B Bonds totaling \$800 million advance refunded previously issued higher coupon debt and generated savings of over \$7 million per year. Savings in 2005 are \$7.8 million and increase to \$9.3 million in 2006, growing to \$9.6 million in 2009.
- (2) Forecasted debt service is lower as a result of current interest rate assumptions for long term fixed-rate debt which continue to be lower-than-expected, and,
- (3) Capital Program cash flow assumptions have been updated to reflect a slower pace of capital spending.

In 2005 other monies available to pay debt service further reduced the cash deposits needed for debt service. These other monies are from two sources:

- (1) TBTA's over-funding of its debt service accounts in 2004 (TBTA fully funded its cash deposits to bond trustees on variable rate debt at the projected rate of 4%

instead of at the actual rate, which action has been corrected in 2005) of approximately \$23 million, and

- (2) Unspent cost of issuance funds (the difference between the estimates of costs of issuance made at the time of issuance of the individual series of bonds and actual expenditures) since MTA's 2002 Debt Restructuring totaling approximately \$25 million.

The following is a summary of the key assumptions used to determine the debt service projections included in the financial plan.

Debt Issuance Assumptions:

Forecasted Borrowing Schedule	2005	2006	2007	2008	2009
New Money Bonds *(\$ in millions)	666	2,005	2,014	2,179	1,903
Assumed Fixed-Rates					
Transportation Revenue Bonds	4.59%	4.71%	4.80%	4.88%	4.95%
Dedicated Tax Fund Bonds	4.40%	4.51%	4.60%	4.68%	4.75%
Triborough Bridge & Tunnel Authority	4.40%	4.51%	4.60%	4.68%	4.75%
Assumed Variable Rates	4.00%	4.00%	4.00%	4.00%	4.00%
Weighted Average Interest Rates **					
Transportation Revenue Bonds	4.44%	4.53%	4.60%	4.66%	4.72%
Dedicated Tax Fund Bonds	4.30%	4.39%	4.45%	4.51%	4.56%
Triborough Bridge & Tunnel Authority	4.30%	4.39%	4.45%	4.51%	4.56%

* Forecasted borrowing for remainder of 2005. MTA issuance to date in 2005 is \$1.4 billion in bonds for Transit and Commuter projects, and \$150 million for Bridge & Tunnel projects. .

** Weighted Average of fixed and variable forecasted rates (see below for explanation)

- All debt is assumed to be issued as 30-year level debt, principal amortized over the life of the bonds.
- 2005 fixed-rate estimates derived from prevailing Fair Market Yield Curves for A- and AA- Transportation issuers using Bloomberg Information Service. Financial Plan years 2006 – 2009 derived by applying changes in U.S. Municipal Forward Curves to prevailing transportation curves.
- Split of fixed-rate debt versus variable rate debt each year is 75% / 25%.
- New bond issues calculated interest rate at time of issuance use weighted average of fixed and variable assumptions (actual fixed-rates in table above assumed for fixed-rate bonds).
- Cost of issuance is 2% of gross bonding amount.

- New money bonds for currently approved transit and commuter projects assumed issued 25% under the DTF credit and 75% under the Transportation credit.
- All bonds issued to finance TBTA capital projects issued under the TBTA General Revenue Resolution.
- No reserve funds.

2005 Debt Service is updated to reflect actual deposits to debt service accounts from January through May.

Bond proceeds as a funding source in the next capital program, the 2005-2009 Capital Programs, are equal to \$9.3 billion. The \$9.3 billion is expected to be financed as follows: \$3.0 billion under the Transportation credit, \$1.2 billion under the TBTA credits for TBTA's own purposes, and \$5.1 billion supported by additional taxes and fees as authorized by the 2005-2006 New York State budget. For further capital program details see "2005-2009 Capital Program" approved by the MTA Board on April 28, 2005.

Metropolitan Transportation Authority
Summary of Total Debt Service (\$ in millions)
2005 to 2009

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<u>New York City Transit:</u>					
Budgeted Gross Debt Service for Existing Transportation Revenue Bonds	236.691	299.438	298.755	298.611	298.772
Debt Service on Additional Transportation Revenue Bonds Supporting Approved Capital Programs	7.277	49.122	122.013	199.137	270.892
2 Broadway Certificates of Participation - NYCT Lease Portion	22.963	17.516	17.518	19.221	19.226
2 Broadway Certificates of Participation - Additional NYCT Share of MTA Lease Portion	2.453	1.759	1.759	1.931	1.931
Transportation Resolution Commercial Paper	12.575	20.503	20.503	20.503	34.192
Budgeted Gross Debt Service for Existing Dedicated Tax Fund Bonds	164.456	174.064	173.995	174.089	174.232
Debt Service on Additional Dedicated Tax Fund Bonds Supporting Approved Capital Programs	<u>0.101</u>	<u>10.853</u>	<u>32.376</u>	<u>52.689</u>	<u>68.637</u>
<i>Sub-Total MTA Paid Debt Service</i>	446.515	573.254	666.919	766.180	867.883
 Budgeted Gross Debt Service for Existing TBTA (B&T) General Revenue Bonds	 131.708	 143.336	 143.621	 143.548	 143.581
Budgeted Gross Debt Service for Existing TBTA (B&T) Subordinate Revenue Bonds	<u>77.606</u>	<u>85.720</u>	<u>85.658</u>	<u>85.751</u>	<u>85.695</u>
<i>Sub-Total B&T Paid Debt Service</i>	209.314	229.056	229.279	229.299	229.276
Total NYCT Debt Service	655.829	802.310	896.198	995.479	1,097.159
<u>Commuter Railroads:</u>					
Budgeted Gross Debt Service for Existing Transportation Revenue Bonds	162.652	222.215	221.708	221.600	221.720
Debt Service on Additional Transportation Revenue Bonds Supporting Approved Capital Programs	12.526	36.168	53.846	71.570	95.207
Transportation Resolution Commercial Paper	6.840	9.809	9.809	9.809	16.359
Budgeted Gross Debt Service for Existing Dedicated Tax Fund Bonds	32.071	33.602	33.588	33.607	33.634
Debt Service on Additional Dedicated Tax Fund Bonds Supporting Approved Capital Programs	<u>0.233</u>	<u>1.117</u>	<u>3.087</u>	<u>6.598</u>	<u>11.072</u>
<i>Sub-Total MTA Paid Debt Service</i>	214.322	302.910	322.039	343.185	377.993
 Budgeted Gross Debt Service for Existing TBTA (B&T) General Revenue Bonds	 58.952	 64.157	 64.285	 64.252	 64.267
Budgeted Gross Debt Service for Existing TBTA (B&T) Subordinate Revenue Bonds	<u>34.097</u>	<u>37.662</u>	<u>37.634</u>	<u>37.675</u>	<u>37.651</u>
<i>Sub-Total B&T Paid Debt Service</i>	93.049	101.819	101.919	101.927	101.917
Total Commuter Railroad Debt Service	307.370	404.729	423.957	445.112	479.910
<u>Bridges and Tunnels:</u>					
Budgeted Gross Debt Service for Existing TBTA (B&T) General Revenue Bonds	77.317	87.952	88.127	88.083	88.103
Budgeted Gross Debt Service for Existing TBTA (B&T) Subordinate Revenue Bonds	30.656	33.861	33.836	33.873	33.851
Debt Service on Additional TBTA (B&T) General Revenue Bonds Supporting Approved Capital Programs	0.578	6.940	19.197	33.381	47.873
2 Broadway Certificates of Participation - TBTA Lease Portion	3.417	2.626	2.626	2.882	2.883
2 Broadway Certificates of Participation - Additional TBTA Share of MTA Lease Portion	5.014	3.595	3.595	3.945	3.946
Total Bridges and Tunnels Debt Service	116.981	134.974	147.382	162.163	176.656
<u>MTA Wide Total</u>					
Budgeted Gross Debt Service for Existing Bonds	1,006.204	1,182.006	1,181.207	1,181.089	1,181.506
2 Broadway Certificates of Participation	33.847	25.496	25.500	27.979	27.986
Transportation Resolution Commercial Paper	19.415	30.312	30.312	30.312	50.551
Debt Service on Additional Transportation Revenue Bonds Supporting Approved Capital Programs	19.803	85.290	175.859	270.707	366.099
Debt Service on Additional Dedicated Tax Fund Bonds Supporting Approved Capital Programs	0.334	11.970	35.463	59.287	79.709
Debt Service on Additional TBTA (B&T) General Revenue Bonds Supporting Approved Capital Programs	0.578	6.940	19.197	33.381	47.873
Total MTA Wide Debt Service	1,080.180	1,342.013	1,467.538	1,602.754	1,753.725

Debt Service Affordability Statement

MTA 2005 - 2009 Financial Plan

Debt Service Affordability Statement

\$ in millions

Forecasted Debt Service and Borrowing Schedule		Notes	2005	2006	2007	2008	2009
		1, 2, 3					
Combined MTA/TBTA Forecasted Debt Service Schedule		4	1,046.3	1,316.5	1,442.0	1,574.8	1,725.7
Forecasted New Money Bonds Issued		5	680.0	2,046.3	2,055.5	2,223.4	1,942.0
Forecasted Debt Service by Credit		Notes	2005	2006	2007	2008	2009
Transportation Revenue Bonds		7					
Pledged Revenues		11, 12	\$ 7,147.5	\$ 7,001.9	\$ 7,127.3	\$ 7,151.3	\$ 7,198.7
Debt Service			438.6	637.3	726.6	821.2	937.1
Debt Service as a % of Pledged Revenues			6%	9%	10%	11%	13%
Dedicated Tax Fund Bonds		8					
Pledged Revenues		12	\$ 541.6	\$ 633.9	\$ 626.4	\$ 629.4	\$ 632.2
Debt Service			196.9	219.6	243.0	267.0	287.6
Debt Service as a % of Pledged Revenues			36%	35%	39%	42%	45%
Triborough Bridge and Tunnel Authority General Revenue Bonds		9					
Pledged Revenues		12	\$ 898.4	\$ 904.5	\$ 899.6	\$ 898.2	\$ 886.3
Debt Service			268.6	302.4	315.2	329.3	343.8
Debt Service as a % of Total Pledged Revenues			30%	33%	35%	37%	39%
Triborough Bridge and Tunnel Authority Subordinate Revenue Bonds		10					
Pledged Revenues		12	\$ 629.9	\$ 602.1	\$ 584.3	\$ 569.0	\$ 542.5
Debt Service			142.4	157.2	157.1	157.3	157.2
Debt Service as a % of Total Pledged Revenues			23%	26%	27%	28%	29%
Cumulative Debt Service (Excluding State Service Contract Bonds)		Notes	2005	2006	2007	2008	2009
Total Debt Service			\$ 1,046.3	\$ 1,316.5	\$ 1,442.0	\$ 1,574.8	\$ 1,725.7
Operating Revenues and Subsidies			8,572.2	8,460.8	8,624.5	8,755.0	8,846.8
Total Debt Service as a % of Operating Revenues and Subsidies			12%	16%	17%	18%	20%
Fare and Toll Revenues			4,830.3	4,938.3	4,989.6	5,036.1	5,055.3
Total Debt Service as a % of Fare and Toll Revenue			22%	27%	29%	31%	34%
Non-reimbursable expenses			8,704.5	9,202.9	9,592.6	10,012.1	10,440.0
Total Debt Service as % of Non-reimbursable expenses			12%	14%	15%	16%	17%

Notes on the following page are an integral part of this statement.

Notes

- 1** Unhedged tax-exempt variable rate debt, excluding Transportation Revenue Commercial Paper Notes, reflect assumed interest rate of 4.00% (2005 estimates based on actuals for first five months).
- 2** Unhedged taxable variable rate debt assumed interest rate of 4.50% (2005 estimates based on actuals for first five months).
- 3** Synthetic fixed-rate debt assumed at swap rate.
- 4** Total debt service excludes COPS lease payments, and includes debt service prepayments made in 2005.
- 5** New money bonds amortized as 30-year level debt. Assumes an increase in the MTA/TBTA bond cap by the State Legislature in conjunction with the 2005-09 Capital Program. New debt issued assumed 75% fixed-rate and 25% variable rate.
- 6** Transportation Revenue Bonds pledged revenues consist generally of the following: fares and other miscellaneous revenues from the transit and commuter systems, including advertising, rental income and certain concession revenues (not including Grand Central Terminal and Penn Station); revenues from the distribution to the transit and commuter system of TBTA surplus; State and local general operating subsidies; special tax-supported operating subsidies after the payment of debt service on the MTA Dedicated Tax Fund Bonds; New York City urban tax for transit; station maintenance and service reimbursements; and revenues from the investment of capital program funds. Pledged revenues secure Transportation Revenue Bonds before the payment of operating and maintenance expenses.
- 7** Dedicated Tax Fund pledged revenues consist generally of the following: petroleum business tax, motor fuel tax and motor vehicle fees deposited into the Dedicated Mass Transportation Trust Fund for the benefit of the MTA; and the petroleum business tax, district sales tax, franchise taxes and temporary franchise surcharges deposited into the Metropolitan Mass Transportation Operating Assistance Account for the benefit of the MTA. Assumes the continuation by the State Legislature of the temporary franchise surcharges that expire beginning in 2004.
- 8** Triborough Bridge and Tunnel Authority General Revenue Bond pledged revenues consist primarily of the tolls charged by TBTA on its seven bridges and two tunnels. Pledged revenues secure TBTA General Revenue Bonds after the payment of TBTA operating and maintenance expenses, including certain reserves.
- 9** Triborough Bridge and Tunnel Authority Subordinate Revenue Bonds pledged revenues consist primarily of the tolls charged by TBTA on its seven bridges and two tunnels, after the payment of debt service on the TBTA General Revenue Bonds.
- 10** Transportation Revenue debt service includes effect of deferred gain from debt restructuring and prepayments of debt service in 2005
- 11** Debt service schedules for each credit are attached as addendum hereto.

Special Notes

- 1** Debt service estimates reflect a Financial Plan assumption of \$9.3 billion of bonds as a funding source for the 2005-2009 Capital Programs. \$3 billion of bonding for Transit and Commuter projects is expected under the existing Transportation Revenue credit, \$1.2 billion for Bridge & Tunnel Projects will be done under the TBTA credits, and the remaining \$5.1 billion will be associated with new augmented fees and taxes authorized in the New York State budget.
- 2** Pledged revenues as discussed in above notes 7, 9, and 10 do not include proposed 2006 PEGs or 2007 fare/toll increase.

REVISED 7/27/05

Metropolitan Transportation Authority (including Triborough Bridge and Tunnel Authority)
Total Budgeted Annual Debt Service
All Issuance to July 2005 (\$ in millions)

Fiscal Year	Transportation Revenue Resolution			Dedicated Tax Fund Resolution			TBTA General Revenue Resolution			TBTA Subordinate Resolution			MTA and TBTA Debt Service		
	Additional		Combined	Additional		Combined	Additional		Combined	Additional		Combined	Additional		Combined
	Existing DS	DS		Existing DS	DS		Existing DS	DS		Existing DS	DS		Existing DS	DS	
2005	418.8	19.8	438.6	196.5	0.3	196.9	268.0	0.6	268.6	142.4	-	142.4	1,025.6	20.7	1,046.3
2006	552.0	85.3	637.3	207.7	12.0	219.6	295.4	6.9	302.4	157.2	-	157.2	1,212.3	104.2	1,316.5
2007	550.8	175.9	726.6	207.6	35.5	243.0	296.0	19.2	315.2	157.1	-	157.1	1,211.5	230.5	1,442.0
2008	550.5	270.7	821.2	207.7	59.3	267.0	295.9	33.4	329.3	157.3	-	157.3	1,211.4	363.4	1,574.8
2009	571.0	366.1	937.1	207.9	79.7	287.6	296.0	47.9	343.8	157.2	-	157.2	1,232.1	493.7	1,725.7
2010	570.6	457.8	1,028.5	207.7	97.3	305.0	296.0	60.9	356.9	157.1	-	157.1	1,231.5	616.1	1,847.6
2011	570.9	541.2	1,112.1	207.9	113.0	320.9	294.9	72.9	367.8	157.3	-	157.3	1,231.0	727.1	1,958.1
2012	570.1	600.9	1,170.9	207.7	124.0	331.7	294.8	82.4	377.2	157.7	-	157.7	1,230.2	807.3	2,037.5
2013	571.3	634.2	1,205.5	209.6	130.3	340.0	295.6	88.1	383.7	157.1	-	157.1	1,233.7	852.6	2,086.3
2014	570.8	648.5	1,219.3	207.8	133.0	340.8	294.6	90.8	385.5	157.1	-	157.1	1,230.3	872.4	2,102.6
2015	571.0	652.8	1,223.8	208.1	133.8	341.8	294.7	91.9	386.6	157.4	-	157.4	1,231.2	878.5	2,109.7
2016	570.7	653.6	1,224.3	208.1	134.0	342.1	294.4	92.1	386.4	157.2	-	157.2	1,230.4	879.6	2,110.0
2017	570.6	653.6	1,224.1	208.5	134.0	342.5	294.9	92.1	386.9	160.9	-	160.9	1,234.9	879.6	2,114.5
2018	571.1	653.6	1,224.7	211.3	134.0	345.3	294.6	92.1	386.7	159.7	-	159.7	1,236.7	879.6	2,116.3
2019	572.1	653.6	1,225.7	207.8	134.0	341.8	294.5	92.1	386.5	157.4	-	157.4	1,231.8	879.6	2,111.4
2020	571.1	653.6	1,224.7	210.1	134.0	344.0	294.8	92.1	386.9	157.1	-	157.1	1,233.1	879.6	2,112.8
2021	571.0	653.6	1,224.6	209.5	134.0	343.5	292.0	92.1	384.1	157.6	-	157.6	1,230.1	879.6	2,109.7
2022	569.7	653.6	1,223.3	206.7	134.0	340.6	294.7	92.1	386.7	157.5	-	157.5	1,228.5	879.6	2,108.1
2023	579.2	653.6	1,232.8	209.8	134.0	343.8	290.5	92.1	382.5	157.3	-	157.3	1,236.8	879.6	2,116.4
2024	579.3	653.6	1,232.9	209.7	134.0	343.7	294.6	92.1	386.7	157.7	-	157.7	1,241.4	879.6	2,121.0
2025	578.4	653.6	1,232.0	209.9	134.0	343.8	294.5	92.1	386.6	157.0	-	157.0	1,239.8	879.6	2,119.5
2026	578.5	653.6	1,232.1	209.9	134.0	343.9	293.1	92.1	385.2	157.3	-	157.3	1,238.9	879.6	2,118.6
2027	579.2	653.6	1,232.8	209.8	134.0	343.8	293.0	92.1	385.0	157.4	-	157.4	1,239.4	879.6	2,119.1
2028	579.3	653.6	1,232.8	210.1	134.0	344.1	294.7	92.1	386.8	157.5	-	157.5	1,241.5	879.6	2,121.1
2029	579.3	653.6	1,232.9	210.0	134.0	344.0	292.7	92.1	384.8	157.4	-	157.4	1,239.4	879.6	2,119.0
2030	579.3	653.6	1,232.9	210.0	134.0	343.9	294.7	92.1	386.8	157.4	-	157.4	1,241.4	879.6	2,121.0
2031	576.6	653.6	1,230.2	208.7	134.0	342.7	317.0	92.1	409.1	155.0	-	155.0	1,257.4	879.6	2,137.1
2032	479.9	653.6	1,133.5	190.6	134.0	324.6	235.1	92.1	327.2	122.9	-	122.9	1,028.5	879.6	1,908.1
2033	175.4	653.6	829.0	60.1	134.0	194.1	8.9	92.1	101.0	14.6	-	14.6	259.0	879.6	1,138.6
2034	170.6	653.6	824.2	19.0	134.0	153.0	8.9	92.1	101.0	12.2	-	12.2	210.6	879.6	1,090.3
2035	134.5	633.8	768.3	-	133.6	133.6	7.4	91.5	98.9	-	-	-	141.9	858.9	1,000.9
2036	50.6	568.3	618.8	-	122.0	122.0	-	85.1	85.1	-	-	-	50.6	775.4	826.0
2037	50.6	477.7	528.3	-	98.5	98.5	-	72.9	72.9	-	-	-	50.6	649.1	699.7
2038	50.6	382.9	433.4	-	74.7	74.7	-	58.7	58.7	-	-	-	50.6	516.3	566.8
2039	-	287.5	287.5	-	53.6	53.6	-	44.2	44.2	-	-	-	-	385.3	385.3
2040	-	195.7	195.7	-	36.6	36.6	-	31.2	31.2	-	-	-	-	263.6	263.6
2041	-	112.3	112.3	-	21.0	21.0	-	19.2	19.2	-	-	-	-	152.5	152.5
2042	-	52.7	52.7	-	9.9	9.9	-	9.7	9.7	-	-	-	-	72.3	72.3
2043	-	19.4	19.4	-	3.7	3.7	-	4.0	4.0	-	-	-	-	27.0	27.0
2044	-	5.1	5.1	-	1.0	1.0	-	1.2	1.2	-	-	-	-	7.3	7.3
2045	-	0.8	0.8	-	-	-	-	0.2	0.2	-	-	-	-	1.0	1.0

Notes:

Does not include debt service for State Service Contract Bonds and Convention Center Bonds, which is paid by NY State. Also excludes COPS lease payments.
Includes interest budgeted for Transportation Revenue Commercial Paper and bonds for defeasance in 2009.

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Agency Baseline Assumptions

Agency Baseline Assumptions

The July 2005 Preliminary Budget and Financial Plan updates the February Financial Plan and includes one additional year (2009). The February Plan included, within its baseline, 2005 Program to Eliminate the Gap (PEG) savings of \$140 million in 2005, \$169 million in 2006, \$147 million in 2007 and \$191 million in 2008. The 2009 value of these PEGs are \$189 million. These programs remain in the baseline and are monitored quarterly.

The February Financial Plan also included other below-the-line service-related reductions that were to begin in 2006. Because revenue from real-estate-related taxes continues to be strong, these service reductions will not be required. The 2006 Preliminary Budget replaces the assumed savings from these reductions (\$151 million) with the \$200 million real estate tax reserve established in 2004. The following summarizes net accrual and cash forecasts contained in the July Plan contributing to MTA consolidated annual closing cash balances.

For the July Plan, the Agencies were asked to identify additional savings of \$50 million in 2006 and \$100 million for 2007 and the outer years. The objective of this action was to produce savings that would not only reduce expenses in the short-term, but would also result in long-term improvements to MTA's financial picture. Some of these savings are captured in the baseline through favorable expense re-estimates. The remaining savings are being generated through the 2006 PEG Program and are not part of the baseline; but rather are included below the line as part of MTA gap-closing actions. The details of this program are included in the subsequent section of this report called Gap Closing and Other Actions. The total combined Agency savings included in both the baseline and as gap-closing actions below the line total \$104 million for 2005 and 2006 combined, \$109 million for 2007, \$118 million for 2008 and \$153 million for 2009.

The following table details the major changes in the Agency Baseline Forecasts between the February and July Plans:

AGENCY BASELINE
JULY CHANGES FROM FEBRUARY PLAN

Favorable/(Unfavorable)
(\$ in millions)

	2005	2006	2007	2008	2009
Inflation	(\$7.1)	(\$66.0)	(\$111.4)	(\$143.4)	(\$195.0)
Energy	(7.4)	(7.9)	(9.9)	(11.6)	(13.7)
New Needs/Investments:					
Maintenance	(25.8)	(71.3)	(41.6)	(84.8)	(75.5)
Other	(10.8)	(8.8)	(8.4)	(10.2)	(9.7)
Service and Cleaning Enhancements:					
NYCT Cleaning Initiative	(1.6)	(6.4)	(6.4)	(6.4)	(6.4)
Commuter Rail Service	0.0	(3.0)	(3.0)	(3.0)	(3.0)
Match SI Ferry Service	(0.2)	(0.3)	(0.3)	(0.3)	(0.3)
2005 PEG Program Re-Forecast	(2.6)	(19.8)	(10.9)	(11.5)	(10.7)
Toll/Farebox Revenue	20.3	25.9	27.7	35.0	34.0
Baseline Re-Estimates	5.3	38.9	62.2	55.0	79.8
Net Change to Baseline	(\$29.9)	(\$118.8)	(\$102.1)	(\$181.2)	(\$200.5)

The baseline is increasing in each year from the February Plan as a result of higher forecasted inflation, higher energy costs, new needs for maintenance and other investments, cleaning and service enhancements, and 2005 PEG re-forecasts. These increases are being partially offset by greater revenue (toll, farebox, paratransit urban tax) and baseline cost re-estimates.

The single biggest change in the baseline is the increase that is resulting from higher inflation. Global Insight's inflation forecasts for the MTA region used in the July Plan were adjusted significantly upward from assumptions used in the February Plan. Global Insight projections used in the February Plan (the September 2004 Global Insight forecast) were based on the assumption that energy prices would fall during the fourth quarter of 2004 and throughout 2005. Energy prices, however, continued to rise through the end of 2004 and through the first half of 2005, reaching record levels. The Global Insight projections utilized in this Plan (the April 2005 Global Insight forecast) incorporate this recent trend, with energy prices remaining high for 2005 and then gradually falling during 2006. The change in the energy price assumption has significant implications on inflation forecasts since the cost of manufacturing and delivering goods, as well as the operation of the workplace, are all affected by energy costs.

The July, 2006 Plan uses the following rates for All Urban Consumers (CPI-U): 2.57% in 2006; 2.79% in 2007; 2.94% in 2008; 3.18% in 2009. The rates used in February were: 1.24% in 2006; 1.94% in 2007; 2.09% in 2008; 2.24% in 2009. Due to the compounding effects of the higher rates, this cost increase grows steadily in each year.

Energy rates are expected to increase beyond what was anticipated in the February Plan, which already included a significant provision for electricity and fuel increases.

Changes in inflators and higher fuel prices in 2005 have led to a net increase in fuel prices throughout the Plan; higher costs for Fuel for Buses and Trains will be partially offset by lower Traction and Electric Power costs.

The 2006 Preliminary Budget includes a significant increase in resources to address maintenance needs. NYCT is adding the necessary resources required to improve maintenance and cleaning standards system-wide. In addition, revisions to its Bus Shop Maintenance program will result in additional costs in the out-years. MNR is increasing the number of overhauls for its Genesis Locomotive fleet.

Both the LIRR and MNR are including additional costs to replace concrete ties that are deteriorating well in advance of normal expectations. It has been determined that these ties need to be replaced as soon as possible to prevent future service disruptions; thus work will commence shortly. The tie manufacturer has agreed to fund the cost of the ties, however, negotiations for the reimbursement of labor and other related costs are on-going. The LIRR Forecast includes additional costs of \$7.2 million in 2005, \$15.0 million in 2006 and \$8.0 million in 2007 to fund these additional costs. Likewise, the MNR Forecast includes additional costs of \$5.6 million in 2005 and \$8.4 million in 2006.

The July Forecast is also being impacted by other New Needs/Investments. NYCT has identified additional requirements in its Information Technology (IT) area that are impacting costs by \$3.6 million in 2005 and 2006. NYCT will explore ways to attain IT efficiencies that are expected to begin generating savings in 2007. In addition, MNR's and the LIRR's Forecast includes additional funds for security projects.

The 2006 Preliminary Budget includes funding for cleaning and service enhancements. NYCT has added new cleaning initiatives that will improve track infrastructure and station cleanliness in subways. This is expected to reduce the number of track fires which will have a beneficial impact on safety and service interruptions. On the commuter rail side, both MNR and the LIRR are intending to expand service. MNR will add additional late-night service; while the LIRR will make improvements in service for the AM Peak and early-afternoon service from Penn Station. Both NYCT and SIR will add service in order to match expanded Staten Island Ferry service. The cost of these enhancements will be offset by recurring debt service refunding savings.

Recent developments involving international terrorist attacks are resulting in the need to increase security MTA-wide. A program is being established to provide an enhanced police presence as well as education to improve public awareness. MTA has established a \$10 million fund for this at the corporate level; but these monies have not been allocated to Agencies as of yet. These monies are referenced in the analysis of MRT which is included within the Subsidies portion of this section.

Changes in the forecasted savings of the 2005 PEG Program will result in additional costs in 2005 and each following year. However, there are offsets to mitigate the adverse impact on the MTA Financial Plan. The February Financial Plan contained a \$20 million PEG implementation provision as a contingency for delays or cancellations affecting the 2005 PEG Program. Also, reductions to NYCT's PEG program are being

mitigated in 2005 by lower-than-anticipated costs associated with excess employees; these costs are expected to be approximately \$10 million less than budget.

Primary among the PEG slippages were delays in the implementation of the 100% Off-Peak Bus Guidelines and the “L” line One Person Train Operation (OPTO). The deferral of the Bus Off-Peak Load Guideline until 2006 will increase costs by \$4.5 million in 2005. In addition, increases to off-peak bus headways will be limited to five minutes on all routes in any hour, which will result in additional costs in the out-years. In the case of B&T, the 2005 PEG values are increasing due to a modestly higher value of revenue from E-ZPass account maintenance fees.

In developing the 2006 Preliminary Budget and July Financial Plan, the MTA Agencies were asked to identify additional cost reduction measures above those identified in the 2005 PEG Program. The goal of this reduction program was to achieve \$50 million in savings in 2006 and \$100 million annually thereafter, without negatively impacting customer service or operations. A significant portion of the savings was identified through expense re-estimates captured in the July baseline. These baseline re-estimates, which adjust items contained in the February Plan, total \$44 million in 2005/2006 combined, \$62 million in 2007, \$55 million in 2008, and \$80 million in 2009. In addition, Agencies have proposed savings to be achieved by specific productivity/management improvements or other actions (2006 Agency PEGs), that are captured below the line and described subsequently in this report. These actions total \$60 in 2005/2006 combined, \$46 million in 2007, \$63 million in 2008 and \$73 million in 2009. The baseline re-estimates and specific PEG initiatives achieve the targeted savings without a negative impact on service, operations, safety or security.

NYCT baseline savings include reductions in data center charges, revised credit card fees, lower costs for work shoes and uniforms, lower insurance premiums, and lower costs for telephone service and maintenance.

LIRR baseline savings include reductions in costs for information services and health & welfare as well as lower rates for railroad retirement taxes and insurance. In addition, LIRR will generate savings through a re-estimate of its life cycle maintenance material requirements.

MNR’s baseline includes savings from maintenance efficiencies, advertising reductions, vehicle repairs, and lower operating-capital purchases.

B&T’s baseline includes payroll savings, efficiencies in the E-ZPass tag swap program, health & welfare cost savings, lower credit card fees and lower lease and rental expenses.

MTAHQ baseline savings will result from a more efficient deployment of Police overtime and lower data center expenses.

LI Bus baseline expense reductions come from lower health & welfare costs and additional vacancy savings.

Additional decreases from the February Plan include higher revenue from farebox at NYCT and MNR. They also include higher B&T toll revenue due to less than anticipated traffic loss after the March 2005 fare increase. Paratransit Urban Tax estimates are increasing due to a continuation of the strong real estate market.

Partially offsetting the cost reductions are some unfavorable cost re-estimates. Delays in LIRR Capital Projects are resulting in a \$12.4 million increase in 2005 cash needs. MNR's forecast includes higher subsidies for West-Of-Hudson service which is operated under contract by New Jersey Transit. B&T expenses include an increase in E-ZPass Customer Service Center funding to cover potential start-up and transition costs in the event that a new vendor is selected. The MTAHQ Forecast funds higher costs and retroactive payments for MTA Police stemming from a recent arbitration.

Accrued Baseline Assumptions

The following presents Agency baseline assumptions supporting the Accrued Statement of Operations. Additional detail is available in each Agency section.

2005 Mid-Year Forecast

Overall, MTA's 2005 Mid-Year Baseline Forecast is very close to the Adopted Budget. It projects a Net Operating Deficit Before Subsidies and Debt Service of \$3,464 million, \$11 million (0.3%) worse than the Adopted Budget. Total Operating Revenue of \$5,240 million is \$69 million higher than Budget and Total Operating Expenses of \$8,704 million are \$80 million higher.

The 2005 Mid-Year Forecast includes the impact of 2004 results; however, the impact was negligible as Agency 2004 results were very close to the Final Estimate. As mentioned previously, the Mid-Year Baseline Forecast does not include any of the \$18 million in savings from PEGs in the 2006 program that are starting early.

Revenue

Farebox Revenue is expected to be \$4 million better as higher ridership at MNR is more than offsetting ridership reductions at the LIRR. The table in the Utilization section details changes in ridership by Agency. The deferral of the 2005 PEG adjusting Off-Peak Bus Guidelines until Jan.1, 2006 is expected to increase farebox revenue by \$1.2 million in 2005.

Toll Revenue is expected to be \$14 million better than Budget due to higher traffic volume resulting from lower than expected elasticity from the March 2005 toll increase.

Other Revenue is increasing by \$55 million. Some \$37 million is due to the inclusion of 2 Broadway rental income, the offset of which (2 Broadway expenses) is recorded in operating expenses. The 2005 Budget did not reflect the current accounting of revenues and expenses. NYCT is anticipating an additional \$14 million from higher Paratransit Urban Taxes due to the strong real estate market. MNR will increase \$1.2 million mainly as a result of higher net GCT retail revenue.

Expenses

Payroll expenses are expected to increase \$40 million from the Budget. HQ Payroll costs will be \$15 million higher mainly as a result of the arbitration ruling between MTA and the MTA Police collective bargaining units (\$9 million) and the capturing of Inspector General (IG) costs within various generic expense categories instead of as a lump-sum (\$6 million). NYCT costs will be higher due to leave reserve and rate adjustments as well as delays in the implementation of PEGs relating to Off-Peak Bus Guidelines and OPTO on the L line.

Overtime costs are increasing \$16 million from the Budget. NYCT is \$14 million higher due to vacancy coverage, service disruptions and inclement weather. Overtime at the LIRR is increasing \$8 million due primarily to weather and vacancies. Partially offsetting these overages are reduced overtime costs at B&T (\$2.7 million).

Health & Welfare costs are decreasing \$11 million from the Budget due to lower rates. This decrease in the 2005 base resulted in savings throughout the Plan period.

Overall energy costs are increasing over the Budget. Traction and Propulsion Power is decreasing \$11 million as a result of lower rates; however, Fuel for Buses and Trains is increasing \$24 million due to higher fuel prices.

Costs for Maintenance and Other Operating Contracts are increasing \$26 million from the budget. MTA Headquarters includes a \$36 million reflected increase for the inclusion of 2 Broadway operating expenses as the Budget did not reflect the current accounting of revenues and expenses. This was partially offset by an \$12 million reduction in NYCT expenses relating to non-cash accounting adjustments.

Professional Service Contracts are expected to increase \$13 million from the Budget. MTAHQ costs are \$9 million greater due mainly to the inclusion of operating costs for 2 Broadway and the Mineola Project (revenue offsets are captured elsewhere). In addition, HQ is experiencing higher costs for energy consultants, and West Side Yard legal fees. The LIRR is increasing by \$4 million in this category due to non-cash write-offs.

Other Business Expenses are decreasing primarily as a result of MTAHQ redistributing costs relating to the Inspector General into expense categories that are consistent with the current reporting of monthly and quarterly statements.

2006 Preliminary Budget

MTA's 2006 Preliminary Baseline Budget projects a Net Operating Deficit before Subsidies and Debt Service of \$3,840 million. Total Operating Revenue of \$5,363 million is \$123 million higher than the 2005 Mid-Year Forecast as farebox and toll forecasts include a full year of the 2005 fare/toll increase. When compared with the 2006 Forecast in the February Plan, revenue is \$68 million better due to increased toll revenue from higher vehicular volume and greater Other Revenue from the inclusion of 2 Broadway revenue and higher Paratransit Urban tax receipts.

Total 2006 Operating Expenses of \$9,203 million are \$499 million higher than the 2005 Mid-Year Forecast due to contractual wage increases, inflation, increases in depreciation and increases in maintenance and cleaning requirements. When compared with the 2006 Forecast in the February Plan, expenses are \$201 million higher. MTA-wide, increases for maintenance from the February Plan are estimated at \$71 million. Increases in the projected rate of inflation are increasing costs another \$66 million. Other increases include higher costs for energy, various new needs and the budget change in the treatment of 2 Broadway operating expenses. Offsetting some of these increases are 2006 favorable baseline re-estimates of \$39 million.

2007 – 2009 Forecast

The July Forecast includes increases to the baseline in the out-years mainly as a result of higher inflation and greater maintenance requirements. Higher revenue from tolls and favorable expense re-estimates help to offset these increases. The following pages provide a more detailed description of the assumptions used in formulating the 2006 Preliminary Budget and the forecasts for the years 2007 through 2009.

OTHER OPERATING REVENUE

Other Operating Revenue growth from 2005 through 2009 was influenced by a number of different factors including government reimbursements, fees and contractual and inflationary increases.

NYCT's year-to-year increases are primarily NYC reimbursements that are limited contractually and serve to partially fund the annual growth in Paratransit expenses. LIRR's year-to-year growth is primarily due to contractual and inflationary increases. MNR's 2005 increase reflects higher net retail GCT tenant and miscellaneous event revenues and higher utility revenues due to the delayed withdrawal of all outside buildings from the GCT power grid now scheduled to be completed by January 1, 2006. These increases are offset by the delayed implementation of higher West of Hudson parking fees, which are scheduled to be implemented beginning in 2006. B&T Other Revenues increase in 2005 and 2006 (primarily due to new E-Z Pass account fees), but decline in 2007 and 2008 as a result of completion of the E-ZPass Tag Swap Program and expected reductions in maintenance fees based on new allocation formulas among E-ZPass agencies. Headquarters year-to-year growth is primarily due to contractual and inflationary increases.

The February Plan to July Plan increases in 2005 through 2009 are mostly the result of Headquarters capturing 2 Broadway rent in Other Revenue and NYCT estimating higher Urban Tax yields based upon the strong local real estate market which increased Paratransit revenues.

PAYROLL

Payroll expenses from 2006 through 2009 were influenced by a number of different factors including pattern settlement increases, Global Insight inflation assumptions, deferred salaries & wages, and capital project activity. Pattern settlement increases were assumed for represented personnel (either settled or pending). Regional CPI growth was assumed for 2007 and outer years for non-represented personnel and represented personnel upon contract expiration.

Results of collective bargaining for MTA Agencies are a major driving force on payrolls. As of July 2005, 38 units (61%) representing 50,023 employees (90%) have settled contracts through 2005 and 2006. Most of the remaining 24 units representing 5,254 employees are in negotiations. In general, MTA Agencies reflect pattern bargaining agreement increases of 3.0% in 2005 and 2006.

Overall, Global Insight CPI inflation increases for the MTA Region used in the July Plan have adjusted upward from assumptions used in the February Plan. The July Plan for 2006 uses the following April, 2005 Global Insight All Urban Consumers (CPI-U) rates: 2.57% in 2006, 2.79% in 2007, 2.94% in 2008 and 3.18% in 2009. Global Insight CPI rates used in the February, 2005 Plan were as follows: 1.24% in 2006, 1.94% in 2007, 2.09% in 2008, and 2.24% in 2009.

Payroll Assumptions: 2005 Mid-Year Forecast

MTA consolidated payroll expenses are forecasted to be \$40 million or 1.2% higher than the 2005 February Plan. The bulk of this increase is due to NYCT (\$22 million), MTA HQ (\$15 million), LIRR (\$6 million) and MNR (\$1.0 million), partially offset by a favorable variance at B&T of \$2.5 million.

NYCT's increase is due primarily to a Sick and Vacation Reserve Adjustment of \$12 million, a Train Operator Rate Adjustment of \$5 million, and delayed implementation of PEGs related to OPTO and Bus Guidelines totaling \$6 million. These are partially offset by a favorable \$8 million re-estimate of the cost of carrying excess employees. Non-Reimbursable positions are likewise forecast to exceed the February Plan by 311. Delays in implementation of the "L" line OPTO and Off-Peak Bus Guidelines PEGs account for 219 positions, while ATS/CBTC implementation delays and Cleaning Initiatives in Track Infrastructure and Stations account for another 67 positions.

MTA HQ's increase reflects the MTA Police collective bargaining agreement which resulted from an arbitration ruling between the MTA and the MTA Police.

The LIRR's increase is due primarily to higher-than-planned rates of pay for vacancy coverage, higher Non-Reimbursable maintenance due to Reimbursable project delays, additional training for equipment maintainers, and funding for the Concrete Tie Replacement Program. Non-Reimbursable positions are forecast to be 36 less than the February Plan at year-end.

MNR's slight increase is due primarily to revised rates and re-estimated expenses based on actual results through May.

B&T's decrease is due to higher-than-planned retirements, backfilled with new employees at lower starting salaries.

Payroll Assumptions: 2006 Preliminary Budget

MTA consolidated payroll expenses are forecasted to be \$106 million or 3.1% higher than the 2005 Mid-Year Forecast. The bulk of this increase is made up of NYCT (\$68 million), LIRR (\$14 million), MNR (\$11 million), MTA HQ (\$6 million), B&T (\$4 million) and LIB (\$2 million).

NYCT's increase reflects the Global Insight CPI rate of 2.57%, subway car Scheduled Maintenance System (SMS) revisions, new maintenance requirements, and increased cleaning of stations, track and infrastructure. Non-Reimbursable positions are forecasted to be 11 higher than the Mid-Year Forecast.

Increases at the LIRR and MNR reflect pattern bargaining of 3.0% for represented employees and CPI increases of 2.57% for non-represented employees. Additional increases at the LIRR are primarily due to increased levels of funding for concrete tie replacement and other repairs and maintenance. MNR's increase is primarily due to additional security-based initiatives and increased maintenance.

Non-Reimbursable positions are forecasted to be higher than the Mid-Year forecast at the LIRR and MNR by 145 and 10, respectively.

MTAHQ's increase reflects the full-year impact of the MTA Police labor agreement and a CPI rate of 2.57% for non-represented employees. Non-Reimbursable positions at MTAHQ remain unchanged from the Mid-Year forecast.

Increases at B&T and LIB reflect a CPI rate of 2.57%. B&T's increase also contains contractual step-up increases and increased funding for the repair and maintenance of the centralized access and monitoring control system. Non-Reimbursable positions at B&T are projected to be three positions higher than the Mid-Year forecast, while LIB positions are projected to remain the same.

Payroll Assumptions: 2007 – 2009

MTA Agency payroll expenses in 2007 through 2009 primarily reflect CPI rate increases provided by Global Insight of 2.79% in 2007, 2.94% in 2008 and 3.18% in 2009. Additional increases at NYCT are due primarily to new maintenance and cleaning requirements. At the end of 2009, NYCT is forecasting 93 fewer Non-Reimbursable positions (before PEGs) than 2005.

Additional increases at LIRR are due primarily to a continuation of repair and maintenance initiatives from 2005 and 2006. At the end of 2009, LIRR is forecasting 121 more Non-Reimbursable positions (before PEGs) than 2005.

Additional increases at MNR are due primarily to increased support for security improvements to systems and facilities and additional car cleaning staff. At the end of 2009, MNR is forecasting 173 more Non-Reimbursable positions (before PEGs) than the Mid-Year forecast.

Payroll increases in B&T, LIB, HQ and SIR primarily reflect CPI-U adjustments provided by Global Insight, with B&T reflecting additional increases for contractual step-ups.

OVERTIME

The July, 2006 Plan uses the following April, 2005 Global Insight All Urban Consumers (CPI-U) rates: 2.57% in 2006, 2.79% in 2007, 2.94% in 2008 and 3.18% in 2009. Global Insight CPI rates used in the February, 2005 Plan were as follows: 1.24% in 2006, 1.94% in 2007, 2.09% in 2008, and 2.24% in 2009.

Overtime Assumptions: 2005 Mid-Year Forecast

MTA consolidated overtime expenses are forecasted to be \$16 million or 4.9% higher than the 2005 February Plan. The bulk of this increase is due to NYCT (\$14 million) and LIRR (\$8 million), partially offset by favorable variances at B&T (\$2.7 million), MTA HQ (\$2.4 million), and MNR (\$0.7 million).

NYCT's increase is due primarily to overtime requirements for vacancy coverage, responses to service disruptions, and inclement weather. LIRR's unfavorable variance is due primarily to increased overtime requirements for vacancy and absentee coverage, inclement weather and concrete tie replacement, partially offset by lower-than-planned maintenance due to fleet reliability.

B&T's decrease is due primarily to lower-than-planned overtime for Bridge and Tunnel Officers.

MTAHQ's decrease is due primarily to increased MTA Police Management efforts to better utilize staffing and reduce overtime.

Overtime Assumptions: 2006 Preliminary Budget

MTA consolidated overtime expenses are forecasted to be \$4 million or 1.1% less than the 2005 Mid-Year Forecast. The bulk of this favorable variance is due to a large decrease at NYCT (\$7 million), partially offset by increases at MNR (\$1.7 million), MTAHQ (\$.7 million) and B&T (\$.4 million).

NYCT's decrease reflects the Global Insight CPI rate of 2.57% and higher 2005 requirements caused by vacancy coverage, service disruptions, and adverse winter weather not anticipated to recur in 2006.

MNR's increase reflects pattern bargaining of 3.0% for represented employees and CPI increases of 2.57% for non-represented employees. Additional increases are due to emergency preparedness training.

MTAHQ's increase over the 2005 Mid-Year Forecast reflects the full-year impact of the MTA Police collective bargaining agreement.

LIRR's increase reflects pattern bargaining of 3.0% for represented employees and CPI increases of 2.57% for non-represented employees. Additional increases reflect changes in Capital Program activity, partially offset by a decrease in weather-related overtime.

Smaller increases at other Agencies reflect CPI related adjustments.

Overtime Assumptions: 2007 – 2009

MTA Agency overtime expenses in 2007 through 2009 primarily reflect CPI rate increases provided by Global Insight of 2.79% in 2007, 2.94% in 2008 and 3.18% in 2009. Additional increases at MNR are due primarily to additional on-board coverage requirements related to increased service levels and emergency preparedness training.

HEALTH & WELFARE

The inflators for Health and Welfare are unchanged from the February Plan and are consistent with the New York State Empire Plan's most recent report. An inflator of 9.3% is assumed for years 2006 through 2009. Slightly lower Health & Welfare rates than planned in 2005 result in slightly lower expenses for some Agencies from the February Plan. The inflator of 9.3% is applied to these slightly lower rates, the impact of which is reflected in the July Forecast.

MNR incorporates escalating levels of agreement employee premium contributions in 2005, which continue into years 2006 through 2009. MTA Headquarters incorporates projected increases in Empire Plan costs for employers in 2006. These increases also are being applied in years 2007 through 2009.

PENSIONS

MTA Consolidated Pensions July Financial Plan (\$ in millions)						
	2004 Actual	2005 Mid- Year Forecast	2006	2007	2008	2009
Accrual						
Non-Reimbursable	\$479	\$643	\$736	\$763	\$770	\$774
Reimbursable	19	29	36	40	40	41
Total Accrual	499	672	773	803	810	815
Cash	\$393	\$489	\$729	\$788	\$799	\$807

The July Plan changes only modestly from the February Plan, covering 2005 to 2008, mainly due to no changes in the underlying actuarial assumptions. Changes are primarily due to increases in the NYCERS and MaBSTOA Pension plans with some smaller changes to other plans. The NYCERS and MaBSTOA changes are primarily due to an increase in the number of employees at NYCT.

MTA Consolidated Pensions July Financial Plan vs. February Financial Plan Favorable / (Unfavorable) (\$ in millions)				
	2005	2006	2007	2008
Accrual				
Non-Reimbursable	(\$5)	(\$8)	(\$10)	(\$15)
Reimbursable	0	(2)	(3)	(3)
Total Accrual	(5)	(10)	(13)	(18)
Cash	(\$8)	(\$10)	(\$13)	(\$16)

Accrual Assumptions

The accrued pension expense increase from 2005 to 2006 is \$100 million, of which over \$90 million is in the NYCERS Plan reflecting the continued amortization of the losses in the equities that resulted from the bear market of 2000 to 2002. The NYCERS increase is consistent with the certification by the Chief Actuary of the New York City Pension Plans. The projections in the MTA sponsored Defined Benefit plans reflect the October 2004 valuation prepared by the independent actuarial firm of Milliman, USA. The increase in the MTA Defined Benefit Plan assumes that some 3,400 represented employees from MNR will choose to transfer from the MNR Defined Contribution Plan to the MTA Defined Benefit Plan before 2006.

The increase from 2006 to 2007 is approximately \$30 million, almost all of which is in the NYCERS Plan and continues to reflect the amortization of the losses in the equities. The changes to 2008 and 2009 are very modest in large part because by that time all the NYCERS losses will have been amortized with the balance comprised of small adjustments throughout the other pension plans.

Cash Assumptions

The significant change between cash and accrual in 2005 results from a number of factors. For the NYCERS Plan the accruals recognize liabilities sooner than the required cash payments. For the MaBSTOA, LIRR and MTA Defined Benefit (MNR) pension plans prior year payments reduce the cash needs in 2005. Recently enacted New York State legislation provided for a one-time cash benefit in 2004 by delaying a December payment until January for the NYSLRS plans. For 2006 to 2009 the differences between accrual and cash are far less significant.

ENERGY

MTA agencies receive electric power from the New York Power Authority (NYPA) within New York City and Westchester, from the Long Island Power Authority (LIPA) in Nassau and Suffolk Counties, from Connecticut Light & Power (CL&P) and other utilities in

Connecticut, and from New York State Electric & Gas Corporation (NYSEG) in upstate New York.

Traction and Propulsion

NYCT has reduced its expense for Traction & Propulsion Power by an estimated \$7 million from the February Plan in 2005 as a result of less than anticipated electricity costs. MNR and LIRR have reduced expenses in 2005 since the February Plan by \$2.2 million and \$1.5 million, respectively. For years 2006 through 2009, electricity costs have remained consistent with previous inflator adjustments. In addition to CPI increases, MNR has incorporated the net effect of new car procurements and retirements for years 2005 through 2009 in anticipation of the M-7 and M-8 car procurements. LIRR has calculated its 2005 energy expenses based on actual expenses through March 2005. In addition, LIRR has used historical data, the M-7 delivery schedule, and price inflators to calculate expenses for 2006 through 2009. Agency projections for power reflect current contracts with utilities.

Fuel for Buses and Trains

Fuel prices have risen since the February Plan and there are increased fuel costs for each Agency in 2005: for NYCT, the increase is \$15 million (partly due to the addition of Paratransit fuel in this category); for LIRR, the increase is \$3.1 million; for MNR, the increase is \$3.5 million; for LIB, the increase is \$1.8 million. For years 2006 through 2009, fuel price growth remains consistent with the previous inflation forecast. MNR is also incorporating expenses associated with service enhancements in 2007 and 2008.

INSURANCE

Insurance expenses in the July Plan are somewhat lower than those shown in the February Plan. Actual insurance rates in 2005 have been better than Plan as a result of stable market premiums. The forecast for 2006 and out continues to assume a growth rate in the range of 10% per annum based on an assessment of market conditions made by MTA's Risk Management Department. Since the base year of 2005 is \$6 million lower than in the February Plan, inflated costs in the out-years are expected to be lower as well.

The First Mutual Transportation Assurance Company's (FMTAC) is incorporated into MTA consolidated financials. Increases in Insurance premiums paid by MTA Agencies to FMTAC are necessary in order to maintain the appropriate capital and reserve levels pursuant to the State of New York Insurance guidelines. FMTAC's figures increased from the February Plan by approximately \$1 million per year based on increases in claims expenses and reserve adjustments.

MAINTENANCE AND OTHER OPERATING CONTRACTS

Increases in Maintenance and Other Operating Contracts for all MTA Agencies for 2006 through 2009 are inflated primarily by Global Insight inflation forecasts for the MTA region.

NYCT has included non-cash accounting adjustments in 2005 associated with 2 Broadway rent expenses (reclassified to non-operating interest expense) and the reclassification of “purchased assets” over \$25,000 to the balance sheet. Facility power cost rate assumptions based upon the most recent projections of power rates are also included. SIR expenses reflect projected NYPA annual rate increases for lighting expenses. For 2006 through 2009, increased costs for increased power consumption associated with the new signal system also are included.

LIRR has increased expenses in 2005 due primarily to emergency busing and concrete tie replacement. Concrete tie replacement, the decommissioning of the M-1 fleet and costs associated with the Jamaica Central Control/Air Train Facility are incorporated in 2006. Changes in the concrete tie replacement and the elimination of the M-1 fleet are reflected in 2007 through 2009.

MNR Rail Road has included rising West of Hudson subsidy payments related to contract cost escalations and increases in service for 2006 through 2009. An increase in outlying facility security costs is reflected in 2006 and 2007. A provision for office space renovations is included in 2008.

MTA Headquarters has reflected increases related to the budgeting of 2 Broadway operating expenses consistent with new reporting standards beginning in 2005. These increases are carried out for 2006 through 2009.

B&T has included expenses related to its bridge painting program in 2006. Also included in 2006, the start-up and transition costs for the new E-ZPass Customer Service Center contract. In 2008, a decrease from 2007 is reflected to capture the expected completion of transitioning a new vendor for the E-ZPass Customer Service Center contract.

PROFESSIONAL SERVICE CONTACTS

Increases in Professional Service Contracts for all agencies for 2006 through 2009 are inflated primarily by Global Insight’s Regional CPI-U forecasts.

NYCT expenses are projected to decrease by \$7 million in 2006 from 2005 largely due to the timing of expenses. MTAHQ expenses decrease by \$6 million in 2006 from 2005 as a result of one-time expenses that were required in 2005. The LIRR reflects a favorable change of \$2.6 million in 2006 from 2005, primarily due to an expense write-off in 2005 of Environmental Impact Study (EIS) expenses related to the Port Jefferson Yard project. B&T expenses increased by \$1.2 million from 2005 to 2006 due to a re-estimate of bond insurance fees, legal services, training and planning studies, and CPI-U increases.

Increases from the February Plan are due primarily to the inclusion in MTAHQ of expenses for 2 Broadway that were previously budgeted net of revenue. Additional increases in expenses are also attributed to higher consultant costs and the inclusion of the Mineola Project whose expenses are recovered from the LIRR and show a corresponding increase in MTAHQ’s Expense Recovery (Other Revenue).

MATERIAL & SUPPLIES

All-Agency increases in Material and Supplies for 2006 through 2009 are inflated primarily by Global Insight's Regional CPI-U forecasts.

The LIRR reflects an unfavorable change of \$13 million between 2005 and 2006 primarily due to Maintenance of Equipment material needs associated with changes in the Life-Cycle Maintenance program and an increased fleet. This also accounts for most changes between 2007 and 2009. NYCT non-reimbursable expenses are projected to decrease by \$11 million in 2006 from 2005, mostly due to the timing of subway and bus scheduled maintenance programs. NYCT and SIR increases in years 2007, 2008, and 2009 include inflation increases of 1.69%, 1.20%, and 1.19%, respectively. MTAHQ expense changes between 2005 and 2009 were based on anticipated spending primarily for 2 Broadway and MTA Security projects. B&T expenses increase \$0.2 million in 2006 from 2005 primarily due to a reduction in security surveillance equipment purchases and E-ZPass tag purchases. MNR expenses decrease in 2006 from 2005 primarily due to reductions for the completion of the Event Recorder Retrofit program and software license fees. MNR and B&T increases in years 2007, 2008, and 2009 include inflation increases of 2.06%, 2.31%, and 2.52%, respectively.

Decreases from the February Plan will result from a LIRR re-estimate of its Life-Cycle Maintenance material requirements.

OTHER BUSINESS EXPENSES

Increases in Other Business Expenses in 2005-2009 are inflated primarily by MTA Regional CPI-U forecasts provided by Global Insight.

MTA Long Island Railroad unfavorable expense changes from 2005 to 2006 are in part due to credit/debit authorization fees and non-recurring miscellaneous credits in 2005.

The July Plan reduces expenses compared with the February Plan in 2005 through 2009 mostly reflecting MTAHQ's redistribution of MTA Inspector General costs into expense categories that are consistent with monthly and quarterly statements.

Status of the 2005 PEGs

The 2005 Adopted Budget, as presented in the February Plan, contains \$140.2 million in Agency generated savings called Programs to Eliminate the Gap (PEGs). The MTA has developed a quarterly monitoring and reporting program that is designed to measure and report progress on PEGs with a value of \$1.0M or greater. The attached table summarizes the results of the 1st Quarter, 2005 PEG Monitoring Program.

First Quarter Results

The MTA is monitoring PEGs with an annual value of \$102 million, representing 73% of the total 2005 annual PEG savings of \$140 million. Of the \$102 million in PEGs monitored, 26% of the full-year dollar savings were achieved at the end of the 1st Quarter, and 99% of the total planned savings for the quarter, \$27 million, were achieved.

Results by Agency

NYCT – In 2005, 29 PEGs are being monitored with full-year savings of 799 positions and \$52.1 million. These account for 87.6% of the total PEG position reduction of 912 and 85.4% of the total dollar savings of \$61.1 million. Results for the first quarter show that \$10.0 million or 97.1% of the planned PEG savings of \$10.3 million were realized. Additionally, 19.1% of the planned full-year monitored PEG savings were realized in the first quarter.

LIRR – In 2005, 16 PEGs are being monitored with full-year savings of 86 positions and \$21.5 million. These account for 42.2% of the total PEG position reductions of 204 and 49.3% of the total dollar savings of \$43.6 million. Results for the first quarter show that \$3.7 million or 92.8% of the planned PEG savings of \$4.0 million were realized. Additionally, 17.1% of the planned full-year monitored PEG savings were realized in the first quarter.

MNR – In 2005, eight PEGs are being monitored with full-year savings of 92 positions and \$7.2 million. These account for 76.0% of the total PEG position reduction of 121 and 67.3% of the total dollar savings of \$10.7 million. Results for the first quarter show that \$1.3 million or 100% of the planned PEG savings were realized. Additionally, 17.5% of the planned full-year monitored PEG savings were realized in the first quarter.

MTA HQ – In 2005, three PEGs are being monitored with full-year savings of 5 positions and \$13.2 million. These account for 29.4% of the total PEG position reduction of 17 and 87.8% of the total dollar savings of \$15.0 million. Results for the first quarter show that planned savings of \$11.0 million was exceeded by \$.4 million or 3.4%. Additionally, 86.4% of the planned full-year monitored PEG savings were realized in the first quarter.

B&T – Two PEGs fall within the criteria for quarterly reporting requirements and represent \$7.1 million or 96.3% of the \$7.4 million total PEG program for 2005. Since these PEGs are not scheduled to begin until July, 2005, there were no results to report in the first quarter.

LIB – In 2005, one PEG is being monitored with full-year savings of 9 positions and \$1.0 million. This accounts for 100% of the total PEG position reductions, and 71.5% of the total dollar savings of \$1.4 million. Results for the first quarter show that \$0.3 million or 100% of the planned PEG savings were realized. Additionally, 25.0% of the planned full-year monitored PEG savings were realized in the first quarter.

2005 Mid-Year Forecast

The 2005 Mid-Year Forecast saw changes to a number of PEGs. The effects of these (described below) will be reflected in the 2nd Quarter results of the PEG Monitoring Program.

NYCT – PEG changes will reduce 2005 PEG savings by \$0.1 million.

LIRR – PEG changes will reduce 2005 PEG savings by \$2.9 million.

B&T – PEG changes will increase 2005 PEG savings by \$.7 million.

SIR – PEG changes will reduce 2005 PEG savings by \$.3 million.

Metropolitan Transportation Authority
1st Quarter 2005
Peg Monitoring Summary
(\$ in millions)

							1st Quarter Results				% of 2005 Monitored PEGs Implemented at end of Quarter		
MTA Agencies			2005 PEG Total		2005 PEGs Monitored		2005 PEGs Monitored as % of Total PEGs		"Planned" Savings	"Realized" Savings		Variance Fav/(Unfav)	"Realized" Savings as % of "Planned" Savings
			Pos	(\$)	Pos	(\$)	Pos	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
New York City Transit			912	61.060	799	52.144	87.6%	85.4%	10.259	9.959	(0.300)	97.1%	19.1%
Long Island Rail Road			204	43.607	86	21.494	42.2%	49.3%	3.967	3.683	(0.284)	92.8%	17.1%
Metro North Rail Road			121	10.680	92	7.186	76.0%	67.3%	1.254	1.254	0.000	100.0%	17.5%
MTA Bridges & Tunnels			1	7.380	0	7.105	0.0%	96.3%	0.000	0.000	0.000	0.0%	0.0%
MTA Headquarters			17	15.013	5	13.188	29.4%	87.8%	11.022	11.393	0.371	103.4%	86.4%
Long Island Bus			9	1.399	9	1.000	100.0%	71.5%	0.250	0.250	0.000	100.0%	25.0%
Staten Island Rail			9	1.018	0	0.000	0.0%	0.0%	0.000	0.000	0.000	0.0%	-
MTA CONSOLIDATED			1273	140.156	991	102.117	77.8%	72.9%	26.752	26.539	(0.213)	99.2%	26.0%
PEG Implementation Prov.			(20.000)										
MTA CONSOLIDATED			1273	120.156	991	102.117	77.8%	85.0%	26.752	26.539	(0.213)	99.2%	26.0%

Positions (Headcount)

Positions (Headcount)

2005 Mid-Year Forecast

MTA consolidated baseline positions of 63,791 are 106 higher than the 2005 Adopted Budget. Non-Reimbursable positions are forecast to increase by 244 and Reimbursable positions to decrease by 138. Total positions increase by 302 at NYCT, while positions decrease by 101 at LIRR, 68 at MTACC, 21 at SIR and 6 at MNR.

The 2005 Adopted Budget included within its baseline, headcount reductions associated with the approved 2005 PEG of 1,273 in 2005, 1,595 in 2006, 1,405 in 2007, 1,605 in 2008 and 1,394 in 2009.

NYCT's increase is due to implementation delays related to the "Off-Peak Guidelines" and "L Line OPTO" PEGs which add 164 positions and 55 positions, respectively. Additional increases are due to a service enhancement of 37 positions for cleaning initiatives in Track and Stations, and 30 positions related to delays in implementing ATS/CBTC.

LIRR's decrease is due to Non-Reimbursable position reductions of 36 due primarily to the timing of hires. Reimbursable positions decreased by 65, due primarily to reduced levels of capital project activity.

MTACC's decrease is in Reimbursable positions and reflects delays in the award of major construction contracts.

SIR's decrease of 25 is due to the merger of the SIR Police and MTA Police, and resulting transfer of positions from SIR to MTAHQ.

2006 Preliminary Budget

The MTA consolidated 2006 baseline reflects positions of 64,047, which are 256 higher than the 2005 Mid-Year Forecast. Non-Reimbursable positions increase by 180 and Reimbursable positions increase by 76. Positions decrease by 158 at NYCT, while positions increase by 322 at the LIRR, 68 at MTACC, 13 at MNR, 8 at SIR and 3 at B&T.

NYCT's decrease from the 2005 Mid-Year Forecast is mostly due to a reduction of 169 Reimbursable positions resulting from the completion of a number of capital projects.

LIRR's increase of 145 Non-Reimbursable positions is due to the timing of hires and additional needs for signal maintainer and engineering personnel. Reimbursable positions increase by 177, consistent with anticipated levels of capital funding in 2006.

MTACC's increase assumes major construction contracts that were delayed in 2005 will be awarded in 2006.

Baseline positions are increasing by 472 compared with the February Plan. NYCT and the LIRR accounted for most of this, with increases of 437 positions and 50 positions, respectively. NYCT's baseline increase of 437 positions over the February Plan is due primarily to Cleaning Initiatives in Track and Stations, Increased Traffic Checking to monitor off-peak bus loads, revisions to the Scheduled Maintenance System (SMS), ATS/CBTC Implementation delays and the delay in implementing new Off-Peak Bus Guidelines. LIRR's baseline increase of 50 positions over the February Plan is due primarily to increased hiring for Maintenance and Training staff.

2007-2009

The forecasted position levels didn't fluctuate greatly over the 2007 through 2009 period with a net reduction of 106 positions from the end of 2006 to the end of 2009, primarily because of changes at NYCT and MNR.

Overall, NYCT positions are dropping by 293 positions from the end of 2006 to the end of 2009. Reductions of 133 are due to position increases in 2006 (New Needs or Other Increases) which will not be sustained in 2009. Programs falling into this category include "ATS/CBTC Implementation Delays", "SMS Plan Revisions", "Stop-Circuit Modifications" and "LED Signal Head Conversions". Additional reductions of approximately 150 positions are due to the completion of the "Subway Car Floor Program" and the "Tunnel Lighting Replacement Program".

MNR positions increase by 163 positions from the end of 2006 to the end of 2009. The bulk of this increase is due to planned hiring of security improvement maintainers, coach cleaners, quality control staff, and train crews related to planned increases in train service levels.

When compared with the February Plan, the positions are higher in each of the out-years by 87 in 2007 and 451 in 2008. This is primarily the result of cleaning and maintenance initiatives at NYCT and maintenance and training Initiatives at the LIRR.

METROPOLITAN TRANSPORTATION AUTHORITY
July Financial Plan 2006 - 2009
Total Non-Reimbursable - Reimbursable Positions at End-of-Year
Full-Time Positions and Full Time Equivalents by Function and Agency

FUNCTION	2004 Actuals	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<i>Administration</i>	4,320	4,326	4,360	4,343	4,344	4,337
NYC Transit	2,282	2,236	2,245	2,227	2,227	2,220
Long Island Rail Road	627	620	628	628	628	628
Metro-North Railroad	552	548	534	535	536	536
Bridges & Tunnels	144	148	148	148	148	148
Headquarters	588	635	635	635	635	635
Long Island Bus	84	91	91	91	91	91
Staten Island Railway	30	31	31	31	31	31
Capital Construction Company	13	17	48	48	48	48
<i>Operations</i>	28,505	28,303	27,936	27,883	27,885	27,924
NYC Transit	22,763	22,705	22,312	22,256	22,234	22,227
Long Island Rail Road	2,059	2,029	2,048	2,048	2,048	2,048
Metro-North Railroad	2,018	1,897	1,904	1,907	1,931	1,977
Bridges & Tunnels	820	798	798	798	798	798
Headquarters	0	0	0	0	0	0
Long Island Bus	752	775	775	775	775	775
Staten Island Railway	93	99	99	99	99	99
Capital Construction Company	0	0	0	0	0	0
<i>Maintenance</i>	27,330	27,503	28,060	28,029	28,220	28,027
NYC Transit	19,866	20,052	20,285	20,217	20,364	20,140
Long Island Rail Road	3,534	3,451	3,746	3,751	3,767	3,767
Metro-North Railroad	3,164	3,202	3,220	3,249	3,277	3,308
Bridges & Tunnels	372	386	389	389	389	389
Headquarters	0	0	0	0	0	0
Long Island Bus	245	259	259	259	259	259
Staten Island Railway	149	153	161	164	164	164
Capital Construction Company	0	0	0	0	0	0
<i>Engineering/Capital</i>	1,933	2,060	2,099	2,099	2,099	2,099
NYC Transit	1,495	1,566	1,566	1,566	1,566	1,566
Long Island Rail Road	98	110	110	110	110	110
Metro-North Railroad	109	114	116	116	116	116
Bridges & Tunnels	182	186	186	186	186	186
Headquarters	0	0	0	0	0	0
Long Island Bus	18	19	19	19	19	19
Staten Island Railway	0	0	0	0	0	0
Capital Construction Company	31	65	102	102	102	102
<i>Public Safety</i>	1,589	1,599	1,592	1,556	1,554	1,554
NYC Transit	577	580	573	537	535	535
Long Island Rail Road	0	0	0	0	0	0
Metro-North Railroad	0	0	0	0	0	0
Bridges & Tunnels	293	297	297	297	297	297
Headquarters	691	719	719	719	719	719
Long Island Bus	3	3	3	3	3	3
Staten Island Railway	25	0	0	0	0	0
Capital Construction Company	0	0	0	0	0	0

METROPOLITAN TRANSPORTATION AUTHORITY
July Financial Plan 2006 - 2009
Total Non-Reimbursable - Reimbursable Positions at End-of-Year
Full-Time Positions and Full Time Equivalents by Function and Agency

	2004 Actuals	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
Baseline Total Positions	63,677	63,791	64,047	63,910	64,102	63,941
NYC Transit	46,983	47,139	46,981	46,803	46,926	46,688
Long Island Rail Road	6,318	6,210	6,532	6,537	6,553	6,553
Metro-North Railroad	5,843	5,761	5,774	5,807	5,860	5,937
Bridges & Tunnels	1,811	1,815	1,818	1,818	1,818	1,818
Headquarters	1,279	1,354	1,354	1,354	1,354	1,354
Long Island Bus	1,102	1,147	1,147	1,147	1,147	1,147
Staten Island Railway	297	283	291	294	294	294
Capital Construction Company	44	82	150	150	150	150
 Non-Reimbursable	 56,433	 57,213	 57,393	 57,288	 57,501	 57,431
NYC Transit	40,985	41,889	41,900	41,804	41,943	41,796
Long Island Rail Road	5,589	5,604	5,749	5,704	5,725	5,725
Metro-North Railroad	5,481	5,219	5,229	5,262	5,315	5,392
Bridges & Tunnels	1,766	1,770	1,773	1,773	1,773	1,773
Headquarters	1,232	1,321	1,321	1,321	1,321	1,321
Long Island Bus	1,089	1,133	1,133	1,133	1,133	1,133
Staten Island Railway	291	277	288	291	291	291
Capital Construction Company	0	0	0	0	0	0
 Reimbursable	 7,244	 6,578	 6,654	 6,622	 6,601	 6,510
NYC Transit	5998	5250	5081	4999	4983	4892
Long Island Rail Road	729	606	783	833	828	828
Metro-North Railroad	362	542	545	545	545	545
Bridges & Tunnels	45	45	45	45	45	45
Headquarters	47	33	33	33	33	33
Long Island Bus	13	14	14	14	14	14
Staten Island Railway	6	6	3	3	3	3
Capital Construction Company	44	82	150	150	150	150
 Total Full-Time	 63,303	 63,469	 63,644	 63,540	 63,768	 63,615
NYC Transit	46,721	46,936	46,697	46,552	46,711	46,481
Long Island Rail Road	6,318	6,210	6,532	6,537	6,553	6,553
Metro-North Railroad	5,837	5,756	5,769	5,802	5,855	5,932
Bridges & Tunnels	1,811	1,815	1,818	1,818	1,818	1,818
Headquarters	1,279	1,354	1,354	1,354	1,354	1,354
Long Island Bus	996	1,033	1,033	1,033	1,033	1,033
Staten Island Railway	297	283	291	294	294	294
Capital Construction Company	44	82	150	150	150	150
 Total Full-Time-Equivalents	 374	 322	 403	 370	 334	 326
NYC Transit	262	203	284	251	215	207
Long Island Rail Road	0	0	0	0	0	0
Metro-North Railroad	6	5	5	5	5	5
Bridges & Tunnels	0	0	0	0	0	0
Headquarters	0	0	0	0	0	0
Long Island Bus	106	114	114	114	114	114
Staten Island Railway	0	0	0	0	0	0
Capital Construction Company	0	0	0	0	0	0

IV. Agency Gap Closing Programs

2006 Agency PEGs

The 2006 PEG Program is designed to achieve programmatic administrative and operational efficiencies without adversely impacting customer service, safety and security. In addition, it will produce recurring savings that will address future-year budget gaps and cover Agency spending requirements (discussed in previous section of this report).

The 2006 Program to Eliminate the Gap (PEG) includes savings of \$18 million in 2005, \$42 million in 2006, \$46 million in 2007, \$63 million in 2008 and \$73 million in 2009. Projected headcount reductions associated with these PEGs are one in 2005, 144 in 2006, 312 in 2007, 480 in 2008 and 493 in 2009. As mentioned earlier, these PEGs are in addition to the 2005 Peg program approved by the MTA Board in December of 2004 and included in the February 2005 Baseline.

Agencies were encouraged to start savings as soon as possible; therefore, some programs have begun in 2005 with savings of \$18 million. The LIRR is expected to generate approximately \$12 million per year starting in 2005 through the renegotiation of fees for the use of its right of way for power lines. NYCT will achieve approximately \$4.5 million in savings annually starting in 2005 as a result of management actions to achieve health & welfare savings.

NYCT's total PEG program is expected to save \$19.5 million in 2006, and when fully implemented in 2009, the Program will result in cost savings of \$43.7 million and a reduction of 432 positions. Administrative efficiencies of \$10.1 million and 23 position reductions carry through the plan period and include savings in new car acceptance support, human resources and circuit design staff. Various maintenance efficiencies will save another \$5.5 million annually. In 2007 and 2008, the NYCT PEG program will grow substantially. One Person Train Operations (OPTO) is scheduled to begin on the J line in the Fall of 2007, on the #7 line in December of 2007, on the M line (weekdays) in the Spring of 2008 and on the N line in the Fall of 2008.

The LIRR PEG program will achieve \$18 million in 2006 and annual savings approximating \$16 million, thereafter. The LIRR has three PEGs that will increase non-farebox revenue: additional parking fees at facilities under its control; placing the Babylon train station parking facility under the control of the Village of Babylon; and, additional revenue from lease fees for the use of its right-of-way that may generate as much as \$12 million per year. The additional parking fees are projected to generate an additional \$0.5 million in 2006, followed by \$1.0 million in subsequent years. The transfer of control of the Babylon station is expected to generate an additional \$0.1 million per year beginning in 2006.

Train crew staffing efficiencies brought about by significant reductions in the percentage of tickets sold on-board will result in a reduction of 14 positions. This will allow the LIRR the opportunity to redeploy those forces to support the additional proposed service in 2006.

MNR's PEG program will yield savings of \$1.4 million in 2006, and when fully implemented in 2009, will result in cost savings of \$6.5 million. MNR is proposing to purchase an additional 36 ticket vending machines which will be placed at strategic locations. The expansion of the TVM network is expected to reduce the need for on-board ticket sales, reducing the incidence of customer travel without a fare being collected. It is expected farebox revenue will increase by \$1.6 million in 2006, \$3.2 million in 2007, \$4.8 million in 2008, and \$6.0 million in 2009. Ridership levels are not expected to change as a result of this PEG. The additional TVMs will require additional support staff and maintenance contracts, which will be offset by a reduction in ticket agents. The net financial impact of this initiative is \$1.3 million in 2006, growing to \$5.3 million in 2009.

MNR has recently begun a process review that is expected to yield productivity savings by targeting various functions across departmental lines. This action is expected to achieve savings of \$250,000 in 2007, \$0.5 million in 2008 and \$1 million in 2009.

The B&T PEG program is comprised of administrative efficiencies in payroll, revenue management and accounts payable that will result in the reduction of five positions. This PEG will yield savings of \$0.3 million in 2006, and \$0.4 million in years 2007 and beyond.

MTAHQ is expected to achieve administrative savings of \$2.3 million in 2006 that will grow to \$4.3 million in 2009. Headcount reductions in Financial Management/Budget, General Counsel, and Policy in will result in seven fewer positions and annual savings approximating \$0.8 million. MTAHQ is also proposing to lower operating costs by achieving efficiencies in professional services, temporary services, office equipment, materials & supplies, and other non-personnel services areas. These actions will yield savings of approximately \$2 million annually. Overtime efficiencies in the Police Department will save roughly \$1 million each year.

SIR PEG savings of \$0.4 million in 2006 will grow to \$2.8 million in 2009. Maintenance efficiencies will yield \$0.1 million in 2006 and \$0.4 million annually thereafter. Operational efficiencies will be achieved with the commissioning of the new SIR Control Center, which will eliminate five positions and ultimately save almost \$0.4 million annually. The implementation of OPTO in 2008 will result in a reduction of 26 positions and savings approximating \$2 million per year.

2006 Agency PEGs - Positions

The 2006 Agency PEGs include headcount reductions of one in 2005, 155 in 2006, 323 in 2007, 491 in 2008 and 504 in 2009.

Agency PEGs are expected to result in position reductions at the end of 2009 of 443 at NYCT, 37 at SIR, 14 at LIRR, 7 at MTAHQ and 5 at B&T.

METROPOLITAN TRANSPORTATION AUTHORITY
July Financial Plan 2006 - 2009
Total Non-Reimbursable - Reimbursable Positions at End-of-Year
Full-Time Positions and Full Time Equivalents by Function and Agency

	2004 Actuals	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
Impact of:						
PEG Program	0	1	(155)	(323)	(491)	(504)
NYC Transit	0	4	(129)	(288)	(443)	(443)
Long Island Rail Road	0	0	(14)	(14)	(14)	(14)
Metro-North Railroad	0	2	2	2	2	2
Bridges & Tunnels	0	0	(3)	(5)	(5)	(5)
Headquarters	0	(3)	(4)	(7)	(7)	(7)
Long Island Bus	0	0	0	0	0	0
Staten Island Railway	0	(2)	(7)	(11)	(24)	(37)
Capital Construction Company	0	0	0	0	0	0
 Total Positions	 63,677	 63,792	 63,892	 63,587	 63,611	 63,437
NYC Transit	46,983	47,143	46,852	46,515	46,483	46,245
Long Island Rail Road	6,318	6,210	6,518	6,523	6,539	6,539
Metro-North Railroad	5,843	5,763	5,776	5,809	5,862	5,939
Bridges & Tunnels	1,811	1,815	1,815	1,813	1,813	1,813
Headquarters	1,279	1,351	1,350	1,347	1,347	1,347
Long Island Bus	1,102	1,147	1,147	1,147	1,147	1,147
Staten Island Railway	297	281	284	283	270	257
Capital Construction Company	44	82	150	150	150	150
 Non-Reimbursable	 56,433	 57,214	 57,238	 56,965	 57,010	 56,927
NYC Transit	40,985	41,893	41,771	41,516	41,500	41,353
Long Island Rail Road	5,589	5,604	5,735	5,690	5,711	5,711
Metro-North Railroad	5,481	5,221	5,231	5,264	5,317	5,394
Bridges & Tunnels	1,766	1,770	1,770	1,768	1,768	1,768
Headquarters	1,232	1,318	1,317	1,314	1,314	1,314
Long Island Bus	1,089	1,133	1,133	1,133	1,133	1,133
Staten Island Railway	291	275	281	280	267	254
Capital Construction Company	0	0	0	0	0	0
 Reimbursable	 7,244	 6,578	 6,654	 6,622	 6,601	 6,510
NYC Transit	5,998	5,250	5,081	4,999	4,983	4,892
Long Island Rail Road	729	606	783	833	828	828
Metro-North Railroad	362	542	545	545	545	545
Bridges & Tunnels	45	45	45	45	45	45
Headquarters	47	33	33	33	33	33
Long Island Bus	13	14	14	14	14	14
Staten Island Railway	6	6	3	3	3	3
Capital Construction Company	44	82	150	150	150	150
 Total Full-Time	 63,303	 63,470	 63,500	 63,228	 63,288	 63,122
NYC Transit	46,721	46,940	46,579	46,275	46,279	46,049
Long Island Rail Road	6,318	6,210	6,518	6,523	6,539	6,539
Metro-North Railroad	5,837	5,758	5,771	5,804	5,857	5,934
Bridges & Tunnels	1,811	1,815	1,815	1,813	1,813	1,813
Headquarters	1,279	1,351	1,350	1,347	1,347	1,347
Long Island Bus	996	1,033	1,033	1,033	1,033	1,033
Staten Island Railway	297	281	284	283	270	257
Capital Construction Company	44	82	150	150	150	150
 Total Full-Time-Equivalents	 374	 322	 392	 359	 323	 315
NYC Transit	262	203	273	240	204	196
Long Island Rail Road	0	0	0	0	0	0
Metro-North Railroad	6	5	5	5	5	5
Bridges & Tunnels	0	0	0	0	0	0
Headquarters	0	0	0	0	0	0
Long Island Bus	106	114	114	114	114	114
Staten Island Railway	0	0	0	0	0	0
Capital Construction Company	0	0	0	0	0	0

METROPOLITAN TRANSPORTATION AUTHORITY
July Financial Plan 2006-2009
Summary Agency Programs to Eliminate the Gap (PEGs)
(\$ in millions)

	2005		2006		2007		2008		2009	
	Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars
MTA-Wide										
NYC Transit	(4)	\$5.307	118	\$19.517	277	\$22.637	432	\$36.048	432	\$43.697
Long Island Rail Road	0	12.000	14	18.013	14	15.580	14	15.653	14	15.733
Metro-North Railroad	0	0.093	(2)	1.370	(2)	3.036	(2)	4.867	(2)	6.484
Bridges & Tunnels	0	0.000	3	0.269	5	0.396	5	0.396	5	0.396
MTA Headquarters	3	0.655	4	2.260	7	3.893	7	3.990	7	4.126
Long Island Bus	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
Staten Island Railway	2	0.035	7	0.384	11	0.734	24	1.737	37	2.815
Capital Construction Company	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
Total MTA-Wide By Category	1	\$18.090	144	\$41.812	312	\$46.276	480	\$62.692	493	\$73.251
MTA-Wide by Category										
Administration:	(1)	\$5.462	30	\$12.651	35	\$14.799	36	\$15.231	36	\$15.869
Customer Convenience & Amenities:	0	0.093	13	3.779	13	5.155	13	6.804	13	7.996
Service:	0	0.000	22	3.245	181	5.975	335	19.304	335	26.953
Maintenance:	0	0.500	61	8.755	65	6.002	65	6.020	65	6.037
Revenue Enhancements:	0	12.000	0	12.604	0	13.104	0	13.104	0	13.104
Other :	2	0.035	18	0.779	18	1.241	31	2.228	44	3.292
Total MTA-Wide by Category	1	\$18.090	144	\$41.812	312	\$46.276	480	\$62.692	493	\$73.251

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

METROPOLITAN TRANSPORTATION AUTHORITY
July Financial Plan 2006-2009
Summary Agency Programs to Eliminate the Gap (PEGs)
(\$ in millions)

	2005		2006		2007		2008		2009	
	Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars
LIST of AGENCY PROGRAMS										
Administration:										
NYC Transit	(4)	\$4.807	23	\$10.122	23	\$10.156	24	\$10.238	24	\$10.238
Long Island Rail Road	0	\$.000	0	\$.000	0	\$.000	0	\$.000	0	\$.000
Metro-North Railroad	0	\$.000	0	\$.000	0	\$.354	0	\$.607	0	\$1.109
Bridges & Tunnels	0	\$.000	3	\$.269	5	\$.396	5	\$.396	5	\$.396
MTA Headquarters	3	\$.655	4	\$2.260	7	\$3.893	7	\$3.990	7	\$4.126
Long Island Bus	0	\$.000	0	\$.000	0	\$.000	0	\$.000	0	\$.000
Staten Island Railway	0	\$.000	0	\$.000	0	\$.000	0	\$.000	0	\$.000
Capital Construction Company	0	\$.000	0	\$.000	0	\$.000	0	\$.000	0	\$.000
Sub-Total Administration	(1)	\$5.462	30	\$12.651	35	\$14.799	36	\$15.231	36	\$15.869
Customer Convenience & Amenities:										
NYC Transit	0	\$.000	2	\$.117	2	\$.117	2	\$.117	2	\$.117
Long Island Rail Road	0	\$.000	14	\$2.409	14	\$2.476	14	\$2.549	14	\$2.629
Metro-North Railroad	0	\$.093	(3)	\$1.253	(3)	\$2.562	(3)	\$4.138	(3)	\$5.250
Bridges & Tunnels	0	\$.000	0	\$.000	0	\$.000	0	\$.000	0	\$.000
MTA Headquarters	0	\$.000	0	\$.000	0	\$.000	0	\$.000	0	\$.000
Long Island Bus	0	\$.000	0	\$.000	0	\$.000	0	\$.000	0	\$.000
Staten Island Railway	0	\$.000	0	\$.000	0	\$.000	0	\$.000	0	\$.000
Capital Construction Company	0	\$.000	0	\$.000	0	\$.000	0	\$.000	0	\$.000
Sub-Total Customer Convenience & Amenities	0	\$.093	13	\$3.779	13	\$5.155	13	\$6.804	13	\$7.996
Service:										
NYC Transit	0	\$.000	22	\$3.245	181	\$5.975	335	\$19.304	335	\$26.953
Long Island Rail Road	0	\$.000	0	\$.000	0	\$.000	0	\$.000	0	\$.000
Metro-North Railroad	0	\$.000	0	\$.000	0	\$.000	0	\$.000	0	\$.000
Bridges & Tunnels	0	\$.000	0	\$.000	0	\$.000	0	\$.000	0	\$.000
MTA Headquarters	0	\$.000	0	\$.000	0	\$.000	0	\$.000	0	\$.000
Long Island Bus	0	\$.000	0	\$.000	0	\$.000	0	\$.000	0	\$.000
Staten Island Railway	0	\$.000	0	\$.000	0	\$.000	0	\$.000	0	\$.000
Capital Construction Company	0	\$.000	0	\$.000	0	\$.000	0	\$.000	0	\$.000
Sub-Total Service	0	\$.000	22	\$3.245	181	\$5.975	335	\$19.304	335	\$26.953

METROPOLITAN TRANSPORTATION AUTHORITY
July Financial Plan 2006-2009
Summary Agency Programs to Eliminate the Gap (PEGs)
(\$ in millions)

	2005		2006		2007		2008		2009	
	Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars
LIST of AGENCY PROGRAMS										
Maintenance:										
NYC Transit	0	\$,500	58	\$5,499	58	\$5,499	58	\$5,499	58	\$5,499
Long Island Rail Road	0	\$,000	0	\$3,000	0	\$,000	0	\$,000	0	\$,000
Metro-North Railroad	0	\$,000	1	\$,117	1	\$,120	1	\$,122	1	\$,125
Bridges & Tunnels	0	\$,000	0	\$,000	0	\$,000	0	\$,000	0	\$,000
MTA Headquarters	0	\$,000	0	\$,000	0	\$,000	0	\$,000	0	\$,000
Long Island Bus	0	\$,000	0	\$,000	0	\$,000	0	\$,000	0	\$,000
Staten Island Railway	0	\$,000	2	\$,139	6	\$,383	6	\$,399	6	\$,413
Capital Construction Company	0	\$,000	0	\$,000	0	\$,000	0	\$,000	0	\$,000
Sub-Total Maintenance	0	\$,500	61	\$8,755	65	\$6,002	65	\$6,020	65	\$6,037
Revenue Enhancements:										
NYC Transit	0	\$,000	0	\$,000	0	\$,000	0	\$,000	0	\$,000
Long Island Rail Road	0	\$12,000	0	\$12,604	0	\$13,104	0	\$13,104	0	\$13,104
Metro-North Railroad	0	\$,000	0	\$,000	0	\$,000	0	\$,000	0	\$,000
Bridges & Tunnels	0	\$,000	0	\$,000	0	\$,000	0	\$,000	0	\$,000
MTA Headquarters	0	\$,000	0	\$,000	0	\$,000	0	\$,000	0	\$,000
Long Island Bus	0	\$,000	0	\$,000	0	\$,000	0	\$,000	0	\$,000
Staten Island Railway	0	\$,000	0	\$,000	0	\$,000	0	\$,000	0	\$,000
Capital Construction Company	0	\$,000	0	\$,000	0	\$,000	0	\$,000	0	\$,000
Sub-Total Maintenance	0	\$12,000	0	\$12,604	0	\$13,104	0	\$13,104	0	\$13,104
Other :										
NYC Transit	0	\$,000	13	\$,534	13	\$,890	13	\$,890	13	\$,890
Long Island Rail Road	0	\$,000	0	\$,000	0	\$,000	0	\$,000	0	\$,000
Metro-North Railroad	0	\$,000	0	\$,000	0	\$,000	0	\$,000	0	\$,000
Bridges & Tunnels	0	\$,000	0	\$,000	0	\$,000	0	\$,000	0	\$,000
MTA Headquarters	0	\$,000	0	\$,000	0	\$,000	0	\$,000	0	\$,000
Long Island Bus	0	\$,000	0	\$,000	0	\$,000	0	\$,000	0	\$,000
Staten Island Railway	2	\$,035	5	\$,245	5	\$,351	18	\$1,338	31	\$2,402
Capital Construction Company	0	\$,000	0	\$,000	0	\$,000	0	\$,000	0	\$,000
Sub-Total Other	2	\$,035	18	\$,779	18	\$1,241	31	\$2,228	44	\$3,292
Total Agency PEGs	1	\$18,090	144	\$41,812	312	\$46,276	480	\$62,692	493	\$73,251

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

Post – 2006 Gap-Closing Actions

As part of the gap closing actions in the February Plan, farebox and toll revenue yields were slated to be increased by 5% in 2007, yielding \$240 million in 2007 and \$242 million in 2008. The July Plan estimates an additional \$1 million from the farebox and toll revenue yield increases for each year over estimates included in the February Plan; and the additional revenue from this gap closing action in 2009 will be \$244 million.

A subsequent 5% farebox and toll revenue yield increase in 2009 is proposed as a gap closing action in the July Plan. This action is estimated to yield an additional \$256 million in 2009.

MTA Consolidated Utilization

MTA Agency Fare and Toll Revenue Projections, in millions

Including the Impact of 2006 PEGs and 2007 and 2009 Fare and Toll Increases

		Financial Plan 2006-2009				
		2005	2006	2007	2008	2009
Toll Revenue						
Bridges & Tunnels	? Baseline	\$1,206.9	\$1,244.3	\$1,247.2	\$1,254.8	\$1,256.8
	? 2006 PEGs	0.0	0.0	0.0	0.0	0.0
	? 2007 Toll Increase ⁴	0.0	0.0	62.4	62.7	62.8
	? 2009 Toll Increase ⁴	0.0	0.0	0.0	0.0	66.0
		\$1,206.9	\$1,244.3	\$1,309.5	\$1,317.6	\$1,385.6
Fare Revenue						
Long Island Bus ¹	? Baseline	\$37.3	\$37.5	\$37.7	\$37.9	\$38.1
	? 2006 PEGs	0.0	0.0	0.0	0.0	0.0
	? 2007 Fare Increase ⁴	0.0	0.0	1.9	1.9	1.9
	? 2009 Fare Increase ⁴	0.0	0.0	0.0	0.0	2.0
		\$37.3	\$37.5	\$39.6	\$39.8	\$42.0
Long Island Rail Road	? Baseline	\$436.8	\$445.9	\$454.2	\$460.5	\$468.7
	? 2006 PEGs	0.0	0.0	0.0	0.0	0.0
	? 2007 Fare Increase ⁴	0.0	0.0	22.7	23.0	23.4
	? 2009 Fare Increase ⁴	0.0	0.0	0.0	0.0	24.6
		\$436.8	\$445.9	\$476.9	\$483.5	\$516.8
Metro-North Railroad ²	? Baseline	\$435.6	\$445.2	\$451.9	\$458.1	\$463.6
	? 2006 PEGs	0.0	1.6	3.2	4.8	6.0
	? 2007 Fare Increase ⁴	0.0	0.0	15.1	15.4	15.6
	? 2009 Fare Increase ⁴	0.0	0.0	0.0	0.0	16.3
		\$435.6	\$446.8	\$470.2	\$478.2	\$501.4
New York City Transit ^{1, 3}	? Baseline	\$2,689.0	\$2,740.1	\$2,771.7	\$2,796.4	\$2,798.0
	? 2006 PEGs	0.0	0.0	0.0	0.0	0.0
	? 2007 Fare Increase ⁴	0.0	0.0	138.6	139.8	139.9
	? 2009 Fare Increase ⁴	0.0	0.0	0.0	0.0	146.9
		\$2,689.0	\$2,740.1	\$2,910.3	\$2,936.2	\$3,084.8
Staten Island Railway	? Baseline	\$3.5	\$3.5	\$3.9	\$3.9	\$4.0
	? 2006 PEGs	0.0	0.0	0.0	0.0	0.0
	? 2007 Fare Increase ⁴	0.0	0.0	0.2	0.2	0.2
	? 2009 Fare Increase ⁴	0.0	0.0	0.0	0.0	0.2
		\$3.5	\$3.5	\$4.1	\$4.1	\$4.4
Total Farebox Revenue	? Baseline	\$3,602.2	\$3,672.3	\$3,719.4	\$3,756.8	\$3,772.4
	? 2006 PEGs	0.0	1.6	3.2	4.8	6.0
	? 2007 Fare Increase ⁴	0.0	0.0	178.5	180.3	181.0
	? 2009 Fare Increase ⁴	0.0	0.0	0.0	0.0	190.0
		\$3,602.2	\$3,673.9	\$3,901.1	\$3,941.8	\$4,149.3
TOTAL FARE & TOLL REVENUE						
	? Baseline	\$4,809.1	\$4,916.6	\$4,966.6	\$5,011.6	\$5,029.2
	? 2006 PEGs	0.0	1.6	3.2	4.8	6.0
	? 2007 Fare/Toll Increase ⁴	0.0	0.0	240.9	243.0	243.8
	? 2009 Fare/Toll Increase ⁴	0.0	0.0	0.0	0.0	256.0
		\$4,809.1	\$4,918.2	\$5,210.6	\$5,259.4	\$5,535.0

¹ Excludes Paratransit Operations.

² Metro-North Railroad ridership and farebox revenue figures are for East-of-Hudson service (Hudson, Harlem and New Haven Lines) only.

³ Excludes Fare Media Liability.

⁴ Assumes full-year implementation of fare and toll increases.

V. Other MTA Consolidated Materials

METROPOLITAN TRANSPORTATION AUTHORITY
July Financial Plan 2006 - 2009
MTA Consolidated Statement of Operations
Non-Reimbursable
(\$ in millions)

Non-Reimbursable	2004	2005	2006			
	Actuals	Mid-Year Forecast	Preliminary Budget	2007	2008	2009
<u>Operating Revenue</u>						
Fare & Toll Revenue	\$4,522	\$4,830	\$4,938	\$4,990	\$5,036	\$5,055
Other Revenue	359	410	425	437	451	464
Total Operating Revenue	\$4,881	\$5,240	\$5,363	\$5,427	\$5,487	\$5,520
<u>Operating Expenses</u>						
Labor Expenses:						
Labor	\$5,016	\$5,304	\$5,589	\$5,798	\$6,030	\$6,259
Non-Labor	1,678	1,911	1,983	2,053	2,151	2,245
General Reserve	0	40	40	40	40	40
Depreciation*	1,298	1,449	1,590	1,701	1,791	1,896
Total Operating Expenses	\$7,991	\$8,704	\$9,203	\$9,593	\$10,012	\$10,440
Net Operating Deficit Before Subsidies and Debt Service	(\$3,111)	(\$3,464)	(\$3,840)	(\$4,166)	(\$4,525)	(\$4,920)
Dedicated Taxes and State/Local Subsidies	\$2,822	\$3,226	\$3,152	\$3,252	\$3,272	\$3,331
Debt Service	(848)	(1,080)	(1,342)	(1,468)	(1,603)	(1,754)
Net Deficit After Subsidies and Debt Service	(\$1,137)	(\$1,318)	(\$2,030)	(\$2,382)	(\$2,856)	(\$3,343)
Conversion to Cash Basis: Depreciation	\$1,344	\$1,497	\$1,640	\$1,758	\$1,852	\$1,963
Conversion to Cash Basis: All Other	149	147	17	(30)	(73)	(73)
Opening Balance	151	507	833	461	0	0
Baseline Closing Cash Balance	\$1,644	\$2,151	\$2,491	\$2,188	\$1,779	\$1,890
Adjusted Net Cash Surplus/(Deficit)	\$507	\$833	\$461	(\$194)	(\$1,077)	(\$1,453)
<u>GAP CLOSING and OTHER ACTIONS:</u>						
Reinvestment Fund	0	(481)	0	0	0	0
Real Estate Tax Stabilization Account	0	0	200	0	0	0
2006 Agency Program to Eliminate the Gap	0	18	42	46	63	73
2007 Increased Fare and Toll Yields	0	0	0	241	243	244
2009 Increased Fare and Toll Yields	0	0	0	0	0	256
Net Cash Balance from Previous Year (Gap Actions only)	0	0	(463)	(221)	0	0
Net Cash Surplus/(Deficit)	\$507	\$370	\$239	(\$128)	(\$771)	(\$880)

* Excludes Depreciation for B&T

METROPOLITAN TRANSPORTATION AUTHORITY
July Financial Plan 2006 - 2009
MTA Consolidated Statement Of Operations By Category
(\$ in millions)

Line Number		2004	2005	2006			
8	Non-Reimbursable						
9		2004	2005	2006			
10		Actual	Mid-Year Forecast	Preliminary Budget	2007	2008	2009
11	<u>Operating Revenue</u>						
12	Farebox Revenue	\$3,425	\$3,623	\$3,694	\$3,742	\$3,781	\$3,799
13	Toll Revenue	1,097	1,207	1,244	1,247	1,255	1,257
14	Other Revenue (Excludes B&T Investment Income for Capital)	336	387	400	410	423	434
15	Capital and Other Reimbursements	23	23	25	27	28	30
16	Total Operating Revenue	\$4,881	\$5,240	\$5,363	\$5,427	\$5,487	\$5,520
17							
18	<u>Operating Expense</u>						
19	Labor Expenses:						
20	Payroll	\$3,303	\$3,375	\$3,481	\$3,568	\$3,682	\$3,785
21	Overtime	350	353	349	356	364	376
22	Health & Welfare	711	805	883	965	1,060	1,158
23	Pensions	480	643	737	763	770	774
24	Other-Fringe Benefits	405	367	379	389	401	415
25	Reimbursable Overhead	(233)	(240)	(239)	(242)	(247)	(250)
26	Sub-total Labor Expenses	\$5,016	\$5,304	\$5,589	\$5,798	\$6,030	\$6,259
27							
28	Non-Labor Expenses:						
29	Traction and Propulsion Power	203	246	259	264	269	279
30	Fuel for Buses and Trains	95	120	115	112	112	114
31	Insurance	19	29	31	32	34	36
32	Claims	130	130	137	141	144	148
33	Paratransit Service Contracts	135	162	188	220	256	296
34	Maintenance and Other Operating Contracts	411	523	563	566	562	582
35	Professional Service Contracts	180	203	189	188	194	199
36	Materials & Supplies	363	412	412	438	484	493
37	Other Business Expenses	143	93	96	98	102	106
38	Sub-total Non-Labor Expenses	\$1,679	\$1,917	\$1,990	\$2,060	\$2,158	\$2,253
39							
40	Other Expense Adjustments:						
41	Other	(\$1)	(\$6)	(\$6)	(\$7)	(\$7)	(\$8)
42	General Reserve	0	40	40	40	40	40
43	Sub-total Other Expense Adjustments	(\$1)	\$34	\$34	\$33	\$33	\$32
44							
45	Total Operating Expense Before Depreciation	\$6,693	\$7,255	\$7,613	\$7,891	\$8,221	\$8,544
46							
47	Depreciation	\$1,344	\$1,497	\$1,640	\$1,758	\$1,852	\$1,963
48							
49	Total Operating Expense (Excluding B&T Depreciation)	\$7,991	\$8,704	\$9,203	\$9,593	\$10,012	\$10,440
50							
51	Net Operating Deficit Before Subsidies and Debt Service	(\$3,111)	(\$3,464)	(\$3,840)	(\$4,166)	(\$4,525)	(\$4,920)
52							
53	Dedicated Taxes and State/Local Subsidies	\$2,822	\$3,226	\$3,152	\$3,252	\$3,272	\$3,331
54							
55	Debt Service (excludes Service Contract Bonds)	(848)	(1,080)	(1,342)	(1,468)	(1,603)	(1,754)
56							
57	Net Deficit After Subsidies and Debt Service	(\$1,137)	(\$1,318)	(\$2,030)	(\$2,382)	(\$2,856)	(\$3,343)
58							
59	Conversion to Cash Basis: Depreciation	\$1,344	\$1,497	\$1,640	\$1,758	\$1,852	\$1,963
60	Conversion to Cash Basis: All Other	149	147	17	(30)	(73)	(73)
61	Net Cash Balance from Previous Year	151	507	833	461	0	0
62							
63	Baseline Net Cash Balance	\$507	\$833	\$461	(\$194)	(\$1,077)	(\$1,453)
64							
65	<u>GAP CLOSING and OTHER ACTIONS:</u>						
66							
67	Reinvestment Fund	0	(481)	0	0	0	0
68	Real Estate Tax Stabilization Account	0	0	200	0	0	0
69	2006 Agency Program to Eliminate the Gap (PEGs)	0	18	42	46	63	73
70	2007 Increased Fare and Toll Yields	0	0	0	241	243	244
71	2009 Increased Fare and Toll Yields	0	0	0	0	0	256
72							
73	Net Cash Balance from Previous Year (Gap Actions only)	0	0	(463)	(221)	0	0
74							
75	Net Cash Surplus/(Deficit)	\$507	\$370	\$239	(\$128)	(\$771)	(\$880)

METROPOLITAN TRANSPORTATION AUTHORITY
July Financial Plan 2006 - 2009
MTA Consolidated Statement Of Operations By Category
(\$ in millions)

Line Number						
9		Reimbursable				
10			2004	2005	2006	
11			Actual	Mid-Year Forecast	Preliminary Budget	
12	Operating Revenue					
13	Farebox Revenue	\$0	\$0	\$0	\$0	\$0
14	Toll Revenue	0	0	0	0	0
15	Other Revenue (Excludes B&T Investment Income for Capital)	0	0	0	0	0
16	Capital and Other Reimbursements	1,081	1,123	1,123	1,150	1,180
17	Total Operating Revenue	\$1,081	\$1,123	\$1,123	\$1,150	\$1,180
18						
19	Operating Expense					
20	Labor Expenses:					
21	Payroll	\$444	\$438	\$448	\$457	\$476
22	Overtime	88.4	70	72	74	77
23	Health & Welfare	33.5	37	44	49	56
24	Pensions	19.2	29	36	40	41
25	Other-Fringe Benefits	110.7	103	104	107	111
26	Reimbursable Overhead	233.1	238	236	241	250
27	Sub-total Labor Expenses	929.1	\$915	\$941	\$968	\$1,010
28						
29	Non-Labor Expenses:					
30	Traction and Propulsion Power	0.2	\$0	\$0	\$0	\$0
31	Fuel for Buses and Trains	0.0	0	0	0	0
32	Insurance	4.0	4	6	7	8
33	Claims	0.3	0	0	0	0
34	Paratransit Service Contracts	0.0	0	0	0	0
35	Maintenance and Other Operating Contracts	50.3	68	56	58	49
36	Professional Service Contracts	23	37	31	31	29
37	Materials & Supplies	80	93	83	80	78
38	Other Business Expenses	(6)	7	6	6	6
39	Sub-total Non-Labor Expenses	151.9	\$208	\$182	\$182	\$171
40						
41	Other Expense Adjustments:					
42	Other	0.0	\$0	\$0	\$0	\$0
43	Sub-total Other Expense Adjustments	0.0	\$0	\$0	\$0	\$0
44						
45	Total Operating Expense Before Depreciation	1,081.0	\$1,123	\$1,123	\$1,150	\$1,180
46						
47	Depreciation	\$0	\$0	\$0	\$0	\$0
48						
49	Total Operating Expense	\$1,081	\$1,123	\$1,123	\$1,150	\$1,180
50						
51	Baseline Surplus/(Deficit)	(\$0)	\$0	(\$0)	(\$0)	(\$0)

METROPOLITAN TRANSPORTATION AUTHORITY
July Financial Plan 2006 - 2009
MTA Consolidated Statement Of Operations By Category
(\$ in millions)

Line Number	Non-Reimbursable / Reimbursable	2004 Actual	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
13	<u>Operating Revenue</u>						
14	Farebox Revenue	\$3,425	\$3,623	\$3,694	\$3,742	\$3,781	\$3,799
15	Toll Revenue	1,097	1,207	1,244	1,247	1,255	1,257
16	Other Revenue (Excludes B&T Investment Income for Capital)	336	387	400	410	423	434
17	Capital and Other Reimbursements	1,104	1,146	1,147	1,176	1,199	1,210
18	Total Operating Revenue	\$5,962	\$6,364	\$6,486	\$6,576	\$6,658	\$6,700
20	<u>Operating Expense</u>						
21	Labor Expenses:						
22	Payroll	\$3,747	\$3,813	\$3,929	\$4,024	\$4,150	\$4,261
23	Overtime	438	423	420	430	440	453
24	Health & Welfare	744	842	928	1,013	1,112	1,214
25	Pensions	499	672	773	803	810	815
26	Other-Fringe Benefits	516	470	483	496	511	526
27	Reimbursable Overhead	(0)	(2)	(3)	(1)	(1)	(1)
28	Sub-total Labor Expenses	\$5,945	\$6,219	\$6,530	\$6,766	\$7,023	\$7,268
30	Non-Labor Expenses:						
31	Traction and Propulsion Power	\$203	\$246	\$259	\$264	\$269	\$279
32	Fuel for Buses and Trains	95	120	115	112	112	114
33	Insurance	23	34	36	39	42	44
34	Claims	130	130	137	141	144	148
35	Paratransit Service Contracts	135	162	188	220	256	296
36	Maintenance and Other Operating Contracts	462	591	619	624	618	631
37	Professional Service Contracts	203	240	220	220	223	228
38	Materials & Supplies	443	505	494	518	563	571
39	Other Business Expenses	137	100	102	104	108	112
40	Sub-total Non-Labor Expenses	\$1,831	\$2,126	\$2,171	\$2,242	\$2,336	\$2,424
42	Other Expense Adjustments:						
43	Other	(\$1)	(\$6)	(\$6)	(\$7)	(\$7)	(\$8)
44	General Reserve	0	40	40	40	40	40
45	Sub-total Other Expense Adjustments	(\$1)	\$34	\$34	\$33	\$33	\$32
47	Total Operating Expense Before Depreciation	\$7,774	\$8,379	\$8,735	\$9,041	\$9,392	\$9,724
49	Depreciation	\$1,344	\$1,497	\$1,640	\$1,758	\$1,852	\$1,963
51	Total Operating Expense (Excluding B&T Depreciation)	\$9,072	\$9,828	\$10,325	\$10,742	\$11,183	\$11,620
52	Net Operating Deficit Before Subsidies and Debt Service	(\$3,111)	(\$3,464)	(\$3,840)	(\$4,166)	(\$4,525)	(\$4,920)
55	Dedicated Taxes and State/Local Subsidies	\$2,822	\$3,226	\$3,152	\$3,252	\$3,272	\$3,331
56		0	0	0	0	0	0
57	Debt Service (excludes Service Contract Bonds)	(848)	(1,080)	(1,342)	(1,468)	(1,603)	(1,754)
59	Net Deficit After Subsidies and Debt Service	(\$1,137)	(\$1,318)	(\$2,030)	(\$2,382)	(\$2,856)	(\$3,343)
61	Conversion to Cash Basis: Depreciation	\$1,344	\$1,497	\$1,640	\$1,758	\$1,852	\$1,963
62	Conversion to Cash Basis: All Other	149	147	17	(30)	(73)	(73)
63	Net Cash Balance from Previous Year	151	507	833	461	0	0
65	Baseline Net Cash Balance	\$507	\$833	\$461	(\$194)	(\$1,077)	(\$1,453)
67	<u>GAP CLOSING and OTHER ACTIONS:</u>						
69	Reinvestment Fund	0	(481)	0	0	0	0
70	Real Estate Tax Stabilization Account	0	0	200	0	0	0
71	2006 Agency Program to Eliminate the Gap (PEGs)	0	18	42	46	63	73
72	2007 Increased Fare and Toll Yields	0	0	0	241	243	244
73	2009 Increased Fare and Toll Yields	0	0	0	0	0	256
75	Net Cash Balance from Previous Year (Gap Actions only)	0	0	(463)	(221)	0	0
77	Net Cash Surplus/(Deficit)	\$507	\$370	\$239	(\$128)	(\$771)	(\$880)

METROPOLITAN TRANSPORTATION AUTHORITY
July Financial Plan 2006 - 2009
Changes Year-to-Year By Category
Favorable/(Unfavorable)

Line Number		2004	2005	Change		Change		Change		Change		Change
		Actual	Mid-Year Forecast	2005 - 2004	2006	2006 - 2005	2007	2007 - 2006	2008	2008 - 2007	2009	2009 - 2008
7	Non-Reimbursable											
10	Operating Revenue											
11	Farebox Revenue	\$3,425	\$3,623	\$199	\$3,694	\$71	\$3,742	\$48	\$3,781	\$39	\$3,799	\$17
12	Toll Revenue	1,097	1,207	110	1,244	37	1,247	3	1,255	8	1,257	2
13	Other Revenue (Excludes B&T Investment Income for Capital)	336	387	51	400	13	410	10	423	12	434	12
14	Capital and Other Reimbursements	23	23	(1)	25	2	27	2	28	2	30	2
15	Total Operating Revenue	\$4,881	\$5,240	\$359	\$5,363	\$123	\$5,427	\$64	\$5,487	\$60	\$5,520	\$33
17	Operating Expense											
18	Labor Expenses:											
19	Payroll	\$3,303	\$3,375	(\$72)	\$3,481	(\$106)	\$3,568	(\$87)	\$3,682	(\$115)	\$3,785	(\$103)
20	Overtime	350	353	(3)	349	4	356	(7)	364	(8)	376	(12)
21	Health & Welfare	711	805	(95)	883	(78)	965	(82)	1,060	(95)	1,158	(98)
22	Pensions	480	643	(163)	737	(93)	763	(26)	770	(7)	774	(4)
23	Other-Fringe Benefits	405	367	39	379	(12)	389	(10)	401	(13)	415	(13)
24	Reimbursable Overhead	(233)	(240)	6	(239)	(1)	(242)	3	(247)	5	(250)	3
25	Sub-total Labor Expenses	\$5,016	\$5,304	(\$288)	\$5,589	(\$285)	\$5,798	(\$209)	\$6,030	(\$232)	\$6,259	(\$228)
27	Non-Labor Expenses:											
28	Traction and Propulsion Power	\$203	\$246	(\$43)	\$259	(\$13)	\$264	(\$6)	\$269	(\$5)	\$279	(\$10)
29	Fuel for Buses and Trains	95	120	(25)	115	5	112	2	112	0	114	(2)
30	Insurance	19	29	(10)	31	(1)	32	(2)	34	(2)	36	(2)
31	Claims	130	130	0	137	(7)	141	(3)	144	(4)	148	(4)
32	Paratransit Service Contracts	135	162	(27)	188	(26)	220	(31)	256	(36)	296	(40)
33	Maintenance and Other Operating Contracts	411	523	(112)	563	(41)	566	(3)	562	4	582	(20)
34	Professional Service Contracts	180	203	(23)	189	14	188	1	194	(5)	199	(5)
35	Materials & Supplies	363	412	(49)	412	0	438	(26)	484	(46)	493	(9)
36	Other Business Expenses	143	93	50	96	(3)	98	(2)	102	(4)	106	(4)
37	Sub-total Non-Labor Expenses	\$1,679	\$1,917	(\$239)	\$1,990	(\$72)	\$2,060	(\$71)	\$2,158	(\$98)	\$2,253	(\$95)
39	Other Expense Adjustments:											
40	Other	(\$1)	(\$6)	5	(\$6)	0	(\$7)	0	(\$7)	0	(\$8)	1
41	General Reserve	0	40	(40)	40	0	40	0	40	0	40	0
42	Sub-total Other Expense Adjustments	(\$1)	\$34	(\$35)	\$34	\$0	\$33	\$0	\$33	\$0	\$32	\$1
44	Total Operating Expense Before Depreciation	\$6,693	\$7,255	(\$562)	\$7,613	(\$357)	\$7,891	(\$279)	\$8,221	(\$330)	\$8,544	(\$323)
46	Depreciation	1,344	1,497	(153)	1,640	(144)	1,758	(117)	1,852	(95)	1,963	(110)
47	Total Operating Expense (Excluding B&T Depreciation)	\$7,991	\$8,704	(\$713)	\$9,203	(\$498)	\$9,593	(\$390)	\$10,012	(\$420)	\$10,440	(\$428)
51	Net Operating Deficit Before Subsidies and Debt Service	(\$3,111)	(\$3,464)	(\$354)	(\$3,840)	(\$376)	(\$4,166)	(\$326)	(\$4,525)	(\$359)	(\$4,920)	(\$395)
53	Dedicated Taxes and State/Local Subsidies	\$2,822	\$3,226	\$405	\$3,152	(\$75)	\$3,252	\$100	\$3,272	\$20	\$3,331	\$59
54	Debt Service (excludes Service Contract Bonds)	(848)	(1,080)	(232)	(1,342)	(262)	(1,468)	(126)	(1,603)	(135)	(1,754)	(151)
55	Net Deficit After Subsidies and Debt Service	(\$1,137)	(\$1,318)	(\$181)	(\$2,030)	(\$712)	(\$2,382)	(\$352)	(\$2,856)	(\$474)	(\$3,343)	(\$487)
57	Conversion to Cash Basis: Depreciation	\$1,344	\$1,497	\$153	\$1,640	\$144	\$1,758	\$117	\$1,852	\$95	\$1,963	\$110
58	Conversion to Cash Basis: All Other	149	147	(2)	17	(130)	(30)	(48)	(73)	(43)	(73)	0
59	Net Cash Balance from Previous Year	151	507	356	833	326	461	(373)	0	(461)	0	0
60	Baseline Net Cash Balance	\$507	\$833	\$326	\$461	(\$373)	(\$194)	(\$655)	(\$1,077)	(\$883)	(\$1,453)	(\$376)
62	GAP CLOSING and OTHER ACTIONS:											
64	Reinvestment Fund	\$0	(\$481)	(\$481)	\$0	\$481	\$0	\$0	\$0	\$0	\$0	\$0
65	Real Estate Tax Stabilization Account	0	0	0	200	200	0	(200)	0	0	0	0
66	2006 Agency Program to Eliminate the Gap (PEGs)	0	18	18	42	24	46	4	63	16	73	11
67	2007 Increased Fare and Toll Yields	0	0	0	0	0	241	241	243	2	244	1
68	2009 Increased Fare and Toll Yields	0	0	0	0	0	0	0	0	0	256	256
70	Net Cash Balance from Previous Year (Gap Actions only)	0	0	0	(463)	(463)	(221)	242	0	221	0	0
72	Net Cash Surplus/(Deficit)	\$507	\$370	(\$137)	\$239	(\$131)	(\$128)	(\$367)	(\$771)	(\$643)	(\$880)	(\$109)

METROPOLITAN TRANSPORTATION AUTHORITY
JULY FINANCIAL PLAN 2006-2009
NON-RECURRING REVENUES AND SAVINGS
(\$ in millions)

Non-recurring revenues and savings with a value of \$1 million or more in calendar years 2005 through 2009.

Agency	2005 Mid -Year Forecast	2006 Preliminary Budget	2007	2008	2009
Bridges & Tunnels	None	None	None	None	None
Subtotal	<u>\$0.0</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Long Island Bus	None	None	None	None	None
Subtotal	<u>\$0.0</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Long Island Rail Road	\$ 30.0 MTA Pension Prepayment	\$ 3.0 Waiver to extend three year brake program to five year program	None	None	None
Subtotal	<u>\$30.0</u>	<u>\$ 3.0</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Metro-North Railroad	\$1.5 Force Account Insurance Refund \$1.0 Receipt of Prior Period Ferry Service Payments from NY State \$20.0 MTA Pension Prepayment	\$ 1.0 Receipt of Prior Period Ferry Service Payments from NY State	None	None	None
Subtotal	<u>\$22.5</u>	<u>\$ 1.0</u>	<u>\$ -</u>	<u>\$0.0</u>	<u>\$0.0</u>
Staten Island Railway	None	None	None	None	None
Subtotal	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
MTA Capital Construction Company	None	None	None	None	None
Subtotal	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
MTA Headquarters	None	None	None	None	None
Subtotal	<u>\$0.0</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

METROPOLITAN TRANSPORTATION AUTHORITY
JULY FINANCIAL PLAN 2006-2009
NON-RECURRING REVENUES AND SAVINGS
(\$ in millions)

Non-recurring revenues and savings with a value of \$1 million or more in calendar years 2005 through 2009.

Agency	2005 Mid -Year Forecast	2006 Preliminary Budget	2007	2008	2009
New York City Transit	<div>\$68.1</div> <div>Timing of MaBSTOA Pension Payments</div> <div>\$10.8</div> <div>Accumulated stabilization fund interest income</div> <div>\$7.2</div> <div>Accumulated Transit Adjudication Bureau Fund Drawdown</div> <div>\$3.5</div> <div>Reduce Normal Replacement Costs - Data Processing Equipment.</div>	None	None	None	None
Subtotal	\$89.6	\$ -	\$ -	\$ -	\$ -
MTA Transactions	<div>\$84.8</div> <div>MRT carryover balances- reflects \$40 m of unused general reserve from 2004, MRT-1 funds made available after independent audit of MTAHQ deficit, and prior year interest earnings. This plan assumes no carryovers to later years.</div> <div>\$16.7</div> <div>Benefit of NYCT Debt prepayment made in 2003. Factored in debt forecast.</div> <div>\$15.3</div> <div>Benefit of CR Debt Prepayment made in early 2004; factored in debt forecast.</div> <div>\$23.0</div> <div>Overfunding of B&T debt service accounts in 2004 used in 2005.</div> <div>\$25.0</div> <div>Unspent cost of issuance funds from prior year bond issuances spent in 2005.</div>	None	\$ - None	\$ - None	\$ - None
Subtotal	\$164.8	\$0.0	\$ -	\$ -	\$ -
Total Non-Recurring Resources (>or = \$1million)	\$306.9	\$4.0	\$0.0	\$0.0	\$0.0

NOTE: Positive cash balances are carried into the following year.

METROPOLITAN TRANSPORTATION AUTHORITY
JULY FINANCIAL PLAN 2006 - 2009
MTA OPERATING BUDGET RESERVES
(\$ in millions)

	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<u>MTA Consolidated:</u>					
MTA General Reserve	\$40	\$40	\$40	\$40	\$40
Real Estate Stabilization Reserve ¹	\$200				
Reinvestment Fund	\$481				

¹ This reserve was established in 2004 to cover potential shortfalls in real estate revenues.

SUMMARY
MTA CONSOLIDATED
MULTI-YEAR FINANCIAL PLAN
2006 - 2009
(\$ in millions)

Line Number		ACTUAL	FORECAST				
		2004	2005	2006	2007	2008	2009
9							
10	<u>Revenue Summary:</u>						
11							
12	Farebox Revenue	\$3,384.0	\$3,581.6	\$3,651.9	\$3,699.8	\$3,738.4	\$3,755.4
13	Other Revenue	320.6	365.1	370.6	382.3	397.2	408.9
14	Current Total Subsidies	3,186.2	3,585.8	3,465.4	3,546.0	3,548.0	3,578.9
15							
16	Total Revenue	\$6,890.8	\$7,532.4	\$7,487.9	\$7,628.1	\$7,683.6	\$7,743.2
17							
18	<u>Operating Expense Summary:</u>						
19							
20	Labor Expenses	4,753.7	5,026.2	5,295.5	5,490.6	5,709.7	5,923.0
21	Non-Labor Expenses	1,513.6	1,711.7	1,754.4	1,825.2	1,923.0	2,011.7
22	Depreciation	1,291.1	1,438.8	1,579.9	1,690.8	1,780.6	1,885.6
23	Debt Service	566.4	660.8	876.2	989.0	1,109.4	1,245.9
24							
25	Total Non-Reimbursable Expenses	\$8,124.8	\$8,837.5	\$9,506.0	\$9,995.7	\$10,522.6	\$11,066.2
26							
27	Total Net Revenue	(\$1,234.0)	(\$1,305.0)	(\$2,018.1)	(\$2,367.5)	(\$2,839.0)	(\$3,323.0)
28							
29	<u>Cash Adjustment Summary:</u>						
30							
31	Operating Cash Adjustments	\$1,668.8	\$1,595.9	\$1,645.9	\$1,715.7	\$1,764.6	\$1,871.6
32	Subsidy Cash Adjustments	(210.5)	35.0	(0.4)	(2.8)	(2.6)	(1.9)
33							
34	Total Cash Adjustment	\$1,458.4	\$1,631.0	\$1,645.5	\$1,713.0	\$1,762.0	\$1,869.8
35							
36	Gross Cash Balance	\$224.3	\$325.9	(\$372.6)	(\$654.6)	(\$1,077.0)	(\$1,453.2)
37							
38							
39	<u>Financial Stabilization Program:</u>						
40							
41	Debt Restructuring Savings Offset	52.0	0.0	0.0	0.0	0.0	0.0
42	Debt Service 2004 Prepayment	95.0	0.0	0.0	0.0	0.0	0.0
43	Debt Service 2005 Prepayment	(15.3)	0.0	0.0	0.0	0.0	0.0
44	Other/Rounding	0.0	0.0	0.0	0.0	0.0	0.0
45							
46	Total Financial Stabilization Program	\$131.7	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
47							
48	Net Cash Balance from Previous Year	\$151.5	\$507.5	\$833.4	\$460.8	\$0.0	\$0.0
49							
50	Baseline Net Cash Surplus/(Deficit)	\$507.5	\$833.4	\$460.8	(\$193.8)	(\$1,077.0)	(\$1,453.2)
51							
52	<u>GAP CLOSING and OTHER ACTIONS:</u>						
53							
54	Reinvestment Fund		(481.4)	0.0	0.0	0.0	0.0
55	Real Estate Tax Stabilization Account		0.0	200.0	0.0	0.0	0.0
56	2006 Agency Program to Eliminate the Gap (PEGs)		18.1	41.8	46.3	62.7	73.3
57	2007 Increased Fare and Toll Yields		0.0	0.0	240.9	243.0	243.8
58	2009 Increased Fare and Toll Yields		0.0	0.0	0.0	0.0	256.0
59							
60	Net Cash Balance from Previous Year (Gap Actions only)		0.0	(463.3)	(221.5)	0.0	0.0
61							
62	Net Cash Surplus/(Deficit)	\$507.5	\$370.2	\$239.3	(\$128.1)	(\$771.3)	(\$880.2)

SUMMARY
MTA NEW YORK CITY TRANSIT
MULTI-YEAR FINANCIAL PLAN
2006 - 2009
(\$ in millions)

Line Number		ACTUAL	FORECAST				
		2004	2005	2006	2007	2008	2009
9							
10	<u>Revenue Summary:</u>						
11							
12	Farebox Revenue	\$2,570.2	\$2,709.1	\$2,760.8	\$2,793.7	\$2,819.8	\$2,823.1
13	Other Revenue	243.7	249.9	251.3	260.2	272.0	282.0
14	Current Total Subsidies	1,920.9	2,267.5	2,188.4	2,237.3	2,231.6	2,238.7
15							
16	Total Revenue	\$4,734.8	\$5,226.6	\$5,200.5	\$5,291.3	\$5,323.4	\$5,343.9
17							
18	<u>Operating Expense Summary:</u>						
19							
20	Labor Expenses	\$3,468.2	\$3,695.1	\$3,921.7	\$4,063.1	\$4,221.0	\$4,371.7
21	Non-Labor Expenses	922.7	1,052.4	1,061.3	1,114.0	1,154.3	1,209.1
22	Depreciation	891.8	981.6	1,086.5	1,191.3	1,292.5	1,396.3
23	Debt Service	396.5	447.1	575.6	672.1	774.8	877.9
24							
25	Total Non-Reimbursable Expenses	\$5,679.3	\$6,176.2	\$6,645.0	\$7,040.4	\$7,442.6	\$7,855.0
26							
27	Total Net Revenue	(\$944.5)	(\$949.6)	(\$1,444.6)	(\$1,749.2)	(\$2,119.2)	(\$2,511.1)
28							
29	<u>Cash Adjustment Summary:</u>						
30							
31	Operating Cash Adjustments	\$1,224.7	\$1,166.8	\$1,187.0	\$1,255.5	\$1,332.9	\$1,442.9
32	Subsidy Cash Adjustments	(37.1)	12.9	0.8	(0.6)	(0.1)	0.5
33							
34	Total Cash Adjustment	\$1,187.5	\$1,179.7	\$1,187.8	\$1,254.9	\$1,332.8	\$1,443.4
35							
36	Gross Cash Balance	\$243.1	\$230.1	(\$256.7)	(\$494.3)	(\$786.4)	(\$1,067.7)
37							
38							
39	<u>Financial Stabilization Program:</u>						
40							
41	Debt Restructuring Savings Offset (Deferred Gain)	26.0	0.0	0.0	0.0	0.0	0.0
42	Debt Service 2004 Prepayment	30.0	0.0	0.0	0.0	0.0	0.0
43	Debt Service 2005 Prepayment	0.0	0.0	0.0	0.0	0.0	0.0
44	Other/Rounding	0.0	0.0	0.0	0.0	0.0	0.0
45							
46	Total Financial Stabilization Program	\$56.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
47							
48	Net Cash Balance from Previous Year	\$68.7	\$367.7	\$597.9	\$341.1	\$0.0	\$0.0
49							
50	Baseline Net Cash Surplus/(Deficit)	\$367.7	\$597.9	\$341.1	(\$153.2)	(\$786.4)	(\$1,067.7)
51							
52	<u>GAP CLOSING ACTIONS:</u>						
53							
54	2006 Agency Program to Eliminate the Gap (PEGs)		5.3	19.7	22.8	36.2	43.9
55	2007 Increased Fare and Toll Yields		0.0	0.0	169.8	171.2	171.3
56	2009 Increased Fare and Toll Yields		0.0	0.0	0.0	0.0	179.9
57							
58	Net Cash Balance from Previous Year (Gap Actions only)		0.0	5.3	25.0	64.4	0.0
59							
60	Net Cash Surplus/(Deficit)	\$367.7	\$603.2	\$366.1	\$64.4	(\$514.6)	(\$672.6)

SUMMARY
MTA COMMUTER RAILROADS
MULTI-YEAR FINANCIAL PLAN
2006 - 2009
(\$ in millions)

Line Number		ACTUAL	FORECAST				
		2004	2005	2006	2007	2008	2009
9							
10	<u>Revenue Summary:</u>						
11							
12	Farebox Revenue	\$813.8	\$872.4	\$891.1	\$906.1	\$918.6	\$932.3
13	Other Revenue	76.9	115.2	119.3	122.1	125.3	126.9
14	Current Total Subsidies	1,265.3	1,318.3	1,277.0	1,308.7	1,316.4	1,340.2
15							
16	Total Revenue	\$2,156.0	\$2,305.9	\$2,287.4	\$2,336.9	\$2,360.2	\$2,399.4
17							
18	<u>Operating Expense Summary:</u>						
19							
20	Labor Expenses	\$1,285.5	\$1,331.1	\$1,373.9	\$1,427.5	\$1,488.7	\$1,551.4
21	Non-Labor Expenses	590.8	659.2	693.2	711.3	768.7	802.6
22	Depreciation	399.3	457.2	493.4	499.5	488.1	489.3
23	Debt Service	169.9	213.8	300.6	316.9	334.5	368.0
24							
25	Total Non-Reimbursable Expenses	\$2,445.5	\$2,661.3	\$2,861.0	\$2,955.3	\$3,080.0	\$3,211.2
26							
27	Total Net Revenue	(\$289.6)	(\$355.4)	(\$573.6)	(\$618.4)	(\$719.8)	(\$811.9)
28							
29	<u>Cash Adjustment Summary:</u>						
30							
31	Operating Cash Adjustments	\$444.2	\$429.2	\$458.8	\$460.3	\$431.8	\$428.8
32	Subsidy Cash Adjustments	(173.4)	22.1	(1.2)	(2.1)	(2.5)	(2.4)
33							
34	Total Cash Adjustment	\$270.8	\$451.2	\$457.7	\$458.1	\$429.2	\$426.4
35							
36	Gross Cash Balance	(\$18.7)	\$95.8	(\$115.9)	(\$160.2)	(\$290.6)	(\$385.5)
37							
38	<u>Financial Stabilization Program:</u>						
39							
40	Debt Restructuring Savings Offset (Deferred Gain)	26.0	0.0	0.0	0.0	0.0	0.0
41	Debt Service 2004 Prepayment	65.0	0.0	0.0	0.0	0.0	0.0
42	Debt Service 2005 Prepayment	(15.3)	0.0	0.0	0.0	0.0	0.0
43	Other/Rounding	0.0	0.0	0.0	0.0	0.0	0.0
44							
45	Total Financial Stabilization Program	\$75.7	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
46							
47	Net Cash Balance from Previous Year	\$82.8	\$139.8	\$235.6	\$119.7	\$0.0	\$0.0
48							
49	Baseline Net Cash Surplus/(Deficit)	\$139.8	\$235.6	\$119.7	(\$40.6)	(\$290.6)	(\$385.5)
50							
51	<u>GAP CLOSING ACTIONS:</u>						
52							
53	2006 Agency Program to Eliminate the Gap (PEGs)		12.8	22.2	23.4	26.4	29.4
54	2007 Increased Fare and Toll Yields		0.0	0.0	71.1	71.9	72.5
55	2009 Increased Fare and Toll Yields		0.0	0.0	0.0	0.0	76.1
56							
57	Net Cash Balance from Previous Year (Gap Actions only)		0.0	12.8	34.9	88.9	0.0
58							
59	Net Cash Surplus/(Deficit)	\$139.8	\$248.4	\$154.6	\$88.9	(\$103.4)	(\$207.5)

SUMMARY
MTA STATEN ISLAND RAILWAY
MULTI-YEAR FINANCIAL PLAN
2006 - 2009
(\$ in millions)

Line
Number

	ACTUAL	FORECAST				
	2004	2005	2006	2007	2008	2009
9						
10	<u>Revenue Summary:</u>					
11						
12	Farebox Revenue	\$3.1	\$3.5	\$3.5	\$3.9	\$4.0
13	Other Revenue	1.8	1.9	1.9	1.9	1.9
14	State/City Subsidies	2.6	3.2	3.4	3.5	3.6
15						
16	Total Revenue Before MTA Subsidy	\$7.5	\$8.5	\$8.9	\$9.3	\$9.4
17						
18	<u>Non-Reimbursable Expense Summary:</u>					
19						
20	Labor Expenses	\$21.6	\$21.1	\$21.5	\$22.4	\$24.4
21	Non-Labor Expenses	4.8	5.3	5.5	5.8	6.4
22	Depreciation	7.1	10.3	10.3	10.3	10.3
23						
24	Total Non-Reimbursable Expenses	\$33.4	\$36.7	\$37.3	\$38.6	\$41.1
25						
26						
27	Total Net Revenue	(\$25.9)	(\$28.2)	(\$28.5)	(\$29.3)	(\$31.7)
28						
29	<u>Cash Adjustment Summary:</u>					
30						
31	Operating Cash Adjustments	\$6.8	\$10.3	\$10.3	\$10.3	\$10.3
32	Subsidy Cash Adjustments	(0.0)	0.0	0.0	0.0	0.0
33						
34	Total Cash Adjustment	\$6.8	\$10.3	\$10.3	\$10.3	\$10.3
35						
36	Gross Cash Balance	(\$19.1)	(\$17.9)	(\$18.1)	(\$18.9)	(\$21.3)
37						
38	MTA Internal Subsidy before PEGs	19.2	17.6	18.1	18.9	21.3
39						
40	Net Cash Balance from Previous Year	\$0.1	\$0.2	\$0.0	\$0.0	\$0.0
41						
42						
43	Baseline Net Cash Surplus/(Deficit)	\$0.2	\$0.0	(\$0.0)	\$0.0	\$0.0

SUMMARY
MTA LONG ISLAND BUS
MULTI-YEAR FINANCIAL PLAN
2006 - 2009
(\$ in millions)

Line
Number

	ACTUAL	FORECAST				
	2004	2005	2006	2007	2008	2009
<u>Revenue Summary:</u>						
Farebox Revenue	\$37.5	\$38.3	\$38.5	\$38.7	\$38.9	\$39.1
Other Revenue	3.8	3.5	3.7	3.2	2.5	2.5
State/Local Subsidies	41.3	48.9	53.3	54.6	55.7	56.8
Total Revenue Before MTA Subsidy	\$82.6	\$90.8	\$95.5	\$96.5	\$97.2	\$98.4
<u>Non-Reimbursable Expense Summary:</u>						
Labor Expenses	\$81.7	\$85.3	\$88.6	\$91.8	\$95.3	\$99.2
Non-Labor Expenses	20.0	22.0	22.6	22.5	22.6	22.9
Depreciation	0.0	0.0	0.0	0.0	0.0	0.0
Total Non-Reimbursable Expenses	\$101.7	\$107.2	\$111.2	\$114.4	\$117.9	\$122.1
Total Net Revenue	(\$19.1)	(\$16.5)	(\$15.7)	(\$17.9)	(\$20.7)	(\$23.8)
<u>Cash Adjustment Summary:</u>						
Operating Cash Adjustments	\$8.2	(\$1.2)	\$0.5	\$0.5	\$0.5	(\$2.5)
Subsidy Cash Adjustments	1.1	0.9	0.9	0.9	0.0	0.0
Total Cash Adjustment	\$9.3	(\$0.4)	\$1.4	\$1.4	\$0.5	(\$2.5)
Gross Cash Balance	(\$9.8)	(\$16.8)	(\$14.3)	(\$16.5)	(\$20.2)	(\$26.2)
MTA Internal Subsidy	11.2	14.0	14.0	14.0	14.0	14.0
Net Cash Balance from Previous Year	\$2.4	\$3.7	\$0.9	\$0.6	\$0.0	\$0.0
Baseline Net Cash Surplus/(Deficit)	\$3.7	\$0.9	\$0.6	(\$1.9)	(\$6.2)	(\$12.2)
<u>GAP CLOSING ACTIONS:</u>						
2006 Agency Program to Eliminate the Gap (PEGs)			0.0	0.0	0.0	0.0
2007 Increased Fare and Toll Yields				1.9	1.9	1.9
2009 Increased Fare and Toll Yields						2.0
Net Cash Balance from Previous Year (Gap Actions only)			0.0	0.0	0.0	0.0
Adjusted Net Cash Balance	\$3.7	\$0.9	\$0.6	(\$0.0)	(\$4.3)	(\$8.3)

MTA BRIDGES & TUNNELS
MULTI-YEAR FINANCIAL PLAN
2006 - 2009
(\$ in millions)

Line
Number

NON-REIMBURSABLE

	ACTUAL	FORECAST				
	2004	2005	2006	2007	2008	2009
Operating Revenue						
Farebox Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vehicle Toll Revenue	1,097.000	1,206.892	1,244.320	1,247.171	1,254.848	1,256.824
Other Operating Revenue	9.700	16.874	23.964	23.061	20.915	21.036
Capital and Other Reimbursements	23.300	22.644	24.683	26.548	28.414	30.038
Investment Income	1.400	1.949	2.419	2.424	2.529	2.709
Total Revenue	\$1,131.400	\$1,248.359	\$1,295.386	\$1,299.204	\$1,306.707	\$1,310.607
Operating Expenses						
Labor:						
Payroll	\$100.100	\$106.185	\$110.612	\$114.870	\$119.515	\$124.588
Overtime	23.400	21.813	22.242	21.778	22.394	23.098
Health and Welfare	23.500	25.988	28.465	31.106	33.997	37.155
Pensions	4.600	10.028	14.908	17.247	17.684	18.319
Other Fringe Benefits	12.300	12.809	13.818	14.437	15.094	15.705
Reimbursable Overhead	(5.400)	(5.430)	(6.254)	(6.415)	(6.594)	(6.788)
Total Labor Expenses	\$158.500	\$171.393	\$183.791	\$193.023	\$202.090	\$212.078
Non-Labor:						
Traction and Propulsion Power	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fuel for Buses and Trains	-	-	-	-	-	-
Insurance	8.500	9.345	10.557	11.561	12.666	13.883
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	118.300	123.170	149.092	157.688	153.056	156.867
Professional Service Contracts	13.500	15.451	16.658	16.912	17.249	17.624
Materials & Supplies	18.300	28.485	28.672	18.297	21.201	21.613
Other Business Expenses	2.200	2.095	2.139	2.169	2.204	2.242
Total Non-Labor Expenses	\$160.800	\$178.546	\$207.118	\$206.628	\$206.375	\$212.230
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	\$319.300	\$349.939	\$390.909	\$399.651	\$408.465	\$424.308
Add: Depreciation	45.600	47.600	50.200	56.500	61.200	66.700
Total Expenses After Depreciation	\$364.900	\$397.539	\$441.109	\$456.151	\$469.665	\$491.008
Less: Depreciation	(45.600)	(47.600)	(50.200)	(56.500)	(61.200)	(66.700)
Total Expenses	\$319.300	\$349.939	\$390.909	\$399.651	\$408.465	\$424.308
Baseline Net Income/(Deficit)	\$812.100	\$898.420	\$904.477	\$899.553	\$898.242	\$886.299
2006 Agency Program to Eliminate the Gap	0.000	0.000	0.269	0.396	0.396	0.396
Net Surplus/(Deficit)	\$812.100	\$898.420	\$904.746	\$899.949	\$898.638	\$886.695

REIMBURSABLE							
		ACTUAL	FORECAST				
		2004	2005	2006	2007	2008	2009
Revenue							
Farebox Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vehicle Toll Revenue	0.000	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	0.000
Capital and Other Reimbursements	12.500	12.592	13.974	14.856	15.473	16.030	
Investment Income	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Revenue	\$12.500	\$12.592	\$13.974	\$14.856	\$15.473	\$16.030	
Expenses							
<u>Labor:</u>							
Payroll	\$5.100	\$4.910	\$4.965	\$5.093	\$5.235	\$5.389	
Overtime	0.000	0.037	0.207	0.400	0.400	0.400	0.400
Health and Welfare	1.100	1.223	1.358	1.487	1.628	1.783	
Pensions	0.200	0.431	0.522	0.770	0.899	0.927	
Other Fringe Benefits	0.700	0.561	0.668	0.691	0.717	0.743	
Reimbursable Overhead	5.400	5.430	6.254	6.415	6.594	6.788	
Total Labor Expenses	\$12.500	\$12.592	\$13.974	\$14.856	\$15.473	\$16.030	
<u>Non-Labor:</u>							
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	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
<u>Other Expense Adjustments:</u>							
Other	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Other Expense Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenses Before Depreciation	\$12.500	\$12.592	\$13.974	\$14.856	\$15.473	\$16.030	
Add: Depreciation	-	-	-	-	-	-	-
Total Expenses After Depreciation	\$12.500	\$12.592	\$13.974	\$14.856	\$15.473	\$16.030	
Less: Depreciation	-	-	-	-	-	-	-
Total Expenses	\$12.500	\$12.592	\$13.974	\$14.856	\$15.473	\$16.030	
Net Income/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000

NON-REIMBURSABLE / REIMBURSABLE

	ACTUAL		FORECAST			
	2004	2005	2006	2007	2008	2009
Revenue						
Farebox Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vehicle Toll Revenue	1,097.000	1,206.892	1,244.320	1,247.171	1,254.848	1,256.824
Other Operating Revenue	9.700	16.874	23.964	23.061	20.915	21.036
Capital and Other Reimbursements	35.800	35.236	38.656	41.404	43.887	46.068
Investment Income	1.400	1.949	2.419	2.424	2.529	2.709
Total Revenue	\$1,143.900	\$1,260.951	\$1,309.359	\$1,314.060	\$1,322.180	\$1,326.637
Expenses						
<u>Labor:</u>						
Payroll	\$ 105.200	\$ 111.095	\$ 115.577	\$ 119.963	\$ 124.750	\$ 129.977
Overtime	23.400	21.850	22.449	22.178	22.794	23.498
Health and Welfare	24.600	27.211	29.823	32.593	35.625	38.938
Pensions	4.800	10.459	15.430	18.017	18.583	19.246
Other Fringe Benefits	13.000	13.370	14.486	15.128	15.811	16.448
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenses	\$171.000	\$183.985	\$197.764	\$207.879	\$217.563	\$228.108
<u>Non-Labor:</u>						
Traction and Propulsion Power	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fuel for Buses and Trains	-	-	-	-	-	-
Insurance	8.500	9.345	10.557	11.561	12.666	13.883
Claims	0.000	0.000	0.000	0.000	0.000	0.000
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	118.300	123.170	149.092	157.688	153.056	156.867
Professional Service Contracts	13.500	15.451	16.658	16.912	17.249	17.624
Materials & Supplies	18.300	28.485	28.672	18.297	21.201	21.613
Other Business Expenses	2.200	2.095	2.139	2.169	2.204	2.242
Total Non-Labor Expenses	\$160.800	\$178.546	\$207.118	\$206.628	\$206.375	\$212.230
<u>Other Expense Adjustments:</u>						
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	\$331.800	\$362.531	\$404.882	\$414.507	\$423.938	\$440.338
Add: Depreciation	45.600	47.600	50.200	56.500	61.200	66.700
Total Expenses After Depreciation	\$377.400	\$410.131	\$455.082	\$471.007	\$485.138	\$507.038
Less: Depreciation	(45.600)	(47.600)	(50.200)	(56.500)	(61.200)	(66.700)
Total Expenses	\$331.800	\$362.531	\$404.882	\$414.507	\$423.938	\$440.338
Baseline Net Income/(Deficit)	\$812.100	\$898.420	\$904.477	\$899.553	\$898.242	\$886.299
2006 Agency Program to Eliminate the Gap	0.000	0.000	0.269	0.396	0.396	0.396
Net Surplus/(Deficit)	\$812.100	\$898.420	\$904.746	\$899.949	\$898.638	\$886.695

	ACTUAL	FORECAST				
	2004	2005	2006	2007	2008	2009
<u>Deductions from Net Operating Income:</u>						
Investment Income	\$1.400	\$1.949	\$2.419	\$2.424	\$2.529	\$2.709
Total Debt Service	393.355	419.344	465.849	478.580	493.390	507.849
Construction Reserve and Capital Reimbursement Funds	17.676	14.402	14.693	14.996	15.342	15.729
Capital Projects	4.184	11.167	10.991	11.217	11.477	11.766
Gain on Escrow (2003 Only)	-	-	-	-	-	-
Total Deductions from Net Operating Income	\$416.615	\$446.862	\$493.952	\$507.217	\$522.738	\$538.052
Net Income Available for Transfer to MTA and NYCT	\$395.485	\$451.558	\$410.526	\$392.337	\$375.504	\$348.247
<u>Distribution of Funds to MTA:</u>						
Investment Income in Current Year	\$1.400	\$1.949	\$2.419	\$2.424	\$2.529	\$2.709
Accrued Current Year Allocation	241.922	271.911	256.881	247.848	239.438	225.803
Total Accrued Amount Distributed to MTA	\$243.322	\$273.860	\$259.300	\$250.272	\$241.967	\$228.512
<u>Distribution of Funds to NYCT:</u>						
First \$24 million of Surplus reserved for NYCT	\$24.000	\$24.000	\$24.000	\$24.000	\$24.000	\$24.000
Additional Accrued Current Year Allocation	129.563	155.647	129.644	120.488	112.066	98.444
Total Accrued Amount Distributed to NYCT	\$153.563	\$179.647	\$153.644	\$144.488	\$136.066	\$122.444
<u>Actual Cash Transfer to MTA and NYCT:</u>						
From Current Year Surplus	\$228.042	\$296.771	\$258.384	\$248.751	\$240.279	\$227.166
Investment Income in Prior Year	2.334	1.400	1.949	2.419	2.424	2.529
Total Cash Amount Distributed to MTA	\$230.376	\$298.171	\$260.333	\$251.170	\$242.703	\$229.695
Total Cash Amount Distributed to NYCT	\$148.627	\$190.064	\$156.244	\$145.404	\$136.908	\$123.806

	ACTUAL	FORECAST				
	2004	2005	2006	2007	2008	2009
<u>Debt Service Detail by Agency:</u>						
B&T Own Purpose DS + Total BICs DS	\$100.206	\$116.981	\$134.974	\$147.382	\$162.163	\$176.656
NYCT Transportation DS + MRT Second Resolution DS	202.754	209.314	229.056	229.279	229.299	229.276
MTA Transportation DS + MRT Second Resolution DS	90.395	93.049	101.819	101.919	101.927	101.917
Total Debt Service by Agency	\$393.355	\$419.344	\$465.849	\$478.580	\$493.390	\$507.849
<u>Total Accrued Amount for Transfer to MTA and NYCT:</u>						
Total Adjusted Net Income Available for Transfer	\$788.840	\$870.902	\$876.374	\$870.916	\$868.894	\$856.096
Less: B&T Total Debt Service	(100.206)	(116.981)	(134.974)	(147.382)	(162.163)	(176.656)
Less: first \$24 million reserved for NYCT	(24.000)	(24.000)	(24.000)	(24.000)	(24.000)	(24.000)
Remainder of Total Accrued Amount for Transfer	\$664.634	\$729.921	\$717.400	\$699.534	\$682.731	\$655.440
<u>Calculation of Actual Cash Transfer to MTA:</u>						
Distribution of Remainder to MTA						
Fifty Percent of Total Accrued Amount for Transfer	\$332.317	\$364.960	\$358.700	\$349.767	\$341.365	\$327.720
Less: MTA Total Debt Service	(90.395)	(93.049)	(101.819)	(101.919)	(101.927)	(101.917)
MTA's Accrued Current Year Allocation	\$241.922	\$271.911	\$256.881	\$247.848	\$239.438	\$225.803
Cash Conversion of MTA's Accrued Amount						
Current Year Amount	\$189.871	\$244.720	\$231.193	\$223.063	\$215.494	\$203.222
Balance of Prior Year	38.172	52.051	27.191	25.688	24.785	23.944
Cash Transfer to MTA	\$228.042	\$296.771	\$258.384	\$248.751	\$240.279	\$227.166
<u>Calculation of Actual Cash Transfer to NYCT:</u>						
Distribution of Remainder to NYCT						
Fifty Percent of Total Accrued Amount for Transfer	\$332.317	\$364.960	\$358.700	\$349.767	\$341.365	\$327.720
Less: NYCT Total Debt Service	(202.754)	(209.314)	(229.056)	(229.279)	(229.299)	(229.276)
Plus: first \$24 million reserved for NYCT	24.000	24.000	24.000	24.000	24.000	24.000
NYCT's Accrued Current Year Allocation	\$153.563	\$179.647	\$153.644	\$144.488	\$136.066	\$122.444
Cash Conversion of NYCT's Accrued Amount						
Current Year Amount	\$125.181	\$161.682	\$138.280	\$130.040	\$122.459	\$110.200
Balance of Prior Year	23.447	28.382	17.965	15.364	14.449	13.607
Cash Transfer to NYCT	\$148.627	\$190.064	\$156.244	\$145.404	\$136.908	\$123.806
<u>B & T Charged Debt Service Detail by Type:</u>						
Project Debt Service						
B & T Own Purpose Debt Service	\$100.206	\$116.981	\$134.974	\$147.382	\$162.163	\$176.656
NYCT Transportation Project Debt Service	202.754	209.314	229.056	229.279	229.299	229.276
MTA Transportation Project Debt Service	90.395	93.049	101.819	101.919	101.927	101.917
Total Project Debt Service	\$393.355	\$419.344	\$465.849	\$478.580	\$493.390	\$507.849

MTA NYC TRANSIT SUBSIDIES
MULTI-YEAR FINANCIAL PLAN
2006 - 2009
(\$ in millions)

Line
Number

		ACTUAL	FORECAST				
		2004	2005	2006	2007	2008	2009
9	<u>Available Accrued Subsidies:</u>						
10							
11	B &T Accrued Current Year Allocation	\$153.579	\$179.647	\$153.644	\$144.488	\$136.066	\$122.444
12	State Operating Assistance	158.180	158.180	158.180	158.180	158.180	158.180
14	Local Operating Assistance	158.180	158.180	158.180	158.180	158.180	158.180
15	MMTOA Allocation (NYS Regional Taxes)	461.806	615.075	784.741	812.927	802.528	825.580
16	Gross PBT Receipts (before DS)	474.504	463.104	541.747	535.344	537.869	540.292
17	Mortgage Recording Tax Transfer	164.024	275.281	64.385	73.108	68.327	54.868
18	Urban Tax (Excludes Paratransit)	337.642	418.048	327.490	355.100	370.434	379.156
20	MTA Internal Subsidy	13.000	0.000	0.000	0.000	0.000	0.000
22							
23	Total Gross Accrued Subsidies Available	\$1,920.916	\$2,267.515	\$2,188.368	\$2,237.328	\$2,231.584	\$2,238.701
24							
25	Less: PBT Debt Service for NYCT	(\$126.260)	(\$164.456)	(\$184.212)	(\$203.382)	(\$218.372)	(\$224.955)
26							
27	Total Net Accrued Subsidies Available	\$1,794.656	\$2,103.059	\$2,004.156	\$2,033.946	\$2,013.212	\$2,013.745
28							
29	NYC Pension-Savings Recapture	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
30							
31	Total Cash Flow Adjustments	(\$37.114)	\$12.946	\$0.812	(\$0.623)	(\$0.094)	\$0.521

Subsidy Cash Detail
(\$ in millions)

		ACTUAL	FORECAST				
		2004	2005	2006	2007	2008	2009
38	<u>Available Cash Subsidies:</u>						
39							
40	Net B&T Current Year Allocation	\$148.627	\$190.064	\$156.244	\$145.404	\$136.908	\$123.806
41	State Operating Assistance	158.057	158.180	158.180	158.180	158.180	158.180
43	Local Operating Assistance	158.180	158.180	158.180	158.180	158.180	158.180
44	MMTOA Allocation (NYS Regional Taxes)	461.806	615.075	784.741	812.927	802.528	825.580
45	Gross PBT Receipts	478.542	457.182	542.348	535.133	537.668	540.082
46	Mortgage Recording Tax Transfer	143.081	275.281	64.385	73.108	68.327	54.868
47	Urban Tax	322.508	426.498	325.101	353.773	369.698	378.524
50	MTA Internal Subsidy	13.000	0.000	0.000	0.000	0.000	0.000
52							
53	Total Gross Cash Subsidies Available	\$1,883.801	\$2,280.461	\$2,189.180	\$2,236.705	\$2,231.489	\$2,239.222

Subsidy Cash Flow Adjustment Detail
(\$ in millions)

		ACTUAL	FORECAST				
		2004	2005	2006	2007	2008	2009
59							
60							
61	Net B&T Current Year Allocation	(\$4.952)	\$10.418	\$2.600	\$0.916	\$0.842	\$1.362
66	Gross PBT Receipts	4.038	(5.921)	0.601	(0.211)	(0.201)	(0.209)
68	Urban Tax	(15.135)	8.450	(2.389)	(1.327)	(0.736)	(0.632)
73							
74	Total Cash Flow Adjustments	(\$37.114)	\$12.946	\$0.812	(\$0.623)	(\$0.094)	\$0.521

MTA COMMUTER RAILROAD SUBSIDIES
MULTI-YEAR FINANCIAL PLAN
2006 - 2009
(\$ in millions)

Line
Number

	ACTUAL	FORECAST				
	2004	2005	2006	2007	2008	2009
<u>Available Accrued Subsidies:</u>						
B & T Accrued Current Year Allocation	\$241.939	\$271.911	\$256.881	\$247.848	\$239.438	\$225.803
State Operating Assistance	29.252	29.252	29.252	29.252	29.252	29.252
Local Operating Assistance	29.252	29.252	29.252	29.252	29.252	29.252
MMTOA Allocation (NYS Regional Taxes)	273.121	329.665	412.003	424.821	422.590	433.073
Gross PBT Receipts (before DS)	83.736	78.536	92.164	91.075	91.504	91.917
Mortgage Recording Tax Transfer	(223.209)	(297.043)	(93.903)	(95.332)	(89.655)	(71.081)
Mortgage Recording Tax - Other	0.000	42.783	0.000	0.000	0.000	0.000
Mortgage Recording Tax Gross Receipts	644.800	603.599	355.383	364.168	360.999	347.257
Station Maintenance	128.520	131.758	135.363	139.292	143.640	148.469
CDOT Subsidy	51.566	53.341	57.987	62.812	72.367	84.945
Investment Income	6.283	6.283	12.614	15.470	16.993	21.324
Additional Mass Transportation Assistance Program	0.000	38.935	0.000	0.000	0.000	0.000
Commuter Operating Capital Transfer MNR M-7 Acceleration	0.000	0.000	(10.000)	0.000	0.000	0.000

Total Gross Accrued Subsidies Available	\$1,265.260	\$1,318.272	\$1,276.996	\$1,308.658	\$1,316.380	\$1,340.210
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Less: PBT Debt Service for CRs	(\$25.476)	(\$32.071)	(\$33.602)	(\$33.588)	(\$33.607)	(\$33.634)
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Total Net Accrued Subsidies Available	\$1,239.784	\$1,286.201	\$1,243.395	\$1,275.070	\$1,282.773	\$1,306.576
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Total Cash Flow Adjustments	(\$173.366)	\$22.078	(\$1.169)	(\$2.138)	(\$2.539)	(\$2.385)
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Subsidy Cash Detail
(\$ in millions)

	ACTUAL	FORECAST				
	2004	2005	2006	2007	2008	2009
<u>Available Cash Subsidies:</u>						
Net B&T Current Year Allocation	\$228.042	\$296.771	\$258.384	\$248.751	\$240.279	\$227.166
State Operating Assistance	30.622	29.252	29.252	29.252	29.252	29.252
Local Operating Assistance	28.879	29.720	29.252	29.252	29.252	29.252
MMTOA Allocation (NYS Regional Taxes)	273.121	329.665	412.003	424.821	422.590	433.073
Gross PBT Receipts	84.448	77.778	92.266	91.039	91.470	91.881
Mortgage Recording Tax Transfer	(213.794)	(297.043)	(93.903)	(95.332)	(89.655)	(71.081)
Mortgage Recording Tax - Other	0.000	42.783	0.000	0.000	0.000	0.000
Mortgage Recording Tax Gross Receipts	471.960	603.599	355.383	364.168	360.999	347.257
Station Maintenance	125.721	129.266	132.588	136.287	140.294	144.756
CDOT Subsidy	56.612	53.341	57.987	62.812	72.367	84.945
Investment Income	6.283	6.283	12.614	15.470	16.993	21.324
Additional Mass Transportation Assistance Program	0.000	38.935	0.000	0.000	0.000	0.000
Commuter Operating Capital Transfer MNR M-7 Acceleration	0.000	0.000	(10.000)	0.000	0.000	0.000

Total Gross Cash Subsidies Available	\$1,091.893	\$1,340.350	\$1,275.827	\$1,306.520	\$1,313.841	\$1,337.825
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Subsidy Cash Flow Adjustment Detail
(\$ in millions)

	ACTUAL	FORECAST				
	2004	2005	2006	2007	2008	2009
<u>Total Gross Subsidies Available</u>						
Net B&T Current Year Allocation	(13.897)	24.860	1.503	0.903	0.841	1.364
State Operating Assistance	1.370	0.000	0.000	0.000	0.000	0.000
Local Operating Assistance	(0.373)	0.468	0.000	0.000	0.000	0.000
Gross PBT Receipts (before DS)	0.712	(0.758)	0.102	(0.036)	(0.034)	(0.036)
Mortgage Recording Tax Transfer	9.415	0.000	0.000	0.000	0.000	0.000
Mortgage Recording Tax Gross Receipts	(172.840)	0.000	0.000	0.000	0.000	0.000
Station Maintenance	(2.799)	(2.492)	(2.774)	(3.005)	(3.346)	(3.713)
CDOT Subsidy	5.046	0.000	0.000	0.000	0.000	0.000
Total Cash Flow Adjustments	(\$173.366)	\$22.078	(\$1.169)	(\$2.138)	(\$2.539)	(\$2.385)

CRR / NYCT COMBINED SUBSIDIES
MULTI-YEAR FINANCIAL PLAN
2006 - 2009
(\$ in millions)

Line

Number

	ACTUAL	FORECAST				
	2004	2005	2006	2007	2008	2009
9 <u>Available Accrued Subsidies:</u>						
10						
11 B & T Accrued Current Year Allocation	\$395.518	\$451.558	\$410.526	\$392.337	\$375.504	\$348.247
12 State Operating Assistance	187.432	187.432	187.432	187.432	187.432	187.432
13 Federal Operating Assistance	0.000	0.000	0.000	0.000	0.000	0.000
14 Local Operating Assistance	187.432	187.432	187.432	187.432	187.432	187.432
15 MMTOA Allocation (NYS Regional Taxes)	734.927	944.740	1,196.745	1,237.749	1,225.118	1,258.654
16 Gross PBT Receipts (before DS)	558.240	541.639	633.911	626.419	629.373	632.208
17 Mortgage Recording Tax Transfer	(59.185)	(21.762)	(29.518)	(22.224)	(21.328)	(16.213)
18 Mortgage Recording Tax - Other	0.000	42.783	0.000	0.000	0.000	0.000
19 Mortgage Recording Tax Gross Receipts	644.800	603.599	355.383	364.168	360.999	347.257
20 Urban Tax	337.642	418.048	327.490	355.100	370.434	379.156
20 Station Maintenance	128.520	131.758	135.363	139.292	143.640	148.469
21 CDOT Subsidy	51.566	53.341	57.987	62.812	72.367	84.945
22 Investment Income	6.283	6.283	12.614	15.470	16.993	21.324
21 Additional Mass Transportation Assistance Program	0.000	38.935	0.000	0.000	0.000	0.000
23 MTA Internal Subsidy	13.000	0.000	0.000	0.000	0.000	0.000
24 Commuter Operating Capital Transfer MNR M-7 Acceleration	0.000	0.000	(10.000)	0.000	0.000	0.000
24						
25 Total Gross Accrued Subsidies Available	\$3,186.176	\$3,585.787	\$3,465.364	\$3,545.986	\$3,547.964	\$3,578.911

26

27 **Less: PBT Debt Service** (\$151.736) (\$196.527) (\$217.814) (\$236.971) (\$251.978) (\$258.590)

28

29 **Total Net Accrued Subsidies Available** \$3,034.440 \$3,389.260 \$3,247.551 \$3,309.015 \$3,295.985 \$3,320.321

30

31 NYC Pension-Savings Recapture

32

33 **Total Cash Flow Adjustments** (\$210.481) \$35.025 (\$0.357) (\$2.761) (\$2.634) (\$1.864)

34

CRR / NYCT Combined
Subsidy Cash Detail
(\$ in millions)

	ACTUAL	FORECAST				
	2004	2005	2006	2007	2008	2009
35 <u>Available Cash Subsidies:</u>						
36						
37						
38						
39						
40						
41 Net B&T Current Year Allocation	\$376.670	\$486.836	\$414.629	\$394.155	\$377.187	\$350.973
42 State Operating Assistance	188.679	187.432	187.432	187.432	187.432	187.432
44 Local Operating Assistance	187.059	187.900	187.432	187.432	187.432	187.432
45 MMTOA Allocation (NYS Regional Taxes)	734.927	944.740	1,196.745	1,237.749	1,225.118	1,258.654
46 Gross PBT Receipts (before DS)	562.989	534.960	634.615	626.171	629.138	631.963
47 Mortgage Recording Tax Transfer	(70.713)	(21.762)	(29.518)	(22.224)	(21.328)	(16.213)
48 Mortgage Recording Tax - Other	0.000	42.783	0.000	0.000	0.000	0.000
49 Mortgage Recording Tax Gross Receipts	471.960	603.599	355.383	364.168	360.999	347.257
50 Urban Tax	322.508	426.498	325.101	353.773	369.698	378.524
51 Station Maintenance	125.721	129.266	132.588	136.287	140.294	144.756
52 CDOT Subsidy	56.612	53.341	57.987	62.812	72.367	84.945
53 Investment Income	6.283	6.283	12.614	15.470	16.993	21.324
54 Additional Mass Transportation Assistance Program	0.000	38.935	0.000	0.000	0.000	0.000
58 MTA Internal Subsidy	13.000	0.000	0.000	0.000	0.000	0.000
59 Commuter Operating Capital Transfer MNR M-7 Acceleration	0.000	0.000	(10.000)	0.000	0.000	0.000
59						
60 Total Gross Cash Subsidies Available	\$2,975.695	\$3,620.811	\$3,465.007	\$3,543.226	\$3,545.330	\$3,577.047

CRR / NYCT Combined
Subsidy Cash Flow Adjustment Detail
(\$ in millions)

	ACTUAL	FORECAST				
	2004	2005	2006	2007	2008	2009
61						
62						
63						
64						
65						
66 <u>Total Gross Subsidies Available</u>						
67						
68 Net B&T Current Year Allocation	(\$18.848)	\$35.278	\$4.103	\$1.819	\$1.683	\$2.726
69 State Operating Assistance	1.247	0.000	0.000	0.000	0.000	0.000
71 Local Operating Assistance	(0.373)	0.468	0.000	0.000	0.000	0.000
73 Gross PBT Receipts (before DS)	4.750	(6.679)	0.704	(0.247)	(0.235)	(0.245)
74 Mortgage Recording Tax Transfer	(11.528)	0.000	0.000	0.000	0.000	0.000
76 Mortgage Recording Tax Gross Receipts	(172.840)	0.000	0.000	0.000	0.000	0.000
77 Urban Tax	(15.135)	8.450	(2.389)	(1.327)	(0.736)	(0.632)
78 Station Maintenance	(2.799)	(2.492)	(2.774)	(3.005)	(3.346)	(3.713)
79 CDOT Subsidy	5.046	0.000	0.000	0.000	0.000	0.000
86						
87 Total Cash Flow Adjustments	(\$210.481)	\$35.025	(\$0.357)	(\$2.761)	(\$2.634)	(\$1.864)

MTA STATEN ISLAND RAILWAYS SUBSIDIES
MULTI-YEAR FINANCIAL PLAN
2006 - 2009
(\$ in millions)

Line Number		ACTUAL	FORECAST				
		2004	2005	2006	2007	2008	2009
9							
10	<u>Available Accrued Subsidies:</u>						
11							
12	State Operating Assistance	\$0.492	\$0.492	\$0.492	\$0.492	\$0.492	\$0.492
13	Dedicated Taxes (MMTOA)	1.436	1.913	2.440	2.528	2.496	2.567
14	City Operating Assistance	0.492	0.492	0.492	0.492	0.492	0.492
15	Mortgage Recording Tax	0.164	0.286	0.021	0.024	0.019	0.000
17							
18	Total Accrued Subsidies Available	\$2.584	\$3.183	\$3.445	\$3.535	\$3.498	\$3.551
19							
20							
21	<u>Available Cash Subsidies:</u>						
22							
23	State Operating Assistance	\$0.492	\$0.492	\$0.492	\$0.492	\$0.492	\$0.492
24	Dedicated Taxes (MMTOA)	1.436	1.913	2.440	2.528	2.496	2.567
25	City Operating Assistance	0.492	0.492	0.492	0.492	0.492	0.492
26	Mortgage Recording Tax	0.164	0.286	0.021	0.024	0.019	0.000
28							
29	Total Cash Subsidies Available	\$2.583	\$3.183	\$3.445	\$3.535	\$3.498	\$3.551
30							
31							
32	<u>Cash Flow Adjustment Detail:</u>						
33							
34	State Operating Assistance	(\$0.000)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
35	Dedicated Taxes (MMTOA)	0.000	0.000	0.000	0.000	0.000	0.000
36	City Operating Assistance	0.000	0.000	0.000	0.000	0.000	0.000
37	Mortgage Recording Tax	0.000	0.000	0.000	0.000	0.000	0.000
38	City Subsidy	0.000	0.000	0.000	0.000	0.000	0.000
39							
40	Total Cash Flow Adjustments	(\$0.000)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000

MTA LONG ISLAND BUS SUBSIDIES
MULTI-YEAR FINANCIAL PLAN
2006 - 2009
(\$ in millions)

Line Number		ACTUAL	FORECAST				
		2004	2005	2006	2007	2008	2009
9							
10	<u>Available Accrued Subsidies:</u>						
11							
12	NON-NEW YORK STATE DETAIL						
13	(\$ in millions)						
14							
15	Nassau County	\$7.361	\$10.500	\$10.500	\$10.500	\$10.500	\$10.500
16							
17	Total Non-New York State Subsidies	\$7.361	\$10.500	\$10.500	\$10.500	\$10.500	\$10.500
18							
19							
20	NEW YORK STATE DETAIL						
21	(\$ in millions)						
22							
23	<u>18-B Program:</u>						
24							
25	General Fund	\$1.476	\$2.077	\$2.077	\$2.077	\$2.077	\$2.077
26	MTOA	1.485	0.884	0.884	0.884	0.884	0.884
27							
28	Total 18-B Program Subsidies	\$2.961	\$2.961	\$2.961	\$2.961	\$2.961	\$2.961
29							
30	<u>Non 18-B MTOA Program:</u>						
31							
32	MTOA	\$31.014	\$35.454	\$39.827	\$41.108	\$42.273	\$43.321
33							
34	Total Non 18-B MTOA Program Subsidies	\$31.014	\$35.454	\$39.827	\$41.108	\$42.273	\$43.321
35							
36							
37	Total New York State Subsidies	\$33.975	\$38.415	\$42.788	\$44.069	\$45.234	\$46.282
38							
39	Total Baseline Accrued Subsidies Available	\$41.336	\$48.915	\$53.288	\$54.569	\$55.734	\$56.782
40							
41	MTA Subsidy	11.200	14.000	14.000	14.000	14.000	14.000
42							
43	Total Accrued Subsidies Available	\$52.536	\$62.915	\$67.288	\$68.569	\$69.734	\$70.782
44							
45							

	ACTUAL	FORECAST				
	2004	2005	2006	2007	2008	2009
<u>Available Cash Subsidies:</u>						
NON-NEW YORK STATE CASH DETAIL						
(\$ in millions)						
Nassau County	\$7.361	\$10.500	\$10.500	\$10.500	\$10.500	\$10.500
Total Non-New York State Subsidies	\$7.361	\$10.500	\$10.500	\$10.500	\$10.500	\$10.500
NEW YORK STATE CASH DETAIL						
(\$ in millions)						
General Fund	\$1.476	\$2.077	\$2.077	\$2.077	\$2.077	\$2.077
MTOA	1.485	0.884	0.884	0.884	0.884	0.884
Total 18-B Program Subsidies	\$2.961	\$2.961	\$2.961	\$2.961	\$2.961	\$2.961
<u>Non 18-B MTOA Program:</u>						
From Total Net DownState Share	\$32.934	\$37.288	\$40.671	\$41.952	\$43.117	\$44.165
Less: Used for 18-B/other	(1.485)	(1.835)	(0.844)	(0.844)	(0.844)	(0.844)
Adjusted Total Net DownState Share	\$31.449	\$35.454	\$39.827	\$41.108	\$42.273	\$43.321
From Carryover	(3.060)	0.875	0.875	0.875	0.000	0.000
Total Non 18-B MTOA Subsidies	\$28.389	\$36.329	\$40.702	\$41.983	\$42.273	\$43.321
Additional State Aid	3.725	0.000	0.000	0.000	0.000	0.000
Total New York State Cash Subsidies	\$35.075	\$39.290	\$43.663	\$44.944	\$45.234	\$46.282
Total Cash Subsidies Available	\$42.436	\$49.790	\$54.163	\$55.444	\$55.734	\$56.782
MTA Subsidy	11.200	14.000	14.000	14.000	14.000	14.000
Total Cash Subsidies Available	\$53.636	\$63.790	\$68.163	\$69.444	\$69.734	\$70.782
<u>Cash Flow Adjustment Detail:</u>						
Non 18-B MTOA	(2.625)	0.875	0.875	0.875	0.000	0.000
Additional State General Fund Aid	3.725	0.000	0.000	0.000	0.000	0.000
Total Cash Flow Adjustments	\$1.100	\$0.875	\$0.875	\$0.875	\$0.000	\$0.000

VI. MTA Capital Program Information

New York City Transit and SIRTOA: 2005 Commitments
Summed by Element
(\$ in Millions)

Funding for 2005 Commitments

Includes Projects in Pre- 2005-2009 Plans and Projects in the First,
Second and Third Quarter Interim 2005-2009 MTA Board Approved Plan

ACEP	Category Description	Element Description	Project Description	Total Project Value	2005 Commitments	MTA Funding	Federal Funding	Local Funding
For All Projects included in Pre-2005-2009 Plans:								
S30101/02	SIRTOA MISCELLANEOUS	MISCELLANEOUS PROJECTS	SIRT Station Rehab: 6 Locations	\$9.6	\$1.1	\$1.1		
S40701/06	SIRTOA MISCELLANEOUS	MISCELLANEOUS PROJECTS	Sir: Power: Rehabilitate Four Substation Enclosures	\$3.1	\$2.8	\$2.3		\$0.5
			Subtotal SIRTOA Miscellaneous	\$12.7	\$3.9	\$3.4	\$0.0	\$0.5
T40302/A0	BUSES	BUS REPLACEMENT	315 Articulated Buses 2002	\$156.0	\$27.4	\$27.4		
			Subtotal Bus Replacement	\$156.0	\$27.4	\$27.4	\$0.0	\$0.0
T40402/S2	PASSENGER STATIONS	FARE COLLECTION, STATIONS	Structural Remediation: Kings Highway: Brighton Line-Bklyn	\$1.0	\$0.5	\$0.5		
T40404/M2	MISCELLANEOUS	FARE COLLECTION, STATIONS	Fare Media Phase 1 DES	\$0.5	\$0.5	\$0.5		
T40404/M4	PASSENGER STATIONS	FARE COLLECTION, STATIONS	Replace AFC Electronics	\$10.3	\$10.0	\$10.0		
T40404/M6	PASSENGER STATIONS	FARE COLLECTION, STATIONS	AFC Miscellaneous Tasks	\$10.5	\$10.5	\$10.5		
			Subtotal Fare Collection Stations	\$22.3	\$21.5	\$21.5	\$0.0	\$0.0
T40411/2R	PASSENGER STATIONS	STATION REHABILITATION	Station Rehab: Beach 116Th Street/Rockaway Line	\$5.2	\$4.4	\$4.4		
T40411/3J	PASSENGER STATIONS	STATION REHABILITATION	Station Rehab: Avenue M: Brighton Line-Brooklyn DES	\$1.7	\$1.0	\$1.0		
T40411/3K	PASSENGER STATIONS	STATION REHABILITATION	Station Rehab: Neck Road: Brighton Line-Brooklyn DES	\$1.5	\$1.0	\$1.0		
T40411/3Q	PASSENGER STATIONS	STATION REHABILITATION	Station Rehab: Avenue H: Brighton Line-Brooklyn DES	\$2.5	\$0.6	\$0.6		
T40411/3R	PASSENGER STATIONS	STATION REHABILITATION	Station Rehab: Avenue J: Brighton Line-Brooklyn DES	\$1.6	\$0.8	\$0.8		
T40411/3S	PASSENGER STATIONS	STATION REHABILITATION	Station Rehab: Avenue U: Brighton Line-Brooklyn DES	\$1.4	\$0.9	\$0.9		
T40411/4N	PASSENGER STATIONS	STATION REHABILITATION	Station Rehab: Moshulu Parkway: Jerome Avenue Line	\$13.8	\$13.0	\$13.0		
T40411/E0	PASSENGER STATIONS	STATION REHABILITATION	Station Rehab: Fort Hamilton Pky: West End Line DES	\$0.8	\$0.8	\$0.8		
T40411/E1	PASSENGER STATIONS	STATION REHABILITATION	Station Rehab: 71St Street: West End Line-Brooklyn DES	\$0.8	\$0.8	\$0.8		
T40411/E2	PASSENGER STATIONS	STATION REHABILITATION	Station Rehab: 79th Street: West End Line-Brooklyn DES	\$0.8	\$0.8	\$0.8		
T40411/E3	PASSENGER STATIONS	STATION REHABILITATION	Station Rehab: 18th Avenue: West End Line-Brooklyn DES	\$0.8	\$0.8	\$0.8		
T40411/E4	PASSENGER STATIONS	STATION REHABILITATION	Station Rehab: 20th Avenue: West End Line-Brooklyn DES	\$0.8	\$0.8	\$0.8		
T40411/E5	PASSENGER STATIONS	STATION REHABILITATION	Station Rehab: 62nd Street: West End Line DES	\$0.6	\$0.6	\$0.6		
T40411/E6	PASSENGER STATIONS	STATION REHABILITATION	Station Rehab: Bay Parkway: West End Line DES	\$0.7	\$0.7	\$0.7		
T40411/E7	PASSENGER STATIONS	STATION REHABILITATION	Station Rehab: 9th Avenue: West End Line DES	\$0.6	\$0.6	\$0.6		
T40411/E8	PASSENGER STATIONS	STATION REHABILITATION	Station Rehab: Bay 50th Street: West End Line-Bklyn DES	\$0.7	\$0.7	\$0.7		
T40411/E9	PASSENGER STATIONS	STATION REHABILITATION	Station Rehab: 25th Avenue: West End Line DES	\$0.7	\$0.7	\$0.7		
T40413/01	PASSENGER STATIONS	STATION REHABILITATION	ADA: Kings Highway-Brighton Line DES	\$0.5	\$0.4	\$0.4		
			Subtotal Station Rehabilitation	\$35.5	\$29.2	\$29.2	\$0.0	\$0.0
T40413/E6	PASSENGER STATIONS	DISABLED ACCESSIBILITY	ADA: Bay Parkway/West End Line DES	\$0.2	\$0.2	\$0.2		
			Subtotal Disabled Accessibility	\$0.2	\$0.2	\$0.2	\$0.0	\$0.0
T40604/02	LINE EQUIPMENT	PUMPING FACILITIES	Pumping Facilities: Fulton Street (Pr 2076) / 8Th Av Line	\$21.1	\$3.2	\$3.2		

New York City Transit and SIRTOA: 2005 Commitments
Summed by Element
(\$ in Millions)

Funding for 2005 Commitments

Includes Projects in Pre- 2005-2009 Plans and Projects in the First,
Second and Third Quarter Interim 2005-2009 MTA Board Approved Plan

ACEP	Category Description	Element Description	Project Description	Total Project Value	2005 Commitments	MTA Funding	Federal Funding	Local Funding
Subtotal Pumping Facilities				\$21.1	\$3.2	\$3.2	\$0.0	\$0.0
T40703/26	LINE STRUCTURE	LINE STRUCTURE REHABILITATION	Retaining Walls SBC	\$2.0	\$2.0	\$2.0		
T40703/NB	LINE STRUCTURE	LINE STRUCTURE REHABILITATION	Structural Remediation: Newkirk Av Station PH II	\$1.2	\$0.4	\$0.4		
Subtotal Line Structure Rehabilitation				\$3.2	\$2.4	\$2.4	\$0.0	\$0.0
T40803/FE	SIGNALS & COMMUNICATIONS	SIGNAL MODERNIZATION	E 180 St Interlock Signal DES	\$4.7	\$3.1	\$3.1		
Subtotal Signal Modernization				\$4.7	\$3.1	\$3.1	\$0.0	\$0.0
T40806/RB	SIGNALS & COMMUNICATIONS	COMMUNICATIONS SYSTEMS	Comm Rooms:98 Stations IND/BMT	\$50.1	\$0.5	\$0.5		
Subtotal Communication Systems				\$50.1	\$0.5	\$0.5	\$0.0	\$0.0
T40807/01	SIGNALS & COMMUNICATIONS	COMMAND CENTER MODERNIZATION	RCC Livingston Plaza	\$13.6	\$10.2	\$10.2		
Subtotal Command Center Modernization				\$13.6	\$10.2	\$10.2	\$0.0	\$0.0
T40902/SE	POWER	SUBSTATIONS, IRT/BMT	Substation Enclosures (8 Locations)	\$19.4	\$14.7	\$14.7		
Subtotal Power Substations				\$19.4	\$14.7	\$14.7	\$0.0	\$0.0
T41203/KP	DEPOT	DEPOT CONSTRUCTION	Bus Terminal: Kings Plaza	\$2.1	\$1.8	\$1.8		
Subtotal Depot Construction				\$2.1	\$1.8	\$1.8	\$0.0	\$0.0
T41204/01	DEPOT	DEPOT REHABILITATION	Paratransit AVL	\$17.3	\$16.3	\$16.3		
T41204/06	DEPOT	DEPOT REHABILITATION	Purchase 501 Portable Radios	\$2.2	\$2.2	\$2.2		
T41204/4C	DEPOT	DEPOT REHABILITATION	Instal Artic Lifts/Oil-Wtr Septr-Fltsh	\$7.5	\$1.4	\$1.4		
T41204/EN	DEPOT	DEPOT REHABILITATION	ENY Depot Rehab And Base Shop Conversion DES	\$5.0	\$5.0	\$5.0		
T41204/HU	DEPOT	DEPOT REHABILITATION	Bus Locator System	\$9.6	\$5.8		\$5.8	
Subtotal Depot Rehabilitation				\$41.6	\$30.7	\$24.9	\$5.8	\$0.0
T41302/O4	SERVICE VEHICLES	WORK TRAINS	Purchase 36 CWR Handler	\$8.8	\$8.4	\$8.4		
T41302/O5	SERVICE VEHICLES	WORK TRAINS	Convert 9 Reach Cars	\$1.5	\$1.3	\$1.3		
T41302/O6	SERVICE VEHICLES	WORK TRAINS	Locomotive Modernization Pilot	\$2.1	\$1.6	\$1.6		
T41302/P4	SERVICE VEHICLES	WORK TRAINS	Purchase 9 Diesel-Electric Locomotives	\$32.1	\$31.1	\$31.1		
Subtotal Work Trains				\$44.4	\$42.2	\$42.2	\$0.0	\$0.0
T41605/T1	MISCELLANEOUS	ENGINEERING SERVICES	Test Pits Contracts	\$4.8	\$1.1	\$1.1		
Subtotal Engineering Services				\$4.8	\$1.1	\$1.1	\$0.0	\$0.0
T41606/A6	MISCELLANEOUS	ENVIRONMENTAL & SAFETY	Asbestos Abatement: Priority VI DES	\$0.8	\$0.8	\$0.8		
T41606/F3	MISCELLANEOUS	ENVIRONMENTAL & SAFETY	Fire Alarms: 126Th St Depot	\$1.7	\$1.6	\$1.6		

New York City Transit and SIRTOA: 2005 Commitments
Summed by Element
(\$ in Millions)

Funding for 2005 Commitments

Includes Projects in Pre- 2005-2009 Plans and Projects in the First,
Second and Third Quarter Interim 2005-2009 MTA Board Approved Plan

ACEP	Category Description	Element Description	Project Description	Total Project Value	2005 Commitments	MTA Funding	Federal Funding	Local Funding
Subtotal Environmental & Safety				\$2.5	\$2.4	\$2.4	\$0.0	\$0.0
T41607/EN	MISCELLANEOUS	EMPLOYEE FACILITIES	Employee Fac:: Dekalb Av/4 Av	\$2.4	\$2.4	\$2.4		
Subtotal Employee Facilities				\$2.4	\$2.4	\$2.4	\$0.0	\$0.0
Total Pre-2005-2009				\$436.6	\$196.7	\$190.4	\$5.8	\$0.5

For Projects Included in the Interim 2005-2009 Plan (Three Quarters):

T5030203	BUSES	BUS REPLACEMENT	187 Paratransit Vehicles	\$10.6	\$10.6			\$6.0
Subtotal Bus Replacement				\$10.6	\$10.6	\$0.0	\$0.0	\$6.0
T5041304	PASSENGER STATIONS	DISABLED ACCESSIBILITY	ADA 135th Street/Lnx	\$14.7	\$14.7		\$14.7	
T5041306	PASSENGER STATIONS	DISABLED ACCESSIBILITY	ADA Bowling Green/Lex	\$10.4	\$10.1		\$10.1	
Subtotal Disabled Accessibility				\$25.1	\$24.8	\$0.0	\$24.8	\$0.0
T5041414	PASSENGER STATIONS	OTHER STATION IMPROVEMENTS	Customer Communications Systems - 164 Locations	\$2.0	\$2.0	\$2.0		
T5041405	PASSENGER STATIONS	OTHER STATION IMPROVEMENTS	Bowling Green Entrance Canopy	\$2.8	\$2.7		\$2.7	
Subtotal Passenger Stations				\$4.8	\$4.7	\$2.0	\$2.7	\$0.0
T5050201	TRACK	TRACK REHABILITATION	2005 Mainline Track Rehab In-House	\$128.9	\$101.8	\$20.6	\$81.2	
T5050202	TRACK	TRACK REHABILITATION	Track Force Account	\$35.0	\$35.0			\$35.0
T5050203	TRACK	TRACK REHABILITATION	2005 Welded Rail Program (CWR) In-House	\$10.3	\$8.5	\$2.9	\$5.6	
Subtotal Track Rehabilitation				\$174.2	\$145.3	\$23.5	\$86.8	\$35.0
T5050301	TRACK	SWITCH REPLACEMENT	2005 Mainline Switch Replacement In-House	\$38.6	\$30.9	\$7.7	\$23.1	
Subtotal Switch Replacement				\$38.6	\$30.9	\$7.7	\$23.1	\$0.0
T5060201	LINE EQUIPMENT	TUNNEL LIGHTING	Tunnel Lighting: Clark Street Tube	\$30.5	\$30.5	\$3.8	\$26.7	
T5060202	LINE EQUIPMENT	TUNNEL LIGHTING	Tunnel Lighting: Bowling Green to Brooklyn Bridge, Lex line	\$19.3	\$19.3	\$2.0	\$17.3	
T5060204	LINE EQUIPMENT	TUNNEL LIGHTING	Tunnel Lighting: Cranberry Junction to Chambers Street	\$20.9	\$20.6	\$2.6	\$18.1	
Subtotal Tunnel Lighting				\$70.7	\$49.8	\$8.3	\$44.0	\$0.0
T5060301	LINE EQUIPMENT	VENTILATION FACILITIES	Vent Plant Rehabilitation: 6th Avenue Line, 2 Locations	\$120.9	\$66.5		\$66.5	
Subtotal Ventilation Facilities				\$120.9	\$66.5	\$0.0	\$66.5	\$0.0
T5060401	LINE EQUIPMENT	PUMPING FACILITIES	10 Pump Rooms on the QBL	\$37.1	\$37.1		\$37.1	
Subtotal Pumping Facilities				\$37.1	\$37.1	\$0.0	\$37.1	\$0.0
T5070301	LINE STRUCTURES	LINE STRUCTURE REHABILITATION	Rehabilitation: 50 Emergency Exits	\$7.7	\$5.6	\$3.5	\$2.1	
Subtotal Line Structure Rehabilitation				\$7.7	\$5.6	\$3.5	\$2.1	\$0.0
T5080609	SIGNALS & COMMUNICATIONS	COMMUNICATIONS SYSTEMS	Crosstown CCTV	\$5.6	\$5.1	\$5.1		
Subtotal Communications Systems				\$5.6	\$5.1	\$5.1	\$0.0	\$0.0
T5090204	POWER	SUBSTATIONS	Modernize Greenwich Substation 8th Ave line	\$28.6	\$28.6		\$28.6	
T5090202	POWER	SUBSTATIONS	Modernize 70th Avenue Substation	\$26.0	\$26.0		\$26.0	

New York City Transit and SIRTOA: 2005 Commitments
Summed by Element
(\$ in Millions)

Funding for 2005 Commitments

Includes Projects in Pre- 2005-2009 Plans and Projects in the First,
Second and Third Quarter Interim 2005-2009 MTA Board Approved Plan

ACEP	Category Description	Element Description	Project Description	Total Project Value	2005 Commitments	MTA Funding	Federal Funding	Local Funding
			Subtotal Substations	\$28.6	\$28.6	\$0.0	\$28.6	\$0.0
T5090402	POWER	POWER DISTRIBUTION	Traction Power Cables, Cranberry Tube, 8th Avenue Line	\$15.5	\$4.7	\$0.9	\$3.8	
			Substation Power Distribution	\$15.5	\$4.7	\$0.9	\$3.8	\$0.0
T5110501	YARDS	YARD TRACK REHABILITATION	2005 Yard Track Rehabilitation In-House	\$2.5	\$2.0	\$0.3	\$1.7	
			Subtotal Yard Track Rehabilitations	\$2.5	\$2.0	\$0.3	\$1.7	\$0.0
T5110601	YARDS	YARD SWITCH REPLACEMENT	2005 Yard Switch Replacement In-House	\$7.7	\$6.3	\$2.1	\$4.2	
			Subtotal Yard Switch Replacement	\$7.7	\$6.3	\$2.1	\$4.2	\$0.0
T5120402	DEPOTS	DEPOT IMPROVEMENTS	Paint Booth Application Systems	\$7.6	\$5.4			\$5.4
T5120403	DEPOTS	DEPOT IMPROVEMENTS	Depot Roofs: Stengel/Gleason	\$9.0	\$9.0			\$9.0
			Subtotal Depot Improvements	\$16.6	\$14.4	\$0.0	\$0.0	\$14.4
T5160202	MISCELLANEOUS	MISCELLANEOUS	Capital Revolving Fund	\$5.0	\$5.0			\$5.0
			Subtotal Miscellaneous	\$5.0	\$5.0	\$0.0	\$0.0	\$5.0
T5160516	MISCELLANEOUS	ENGINEERING SERVICES	Preliminary Engineering/Final Design: Various Projects	\$20.1	\$20.1	\$20.1		
			Subtotal Engineering Services	\$20.1	\$20.1	\$20.1	\$0.0	\$0.0
T5160505	MISCELLANEOUS	ENGINEERING SERVICES	2005 Scope Development	\$9.3	\$9.0	\$9.0		
			Subtotal Engineering Services	\$9.3	\$9.0	\$9.0	\$0.0	\$0.0
Various	N/A	N/A	Preliminary Engineering / Final Design: Various Projects	\$18.4	\$18.4	\$18.4		
			Subtotal Various Elements for Designs	\$18.4	\$18.4	\$18.4	\$0.0	\$0.0
Total 2005-2009 Interim Plan (Three Quarters)				\$618.8	\$488.7	\$100.9	\$325.3	\$60.4

Long Island Rail Road: 2005 Commitments
Summed by Element
(\$ in Millions)

Includes Projects in Pre- 2005-2009 Plans and Projects in the First,
Second and Third Quarter Interim 2005-2009 MTA Board Approved Plan

					Funding for 2005 Commitments				
ACEP	Category Description	Element Description	Project Description	Total Project Value	2005 Commitments	MTA Funding	Federal Funding	Local Funding	
For All Projects included in Pre-2005-2009 Plans:									
A401011L	ROLLING STOCK	REVENUE EQUIPMENT	M-3 Overhauls (LIRR)	\$ 26.04	\$0.68	\$0.68			
L301021J	ROLLING STOCK	PURCHASE DIESEL COACHES	Diesel Hauled Coach Purchase	\$245.84	\$ 2.24	\$ 2.24			
Total Revenue Equip.				\$271.87	\$2.92	\$2.92	\$0.00	\$0.00	
L4020424	PASSENGER STATIONS	STATION BUILDINGS	Atlantic Terminal	\$ 80.89	\$10.35		\$10.35		
L4020429	PASSENGER STATIONS	STATION BUILDINGS	Jamaica Station	\$ 226.77	\$0.06	\$0.06			
L4020433	PASSENGER STATIONS	STATION BUILDINGS	Rosedale Station	\$ 3.90	\$0.27	\$0.27			
L4020478	PASSENGER STATIONS	STATION BUILDINGS	Jamaica Central Contrl Fit-Out	\$ 10.60	\$0.68	\$0.68			
L4020480	PASSENGER STATIONS	STATION BUILDINGS	Jamaica Police Fit-Out	\$ 2.55	\$1.32	\$1.32			
Subtotl Station Buildings				\$324.71	\$12.67	\$2.32	\$10.35	\$0.00	
L302055C	PASSENGER STATIONS	PARKING	Copiague/Wyandanch Parking	\$ 3.05	\$1.25	\$1.25			
L40205J2	PASSENGER STATIONS	PARKING	Mineola Intermodal Center	\$ 25.00	\$23.11		\$23.11		
Subtotal Parking				\$28.05	\$24.37	\$1.25	\$23.11	\$0.00	
L304024C	LINE STRUCTURES	TUNNELS	East River Tunnels Safety Imp	\$ 79.99	\$1.15	\$1.15			
L404024R	LINE STRUCTURES	TUNNELS	East River Tunnel Rehab	\$ 33.11	\$3.21	\$3.21			
L404024Y	LINE STRUCTURES	TUNNELS	East River Tunnel Ventilation	\$ 89.75	\$0.40	\$0.40			
Subtotal Tunnels				\$202.84	\$4.76	\$4.76	\$0.00	\$0.00	
L40603Y9	SHOPS & YARDS	OTHER SHOPS & YARDS	EIS/Design Main Line Branch	\$ 4.00	\$3.20	\$3.20			
L4060339	SHOPS & YARDS	OTHER SHOPS & YARDS	Richmond Hill/Diesel Yards	\$ 22.51	\$14.96	\$14.96			
L406036R	SHOPS AND YARDS	OTHER SHOPS & YARDS	Long Island City Yard	\$ 0.21	\$0.08	\$0.08			
L406037I	SHOPS & YARDS	OTHER SHOPS & YARDS	Automated Storage Upgrade	\$ 13.90	\$9.32	\$9.32			
Subtotal Other Shops and Yards				\$40.62	\$27.56	\$27.56	\$0.00	\$0.00	
L308059B	MISCELLANEOUS	FREIGHT IMPROVEMENTS	Brooklyn\Queens Freight Projs	\$ 9.00	\$0.17	\$0.17			
Subtotal Freight Improvements				\$9.00	\$0.17	\$0.17	\$0.00	\$0.00	
L40804PD	MISCELLANEOUS	MISCELLANEOUS	Program Development	\$ 2.93	\$2.00	\$2.00			
L40804PE	MISCELLANEOUS	MISCELLANEOUS	Program Development-Engineering	\$ 3.20	\$0.18	\$0.18			
Subtotal Miscellaneous				\$6.12	\$2.18	\$2.18	\$0.00	\$0.00	
N40905FB	PLANNING AND CUSTOMER SERVICE	CUSTOMER SERVICE PROJECTS	Bellmore & Wantagh Stairs	\$ 0.85	\$0.77	\$0.77			
N40905FK	PLANNING AND CUSTOMER SERVICE	CUSTOMER SERVICE PROJECTS	Nassau Boulevard Station	\$ 1.40	\$0.11	\$0.11			
N40905FL	PLANNING AND CUSTOMER SERVICE	CUSTOMER SERVICE PROJECTS	Garden City Station	\$ 1.36	\$0.14	\$0.14			
Subtotal Customer Service				\$3.60	\$1.02	\$1.02	\$0.00	\$0.00	
Total pre-2005-2009				\$886.81	\$75.65	\$42.18	\$33.46	\$0.00	

Long Island Rail Road: 2005 Commitments
Summed by Element
(\$ in Millions)

Includes Projects in Pre- 2005-2009 Plans and Projects in the First,
Second and Third Quarter Interim 2005-2009 MTA Board Approved Plan

					Funding for 2005 Commitments				
ACEP	Category Description	Element Description	Project Description	Total Project Value	2005 Commitments	MTA Funding	Federal Funding	Local Funding	
For Projects Included in the Interim 2005-2009 Plan (Three Quarters):									
L502042B	STATIONS	STATION AND BUILDINGS	Broadway Station Platform Rehab	\$2.02	\$2.02		\$2.02		
L502042G	STATIONS	STATION AND BUILDINGS	Babylon Branch Stair Replacement	\$0.70	\$0.70		\$0.70		
L502042Q	STATIONS	STATION AND BUILDINGS	Cold Spring Harbor Station Overpass	\$0.15	\$0.15		\$0.15		
L502042W	STATIONS	STATION AND BUILDINGS	Fare Collection/TVMs	\$5.50	\$5.50	\$5.50			
L5020423	STATIONS	STATION AND BUILDINGS	Atlantic Avenue Phase 2	\$11.00	\$11.00		\$11.00		
Subtotal Station and Buildings				\$19.37	\$19.37	\$5.50	\$13.87	\$0.00	
L50301E1	TRACK	ANNUAL TRACK REHAB PROGRAM	Track Equipment	\$9.00	\$2.00		\$2.00		
L50301T1	TRACK	ANNUAL TRACK REHAB PROGRAM	2005 Annual Track Rehabilitation	\$50.42	\$41.49		\$41.49		
Subtotal Annual Track				\$59.42	\$43.49	\$0.00	\$43.49	\$0.00	
L50401B1	LINE STRUCTURES	BRIDGES	Atlantic Avenue Viaduct Design	\$2.50	\$2.50	\$2.50			
L50401B1	LINE STRUCTURES	BRIDGES	Bridge Rehab - Woodhaven & Queens	\$12.10	\$2.10		\$2.10		
L50401B1	LINE STRUCTURES	BRIDGES	DB Bridge Rehabilitation	\$1.00	\$0.70	\$0.70			
Subtotal Bridges				\$15.60	\$5.30	\$3.20	\$2.10	\$0.00	
L50501S7	COMMUNICATIONS AND SIGNALS	COMMUNICATIONS IMPROVEMENTS	Fiber Optic Network	\$21.73	\$18.73		\$18.73		
L50501S9	COMMUNICATIONS AND SIGNALS	COMMUNICATIONS IMPROVEMENTS	Communications Pole Line Replacement	\$1.57	\$1.08		\$1.08		
Subtotal Communications				\$23.29	\$19.81	\$0.00	\$19.81	\$0.00	
L50502SG	COMMUNICATIONS AND SIGNALS	SIGNAL IMPROVEMENTS	Signal Normal Replacement Prog	\$5.62	\$5.62		\$5.62		
L50502SL	COMMUNICATIONS AND SIGNALS	SIGNAL IMPROVEMENTS	Jay, Hall and Dunton Microprocessors	\$16.04	\$6.35		\$6.35		
L50502SV	COMMUNICATIONS AND SIGNALS	SIGNAL IMPROVEMENTS	Valley Interlocking - Phase II	\$12.89	\$3.00		\$3.00		
L50502SX	COMMUNICATIONS AND SIGNALS	SIGNAL IMPROVEMENTS	Babylon to Speonk Signilization	\$11.00	\$11.00		\$11.00		
Subtotal Signal Improvements				\$45.55	\$25.97	\$0.00	\$25.97	\$0.00	
L506016L	SHOPS AND YARDS	SHOPS AND YARDS	HVAC Shop - Construction	\$4.00	\$4.00	\$4.00			
L506016M	SHOPS AND YARDS	SHOPS AND YARDS	Babylon Yard Reconfiguration	\$10.70	\$1.00		\$1.00		
Subtotal Shops and Yards				\$14.70	\$5.00	\$4.00	\$1.00	\$0.00	
L50701PG	POWER	POWER	Substation Reconstruction	\$35.22	\$0.28		\$0.28		
L50701PH	POWER	POWER	Substation Component Replacement	\$9.08	\$2.52		\$2.52		
L50701PJ	POWER	POWER	Third Rail System - Cable	\$4.59	\$2.00		\$2.00		
L50701PK	POWER	POWER	Third Rail System - Protection	\$11.83	\$2.08		\$2.08		
L50701PM	POWER	POWER	Third Rail System - Composite	\$20.95	\$4.00		\$4.00		
L50701PS	POWER	POWER	Signal Power Line Replacement	\$3.51	\$1.13		\$1.13		
L50701PT	POWER	POWER	Power Pole Line Replacement	\$2.31	\$0.45		\$0.45		
Subtotal Power				\$87.49	\$12.45	\$0.00	\$12.45		
L509048A	MISCELLANEOUS	MISCELLANEOUS	Substations Environmental Remediation	\$11.00	\$0.80	\$0.80			
L509048B	MISCELLANEOUS	MISCELLANEOUS	Yaphank Landfill Environmental Remed	\$0.70	\$0.70	\$0.70			
L509048C	MISCELLANEOUS	MISCELLANEOUS	LIC Car Wash Environmental Remed	\$0.60	\$0.60	\$0.60			
L509048D	MISCELLANEOUS	MISCELLANEOUS	Richmond Hill Environmental Remed	\$0.51	\$0.51	\$0.51			
L509048H	MISCELLANEOUS	MISCELLANEOUS	Holban Yard - Environmental Delineation	\$0.40	\$0.40	\$0.40			
L509048K	MISCELLANEOUS	MISCELLANEOUS	Morris Park Environmental Study	\$5.87	\$2.00	\$2.00			
L509048L	MISCELLANEOUS	MISCELLANEOUS	Program Administration/Indirect	\$117.36	\$16.50	\$16.50			
Subtotal Miscellaneous				\$136.43	\$21.51	\$21.51	\$0.00	\$0.00	
Total 2005-2009 Interim Plan (Three Quarters)				\$401.85	\$152.90	\$34.21	\$118.69	\$0.00	

Metro-North Railroad: 2005 Commitments
Summed by Element
(\$ in Millions)

Funding for 2005 Commitments

Includes Projects in Pre- 2005-2009 Plans and Projects in the First,
Second and Third Quarter Interim 2005-2009 MTA Board Approved Plan

ACEP	Category Description	Element Description	Project Description	Total Project Value	2005 Commitments	MTA Funding	Federal Funding	Local Funding
For All Projects included in Pre-2005-2009 Plans:								
A4010107	ROLLING STOCK	REVENUE EQUIPMENT	West of Hudson Comet Overhauls	\$15.10	\$14.76	\$14.76		
			Subtotal Revenue Equipment	\$15.10	\$14.76	\$14.76	\$0.00	\$0.00
M4020101	STATIONS	GRAND CENTRAL TERMINAL	GCT Leaks Remediation	\$3.48	\$1.17	\$1.17		
M4020107	STATIONS	GRAND CENTRAL TERMINAL	GCT Elevator Rehabilitation	\$5.84	\$2.80	\$1.60	\$1.20	
M4020109	STATIONS	GRAND CENTRAL TERMINAL	GCT Hazmat Storage Room Renovation	\$0.34	\$0.50	\$0.50		
			Subtotal Grand Central Terminal	\$9.65	\$4.47	\$3.27	\$1.20	\$0.00
M4020207	STATIONS	OUTLYING STATIONS	Lower Harlem Station Rehab	\$13.71	\$12.36	\$12.36		
M4020208	STATIONS	OUTLYING STATIONS	Hudson Line Overpass Improvements	\$43.19	\$0.36	\$0.36		
M4020211	STATIONS	OUTLYING STATIONS	Upper Harlem Station Rehabilitation - Phase II	\$10.17	\$5.51	\$5.51		
M4020214	STATIONS	OUTLYING STATIONS	West of Hudson Station Rehabilitation	\$6.03	\$4.71	\$4.71		
M4020217	STATIONS	OUTLYING STATIONS	Upper Hudson Stations Improvements	\$7.96	\$6.27	\$6.27		
M4020219	STATIONS	OUTLYING STATIONS	Directional/Informational Station Signage	\$1.61	\$0.09	\$0.09		
			Subtotal Outlying Stations	\$82.68	\$29.30	\$29.30	\$0.00	\$0.00
M4020304	STATIONS	PARKING	Parking Expansion	\$3.81	\$0.49	\$0.49		
M4020308	STATIONS	PARKING	Pearl River Parking Expansion (Site II)	\$2.82	\$1.94	\$1.94		
M4020312	STATIONS	PARKING	Salisbury Mills/Otisville Parking Improvements	\$5.01	\$3.83	\$3.83		
M4020314	STATIONS	PARKING	Brewster Parking Expansion	\$2.80	\$2.20	\$2.20		
M4020316	STATIONS	PARKING	Irvington Station Parking Improvements	\$3.88	\$0.28	\$0.28		
			Subtotal Parking	\$18.31	\$8.75	\$8.75	\$0.00	\$0.00
M4030103	TRACK AND STRUCTURES	TRACK	Turnouts - Mainline/High Speed Rehabilitation	\$48.73	\$5.97	\$5.37	\$0.60	
M4030104	TRACK AND STRUCTURES	TRACK	Turnouts - Yards/Sidings Rehabilitation	\$4.25	\$1.20	\$1.00	\$0.20	
M4030111	TRACK AND STRUCTURES	TRACK	Port Jervis Line Track Rehabilitation	\$13.76	\$0.58	\$0.58		
			Subtotal Track	\$66.75	\$7.75	\$6.95	\$0.80	\$0.00
M4030203	TRACK AND STRUCTURES	STRUCTURES	Purchase MofW Equipment	\$7.63	\$0.11	\$0.11		
M4030205	TRACK AND STRUCTURES	STRUCTURES	Rehab/Replace Overhead Bridges	\$2.26	\$0.73	\$0.73		
M4030208	TRACK AND STRUCTURES	STRUCTURES	Replace Bridge Timbers	\$2.89	\$0.05	\$0.05		
			Subtotal Structures	\$12.78	\$0.89	\$0.89	\$0.00	\$0.00
M4050106	POWER	POWER	Replace Switchgear - 59th Street and 72nd Street	\$11.91	\$9.96		\$9.96	
			Subtotal Power	\$11.91	\$9.96	\$0.00	\$9.96	\$0.00
M4060101	SHOPS AND YARDS	SHOPS AND YARDS	Harmon Shop/Yard Rehabilitation	\$106.28	\$2.56	\$2.56		
M4060106	SHOPS AND YARDS	SHOPS AND YARDS	Port Jervis Yard Inspection Track	\$1.53	\$1.40	\$1.40		
			Subtotal Shops and Yards	\$107.81	\$3.96	\$3.96	\$0.00	\$0.00
M4080111	MISCELLANEOUS	MISCELLANEOUS	Miscellaneous Studies	\$6.29	\$1.31	\$1.31		
			Subtotal Miscellaneous	\$6.29	\$1.31	\$1.31	\$0.00	\$0.00
			Total pre-2005-2009	\$331.28	\$81.12	\$69.17	\$11.96	\$0.00

For Projects Included in the Interim 2005-2009 Plan (Three Quarters):

M5010101	ROLLING STOCK	REVENUE EQUIPMENT	Specification/Purchase Diesel Locomotives	\$8.50	\$0.35	\$0.35		
M5010103	ROLLING STOCK	REVENUE EQUIPMENT	M-3A Midlife Remanufacture - 142 Cars D & E	\$127.90	\$12.00	\$12.00		
M5010107	ROLLING STOCK	REVENUE EQUIPMENT	Design M-8 Cars	\$100.00	\$1.20	\$1.20		
			Subtotal Revenue Equipment	\$236.40	\$13.55	\$13.55	\$0.00	\$0.00
M5020101	STATIONS	GRAND CENTRAL TERMINAL	GCT Trainshed Structural Repairs 2005-2009: Phase I	\$16.80	\$16.80		\$16.80	
M5020103	STATIONS	GRAND CENTRAL TERMINAL	GCT Exterior Rehab/Repainting	\$11.10	\$6.00	\$6.00		
			Subtotal Grand Central Terminal	\$27.90	\$22.80	\$6.00	\$16.80	\$0.00

Metro-North Railroad: 2005 Commitments
Summed by Element
(\$ in Millions)

Funding for 2005 Commitments

Includes Projects in Pre- 2005-2009 Plans and Projects in the First,
Second and Third Quarter Interim 2005-2009 MTA Board Approved Plan.

ACEP	Category Description	Element Description	Project Description	Total Project Value	2005 Commitments	MTA Funding	Federal Funding	Local Funding
M5020203	STATIONS	OUTLYING STATIONS	Poughkeepsie Station Building	\$2.90	\$0.50	\$0.50		
M5020208	STATIONS	OUTLYING STATIONS	Ticket Selling Machines	\$3.30	\$3.30	\$3.30		
Subtotal Outlying Stations				\$6.20	\$3.80	\$3.80	\$0.00	\$0.00
M5030101	TRACK AND STRUCTURES	TRACK	Cyclical Track - Wood Ties, Surface	\$59.30	\$18.20		\$18.20	
M5030102	TRACK AND STRUCTURES	TRACK	Turnouts: Mainline/High Speed	\$44.60	\$5.20		\$5.20	
M5030103	TRACK AND STRUCTURES	TRACK	GCT Turnouts / Switch Renewal	\$10.00	\$1.50		\$1.50	
M5030104	TRACK AND STRUCTURES	TRACK	Turnouts: Yards & Sidings	\$5.40	\$2.50		\$2.50	
Subtotal Track				\$119.30	\$27.40	\$0.00	\$27.40	\$0.00
M5030201	TRACK AND STRUCTURES	STRUCTURES	Replace / Repair Undergrade Bridge Program	\$30.10	\$3.20		\$3.20	
M5030202	TRACK AND STRUCTURES	STRUCTURES	Rehab Culverts/Railtop Culverts	\$3.30	\$0.57	\$0.57		
M5030203	TRACK AND STRUCTURES	STRUCTURES	DC Substation/Signal House Roofs	\$2.20	\$0.50	\$0.50		
M5030204	TRACK AND STRUCTURES	STRUCTURES	Park Avenue Utility Bays Condition Assessment	\$0.90	\$0.90	\$0.90		
M5030205	TRACK AND STRUCTURES	STRUCTURES	Replace Timbers Undergrade Bridges	\$2.80	\$0.90	\$0.90		
M5030213	TRACK AND STRUCTURES	STRUCTURES	Bridge Walkways	\$2.10	\$0.71	\$0.71		
Subtotal Structures				\$41.40	\$6.78	\$3.58	\$3.20	
M5030301	TRACK AND STRUCTURES	WEST OF HUDSON INFRASTRUCTURE	West of Hudson Track Program	\$41.70	\$9.20		\$9.20	
M5030302	TRACK AND STRUCTURES	WEST OF HUDSON INFRASTRUCTURE	West of Hudson Improvements	\$0.50	\$0.50	\$0.50		
M5030305	TRACK AND STRUCTURES	WEST OF HUDSON INFRASTRUCTURE	Undergrade Bridge Program WoH	\$6.50	\$1.71		\$1.71	
Subtotal WOH Infrastructure				\$48.70	\$11.41	\$0.50	\$10.91	\$0.00
M5040105	SIGNALS	COMMUNICATIONS AND SIGNALS	Replace Central Train Control Systems	\$27.10	\$4.00		\$4.00	
M5040107	SIGNALS	COMMUNICATIONS AND SIGNALS	Signal System Replacement - Design	\$28.00	\$2.50	\$2.50		
M5040111	SIGNALS	COMMUNICATIONS AND SIGNALS	C & S Cable Replacement GCT to Mott Haven	\$4.20	\$0.40	\$0.40		
M5040113	SIGNALS	COMMUNICATIONS AND SIGNALS	Refurbish/Replace Electric Switch Machines	\$1.00	\$0.25	\$0.25		
M5040114	SIGNALS	COMMUNICATIONS AND SIGNALS	Replace High Cycle Rate Relays	\$0.80	\$0.33	\$0.33		
M5040115	SIGNALS	COMMUNICATIONS AND SIGNALS	Replace Track Relays	\$2.60	\$0.90		\$0.90	
M5040116	SIGNALS	COMMUNICATIONS AND SIGNALS	Replace Interlocking/Siding West of Hudson	\$2.10	\$0.40	\$0.40		
Subtotal Communications and Signals				\$65.80	\$8.78	\$3.88	\$4.90	\$0.00
M5050102	POWER	POWER	Substation Retrofit/Tagging Relays - H&H	\$13.10	\$13.10		\$13.10	
M5050103	POWER	POWER	Replace Harlem River Lift Bridge Breaker Houses	\$6.30	\$0.05	\$0.05		
M5050104	POWER	POWER	Aluminum 3rd Rail & E" Rail GCT - L.L.	\$2.10	\$2.10		\$2.10	
M5050105	POWER	POWER	Replace Substation Batteries	\$1.00	\$0.50	\$0.50		
M5050106	POWER	POWER	Replace Motor Alternators	\$6.00	\$0.05	\$0.05		
M5050107	POWER	POWER	Install High Speed DC Circuit Breakers	\$2.10	\$1.80		\$1.80	
M5050108	POWER	POWER	Harlem and Hudson Lines Power Improvements	\$2.50	\$0.10	\$0.10		
M5050109	POWER	POWER	Harlem and Hudson Lines Substations	\$0.54	\$0.10	\$0.10		
M5050110	POWER	POWER	Install Sectionalizing Switches - GCT	\$4.20	\$0.20		\$0.20	
Subtotal Power				\$37.84	\$18.00	\$0.80	\$17.20	\$0.00
M5060103	SHOPS AND YARDS	SHOPS AND YARDS	Harmon Shop Replacement	\$243.00	\$5.00		\$5.00	
Subtotal Shops and Yards				\$243.00	\$5.00	\$0.00	\$5.00	\$0.00
M5080102	MISCELLANEOUS	MISCELLANEOUS	Systemwide Lead/Asbestos Abatement	\$5.50	\$0.50	\$0.50		
M5080103	MISCELLANEOUS	MISCELLANEOUS	Environmental Remediation	\$2.20	\$0.50	\$0.50		
M5080106	MISCELLANEOUS	MISCELLANEOUS	Program Administration	\$39.70	\$7.94	\$7.94		
M5080107	MISCELLANEOUS	MISCELLANEOUS	Program Scope Development	\$11.60	\$1.30	\$1.30		
Subtotal Miscellaneous				\$59.00	\$10.24	\$10.24	\$0.00	\$0.00
Total 2005-2009 Interim Plan (Three Quarters)				\$885.54	\$127.76	\$42.35	\$85.41	\$0.00

Metro North Rail Road
2005 - 2009 Project Completions

Includes Projects in Pre- 2005-2009 Plans and Projects in the First,
Second and Third Quarter Interim 2005-2009 MTA Board Approved Plan

ProjectNo	Description	Complete 06-09	Impact Budget
A401-01-01	Purchase M-7 Cars - 300 Cars	15-Dec-07	\$614,292,867.98
A401-01-02	M-2 Car Remanufacture	15-Dec-08	\$27,200,000.00
A401-01-07	West of Hudson Comet Overhauls	15-Nov-06	\$15,100,000.00
M402-01-01	GCT Leaks Remediation	15-Apr-07	\$3,431,675.09
M402-01-04	GCT Halls/Trainshed Fire Safety Design	15-Mar-06	\$388,648.62
M402-01-06	GCT Trainshed Rehabilitation Phase II	15-Dec-07	\$11,567,220.27
M402-01-07	GCT Elevator Rehabilitation	15-Nov-07	\$6,217,966.05
M402-01-08	GCT Vestibule Rehabilitation	15-Jan-06	\$707,900.00
M402-02-02	Automated Ticket Selling - Express TVMs	15-Dec-06	\$6,232,795.23
M402-02-07	Lower Harlem Station Rehab	15-Oct-06	\$15,415,923.87
M402-02-08	Hudson Line Overpass Improvements	15-Dec-06	\$42,983,394.79
M402-02-11	Upper Harlem Station Rehabilitation - Phase II	15-Nov-06	\$10,103,720.48
M402-02-13	Larchmont Station Improvements	15-Mar-06	\$12,405,054.91
M402-02-14	West of Hudson Station Rehabilitation	15-Jun-06	\$6,785,753.76
M402-02-16	Yankee Stadium Station - Preliminary Engineering	15-Feb-07	\$5,000,000.00
M402-02-17	Upper Hudson Stations Improvements	15-Jan-07	\$6,986,000.00
M402-02-20	Miscellaneous Station Improvements	15-Jan-06	\$680,496.26
M402-03-03	Parking Rehabilitation	15-Dec-06	\$302,610.28
M402-03-04	Parking Expansion	15-Feb-06	\$4,058,440.97
M402-03-08	Pearl River Parking Expansion (Site II)	15-Oct-06	\$2,430,148.00
M402-03-11	Beacon Parking & Access Improvements	15-Jul-06	\$8,944,177.54
M402-03-12	Salisbury Mills/Otisville Parking Improvements	15-Oct-06	\$4,584,663.71
M402-03-14	Brewster Parking Expansion	15-Dec-06	\$2,644,000.00
M402-03-16	Irvington Station Parking Improvements	15-Mar-07	\$3,663,000.00
M403-01-02	GCT Switch/Track Rehabilitation	15-Jun-06	\$7,732,861.66
M403-01-03	Turnouts - Mainline/High Speed Rehabilitation	15-Dec-06	\$49,077,996.56
M403-02-03	M of W Equipment	15-Mar-07	\$7,519,915.42
M403-02-05	Rehab/Replace Overhead Bridges	15-Apr-08	\$2,260,000.00
M403-02-12	Port Jervis Line Structures Rehabilitation	15-Mar-06	\$3,135,000.00
M404-01-07	Optimize Signal Relay Circuits	15-Jun-06	\$2,594,645.68
M404-01-10	Install Kit Room Backup	15-Jun-06	\$4,923,002.18
M404-01-19	Operations Control Center	15-Feb-08	\$2,896,837.00
M405-01-01	Replace Supply Substation - Bridge 23 Mt.Vernon	15-Jul-06	\$1,122,000.00
M405-01-02	GCT Third Rail Rehabilitation	15-Jul-06	\$3,226,000.00
M405-01-04	Replace Park Avenue Tunnel Alarm	15-Dec-06	\$268,540.51
M405-01-05	Replace Park Avenue Viaduct Alarm	15-Dec-06	\$120,313.86
M405-01-06	Replace Switchgear - 59th Street and 72nd Street	15-Sep-07	\$11,776,274.41
M406-01-01	Harmon Shop/Yard Rehabilitation	15-Dec-07	\$105,642,647.00
M406-01-06	Port Jervis Yard Inspection Track	15-Mar-06	\$1,405,999.32
M408-01-01	Systemwide Asbestos/Lead Abatement	15-Dec-06	\$5,937,401.84
M408-01-11	Miscellaneous Studies	15-Sep-06	\$5,872,767.00
M501-01-03	M-3A Midlife Remanufacture - 142 Cars	15-Dec-09	\$12,000,000.00

Metro North Rail Road
2005 - 2009 Project Completions

M501-01-07	M-8 NHL Purchase - 100 Cars	15-Dec-09	\$860,070.50
M502-01-01	GCT Trainshed Structural Repairs	15-Dec-09	\$16,800,000.00
M502-01-03	GCT Exterior Rehabilitation/Repointing	15-Aug-06	\$5,099,000.00
M502-01-07	GCT Platform Improvements	15-Dec-09	\$610,000.00
M502-01-08	GCT Water Conveyance Utilities Improvements	15-Dec-09	\$300,000.00
M502-02-03	Poughkeepsie Station Building	15-Jan-06	\$500,000.00
M502-02-05	New Haven Line (NYS) Stations Improvements	15-Dec-09	\$4,000,000.00
M502-02-08	Ticket Selling Machines	15-Dec-06	\$3,193,296.00
M502-03-01	Parking Rehabilitation	15-Dec-09	\$500,000.00
M503-01-01	2005 Cyclical Track Program	15-Mar-06	\$11,900,000.00
M503-01-03	GCT Turnout and Switch Renewal	15-Dec-09	\$3,500,000.00
M503-02-01	Replace/Repair Undergrade Bridge Program	15-Dec-09	\$9,237,000.00
M503-02-04	Park Avenue Utility Bays Surveys	15-Dec-07	\$855,000.00
M503-03-05	Undergrade Bridge Program West of Hudson	15-Dec-09	\$1,710,000.00
M504-01-07	Signal System Replacement	15-Feb-06	\$2,500,000.00
M504-01-11	C&S Cable Replacement GCT to Mott Haven	15-Dec-09	\$400,000.00
M504-01-14	Replace High Cycle Rate Relays	15-Dec-09	\$800,000.00
M504-01-15	Design/Replace Track Relays - Harlem and Hudson Lines	15-Dec-09	\$1,700,000.00
M504-01-16	Replace Interlocking/Siding -West of Hudson	15-Dec-09	\$400,000.00
M505-01-02	Substation Retrofit - Harlem and Hudson Lines	15-Dec-09	\$13,100,000.00
M505-01-03	Replace Harlem River Lift Bridge Breaker Houses	15-Dec-09	\$700,000.00
M505-01-04	Aluminum 3rd Rail and E-Rail GCT Lower Level	15-May-08	\$2,100,000.00
M505-01-05	Replace Substation Batteries	15-Oct-09	\$500,000.00
M505-01-06	Replace Motor Alternators	15-Dec-09	\$500,000.00
M505-01-07	Install High Speed DC Circuit Breaker Relay Protection	15-Dec-09	\$1,800,000.00
M505-01-08	Harlem and Hudson Lines Power Improvements	15-Dec-09	\$2,500,000.00
M505-01-09	Rehab Harlem and Hudson Lines Substations	15-Dec-09	\$500,000.00
M505-01-10	Install Sectionalizing Switches GCT	15-Jul-07	\$3,805,000.00
M508-01-02	Systemwide Lead/Asbestos Abatement	15-Dec-09	\$500,000.00
M508-01-03	Environmental Remediation	15-Dec-09	\$500,000.00

Capital Construction Company: 2005 Commitments
Summed by Element
(\$ in Millions)

Funding for 2005 Commitments

Includes Projects in Pre- 2005-2009 Plans and Projects in the First,
Second and Third Quarter Interim 2005-2009 MTA Board Approved Plan

ACEP	Category Description	Element Description	Project Description	Total Project Value	2005 Commitments	MTA Funding	Federal Funding	Local Funding
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For All Projects included in Pre-2005-2009 Plans:

G4090101	East Side Access	East Side Access	Program Management	\$78.6	\$12.0		\$12.0	
G4090103	East Side Access	East Side Access	Project Management	\$39.4	\$10.0		\$10.0	
G4090109	East Side Access	East Side Access	Real Estate	\$30.7	\$29.7	\$29.7		
G4090111	East Side Access	East Side Access	Owner Controlled Ins.Program	\$116.1	\$38.0	\$38.0		
G4090119	East Side Access	East Side Access	MH Tunnel Excavation	\$407.7	\$406.8	\$406.8		
G4090120	East Side Access	East Side Access	Queens Open Cut Excavation	\$102.1	\$102.1	\$102.1		
G4090125	East Side Access	East Side Access	Wood Interlocking	\$18.0	\$20.1	\$20.1		
G4090141	East Side Access	East Side Access	MH Approch Tunnel Excavation	\$11.9	\$0.0	\$0.0		
G4090143	East Side Access	East Side Access	245 Park Avenue	\$5.8	\$5.8	\$5.8		
	East Side Access	East Side Access	Future Construction		\$133.9	\$133.9		
Subtotal ESA				\$810.3	\$758.4	\$736.4	\$22.0	\$0.0
G4100102	Full Length Second Ave Subway	Full Length Second Ave Subway	SAS Final Design	\$144.9	\$140.0	\$140.0		
G4100106	Full Length Second Ave Subway	Full Length Second Ave Subway	SAS Tunnels 92 St-62 St	\$399.0	\$423.8	\$423.8		
G4100107	Full Length Second Ave Subway	Full Length Second Ave Subway	SAS Real Estate	\$150.0	\$50.0	\$50.0		
G4100108	Full Length Second Ave Subway	Full Length Second Ave Subway	SAS Owner Controlled Insurance	\$25.0	\$28.1	\$28.1		
Subtotal SAS				\$718.9	\$641.9	\$641.9	\$0.0	\$0.0
G4120101	Downtown Projects	Fulton Street Transit Center	FSTC - Final Design	\$526.3	\$25.9		\$25.9	
G4120102	Downtown Projects	Fulton Street Transit Center	FSTC-Dey St Conc Struct Box	\$152.5	\$152.5		\$152.5	
Subtotal Fulton Street Transit Center				\$678.8	\$178.4	\$0.0	\$178.4	\$0.0
G4120201	Downtown Projects	South Ferry Terminal	South Ferry Terminal Structure	\$292.8	\$272.4		\$272.4	
G4120202	Downtown Projects	South Ferry Terminal	South Ferry Terminal Finishes	\$109.6	\$101.8		\$101.8	
Subtotal South Ferry Terminal				\$402.4	\$374.2	\$0.0	\$374.2	\$0.0
ET060102	World Trade Center Recovery	Line Equipment	2 Fans: South Ferry/Battery Pl: Structure	\$25.3	\$25.3	\$25.3		
ET060102	World Trade Center Recovery	Line Equipment	2 Fans: South Ferry/Battery Pl: Equipment	\$11.0	\$9.8	\$9.8		
Subtotal WTC				\$36.2	\$35.0	\$35.0	\$0.0	\$0.0
G4100102	Flushing Line Extension	Flushing Line Extension	#7 Line Extension to Javits Area	\$45.0	\$45.0			\$45.0
Subtotal #7 LINE EXTENSION				\$45.0	\$45.0	\$0.0	\$0.0	\$45.0
Total Pre 2005-2009				\$2,691.7	\$2,032.8	\$1,413.3	\$574.6	\$45.0

For Projects Included in First Quarter Interim 2005-2009 Plan:

G5160101	MISCELLANEOUS	MTA CC Administration	MTA CCC Administration	\$120.0	\$9.5	\$9.5		
Total 2005-2009 Interim Plan (1st Quarter)				\$120.0	\$9.5	\$9.5	\$0.0	\$0.0

MTA Police Department: 2005 Commitments
Summed by Element
(\$ in Millions)

Funding for 2005 Commitments

Includes Projects in Pre- 2005-2009 Plans and Projects in the First,
Second and Third Quarter Interim 2005-2009 MTA Board Approved Plan

ACEP	Category Description	Element Description	Project Description	Total Project Value	2005 Commitments	MTA Funding	Federal Funding	Local Funding
N5100102/3	MTA POLICE DEPARTMENT	MTA PD PROJECTS	Nassau County District Office Purchase/Fitout	\$1.33	\$1.33	\$1.33		
N5100104	MTA POLICE DEPARTMENT	MTA PD PROJECTS	K9 Facility	\$2.30	\$2.30	\$2.30		
Subtotal MTA PD Projects				\$3.63	\$3.63	\$3.63	\$0.00	\$0.00
Total 2005-2009 Interim Plan (1st Quarter)				\$3.63	\$3.63	\$3.63	\$0.00	\$0.00

Bridges and Tunnels: 2005 Commitments
Summed by Element
(\$ in Millions)

**Funding for 2005
Commitments**

Includes Projects in Pre- 2005-2009 Plans and Projects in the First,
Second and Third Quarter Interim 2005-2009 MTA Board Approved Plan

ACEP	Category Description	Element Description	Project Description	Total Project Value	2005 Commitments	MTA Funding	Federal Funding	Local Funding
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For All Projects included in Pre-2005-2009 Plans:

D402BW82	ROADWAYS & DECKS	BRONX WHITESTONE BRIDGE	Susp Span/Deck Replacement	\$186.50	\$0.74	\$0.74		
Subtotal Bronx Whitestone Bridge				\$186.50	\$0.74	\$0.74		
D402TB64	ROADWAYS & DECKS	TRIBOROUGH BRIDGE	Replacement of Deck, Viaducts, Susp. Span & Suspender Ropes	\$202.30	\$11.13	\$11.13		
Subtotal Triborough Bridge				\$202.30	\$11.13	\$11.13		
D403AW39	TOLL PLAZAS	AGENCY-WIDE	Expansion of TRANSMIT System	\$5.10	\$2.60	\$2.60		
D403AW41	TOLL PLAZAS	AGENCY-WIDE	Toll Registry Systems Replacem	\$7.50	\$2.54	\$2.54		
Subtotal Toll Plazas Agency-wide				\$12.60	\$5.14	\$5.14		
D404AW32	UTILITIES	AGENCY-WIDE	Rotating Prism signs at Toll Plaza	\$8.34	\$4.78	\$4.78		
D405AW42	BUILDINGS & SITES	AGENCY-WIDE	Consolidated Revenue Facility	\$12.90	\$0.04	\$0.04		
Subtotal Agency-Wide				\$21.24	\$4.82	\$4.82		
D405MP08	BUILDINGS & SITES	MARINE PARKWAY BRIDGES	New Service Building (Modular)	\$8.90	\$4.03	\$4.03		
Subtotal Marine Parkway Bridges				\$8.90	\$4.03	\$4.03		
D405TB57	BUILDINGS & SITES	TRIBOROUGH BRIDGE	Tenant Relocation/New Building to House DPR	\$10.00	\$10.00	\$10.00		
Subtotal Triborough Bridge				\$10.00	\$10.00	\$10.00		
D405VN38	BUILDINGS & SITES	VERRAZANO-NARROWS BRIDGE	Rehab of Building Roofs at VN	\$2.00	\$1.17	\$1.17		
Subtotal Verrazano-Narrows Bridge				\$2.00	\$1.17	\$1.17		
Total pre-2005-2009				\$443.54	\$37.02	\$37.02	N/A	N/A

For Projects Included in the Interim 2005-2009 Plan (Three Quarters):

D501QM82	STRUCTURES	QUEENS MIDTOWN TUNNEL	Queens Midtown Tunnel Rehab 2nd Avenue Overpass	\$6.00	\$0.50	\$0.50		
D505QM01	BUILDINGS AND SITES	QUEENS MIDTOWN TUNNEL	QSB and FE Buildings Rehabilitation and Upgrade	\$1.16	\$1.16	\$1.16		
Subtotal Queens Midtown Tunnel				\$7.16	\$1.66	\$1.66		
D501BW84	STRUCTURES	BRONX WHITESTONE BRIDGE	Bronx Whitestone Cable and Anchorage	\$11.80	\$6.42	\$6.42		
Subtotal Bronx Whitestone Bridge				\$11.80	\$6.42	\$6.42		
D501TN85	STRUCTURES	THROGS NECK	Throgs Neck Suspended Span Cable Rewrapping	\$8.68	\$0.53	\$0.53		
D501TN87	STRUCTURES	THROGS NECK	Throgs Neck Anchorage and Tower Protection	\$11.77	\$0.44	\$0.44		
D502TN50	ROADWAYS & DECKS	THROGS NECK	Throgs Neck Replace Queens Approach Concrete Deck	\$17.68	\$0.64	\$0.64		
D502TN82	ROADWAYS & DECKS	THROGS NECK	Throgs Neck Rehab of Orthotropic Deck	\$69.29	\$1.00	\$1.00		
Subtotal Throgs Neck				\$107.42	\$2.61	\$2.61		
D502HH04	ROADWAYS & DECKS	HENRY HUDSON BRIDGE	Henry Hudson Replace Cross Drainage	\$0.75	\$0.75	\$0.75		
D502HH80	ROADWAYS & DECKS	HENRY HUDSON BRIDGE	Henry Hudson Replace Lower Level Deck	\$4.20	\$0.40	\$0.40		
D503HH85	TOLL PLAZAS & TRAFFIC MGMT	HENRY HUDSON BRIDGE	Henry Hudson Upper Level Toll Plaza Deck	\$2.27	\$2.27	\$2.27		

Bridges and Tunnels: 2005 Commitments
Summed by Element
(\$ in Millions)

**Funding for 2005
Commitments**

Includes Projects in Pre- 2005-2009 Plans and Projects in the First,
Second and Third Quarter Interim 2005-2009 MTA Board Approved Plan

ACEP	Category Description	Element Description	Project Description	Total Project Value	2005 Commitments	MTA Funding	Federal Funding	Local Funding
			Subtotal Henry Hudson	\$7.22	\$3.42	\$3.42		
D502VN80	ROADWAYS & DECKS	VERRAZANO-NARROWS BRIDGE	Verrazano Narrows Rehab Decks on Suspended Spans	\$110.00	\$2.03	\$2.03		
			Subtotal Verrazano-Narrows Bridge	\$110.00	\$2.03	\$2.03		
D504AW82	UTILITIES	AGENCY-WIDE	Installation of Alternate Fuel Storage Tanks	\$4.87	\$1.07	\$1.07		
D505AW12	BUILDINGS AND SITES	AGENCY-WIDE	Agency Wide Haz Mat Abatement	\$4.30	\$1.90	\$1.90		
			Subtotal Agency-Wide	\$9.17	\$2.97	\$2.97		
D504BB15	UTILITIES	BROOKLYN BATTERY TUNNEL	Brooklyn Battery Tunnel Expand and Upgrade Control System	\$5.15	\$0.64	\$0.64		
			Subtotal Brooklyn Battery Tunnel	\$5.15	\$0.64	\$0.64		
D504TN51	UTILITIES	THROGS NECK	Throgs Neck Bridge Lighting and Facility Power Upgrade	\$15.24	\$0.57	\$0.57		
			Subtotal Utilities Throgs Neck	\$15.24	\$0.57	\$0.57		
D502TB64	ROADWAYS AND DECKS	TRIBOROUGH BRIDGE	Triborough Bridge Replace Decks at RI	\$276.40	\$267.43	\$267.43		
D505TB59	BUILDINGS AND SITES	TRIBOROUGH BRIDGE	Triborough Bridge Rehab of Bldg 104	\$5.10	\$2.93	\$2.93		
			Subtotal Triborough Bridge	\$281.50	\$270.35	\$270.35		
D506AW21	MISCELLANEOUS	AGENCY-WIDE	Program Administration	\$6.77	\$2.46	\$2.46		
D506AW22	MISCELLANEOUS	AGENCY-WIDE	Miscellaneous	\$2.14	\$0.32	\$0.32		
D506AW28	MISCELLANEOUS	AGENCY-WIDE	Scope Development	\$3.21	\$1.39	\$1.39		
			Subtotal Miscellaneous Agency-Wide	\$12.11	\$4.17	\$4.17		
Total 2005-2009 Interim Plan (Three Quarters)				\$566.78	\$294.84	\$294.84	N/A	N/A

FORECAST OF PROJECT COMPLETIONS FOR NEW YORK CITY TRANSIT

CAPITAL PROJECTS: 2006-2009

Includes Projects in Pre- 2005-2009 Plans and Projects in the First,
Second and Third Quarter Interim 2005-2009 MTA Board Approved Plan

ACEP	PROJECT DESCRIPTION	COMPLETION DATE	COMPLETION MONTH	COMPLETION YEAR	PROJECT ALLOCATION
ET070101	1/9 Line Reconstruction (Wrap-up)	31-Jan-06	JANUARY	2006	\$0.7
ET060102	2 Fans:South Ferry/Battery-BW7	31-Dec-07	DECEMBER	2007	\$26.3
T41607ED	Empl Fac Rockeflr Ctr 6AV DES	01-Jan-06	JANUARY	2006	\$0.0
T41605MT	Material Inspection/Testing	01-Jan-06	JANUARY	2006	\$10.7
T40101A2	Purchase 320 A Div Cars	01-Jan-06	JANUARY	2006	\$490.2
T31302RG	Purch Rail Grinder	01-Jan-06	JANUARY	2006	\$10.1
T41606A7	Asbestos Abate IQ Cnslt 2002	07-Jan-06	JANUARY	2006	\$5.0
T31604CP	Integrate Capital Sys:Phs 1	15-Jan-06	JANUARY	2006	\$14.6
T40602T3	Tun Ltg Carroll-Jay St 6AV	27-Jan-06	JANUARY	2006	\$7.2
T40602T1	Tun Ltg Chrystie St Cut	27-Jan-06	JANUARY	2006	\$3.6
T41606F6	Fire Sprinklers:Linden Shop	31-Jan-06	JANUARY	2006	\$1.9
T41606A5	Asbestos Abate Priority V	31-Jan-06	JANUARY	2006	\$9.1
T41605B3	Boring Services: M/Bx 2003	31-Jan-06	JANUARY	2006	\$1.2
T41109CY	Canarsie Yard Signal Mod.	31-Jan-06	JANUARY	2006	\$48.7
T41006LT	Rehab Linden Track Shop	31-Jan-06	JANUARY	2006	\$9.2
T4100699	Rehab 99 St Ele/Lighting Shop	31-Jan-06	JANUARY	2006	\$2.8
T30803CO	CBTC: Canarsie Phase 3B	31-Jan-06	JANUARY	2006	\$6.0
T30803CN	CBTC: Canarsie (8Av-RkPky)	31-Jan-06	JANUARY	2006	\$259.1
T40101CS	Cab Simulator for R160 cars	27-Feb-06	FEBRUARY	2006	\$2.0
T40409PW	PA/CIS Wrap-Up	28-Feb-06	FEBRUARY	2006	\$3.6
T414042R	D.O. #23 Rockaway Park	01-Mar-06	MARCH	2006	\$14.2
T5080609	Platform Edge CCTV 9 Stns XTN	31-Mar-06	MARCH	2006	\$5.1
T41605E1	MTA Independent Engineer: 2002	31-Mar-06	MARCH	2006	\$11.2
T40806A1	Antenna Cable Replacement	31-Mar-06	MARCH	2006	\$9.0
T406036A	Fans 6AV 3 locs	31-Mar-06	MARCH	2006	\$42.1
T40411W3	Water Condition Remedy 2004	09-Apr-06	APRIL	2006	\$3.4
T40703L1	Strip-Repaint AST	10-Apr-06	APRIL	2006	\$37.4
T41605CA	Concrete Batch Plnt Inspection	13-Apr-06	APRIL	2006	\$0.8
T40806RB	Comm Rms: 98 Stns - IND/BMT	27-Apr-06	APRIL	2006	\$50.2
T31403RB	Police Radio Comm Sys Exp/Upgr	30-Apr-06	APRIL	2006	\$139.6
T40902X8	Substn Mod 239th St	23-May-06	MAY	2006	\$26.1
T41607PB	Emp Fac Pelham Bay Pkwy PEL	30-May-06	MAY	2006	\$7.9
T5041414	Customer Communication Systems	31-May-06	MAY	2006	\$2.0
T40603EX	Elizabeth St/Bowery 6AV	31-May-06	MAY	2006	\$35.3
T40413A5	ADA 168th St 8AV	23-Jun-06	JUNE	2006	\$11.4
T404114M	Rehab Kingsbridge Rd JER	24-Jun-06	JUNE	2006	\$12.8
T404114L	Rehab Bedford Park Blvd JER	24-Jun-06	JUNE	2006	\$11.8
T404113H	Rehab Burnside Ave JER	24-Jun-06	JUNE	2006	\$13.1
T404113B	Rehab 183rd St JER	24-Jun-06	JUNE	2006	\$13.3
T40602T2	Tun Ltg 53rd St Tube QBL	27-Jun-06	JUNE	2006	\$12.6
T40803C2	Sys-wide Signal Ctrl Mods Ph2	30-Jun-06	JUNE	2006	\$25.1
T40703WE	Overcoat West End Line	30-Jun-06	JUNE	2006	\$7.4
T40703NL	Ovrcoat Sutter Av-New Lots NLT	30-Jun-06	JUNE	2006	\$10.4
T40413T2	ADA Times Square: Ph 2	30-Jun-06	JUNE	2006	\$9.8
T40411T2	Rehab Times Sq Complex Ph2	30-Jun-06	JUNE	2006	\$117.4
T40903S1	Rehab Harlem Substn 8AV	07-Jul-06	JULY	2006	\$24.2
T40413A6	ADA 231st St BW7	25-Jul-06	JULY	2006	\$13.7
T40411A6	Rehab 231st St BW7	25-Jul-06	JULY	2006	\$5.2

FORECAST OF PROJECT COMPLETIONS FOR NEW YORK CITY TRANSIT

CAPITAL PROJECTS: 2006-2009

ACEP	PROJECT DESCRIPTION	COMPLETION DATE	COMPLETION MONTH	COMPLETION YEAR	PROJECT ALLOCATION
T41004A1	Recon: Corona Maint Shop	30-Jul-06	JULY	2006	\$207.6
T41605B4	Boring Services: Bx/Q/SI 2003	31-Jul-06	JULY	2006	\$1.0
T41204HU	Bus Locator System	23-Aug-06	AUGUST	2006	\$9.6
T30806BS	Upgrade RTO Base Stations	31-Aug-06	AUGUST	2006	\$14.5
T40806P2	PA/CIS: 156 Stations IRT	18-Sep-06	SEPTEMBER	2006	\$156.0
T41606U3	UST Connect: Mvville Depot	28-Oct-06	OCTOBER	2006	\$2.7
T41302P2	Purchase Tk Gm/Rail Ins Car	01-Nov-06	NOVEMBER	2006	\$10.0
T41605C1	Concrete Cylinder Testing	23-Nov-06	NOVEMBER	2006	\$0.7
T41606A1	Asbestos Dispos IQ Cnslt 2003	24-Nov-06	NOVEMBER	2006	\$0.4
T41203BC	Grand Avenue Depot/CMF	30-Nov-06	NOVEMBER	2006	\$261.7
T40806D2	Data Ntwk: IND/BMT-ATM	30-Nov-06	NOVEMBER	2006	\$93.7
T40413AA	ADA Junction Blvd FLS	04-Dec-06	DECEMBER	2006	\$18.7
T41607LR	System Support Equip/Cabling	30-Dec-06	DECEMBER	2006	\$13.3
T41604I3	ISD: Systems (2002)	30-Dec-06	DECEMBER	2006	\$8.3
T404112R	Rehab Rockaway Park RKY	30-Dec-06	DECEMBER	2006	\$5.6
T5070301	Rehab 50 Emergency Exits 05-06	31-Dec-06	DECEMBER	2006	\$5.6
T41606EA	Environmental Analysis	31-Dec-06	DECEMBER	2006	\$8.7
T41602CR	Capital Revolving Fund	31-Dec-06	DECEMBER	2006	\$25.0
T41302O2	Convert 40 Rider, De-Icer Cars	31-Dec-06	DECEMBER	2006	\$4.4
T41203P1	Parking Expansion 4 Depots	31-Dec-06	DECEMBER	2006	\$14.6
T40302P1	Retrofit Particulate Filters	31-Dec-06	DECEMBER	2006	\$22.5
T40302A0	55 Articulated Buses	31-Dec-06	DECEMBER	2006	\$27.4
T40603EY	Fan: Stanton / Chrystie 6AV	31-Jan-07	JANUARY	2007	\$25.4
T5060202	Tun Ltg Bowling Gr-Bkln Br LEX	14-Feb-07	FEBRUARY	2007	\$19.3
T5060201	Tun Ltg Boro Hall-Chambers CLK	28-Mar-07	MARCH	2007	\$30.5
T404114N	Rehab Mosholu Pky JER	31-Mar-07	MARCH	2007	\$13.8
T40404M4	Replace AFC Electronics	31-Mar-07	MARCH	2007	\$10.3
T40903S3	Rehab Cliff St Substn 8AV	23-Apr-07	APRIL	2007	\$34.3
T40703E2	JAM EParkway-Cypress Hills	23-Apr-07	APRIL	2007	\$23.2
T404113P	Rehab Crescent St JAM	23-Apr-07	APRIL	2007	\$8.4
T404113O	Rehab Norwood Ave JAM	23-Apr-07	APRIL	2007	\$8.4
T404113N	Rehab Cleveland St JAM	23-Apr-07	APRIL	2007	\$8.4
T404113M	Rehab Van Siclen Ave JAM	23-Apr-07	APRIL	2007	\$8.5
T404113L	Rehab Alabama Ave JAM	23-Apr-07	APRIL	2007	\$8.9
T5041304	ADA 135th St LNX	30-Apr-07	APRIL	2007	\$14.7
T408039C	Concourse Fixed Block Signals	30-Apr-07	APRIL	2007	\$224.1
T40703WR	WPR Bronx Pk East-241 St	30-Apr-07	APRIL	2007	\$77.6
T40703LW	Strip-Repnt Bx Pk E-241 WPR	30-Apr-07	APRIL	2007	\$14.6
T404139B	ADA Pelham Pkwy WPR	30-Apr-07	APRIL	2007	\$4.2
T404132F	ADA 233rd St WPR	30-Apr-07	APRIL	2007	\$4.5
T404119B	Rehab Pelham Pky WPR	30-Apr-07	APRIL	2007	\$17.6
T404112O	Rehab 241st St WPR	30-Apr-07	APRIL	2007	\$20.4
T404112K	Rehab: Bronx Park East WPR	30-Apr-07	APRIL	2007	\$14.5
T404112J	Rehab: Allerton Ave WPR	30-Apr-07	APRIL	2007	\$14.5
T404112I	Rehab: Burke Ave WPR	30-Apr-07	APRIL	2007	\$13.1
T404112H	Rehab: 219th St WPR	30-Apr-07	APRIL	2007	\$14.8
T404112G	Rehab: 225th St WPR	30-Apr-07	APRIL	2007	\$13.2
T404112F	Rehab: 233rd St WPR	30-Apr-07	APRIL	2007	\$13.8
T404112E	Rehab: 238th St WPR	30-Apr-07	APRIL	2007	\$15.9
T404112C	Rehab: Gun Hill Rd WPR	30-Apr-07	APRIL	2007	\$27.1

FORECAST OF PROJECT COMPLETIONS FOR NEW YORK CITY TRANSIT CAPITAL PROJECTS: 2006-2009

ACEP	PROJECT DESCRIPTION	COMPLETION DATE	COMPLETION MONTH	COMPLETION YEAR	PROJECT ALLOCATION
T40407E2	Repl 12 Esc Herald Square	22-May-07	MAY	2007	\$38.9
T304027O	Rpr: Neck Rd-Brighton	31-May-07	MAY	2007	\$0.5
T304027M	Rpr: Avenue M-Brighton	31-May-07	MAY	2007	\$0.3
T41302O5	Overhaul 9 Hose and Reach Cars	30-Jun-07	JUNE	2007	\$1.5
T40803Z2	Signal Key-By Circuit Mods	30-Jun-07	JUNE	2007	\$29.6
T4041114	Rehab:E 105th St CNR	30-Jun-07	JUNE	2007	\$9.7
T4041113	Rehab:Livonia Av CNR	30-Jun-07	JUNE	2007	\$13.8
T4041112	Rehab:Sutter Av CNR	30-Jun-07	JUNE	2007	\$12.6
T4041111	Rehab:New Lots Av CNR	30-Jun-07	JUNE	2007	\$10.6
T41606A8	Asbestos Mon IQ Cnslt 2003	14-Jul-07	JULY	2007	\$4.0
T41302P3	Purchase 12 Crane Cars	31-Jul-07	JULY	2007	\$11.8
T416073A	Empl Fac Myrtle Ave CNR	03-Sep-07	SEPTEMBER	2007	\$8.1
T404133A	ADA Myrtle-Wyckoff Complex	03-Sep-07	SEPTEMBER	2007	\$17.8
T404113I	Rehab Wyckoff Ave MRT	03-Sep-07	SEPTEMBER	2007	\$9.8
T404113A	Rehab Myrtle Ave CNR	03-Sep-07	SEPTEMBER	2007	\$37.2
T4041115	Columbus Circle Cmplx Ph1 Fac	30-Sep-07	SEPTEMBER	2007	\$14.8
T40902SE	Substation Enclosures	30-Oct-07	OCTOBER	2007	\$19.4
S4070106	Rehab 4 Substation Enclosures	30-Nov-07	NOVEMBER	2007	\$3.0
T41606U1	UST Groundwater Remediation	30-Dec-07	DECEMBER	2007	\$8.4
T40302S2	120 CNG Buses 2004	31-Dec-07	DECEMBER	2007	\$42.3
T4120401	Paratransit AVLM	28-Mar-08	MARCH	2008	\$17.3
T5160202	Capital Revolving Fund	31-Mar-08	MARCH	2008	\$5.0
T40603F1	Fans Rockwell PI FUL	30-Apr-08	APRIL	2008	\$60.4
T40411PB	Rehab Pelham Bay Pkwy PEL DES	30-May-08	MAY	2008	\$0.2
T40101B2	Purchase 660 B Div Cars	31-May-08	MAY	2008	\$1,140.2
T406036B	Fans 6AV 4 locs	08-Jun-08	JUNE	2008	\$79.3
T40806T1	Systemwide App Migration Ph 1	30-Jun-08	JUNE	2008	\$35.2
T40803F2	Flushing Interlocking Ph 2	13-Jul-08	JULY	2008	\$158.9
T41605T1	Test Pits Contracts	15-Jul-08	JULY	2008	\$4.8
T5090204	Modernize Greenwich Substation	31-Jul-08	JULY	2008	\$28.6
T41204BC	Manhattanville CNG Mods	30-Sep-08	SEPTEMBER	2008	\$48.8
T41602IO	Owner Controlled Insurance	01-Oct-08	OCTOBER	2008	\$124.0
T41302O6	Locomotive Modernization Pilot	01-Nov-08	NOVEMBER	2008	\$2.1
T413043A	Vehicle Replc 2004	31-Dec-08	DECEMBER	2008	\$5.6
T41302P4	Purchase 9 Locomotives	15-May-09	MAY	2009	\$32.1
T41302O4	Purch 54 CWR Handler/Flatcars	01-Jul-09	JULY	2009	\$14.7
T304077F	Repl 2 Elev-2 Locs-DES	30-Nov-09	NOVEMBER	2009	\$0.2
T40302E1	100 OTR Express Buses 2002 (Suspension Mod)	31-Dec-09	DECEMBER	2009	\$5.1
T31503QP	63 St Con:Property Acq	31-Dec-09	DECEMBER	2009	\$18.3
	TOTAL				\$5,274.7

Long Island Rail Road
2005 - 2009 Project Completions

Includes Projects in Pre- 2005-2009 Plans and Projects in the First,
Second and Third Quarter Interim 2005-2009 MTA Board Approved Plan

Agency	Category	Element	Project	Project Description	Completion	
					Date	Amount (\$m)
L	08A	03	W2	3rd Track at Mineola	Oct-06	41.9
L	302	05	9E	Valley Stream Parking	Apr-07	2.3
L	402	04	24	Atlantic Terminal	Dec-06	80.9
L	502	04	23	Atlantic Terminal	Dec-06	11.0
L	402	04	29	Jamaica Station	Dec-06	226.8
L	402	04	33	Rosedale Station	Jun-07	3.9
L	402	04	80	Jamaica Police Fit Out	Dec-06	4.8
L	402	05	J2	Mineola Intermodal Center	Nov-06	43.8
L	404	02	4R	East River Tunnel Rehab	Sep-06	33.1
L	404	02	4Y	East River Tunnel Ventilation	Feb-09	89.7
L	405	02	5J	Queens Interlocking	Dec-06	47.8
L	405	02	E5	DOT Grade Crossings	Dec-08	7.1
L	406	03	39	Richmond Hill Diesel Yard	Mar-07	22.5
L	406	03	7I	Automated Storage Upgrade - Hillside	Nov-06	13.9
L	408	04	3V	Simulator Building Expansion	Sep-06	1.2
L	502	04	2W	Ticket Vending Machinges	Mar-06	5.5
						636.2

Metro North Rail Road
2005 - 2009 Project Completions

Includes Projects in Pre- 2005-2009 Plans and Projects in the First,
Second and Third Quarter Interim 2005-2009 MTA Board Approved Plan

ProjectNo	Description	Complete 06-09	Impact Budget
A401-01-01	Purchase M-7 Cars - 300 Cars	15-Dec-07	\$614,292,867.98
A401-01-02	M-2 Car Remanufacture	15-Dec-08	\$27,200,000.00
A401-01-07	West of Hudson Comet Overhauls	15-Nov-06	\$15,100,000.00
M402-01-01	GCT Leaks Remediation	15-Apr-07	\$3,431,675.09
M402-01-04	GCT Halls/Trainshed Fire Safety Design	15-Mar-06	\$388,648.62
M402-01-06	GCT Trainshed Rehabilitation Phase II	15-Dec-07	\$11,567,220.27
M402-01-07	GCT Elevator Rehabilitation	15-Nov-07	\$6,217,966.05
M402-01-08	GCT Vestibule Rehabilitation	15-Jan-06	\$707,900.00
M402-02-02	Automated Ticket Selling - Express TVMs	15-Dec-06	\$6,232,795.23
M402-02-07	Lower Harlem Station Rehab	15-Oct-06	\$15,415,923.87
M402-02-08	Hudson Line Overpass Improvements	15-Dec-06	\$42,983,394.79
M402-02-11	Upper Harlem Station Rehabilitation - Phase II	15-Nov-06	\$10,103,720.48
M402-02-13	Larchmont Station Improvements	15-Mar-06	\$12,405,054.91
M402-02-14	West of Hudson Station Rehabilitation	15-Jun-06	\$6,785,753.76
M402-02-16	Yankee Stadium Station - Preliminary Engineering	15-Feb-07	\$5,000,000.00
M402-02-17	Upper Hudson Stations Improvements	15-Jan-07	\$6,986,000.00
M402-02-20	Miscellaneous Station Improvements	15-Jan-06	\$680,496.26
M402-03-03	Parking Rehabilitation	15-Dec-06	\$302,610.28
M402-03-04	Parking Expansion	15-Feb-06	\$4,058,440.97
M402-03-08	Pearl River Parking Expansion (Site II)	15-Oct-06	\$2,430,148.00
M402-03-11	Beacon Parking & Access Improvements	15-Jul-06	\$8,944,177.54
M402-03-12	Salisbury Mills/Otisville Parking Improvements	15-Oct-06	\$4,584,663.71
M402-03-14	Brewster Parking Expansion	15-Dec-06	\$2,644,000.00
M402-03-16	Irvington Station Parking Improvements	15-Mar-07	\$3,663,000.00
M403-01-02	GCT Switch/Track Rehabilitation	15-Jun-06	\$7,732,861.66
M403-01-03	Turnouts - Mainline/High Speed Rehabilitation	15-Dec-06	\$49,077,996.56
M403-02-03	M of W Equipment	15-Mar-07	\$7,519,915.42
M403-02-05	Rehab/Replace Overhead Bridges	15-Apr-08	\$2,260,000.00
M403-02-12	Port Jervis Line Structures Rehabilitation	15-Mar-06	\$3,135,000.00
M404-01-07	Optimize Signal Relay Circuits	15-Jun-06	\$2,594,645.68
M404-01-10	Install Kit Room Backup	15-Jun-06	\$4,923,002.18
M404-01-19	Operations Control Center	15-Feb-08	\$2,896,837.00
M405-01-01	Replace Supply Substation - Bridge 23 Mt.Vernon	15-Jul-06	\$1,122,000.00
M405-01-02	GCT Third Rail Rehabilitation	15-Jul-06	\$3,226,000.00
M405-01-04	Replace Park Avenue Tunnel Alarm	15-Dec-06	\$268,540.51
M405-01-05	Replace Park Avenue Viaduct Alarm	15-Dec-06	\$120,313.86
M405-01-06	Replace Switchgear - 59th Street and 72nd Street	15-Sep-07	\$11,776,274.41
M406-01-01	Harmon Shop/Yard Rehabilitation	15-Dec-07	\$105,642,647.00
M406-01-06	Port Jervis Yard Inspection Track	15-Mar-06	\$1,405,999.32
M408-01-01	Systemwide Asbestos/Lead Abatement	15-Dec-06	\$5,937,401.84
M408-01-11	Miscellaneous Studies	15-Sep-06	\$5,872,767.00
M501-01-03	M-3A Midlife Remanufacture - 142 Cars	15-Dec-09	\$12,000,000.00

Metro North Rail Road
2005 - 2009 Project Completions

M501-01-07	M-8 NHL Purchase - 100 Cars	15-Dec-09	\$860,070.50
M502-01-01	GCT Trainshed Structural Repairs	15-Dec-09	\$16,800,000.00
M502-01-03	GCT Exterior Rehabilitation/Repointing	15-Aug-06	\$5,099,000.00
M502-01-07	GCT Platform Improvements	15-Dec-09	\$610,000.00
M502-01-08	GCT Water Conveyance Utilities Improvements	15-Dec-09	\$300,000.00
M502-02-03	Poughkeepsie Station Building	15-Jan-06	\$500,000.00
M502-02-05	New Haven Line (NYS) Stations Improvements	15-Dec-09	\$4,000,000.00
M502-02-08	Ticket Selling Machines	15-Dec-06	\$3,193,296.00
M502-03-01	Parking Rehabilitation	15-Dec-09	\$500,000.00
M503-01-01	2005 Cyclical Track Program	15-Mar-06	\$11,900,000.00
M503-01-03	GCT Turnout and Switch Renewal	15-Dec-09	\$3,500,000.00
M503-02-01	Replace/Repair Undergrade Bridge Program	15-Dec-09	\$9,237,000.00
M503-02-04	Park Avenue Utility Bays Surveys	15-Dec-07	\$855,000.00
M503-03-05	Undergrade Bridge Program West of Hudson	15-Dec-09	\$1,710,000.00
M504-01-07	Signal System Replacement	15-Feb-06	\$2,500,000.00
M504-01-11	C&S Cable Replacement GCT to Mott Haven	15-Dec-09	\$400,000.00
M504-01-14	Replace High Cycle Rate Relays	15-Dec-09	\$800,000.00
M504-01-15	Design/Replace Track Relays - Harlem and Hudson Lines	15-Dec-09	\$1,700,000.00
M504-01-16	Replace Interlocking/Siding -West of Hudson	15-Dec-09	\$400,000.00
M505-01-02	Substation Retrofit - Harlem and Hudson Lines	15-Dec-09	\$13,100,000.00
M505-01-03	Replace Harlem River Lift Bridge Breaker Houses	15-Dec-09	\$700,000.00
M505-01-04	Aluminum 3rd Rail and E-Rail GCT Lower Level	15-May-08	\$2,100,000.00
M505-01-05	Replace Substation Batteries	15-Oct-09	\$500,000.00
M505-01-06	Replace Motor Alternators	15-Dec-09	\$500,000.00
M505-01-07	Install High Speed DC Circuit Breaker Relay Protection	15-Dec-09	\$1,800,000.00
M505-01-08	Harlem and Hudson Lines Power Improvements	15-Dec-09	\$2,500,000.00
M505-01-09	Rehab Harlem and Hudson Lines Substations	15-Dec-09	\$500,000.00
M505-01-10	Install Sectionalizing Switches GCT	15-Jul-07	\$3,805,000.00
M508-01-02	Systemwide Lead/Asbestos Abatement	15-Dec-09	\$500,000.00
M508-01-03	Environmental Remediation	15-Dec-09	\$500,000.00

FORECAST OF PROJECT COMPLETIONS FOR CAPITAL CONSTRUCTION COMPANY PROJECTS: 2006-2009

Includes Projects in Pre- 2005-2009 Plans and Projects in the First,
Second and Third Quarter Interim 2005-2009 MTA Board Approved Plan

ACEP	PROJECT DESCRIPTION	COMPLETION DATE	COMPLETION MONTH	COMPLETION YEAR	PROJECT ALLOCATION
G4090143	245 Park Ave	30-Sep-06	SEPTEMBER	2006	\$5.8
G4120104	FSTC - 2/3 Rehab & 4/5 Stair	30-Nov-06	NOVEMBER	2006	\$41.7
G4120201	South Ferry Terminal Structure	27-May-07	MAY	2007	\$292.6
G4090120	Queens Open Cut Excavation	31-Jul-07	JULY	2007	\$103.4
G4090125	Wood Interlocking	31-Oct-07	OCTOBER	2007	\$18.0
G4120102	FSTC-Dey St Conc Struct Box	01-Nov-07	NOVEMBER	2007	\$152.5
G4090142	Harold Construction	31-Dec-07	DECEMBER	2007	\$57.8
G4120202	South Ferry Terminal Finishes	31-Dec-07	DECEMBER	2007	\$112.9
G4090107	GCT East Yd Track & Systems	30-Apr-08	APRIL	2008	\$58.7
G4090127	GCT Concourse Excavation	30-May-08	MAY	2008	\$76.1
G4120101	Fulton Street Transit Center	03-Jun-09	JUNE	2009	\$525.9
G4090119	MH Tunnel Excavation	30-Mar-09	MARCH	2009	\$407.7
	TOTAL				\$1,853.1

Bridges and Tunnels
2005 - 2009 Project Completions

Includes Projects in Pre- 2005-2009 Plans and Projects in the First,
Second and Third Quarter Interim 2005-2009 MTA Board Approved Plan

Agency Category Element Project Project Description					Completion Date	Completion Amount (\$m)
D	401	BW	84	Replacement of Main Cable & Anchorage - Design	Dec-06	4.4
D	401	CB	08	Deck and Drainage Rehab - Design	Mar-06	3.3
D	401	MP	02	Structural Steel Repairs - Design	Jan-06	2.2
D	401	TN	85	Suspended Span Cable Rewrapping - Design	Nov-05	2.1
D	401	TN	87	Fendere Improvements - Design	Mar-06	7.0
D	401	VN	36	Seismic Study	Feb-06	3.0
D	402	BB	28	Rehab Tunnels Walls and roadway	Nov-06	81.5
D	402	BW	82	Suspended Span Deck Replacement	Nov-06	186.5
D	402	TB	65	Deck Replacement Manhattan Plaza & RI Junction - Design	Jan-07	23.8
D	402	VN	17	Rehab Approach Span Decks - Design	Mar-06	4.0
D	402	VN	28	Curb Plate/Scupper Installation	Jul-07	6.6
D	403	AW	39	Expansion of TRANSMIT System	2007	5.1
D	404	AW	32	Rotating Prism Signs at Toll Plazas	2006	8.3
D	404	MP	05	Replacement of Elevators at North Tower	Mar-06	4.7
D	404	QM	80	Replace/Rehab Exhaust & Supply Fans	Mar-08	36.6
D	405	BB	21	Rehab Service Building	Jun-06	5.6
D	405	MP	08	New Service Building	2006	9.2
D	405	VN	38	Rehab of Building Roofs	2006	2.0
D	502	TB	64	Deck Replacement Randalls Island & Wards Island Viaduct	2008	276.4
						568.8

OPERATING IMPACTS EXCEEDING \$1 MILLION FOR CAPITAL PROJECTS REACHING BENEFICIAL USE IN 2006

Note; The following operating impact assumptions for capital projects reaching beneficial use in 2006 are all included in the current financial plan.

NEW YORK CITY TRANSIT CAPITAL PROJECTS

Project: Communication Based Train Control

This project will create operating impacts to three areas: Electrical, Car Equipment and Train Operations (RTO). In the electrical area there will be increased hardware operation and maintenance costs for the new equipment. In the car equipment area there will be a need for more engineering support for modifications, troubleshooting and upgrades. There will also be a need for monitoring the equipment performance and performing unscheduled repairs and inspections. In the RTO area there is a need for additional train dispatchers to monitor CBTC trains. These impacts total about \$3.1 million per year beginning in 2006.

Project: Grand Avenue Bus Maintenance Facility

This new depot will require additional personnel and additional operating and maintenance costs of about \$7.8 million beginning in 2007.

Project: Closed Circuit Television (CCTV): 9 stations – G Line

This project will provide an operating budget savings of about \$2.17 million per year beginning in 2006. The CCTV will reduce the need for personnel.

Project: Police Radio Communication System

This new communication system will significantly increase radio system assets. The costs to maintain these new assets will be about \$1.8 million per year beginning in 2007. (The cost in 2006 is about \$0.4 million).

LONG ISLAND RAIL ROAD CAPITAL PROJECTS

Project: Purchase of M-7's

As part of the LIRR's program of increasing the overall size of its rolling stock fleet and upgrading the M-3 component of the fleet, the LIRR will implement a Life Cycle Maintenance (LCM) program. In addition, as the overall size of the fleet increases there will be increases in the annual maintenance and operating costs. These costs will be determined as part of LCM Transition Team and the operating budget includes about \$5.5 million per year starting in 2007 for these costs.

Project: Jamaica Station and Air Train Complex

Beginning in December 2003 the Air Train Complex will open in phases until achieving full beneficial use in 2006. Certain elements of the Air Train Complex facility are being managed by the NY/NJ Port Authority and the LIRR will be making payments to the PA

for cleaning and maintenance costs. In addition, the complex includes the Jamaica Central Control Facility, which the LIRR will be responsible to maintain and operate. The full annual costs are projected to be \$1.3 million.

Project: Mineola Intermodal Station

Beginning in 2006 there will be new operating costs associated with the purchase of a new parking garage and adjacent building at Mineola. The real estate will allow Long Island Railroad to build a new intermodal facility at the Mineola station. These operating costs total over \$1million annually after a partial offset from parking revenue.

METRO-NORTH RAILROAD CAPITAL PROJECTS

Project: Purchase of Electric Fleet (300 M-7 cars)

The equipment impact of the new M7s is calculated at \$1.3 M/yr, however Metro North's budget impact calculations combine this purchase with rolling stock retirements, and the net annual impact to the operating budget is positive by about \$0.2 million per year

BRIDGES AND TUNNELS CAPITAL PROJECTS

There are no capital projects entering beneficial use in 2006 that have an impact on the B&T's operating budget over \$1.0 million.

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VII. Agency Financial Plans

Bridges and Tunnels

MTA Bridges and Tunnels
2006 Preliminary Budget
July Financial Plan 2006–2009

MISSION STATEMENT/MAJOR HIGHLIGHTS

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 \$1.2 billion in annual toll revenue. With nearly two-thirds of this toll revenue dedicated to mass transit, B&T 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.

MTA Bridges & Tunnels continues to be successful in achieving its primary goals in 2005.

From a financial perspective, Total Support to Mass Transit for 2005 Mid-Year Forecast is now projected to be \$746.8 million, \$23.7 million higher than what was projected in the Adopted Budget. Compared to the Adopted Budget, revenue is projected to be \$10.3 million higher, while expenses are expected to be \$13.5 million lower. Since 1968, when B&T became part of the MTA, approximately \$14.0 billion has been provided to the MTA for support to mass transit.

As part of its effort to meet its financial goals, in 2005, B&T began implementing the Executive Director's request to reduce non-mission critical OTPS expenditures. These efforts include instituting new purchasing procedures that place limits on procurement credit card spending, changing the replacement cycle for some B&T vehicles from five to six years, extending the replacement cycle for computer equipment an additional year, and placing new restrictions on travel and furniture purchases. In addition to these changes in procedures, B&T has reduced the vehicle fleet size resulting in the elimination of ten vehicles, brought the process of inspecting

vehicles in-house, and began purchasing smaller-sized vehicles, including more hybrid vehicles and more light-duty, rather than medium-duty, wreckers.

Operationally, safety is the agency's first priority. The number of lost-time injuries for B&T employees is down significantly from 2004; through March 2005, the year-to-date lost time injuries were just 8, as compared to 11 during the same period a year ago. Collisions at the facilities were reduced significantly from 2003 to 2004, and B&T is maintaining that success so far this year. Through the first quarter of 2005, the average number of collisions with serious injury per million vehicles was 0.59, as compared to 0.56 during the same period in 2004, and the overall average collision rate for the first quarter 2005 was 4.33 collisions per million vehicles as compared to 4.39 collisions per million vehicles during the same period in 2004.

Customer satisfaction is also a key goal for B&T. In its most recent survey, B&T's customers rated their overall satisfaction at 7.4 out of 10, the agency's second highest rating ever. Overall satisfaction with the agency's E-ZPass system was 8.6 and the overall satisfaction of B&T's cash customers was 7.2, both among the highest ever recorded. A new survey will be carried out in the fall of this year.

One factor driving the improvement in customer satisfaction is the reduction in median queue time during peak periods. E-ZPass enabled B&T to maintain low average peak hour queue times while managing record level traffic volumes in 2004. This trend is continuing so far this year. Through the first quarter 2005, the median queue time was 10.0 seconds. Almost 74% of all weekday B&T traffic and nearly 84% of all weekday truck traffic uses E-ZPass.

Finally, the E-ZPass Tag Replacement Program, begun in 2002, continues to be successful. E-ZPass tags are being replaced prior to the end of their useful service lives (ensuring that customers are not delayed in the toll lanes due to an expired tag) with new tags that include a number of features that improve tag performance and battery life. These new tags currently account for approximately 70% of the total active tags held by B&T customers. The Mid-Year Forecast anticipates the completion of the tag replacement program by the end of 2006.

FINANCIAL OVERVIEW

B&T's Financial Plan, consistent with its strategic operating and financial goals, is projecting net operating income of \$4.5 billion for the next five

years (2005-2009) before factoring in the Program to Eliminate the Gap (PEG).

B&T's pre-PEG headcount is expected to be 1,818 by 2006. Between 1994 and 2000, B&T reduced its headcount by over 200 positions primarily due to the implementation of E-ZPass and other initiatives. Since September 11, 2001, B&T has been asked to play an increasing security role and has added 269 positions (through 2005) to the budget for that purpose, primarily to secure its bridges and tunnels. The pre-PEG headcount will grow modestly by three positions—all security related—by the end of 2006.

For the 2004 to 2006 period, B&T projects a total of \$2,615.0 million in net operating income before factoring in the Program to Eliminate the Gap (PEG). This consists of \$3,714.1 million in revenue offset by \$1,099.1 million in expenses. Taken together, 2004-2006 net operating income is \$53.4 million better than the February Financial Plan level. This financial success is being achieved while maintaining both the current service levels and B&T's continued commitment to safety and security.

- In 2007, B&T projects a total of \$899.6 million in net operating income before factoring in the Program to Eliminate the Gap (PEG). This consists of \$1,314.1 million in revenue offset by \$414.5 million in expenses.
- In 2008, B&T estimates \$898.2 million in net operating income before factoring in the Program to Eliminate the Gap (PEG). This consists of \$1,322.2 million in revenue offset by \$423.9 million in expenses.
- In 2009, B&T projects a total of \$886.3 million in net operating income before factoring in the Program to Eliminate the Gap (PEG). This consists of \$1,326.6 million in revenue offset by \$440.3 million in expenses.

2005 Mid-Year Forecast

In the 2005 Mid-Year Forecast, a total of \$898.4 million is projected in net operating income compared to \$874.6 in the 2005 Adopted Budget. This consists of \$1,261.0 million in revenues, offset by \$362.5 million in expenses.

Revenues are higher than the Adopted Budget by \$10.3 million. This is due primarily to higher toll revenue as a result of lower elasticity than expected from the toll increase implemented on March 13, 2005. These gains in revenue are offset by an adjustment downward of the reimbursements received for both security expenses, due to the reduction in security-related overtime, and capital construction, due to the reduction in the 2005 PEG for

reimbursement of the traffic control overtime performed. However, recent developments involving international terrorist attacks are resulting in the need to increase security MTA-wide. MTA has established funding at the corporate level, but these monies have not been allocated by Agency as of yet. Should B&T security requirements exceed the costs in the Mid-Year Forecast, MTA will fund the difference.

The expenses are composed of \$184.0 million in labor costs and \$178.5 million in non-labor expenses. Total expenses are lower by \$13.5 million when compared to the Adopted Budget due to higher than planned retirements; lower expenses due to a reduction in security-related overtime; lower corresponding fringe benefits; and reduced non-labor costs mainly from the reduction of 2 Broadway lease costs. These activities will be discussed in the Plan-to-Plan Summary of Changes.

In 2005, the total planned headcount is 1,815, which includes 45 capital reimbursable positions.

There are no new proposed PEGs in 2005.

2006 Preliminary Budget - Baseline

In the 2006 Final Proposed Budget, a total of \$904.5 million is projected in net operating income for 2006 before factoring in the savings from PEGs. This consists of \$1,309.4 million in revenues, offset by \$404.9 million in expenses. The expenses are composed of \$197.8 million in labor costs and \$207.1 million in non-labor expenses.

In 2006, the total pre-PEG planned headcount will be 1,818, which includes 45 capital reimbursable positions. The 2006 Preliminary Budget also includes below-the-line gap closing actions of \$0.269 million for the reduction of three administrative and supervisory positions to bring total headcount to 1,815 in 2006. These actions will be discussed later in this document, under Gap Closing Measures. No new needs are anticipated in 2006.

Details regarding the reconciliation of the July Financial Plan to the Adopted Budget and the assumptions for traffic and headcount are discussed in the Plan-to-Plan Summary of Changes and the Other Assumptions sections.

2007-2009 Projections

The 2007 projection for net operating income is \$899.6 million before factoring in the savings from PEGs. This consists of \$1,314.1 million in revenues, offset by \$414.5 million in expenses. The expenses are

comprised of \$207.9 million in labor costs and \$206.6 million in non-labor expenses.

In 2007, the total pre-PEG planned headcount remains at 1,818, which includes 45 capital reimbursable positions. The 2007 projection also includes below-the-line gap closing actions of \$0.396 million and the reduction of two additional administrative positions to bring the total headcount to 1,813 in 2007. These actions are discussed later in this document under Gap Closing Measures. No new needs are anticipated at this time for 2007.

The 2008 and 2009 projections for net operating income are \$898.2 million and \$886.3 million, respectively, before factoring in the savings from PEGs. For 2008, this consists of \$1,322.2 million in revenues, offset by \$423.9 million in expenses. The expenses are composed of \$217.6 million in labor costs and \$206.4 million in non-labor expenses. For 2009, net operating income consists of \$1,326.6 million in revenues, offset by \$440.3 million in expenses. The expenses are composed of \$228.1 million in labor costs and \$212.2 million in non-labor expenses.

In 2008 and 2009, the total pre-PEG planned headcount remains at 1,818, which continues to include the 45 capital reimbursable positions. The 2008 and 2009 projections also include below-the-line gap closing actions of \$0.396 million for the respective years, continuing with headcount at 1,813. These actions are discussed later in this document under Gap Closing Measures. As was the case for previous years, no new needs are anticipated at this time for 2008 and 2009.

Details for the reconciliations of the July Financial Plan to the Adopted Budget are discussed in the Plan-to-Plan Summary of Changes, and the assumptions guiding traffic and headcount projections are discussed in the Other Assumptions section.

GAP CLOSING MEASURES

2006 PEG Actions

Total PEG actions beginning in 2006 are projected to generate \$0.269 million. The major proposed initiatives are:

- A reduction of three positions: two administrative and one supervisory. These are comprised of (a) an administrative reduction in the Payroll Department due to payroll process efficiencies totaling \$0.041 million; and (b) two positions in Revenue Management, one administrative and

one supervisory, totaling \$0.084 million, due to efficiencies in the revenue audit process.

- A reduction in baseline overtime due to processing efficiencies in the arrest procedure by having access to the NYPD's on-line booking system, thus reducing the amount of time required per arrest. This will result in an overtime reduction of \$0.144 million.

2007 PEG Actions

Total PEG actions beginning in 2007 are projected to generate an additional \$0.087 million in expense reductions. The proposed initiatives are:

- A reduction of one additional administrative positions in the Payroll Department, totaling \$0.045 million, due to efficiencies in the payroll process brought about by the implementation of the Kronos Timecard System now being developed.
- A reduction of an administrative position in the Accounts Payable Department resulting from new administrative budget controls and the use of the procurement credit card, totaling \$0.042 million.

2008 and 2009 PEG Projections

Assuming all of the above initiatives are adopted and can be implemented, total PEG savings will amount to \$0.396 million in 2007 to 2009.

No new PEGs are scheduled to begin in 2008 or 2009.

MTA BRIDGES AND TUNNELS
July Financial Plan 2006 - 2009
Accrual Statement of Operations by Category
(\$ in millions)

NON-REIMBURSABLE

	2004 Actuals	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<u>Revenue</u>						
Farebox Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vehicle Toll Revenue	1,096.988	1,206.892	1,244.320	1,247.171	1,254.848	1,256.824
Other Operating Revenue	9.719	16.874	23.964	23.061	20.915	21.036
Capital and Other Reimbursements	23.242	22.644	24.683	26.548	28.414	30.038
Investment Income	1.368	1.949	2.419	2.424	2.529	2.709
Total Revenue	\$1,131.317	\$1,248.359	\$1,295.386	\$1,299.204	\$1,306.707	\$1,310.607
<u>Expenses</u>						
Labor:						
Payroll	100.061	106.185	110.612	114.870	119.515	124.588
Overtime	23.391	21.813	22.242	21.778	22.394	23.098
Health and Welfare	23.461	25.988	28.465	31.106	33.997	37.155
Pensions	4.561	10.028	14.908	17.247	17.684	18.319
Other Fringe Benefits	12.292	12.809	13.818	14.437	15.094	15.705
Reimbursable Overhead	(5.361)	(5.430)	(6.254)	(6.415)	(6.594)	(6.788)
Total Labor Expenses	\$158.405	\$171.393	\$183.791	\$193.023	\$202.090	\$212.078
Non-Labor:						
Traction and Propulsion Power	-	-	-	-	-	-
Fuel for Buses and Trains	-	-	-	-	-	-
Insurance	8.486	9.345	10.557	11.561	12.666	13.883
Claims	-	-	-	-	-	-
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	118.332	123.170	149.092	157.688	153.056	156.867
Professional Service Contracts	13.483	15.451	16.658	16.912	17.249	17.624
Materials & Supplies	18.324	28.485	28.672	18.297	21.201	21.613
Other Business Expenses	2.187	2.095	2.139	2.169	2.204	2.242
Total Non-Labor Expenses	\$160.811	\$178.546	\$207.118	\$206.628	\$206.375	\$212.230
Other Expenses Adjustments:						
Other	-	-	-	-	-	-
Total Other Expense Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenses before Depreciation	\$319.216	\$349.939	\$390.909	\$399.651	\$408.465	\$424.308
Add: Depreciation	45.594	47.600	50.200	56.500	61.200	66.700
Total Expenses after Depreciation	\$364.810	\$397.539	\$441.109	\$456.151	\$469.665	\$491.008
Less: Depreciation	45.594	47.600	50.200	56.500	61.200	66.700
Total Expenses	\$319.216	\$349.939	\$390.909	\$399.651	\$408.465	\$424.308
Baseline Net Income/(Deficit)	\$812.102	\$898.420	\$904.477	\$899.553	\$898.242	\$886.299
Program to Eliminate the Gap (PEG)	-	-	0.269	0.396	0.396	0.396
Net Income/(Deficit)	\$812.102	\$898.420	\$904.746	\$899.949	\$898.638	\$886.695

MTA BRIDGES AND TUNNELS
July Financial Plan 2006 - 2009
Accrual Statement of Operations by Category
(\$ in millions)

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

	2004 Actuals	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<u>Revenue</u>						
Farebox Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vehicle Toll Revenue	1,096.988	1,206.892	1,244.320	1,247.171	1,254.848	1,256.824
Other Operating Revenue	9.719	16.874	23.964	23.061	20.915	21.036
Capital and Other Reimbursements	35.753	35.236	38.656	41.404	43.887	46.068
Investment Income	1.368	1.949	2.419	2.424	2.529	2.709
Total Revenue	\$1,143.828	\$1,260.951	\$1,309.359	\$1,314.060	\$1,322.180	\$1,326.637
<u>Expenses</u>						
Labor:						
Payroll	105.178	111.095	115.577	119.963	124.750	129.977
Overtime	23.391	21.850	22.449	22.178	22.794	23.498
Health and Welfare	24.552	27.211	29.823	32.593	35.625	38.938
Pensions	4.793	10.459	15.430	18.017	18.583	19.246
Other Fringe Benefits	13.002	13.370	14.486	15.128	15.811	16.448
Reimbursable Overhead	-	-	-	-	-	-
Total Labor Expenses	\$170.916	\$183.985	\$197.764	\$207.879	\$217.563	\$228.108
Non-Labor:	-	-	-	-	-	-
Traction and Propulsion Power	-	-	-	-	-	-
Fuel for Buses and Trains	-	-	-	-	-	-
Insurance	8.486	9.345	10.557	11.561	12.666	13.883
Claims	-	-	-	-	-	-
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	118.332	123.170	149.092	157.688	153.056	156.867
Professional Service Contracts	13.483	15.451	16.658	16.912	17.249	17.624
Materials & Supplies	18.324	28.485	28.672	18.297	21.201	21.613
Other Business Expenses	2.187	2.095	2.139	2.169	2.204	2.242
Total Non-Labor Expenses	\$160.811	\$178.546	\$207.118	\$206.628	\$206.375	\$212.230
Other Expenses Adjustments:						
Other	-	-	-	-	-	-
Total Other Expense Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenses before Depreciation	\$331.727	\$362.531	\$404.882	\$414.507	\$423.938	\$440.338
Add: Depreciation	45.594	47.600	50.200	56.500	61.200	66.700
Total Expenses after Depreciation	\$377.321	\$410.131	\$455.082	\$471.007	\$485.138	\$507.038
Less: Depreciation	45.594	47.600	50.200	56.500	61.200	66.700
Total Expenses	\$331.727	\$362.531	\$404.882	\$414.507	\$423.938	\$440.338
Baseline Net Income/(Deficit)	\$812.102	\$898.420	\$904.477	\$899.553	\$898.242	\$886.299
Program to Eliminate the Gap (PEG)	-	-	0.269	0.396	0.396	0.396
Net Income/(Deficit)	\$812.102	\$898.420	\$904.746	\$899.949	\$898.638	\$886.695

MTA BRIDGES AND TUNNELS
July Financial Plan 2006 - 2009
Accrual Statement of Operations by Category
(\$ in millions)

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

	2004 Actuals	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
Baseline Net Income/(Deficit)	\$ 812.102	\$ 898.420	\$ 904.477	\$ 899.553	\$ 898.242	\$ 886.299
<u>Deductions from Income:</u>						
Less: Capitalized Assets	4.184	11.167	10.991	11.217	11.477	11.766
Reserves	17.676	14.402	14.693	14.996	15.342	15.729
Adjusted Baseline Net Income/(Deficit)	\$ 790.242	\$ 872.851	\$ 878.793	\$ 873.340	\$ 871.423	\$ 858.805
Less: Debt Service	393.356	419.344	465.849	478.580	493.389	507.849
Income Available for Distribution	\$ 396.886	\$ 453.507	\$ 412.944	\$ 394.760	\$ 378.034	\$ 350.956
Distributable To:						
MTA - Investment Income	1.368	1.949	2.419	2.424	2.529	2.709
MTA - Distributable Income	241.938	271.911	256.880	247.847	239.438	225.802
NYCT - Distributable Income	153.579	179.646	153.644	144.488	136.066	122.444
Total Distributable Income:	\$ 396.885	\$ 453.506	\$ 412.943	\$ 394.759	\$ 378.033	\$ 350.955
SUPPORT TO MASS TRANSIT:						
Total Revenues	1,143.828	1,260.951	1,309.359	1,314.060	1,322.180	1,326.637
Less: Net Operating Expenses	331.727	362.531	404.882	414.507	423.938	440.338
2006-2007 Program to Eliminate the GAP	-	-	0.269	0.396	0.396	0.396
Net Operating Income:	\$ 812.102	\$ 898.420	\$ 904.746	\$ 899.949	\$ 898.638	\$ 886.695
Deductions from Operating Income:						
B&T Debt Service	100.206	116.981	134.974	147.382	162.163	176.656
Capitalized Assets	4.184	11.167	10.991	11.217	11.477	11.766
Reserves	17.676	14.402	14.693	14.996	15.342	15.729
Total Deductions from Operating Inc:	\$ 122.066	\$ 142.550	\$ 160.658	\$ 173.595	\$ 188.982	\$ 204.150
Total Support to Mass Transit:	\$ 690.035	\$ 755.870	\$ 744.088	\$ 726.354	\$ 709.656	\$ 682.545

MTA Bridges and Tunnels
July Financial Plan 2006-2009
Year-to-Year Changes by Category - Accrual Basis

YEAR-TO-YEAR CHANGES: 2005-2009

Toll Revenue

- Revenues are estimated to reach \$1,206.9 million in 2005 and \$1,244.3 million in 2006. The growth of \$37.428 million is based on a full year's impact from the toll increase implemented on March 13, 2005, current traffic trends and economic forecasts provided by Global Insight.
- Projected revenues rise by \$2.9 million in 2007, \$7.7 million in 2008 (a leap year), and \$2.0 million in 2009, 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 299.9 million vehicles in 2005, 301.4 million vehicles in 2006, 302.6 million in 2007, 305.0 million in 2008, and 306.0 million in 2009.

Other Operating Revenue

- Beginning in July, 2005, B&T will charge an E-ZPass account fee of \$1 per month. Income from this fee is projected to account for 46% of total other operating revenue in 2005 and over 60% of the total each year thereafter. The other major revenue sources in this category are income from the Battery Parking Garage, various E-ZPass administrative fees (charges for lost or non-returned tags, retained tags, returned checks, etc.), and E-ZPass Plus fees.
- Other Operating Revenue is projected at \$16.9 million in 2005 and is estimated to increase by \$7.0 million in 2006 primarily due to a full year's collection of the \$1 per month E-ZPass account fee.
- Total Other Operating Revenue declines by \$0.9 million in 2007 because the current E-ZPass Tag Swap Program, which routinely identifies accounts with lost tags that are subsequently assessed the appropriate fee, will be completed in 2006.
- There is a projected reduction of \$2.1 million in E-ZPass account maintenance fees beginning in 2008 based on potential changes in allocation formulas among E-ZPass agencies.

Capital and Other Reimbursements

- Income from Capital and Other Reimbursements are projected to increase by approximately \$3.4 million in 2006, \$2.7 million in 2007, \$2.5 million in 2008, and \$2.2 million in 2009, due to CPIU adjustments and higher reimbursements from the capital program.

Investment Income

- The investment income plan for 2005 through 2009 reflects potential earnings on estimated fund balances based on Global Insight's forecasts for short-term investment yields.

Payroll

- In 2006, there is an increase of \$4.5 million in payroll for contractual step-up increases, CPIU increases, and for the 2005 new need for additional personnel to repair and maintain the centralized access and monitoring control system.
- Expenses grow by \$4.4 million in 2007, \$4.8 million in 2008, and \$5.2 million in 2009 due to 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 2.57% in 2006, 2.79% in 2007, 2.94% in 2008, and 3.18% in 2009, based on Global Insight's forecasts for national inflation applied to salaries and overtime.

Overtime

- The increase of \$0.6 million between 2005 and 2006 is a result of CPIU adjustments.
- The decrease of \$0.3 million between 2006 and 2007 is due to a CPIU increase, offset by a decrease in the overtime associated with capital construction.
- Thereafter, the year-over-year increases of \$0.6 million, \$0.7 million and \$0.8 million in growth from 2007 to 2009 are a result of CPIU adjustments.

Health and Welfare

- The year-over-year increases from 2006 to 2009 are \$2.6 million, \$2.8 million, \$3.0 million, and \$3.3 million. These increases are due to a 9.3% CPIU for medical expenses that has been added to each year, based on estimates provided by the MTA, and for the 2005 new need for additional personnel to repair and maintain the centralized access and monitoring control system.

Pensions

- The 2006 to 2008 increases reflect the latest NYCERS estimates received from the MTA. The increase for 2009 is due to CPIU.

Other Fringe Benefits

- The year-over-year increases from 2006 to 2009 are \$1.1 million, \$0.6 million, \$0.7 million, and \$0.6 million. These increases are due to the effect

of CPIU inflators and estimates for Worker's Compensation based on information received from MTA Risk Management.

Insurance

- The increases of approximately \$1.1 million per year from 2006 through 2009 incorporate MTA Risk Management's estimates for property and general liability insurance.

Maintenance and Other Operating Contracts

- In 2006, expenses are \$25.9 million higher than 2005 primarily due to bridge painting requirements at the Throgs Neck, Verrazano-Narrows and Triborough Bridges (\$13.7 million) and potential start-up and transition cost for the new E-ZPass Customer Service Center contract (approximately \$10.0 million) and CPIU increases.
- The 2007 expenses increased by \$8.6 million over 2006 primarily due to additional bridge painting requirements (\$9.4 million) and CPIU increases offset by a net decline of \$2.3 million in estimated costs associated with the implementation of the new contract for running the E-ZPass Customer Service Center.
- In 2008, there is a decrease of \$4.6 million from 2007 primarily due to the expected completion of transitioning a new vendor for the E-ZPass Customer Service Center contract in 2007 (\$8.0 million) offset by CPIU increases.
- CPIU increases are 2.67% in 2005, 2.02% in 2006, 2.06% in 2007, 2.31% in 2008, and 2.52% in 2009, based on forecasts for national inflation provided by Global Insight.

Professional Service Contracts

- In 2006, expenses are \$1.2 million higher than 2005 primarily due to re-estimate of Bond insurance fees (\$0.6 million), legal services (\$0.2 million) training and planning studies (\$0.2 million) and CPIU increases.
- For 2007 to 2009, the higher expenses (\$0.3 million in both 2007 and 2008 and \$0.4 million in 2009) are a result of CPIU increases.
- CPIU increases are 2.67% in 2005, 2.02% in 2006, 2.06% in 2007, 2.31% in 2008, and 2.52% in 2009, based on forecasts for national inflation provided by Global Insight.

Materials and Supplies

- In 2006, expenses are \$0.2 million higher than 2005 primarily due to a reduction in security surveillance equipment purchases (\$0.1 million) and E-ZPass tag purchases (\$0.3 million), and offsetting increases from CPIU.
- In 2007, expenses are \$10.4 million lower than 2006 primarily due to the completion of the E-ZPass tag replacement program (\$11.1 million). This is offset by increases from CPIU.
- The 2008 expenses are \$2.9 million higher primarily to cover the estimated inventory flows required to meet the tag needs associated with new and existing accounts (\$2.5 million). In addition, there are CPIU increases.
- For 2009, the increase of \$0.4 million in expenses is a result of CPIU increases.
- CPIU increases are 2.67% in 2005, 2.02% in 2006, 2.06% in 2007, 2.31% in 2008, and 2.52% in 2009, based on forecasts for national inflation provided by Global Insight.

Other Business Expenses

- For 2006 through 2008, the higher expenses reflect CPIU increases.
- CPIU increases are 2.67% in 2005, 2.02% in 2006, 2.06% in 2007, 2.31% in 2008, and 2.52% in 2009, based on forecasts for national inflation provided by Global Insight.

MTA BRIDGES AND TUNNELS
July Financial Plan 2006 - 2009
Year-to-Year Changes by Category - Accrual Basis
(\$ in millions)

**NON-REIMBURSABLE and
REIMBURSABLE**

	Favorable/(Unfavorable)									
	2005	2006	Change 2006 - 2005	2007	Change 2007 - 2006	2008	Change 2008 - 2007	2009	Change 2009 - 2008	
Revenue										
Farebox Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Vehicle Toll Revenue	1,206.892	1,244.320	37.428	1,247.171	2.851	1,254.848	7.677	1,256.824	1.976	
Other Operating Revenue	16.874	23.964	7.090	23.061	(0.903)	20.915	(2.146)	21.036	0.121	
Capital and Other Reimbursements	35.236	38.656	3.420	41.404	2.748	43.887	2.483	46.068	2.181	
Investment Income	1.949	2.419	0.470	2.424	0.005	2.529	0.105	2.709	0.180	
Total Revenue	\$ 1,260.951	\$ 1,309.359	\$ 48.408	\$ 1,314.060	\$ 4.701	\$ 1,322.180	\$ 8.119	\$ 1,326.637	\$ 4.458	
Expenses										
Labor:										
Payroll	\$ 111.095	\$ 115.577	\$ (4.482)	\$ 119.963	\$ (4.387)	\$ 124.750	\$ (4.787)	\$ 129.977	\$ (5.227)	
Overtime	21.850	22.449	(0.599)	22.178	0.271	22.794	(0.616)	23.498	(0.704)	
Health and Welfare	27.211	29.823	(2.612)	32.593	(2.770)	35.625	(3.032)	38.938	(3.314)	
Pensions	10.459	15.430	(4.971)	18.017	(2.587)	18.583	(0.566)	19.246	(0.663)	
Other Fringe Benefits	13.370	14.486	(1.116)	15.128	(0.642)	15.811	(0.683)	16.448	(0.637)	
Reimbursable Overhead	-	-	-	-	-	-	-	-	-	
Total Labor Expenses	\$ 183.985	\$ 197.764	\$ (13.779)	\$ 207.879	\$ (10.115)	\$ 217.563	\$ (9.684)	\$ 228.108	\$ (10.546)	
Non-Labor:										
Traction and Propulsion Power	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Fuel for Buses and Trains	-	-	-	-	-	-	-	-	-	
Insurance	9.345	10.557	(1.212)	11.561	(1.004)	12.666	(1.105)	13.883	(1.217)	
Claims	-	-	-	-	-	-	-	-	-	
Paratransit Service Contracts	-	-	-	-	-	-	-	-	-	
Maintenance and Other Operating Contracts	123.170	149.092	(25.922)	157.688	(8.596)	153.056	4.633	156.867	(3.812)	
Professional Service Contracts	15.451	16.658	(1.207)	16.912	(0.254)	17.249	(0.337)	17.624	(0.375)	
Materials & Supplies	28.485	28.672	(0.187)	18.297	10.375	21.201	(2.904)	21.613	(0.412)	
Other Business Expenses	2.095	2.139	(0.044)	2.169	(0.030)	2.204	(0.035)	2.242	(0.038)	
Total Non-Labor Expenses	\$ 178.546	\$ 207.118	\$ (28.572)	\$ 206.628	\$ 0.490	\$ 206.375	\$ 0.252	\$ 212.230	\$ (5.855)	
Other Expenses Adjustments:										
Other	-	-	-	-	-	-	-	-	-	
Total Other Expense Adjustments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Total Expenses before Depreciation	\$ 362.531	\$ 404.882	\$ (42.351)	\$ 414.507	\$ (9.624)	\$ 423.938	\$ (9.431)	\$ 440.338	\$ (16.400)	
Add: Depreciation	47.600	50.200	(2.600)	56.500	(6.300)	61.200	(4.700)	66.700	(5.500)	
Total Expenses after Depreciation	\$ 410.131	\$ 455.082	\$ (39.751)	\$ 471.007	\$ (3.324)	\$ 485.138	\$ (4.731)	\$ 507.038	\$ (10.900)	
Less: Depreciation	47.600	50.200	(2.600)	56.500	(6.300)	61.200	(4.700)	66.700	(5.500)	
Total Expenses	\$ 362.531	\$ 404.882	\$ (42.351)	\$ 414.507	\$ (9.624)	\$ 423.938	\$ (9.431)	\$ 440.338	\$ (16.400)	
Baseline Net Income/(Deficit)	\$ 898.420	\$ 904.477	\$ 6.057	\$ 899.553	\$ (4.924)	\$ 898.242	\$ (1.312)	\$ 886.299	\$ (11.943)	
Program to Eliminate the Gap (PEG)	-	0.269	0.269	0.396	0.127	0.396	-	0.396	-	
Net Income/(Deficit)	\$ 898.420	\$ 904.746	\$ 6.326	\$ 899.949	\$ (4.797)	\$ 898.638	\$ (1.312)	\$ 886.695	\$ (11.943)	

MTA BRIDGES AND TUNNELS
July Financial Plan 2006 - 2009
Year-to-Year Changes by Category - Accrual Basis
(\$ in millions)

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

	Favorable/(Unfavorable)									
	2005	2006	Change 2006 - 2005	2007	Change 2007 - 2006	2008	Change 2008 - 2007	2009	Change 2009 - 2008	
Baseline Net Income/(Deficit)	\$ 898.420	\$ 904.477	\$ 6.057	\$ 899.553	\$ (4.924)	\$ 898.242	\$ (1.312)	\$ 886.299	\$ (11.943)	
<u>Deductions from Income:</u>										
Less: Capitalized Assets	11.167	10.991	0.176	11.217	(0.226)	11.477	(0.259)	11.766	(0.289)	
Reserves	14.402	14.693	(0.291)	14.996	(0.303)	15.342	(0.346)	15.729	(0.387)	
Adjusted Baseline Net Income/(Deficit)	\$ 872.851	\$ 878.793	\$ 5.942	\$ 873.340	\$ (5.453)	\$ 871.423	\$ (1.917)	\$ 858.805	\$ (12.618)	
Less: Debt Service	419.344	465.849	(46.505)	478.580	(12.731)	493.389	(14.809)	507.849	(14.460)	
Income Available for Distribution	\$ 453.507	\$ 412.944	\$ (40.563)	\$ 394.760	\$ (18.184)	\$ 378.034	\$ (16.726)	\$ 350.956	\$ (27.078)	
Distributable To:										
MTA - Investment Income	1.949	2.419	0.470	2.424	0.005	2.529	0.105	2.709	0.180	
MTA - Distributable Income	271.911	256.880	(15.030)	247.847	(9.033)	239.438	(8.410)	225.802	(13.636)	
NYCT - Distributable Income	179.646	153.644	(26.002)	144.488	(9.156)	136.066	(8.422)	122.444	(13.622)	
Total Distributable Income:	\$ 453.506	\$ 412.943	\$ (40.562)	\$ 394.759	\$ (18.184)	\$ 378.033	\$ (16.727)	\$ 350.955	\$ (27.078)	
Actual Cash Transfers:										
MTA - Investment Income	1.368	1.949	0.581	2.419	0.470	2.424	0.005	2.529	0.105	
MTA - Transfers	296.783	258.383	38.400	248.750	9.633	240.279	8.472	227.165	13.113	
NYCT - Transfers	190.074	156.245	33.829	145.403	10.842	136.908	8.495	123.807	13.101	
Total Cash Transfers:	\$ 488.225	\$ 416.577	\$ 72.810	\$ 396.572	\$ 20.945	\$ 379.611	\$ 16.972	\$ 353.501	\$ 26.319	
SUPPORT TO MASS TRANSIT:										
Total Revenues	1,260.951	1,309.359	48.408	1,314.060	4.701	1,322.180	8.120	1,326.637	4.458	
Less: Net Operating Expenses	362.531	404.882	42.351	414.507	9.624	423.938	9.431	440.338	16.400	
Program to Eliminate the Gap	-	0.269	0.269	0.396	0.127	0.396	-	0.396	-	
Net Operating Income:	\$ 898.420	\$ 904.746	\$ 6.326	\$ 899.949	\$ (4.797)	\$ 898.638	\$ (1.312)	\$ 886.695	\$ (11.943)	
Deductions from Operating Income:										
B&T Debt Service	116.981	134.974	(17.993)	147.382	12.408	162.163	14.781	176.656	14.493	
Capitalized Assets	11.167	10.991	0.176	11.217	0.226	11.477	0.259	11.766	0.289	
Reserves	14.402	14.693	(0.291)	14.996	0.303	15.342	0.346	15.729	0.387	
Total Deductions from Operating Inc:	\$ 142.550	\$ 160.658	\$ (18.108)	\$ 173.595	\$ 12.937	\$ 188.982	\$ 15.387	\$ 204.150	\$ 15.169	
Total Support to Mass Transit:	\$ 755.870	\$ 744.088	\$ (11.782)	\$ 726.354	\$ (17.734)	\$ 709.656	\$ (16.698)	\$ 682.545	\$ (27.111)	

MTA BRIDGES AND TUNNELS
July Financial Plan 2006 - 2009
Year-to-Year Changes by Category - Accrual Basis
(\$ in millions)

NON-REIMBURSABLE

	Favorable/(Unfavorable)									
	2005	2006	Change 2006 - 2005	2007	Change 2007 - 2006	2008	Change 2008 - 2007	2009	Change 2009 - 2008	
Revenue										
Farebox Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Vehicle Toll Revenue	1,206.892	1,244.320	37.428	1,247.171	2.851	1,254.848	7.677	1,256.824	1.976	
Other Operating Revenue	16.874	23.964	7.090	23.061	(0.903)	20.915	(2.146)	21.036	0.121	
Capital and Other Reimbursements	22.644	24.683	2.039	26.548	1.865	28.414	1.866	30.038	1.624	
Investment Income	1.949	2.419	0.470	2.424	0.005	2.529	0.105	2.709	0.180	
Total Revenue	\$ 1,248.359	\$ 1,295.386	\$ 47.027	\$ 1,299.204	\$ 3.818	\$ 1,306.707	\$ 7.502	\$ 1,310.607	\$ 3.901	
Expenses										
Labor:										
Payroll	\$ 106.185	\$ 110.612	\$ (4.426)	\$ 114.870	\$ (4.259)	\$ 119.515	\$ (4.645)	\$ 124.588	\$ (5.074)	
Overtime	21.813	22.242	(0.429)	21.778	0.464	22.394	(0.616)	23.098	(0.704)	
Health and Welfare	25.988	28.465	(2.477)	31.106	(2.641)	33.997	(2.891)	37.155	(3.159)	
Pensions	10.028	14.908	(4.880)	17.247	(2.339)	17.684	(0.437)	18.319	(0.635)	
Other Fringe Benefits	12.809	13.818	(1.009)	14.437	(0.619)	15.094	(0.657)	15.705	(0.611)	
Reimbursable Overhead	(5.430)	(6.254)	0.824	(6.415)	0.161	(6.594)	0.179	(6.788)	0.194	
Total Labor Expenses	\$ 171.393	\$ 183.791	\$ (12.398)	\$ 193.023	\$ (9.232)	\$ 202.090	\$ (9.067)	\$ 212.078	\$ (9.989)	
Non-Labor:										
Traction and Propulsion Power	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Fuel for Buses and Trains	-	-	-	-	-	-	-	-	-	
Insurance	9.345	10.557	(1.212)	11.561	(1.004)	12.666	(1.105)	13.883	(1.217)	
Claims	-	-	-	-	-	-	-	-	-	
Paratransit Service Contracts	-	-	-	-	-	-	-	-	-	
Maintenance and Other Operating Contracts	123.170	149.092	(25.922)	157.688	(8.596)	153.056	4.633	156.867	(3.812)	
Professional Service Contracts	15.451	16.658	(1.207)	16.912	(0.254)	17.249	(0.337)	17.624	(0.375)	
Materials & Supplies	28.485	28.672	(0.187)	18.297	10.375	21.201	(2.904)	21.613	(0.412)	
Other Business Expenses	2.095	2.139	(0.044)	2.169	(0.030)	2.204	(0.035)	2.242	(0.038)	
Total Non-Labor Expenses	\$ 178.546	\$ 207.118	\$ (28.572)	\$ 206.628	\$ 0.490	\$ 206.375	\$ 0.252	\$ 212.230	\$ (5.855)	
Other Expenses Adjustments:										
Other	-	-	-	-	-	-	-	-	-	
Total Other Expense Adjustments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Total Expenses before Depreciation	\$ 349.939	\$ 390.909	\$ (40.970)	\$ 399.651	\$ (8.742)	\$ 408.465	\$ (8.814)	\$ 424.308	\$ (15.843)	
Add: Depreciation	47.600	50.200	(2.600)	56.500	(6.300)	61.200	(4.700)	66.700	(5.500)	
Total Expenses after Depreciation	\$ 397.539	\$ 441.109	\$ (38.370)	\$ 456.151	\$ (2.442)	\$ 469.665	\$ (4.114)	\$ 491.008	\$ (10.343)	
Less: Depreciation	47.600	50.200	(2.600)	56.500	(6.300)	61.200	(4.700)	66.700	(5.500)	
Total Expenses	\$ 349.939	\$ 390.909	\$ (40.970)	\$ 399.651	\$ (8.742)	\$ 408.465	\$ (8.814)	\$ 424.308	\$ (15.843)	
Baseline Net Income/(Deficit)	\$ 898.420	\$ 904.477	\$ 6.057	\$ 899.553	\$ (4.924)	\$ 898.242	\$ (1.312)	\$ 886.299	\$ (11.943)	
Program to Eliminate the Gap (PEG)	-	0.269	0.269	0.396	0.127	0.396	-	0.396	-	
Net Income/(Deficit)	\$ 898.420	\$ 904.746	\$ 6.326	\$ 899.949	\$ (4.797)	\$ 898.638	\$ (1.312)	\$ 886.695	\$ (11.943)	

MTA Bridges and Tunnels
July Financial Plan 2006-2009
Summary of Changes Between Financial Plans

<u>PLAN-TO-PLAN</u>	<u>Favorable/ (Unfavorable) (\$ in millions)</u>
2005: July Financial Plan vs. February Financial Plan	\$23.8
<ul style="list-style-type: none"> • Re-estimates in toll revenue resulting from lower than expected elasticity from the toll increase implemented in March 2005 and revised economic projections provided by Global Insight • Other reimbursements re-estimated to reflect reduction in security-related overtime • 2005 PEG: Reduction in capital reimbursement for traffic control performed for capital construction • Reduction in overtime for traffic control performed for capital construction • Lower payroll expenses resulting from higher than planned retirements • Lower overtime expenses due to the reduction in security-related overtime • Higher overtime expenses primarily from increases in law enforcement activities plus CPIU adjustments • Lower fringe benefits resulting from adjustments in payroll and overtime plus medical CPIU • Re-estimate of insurance expenses (from MTA Risk Management) • Reduction in E-ZPass Customer Service Center due to continued efficiencies in headcount needed to staff the facility • Savings realized from the lower E-ZPass credit card fees • Revised share of lease and rental expenses at 2 Broadway, as per MTA Real Estate. • Increase in Bond Insurance Service Fees • Reduction in procurement credit card purchases due to change in procedures that placed restrictions on spending limits. • Other 	<ul style="list-style-type: none"> \$14.2 (\$4.6) (\$0.5) \$0.6 \$2.5 \$3.2 (\$0.6) \$2.7 \$1.1 \$1.0 \$0.5 \$4.0 (\$2.0) \$0.3 \$1.4

	<u>Favorable/ (Unfavorable) (\$ in millions)</u>
2006: July Financial Plan vs. February Financial Plan	\$11.8
<ul style="list-style-type: none"> • Re-estimates in toll revenue resulting from lower than expected elasticity from the toll increase implemented in March 2005 and revised economic projections provided by Global Insight • Re-estimate of the 2005 PEG for the E-ZPass Account Maintenance fee • Other reimbursements re-estimated to reflect reduction in security-related overtime • 2005 PEG: Reduction in capital reimbursement for traffic control performed for capital construction • Reduction in overtime for traffic control performed for capital construction • Lower payroll expenses resulting from higher than planned retirements, offset by CPIU increases • Lower overtime expenses due to the reduction in security-related overtime • Higher overtime expenses primarily from increases in law enforcement activities plus CPIU adjustments • Lower fringe benefits resulting from adjustments in payroll and overtime plus medical CPIU • Re-estimate of insurance expenses (from MTA Risk Mgmt.) • E-ZPass Customer Service Center (CSC) funding has been increased to cover: (a) potential start-up and transition costs in the event that a new vendor is selected as a result of the current procurement process, and (b) higher administrative costs for the acceleration of the current E-ZPass Tag Replacement Program. These increases are partially offset by a re-estimate of baseline operations due to staffing efficiencies. • Savings realized from the lower E-ZPass credit card fees • Revised share of lease and rental expenses at 2 Broadway, as per MTA Real Estate. • Increase in Bond Insurance Service Fees • E-ZPass Tag expenses are higher due to the acceleration of the tag replacement program, which will now be completed in 2006 rather than 2007. • Change in the replacement cycle of fleet vehicles • Reduction in procurement credit card purchases due to change in procedures that placed restrictions on spending limits. • Other 	<ul style="list-style-type: none"> \$19.8 \$2.3 (\$3.9) (\$1.6) \$0.3 \$0.8 \$3.2 (\$1.1) \$2.6 \$1.0 (\$9.1) \$1.0 \$4.0 (\$2.6) (\$4.6) \$0.5 \$0.3 (\$1.2)

	<u>Favorable/ (Unfavorable) (\$ in millions)</u>
2007: July Financial Plan vs. February Financial Plan	\$26.0
<ul style="list-style-type: none"> • Re-estimates in toll revenue resulting from lower than expected elasticity from the toll increase implemented in March 2005 and revised economic projections provided by Global Insight • Re-estimate of the 2005 PEG for the E-ZPass Account Maintenance fee • Other reimbursements re-estimated to reflect reduction in security-related overtime • 2005 PEG: Reduction in capital reimbursement for traffic control performed for capital construction • Reduction in overtime for traffic control performed for capital construction • Higher payroll expenses resulting from CPIU adjustments • Lower overtime expenses due to the reduction in security-related overtime • Higher overtime expenses primarily from increases in law enforcement activities plus CPIU adjustments • Lower fringe benefits resulting from adjustments in medical CPIU • Re-estimate of insurance expenses (from MTA Risk Mgmt.) • E-ZPass Customer Service Center (CSC) funding has been increased to cover six months of parallel operations between the current and potential future vendor, offset by a reduction of the administrative costs for the E-ZPass tag replacement program, which will have been completed in 2006. • Savings realized from the lower E-ZPass credit card fees • Revised share of lease and rental expenses at 2 Broadway, as per MTA Real Estate. • Increase in Bond Insurance Service Fees • Fewer E-ZPass Tag purchases due to the acceleration of the tag replacement program, which will have been completed in 2006 rather than 2007. • Change in the replacement cycle of fleet vehicles • Reduction in procurement credit card purchases due to change in procedures that placed restrictions on spending limits. • Other 	<ul style="list-style-type: none"> \$20.1 \$2.3 (\$3.9) (\$1.4) \$1.4 (\$0.1) \$3.2 (\$1.5) \$2.9 \$1.2 (\$5.9) \$1.0 \$4.1 (\$2.6) \$7.2 (\$0.1) \$0.3 (\$2.1)

	<u>Favorable/ (Unfavorable) (\$ in millions)</u>
2008: July Financial Plan vs. February Financial Plan	\$35.0
<ul style="list-style-type: none"> • Re-estimates in toll revenue resulting from lower than expected elasticity from the toll increase implemented in March 2005 and revised economic projections provided by Global Insight • Other reimbursements re-estimated to reflect reduction in security-related overtime • 2005 PEG: Reduction in capital reimbursement for traffic control performed for capital construction • Reduction in overtime for traffic control performed for capital construction • Higher payroll expenses resulting from CPIU adjustments and step-up increases • Lower overtime expenses due to the reduction in security-related overtime • Higher overtime expenses primarily from increases in law enforcement activities plus CPIU adjustments • Lower fringe benefits resulting from adjustments in medical CPIU • Re-estimate of insurance expenses (from MTA Risk Management) • Lower E-ZPass Customer Service Center (CSC) expenses • Savings realized from the lower E-ZPass credit card fees • Revised share of lease and rental expenses at 2 Broadway, as per MTA Real Estate • Increase in Bond Insurance Service Fees • E-ZPass Tags are lower due to a revised estimate of inventory flows • Change in the replacement cycle of fleet vehicles • Reduction in procurement credit card purchases due to change in procedures that placed restrictions on spending limits. • Other 	<ul style="list-style-type: none"> \$25.5 (\$3.8) (\$1.4) \$1.4 (\$1.1) \$3.2 (\$1.5) \$3.2 \$1.3 \$2.1 \$0.9 \$4.1 (\$2.6) \$5.0 (\$0.2) \$0.2 (\$1.3)

Favorable/
(Unfavorable)
(\$ in millions)

2009: July Financial Plan vs. February Financial Plan

\$33.1

- Re-estimates in toll revenue resulting from lower than expected elasticity from the toll increase implemented in March 2005 and revised economic projections provided by Global Insight \$25.2
- Other reimbursements re-estimated to reflect reduction in security-related overtime (\$3.8)
- 2005 PEG: Reduction in capital reimbursement for traffic control performed for capital construction (\$1.4)
- Reduction in overtime for traffic control performed for capital construction \$1.4
- Higher payroll expenses resulting from CPIU adjustments and step-up increases (\$2.3)
- Lower overtime expenses due to the reduction in security-related overtime \$3.2
- Higher overtime expenses primarily from increases in law enforcement activities plus CPIU adjustments (\$1.7)
- Lower fringe benefits resulting from adjustments in medical CPIU \$3.5
- Re-estimate of insurance expenses (from MTA Risk Management) \$1.5
- Lower E-ZPass Customer Service Center (CSC) expenses \$2.0
- Savings realized from the lower E-ZPass credit card fees \$0.8
- Revised share of lease and rental expenses at 2 Broadway, as per MTA Real Estate \$4.2
- Increase in Bond Insurance Service Fees (\$2.6)
- E-ZPass Tags are lower due to a revised estimate of inventory flows \$5.0
- Reduction in procurement credit card purchases due to change in procedures that placed restrictions on spending limits. \$0.2
- Other (\$2.0)

MTA BRIDGES AND TUNNELS
July Financial Plan 2006 - 2009
Summary of Changes Between Financial Plans by Category
(\$ in millions)

NON-REIMBURSABLE

	2005	2006	2007	2008	2009
2005 February Financial Plan - Operating Cash Income/(Deficit)	\$874.600	\$892.681	\$873.504	\$863.281	\$853.161
Add Back: February Plan Unspecified PEG's	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Baseline 2005 February Financial Plan - Operating Cash Income/(Deficit)	\$874.600	\$892.681	\$873.504	\$863.281	\$853.161
Baseline:					
Changes					
<i>Vehicle Toll Revenue</i>	14.211	19.827	20.084	25.531	25.162
<i>Other Revenue: 2005 PEG: E-ZPass Account Mtce Fee</i>	0.000	2.255	2.255	0.000	0.000
<i>Other Reimbursements (security-related)</i>	(4.601)	(3.880)	(3.855)	(3.841)	(3.824)
<i>Capital Reimbursement for Traffic Control OT</i>	0.000	0.000	0.000	0.000	0.000
<i>Payroll Expenses</i>	2.453	0.770	(0.133)	(1.187)	(2.420)
<i>Overtime expenses (security-related)</i>	3.152	3.184	3.227	3.184	3.227
<i>Overtime expenses for capital construction traffic control</i>	0.151	(0.698)	0.893	1.141	1.295
<i>Other Overtime</i>	(0.557)	(1.062)	(1.481)	(1.525)	(1.703)
<i>Fringe Benefits</i>	2.725	2.646	2.735	2.865	3.123
<i>Insurance</i>	1.106	1.016	1.157	1.340	1.484
<i>E-ZPass Customer Service Center</i>	0.981	(9.068)	(5.913)	2.070	2.022
<i>E-ZPass Credit Card Fees</i>	0.500	1.000	0.961	0.915	0.846
<i>2 Broadway Lease Expenses</i>	3.977	4.008	4.070	4.140	4.238
<i>Bond Insurance Service Fees</i>	(2.000)	(2.600)	(2.600)	(2.600)	(2.600)
<i>E-ZPass Tags</i>	(0.037)	(4.574)	7.221	5.000	5.000
<i>Fleet Purchases</i>	0.000	0.499	(0.070)	(0.199)	(0.010)
<i>Procurement Credit Card Expenses</i>	0.347	0.300	0.265	0.230	0.200
<i>Other</i>	1.412	(1.827)	(2.767)	(2.103)	(2.902)
Total Changes	\$23.820	\$11.796	\$26.049	\$34.961	\$33.138
Cash Adjustments:					
<i>None</i>					
Sub-Total Cash Adjustment Changes	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Baseline Changes	\$23.820	\$11.796	\$26.049	\$34.961	\$33.138
PEG Program					
<i>Program to Eliminate the Gap (PEG)</i>	N/A	0.269	0.396	0.396	0.396
Sub-Total PEG Changes	\$0.000	\$0.269	\$0.396	\$0.396	\$0.396
Total Changes	\$23.820	\$12.065	\$26.445	\$35.357	\$33.534
2005 July Financial Plan - Operating Cash Income/(Deficit)	\$898.420	\$904.746	\$899.949	\$898.638	\$886.695

MTA BRIDGES AND TUNNELS
July Financial Plan 2006 - 2009
Summary of Changes Between Financial Plans by Category
(\$ in millions)

REIMBURSABLE

	2005	2006	2007	2008	2009
2005 February Financial Plan - Operating Cash Income/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Add Back: February Plan Unspecified PEG's	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Baseline 2005 February Financial Plan - Operating Cash Income/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Baseline:					
<i>Changes</i>					
<i>Vehicle Toll Revenue</i>	0.000	0.000	0.000	0.000	0.000
<i>Other Revenue: 2005 PEG: E-ZPass Account Mtce Fee</i>	0.000	0.000	0.000	0.000	0.000
<i>Other Reimbursements (security-related)</i>	0.000	0.000	0.000	0.000	0.000
<i>Capital Reimbursement for Traffic Control OT</i>	(0.470)	(1.589)	(1.396)	(1.396)	(1.396)
<i>Payroll Expenses</i>	0.000	(0.005)	0.027	0.062	0.100
<i>Overtime expenses (security-related)</i>	0.000	0.000	0.000	0.000	0.000
<i>Overtime expenses for capital construction traffic control</i>	0.470	0.973	0.503	0.255	0.101
<i>Other Overtime</i>	0.000	0.000	0.000	0.000	0.000
<i>Fringe Benefits</i>	0.000	(0.010)	0.155	0.293	0.328
<i>Insurance</i>	0.000	0.000	0.000	0.000	0.000
<i>E-ZPass Customer Service Center</i>	0.000	0.000	0.000	0.000	0.000
<i>E-ZPass Credit Card Fees</i>	0.000	0.000	0.000	0.000	0.000
<i>2 Broadway Lease Expenses</i>	0.000	0.000	0.000	0.000	0.000
<i>Bond Insurance Service Fees</i>	0.000	0.000	0.000	0.000	0.000
<i>E-ZPass Tags</i>	0.000	0.000	0.000	0.000	0.000
<i>Fleet Purchases</i>	0.000	0.000	0.000	0.000	0.000
<i>Procurement Credit Card Expenses</i>	0.000	0.000	0.000	0.000	0.000
<i>Other</i>	0.000	0.631	0.711	0.786	0.867
Total Changes	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Cash Adjustments:					
<i>None</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
PEG Program					
<i>Program to Eliminate the Gap (PEG)</i>	N/A	0.000	0.000	0.000	0.000
Sub-Total PEG Changes	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Changes	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
2005 July Financial Plan - Operating Cash Income/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000

MTA BRIDGES AND TUNNELS
July Financial Plan 2006 - 2009
Summary of Changes Between Financial Plans by Category
(\$ in millions)

**NON-REIMBURSABLE and
REIMBURSABLE**

	2005	2006	2007	2008	2009
2005 February Financial Plan - Operating Cash Income/(Deficit)	\$874.600	\$892.681	\$873.504	\$863.281	\$853.161
Add Back: February Plan Unspecified PEG's	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Baseline 2005 February Financial Plan - Operating Cash Income/(Deficit)	\$874.600	\$892.681	\$873.504	\$863.281	\$853.161
Baseline:					
Changes					
<i>Vehicle Toll Revenue</i>	14.211	19.827	20.084	25.531	25.162
<i>Other Revenue: 2005 PEG: E-ZPass Account Mtce Fee</i>	0.000	2.255	2.255	0.000	0.000
<i>Other Reimbursements (security-related)</i>	(4.601)	(3.880)	(3.855)	(3.841)	(3.824)
<i>Capital Reimbursement for Traffic Control OT</i>	(0.470)	(1.589)	(1.396)	(1.396)	(1.396)
<i>Payroll Expenses</i>	2.453	0.765	(0.106)	(1.125)	(2.320)
<i>Overtime expenses (security-related)</i>	3.152	3.184	3.227	3.184	3.227
<i>Overtime expenses for capital construction traffic control</i>	0.621	0.275	1.396	1.396	1.396
<i>Other Overtime</i>	(0.557)	(1.062)	(1.481)	(1.525)	(1.703)
<i>Fringe Benefits</i>	2.725	2.636	2.890	3.158	3.451
<i>Insurance</i>	1.106	1.016	1.157	1.340	1.484
<i>E-ZPass Customer Service Center</i>	0.981	(9.068)	(5.913)	2.070	2.022
<i>E-ZPass Credit Card Fees</i>	0.500	1.000	0.961	0.915	0.846
<i>2 Broadway Lease Expenses</i>	3.977	4.008	4.070	4.140	4.238
<i>Bond Insurance Service Fees</i>	(2.000)	(2.600)	(2.600)	(2.600)	(2.600)
<i>E-ZPass Tags</i>	(0.037)	(4.574)	7.221	5.000	5.000
<i>Fleet Purchases</i>	0.000	0.499	(0.070)	(0.199)	(0.010)
<i>Procurement Credit Card Expenses</i>	0.347	0.300	0.265	0.230	0.200
<i>Other</i>	1.412	(1.196)	(2.056)	(1.317)	(2.035)
Total Changes	\$23.820	\$11.796	\$26.049	\$34.961	\$33.138
Cash Adjustments:					
<i>None</i>					
Sub-Total Cash Adjustment Changes	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Baseline Changes	\$23.820	\$11.796	\$26.049	\$34.961	\$33.138
PEG Program					
<i>Program to Eliminate the Gap (PEG)</i>	N/A	0.269	0.396	0.396	0.396
Sub-Total PEG Changes	\$0.000	\$0.269	\$0.396	\$0.396	\$0.396
Total Changes	\$23.820	\$12.065	\$26.445	\$35.357	\$33.534
2005 July Financial Plan - Operating Cash Income/(Deficit)	\$898.420	\$904.746	\$899.949	\$898.638	\$886.695

MTA BRIDGES AND TUNNELS
July Financial Plan 2006 - 2009
Summary of PEGs
(\$ in millions)

	Favorable/(Unfavorable)									
	2005		2006		2007		2008		2009	
	Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars
LIST of PROGRAMS										
Administration:										
- Reduction of supervisory position in Rev Mgmt.			1	0.071	1	0.071	1	0.071	1	0.071
- Reduction of admin position in Payroll Dept.			1	0.041	1	0.041	1	0.041	1	0.041
- Reduction of admin position in Revenue Mgmt.			1	0.013	1	0.053	1	0.053	1	0.053
- Reduce overtime for law-enforcing activities by decreasing arrest processing time			0	0.144	0	0.144	0	0.144	0	0.144
- Reduction of admin position in Payroll Dept.					1	0.045	1	0.045	1	0.045
- Reduction of admin position in Accts Payable					1	0.042	1	0.042	1	0.042
Sub-Total Administration	0	\$0.000	3	\$0.269	5	\$0.396	5	\$0.396	5	\$0.396
Customer Convenience & Amenities:										
<i>None</i>										
Sub-Total Customer Convenience & Amenities	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000
Service:										
<i>None</i>										
Sub-Total Service	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000
Maintenance:										
<i>None</i>										
Sub-Total Maintenance	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000
Revenue Enhancements:										
<i>None</i>										
Sub-Total Revenue Enhancements	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000
Other:										
<i>None</i>										
Sub-Total Other	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000
Total PEGs	0	\$0.000	3	\$0.269	5	\$0.396	5	\$0.396	5	\$0.396

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

MTA BRIDGES AND TUNNELS
July Financial Plan 2006 - 2009
PEG Worksheet

PEG Program Category:

Administrative

Program:

Reduction of one administrative position in the Payroll Department

Background Details:

Elimination of an administrative position in the Payroll Department due to efficiencies brought about by the re-engineering of the timecard reconciliation process.

PEG Description and Implementation Plan:

Elimination of one administrative position in the Payroll Department resulting from efficiencies realized by re-engineering of the timecard reconciliation process.

PEG Implementation Date:

July 2005

When will PEG savings begin?: July 2005

Financial Impact (Operating)

Net Savings (in millions)

2004 Actuals	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
	\$0.021	\$0.041	\$0.041	\$0.041	\$0.041

Total Reduction in Positions Required

(List title of positions)

Clerical Aide

1 1 1 1 1

Current Vacancies

(List title of vacant positions)

0 0 0 0 0

Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other

(Identify Appropriate Indicator)

MTA BRIDGES AND TUNNELS
July Financial Plan 2006 - 2009
PEG Worksheet

PEG Program Category: Supervisory
Program: Reduction of one supervisory position in Revenue Mgmt

Background Details: Elimination of a Revenue Audit Supervisor position through the reallocation of supervisory responsibilities to the three remaining Audit Supervisors.

PEG Description and Implementation Plan: Reduction of one supervisory position in Revenue Mgmt resulting from the re-engineering of the audit process.

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

	2004 Actuals	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<i>Financial Impact (Operating)</i>						
Net Savings (in millions)		\$0.000	\$0.071	\$0.071	\$0.071	\$0.071
<i>Total Reduction in Positions Required</i>		0	1	1	1	1
<i>(List title of positions)</i>						
Revenue Audit Supervisor						
<i>Current Vacancies</i>		0	0	0	0	0
<i>(List title of vacant positions)</i>						
<i>Impact on Operations:</i>						
Ridership Per Week (in thousands)						
Mean Distance Between Failure						
On-Time Performance						
Other						
(Identify Appropriate Indicator)						

MTA BRIDGES AND TUNNELS
July Financial Plan 2006 - 2009
PEG Worksheet

PEG Program Category:

Administrative

Program:

Reduction of one administrative position in Revenue Management.

Background Details:

Elimination of an Associate Bookkeeper position in Revenue Management in the last quarter of 2006. The work process will be reengineered by the last quarter 2006 and existing staff are expected to absorb the additional work.

PEG Description and Implementation Plan:

Elimination of one administrative position in Revenue Management in the last quarter of 2006, as a result of the re-engineering of the audit process and a reallocation of responsibilities.

PEG Implementation Date:

October 2006

When will PEG savings begin?: October 2006

Financial Impact (Operating)

Net Savings (in millions)

2004 Actuals	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
	\$0.000	\$0.013	\$0.053	\$0.053	\$0.053

Total Reduction in Positions Required

(List title of positions)

Associate Bookkeeper

0 1 1 1 1

Current Vacancies

(List title of vacant positions)

0 0 0 0 0

Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other

(Identify Appropriate Indicator)

MTA BRIDGES AND TUNNELS
July Financial Plan 2006 - 2009
PEG Worksheet

PEG Program Category:

Administrative

Program:

Reduction of an administration position in the Payroll Department.

Background Details:

Elimination of a position in the Payroll Department in 2007 due to expected efficiencies brought about by the implementation of the Kronos system (scheduled for the second half of 2006). Kronos is expected to automate some of the current manually performed payroll operations.

PEG Description and Implementation Plan:

Elimination of an administrative position in the Payroll Department due to expected efficiencies resulting from the implementation of the Kronos system in the second half of 2006.

PEG Implementation Date:

January 2007

When will PEG savings begin?: January 2007

Financial Impact (Operating)

Net Savings (in millions)

\$0.000

\$0.000

\$0.045

\$0.045

\$0.045

Total Reduction in Positions Required

0

0

1

1

1

(List title of positions)

Clerical Aide

Current Vacancies

0

0

0

0

0

(List title of vacant positions)

Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other

(Identify Appropriate Indicator)

MTA BRIDGES AND TUNNELS
July Financial Plan 2006 - 2009
PEG Worksheet

PEG Program Category: Administration

Program: Reduction of one administrative position in Accounts Payable

Background Details: Elimination of a accounts payable position. It is expected that current payment voucher trends as a result of the Procurement Credit Card, a reduction in capital vouchers, and an anticipated reduction in invoices due to new administrative budget controls will allow the agency to reduce one of eight Accounts Payable positions.

PEG Description and Implementation Plan: B&T proposes the reduction of one accounts payable position in 2007.

PEG Implementation Date: January 2007 **When will PEG savings begin?:** January 2007

	2004 Actuals	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<i>Financial Impact (Operating)</i>						
Net Savings (in millions)		\$0.000	\$0.000	\$0.042	\$0.042	\$0.042
<i>Total Reduction in Positions Required</i>						
<i>(List title of positions)</i>						
 Current Vacancies		0	0	0	0	0
<i>(List title of vacant positions)</i>						
 <i>Impact on Operations:</i>						
Ridership Per Week (in thousands)						
Mean Distance Between Failure						
On-Time Performance						
 Other						
<i>(Identify Appropriate Indicator)</i>						

MTA BRIDGES AND TUNNELS
July Financial Plan 2006 - 2009
PEG Worksheet

PEG Program Category: Administration

Program: Reduce overtime associated with law-enforcement activities by improving arrest processing time.

Background Details:	Bridge and Tunnel Officers (BTOs) make approximately 1,500 arrests per year. Overtime is often necessary to either cover the normally scheduled duties for the arresting BTO or to extend his or her workday to enable the completion of the procedural requirements. During the first quarter of 2005, BTOs made 384 arrests and paid 5,993 overtime hours for related coverage.
----------------------------	---

PEG Description and Implementation Plan:	B&T proposes securing access to the NYPD's on-line booking system and establishing arrest processing centers at the Verrazano-Narrows Bridge and the Triborough Bridge. These changes would reduce arrest processing time by an estimated two hours per arrest, which would subsequently result in lower associated overtime costs.	
PEG Implementation Date:	January 2006	When will PEG savings begin?: First quarter 2006
Other Issues:	None	

	2004 Actuals	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<i>Financial Impact (Operating)</i>						
Net Savings (in millions)		\$0.000	\$0.144	\$0.144	\$0.144	\$0.144
<i>Total Reduction in Positions Required</i> <i>(List title of positions)</i>						
Current Vacancies <i>(List title of vacant positions)</i>		0	0	0	0	0
<i>Impact on Operations:</i>						
Ridership Per Week (in thousands)						
Mean Distance Between Failure						
On-Time Performance						
Other (Identify Appropriate Indicator)						

MTA BRIDGES AND TUNNELS
July Financial Plan 2006 - 2009
Total Non-Reimbursable - Reimbursable Positions at End-of-Year
Full-Time Positions and Full Time Equivalents

FUNCTION/DEPARTMENT	2004 Actuals	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
Administration						
Executive	4	4	4	4	4	4
Law	9	10	10	10	10	10
CFO ⁽¹⁾	36	38	38	38	38	38
Labor Relations	4	5	5	5	5	5
Procurement & Materials	41	41	41	41	41	41
Staff Services ⁽²⁾	49	49	49	49	49	49
EEO	1	1	1	1	1	1
Operations						
Revenue Management	45	48	48	48	48	48
Operations (Non-Security)	775	750	750	750	750	750
Maintenance						
Maintenance	86	91	91	91	91	91
Operations - Maintainers	186	190	190	190	190	190
Procurement & Materials	14	14	14	14	14	14
Technology	56	58	58	58	58	58
Internal Security - Tech Svcs	30	33	36	36	36	36
Engineering/Capital						
Engineering & Construction	163	167	167	167	167	167
Health & Safety	10	10	10	10	10	10
Planning & Budget Capital	9	9	9	9	9	9
Public Safety						
Operations (Security)	259	261	261	261	261	261
Internal Security - Operations	34	36	36	36	36	36
Baseline Total Positions	1811	1815	1818	1818	1818	1818
<i>Non-Reimbursable</i>	1766	1770	1773	1773	1773	1773
<i>Reimbursable</i>	45	45	45	45	45	45
<i>Total Full-Time</i>	1811	1815	1818	1818	1818	1818
<i>Total Full-Time-Equivalents</i>						
Impact of:						
PEG Program	0	0	(3)	(5)	(5)	(5)
Total Positions	1811	1815	1815	1813	1813	1813
<i>Non-Reimbursable</i>	1766	1770	1770	1768	1768	1768
<i>Reimbursable</i>	45	45	45	45	45	45
<i>Total Full-Time</i>	1811	1815	1815	1813	1813	1813
<i>Total Full-Time-Equivalents</i>	0	0	0	0	0	0

⁽¹⁾ includes Accounts Payable, Accounting, Payroll and Operating Budget staff.

⁽²⁾ includes Human Resources and Administration staff.

MTA BRIDGES AND TUNNELS
July Financial Plan 2006 - 2009
Ridership/Traffic Volume (Utilization)
(in millions)

	2004 Actuals	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
Baseline Total Toll Revenue	\$1,096.988	\$1,206.892	\$1,244.320	\$1,247.171	\$1,254.848	\$1,256.824
<i>Impact of:</i>						
Program to Eliminate the Gap (PEG)	0.000	0.000	0.000	0.000	0.000	0.000
Total Toll Revenue	\$1,096.988	\$1,206.892	\$1,244.320	\$1,247.171	\$1,254.848	\$1,256.824
 Baseline Total Traffic	 302.995	 299.891	 301.434	 302.638	 305.019	 306.020
<i>Impact of:</i>						
Program to Eliminate the Gap (PEG)	0.000	0.000	0.000	0.000	0.000	0.000
Total Traffic	302.995	299.891	301.434	302.638	305.019	306.02

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Capital Construction Company

MTA Capital Construction Company 2006 Preliminary Budget July Financial Plan 2006-2009

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.

MTACC is responsible for managing all activities associated with the design and construction of 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.

Financial Overview

MTACC continues to utilize dedicated resources to efficiently 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. MTACC continues to draw from the expertise and support services available in other MTA agencies to support design and construction 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 Mid-Year Forecast

MTACC's 2005 Mid-Year Forecast is approximately 42% lower than the 2005 Adopted Budget due to delays in the start of major construction. As a result, there is an overall decrease in company expenditures forecast for 2005. Approximately 70% of this reduction is due to revised year-end 2005 staffing levels and associated labor expenses. Staffing needs are being timed to meet the needs of the capital construction projects. The 2005 Mid-Year Forecast is projecting a staffing level of 82 by year end, 45% lower than the 2005 Adopted Budget of 150. Matrixed* employees and consultants will continue

to support MTACC in lieu of hiring full time staff. As of June 2005, approximately 100 matrixed employees are supporting MTACC projects.

2006 Preliminary Budget - Baseline

In 2006, MTACC's main objective will be to continue major construction and design of the MTA's system expansion projects. To accomplish these objectives, MTACC projects 2006 costs at \$26.216 million and a year end headcount of 150.

Labor and fringe expenses are projected at \$16.635 million. The 2006 year end staffing level of 150 employees reflects an increase of 68 positions over the 2005 year end projection. Staff includes 49 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 19 for Security projects.

Non-Labor costs are projected at \$9.581 million. Funds have been budgeted for engineering and legal services, reimbursement of NYCT for administrative support staff and services, lease of the 8th floor at 2 Broadway and other project office costs such as communications and supplies. Major assumptions and reconciliations to the February Plan are discussed later.

2006 - 2009 Projections

With the anticipated award of major construction contracts, MTACC costs are projected to increase by 43.0% in 2006 and 16.9% in 2007. In 2008 costs will decrease by 1.1% and then increase by 3.3% in 2009. Year-end staffing levels remain constant at 150.

Labor costs increase in 2006 reflecting an increase in staffing from 82 to 150. Labor costs peak out in 2007 reflecting the first year of full staffing. In 2008 and 2009 labor costs remain constant and increase only by inflation. Due to some one-time agency setup costs in 2005 for furniture, equipment and intranet services, non-labor costs decline in 2006 by approximately 5%. Funding is also provided in 2005, 2006 and 2007 for project related legal and real estate services that may not be eligible for reimbursement by the Federal Transit Administration. Costs continue to decrease in 2007 and 2008 by 1.8% and 10.5%, respectively. In 2009 non-labor costs increase slightly by 3.3% to adjust for inflation.

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

*Matrixed employees are employees of other agencies under temporary management of MTACC.

REIMBURSABLE

[illegible]

2004 Actuals	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
10.451	18.412	26.216	30.669	30.321	31.313
\$ 10.451	\$ 18.412	\$ 26.216	\$ 30.669	\$ 30.321	\$ 31.313
5.101	5.603	11.178	14.405	14.770	15.240
0.826	0.839	1.718	2.139	2.194	2.263
0.345	1.030	2.303	3.037	3.118	3.225
0.889	0.892	1.437	1.673	1.718	1.777
\$ 7.161	\$ 8.364	\$ 16.635	\$ 21.254	\$ 21.801	\$ 22.506
0.445	0.497	0.538	0.592	0.651	0.716
2.517	5.417	4.553	4.388	3.397	3.437
0.007	1.083	1.538	1.586	1.625	1.675
0.321	3.052	2.952	2.849	2.847	2.979
\$ 3.290	\$ 10.048	\$ 9.581	\$ 9.415	\$ 8.520	\$ 8.807
\$ 10.451	\$ 18.412	\$ 26.216	\$ 30.669	\$ 30.321	\$ 31.313
\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000

**MTA Capital Construction Company
July Financial Plan 2006-2009
Year-to-Year Changes by Category 2005-2009
Non-Reimbursable and Reimbursable**

Revenue

Capital and Other Reimbursements

- Monies are made available in the MTA's Capital Program and are drawn down as expenditures are incurred, therefore revenues will always equal expenditures.
- 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.

Expenses

Payroll

- 2005 payroll costs reflect a projected year-end staffing level of 82. This is a reduction of 68 positions, 45%, from the February Adopted Budget.
- Costs are based on 2005 annualized projected salaries.
- 2006, 2007, 2008 and 2009 year-end staffing levels remain constant at 150. Payroll costs are escalated from the prior year's base salary by 2.57%, 2.79%, 2.94% and 3.18% respectively.

Other Fringe Benefits

- Benefits in 2005 were reduced due to the lower than planned year-end staffing levels.
- Pension costs in 2005 increased due to an overall increase in MTA pension rates.
- Health and Welfare costs have been inflated by 9.3% in 2006 through 2009.
- Pension and other benefits have been escalated by 2.57%, 2.79%, 2.94% and 3.18% from 2006 through 2009 respectively.

Insurance

- 2005 includes insurance expenses for the All-Agency Protective Liability Program for the South Ferry project.

- 2006 through 2009 costs are based on 2005 projections. Costs are escalated by approximately 10% from 2006 through 2009.

Professional Service Contracts

- Costs decrease by 16.0% in 2006 due to lower projected real estate costs.
- Costs are escalated by 2.57%, 2.79%, 2.94% and 3.18% for 2006 through 2009 respectively.
- Costs remain fairly constant in 2007, reducing by 4%. Projected legal costs are reduced significantly in 2008 resulting in an overall decrease in professional services of 22.6%. Due to escalation rates, costs slightly increase in 2009.

Materials and Supplies

- Supplies costs increase in 2006 by 42% to reflect increased staffing levels.
- 2006 through 2009 costs are based on 2005 projections and remain fairly constant. Costs are escalated by 2.57%, 2.79%, 2.94% and 3.18% in 2006, 2007, 2008 and 2009 respectively.

Other Business Expenses

- 2005 assumed agency set up costs such as procurement of copy machines, telephones, miscellaneous office furniture, computer equipment and to establish an MTACC intranet and 2 Broadway 8th floor lease.
- Costs decrease 3.26% in 2006 because agency set up costs are not included.
- Costs remain fairly constant in 2007, 2008 and 2009.
- 2005 through 2009 costs are escalated by 2.57%, 2.79%, 2.94% and 3.18% respectively.

MTA Capital Construction
July Financial Plan 2006 - 2009
Year-to-Year Changes by Category - Accrual Basis
(\$ in millions)

REIMBURSABLE	Favorable/(Unfavorable)								
	2005	2006	Change 2006 - 2005	2007	Change 2007 - 2006	2008	Change 2008 - 2007	2009	Change 2009 - 2008
<u>Revenue</u>									
Farebox Revenue									
Vehicle Toll Revenue									
Other Operating Revenue									
Capital and Other Reimbursements	\$18.412	\$26.216	\$7.804	\$30.669	\$4.453	\$30.321	(\$0.348)	\$31.313	\$0.992
Total Revenue	\$18.412	\$26.216	\$7.804	\$30.669	\$4.453	\$30.321	(\$0.348)	\$31.313	\$0.992
<u>Expenses</u>									
Labor:									
Payroll	\$5.603	\$11.178	(\$5.575)	\$14.405	(\$3.226)	\$14.770	(\$0.366)	\$15.240	(\$0.470)
Overtime	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Health and Welfare	\$0.839	\$1.718	(\$0.878)	\$2.139	(\$0.422)	\$2.194	(\$0.054)	\$2.263	(\$0.070)
Pensions	\$1.030	\$2.303	(\$1.273)	\$3.037	(\$0.734)	\$3.118	(\$0.081)	\$3.225	(\$0.107)
Other Fringe Benefits	\$0.892	\$1.437	(\$0.545)	\$1.673	(\$0.236)	\$1.718	(\$0.045)	\$1.777	(\$0.059)
Reimbursable Overhead	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Labor Expenses	\$8.364	\$16.635	(\$8.272)	\$21.254	(\$4.619)	\$21.801	(\$0.546)	\$22.506	(\$0.705)
Non-Labor:									
Traction and Propulsion Power									
Fuel for Buses and Trains									
Insurance	\$0.497	\$0.538	(\$0.041)	\$0.592	(\$0.054)	\$0.651	(\$0.059)	\$0.716	(\$0.065)
Claims									
Paratransit Service Contracts									
Maintenance and Other									
Professional Service Contracts	\$5.417	\$4.553	\$0.865	\$4.388	\$0.164	\$3.397	\$0.991	\$3.437	(\$0.039)
Materials & Supplies	\$1.083	\$1.538	(\$0.455)	\$1.586	(\$0.048)	\$1.625	(\$0.039)	\$1.675	(\$0.050)
Other Business Expenses	\$3.052	\$2.952	\$0.099	\$2.849	\$0.103	\$2.847	\$0.002	\$2.979	(\$0.132)
Total Non-Labor Expenses	\$10.048	\$9.581	\$0.467	\$9.415	\$0.166	\$8.520	\$0.894	\$8.807	(\$0.287)
Other Expenses Adjustments:									
Other									
Total Other Expense Adjustments									
Total Expenses before Depreciation									
Depreciation									
Total Expenses	\$18.412	\$26.216	(\$7.804)	\$30.669	(\$4.453)	\$30.321	\$0.348	\$31.313	(\$0.992)
Baseline Net Surplus/(Deficit)									
New Needs									
PEG Program									
Net Surplus/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	(\$0.000)	\$0.000	\$0.000

MTA Capital Construction
July Financial Plan 2006 - 2009
Year-to-Year Changes by Category - Cash Basis
(\$ in millions)

	Favorable/(Unfavorable)								
	2005	2006	Change 2006 - 2005	2007	Change 2007 - 2006	2008	Change 2008 - 2007	2009	Change 2009 - 2008
Cash Receipts & Expenditures									
<u>Receipts</u>									
Farebox Revenue									
Vehicle Toll Revenue									
Other Operating Revenue									
Capital and Other Reimbursements	\$18.412	\$26.216	\$7.804	\$30.669	\$4.453	\$30.321	(\$0.348)	\$31.313	\$0.992
Total Receipts	\$18.412	\$26.216	\$7.804	\$30.669	\$4.453	\$30.321	(\$0.348)	\$31.313	\$0.992
<u>Expenditures</u>									
Labor:									
Payroll	\$5.603	\$11.178	(\$5.575)	\$14.405	(\$3.226)	\$14.770	(\$0.366)	\$15.240	(\$0.470)
Overtime									
Health and Welfare	\$0.839	\$1.718	(\$0.878)	\$2.139	(\$0.422)	\$2.194	(\$0.054)	\$2.263	(\$0.070)
Pensions	\$1.030	\$2.303	(\$1.273)	\$3.037	(\$0.734)	\$3.118	(\$0.081)	\$3.225	(\$0.107)
Other Fringe Benefits	\$0.892	\$1.437	(\$0.545)	\$1.673	(\$0.236)	\$1.718	(\$0.045)	\$1.777	(\$0.059)
Reimbursable Overhead									
Total Labor Expenditures	\$8.364	\$16.635	(\$8.272)	\$21.254	(\$4.619)	\$21.801	(\$0.546)	\$22.506	(\$0.705)
Non-Labor:									
Traction and Propulsion Power									
Fuel for Buses and Trains									
Insurance	\$0.497	\$0.538	(\$0.041)	\$0.592	(\$0.054)	\$0.651	(\$0.059)	\$0.716	(\$0.065)
Claims									
Paratransit Service Contracts									
Maintenance and Other									
Operating Contracts									
Professional Service Contracts	\$5.417	\$4.553	\$0.865	\$4.388	\$0.164	\$3.397	\$0.991	\$3.437	(\$0.039)
Materials & Supplies	\$1.083	\$1.538	(\$0.455)	\$1.586	(\$0.048)	\$1.625	(\$0.039)	\$1.675	(\$0.050)
Other Business Expenses	\$3.052	\$2.952	\$0.099	\$2.849	\$0.103	\$2.847	\$0.002	\$2.979	(\$0.132)
Total Non-Labor Expenditures	\$10.048	\$9.581	\$0.467	\$9.415	\$0.166	\$8.520	\$0.894	\$8.807	(\$0.287)
Other Expenditure Adjustments:									
Other									
Total Other Expenditure Adjustments									
Total Expenditures	\$18.412	\$26.216	(\$7.804)	\$30.669	(\$4.453)	\$30.321	\$0.348	\$31.313	(\$0.992)
Baseline Net Cash Deficit									
PEG Program									
Net Cash Deficit	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	(\$0.000)	\$0.000	\$0.000

**MTA Capital Construction Company
July Financial Plan 2006-2009
Summary of Changes Between Financial Plans 2005-2009**

2005: July Financial Plan vs. February Financial Plan

The July Financial Plan is \$13.160 million (42%) lower than the February Adopted Budget. This decrease in expenditures is due to delays in the start of major construction. Staffing needs are being timed to meet the needs of the capital construction projects. Therefore, the 2005 July Plan is projecting a staffing level of 82 by year end, 45% lower than the 2005 February Financial Plan.

2006: July Financial Plan vs. February Financial Plan

Projections for 2006 are reduced by \$4.248, 14% lower than the February Adopted Budget. MTACC costs reflect anticipated progress in major construction of capital projects and full staff levels of 150 by year end. Labor expenses are 19% lower than the Plan because full staffing levels are not reached until year end. Non-labor expenditures are reduced 4% due to a re-estimate of costs for materials and supplies, legal and real estate services and lease costs at 2 Broadway.

2007: July Financial Plan vs. February Financial Plan

Projections for 2007 are 1.6% lower than the February Plan. Staffing remains constant at 150 employees. Costs for supplies and the lease at 2 Broadway were re-estimated.

2008: July Financial Plan vs. February Financial Plan

The 2008 July Financial Plan assumes a full staff level of 150. Costs are projected at 4.8% lower than the February Plan. Costs for furniture, equipment, supplies, legal, and lease costs at 2 Broadway have been reduced.

2009: July Financial Plan vs. February Financial Plan

Staffing remains constant at 150 employees. Costs are consistent with 2008 projections adjusted for inflation.

MTA Capital Construction
July Financial Plan 2006 - 2009
Summary of Changes Between Financial Plans by Category
(\$ in millions)

REIMBURSABLE

	2005	2006	2007	2008	2009
2005 February Financial Plan - Operating Cash Income/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Add Back: February Plan Unspecified PEG's					
Baseline 2005 February Financial Plan - Operating Cash Income/(Deficit)					
Baseline:					
Changes					
Revenue	(\$13.160)	(\$4.248)	(\$.491)	(\$1.513)	(\$1.160)
Sub-Total Revenue Changes	(\$13.160)	(\$4.248)	(\$.491)	(\$1.513)	(\$1.160)
Expenses					
Sub-Total Expense Changes	\$13.160	\$4.248	\$.491	\$1.513	\$1.160
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
Programmatic New Needs					
PEG Program					
Total Changes	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
2005 July Financial Plan - Operating Cash Income/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000

MTA Capital Construction
July Financial Plan 2006 - 2009
Total Non-Reimbursable - Reimbursable Positions at End-of-Year
Full-Time Positions and Full Time Equivalents
(\$ in millions)

FUNCTION/DEPARTMENT	2004 Actuals	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
Administration						
MTACC	13	17	48	48	48	48
Operations (list departments)						
Maintenance (list departments)						
Engineering/Capital						
MTACC	1	1	1	1	1	1
East Side Access	22	33	50	50	50	50
Security	2	14	19	19	19	19
Second Avenue Subway	2	6	15	15	15	15
Lower Manhattan Projects	4	11	17	17	17	17
Public Safety (list departments)						
Baseline Total Positions	44	82	150	150	150	150
<i>Non-Reimbursable</i>						
Reimbursable	44	82	150	150	150	150
<i>Total Full-Time</i>	44	82	150	150	150	150
<i>Total Full-Time-Equivalents</i>						
<hr/>						
Impact of: PEG Program						
Total Positions	44	82	150	150	150	150
<i>Non-Reimbursable</i>						
Reimbursable	44	82	150	150	150	150
<i>Total Full-Time</i>	44	82	150	150	150	150
<i>Total Full-Time-Equivalents</i>						

Summary of Assumptions Regarding Staffing Positions

All MTACC costs are reimbursable from the MTA Capital Program. The July Financial Plan reduces the 2005 projected year end staffing from 150 to 82. This reflects the delay in the award of major construction contracts. Staffing levels reach 150 in 2006 and remain constant at that level.

The 2006 Year-End Staffing level includes 49 MTACC administrative positions; 50 East Side Access project employees; 15 for Second Avenue Subway project; 17 for the Lower Manhattan projects; and 19 support security projects.

Long Island Bus

MTA Long Island Bus 2006 Preliminary Budget July Financial Plan 2006 - 2009

MISSION STATEMENT

MTA Long Island Bus (LI Bus) is 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 333 fixed route buses serving 96 communities, 47 Long Island Rail Road stations, 5 New York City Transit subway stations, shopping centers, colleges, museums, parks, theaters and beaches throughout our area. Fixed route ridership is projected to reach 30.0 million in 2005 and increase by 0.5% annually during the next three years.

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 the fixed route bus system. Demands for this service continue to grow. Currently, there are 86 Able-Ride buses, which provided 318,000 trips in 2004. The historically high annual growth rate has slowed, but a 1.0% increase is projected for the 2006-2008 period.

During 2004, LI Bus completed the conversion of its fixed route fleet to operate on compressed natural gas fuel (CNG). CNG provides significant environmental benefit by reducing tail pipe emissions. The conversion was achieved through the committed and aggressive work of LI Bus personnel in securing County, State and Federal support for this program.

LI Bus continues to be at the forefront in implementing new technologies to enhance the safety and reliability of our fleet and convenience to its customers. With capital funding, LI Bus installed a new scheduling system, an Automatic Vehicle Locator (AVL) system, on-board vehicle systems, and various other modules to enhance existing support.

The safety of customers, personnel, the fleet, and facilities, is a priority, and, as such, we have enhanced electronic surveillance systems, physical structures and implemented safety awareness training of all employees.

FINANCIAL OVERVIEW

In recent years, LI Bus has implemented cost savings programs aimed at containing expenses and maximizing subsidies and other revenue during a period in which service demands have increased.

Administrative Reductions

Labor

Since 1999, LI Bus reduced administrative headcount from 121 to 104, a 14.0% reduction of administrative positions.

LI Bus implemented a combined strategy of delayed hiring, freezing vacancies and consolidating job functions in each of the past five years. In 2004, payroll expenses were reduced by \$1.0 million, costs that have been eliminated from LI Bus's current budget plan.

Non-Labor

OTPS expenses have also been subject to cost reductions:

- Training – utilization of less expensive training methods
- Seminars – elimination of non-essential seminars
- Travel – elimination of non-essential travel
- Recruitment advertisement – utilization of less expensive recruiting methods
- Schedule printing – revision of format to reduce printing costs
- Surveys – utilization of employees in place of outside services
- Data storage costs – elimination of data files no longer required

Preventative Maintenance

LI Bus has in place a very effective preventative maintenance program. This program is pro active in nature and adheres to scheduled maintenance procedures and programs. This reduces the need for more expensive overhaul and repair programs.

The paratransit fleet is maintained through maintenance contracts with vendors and is supported by a small in-house maintenance staff that performs light preventative maintenance functions. The in-house maintenance staff also monitors and tracks the work done by the vendors to insure compliance and quality.

Warranty Tracking System

A major enhancement to improve bus parts warranty tracking was developed and implemented in late 2004. This system provides LI Bus the ability to recover the cost of replacing bus parts covered under manufacturer's warranty. Annual savings of approximately \$100,000 are estimated.

Innovative Funding to Improve Service

The Scheduling Department continuously monitors passenger demands for services. Through the use of various grants, LI Bus has been able to meet the needs of job access and reverse commuters on several routes. Innovative funding has also been used to respond to gap closures, bus/rail connections, and service enhancement needs. Various shuttle routes have also been implemented to reduce private vehicle use, congestion and pollution. These service enhancements were done without adding to the operating deficit.

Maintaining Performance Standards

LI Bus has been able to react to the needs of the riding public and maintain a superb level of performance. Pullout, availability, safety, and Mean Distance Between Failure (MDBF) goals have been improved over prior years.

2005 MID YEAR FORECAST

The 2005 Mid Year Forecast increased the 2005 net deficit by \$2.3 million over the February Adopted Budget. The main contributor to this increase is the rising cost of fuel and utilities, which account for \$2.1 million. Fuel and utility rates did not fall as predicted by the CPI used to develop the February Plan, instead, rates have continued to increase.

Ridership is expected to meet the February Plan but revenue has been lowered due to a decrease in the estimated average fare. Other Operating Revenue has also been lowered based on current projections.

There are no administrative or other programmatic increases in the Mid Year Plan. LI Bus is on target to achieve the 2005 \$1.4 million PEG. In addition, savings of \$0.7 million in Payroll and Health and Welfare expenses were included in 2005 net deficit.

2006 – 2009 PROJECTIONS

The 2006 – 2009 expense projections reflect the change in indices in the New York State all Urban Consumer Price Index (CPI).

Fuel and utilities costs were adjusted upward in the Mid Year Plan as the 2005 baseline numbers were increased due to raising prices.

Revenue in the Mid Year Plan was affected by current projections in ridership and average fares. Fixed route ridership is projected to increase 0.5% annually. Paratransit ridership growth was adjusted to a 1% annual growth rate reflecting the normalization in growth trends. Revenue was impacted accordingly.

Other Operating Revenue and Capital Reimbursements are reviewed as each grant or reimbursable program is approved and secured by LI Bus. The Mid Year Plan reflects the grant funding LI Bus projects receiving approval for in the out-years.

In 2006, a \$0.3 million service contract for contingent Paratransit services has been added.

Based on current lower rates, Health and Welfare expenses were lowered in each successive year of the plan.

MTA Long Island Bus
July Financial Plan 2006 - 2009
Accrual Statement of Operations by Category
(\$ in millions)

NON-REIMBURSABLE

	2004	2005	2006			
	Actuals	Mid-Year Forecast	Preliminary Budget	2007	2008	2009
<u>Revenue</u>						
Farebox Revenue	\$37.459	\$38.332	\$38.515	\$38.720	\$38.929	\$39.128
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	3.787	3.544	3.699	3.199	2.549	2.454
Capital and Other Reimbursements	0.000	0.000	0.000	0.000	0.000	0.000
Total Revenue	\$41.246	\$41.876	\$42.214	\$41.919	\$41.478	\$41.582
<u>Expenses</u>						
Labor:						
Payroll	\$55.774	\$57.377	\$59.187	\$60.838	\$62.627	\$64.618
Overtime	5.200	4.984	5.112	5.255	5.409	5.581
Health and Welfare	9.796	10.646	11.686	12.773	13.961	15.259
Pensions	4.603	5.911	6.063	6.232	6.415	6.619
Other Fringe Benefits	6.370	6.377	6.541	6.723	6.921	7.141
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenses	\$81.743	\$85.295	\$88.589	\$91.821	\$95.333	\$99.219
Non-Labor:						
Traction and Propulsion Power	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Fuel for Buses and Trains	6.565	7.676	7.786	7.592	7.138	6.965
Insurance	0.091	0.107	0.118	0.130	0.143	0.157
Claims	4.431	2.894	2.845	2.946	3.125	3.220
Paratransit Service Contracts	0.000	0.062	0.312	0.000	0.000	0.000
Maintenance and Other Operating Contracts	3.206	3.488	3.578	3.677	3.786	3.906
Professional Service Contracts	1.576	1.606	1.648	1.694	1.743	1.798
Materials & Supplies	1.051	2.149	2.289	2.445	2.614	2.802
Other Business Expenses	3.065	3.968	4.039	4.055	4.035	4.076
Total Non-Labor Expenses	\$19.985	\$21.950	\$22.614	\$22.539	\$22.583	\$22.924
Other Expenses Adjustments:	0.000	0.000	0.000	0.000	0.000	0.000
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	\$101.728	\$107.245	\$111.203	\$114.360	\$117.916	\$122.143
Depreciation	0.000	0.000	0.000	0.000	0.000	0.000
Total Expenses	\$101.728	\$107.245	\$111.203	\$114.360	\$117.916	\$122.143
Baseline Net Surplus/(Deficit)	(\$60.482)	(\$65.369)	(\$68.989)	(\$72.441)	(\$76.438)	(\$80.561)
PEG Program	0.000	0.000	0.000	0.000	0.000	0.000
Net Surplus/(Deficit)	(\$60.482)	(\$65.369)	(\$68.989)	(\$72.441)	(\$76.438)	(\$80.561)

MTA Long Island Bus
July Financial Plan 2006 - 2009
Accrual Statement of Operations by Category
(\$ in millions)

REIMBURSABLE

	2004	2005	2006			
	Actuals	Mid-Year	Preliminary	2007	2008	2009
		Forecast	Budget			
<u>Revenue</u>						
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	4.233	5.533	5.683	5.820	5.986	6.138
Total Revenue	\$4.233	\$5.533	\$5.683	\$5.820	\$5.986	\$6.138
<u>Expenses</u>						
Labor:						
Payroll	\$0.598	\$0.830	\$0.858	\$0.938	\$0.959	\$1.029
Overtime	0.000	0.000	0.000	0.000	0.000	0.000
Health and Welfare	0.176	1.274	1.392	1.447	1.589	1.668
Pensions	0.088	0.069	0.071	0.072	0.074	0.076
Other Fringe Benefits	0.071	0.060	0.062	0.063	0.064	0.065
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenses	\$0.933	\$2.233	\$2.383	\$2.520	\$2.686	\$2.838
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	0.000	0.000	0.000	0.000	0.000	0.000
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	0.000	0.000	0.000	0.000	0.000	0.000
Professional Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000
Materials & Supplies	3.300	3.300	3.300	3.300	3.300	3.300
Other Business Expenses	0.000	0.000	0.000	0.000	0.000	0.000
Total Non-Labor Expenses	\$3.300	\$3.300	\$3.300	\$3.300	\$3.300	\$3.300
Other Expenses Adjustments:	0.000	0.000	0.000	0.000	0.000	0.000
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	\$4.233	\$5.533	\$5.683	\$5.820	\$5.986	\$6.138
Depreciation	0.000	0.000	0.000	0.000	0.000	0.000
Total Expenses	\$4.233	\$5.533	\$5.683	\$5.820	\$5.986	\$6.138
Baseline Net Surplus/(Deficit)	\$0.000	\$0.000	(\$0.000)	\$0.000	\$0.000	\$0.000
PEG Program	0.000	0.000	0.000	0.000	0.000	0.000
Net Surplus/(Deficit)	\$0.000	\$0.000	(\$0.000)	\$0.000	\$0.000	\$0.000

MTA Long Island Bus
July Financial Plan 2006 - 2009
Accrual Statement of Operations by Category
(\$ in millions)

**NON-REIMBURSABLE and
REIMBURSABLE**

	2004	2005	2006			
	Actuals	Mid-Year	Preliminary	2007	2008	2009
		Forecast	Budget			
<u>Revenue</u>						
Farebox Revenue	\$37.459	\$38.332	\$38.515	\$38.720	\$38.929	\$39.128
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	3.787	3.544	3.699	3.199	2.549	2.454
Capital and Other Reimbursements	4.233	5.533	5.683	5.820	5.986	6.138
Total Revenue	\$45.479	\$47.409	\$47.897	\$47.739	\$47.464	\$47.720
<u>Expenses</u>						
<u>Labor:</u>						
Payroll	\$56.372	\$58.207	\$60.045	\$61.776	\$63.586	\$65.647
Overtime	5.200	4.984	5.112	5.255	5.409	5.581
Health and Welfare	9.972	11.920	13.079	14.220	15.550	16.927
Pensions	4.691	5.980	6.134	6.304	6.489	6.695
Other Fringe Benefits	6.441	6.437	6.603	6.786	6.985	7.206
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenses	\$82.676	\$87.528	\$90.972	\$94.341	\$98.019	\$102.057
<u>Non-Labor:</u>						
Traction and Propulsion Power	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Fuel for Buses and Trains	6.565	7.676	7.786	7.592	7.138	6.965
Insurance	0.091	0.107	0.118	0.130	0.143	0.157
Claims	4.431	2.894	2.845	2.946	3.125	3.220
Paratransit Service Contracts	0.000	0.062	0.312	0.000	0.000	0.000
Maintenance and Other Operating Contracts	3.206	3.488	3.578	3.677	3.786	3.906
Professional Service Contracts	1.576	1.606	1.648	1.694	1.743	1.798
Materials & Supplies	4.351	5.449	5.589	5.745	5.914	6.102
Other Business Expenses	3.065	3.968	4.039	4.055	4.035	4.076
Total Non-Labor Expenses	\$23.285	\$25.250	\$25.914	\$25.839	\$25.883	\$26.224
Other Expenses Adjustments:	0.000	0.000	0.000	0.000	0.000	0.000
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	\$105.961	\$112.778	\$116.886	\$120.180	\$123.902	\$128.281
Depreciation	0.000	0.000	0.000	0.000	0.000	0.000
Total Expenses	\$105.961	\$112.778	\$116.886	\$120.180	\$123.902	\$128.281
Baseline Net Surplus/(Deficit)	(\$60.482)	(\$65.369)	(\$68.989)	(\$72.441)	(\$76.438)	(\$80.561)
PEG Program	0.000	0.000	0.000	0.000	0.000	0.000
Net Surplus/(Deficit)	(\$60.482)	(\$65.369)	(\$68.989)	(\$72.441)	(\$76.438)	(\$80.561)

MTA Long Island Bus
July Financial Plan 2006 - 2009
Cash Receipts & Expenditures
(\$ in millions)

	2004	2005	2006			
	Actuals	Mid-Year	Preliminary	2007	2008	2009
		Forecast	Budget			
<u>Receipts</u>						
Farebox Revenue	\$37.040	\$37.880	\$38.075	\$38.270	\$38.467	\$38.664
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	5.988	3.899	3.748	3.249	2.599	2.504
Capital and Other Reimbursements	4.205	5.448	5.579	5.638	5.785	5.913
Total Receipts	\$47.233	\$47.227	\$47.402	\$47.157	\$46.851	\$47.081
<u>Expenditures</u>						
Labor:						
Payroll	\$56.802	\$57.877	\$59.775	\$61.442	\$63.249	\$67.760
Overtime	4.665	4.964	5.092	5.234	5.387	5.773
Health and Welfare	10.867	11.929	13.038	14.175	15.501	16.870
Pensions	0.000	5.806	5.955	6.121	6.301	6.502
Other Fringe Benefits	6.022	6.414	6.579	6.762	6.961	7.459
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenditures	\$78.356	\$86.990	\$90.439	\$93.734	\$97.399	\$104.364
Non-Labor:						
Traction and Propulsion Power	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Fuel for Buses and Trains	6.112	7.590	7.704	7.514	7.064	6.890
Insurance	0.000	0.206	0.118	0.130	0.143	0.157
Claims	2.291	4.500	2.800	2.900	3.077	3.169
Paratransit Service Contracts	0.000	0.062	0.312	0.000	0.000	0.000
Maintenance and Other Operating Contracts	3.269	3.292	3.377	3.471	3.573	3.686
Professional Service Contracts	1.197	1.856	1.592	1.636	1.684	1.738
Materials & Supplies	5.042	5.401	5.540	5.694	5.862	6.048
Other Business Expenses	3.233	3.936	4.006	4.023	4.003	4.044
Total Non-Labor Expenditures	\$21.144	\$26.843	\$25.449	\$25.368	\$25.406	\$25.732
Other Expenditure Adjustments:	0.000	0.000	0.000	0.000	0.000	0.000
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	\$99.500	\$113.833	\$115.888	\$119.102	\$122.805	\$130.096
Baseline Net Cash Deficit	(\$52.267)	(\$66.606)	(\$68.486)	(\$71.945)	(\$75.954)	(\$83.015)
PEG Program	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Net Cash Deficit	(\$52.267)	(\$66.606)	(\$68.486)	(\$71.945)	(\$75.954)	(\$83.015)

MTA Long Island Bus
July Financial Plan 2006 - 2009
Cash Conversion (Cash Flow Adjustments)
(\$ in millions)

	2004 Actuals	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<u>Receipts</u>						
Farebox Revenue	(\$0.419)	(\$0.452)	(\$0.440)	(\$0.450)	(\$0.462)	(\$0.464)
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	2.201	0.355	0.049	0.050	0.050	0.050
Capital and Other Reimbursements	(0.028)	(0.085)	(0.104)	(0.182)	(0.201)	(0.225)
Total Receipt Adjustments	\$1.754	(\$0.182)	(\$0.495)	(\$0.582)	(\$0.613)	(\$0.639)
<u>Expenditures</u>						
Labor:						
Payroll	(\$0.430)	\$0.330	\$0.270	\$0.334	\$0.337	(\$2.113)
Overtime	0.535	0.020	0.020	0.021	0.022	(0.192)
Health and Welfare	(0.895)	(0.009)	0.041	0.045	0.049	0.057
Pensions	4.691	0.174	0.179	0.183	0.188	0.193
Other Fringe Benefits	0.419	0.023	0.024	0.024	0.024	(0.253)
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenditures	\$4.320	\$0.538	\$0.533	\$0.607	\$0.620	(\$2.307)
Non-Labor:						
Traction and Propulsion Power						
Fuel for Buses and Trains	\$0.453	\$0.086	\$0.082	\$0.078	\$0.074	\$0.075
Insurance	0.091	(0.099)	0.000	0.000	0.000	0.000
Claims	2.140	(1.606)	0.045	0.046	0.048	0.051
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	(0.063)	0.196	0.201	0.206	0.213	0.220
Professional Service Contracts	0.379	(0.250)	0.056	0.058	0.059	0.060
Materials & Supplies	(0.691)	0.048	0.049	0.051	0.052	0.054
Other Business Expenditures	(0.168)	0.032	0.033	0.032	0.032	0.032
Total Non-Labor Expenditures	\$2.141	(\$1.593)	\$0.465	\$0.471	\$0.477	\$0.492
Other Expenditure Adjustments:	0.000	0.000	0.000	0.000	0.000	0.000
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	\$6.461	(\$1.055)	\$0.998	\$1.078	\$1.097	(\$1.815)
Depreciation Adjustment	0.000	0.000	0.000	0.000	0.000	0.000
Baseline Total Cash Conversion Adjustments	\$8.215	(\$1.237)	\$0.503	\$0.496	\$0.484	(\$2.454)
PEG Program	0.000	0.000	0.000	0.000	0.000	0.000
Total Cash Conversion Adjustments	\$8.215	(\$1.237)	\$0.503	\$0.496	\$0.484	(\$2.454)



Summary of Changes Between Years: 2005 –2009

1. REVENUE

- **Farebox:**
 - **2005 – 2006:** There is a net change of \$.195 million from the adjusted 2005 base that reflects a slight reduction in Paratransit revenue (\$.012m) due to projected lower ridership growth.
 - **2006 – 2009:** Projected annual average growth rate of .5% against the 2005 July Plan.
- **Other Operating Revenue**
 - **2005 – 2009:** Other operating revenue was lowered in the July plan based on current projections.
- **Capital & Other Reimbursements**
 - **2006 – 2009:** Annual changes are due to CPI factors affecting labor expenses for reimbursable employees.

2. LABOR EXPENSES

- **Payroll/Overtime:**
 - **2005 – 2006:** Baseline 2005 includes a \$.400 million projected savings. The revised CPI was adjusted up to 2.57% from 1.94%.
 - **2006 – 2009:** Current inflators (CPI's) used were higher than those used in the Adopted budget. There is an extra pay period in 2009, requiring an additional cash disbursement.
- **Health & Welfare**
 - Variance between years due to:
 - **2005 – 2009:** A rate increase of 9.3% for each year was utilized.
- **Pension**
 - Variance between years due to:
 - **2005 – 2006:** Baseline changes in 2005 were relative to changes in payroll.
 - **2006 – 2009:** Changes shown are due to the higher CPI's used that mirrored those used in payroll.
- **Other Fringe**
 - **2005 – 2009:** Year to year changes are due to new inflators used, which mirror payroll.

3. NON LABOR EXPENSES

- **Fuel:**
 - **2005 – 2009:** The 2005 February Plan had projected lower average fuel prices for the 2005 – 2009 period. Actual rates have continued to rise in 2005. The July 2005 Plan includes an increase of \$1.7 million. Current CPI's were applied to future years.
- **Insurance**
 - **2005 – 2009:** Variance between years are relative to the projected rates that have been issued and included in the budget. A cash timing adjustment of \$.099 million is included in the 2005 July baseline.
- **Claims**
 - **2005 – 2009:** A \$1.7 million cash adjustment was made to the July 2005 Plan to cover an outstanding claim that is nearing a settlement.

- **Paratransit Service Contract**
 - **2005 – 2006:** As a contingency, \$.062 and \$.312 million were added to the 2005 and 2006 budgets, respectively, to cover the cost of a service contract.
- **Maintenance & Other Operating Contracts**
 - **2005 – 2009:** The use of higher prevailing CPI's is responsible for the increase between years.
- **Professional Service Contracts**
 - **2005 – 2009:** A timing cash adjustment of \$.304 million was included in the July 2005 Plan to cover payments from 2004. All other changes were relative to the new CPI's applied.
- **Material & Supplies**
 - **2005 – 2009:** The most recent regional CPI's were applied to project expenses for the out years.
- **Other Business Expenses**
 - **2005 – 2009:** As was the case with propulsion fuel, utilities and heating fuels rates increased contrary to the projections in the February Plan. 2005 projected expenses were adjusted to reflect current rates. The relevant CPI's were then applied to project costs in the later years.

MTA Long Island Bus
July Financial Plan 2006 - 2009
Year-to-Year Changes by Category - Accrual Basis
(\$ in millions)

**NON-REIMBURSABLE and
REIMBURSABLE**

	Favorable/(Unfavorable)								
	2005	2006	Change 2006 - 2005	2007	Change 2007 - 2006	2008	Change 2008 - 2007	2009	Change 2009 - 2008
<u>Revenue</u>									
Farebox Revenue	\$38.332	\$38.515	\$0.183	\$38.720	\$0.205	\$38.929	\$0.209	\$39.128	\$0.199
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	3.544	3.699	0.155	3.199	(0.500)	2.549	(0.650)	2.454	(0.095)
Capital and Other Reimbursements	5.533	5.683	0.150	5.820	0.137	5.986	0.166	6.138	0.152
Total Revenue	\$47.409	\$47.897	\$0.488	\$47.739	(\$0.158)	\$47.464	(\$0.275)	\$47.720	\$0.256
<u>Expenses</u>									
Labor:									
Payroll	\$58.207	\$60.045	\$1.838	\$61.776	\$1.731	\$63.586	\$1.810	\$65.647	\$2.062
Overtime	4.984	5.112	0.128	5.255	0.143	5.409	0.154	5.581	0.172
Health and Welfare	11.920	13.079	1.159	14.220	1.141	15.550	1.330	16.927	1.377
Pensions	5.980	6.134	0.154	6.304	0.170	6.489	0.185	6.695	0.206
Other Fringe Benefits	6.437	6.603	0.166	6.786	0.183	6.985	0.199	7.206	0.221
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenses	\$87.528	\$90.972	\$3.444	\$94.341	\$3.369	\$98.019	\$3.678	\$102.057	\$4.038
Non-Labor:									
Traction and Propulsion Power	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Fuel for Buses and Trains	7.676	7.786	0.110	7.592	(0.194)	7.138	(0.454)	6.965	(0.173)
Insurance	0.107	0.118	0.011	0.130	0.012	0.143	0.013	0.157	0.014
Claims	2.894	2.845	(0.049)	2.946	0.101	3.125	0.179	3.220	0.095
Paratransit Service Contracts	0.062	0.312	0.250	0.000	(0.312)	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	3.488	3.578	0.090	3.677	0.100	3.786	0.108	3.906	0.120
Professional Service Contracts	1.606	1.648	0.042	1.694	0.046	1.743	0.049	1.798	0.055
Materials & Supplies	5.449	5.589	0.140	5.745	0.156	5.914	0.169	6.102	0.188
Other Business Expenses	3.968	4.039	0.071	4.055	0.016	4.035	(0.020)	4.076	0.041
Total Non-Labor Expenses	\$25.250	\$25.914	\$0.664	\$25.839	(\$0.075)	\$25.883	\$0.044	\$26.224	\$0.341
Other Expenses Adjustments:	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Other	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Other Expense Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenses before Depreciation	\$112.778	\$116.886	\$4.108	\$120.180	\$3.294	\$123.902	\$3.722	\$128.281	\$4.379
Depreciation	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Expenses	\$112.778	\$116.886	\$4.108	\$120.180	\$3.294	\$123.902	\$3.722	\$128.281	\$4.379
Baseline Net Surplus/(Deficit)	(\$65.369)	(\$68.989)	(\$3.620)	(\$72.441)	(\$3.452)	(\$76.438)	(\$3.997)	(\$80.561)	(\$4.123)
PEG Program	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Net Surplus/(Deficit)	(\$65.369)	(\$68.989)	(\$3.620)	(\$72.441)	(\$3.452)	(\$76.438)	(\$3.997)	(\$80.561)	(\$4.123)

MTA Long Island Bus
July Financial Plan 2006 - 2009
Year-to-Year Changes by Category - Cash Basis
(\$ in millions)

	Favorable/(Unfavorable)								
	2005	2006	Change 2006 - 2005	2007	Change 2007 - 2006	2008	Change 2008 - 2007	2009	Change 2009 - 2008
Cash Receipts & Expenditures									
<u>Receipts</u>									
Farebox Revenue	\$37.880	\$38.075	\$0.195	\$38.270	\$0.195	\$38.467	\$0.197	\$38.664	\$0.197
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	3.899	3.748	(0.151)	3.249	(0.499)	2.599	(0.650)	2.504	(0.095)
Capital and Other Reimbursements	5.448	5.579	0.131	5.638	0.059	5.785	0.147	5.913	0.128
Total Receipts	\$47.227	\$47.402	\$0.175	\$47.157	(\$0.245)	\$46.851	(\$0.306)	\$47.081	\$0.230
<u>Expenditures</u>									
Labor:									
Payroll	\$57.877	\$59.775	\$1.898	\$61.442	\$1.667	\$63.249	\$1.807	\$67.760	\$4.511
Overtime	4.964	5.092	0.128	5.234	0.142	5.387	0.153	5.773	0.386
Health and Welfare	11.929	13.038	1.109	14.175	1.137	15.501	1.326	16.870	1.369
Pensions	5.806	5.955	0.149	6.121	0.166	6.301	0.180	6.502	0.201
Other Fringe Benefits	6.414	6.579	0.165	6.762	0.183	6.961	0.199	7.459	0.498
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenditures	\$86.990	\$90.439	\$3.449	\$93.734	\$3.295	\$97.399	\$3.665	\$104.364	\$6.965
Non-Labor:									
Traction and Propulsion Power	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Fuel for Buses and Trains	7.590	7.704	0.114	7.514	(0.190)	7.064	(0.450)	6.890	(0.174)
Insurance	0.206	0.118	(0.088)	0.130	0.012	0.143	0.013	0.157	0.014
Claims	4.500	2.800	(1.700)	2.900	0.100	3.077	0.177	3.169	0.092
Paratransit Service Contracts	0.062	0.312	0.250	0.000	(0.312)	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	3.292	3.377	0.085	3.471	0.094	3.573	0.102	3.686	0.113
Professional Service Contracts	1.856	1.592	(0.264)	1.636	0.044	1.684	0.048	1.738	0.054
Materials & Supplies	5.401	5.540	0.139	5.694	0.154	5.862	0.168	6.048	0.186
Other Business Expenses	3.936	4.006	0.070	4.023	0.017	4.003	(0.020)	4.044	0.041
Total Non-Labor Expenditures	\$26.843	\$25.449	(\$1.394)	\$25.368	(\$0.081)	\$25.406	\$0.038	\$25.732	\$0.326
Other Expenditure Adjustments:	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Other	0.000	0.000	0.000	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	\$0.000	\$0.000	\$0.000
Total Expenditures	\$113.833	\$115.888	\$2.055	\$119.102	\$3.214	\$122.805	\$3.703	\$130.096	\$7.291
Baseline Net Cash Deficit	(\$66.606)	(\$68.486)	(\$1.880)	(\$71.945)	(\$3.459)	(\$75.954)	(\$4.009)	(\$83.015)	(\$7.061)
PEG Program	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Net Cash Deficit	(\$66.606)	(\$68.486)	(\$1.880)	(\$71.945)	(\$3.459)	(\$75.954)	(\$4.009)	(\$83.015)	(\$7.061)



Long Island Bus

Summary of Changes Between February – July 2005 Plan

Changes made to the July Plan

2. REVENUE

- **Farebox:**
 - Revenue increased by a net \$.013 from the February Plan. This was due to a re-assessment of projected average fares and ridership for fixed route and paratransit. Fixed route ridership is expected to increase by 211,000 riders while Paratransit will decrease by approximately 4,000.
 - The 2006 – 2009 period reflects the changes in the 2005 July Plan. In addition, a reduction in the annual projected ridership growth rate for Paratransit was decreased from 2.5% to 1%.
- **Other Operating Revenue**
 - Based on current data, the projections made in the February Plan were adjusted down. This centers around the approval of new grants that make up the greater portion of this line item. Each year was looked at separately and a projection made in conjunction with grant data for that year.
- **Capital & Other Reimbursements**
 - The July Plan reflects changes in the reimbursable expenses due to the revised CPI, and changes in the health and welfare costs.

2. LABOR EXPENSES

- **Payroll/Overtime:**
 - Higher vacancies lowered the 2005 projected payroll expenses. Higher inflators were applied to the 2006 – 2009 expenses that produced variances from the February Plan.
- **Health & Welfare**
 - Due to lower actual rates for 2005, health and welfare expenses were lowered in all the plan years.
- **Pension**
 - There was no change in Pension expenses in 2005 from the February plan. A minor change in the future year is due to the changes in the CPI's used.
- **Other Fringe**
 - Other Fringe costs projections mirrored the changes made in payroll. This was dictated by the CPI's used which were higher than the February plan.

3. NON LABOR EXPENSES

- **Fuel:**
 - Due to higher fuel prices than projected in the February plan, 2005 projected costs increased by \$1.7 million. Increases in the CPI's from the April 15th 2005 Global Insight Inc., were used to determine future expenses, resulting in higher costs each year.
- **Insurance**
 - A timing adjustment of \$.099 million was included in 2005. There were no other variances between plans in the future years.
- **Claims**
 - An additional \$1.7 million was added to the cash budget to cover an anticipated 2005 payment.
- **Maintenance & Other Operating Contracts**
 - Changes from the February Plan in all years is due to the impact of higher CPI rates that were applied to the July 2005 Plan.
- **Professional Service Contracts**
 - A timing adjustment of \$.304 million was included in 2005. Other changes between plans are due to the use of higher CPI's in the July 2005 Plan.
- **Material & Supplies**
 - Changes from the February Plan in all years is due to the impact of higher CPI rates that were applied to the July 2005 Plan.
- **Other Business Expenses**
 - Utilities expenses in the July 2005 Plan increased by \$.245 million due to higher than planned. Other changes between plans are due to the use of higher CPI's in the July plan.

MTA Long Island Bus
July Financial Plan 2006 - 2009
Summary of Changes Between Financial Plans by Category
(\$ in millions)

NON-REIMBURSABLE

	2005	2006	2007	2008	2009
2005 February Financial Plan - Operating Cash Income/(Deficit)	(\$62.624)	(\$65.473)	(\$68.672)	(\$71.681)	(\$77.817)
Add Back: February Plan Unspecified PEG's	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Baseline 2005 February Financial Plan - Operating Cash Income/(Deficit)	(\$62.624)	(\$65.473)	(\$68.672)	(\$71.681)	(\$77.817)
Baseline:					
Changes					
Revenue					
Farebox Revenue - Fixed Route	\$0.025	(\$0.099)	(\$0.071)	(\$0.041)	(\$0.014)
Farebox Revenue - Paratransit	(0.012)	(0.027)	(0.043)	(0.060)	(0.077)
Decrease in Operating Grants	(0.853)	(0.756)	(0.486)	(1.029)	(1.002)
Less Revenue due to lower Health & Welfare costs	0.000	0.000	0.000	0.000	0.000
Sub-Total Revenue Changes	(\$0.840)	(\$0.882)	(\$0.600)	(\$1.130)	(\$1.093)
Expenses					
Payroll Savings	\$0.400	\$0.189	(\$0.356)	(\$0.866)	(\$1.439)
Overtime	0.000	0.022	(0.022)	(0.066)	(0.139)
Health and Welfare Saving	0.298	0.422	0.475	0.532	0.642
Lower Health & Welfare Savings	0.000	0.000	0.000	0.000	0.000
Pension	0.000	(0.111)	(0.153)	(0.199)	(0.224)
Other Fringe Benefit	0.000	0.158	0.108	0.055	(0.150)
Fuel Additional Expenses	(1.756)	(2.096)	(2.198)	(1.991)	(1.793)
Maintenance and Operating Contracts	0.000	(0.109)	(0.141)	(0.176)	(0.214)
Professional Service Contracts	0.000	0.004	(0.010)	(0.025)	(0.042)
Material & Supplies	0.000	(0.062)	(0.110)	(0.161)	(0.219)
Utilities Expenses	(0.245)	(0.286)	(0.284)	(0.237)	(0.235)
Paratransit Service Contracts	(0.062)	(0.312)	0.000	0.000	0.000
Sub-Total Expense Changes	(\$1.365)	(\$2.181)	(\$2.691)	(\$3.134)	(\$3.813)
Cash Adjustments:					
Revenue					
Timing of Receipt of Grants	\$0.327	\$0.000	(\$0.079)	(\$0.098)	(\$0.121)
Expense					
Insurance	(0.099)	0.000	0.000	0.000	0.000
Claims	(1.700)	0.000	0.000	0.000	0.000
Professional Service Contract Timing	(0.304)	0.000	0.000	0.000	0.000
Rounding	(0.001)	0.000	0.000	0.000	0.000
Payroll Savings	0.000	(0.006)	0.049	0.044	0.138
Overtime	0.000	(0.001)	0.000	0.000	(0.090)
Health and Welfare Saving	0.000	(0.014)	(0.015)	(0.016)	(0.014)
Pension	0.000	0.063	0.055	0.049	0.060
Other Fringe Benefit	0.000	(0.004)	(0.005)	(0.006)	(0.284)
Fuel Additional Expenses	0.000	0.000	0.000	0.000	0.001
Maintenance and Operating Contracts	0.000	0.065	0.068	0.072	0.075
Professional Service Contracts	0.000	(0.024)	(0.024)	(0.023)	(0.024)
Material & Supplies	0.000	(0.010)	(0.010)	(0.010)	(0.011)
Utilities Expenses	0.000	(0.019)	(0.021)	(0.021)	(0.022)
Sub-Total Cash Adjustment Changes	(\$1.777)	\$0.050	\$0.018	(\$0.009)	(\$0.292)
Total Baseline Changes	(\$3.982)	(\$3.013)	(\$3.273)	(\$4.273)	(\$5.198)
PEG Program	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Changes	(\$3.982)	(\$3.013)	(\$3.273)	(\$4.273)	(\$5.198)
2005 July Financial Plan - Operating Cash Income/(Deficit)	(\$66.606)	(\$68.486)	(\$71.945)	(\$75.954)	(\$83.015)

MTA Long Island Bus
July Financial Plan 2006 - 2009
Summary of Changes Between Financial Plans by Category
(\$ in millions)

REIMBURSABLE					
	2005	2006	2007	2008	2009
2005 February Financial Plan - Operating Cash Income/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Add Back: February Plan Unspecified PEG's	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Baseline 2005 February Financial Plan - Operating Cash Income/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Baseline:					
Changes					
Revenue					
Less Revenue due to lower Health & Welfare costs	(0.036)	(0.041)	(0.119)	(0.122)	(0.154)
Sub-Total Revenue Changes	(\$0.036)	(\$0.041)	(\$0.119)	(\$0.122)	(\$0.154)
Expenses					
Lower Health & Welfare Savings	.036	.041	.119	.122	.154
Sub-Total Expense Changes	0.036	0.041	0.119	0.122	0.154
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
PEG Program	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Changes	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
2005 July Financial Plan - Operating Cash Income/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000

MTA Long Island Bus
July Financial Plan 2006 - 2009
Summary of Changes Between Financial Plans by Category
(\$ in millions)

**NON-REIMBURSABLE and
REIMBURSABLE**

	2005	2006	2007	2008	2009
2005 February Financial Plan - Operating Cash Income/(Deficit)	(\$62.624)	(\$65.473)	(\$68.672)	(\$71.681)	(\$77.817)
Add Back: February Plan Unspecified PEG's	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Baseline 2005 February Financial Plan - Operating Cash Income/(Deficit)	(\$62.624)	(\$65.473)	(\$68.672)	(\$71.681)	(\$77.817)
Baseline:					
Changes					
Revenue					
Farebox Revenue - Fixed Route	\$0.025	(\$0.099)	(\$0.071)	(\$0.041)	(\$0.014)
Farebox Revenue - Paratransit	(0.012)	(0.027)	(0.043)	(0.060)	(0.077)
Decrease in Operating Grants	(0.853)	(0.756)	(0.486)	(1.029)	(1.002)
Less Revenue due to lower Health & Welfare costs	(0.036)	(0.041)	(0.119)	(0.122)	(0.154)
Sub-Total Revenue Changes	(\$0.876)	(\$0.923)	(\$0.719)	(\$1.252)	(\$1.247)
Expenses					
Payroll Savings	\$0.400	\$0.189	(\$0.356)	(\$0.866)	(\$1.439)
Overtime	0.000	0.022	(0.022)	(0.066)	(0.139)
Health and Welfare Saving	0.298	0.422	0.475	0.532	0.642
Lower Health & Welfare Savings 401h & Cap. Reimb.	0.036	0.041	0.119	0.122	0.154
Pension	0.000	(0.111)	(0.153)	(0.199)	(0.224)
Other Fringe Benefit	0.000	0.158	0.108	0.055	(0.150)
Fuel Additional Expenses	(1.756)	(2.096)	(2.198)	(1.991)	(1.793)
Maintenance and Operating Contracts	0.000	(0.109)	(0.141)	(0.176)	(0.214)
Professional Service Contracts	0.000	0.004	(0.010)	(0.025)	(0.042)
Material & Supplies	0.000	(0.062)	(0.110)	(0.161)	(0.219)
Utilities Expenses	(0.245)	(0.286)	(0.284)	(0.237)	(0.235)
Paratransit Service Contracts	(0.062)	(0.312)	0.000	0.000	0.000
Sub-Total Expense Changes	(\$1.329)	(\$2.140)	(\$2.572)	(\$3.012)	(\$3.659)
Cash Adjustments:					
Revenue					
Timing of Receipt of Grants	\$0.327	\$0.000	(\$0.079)	(\$0.098)	(\$0.121)
Expense					
Insurance	(0.099)	0.000	0.000	0.000	0.000
Claims	(1.700)	0.000	0.000	0.000	0.000
Professional Service Contract Timing	(0.304)	0.000	0.000	0.000	0.000
Rounding	(0.001)	0.000	0.000	0.000	0.000
Payroll Savings	0.000	(0.006)	0.049	0.044	0.138
Overtime	0.000	(0.001)	0.000	0.000	(0.090)
Health and Welfare Saving	0.000	(0.014)	(0.015)	(0.016)	(0.014)
Pension	0.000	0.063	0.055	0.049	0.060
Other Fringe Benefit	0.000	(0.004)	(0.005)	(0.006)	(0.284)
Fuel Additional Expenses	0.000	0.000	0.000	0.000	0.001
Maintenance and Operating Contracts	0.000	0.065	0.068	0.072	0.075
Professional Service Contracts	0.000	(0.024)	(0.024)	(0.023)	(0.024)
Material & Supplies	0.000	(0.010)	(0.010)	(0.010)	(0.011)
Utilities Expenses	0.000	(0.019)	(0.021)	(0.021)	(0.022)
Sub-Total Cash Adjustment Changes	(\$1.777)	\$0.050	\$0.018	(\$0.009)	(\$0.292)
Total Baseline Changes	(\$3.982)	(\$3.013)	(\$3.273)	(\$4.273)	(\$5.198)
Programmatic New Needs					
PEG Program	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Changes	(\$3.982)	(\$3.013)	(\$3.273)	(\$4.273)	(\$5.198)
2005 July Financial Plan - Operating Cash Income/(Deficit)	(\$66.606)	(\$68.486)	(\$71.945)	(\$75.954)	(\$83.015)

**MTA Long Island Bus
2006 Preliminary Budget
July Financial Plan 2006 – 2009**

POSITION ASSUMPTIONS

There is no change in headcount (full-time equivalents) from the February adopted budget. In both plans, the 9 positions in support of the PEG program were removed.

MTA Long Island Bus
July Financial Plan 2006 - 2009
Total Non-Reimbursable - Reimbursable Positions at End-of-Year
Full-Time Positions and Full Time Equivalents

FUNCTION/DEPARTMENT	2004 Actuals	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
Administration						
Administration - All Other	25	28	28	28	28	28
Administration - Safety	8	8	8	8	8	8
Finance	23	23	23	23	23	23
Legal	13	13	13	13	13	13
IT	15	19	19	19	19	19
Total Administration	84	91	91	91	91	91
Operations						
Admin (F/R)	33	34	34	34	34	34
Admin (Para)	5	5	5	5	5	5
Bus stops	2	2	2	2	2	2
Scheduling (F/R)	3	3	3	3	3	3
Scheduling (Para)	13	13	13	13	13	13
Reservationists (Para)	13	13	13	13	13	13
TIC	9	9	9	9	9	9
Dipatchers	35	36	36	36	36	36
Bus Operators (F/R)	527	530	530	530	530	530
Bus Operators (Para)	112	130	130	130	130	130
Total Operations	752	775	775	775	775	775
Maintenance						
Admin	7	7	7	7	7	7
Line Supervisors	18	19	19	19	19	19
Mechanics (F/R)	122	125	125	125	125	125
Mechanics (Para)	10	10	10	10	10	10
Mech. Helpers/Cleaners (F/R)	56	65	65	65	65	65
Cleaners (Para)	1	1	1	1	1	1
Storeroom	12	12	12	12	12	12
P & E (F/R)	12	13	13	13	13	13
P & E (Para)	1	1	1	1	1	1
Farebox	6	6	6	6	6	6
Total Maintenance	245	259	259	259	259	259
Engineering/Capital						
Engineers	5	5	5	5	5	5
Capital	13	14	14	14	14	14
Total Engineering/Capital	18	19	19	19	19	19
Public Safety						
Security	3	3	3	3	3	3
Total Public Safety	3	3	3	3	3	3
Grand Total	1,102	1,147	1,147	1,147	1,147	1,147
Non-Reimbursable	1,089	1,133	1,133	1,133	1,133	1,133
Reimbursable	13	14	14	14	14	14
Total Full-Time	996	1,033	1,033	1,033	1,033	1,033
Total Full-Time Equivalents	106	114	114	114	114	114

**MTA Long Island Bus
2006 Preliminary Budget
July Financial Plan 2006 – 2009**

RIDERSHIP/UTLIZATION ASSUMPTIONS

Fixed Route Ridership:

LI Bus operates 333 fixed route buses serving 96 communities, 47 Long Island Rail Road stations, 5 NYC Transit subway stations, shopping centers, colleges, museums, parks, theaters and beaches throughout our area.

May 2005 year-to-date fixed route ridership is better than plan by 1.5% and by 2.0% compared to May 2004 year-to-date actual. This is due to the positive response to the innovative use of Job Access Reverse Commute (JARC) and NYS Innovative Mobility Demonstration Funds to provide job access/reverse commute service, gap closures and bus-rail connection services. The improving Nassau County economy and better Spring 2005 weather also contributed to the better results. The full-year 2005 forecast have been increased to 30.1 million riders.

Annual increases are projected at 0.5% over the next three years.

Fixed Route Revenue:

Although total ridership is better than plan, average fares are below budget. The expected shift in usage to the higher margin fare media did not materialize resulting in lower actual revenue. Revenue from the increased ridership is expected to offset the shortfall caused by the lower actual average fare. The net change from the adopted budget was \$0.021 million.

The projected revenue in the 2006 – 2008 period is reflective of the 0.5% annual increase in riders.

Para-Transit (Demand Response) Ridership:

Demands for this service has normalized compared to the double-digit increases in prior years. Currently, there are 86 Able-Ride buses that provided 318,000 trips in 2004. May 2005 year-to-date ridership data shows a shortfall of 1.9% against plan and 0.4% compared to 2004 actual for the same period. The July plan was lowered by four thousand riders and a modest 1.0% increase is projected for the 2006 – 2008 period.

Para-Transit (Demand Response) Revenue:

During the first five months in 2005, revenue has been lower than budget due to the decrease in ridership growth than originally budgeted. Net full-year revenue projections were adjusted to reflect this trend.

MTA Long Island Bus
July Financial Plan 2006 - 2009
Ridership/Traffic Volume (Utilization)
(in millions)

	2004 Actuals	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<u>RIDERSHIP</u>						
Fixed Route	30.241	30.173	30.324	30.475	30.628	30.636
Paratransit	0.318	0.322	0.325	0.328	0.332	0.335
Baseline Total Ridership	30.559	30.495	30.649	30.804	30.960	30.971
<i>Impact of:</i>						
PEG Program	-	-	-	-	-	-
Total Ridership	30.559	30.495	30.649	30.804	30.960	30.971
<u>FAREBOX REVENUE</u>						
Fixed Route	\$36.470	\$37.333	\$37.506	\$37.701	\$37.900	\$38.088
Paratransit	0.989	0.999	1.009	1.019	1.029	1.040
Baseline Total Revenue	\$37.459	\$38.332	\$38.515	\$38.720	\$38.929	\$39.128
<i>Impact of:</i>						
PEG Program	-	-	-	-	-	-
Total Revenue	\$37.459	\$38.332	\$38.515	\$38.720	\$38.929	\$39.128

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Long Island Rail Road

MTA LONG ISLAND RAIL ROAD
2006 Preliminary Budget
July Financial Plan 2006-2009

MISSION STATEMENT

The mission of the MTA Long Island Rail Road is to provide a safe, accessible, clean, cost-effective, customer-focused rail transportation system that runs on time, is comfortable, user-friendly and provides the region with a valued and indispensable service.

FINANCIAL OVERVIEW

The financial projections in the attached statements reflect the most current projections by the LIRR for the balance of 2005, carrying out into 2009. These projections reflect PEGs implemented beginning in 2005, with the objective of ensuring better utilization of resources across the organization and operationally. The LIRR's 2006 Preliminary Budget incorporates those resource requirements that will best enable the Railroad to fulfill its service obligations as efficiently as possible, while minimizing impacts on our customers. In preparing the budget, the LIRR focused on sustaining and enhancing administration reductions and scrutinizing operations to reduce costs and eliminate cost inefficient functions.

The 2006 budget is designed to reflect continuation of current service levels, as well as to sustain the MTA's commitment to safety and security. In looking to sustain service levels, efficiencies were pursued throughout the company to optimize use of available resources. Ongoing review of all functions affords LIRR the opportunity to streamline its operations, take advantage of technology investments and become more cost efficient. All efforts were made to minimize adverse impacts to our customers.

In its projections for 2007 through 2009, the LIRR anticipates no diminution of transportation service levels, even as current and future PEGs are fully implemented.

2005 Mid-Year Forecast

At mid-year, the LIRR is projecting an increase to its net cash deficit of \$17.6 million over the 2005 adopted budget. On the accrued side, revenues are the major driver of unfavorable results. Farebox revenues are projected to run 0.7% below the February plan. Capital reimbursable revenues are the major source of projected shortfall, with a \$17.3 million, or 13.1%, forecasted shortfall.

The unfavorable revenue results are offset by favorable expense projections. While overall Labor expenses are within 0.5% of the February plan, non-reimbursable labor is above plan by \$14.1 million. That is offset by Reimbursable labor projected to underrun the plan by \$18.1 million. Non-reimbursable overtime is projected to be 13.4% above plan, but reimbursable overtime is nearly 10% favorable to plan. By not hiring for reimbursable work that is delayed, total payroll, health and welfare and other fringes are

forecast to be below plan by \$14.4 M or 2.6%. In addition to lower headcount, the major offsetting item is the Railroad Retirement and Railroad Unemployment tax rates, where rates in the 2005 July Plan are being brought into line with actual rates set in late 2004 by the Railroad Retirement Board.

Non-Labor expenses are within 0.3% of plan, with some significant swings in certain areas on the non-reimbursable side of the plan. For example, diesel fuel for trains is projected to run nearly 40% above plan due to higher prices. By contrast, insurance is projected to be 16% favorable to the accrued February plan, with some types of insurance costing less than projected. A 6% projected increase in Maintenance and Other Operating Contracts is associated largely with the need to replace concrete ties that have failed prematurely.

The major cash adjustment from the February plan is an increase to Claim payments. Based on the current status of various claims and litigation, adjustments reflecting increases of nearly \$11 M have been made in the Mid-Year update to the February plan.

Consistent with the labor expense assessment above, the major 2005 PEG projecting reduced overtime will not be met. The Transportation Department projects that \$2.0 M in savings identified for 2005 will not occur. For the LIRR to meet its service and on-time goals in 2005, it will not be able to reduce overtime as planned. In the administrative headcount PEG, charging full-time pension administrative heads to the pension plans has offset certain reductions. New work, in the form of record retention administration, results in one position reduction not occurring, and proposed reductions to human resources in anticipation of the severe reductions formerly proposed for 2006 are withdrawn since total corporate headcount will not drop as planned. The employment and training functions must therefore be sustained.

2006 Preliminary Budget - Baseline

The goals and objectives contained in the 2006 Preliminary Budget are consistent with the LIRR's mission and its aim to continue to improve service attributes. Among the key goals for 2006 are improving on-time performance to 94.3% and achieving an all-time high fleet-wide mean distance between failures (MDBF) of 64,800 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 reconciliation to the February Financial Plan.

More productive use of resources instituted in 2005 carries forward in the 2006 Preliminary budget. For example, reductions were made to advertising expenditures with the opportunity to redirect those savings either to operations or reduction of cash subsidy requirements. Continuing assessments are utilized to reduce budget needs for such items as cell phones and automobiles, with the result that communications costs are being reduced and the size of the automobile fleet is also shrinking. Initiatives to

ensure that pooling opportunities for both automobiles and work trucks are fully explored and utilized offer the potential to further reduce the vehicle fleet. Various administrative procedures, such as requisitioning and change orders, are being tightened up. While these may or may not yield cash savings, they will enhance controls and improve the efficiency of the organization.

The efficiencies that result in labor savings (see 2006 PEG section, below) also give the LIRR the opportunity to reinvest in service improvements for our customers. Approximately \$1.5 million is being reinvested in train service to improve passenger flows and travel opportunities.

The 2006 revenue budget totals \$624.7 million, and the total expense budget is \$1.423 billion, of which \$1.149 billion is for operating expenses and the balance is associated with such non-cash items as depreciation. The cash budget for 2006 incorporates \$696.0 million in cash receipts and \$1.211 billion in cash disbursements. The baseline net cash requirement is \$(515.1) million, as driven by operating expenses paid for in 2006, revenues received in 2006, 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 in the 2006 Preliminary Budget are higher than in the 2005 Mid-Year Forecast. Total revenues of \$624.7 million are \$47.9 million higher than in the Mid-Year Forecast, with Non-reimbursable revenues rising by \$11.0 million and reimbursable revenues up by \$36.8 million. Baseline Ridership in 2006 grows over the 2005 Forecast by 1.3 million rides, or 1.7%. Operating expenses before depreciation of \$1.149 billion reflect growth of \$77.5 million over the 2005 Mid-Year Forecast, \$40 million of which is in non-reimbursable expenses. While the resulting total operating baseline deficit rises \$53.4 million to \$(798.7) million in 2006, the projected baseline cash deficit (or subsidy requirement) of \$(515.1) million in 2006 is higher by \$47.7 million.

Full-time positions total 6,532 in the 2006 Preliminary Budget, with 5,749 non-reimbursable positions and 783 reimbursable positions. Compared to the 2005 Forecast, this increase of 322 positions includes 145 additional non-reimbursable positions and 177 added reimbursable positions, consistent with anticipated levels of capital funding in 2006.

The major New Needs identified in the 2006 Budget are associated with Operating Budget Impacts from capital investments and unplanned replacement of assets not reaching their useful life. In the Engineering department, new maintenance needs arise such as increased levels of bridge painting, sweeping and cleaning of yards and parking areas, maintenance of the new Atlantic Terminal facility and additional lighting on Jamaica platforms. An Engineering study just completed in 2004 has been proposed for updating in 2006.

Other New Needs arise from third rail extensions and concrete ties that are failing and require replacement well in advance of their expected life cycle. To ensure safe and efficient operations, the LIRR is undertaking special track inspection measures to check for failed ties. Through late May, the LIRR had already spot-replaced more than 800 Rocla ties that had completely failed. Spot replacements of ties are labor-intensive and costly. Because of the unpredictable rate of deterioration, inspections and spot replacements cannot be relied upon to prevent service disruptions. Therefore, the LIRR plans to replace approximately 16,000 Rocla ties before the winter of 2005/2006 and the balance of the 64,000 ties purchased in 1997 in the ensuing years.

In addition, the Atlantic Avenue viaduct requires structural repairs. Also, cost overruns in a signal project between Babylon and Speonk will exhaust available capital project funds and require operating funds to complete the work in 2006. As a result, the Engineering department is proposing a 19% increase in its total headcount (264 positions), including positions for improved project management and reorganization of the Signal function.

In other areas, there are one-time new needs to address added scope identified for the C3 HVAC life cycle maintenance requirements, diesel modifications and acquisition of bench test equipment. Hardware and software technology to support Life Cycle Maintenance creates an ongoing New Need, as does a plan to develop a life cycle maintenance program for Ticket Vending Machines. Additional details on the New Needs identified for 2006 appear in attachments.

2007-2009 Projections

The baseline projections for 2007 through 2009 reflect no notable changes to the LIRR's commitment to its customers. Goals are still in place to continue improving key performance measures in safety, with annual 10% improvements for both employees and customers, and MDBF, which rises by 19% in 2007 and another 3.5% in 2008 to 80,000 mile fleet-wide. Projections are to reach and sustain an on-time performance level of 94.3% throughout the 2006-2009 period. During this period, the LIRR also moves into more widespread implementation of Life Cycle Maintenance for its growing M7 fleet, as many components start to enter key maintenance stages. Fulfillment of LCM requirements will continue to place growing demands on resources, particularly maintenance materials.

The baseline projections for 2007-2009 reflect these various impacts. Both non-reimbursable and reimbursable revenues rise steadily over the years, with higher rates of growth in 2007 and 2009. Non-reimbursable revenues grow less than 1.8% in any year, while Reimbursable revenues increase by more than 2.3% in 2007 and 2009, falling back to 1.5% growth in 2008. All of these growth rates fall below the rate of inflation over the period.

The pace of expense growth is somewhat higher, driven by high rates of increase above normal inflation in health and welfare, insurance and materials. Non-reimbursable expenses (before depreciation) grow by 3.5% from \$997.8 million in 2006 to \$1.033 billion in 2007. They continue to rise by 7.0% in 2008 and 3.5% in 2009, reaching \$1.145 billion. In 2008 particularly, nearly 60% of the \$72 million increase to non-reimbursable operating expenses is for materials. Reimbursable expenses grow by 2.6% (\$4.0 million) in 2007 over 2006, and by another 1.5% in 2008 and 2.3% in 2009, reaching \$161.6 million.

The baseline positions in these projections increase in each year after 2005, with an overall increase of 343 positions over the 2005 mid-year baseline. With the timing of project initiation for the 2005-2009 Capital Program, project plan activities shift. This affects the number of positions supporting reimbursable activity in the earliest years of the program. By 2008, reimbursable positions rise by 37%, or 222 positions, over 2005. Most of these are in the Engineering department, where total positions increase by 239 over 2005. The other function with position increases is the Maintenance of Equipment department, where the number of positions increases by about 3.6% by 2008, or a total of 64 positions, consistent with the commitment to Life Cycle Maintenance.

Appearing in a separate section is a discussion of the major assumptions in the 2006-2008 forecasts and reconciliations to the February plan for the years through 2007.

GAP CLOSING MEASURES

2006 PEG Actions

Achieving balance within the financial plan will require some reductions known as “Programs to Eliminate the Gap” (or PEGs). For 2006, PEGs totaling \$18 million have been identified in a below-the-line section of the Preliminary Budget. Incremental revenue makes up more than \$12 million of that total, comprised of changes to parking agreements with municipalities and increased right-of-way leased line charges.

As part of ongoing management reviews for operating efficiencies, some expense PEGs have been identified to start in 2006 as well. With the continuing migration to off-train ticket sales at Ticket Vending Machines (TVMs), efficiencies can be achieved in staffing of train crews. With the new TVMs, on-board ticket sales have dropped from 10.9% of revenues in January 2003 to 4.3% of revenues as of March 2005. With more revenue collected at the TVM point of sale, management has determined that on-board staffing can be modestly revised to generate savings. This 1% reduction in train crew positions results in ongoing savings of \$2.1 million, including savings in overtime. Other efficiencies are proposed in yard and train dispatching activities that would have no adverse direct impact on operations and would yield \$228 thousand in savings.

The Maintenance of Equipment department routinely reviews its maintenance practices for the various fleet types for opportunities to achieve efficiencies. With the M7 fleet

evidencing a high level of reliability, there is a one-time PEG proposed for 2006 to eliminate the purchase of \$3.0 million of air brake material. This PEG is predicated on getting a waiver from the FRA to revise their maintenance practices without any compromise to safety or performance. The proposed savings are evidence of good business practices associated with ongoing adaptation of maintenance processes to this new fleet.

A total of 14 positions, about 0.2% of current workforce levels, are eliminated as part of the PEG process.

2007-2009 Projections

The PEG actions taken in 2006 are largely carried forward into 2007-2009, escalating in value with inflation. The PEGs total \$15.6 million in 2007, \$15.7 million in 2008 and \$15.7 million in 2009.

MTA Long Island Rail Road
July Financial Plan 2006 - 2009
Accrual Statement of Operations by Category
(\$ in millions)

NON-REIMBURSABLE

	2004 Actuals	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<u>Revenue</u>						
Farebox Revenue	\$410.766	\$436.842	\$445.916	\$454.224	\$460.499	\$468.710
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	25.782	25.250	27.201	27.391	27.924	28.120
Capital and Other Reimbursements	0.000	0.000	0.000	0.000	0.000	0.000
Total Revenue	\$436.548	\$462.092	\$473.117	\$481.615	\$488.423	\$496.830
<u>Expenses</u>						
Labor:						
Payroll	\$347.867	\$357.413	\$371.679	\$384.104	\$398.105	\$407.082
Overtime	67.667	67.718	67.852	68.974	69.866	72.097
Health and Welfare	88.725	96.862	107.003	117.503	130.237	141.983
Pensions	114.217	114.376	114.238	114.230	112.315	112.684
Other Fringe Benefits	72.481	76.865	76.511	77.623	80.287	83.256
Reimbursable Overhead	(19.261)	(17.762)	(23.978)	(24.752)	(24.707)	(25.294)
Total Labor Expenses	\$671.696	\$695.472	\$713.305	\$737.682	\$766.103	\$791.808
Non-Labor:						
Traction and Propulsion Power	\$50.589	\$60.607	\$63.867	\$65.570	\$67.272	\$68.779
Fuel for Buses and Trains	8.769	10.959	11.185	11.520	11.895	12.222
Insurance	15.190	15.603	16.777	18.390	20.180	22.181
Claims	8.971	9.144	13.482	13.760	14.078	14.432
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other						
Operating Contracts	51.442	65.371	72.504	64.148	60.363	61.497
Professional Service Contracts	16.747	25.842	23.158	21.625	21.961	21.896
Materials & Supplies	60.013	67.321	78.488	95.500	138.771	147.044
Other Business Expenses	6.292	6.907	8.136	8.206	8.264	8.333
Total Non-Labor Expenses	\$218.013	\$261.754	\$287.597	\$298.719	\$342.784	\$356.384
Other Expenses Adjustments:						
Other	18.257	0.000	0.000	0.000	0.000	0.000
Total Other Expense Adjustments	\$18.257	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenses before Depreciation	\$907.966	\$957.226	\$1,000.902	\$1,036.401	\$1,108.887	\$1,148.192
Depreciation	220.456	250.249	274.012	274.868	259.393	255.760
Total Expenses	\$1,128.422	\$1,207.475	\$1,274.914	\$1,311.269	\$1,368.280	\$1,403.952
Baseline Net Surplus/(Deficit)	(\$691.874)	(\$745.383)	(\$801.797)	(\$829.654)	(\$879.857)	(\$907.122)
PEG Program	0.000	12.000	18.013	15.580	15.653	15.733
Net Surplus/(Deficit)	(\$691.874)	(\$733.383)	(\$783.784)	(\$814.074)	(\$864.204)	(\$891.389)

REIMBURSABLE

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MTA Long Island Rail Road
July Financial Plan 2006 - 2009
Accrual Statement of Operations by Category
(\$ in millions)

**NON-REIMBURSABLE and
REIMBURSABLE**

	2004 Actuals	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<u>Revenue</u>						
Farebox Revenue	\$410.766	\$436.842	\$445.916	\$454.224	\$460.499	\$468.710
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	25.782	25.250	27.201	27.391	27.924	28.120
Capital and Other Reimbursements	126.103	114.742	151.585	155.533	157.904	161.573
Total Revenue	\$562.651	\$576.834	\$624.702	\$637.148	\$646.327	\$658.403
<u>Expenses</u>						
Labor:						
Payroll	\$405.818	\$408.721	\$439.113	\$451.525	\$467.245	\$477.801
Overtime	77.519	74.514	77.100	78.471	79.360	81.883
Health and Welfare	97.133	104.792	117.693	128.769	141.753	153.776
Pensions	122.902	124.656	127.714	128.183	126.243	126.942
Other Fringe Benefits	89.163	89.322	93.305	96.308	99.386	102.815
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenses	\$792.535	\$802.005	\$854.925	\$883.256	\$913.987	\$943.217
Non-Labor:						
Traction and Propulsion Power	\$50.767	\$60.779	\$63.867	\$65.570	\$67.272	\$68.779
Fuel for Buses and Trains	8.769	10.959	11.185	11.520	11.895	12.222
Insurance	15.315	15.945	17.128	18.750	20.465	22.472
Claims	8.971	9.144	13.482	13.760	14.078	14.432
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other						
Operating Contracts	54.611	69.958	77.570	70.616	66.911	68.128
Professional Service Contracts	16.828	26.166	23.589	22.054	22.399	22.345
Materials & Supplies	61.719	69.843	82.372	97.972	141.285	149.596
Other Business Expenses	6.297	7.169	8.369	8.436	8.499	8.574
Total Non-Labor Expenses	\$223.277	\$269.963	\$297.562	\$308.678	\$352.804	\$366.548
Other Expenses Adjustments:						
Other	18.257	0.000	0.000	0.000	0.000	0.000
Total Other Expense Adjustments	\$18.257	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenses before Depreciation	\$1,034.069	\$1,071.968	\$1,152.487	\$1,191.934	\$1,266.791	\$1,309.765
Depreciation	220.456	250.249	274.012	274.868	259.393	255.760
Total Expenses	\$1,254.525	\$1,322.217	\$1,426.499	\$1,466.802	\$1,526.184	\$1,565.525
Baseline Net Surplus/(Deficit)	(\$691.874)	(\$745.383)	(\$801.797)	(\$829.654)	(\$879.857)	(\$907.122)
PEG Program	0.000	12.000	18.013	15.580	15.653	15.733
Net Surplus/(Deficit)	(\$691.874)	(\$733.383)	(\$783.784)	(\$814.074)	(\$864.204)	(\$891.389)

**MTA Long Island Rail Road
July Financial Plan 2006 - 2009
Cash Receipts & Expenditures
(\$ in millions)**

	2004 Actuals	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<u>Receipts</u>						
Farebox Revenue	\$442.423	\$465.542	\$474.916	\$483.524	\$490.099	\$498.610
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	32.023	27.192	29.065	29.325	29.934	30.193
Capital and Other Reimbursements	164.714	150.697	192.043	194.783	197.995	202.088
Total Receipts	\$639.160	\$643.431	\$696.024	\$707.632	\$718.028	\$730.891
<u>Expenditures</u>						
Labor:						
Payroll	408.701	408.226	437.624	450.037	465.757	476.313
Overtime	76.580	74.514	77.100	78.471	79.360	81.883
Health and Welfare	96.571	104.792	117.693	128.769	141.753	153.776
Pensions	123.053	94.292	127.321	127.758	125.784	126.483
Other Fringe Benefits	91.410	89.408	93.305	96.308	99.386	102.815
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenditures	\$796.315	\$771.232	\$853.043	\$881.343	\$912.040	\$941.270
Non-Labor:						
Traction and Propulsion Power	51.516	60.779	63.867	65.570	67.272	68.779
Fuel for Buses and Trains	7.163	10.959	11.185	11.520	11.895	12.222
Insurance	18.142	21.651	22.204	24.425	27.769	29.142
Claims	9.727	19.388	12.722	12.985	13.285	13.619
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	62.249	71.324	79.251	72.327	68.658	69.912
Professional Service Contracts	19.515	21.887	18.889	17.554	17.899	17.845
Materials & Supplies	96.316	100.071	118.031	133.763	177.278	185.713
Other Business Expenses	5.387	4.769	5.959	6.006	6.049	6.104
Total Non-Labor Expenditures	\$270.015	\$310.828	\$332.108	\$344.150	\$390.105	\$403.336
Other Expenditure Adjustments:						
Other	30.278	28.700	29.000	29.300	29.600	29.900
Total Other Expenditure Adjustments	\$30.278	\$28.700	\$29.000	\$29.300	\$29.600	\$29.900
Total Expenditures	\$1,096.608	\$1,110.760	\$1,214.151	\$1,254.793	\$1,331.745	\$1,374.506
Baseline Net Cash Deficit	(\$457.448)	(\$467.329)	(\$518.127)	(\$547.161)	(\$613.717)	(\$643.615)
PEG Program		12.000	18.013	15.580	15.653	15.733
Net Cash Deficit	(\$457.448)	(\$455.329)	(\$500.114)	(\$531.581)	(\$598.064)	(\$627.882)

**MTA Long Island Rail Road
July Financial Plan 2006 - 2009
Cash Conversion (Cash Flow Adjustments)
(\$ in millions)**

	2004 Actuals	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<u>Receipts</u>						
Farebox Revenue	\$31.657	\$28.700	\$29.000	\$29.300	\$29.600	\$29.900
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	6.241	1.942	1.864	1.934	2.010	2.073
Capital and Other Reimbursements	38.611	35.955	40.458	39.250	40.091	40.515
Total Receipt Adjustments	\$76.509	\$66.597	\$71.322	\$70.484	\$71.701	\$72.488
<u>Expenditures</u>						
Labor:						
Payroll	(2.883)	0.495	1.489	1.488	1.488	1.488
Overtime	0.939	0.000	0.000	0.000	0.000	0.000
Health and Welfare	0.562	0.000	0.000	0.000	0.000	0.000
Pensions	(0.151)	30.364	0.393	0.425	0.459	0.459
Other Fringe Benefits	(2.247)	(0.086)	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	(\$3.780)	\$30.773	\$1.882	\$1.913	\$1.947	\$1.947
Non-Labor:						
Traction and Propulsion Power	(0.749)	0.000	0.000	0.000	0.000	0.000
Fuel for Buses and Trains	1.606	0.000	0.000	0.000	0.000	0.000
Insurance	(2.827)	(5.706)	(5.076)	(5.675)	(7.304)	(6.670)
Claims	(0.756)	(10.244)	0.760	0.775	0.793	0.813
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	(7.638)	(1.366)	(1.681)	(1.711)	(1.747)	(1.784)
Professional Service Contracts	(2.687)	4.279	4.700	4.500	4.500	4.500
Materials & Supplies	(34.597)	(30.228)	(35.659)	(35.791)	(35.993)	(36.117)
Other Business Expenditures	0.910	2.400	2.410	2.430	2.450	2.470
Total Non-Labor Expenditures	(\$46.738)	(\$40.865)	(\$34.546)	(\$35.472)	(\$37.301)	(\$36.788)
Other Expenditure Adjustments:						
Other	(12.021)	(28.700)	(29.000)	(29.300)	(29.600)	(29.900)
Total Other Expenditure Adjustments	(\$12.021)	(\$28.700)	(\$29.000)	(\$29.300)	(\$29.600)	(\$29.900)
Total Cash Conversion Adjustments before Depreciation	\$13.970	\$27.805	\$9.658	\$7.625	\$6.747	\$7.747
Depreciation Adjustment	\$220.456	\$250.249	\$274.012	\$274.868	\$259.393	\$255.760
Baseline Total Cash Conversion Adjustments	\$234.426	\$278.054	\$283.670	\$282.493	\$266.140	\$263.507
PEG Program	0.000	0.000	0.000	0.000	0.000	0.000
Total Cash Conversion Adjustments	\$234.426	\$278.054	\$283.670	\$282.493	\$266.140	\$263.507

**MTA Long Island Rail Road
July Financial Plan 2006 - 2009
Year-to-Year Changes by Category - Accrual and Cash**

Revenue

Farebox Revenue

- The regional economy and employment trends are the primary drivers.
- Ridership trends in the first quarter, as well as employment trends in New York City are lower than what was projected in the 2005 budget which is adversely affecting ridership projections for the balance of 2005.
- 2006 ridership is projected to increase by 1.7% above 2005 level to 79.6 million. This increase in ridership is predicated on some recovery in employment levels.
- Passenger revenue forecasts in the outer years 2006 - 2009 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

- 2006 reflects pattern bargaining agreements of 3.0% for represented employees and CPI increases for management employees of 2.57%.
- 2007 - 2009 includes CPI increases for both represented and management employees of 2.79%, 2.94% and 3.18%, respectively.
- Headcount changes each year are associated with new needs, changes in programs (i.e., fleet modifications) and Capital Program activity.

Overtime

- 2005 - 2006 increase is primarily associated with the change in Capital Program activity and new needs, partially offset by a decrease in anticipated weather-related overtime.
- 2007 - 2009 increases reflect CPI increases and changes in Capital Program activity.

Health & Welfare

- 2006 - 2009 reflects annual rate increase of approximately 9.3%.
- Reflects impact of headcount changes each year.

Pensions

- Reflects the latest actuarial valuation for each year.

Other Fringe Benefits

- Railroad Retirement Tax maximum limits are based on the December 2004 projected maximum earnings bases from the Railroad Retirement Board; the tax rate for each tier is expected to remain unchanged.
- Railroad Unemployment reflects an annual increase of approximately 5% in the monthly amount per employee.

Traction and Propulsion Power

- 2005 is based on actuals through March.
- 2006 - 2009 reflects price inflators, historical data and M-7 delivery schedule.

Fuel

- 2005 is based on actuals through March.
- 2006 - 2009 reflects price inflators and historical performance.

Insurance

- 2006 - 2009 reflects price inflators.

Claims

- 2005 reflects actual experience through March and the anticipated settlement and payout of claims for the balance of the year including the payment of \$2.0 million for a case that was not covered by insurance.
- 2006 - 2009 reflects inflationary increases.

Maintenance and Other Operating Contracts

- 2006 reflects contract price increases and increases associated with concrete tie replacements, M-1 decommissioning and Jamaica Central Control/Air Train Facility costs.
- 2006 - 2008 reflects changes in the concrete tie replacement and elimination of the M-1 fleet; as well as inflationary increases.

Professional Service Contracts

- The favorable change from 2005 to 2006 is primarily associated with nonrecurring expenses incidental to project work.
- 2005 - 2007 reflects changes in consultant activity (completion of CE-1 Engineering Study in 2006, and Information Services system initiative plans with the completion of projects and the start of new initiatives).
- 2005 - 2009 reflects price inflators.

Material and Supplies

- 2005 - 2009 reflects inflationary growth.
- The increases in materials each year from 2005 - 2009 is primarily Maintenance of Equipment material needs associated with changes in the LCM program and an increased fleet size.
- 2007 - 2009 also includes the operation of the Arch Street Shop.

Other Business Expenses

- 2005 - 2006 reflects changes in credit/debit card authorization fees and nonrecurring miscellaneous expense credits in 2005.
- 2007 - 2009 includes inflationary increases.

Depreciation

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

Cash Adjustments**Revenue**

- 2005 - 2007 – Timing of capital reimbursement.

Expense

- Payroll 2005 - 2006 – represented contract settlement paid out in 2005.
- Pension – cash payments versus accrued expenses; prepayment in 2003 for 2005 pension contribution.
- Insurance and Claims & Suits – payments versus accrued expenses.
- Professional, Maintenance and Other Contract services – changes in environmental payments.
- 2005 - 2009 - timing of material purchases versus charge-outs.
- Depreciation and other non-cash adjustments for each year 2005 - 2009.

MTA Long Island Rail Road
July Financial Plan 2006 - 2009
Year-to-Year Changes by Category - Accrual Basis
(\$ in millions)

**NON-REIMBURSABLE and
REIMBURSABLE**

	Favorable/(Unfavorable)								
	2005	2006	Change 2006 - 2005	2007	Change 2007 - 2006	2008	Change 2008 - 2007	2009	Change 2009 - 2008
Revenue									
Farebox Revenue	\$436.842	\$445.916	\$9.074	\$454.224	\$8.308	\$460.499	\$6.275	\$468.710	\$8.211
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	25.250	27.201	1.951	27.391	0.190	27.924	0.533	28.120	0.196
Capital and Other Reimbursements	114.742	151.585	36.843	155.533	3.948	157.904	2.371	161.573	3.669
Total Revenue	\$576.834	\$624.702	\$47.868	\$637.148	\$12.446	\$646.327	\$9.179	\$658.403	\$12.076
Expenses									
Labor:									
Payroll	\$408.721	\$439.113	(\$30.392)	\$451.525	(\$12.412)	\$467.245	(\$15.720)	\$477.801	(\$10.556)
Overtime	74.514	77.100	(2.586)	78.471	(1.371)	79.360	(0.889)	81.883	(2.523)
Health and Welfare	104.792	117.693	(12.901)	128.769	(11.076)	141.753	(12.984)	153.776	(12.023)
Pensions	124.656	127.714	(3.058)	128.183	(0.469)	126.243	1.940	126.942	(0.699)
Other Fringe Benefits	89.322	93.305	(3.983)	96.308	(3.003)	99.386	(3.078)	102.815	(3.429)
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenses	\$802.005	\$854.925	(\$52.920)	\$883.256	(\$28.331)	\$913.987	(\$30.731)	\$943.217	(\$29.230)
Non-Labor:									
Traction and Propulsion Power	\$60.779	\$63.867	(\$3.088)	\$65.570	(\$1.703)	\$67.272	(\$1.702)	\$68.779	(\$1.507)
Fuel for Buses and Trains	10.959	11.185	(0.226)	11.520	(0.335)	11.895	(0.375)	12.222	(0.327)
Insurance	15.945	17.128	(1.183)	18.750	(1.622)	20.465	(1.715)	22.472	(2.007)
Claims	9.144	13.482	(4.338)	13.760	(0.278)	14.078	(0.318)	14.432	(0.354)
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other	69.958	77.570	(7.612)	70.616	6.954	66.911	3.705	68.128	(1.217)
Professional Service Contracts	26.166	23.589	2.577	22.054	1.535	22.399	(0.345)	22.345	0.054
Materials & Supplies	69.843	82.372	(12.529)	97.972	(15.600)	141.285	(43.313)	149.596	(8.311)
Other Business Expenses	7.169	8.369	(1.200)	8.436	(0.067)	8.499	(0.063)	8.574	(0.075)
Total Non-Labor Expenses	\$269.963	\$297.562	(\$27.599)	\$308.678	(\$11.116)	\$352.804	(\$44.126)	\$366.548	(\$13.744)
Other Expenses Adjustments:									
Other	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Other Expense Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenses before Depreciation	\$1,071.968	\$1,152.487	(\$80.519)	\$1,191.934	(\$39.447)	\$1,266.791	(\$74.857)	\$1,309.765	(\$42.974)
Depreciation	250.249	274.012	(23.763)	274.868	(0.856)	259.393	15.475	255.760	3.633
Total Expenses	\$1,322.217	\$1,426.499	(\$104.282)	\$1,466.802	(\$40.303)	\$1,526.184	(\$59.382)	\$1,565.525	(\$39.341)
Baseline Net Surplus/(Deficit)	(\$745.383)	(\$801.797)	(\$56.414)	(\$829.654)	(\$27.857)	(\$879.857)	(\$50.203)	(\$907.122)	(\$27.265)
New Needs									
PEG Program	12.000	18.013	6.013	15.580	(2.433)	15.653	0.073	15.733	0.080
Net Surplus/(Deficit)	(\$733.383)	(\$783.784)	(\$50.401)	(\$814.074)	(\$30.290)	(\$864.204)	(\$50.130)	(\$891.389)	(\$27.185)

MTA Long Island Rail Road
July Financial Plan 2006 - 2009
Year-to-Year Changes by Category - Cash Basis
(\$ in millions)

	Favorable/(Unfavorable)								
	2005	2006	Change 2006 - 2005	2007	Change 2007 - 2006	2008	Change 2008 - 2007	2009	Change 2009 - 2008
Cash Receipts & Expenditures									
<u>Receipts</u>									
Farebox Revenue	\$465.542	\$474.916	\$9.374	\$483.524	\$8.608	\$490.099	\$6.575	\$498.610	\$8.511
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	27.192	29.065	1.873	29.325	0.260	29.934	0.609	30.193	0.259
Capital and Other Reimbursements	150.697	192.043	41.346	194.783	2.740	197.995	3.212	202.088	4.093
Total Receipts	\$643.431	696.024	52.593	707.632	11.608	718.028	10.396	730.891	12.863
<u>Expenditures</u>									
Labor:									
Payroll	\$408.226	\$437.624	(\$29.398)	\$450.037	(\$12.413)	\$465.757	(\$15.720)	\$476.313	(\$10.556)
Overtime	74.514	77.100	(2.586)	78.471	(1.371)	79.360	(0.889)	81.883	(2.523)
Health and Welfare	104.792	117.693	(12.901)	128.769	(11.076)	141.753	(12.984)	153.776	(12.023)
Pensions	94.292	127.321	(33.029)	127.758	(0.437)	125.784	1.974	126.483	(0.699)
Other Fringe Benefits	89.408	93.305	(3.897)	96.308	(3.003)	99.386	(3.078)	102.815	(3.429)
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenditures	\$771.232	\$853.043	(\$81.811)	\$881.343	(\$28.300)	\$912.040	(\$30.697)	\$941.270	(\$29.230)
Non-Labor:									
Traction and Propulsion Power	\$60.779	\$63.867	(\$3.088)	\$65.570	(\$1.703)	\$67.272	(\$1.702)	\$68.779	(\$1.507)
Fuel for Buses and Trains	10.959	11.185	(0.226)	11.520	(0.335)	11.895	(0.375)	12.222	(0.327)
Insurance	21.651	22.204	(0.553)	24.425	(2.221)	27.769	(3.344)	29.142	(1.373)
Claims	19.388	12.722	6.666	12.985	(0.263)	13.285	(0.300)	13.619	(0.334)
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other									
Operating Contracts	71.324	79.251	(7.927)	72.327	6.924	68.658	3.669	69.912	(1.254)
Professional Service Contracts	21.887	18.889	2.998	17.554	1.335	17.899	(0.345)	17.845	0.054
Materials & Supplies	100.071	118.031	(17.960)	133.763	(15.732)	177.278	(43.515)	185.713	(8.435)
Other Business Expenses	4.769	5.959	(1.190)	6.006	(0.047)	6.049	(0.043)	6.104	(0.055)
Total Non-Labor Expenditures	\$310.828	\$332.108	(\$21.280)	\$344.150	(\$12.042)	\$390.105	(\$45.955)	\$403.336	(\$13.231)
Other Expenditure Adjustments:									
Other	28.700	29.000	(0.300)	29.300	(0.300)	29.600	(0.300)	29.900	(0.300)
Total Other Expenditure Adjustments	\$28.700	\$29.000	(\$0.300)	\$29.300	(\$0.300)	\$29.600	(\$0.300)	\$29.900	(\$0.300)
Total Expenditures	\$1,110.760	\$1,214.151	(\$103.391)	\$1,254.793	(\$40.642)	\$1,331.745	(\$76.952)	\$1,374.506	(\$42.761)
Baseline Net Cash Deficit	(\$467.329)	(518.127)	(50.798)	(547.161)	(29.034)	(613.717)	(66.556)	(643.615)	(29.898)
PEG Program	12.000	18.013	6.013	15.580	(2.433)	15.653	0.073	15.733	0.080
Net Cash Deficit	(\$455.329)	(\$500.114)	(\$44.785)	(\$531.581)	(\$31.467)	(\$598.064)	(\$66.483)	(\$627.882)	(\$29.818)

**MTA Long Island Rail Road
July Financial Plan 2006 - 2009
Summary of Changes between Financial Plans by Category**

2005: July Financial Plan vs. February Financial Plan

2005 July Financial Plan is based on actual performance through March with projections for April through December based on current trends and known activities.

Revenue

- (1.2)% decrease in ridership
- 0.5% increase in average yield per passenger
- Special Services – primarily due to lower yield per assignment
- Lower newsstand/concession, Ronkonkoma Parking revenue, and rental income, partially offset by reimbursement of pension staff by pension plan and higher telephone local/long distance revenue.
- Capital and other reimbursements are lower primarily resulting from changes in capital project activity due to delay in approved funding for the 2005-2009 Capital Program (scopes and schedules).

Expense

- Payroll and benefits – reduced from February Plan due to lower headcount (management controls on hiring; changes in capital activity and headcount need for project work), and lower Railroad Retirement and Railroad Unemployment rates, partially offset by an increase in overtime.
- Fuel for trains is higher primarily resulting from increased rates. Diesel fuel increased by 40% over the budget resulting from higher fuel prices.
- Maintenance and Other Operating Contracts increased primarily due to emergency busing and concrete tie replacement.
- All other non-payroll expenses have been re-estimated based on planned activities and timing of service contracts (primarily consultant activity, environmental services, reduction in claims & suits reserves).

2006: July Financial Plan vs. February Financial Plan

Revenue

- (0.4)% decrease in average yield per passenger
- (0.3)% decrease in ridership
- Special Services – primarily due to lower yield per assignment
- Higher revenue from reimbursement of pension staff by pension plan, telephone local/long distance revenue, partially offset by sale of scrap.

- Capital and other reimbursements are slightly higher primarily resulting from changes in capital project activity resulting primarily from start of 2005 - 2009 Capital Program.

Expense

- Payroll and benefits – increased from February Plan due to an increase in headcount and overtime associated with pay rate increases, new needs and capital program activity, partially offset by lower Railroad Retirement and Railroad Unemployment rates.
- Traction Power and Fuel are higher primarily resulting from increased rates.
- Maintenance and Other Operating Contracts increased primarily due to concrete tie replacement.
- Materials have been re-estimated based on changes in the original plans for the Life Cycle Maintenance Program.
- All other non-payroll expenses have been re-estimated based on planned activities, changes in service contracts (primarily consultant activity) and adjustments to inflationary increases.

2007: July Financial Plan vs. February Financial Plan

Revenue

- (0.3)% decrease in ridership
- (0.2)% decrease in average yield per passenger
- Special Services – primarily due to lower yield per assignment
- Higher revenue from reimbursement of pension staff by pension plan, telephone local/long distance revenue, partially offset by lower newsstand/concession income and sale of scrap.
- Capital and other reimbursements are slightly higher primarily resulting from changes in capital project activity associated with the 2005 - 2009 Capital Program.

Expense

- Payroll and benefits – increased from February Plan due to an increase in headcount and overtime associated with pay rate increases, new needs and capital program activity, partially offset by lower Railroad Retirement and Railroad Unemployment rates.
- Traction Power and Fuel are higher primarily resulting from increased rates.
- Maintenance and Other Operating Contracts increased primarily due to concrete tie replacement.
- Materials have been re-estimated based on changes in the original plans for the Life Cycle Maintenance Program.
- All other non-payroll expenses have been re-estimated based on planned activities and changes in service contracts.

2008: July Financial Plan vs. February Financial Plan

Revenue

- (0.3)% decrease in ridership
- (0.1)% decrease in average yield per passenger
- Special Services – primarily due to lower yield per assignment
- Higher revenue from reimbursement of pension staff by pension plan, telephone local/long distance revenue, partially offset by lower newsstand/concession income and sale of scrap.
- Capital and other reimbursements are higher primarily resulting from changes in capital project activity associated with the 2005 - 2009 Capital Program.

Expense

- Payroll and benefits – increased from February Plan due to an increase in headcount and overtime associated with pay rate increases, new needs and capital program activity, partially offset by lower Railroad Retirement and Railroad Unemployment rates.
- Traction Power and Fuel are higher primarily resulting from increased rates.
- Materials have been re-estimated based on changes in the original plans for the Life Cycle Maintenance Program.
- All other non-payroll expenses have been re-estimated based on planned activities and changes in service contracts.

2009: July Financial Plan vs. February Financial Plan

Revenue

- 0.5% increase in ridership
- (0.1)% decrease in average yield per passenger
- Special Services – primarily due to lower yield per assignment
- Higher revenue from reimbursement of pension staff by pension plan, Penn Station rental income and telephone local/long distance revenue.
- Capital and other reimbursements are higher primarily resulting from changes in capital project activity associated with the 2005 - 2009 Capital Program.

Expense

- Payroll and benefits – increased from February Plan due to an increase in headcount and overtime associated with pay rate increases, new needs and capital program activity, partially offset by lower Railroad Retirement and Railroad Unemployment rates.
- Traction Power and Fuel are higher primarily resulting from increased rates.
- Materials have been re-estimated based on changes in the original plans for the Life Cycle Maintenance Program.
- All other non-payroll expenses have been re-estimated based on planned activities and changes in service contracts.

MTA Long Island Rail Road
July Financial Plan 2006 - 2009
Summary of Changes Between Financial Plans by Category
(\$ in millions)

NON-REIMBURSABLE

	2005	2006	2007	2008	2009
2005 February Financial Plan - Operating Cash Income/(Deficit)	(\$438.601)	(\$498.505)	(\$537.488)	(\$607.119)	(\$640.548)
Add Back: February Plan Unspecified PEG's	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Baseline 2005 February Financial Plan - Operating Cash Income/(Deficit)	(\$438.601)	(\$498.505)	(\$537.488)	(\$607.119)	(\$640.548)
Baseline:					
Changes					
Revenue					
Farebox Revenue	(\$3.069)	(\$3.152)	(\$2.338)	(\$2.074)	\$1.997
Other Operating Revenue	(0.656)	0.271	0.251	0.254	0.525
Sub-Total Revenue Changes	(\$3.725)	(\$2.881)	(\$2.087)	(\$1.820)	\$2.522
Expenses					
Payroll and Benefits - primarily rate adjustments	(\$9.549)	(\$7.943)	(\$4.235)	(\$5.530)	(\$6.694)
Pension - latest assumptions	(4.532)	(0.331)	(0.386)	(0.257)	0.280
Traction Power rate increases/usage	1.455	(0.627)	(2.297)	(3.656)	(5.390)
Fuel for Trains price per gallon increase/inflation	(3.136)	(2.832)	(3.150)	(3.524)	(3.851)
Material & Supplies re-estimate	0.301	5.090	5.168	6.434	6.486
Insurance re-estimate	3.131	2.483	3.223	4.469	4.933
Claims Reserve and anticipated payment adjustments	4.071	(0.057)	(0.057)	(0.071)	(0.104)
Maintenance & Other Operating Contracts primarily associated with Concrete Tie Replacement	(3.537)	(12.054)	(6.426)	(1.347)	(1.449)
Re-estimate of all other non-payroll expenses	(2.232)	(2.097)	0.338	0.436	0.972
Depreciation Re-estimate	9.867	(1.719)	(6.094)	(6.068)	(5.596)
Sub-Total Expense Changes	(\$4.161)	(\$20.087)	(\$13.916)	(\$9.114)	(\$10.413)
Cash Adjustments:					
Revenue					
Expense					
Pension - re-estimate of cash payments	(\$1.636)	\$0.393	\$0.425	\$0.459	\$0.000
Insurance - timing of payments	(1.490)	(0.443)	0.028	(1.977)	(0.560)
Claims reserve adjustments	(10.989)	0.003	0.003	0.004	0.006
Environmental Professional Services	(0.075)	0.000	0.000	0.000	0.000
Timing of Production Plan Material purchases	2.900	(0.200)	0.000	0.000	0.000
Bad Debt Reserve	(0.200)	(0.200)	(0.190)	(0.180)	(0.170)
Non-cash expense adjustments (Misc. Charges & Credits)	2.605	(0.016)	(0.030)	(0.038)	(0.048)
Depreciation	(9.867)	1.719	6.094	6.068	5.596
Sub-Total Cash Adjustment Changes	(\$18.752)	\$1.256	\$6.330	\$4.336	\$4.824
Total Baseline Changes	(\$26.638)	(\$21.712)	(\$9.673)	(\$6.598)	(\$3.067)
PEG Program	\$12.000	\$18.013	\$15.580	\$15.653	\$15.733
Total Changes	(\$14.638)	(\$3.699)	\$5.907	\$9.055	\$12.666
2005 July Financial Plan - Operating Cash Income/(Deficit)	(\$453.239)	(\$502.204)	(\$531.581)	(\$598.064)	(\$627.882)

MTA Long Island Rail Road
July Financial Plan 2006 - 2009
Summary of Changes Between Financial Plans by Category
(\$ in millions)

REIMBURSABLE

	2005	2006	2007	2008	2009
2005 February Financial Plan - Operating Cash Income/(Deficit)	(\$2.090)	\$2.090	\$0.000	\$0.000	\$0.000
Add Back: February Plan Unspecified PEG's	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Baseline 2005 February Financial Plan - Operating Cash Income/(Deficit)	(\$2.090)	\$2.090	\$0.000	\$0.000	\$0.000
Baseline:					
Changes					
Revenue					
Capital and Other Reimbursements - change in Capital Program activity	(\$17.264)	\$2.276	\$2.959	\$3.484	\$4.730
Sub-Total Revenue Changes	(\$17.264)	\$2.276	\$2.959	\$3.484	\$4.730
Expenses					
Payroll and Overheads - primarily changes in Capital Program reimbursable activity	\$18.072	\$0.020	(\$0.679)	(\$1.201)	(\$2.424)
Non-Labor expense adjustments (primarily leases & rentals)	(\$0.808)	(\$2.296)	(\$2.280)	(\$2.283)	(\$2.306)
Sub-Total Expense Changes	\$17.264	(\$2.276)	(\$2.959)	(\$3.484)	(\$4.730)
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
PEG Program	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Changes	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
2005 July Financial Plan - Operating Cash Income/(Deficit)	(\$2.090)	\$2.090	\$0.000	\$0.000	\$0.000

MTA Long Island Rail Road
July Financial Plan 2006 - 2009
Summary of Changes Between Financial Plans by Category
(\$ in millions)

**NON-REIMBURSABLE and
REIMBURSABLE**

	2005	2006	2007	2008	2009
2005 February Financial Plan - Operating Cash Income/(Deficit)	(\$440.691)	(\$496.415)	(\$537.488)	(\$607.119)	(\$640.548)
Add Back: February Plan Unspecified PEG's	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Baseline 2005 February Financial Plan - Operating Cash Income/(Deficit)	(\$440.691)	(\$496.415)	(\$537.488)	(\$607.119)	(\$640.548)
Baseline:					
Changes					
Revenue					
Farebox Revenue	(\$3.069)	(\$3.152)	(\$2.338)	(\$2.074)	\$1.997
Other Operating Revenue	(0.656)	0.271	0.251	0.254	0.525
Capital and Other Reimbursements - change in Capital Program activity	(17.264)	2.276	2.959	3.484	4.730
Sub-Total Revenue Changes	(\$20.989)	(\$0.605)	\$0.872	\$1.664	\$7.252
Expenses					
Payroll and Benefits - primarily changes in Capital Program reimbursable activity and rate adjustments	\$7.129	(\$7.761)	(\$4.838)	(\$6.566)	(\$8.838)
Pension - latest assumptions	(3.138)	(0.493)	(0.462)	(0.422)	0.000
Traction Power rate increases/usage	1.283	(0.627)	(2.297)	(3.656)	(5.390)
Fuel for Trains price per gallon increase/inflation	(3.136)	(2.832)	(3.150)	(3.524)	(3.851)
Material & Supplies re-estimate	0.356	3.818	5.231	6.493	6.536
Insurance re-estimate	3.131	2.482	3.221	4.467	4.930
Claims Reserve and anticipated payment adjustments	4.071	(0.057)	(0.057)	(0.071)	(0.104)
Maintenance & Other Operating Contracts primarily associated with Concrete Tie Replacement	(4.232)	(13.056)	(8.762)	(3.681)	(3.789)
Re-estimate of all other non-payroll expenses	(2.228)	(2.118)	0.333	0.430	0.959
Depreciation Re-estimate	9.867	(1.719)	(6.094)	(6.068)	(5.596)
Sub-Total Expense Changes	\$13.103	(\$22.363)	(\$16.875)	(\$12.598)	(\$15.143)
Cash Adjustments:					
Revenue					
Expense					
Pension - re-estimate of cash payments	(\$1.636)	\$0.393	\$0.425	\$0.459	\$0.000
Insurance - timing of payments	(1.490)	(0.443)	0.028	(1.977)	(0.560)
Claims reserve adjustments	(10.989)	0.003	0.003	0.004	0.006
Environmental Professional Services	(0.075)	0.000	0.000	0.000	0.000
Timing of Production Plan Material purchases	2.900	(0.200)	0.000	0.000	0.000
Bad Debt Reserve	(0.200)	(0.200)	(0.190)	(0.180)	(0.170)
Non-cash expense adjustments (Misc. Charges & Credits)	2.605	(0.016)	(0.030)	(0.038)	(0.048)
Depreciation	(9.867)	1.719	6.094	6.068	5.596
Sub-Total Cash Adjustment Changes	(\$18.752)	\$1.256	\$6.330	\$4.336	\$4.824
Total Baseline Changes	(\$26.638)	(\$21.712)	(\$9.673)	(\$6.598)	(\$3.067)
PEG Program	\$12.000	\$18.013	\$15.580	\$15.653	\$15.733
Total Changes	(\$14.638)	(\$3.699)	\$5.907	\$9.055	\$12.666
2005 July Financial Plan - Operating Cash Income/(Deficit)	(\$455.329)	(\$500.114)	(\$531.581)	(\$598.064)	(\$627.882)

MTA Long Island Rail Road
July Financial Plan 2006 - 2009
Summary of the Programs to Eliminate the Gap (PEGs)
(\$ in millions)

	Favorable/(Unfavorable)										
	2005		2006		2007		2008		2009		
		Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars
LIST of PROGRAMS											
Administration:											
Sub-Total Administration		0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000
Customer Convenience & Amenities:											
Train Crew Staffing Reductions				14	2.409	14	2.476	14	2.549	14	2.629
Sub-Total Customer Convenience & Amenities		0	\$0.000	14	\$2.409	14	\$2.476	14	\$2.549	14	\$2.629
Service:											
Sub-Total Service		0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000
Maintenance:											
M7 Airbrake Material					3.000						
Sub-Total Maintenance		0	\$0.000	0	\$3.000	0	\$0.000	0	\$0.000	0	\$0.000
Safety/Security:											
Sub-Total Safety/Security		0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000
Revenue Enhancements:											
Additional Parking Fees					0.500		1.000		1.000		1.000
Babylon Parking					0.104		0.104		0.104		0.104
Right of Way Leased Line Fees			12.000		12.000		12.000		12.000		12.000
Sub-Total Revenue Enhancements		0	\$12.000	0	\$12.604	0	\$13.104	0	\$13.104	0	\$13.104
Total PEGS		0	\$12.000	14	\$18.013	14	\$15.580	14	\$15.653	14	\$15.733

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

MTA LONG ISLAND RAIL ROAD
July Financial Plan 2006 - 2009
Program to Eliminate the Gap (PEG) Worksheet

PEG Category: Customer Convenience and Amenities

Program: Train Crew Staffing Reductions

Background Details:	N/A
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PEG Description and Implementation Plan:	Abolish 10 Extra collector assignments and protect crew (savings in OT) and eliminate 12 collectors - more cost-effective train crew staffing can be achieved without adverse impact on revenue collection; Abolish 1st & 2nd tour Train Dispatcher in Section
PEG Implementation Date:	Jan-06
	When will PEG savings begin?: Jan-06

	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	0.000	2.409	2.476	2.549	2.629
<i>Total Reduction in Positions Required</i> <i>(List title of positions)</i>	0	14	14	14	14
 Current Vacancies <i>(List title of vacant positions)</i>	0	0	0	0	0
 <i>Impact on Operations:</i> Ridership Per Week (in thousands) Mean Distance Between Failure On-Time Performance Other (Identify Appropriate Indicator)					

MTA LONG ISLAND RAIL ROAD
July Financial Plan 2006 - 2009
Program to Eliminate the Gap (PEG) Worksheet

PEG Category: Maintenance
Program: M7 Airbrake Material

Background Details: The LIRR was granted an alternative standard from the FRA on 7/14/04 for periodic maintenance of brake equipment for its M-7 locomotive air brake maintenance cycle from 1104 days (3 yrs.) to 1840 days (5 yrs.). As a result, the life cycle maintenance per

PEG Description and Implementation Plan:

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

	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	0.000	3.000	0.000	0.000	0.000
<i>Total Reduction in Positions Required</i> <i>(List title of positions)</i>	0	0	0	0	0
Current Vacancies <i>(List title of vacant positions)</i>	0	0	0	0	0
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator)					

MTA LONG ISLAND RAIL ROAD
July Financial Plan 2006 - 2009
Program to Eliminate the Gap (PEG) Worksheet

PEG Category: Revenue Enhancement
Program: Additional Parking Revenue

Background Details: The potential to increase parking revenue may come from the following sources. Renew leases at Hicksville, Bethpage, Massapequa, Farmingdale, Huntington, Massapequa Park, Port Washington and Wantagh. Potential annual gross revenue of \$1.6M. Reserved Pre

PEG Description and Implementation Plan: Increase in monthly/daily parking fees at various locations.

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

Financial Impact (Operating)

	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
Net Savings (in millions)	0.000	0.500	1.000	1.000	1.000

Total Reduction in Positions Required
(List title of positions)

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

Current Vacancies
(List title of vacant positions)

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

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

Other
 (Identify Appropriate Indicator)

MTA LONG ISLAND RAIL ROAD
July Financial Plan 2006 - 2009
Program to Eliminate the Gap (PEG) Worksheet

PEG Category: Revenue Enhancement
Program: Babylon Station Parking

Background Details: LIRR currently leases more than 300 spaces to the village for maintenance and operation; this would place the preponderance of parking spaces at the station under village control. Currently the LIRR receives \$236K annually for the leasing of approximatel

PEG Description and Implementation Plan: Completion of an agreement with the Village of Babylon and a vendor to turn parking spaces now under LIRR control over to the village will increase revenue from the village.

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

	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	0.000	0.104	0.104	0.104	0.104
<i>Total Reduction in Positions Required</i> <i>(List title of positions)</i>	0	0	0	0	0
Current Vacancies <i>(List title of vacant positions)</i>	0	0	0	0	0
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator)					

MTA LONG ISLAND RAIL ROAD
July Financial Plan 2006 - 2009
Program to Eliminate the Gap (PEG) Worksheet

PEG Category: Revenue Enhancement
Program: Right of Way Leased Line Fees

Background Details:

PEG Description and Implementation Plan:	An updated valuation of the right of way indicates that the fees currently charged are understated. This ongoing increment to revenue represents a projection of what may be achieved through negotiations, currently ongoing.	
PEG Implementation Date:	Jan-06	When will PEG savings begin?: Jan-06

	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	12.000	12.000	12.000	12.000	12.000
<i>Total Reduction in Positions Required</i> <i>(List title of positions)</i>	0	0	0	0	0
 Current Vacancies <i>(List title of vacant positions)</i>	0	0	0	0	0
 <i>Impact on Operations:</i> Ridership Per Week (in thousands) Mean Distance Between Failure On-Time Performance Other (Identify Appropriate Indicator)					

**MTA Long Island Rail Road
July Financial Plan 2006 - 2009**

POSITION ASSUMPTIONS

NON-REIMBURSABLE POSITIONS:

- Positions are identified as of year-end (December 31) for each year in the financial plan and reflect an estimate of the total number of paid employees required to meet/achieve corporate goals.
- Annual staffing levels include the impact of new needs and re-estimates consistent with the associated cost changes incorporated in the financial plan.

REIMBURSABLE POSITIONS:

- Positions are identified as of year-end (December 31) for each year in the financial plan and reflect an estimate of the total number of paid employees required for reimbursable activity.
- Annual staffing levels represent the positions required to support the Capital Program, as well as changes in other reimbursable projects.

RIDERSHIP/UTILIZATION PROJECTIONS

- The LIRR Passenger Revenue Forecasting Model provides system wide revenue and ridership projections. The regional economy, employment trends and the impact of the March 1, 2005 fare increase are the primary drivers of passenger ridership and revenue in 2006.
- Ridership projections for the outer years 2007-2010 reveal modest annual growth. This growth is predicated on some recovery in employment and from the price elasticity effects of the fare increase.

MTA Long Island Rail Road
July Financial Plan 2006 - 2009
Total Non-Reimbursable - Reimbursable Positions at End-of-Year
Full-Time Positions and Full Time Equivalents

FUNCTION/DEPARTMENT	2004 Actuals	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<u>Administration</u>						
Executive VP	2	2	2	2	2	2
Labor Relations	10	10	11	11	11	11
Procurement & Logistics (excl. Stores)	72	74	73	73	73	73
Human Resources	94	87	89	89	89	89
Strategic Investments	36	38	39	39	39	39
Diversity Management	2	3	3	3	3	3
President	3	3	3	3	3	3
VP & Chief Financial Officer	100	105	104	104	104	104
Svc. Planning, Technology	177	161	167	167	167	167
Market Development & Public Affairs	58	60	60	60	60	60
Gen. Counsel & Secretary	31	33	32	32	32	32
System Safety	20	20	20	20	20	20
VP Operations/Oper. Support & Analysis	22	24	25	25	25	25
Other	0	0	0	0	0	0
Administration Total	627	620	628	628	628	628
<u>Operations</u>						
Transportation	1,860	1,855	1,871	1,871	1,871	1,871
Passenger Service (Ticket Clerks & Agents)	199	174	177	177	177	177
Other	0	0	0	0	0	0
Operations Total	2,059	2,029	2,048	2,048	2,048	2,048
<u>Maintenance</u>						
Engineering	1,480	1,388	1,652	1,632	1,627	1,627
Equipment	1,778	1,775	1,793	1,818	1,839	1,839
Passenger Service (excl. Ticket Selling)	180	191	201	201	201	201
Procurement (Stores)	96	97	100	100	100	100
Other	0	0				
Maintenance Total	3,534	3,451	3,746	3,751	3,767	3,767
<u>Engineering/Capital</u>						
Capital Program Management	98	110	110	110	110	110
Baseline Total Positions	6,318	6,210	6,532	6,537	6,553	6,553
<i>Non-Reimbursable</i>	5,589	5,604	5,749	5,704	5,725	5,725
<i>Reimbursable</i>	729	606	783	833	828	828
Grand Total	6,318	6,210	6,532	6,537	6,553	6,553
Total Full-Time	6,318	6,210	6,532	6,537	6,553	6,553
Total Full-Time-Equivalents	0	0	0	0	0	0
<hr/>						
Impact of: PEG Program	0	0	(14)	(14)	(14)	(14)
Total Positions	6,318	6,210	6,518	6,523	6,539	6,539
<i>Non-Reimbursable</i>	5,589	5,604	5,735	5,690	5,711	5,711
<i>Reimbursable</i>	729	606	783	833	828	828
Total Full-Time	6,318	6,210	6,518	6,523	6,539	6,539
Total Full-Time-Equivalents	0	0	0	0	0	0

**MTA Long Island Rail Road
July Financial Plan 2006 - 2009
Ridership/Traffic Volume (Utilization)
(in millions)**

	2004 Actuals	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
Baseline Total Ridership	79.254	78.322	79.628	81.111	82.232	83.698
<i>Impact of:</i> PEG Program						
Total Ridership	79.254	78.322	79.628	81.111	82.232	83.698

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Metro-North Railroad

**MTA METRO-NORTH RAILROAD
2006 PRELIMINARY BUDGET
JULY FINANCIAL PLAN 2006-2009**

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 to Port Jervis, a town 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 72.4 million customers in 2004 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 resource requirements in the July Financial Plan 2006-2009 reflect the savings/cost avoidance measures implemented in 2005. They also reflect revised measures for 2006-2009 presented as "Programs to Eliminate the Gap" (PEGs) and

other cost reduction measures (net of increases) detailed later in this document. The reductions were achieved through savings generated by lower than projected cost trends as well as program deferrals and eliminations. In Metro-North's case, these reductions offset a substantial portion of projected cost increases (e. g. lower than projected overhead recoveries, increased subsidy requirements for West of Hudson Service and impact of continually escalating price of diesel fuel as well as increased consumer price index rates). Concurrently, Metro-North is experiencing higher than budgeted ridership increases on the East of Hudson Service, resulting in higher farebox revenue, as well as higher than projected net GCT retail revenue.

2005 MID-YEAR FORECAST

The 2005 Mid-Year Non-Reimbursable Forecast reflects revenue projections totaling \$467.3 million, and expenses, including depreciation, of \$949.6 million that generate an operating deficit of \$482.3 million. Cash adjustments of \$181.3 million reduce that amount to a cash deficit of \$301.0 million, of which \$247.6 million represents MTA share and \$53.4 million ConnDOT share. The Mid-Year Reimbursable revenue and expense projections total \$160.5 million.

The Mid-Year Non-Reimbursable revenue projections reflect a \$7.3 million revenue increase vs. the adopted budget. It includes a \$5.5 million increase in Farebox Revenue due to higher than budgeted ridership increase East of Hudson, and a \$.6 million addition to Farebox Revenue which represents a reclass of West of Hudson Mail & Ride revenue from subsidy. The projections also reflect a \$1.2 million increase in Other Operating Revenue representing primarily higher than projected net GCT retail revenue. Non-Reimbursable expenses reflect a \$4.9 million addition to expenses. It is comprised primarily of a \$4.0 million increase due to lower Reimbursable Overhead, increases in diesel fuel and other fuel-based utility prices, additional West of Hudson subsidy, and net impact of schedule-based changes to the equipment strategy programs. The Mid-Year Forecast of Operating/Capital expenditures reflect the addition of a \$5.5 million project to replace deteriorating concrete ties. The project, the first of two phases, involves the replacement of ties on 8 miles of track. The second phase, involving approximately 12 miles is currently scheduled for 2006. Negotiations with the tie manufacturer for reimbursement of labor costs are continuing. Part of these increases was offset by favorable (increased) receipts associated with Force Account expenditures. Net cash requirements in the Mid-Year Forecast are \$.6 million lower vs. the adopted budget.

2006 PRELIMINARY BUDGET-BASELINE

The 2006 Preliminary Non-Reimbursable Budget reflects revenue projections totaling \$477.1 million, and expenses, including depreciation, of \$992.6 million that generate an operating deficit of \$515.5 million. Cash adjustments of \$186.9 million reduce that amount to a cash deficit of \$328.6 million, of which \$270.6 million represents the MTA share and \$58.0 million the ConnDOT share. The 2006 Preliminary Reimbursable revenues and expenses total \$166.2 million.

The Non-Reimbursable revenue projections reflect current fares and current trends in both Farebox and Other Operating Revenue. PEGs totaling \$1.4 million have been identified for 2006. Once implemented, the resulting 2006 cash deficit would decrease to \$327.2 million, of which \$269.6 million would represent MTA share and \$57.6 million ConnDOT share. The 2006 Preliminary Budget reflects a continuation of current train service levels and an additional \$1.5 million provision for service improvements, and maintains MTA's commitment to safety and security. Major assumptions reflected in the 2006 Preliminary Budget and reconciliation to the February Plan are furnished later in this document.

2007-2009 PROJECTIONS

The Non-Reimbursable revenue projections total \$484.7 million in 2007, \$491.7 million in 2008, and \$498.0 million in 2009. Non-Reimbursable expense projections, including depreciation, total \$1,029.6 million in 2007, \$1,079.3 million in 2008, and \$1,137.7 million in 2009. These revenue and expense projections generate an operating deficit of \$544.9 million in 2007, \$586.6 million in 2008, and \$639.7 million in 2009. Cash adjustments of \$196.6 million in 2007, \$196.2 million in 2008, and \$208.9 million in 2009 reduce the amounts to a cash deficit projection of \$348.2 million in 2007, \$390.4 million in 2008, and \$430.8 million in 2009. The MTA share of the cash deficit totals \$285.4 million in 2007, \$318.0 million in 2008, and \$345.9 million in 2009, while the ConnDOT share totals \$62.8 million, \$72.4 million, and \$84.9 million, respectively. The Reimbursable revenues and expenses total \$176.4 million in 2007, \$176.0 million in 2008, and \$172.3 million in 2009.

The 2007-2009 expenditure projections will allow Metro-North to maintain current service levels and make some service improvements while instituting programs to reduce subsidy requirements. Major assumptions reflected in the 2007-2009 projections and reconciliation to the February Plan are furnished later in this document. PEGs identified for 2007 total \$3.0 million, \$4.9 million for 2008 and \$6.5 for 2009.

GAP CLOSING MEASURES

2006 PEG ACTIONS

As mentioned previously, in addition to cost reduction measures aggregated under Other Reductions (e. g. improvement deferrals, reductions in annual provisions for equipment and/or vehicle replacements), PEGs totaling \$1.4 million have been identified for 2006. Two initiatives are involved. One represents the elimination of a proposed position addition to maintain the track near New Haven Car Washer/Wheel Shop area that is currently scheduled for completion in 2006. The other is the net operating impact of a capital purchase of 36 additional ticket vending machines (TVMs) and their incorporation into Metro-North's expanded ticket selling network. The objective of this project is to improve revenue collection. The impact of a net addition of three positions (addition of 6TVM Technicians and two IT support positions, partially offset by reduction in Ticket Seller positions) and maintenance contracts is more than offset by the projected increase in revenue collection generated as the expanded ticket selling network removes more and more on- board ticket sales.

2007 PEG ACTIONS AND 2008-2009 PROJECTIONS

The value of PEGs listed for 2007 totals \$3.0 million. This amount, in addition to savings generated by PEGs continued from 2006, includes two new measures. One represents the elimination of a provision to fund the purchase of new and/or experimental equipment for testing and research purposes by the Information Technology Department. The other represents preliminary productivity savings projections Metro-North plans to realize from a new Process Review Program it recently began. A complex, multi-faceted and long-term project, similar to one conducted several years ago, the program will focus on the thorough review of several selected functions across departmental lines. The recently completed change to the PeopleSoft Financial and Human Resources Systems, the ongoing replacement of old, difficult to maintain rolling stock with M7s, and the scheduled addition in 2006 of new shop space in New Haven afford the railroad an opportunity to target efficiencies.

MTA Metro-North Railroad
July Financial Plan 2006 - 2009
Accrual Statement of Operations by Category
(\$ in millions)

NON-REIMBURSABLE

	2004 Actuals	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<u>Revenue</u>						
Farebox Revenue	\$403.045	\$435.606	\$445.233	\$451.865	\$458.054	\$463.601
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	33.716	31.673	31.889	32.856	33.632	34.423
Capital and Other Reimbursements	0.000	0.000	0.000	0.000	0.000	0.000
Total Revenue	\$436.761	\$467.279	\$477.122	\$484.721	\$491.686	\$498.024
<u>Expenses</u>						
Labor:						
Payroll	\$318.182	\$331.464	\$342.016	\$353.683	\$367.923	\$384.435
Overtime	41.282	40.751	42.471	43.457	45.073	46.626
Health and Welfare	59.105	67.439	74.835	82.347	90.682	100.585
Pensions	29.491	44.870	40.694	42.086	43.305	44.071
Other Fringe Benefits	68.779	67.991	69.998	72.529	75.589	79.073
Reimbursable Overhead	(33.773)	(35.139)	(37.148)	(37.797)	(38.552)	(39.285)
Total Labor Expenses	\$483.066	\$517.375	\$532.866	\$556.306	\$584.020	\$615.504
Non-Labor:						
Traction and Propulsion Power	\$35.979	\$45.492	\$50.788	\$53.046	\$54.887	\$60.339
Fuel for Buses and Trains	8.066	12.002	12.193	12.511	12.850	13.155
Insurance	10.369	11.027	12.392	13.928	15.678	17.730
Claims	13.589	14.111	14.926	14.926	14.926	14.926
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other						
Operating Contracts	61.229	75.342	83.823	85.292	90.031	94.622
Professional Service Contracts	20.334	22.072	22.584	23.136	24.629	26.748
Materials & Supplies	57.903	57.520	57.002	57.544	59.091	63.475
Other Business Expenses	37.444	10.742	12.042	12.886	15.160	17.217
Total Non-Labor Expenses	\$244.913	\$248.308	\$265.750	\$273.269	\$287.252	\$308.212
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	\$727.979	\$765.683	\$798.616	\$829.575	\$871.272	\$923.716
Depreciation	158.272	183.909	194.000	200.000	207.000	214.000
Total Expenses	\$886.251	\$949.592	\$992.616	\$1,029.575	\$1,078.272	\$1,137.716
Baseline Net Surplus/(Deficit)	(\$449.490)	(\$482.313)	(\$515.494)	(\$544.854)	(\$586.586)	(\$639.692)
Cash Conversion Adjustments:						
Depreciation	\$158.272	\$183.909	\$194.000	\$200.000	\$207.000	\$214.000
Operating/Capital	(16.258)	(17.038)	(14.885)	(6.065)	(11.000)	(15.000)
Other Cash Adjustments	35.245	14.472	7.826	2.693	0.162	9.873
Total Cash Conversion Adjustments	\$177.259	\$181.343	\$186.941	\$196.628	\$196.162	\$208.873
Net Baseline NetCash Surplus/(Deficit)	(\$272.231)	(\$300.970)	(\$328.553)	(\$348.226)	(\$390.424)	(\$430.819)
PEG Program	0.000	0.093	1.370	3.036	4.867	6.484
Net Surplus/(Deficit)	(\$272.231)	(\$300.877)	(\$327.183)	(\$345.190)	(\$385.557)	(\$424.335)

REIMBURSABLE

[illegible]

MTA Metro-North Railroad
July Financial Plan 2006 - 2009
Accrual Statement of Operations by Category
(\$ in millions)

**NON-REIMBURSABLE and
REIMBURSABLE**

	2004	2005	2006			
	Actuals	Mid-Year Forecast	Preliminary Budget	2007	2008	2009
Revenue						
Farebox Revenue	\$403.045	\$435.606	\$445.233	\$451.865	\$458.054	\$463.601
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	33.716	31.673	31.889	32.856	33.632	34.423
Capital and Other Reimbursements	130.031	160.542	166.167	176.377	176.043	172.271
Total Revenue	\$566.792	\$627.821	\$643.289	\$661.098	\$667.729	\$670.295
Expenses						
Labor:						
Payroll	\$350.428	\$364.733	\$377.258	\$391.138	\$406.301	\$423.368
Overtime	51.785	50.211	52.008	54.146	55.939	57.661
Health and Welfare	65.392	74.506	82.920	91.643	100.719	111.415
Pensions	32.719	49.901	45.552	47.261	48.543	49.272
Other Fringe Benefits	76.255	75.383	77.757	80.888	84.155	87.783
Reimbursable Overhead	(0.132)	(2.016)	(2.808)	(0.619)	(0.637)	(0.656)
Total Labor Expenses	\$576.447	\$612.717	\$632.687	\$664.458	\$695.020	\$728.842
Non-Labor:						
Traction and Propulsion Power	\$35.979	\$45.492	\$50.788	\$53.046	\$54.887	\$60.339
Fuel for Buses and Trains	8.067	12.002	12.193	12.511	12.850	13.155
Insurance	13.832	14.610	17.271	19.822	22.300	25.112
Claims	13.589	14.111	14.926	14.926	14.926	14.926
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other						
Operating Contracts	72.277	100.392	103.042	104.778	107.541	105.733
Professional Service Contracts	23.358	31.439	30.723	31.601	32.348	33.454
Materials & Supplies	77.244	84.408	90.919	91.699	92.026	96.856
Other Business Expenses	37.217	11.054	12.234	13.111	15.417	17.570
Total Non-Labor Expenses	\$281.563	\$313.508	\$332.096	\$341.494	\$352.295	\$367.145
Other Expenses Adjustments:	0.000	0.000	0.000	0.000	0.000	0.000
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	\$858.010	\$926.225	\$964.783	\$1,005.952	\$1,047.315	\$1,095.987
Depreciation	158.272	183.909	194.000	200.000	207.000	214.000
Total Expenses	\$1,016.282	\$1,110.134	\$1,158.783	\$1,205.952	\$1,254.315	\$1,309.987
Baseline Net Surplus/(Deficit)	(\$449.490)	(\$482.313)	(\$515.494)	(\$544.854)	(\$586.586)	(\$639.692)
Cash Conversion Adjustments:						
Depreciation	\$158.272	\$183.909	\$194.000	\$200.000	\$207.000	\$214.000
Operating/Capital	(16.258)	(17.038)	(14.885)	(6.065)	(11.000)	(15.000)
Other Cash Adjustments	35.245	14.472	7.826	2.693	0.162	9.873
Total Cash Conversion Adjustments	\$177.259	\$181.343	\$186.941	\$196.628	\$196.162	\$208.873
Net Baseline NetCash Surplus/(Deficit)	(\$272.231)	(\$300.970)	(\$328.553)	(\$348.226)	(\$390.424)	(\$430.819)
PEG Program	0.000	0.093	1.370	3.036	4.867	6.484
Net Surplus/(Deficit)	(\$272.231)	(\$300.877)	(\$327.183)	(\$345.190)	(\$385.557)	(\$424.335)

MTA Metro-North Railroad
July Financial Plan 2006 - 2009
Cash Receipts & Expenditures
(\$ in millions)

	2004 Actuals	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<u>Receipts</u>						
Farebox Revenue	\$410.978	\$443.170	\$452.853	\$459.965	\$466.104	\$471.651
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	53.389	46.749	45.592	47.111	47.887	48.678
Capital and Other Reimbursements	129.644	161.761	168.183	174.665	176.695	173.511
Total Receipts	\$594.011	\$651.680	\$666.628	\$681.741	\$690.686	\$693.840
<u>Expenditures</u>						
Labor:						
Payroll	\$340.805	\$362.940	\$366.243	\$379.892	\$397.907	\$407.784
Overtime	50.814	51.012	53.142	54.386	56.186	57.915
Health and Welfare	68.300	77.301	86.000	94.331	103.476	114.246
Pensions	36.276	40.987	56.458	58.739	60.098	61.220
Other Fringe Benefits	74.649	77.473	78.215	80.946	85.470	87.415
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenditures	\$570.844	\$609.713	\$640.058	\$668.295	\$703.137	\$728.580
Non-Labor:						
Traction and Propulsion Power	\$36.249	\$45.492	\$50.788	\$53.046	\$54.887	\$60.339
Fuel for Buses and Trains	7.999	12.002	12.193	12.511	12.850	13.155
Insurance	16.110	15.390	17.518	19.705	22.912	25.029
Claims	13.475	13.071	12.071	12.071	12.071	12.071
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	90.626	116.232	116.689	107.917	119.714	117.943
Professional Service Contracts	25.599	31.769	31.478	31.942	37.356	42.197
Materials & Supplies	89.646	90.065	94.071	93.649	94.132	99.107
Other Business Expenses	20.390	18.917	20.315	30.831	24.051	26.240
Total Non-Labor Expenditures	\$300.094	\$342.938	\$355.123	\$361.672	\$377.973	\$396.081
Other Expenditure Adjustments:						
Cash Timing and Availability Adjustment	(\$4.696)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Other Expenditure Adjustments	(\$4.696)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenditures	\$866.242	\$952.651	\$995.181	\$1,029.967	\$1,081.110	\$1,124.661
Baseline Net Cash Deficit	(\$272.231)	(\$300.971)	(\$328.553)	(\$348.226)	(\$390.424)	(\$430.821)
<u>Subsidies</u>						
MTA	(\$215.619)	(\$247.629)	(\$270.566)	(\$285.413)	(\$318.057)	(\$345.876)
CDOT	(\$56.612)	(\$53.341)	(\$57.987)	(\$62.812)	(\$72.367)	(\$84.945)
Total Subsidies	(\$272.231)	(\$300.970)	(\$328.553)	(\$348.225)	(\$390.424)	(\$430.821)
2006 Program to Eliminate the Gap	\$0.000	\$0.093	\$1.370	\$3.036	\$4.867	\$6.484
Net Cash Deficit	(\$272.231)	(\$300.877)	(\$327.183)	(\$345.189)	(\$385.557)	(\$424.337)
MTA share of PEGS	\$0.000	\$0.093	\$0.994	\$2.174	\$3.594	\$4.814
CDOT share of PEGS	\$0.000	\$0.000	\$0.376	\$0.862	\$1.273	\$1.670
Total PEGS	\$0.000	\$0.093	\$1.370	\$3.036	\$4.867	\$6.484
<u>Subsidies</u>						
MTA	(\$215.619)	(\$247.536)	(\$269.572)	(\$283.239)	(\$314.463)	(\$341.062)
CDOT	(\$56.612)	(\$53.341)	(\$57.611)	(\$61.950)	(\$71.094)	(\$83.275)
Total Subsidies	(\$272.231)	(\$300.877)	(\$327.183)	(\$345.189)	(\$385.557)	(\$424.337)

MTA Metro-North Railroad
July Financial Plan 2006 - 2009
Cash Conversion (Cash Flow Adjustments)
(\$ in millions)

	2004	2005	2006			
	Actuals	Mid-Year	Preliminary	2007	2008	2009
		Forecast	Budget			
<u>Receipts</u>						
Farebox Revenue	\$7.933	\$7.564	\$7.620	\$8.100	\$8.050	\$8.050
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	19.673	15.076	13.703	14.255	14.255	14.255
Capital and Other Reimbursements	(0.387)	1.219	2.016	(1.712)	0.652	1.240
Total Receipt Adjustments	\$27.219	\$23.859	\$23.339	\$20.643	\$22.957	\$23.545
<u>Expenditures</u>						
Labor:						
Payroll	\$9.623	\$1.755	\$11.015	\$11.246	\$8.394	\$15.584
Overtime	0.971	(0.801)	(1.134)	(0.240)	(0.247)	(0.254)
Health and Welfare	(2.908)	(2.815)	(3.080)	(2.688)	(2.757)	(2.831)
Pensions	(3.557)	8.900	(10.906)	(11.478)	(11.555)	(11.948)
Other Fringe Benefits	1.606	(2.111)	(0.458)	(0.058)	(1.315)	0.368
Reimbursable Overhead	(0.132)	(2.016)	(2.808)	(0.619)	(0.637)	(0.656)
Total Labor Expenditures	\$5.603	\$2.911	(\$7.371)	(\$3.837)	(\$8.117)	\$0.263
Non-Labor:						
Traction and Propulsion Power	(\$0.270)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Fuel for Buses and Trains	0.068	0.000	0.000	0.000	0.000	0.000
Insurance	(2.278)	(0.780)	(0.247)	0.117	(0.612)	0.083
Claims	0.114	1.040	2.855	2.855	2.855	2.855
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	(18.349)	(15.840)	(13.647)	(3.139)	(12.173)	(12.210)
Professional Service Contracts	(2.241)	(0.330)	(0.755)	(0.341)	(5.008)	(8.743)
Materials & Supplies	(12.402)	(5.657)	(3.152)	(1.950)	(2.106)	(2.251)
Other Business Expenditures	16.827	(7.863)	(8.081)	(17.720)	(8.634)	(8.670)
Total Non-Labor Expenditures	(\$18.531)	(\$29.430)	(\$23.027)	(\$20.178)	(\$25.678)	(\$28.936)
Other Expenditure Adjustments:						
Other	\$4.696	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Other Expenditure Adjustments	\$4.696	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Cash Conversion Adjustments before Depreciation	\$18.987	(\$2.660)	(\$7.059)	(\$3.372)	(\$10.838)	(\$5.128)
Depreciation Adjustment	\$158.272	\$183.909	\$194.000	\$200.000	\$207.000	\$214.000
Baseline Total Cash Conversion Adjustments	\$177.259	\$181.249	\$186.941	\$196.628	\$196.162	\$208.872
PEG Program	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Cash Conversion Adjustments	\$177.259	\$181.249	\$186.941	\$196.628	\$196.162	\$208.872

- Agreement wages in 2005 - 2006 include annual wage increases of 3.0% based on the current trend of labor contract settlements. In 2007-2009 Agreement salaries include CPI-based increases of 2.8%, 2.9%, and 3.2% respectively
- 2006 includes additional labor resources primarily for:
 - Security based Initiatives in GCT and upgrading electronic security \$.5million, Maintenance program increases for equipment inspections \$.2million and additional GCT based maintenance forces \$.2 million.
 - Service Plan improvements (\$.1 million)
- 2007 - 2009 additional labor costs are added to support security improvements to systems and facilities, increase service levels and coverage on all lines, increase car cleaning staff and provide additional administrative oversight and quality assurance functions in key operating areas.

Reimbursable

- Non Agreement salaries in 2005 include a cost of living increase of 3.0% effective May 2005. In 2006-2009 Non Agreement salaries include CPI-based increases of 2.6%, 2.8%, 2.9%, and 3.2% respectively.
- Agreement wages in 2005 - 2006 include annual wage increases of 3.0% based on the current trend of labor contract settlements. In 2007-2009 Agreement salaries include CPI-based increases of 2.8%, 2.9%, and 3.2% respectively
- 2006-2007 includes increased staffing for the M2 Critical System Replacement project.

OVERTIME

Non-Reimbursable

- 2005 - 2006 costs include annual wage increases of 3.0%.
- 2007 - 2009 include CPI-based wage increases of 2.8%, 2.9%, and 3.2% respectively.
- 2006-2009 includes additional on-board coverage requirements due to increases in service levels on all lines and emergency preparedness training.

Reimbursable

- 2005 - 2006 costs include annual wage increases of 3.0%.
- 2007 - 2009 include CPI-based wage increases of 2.8%, 2.9%, and 3.2% respectively.

HEALTH AND WELFARE

Non-Reimbursable

- Projected inflationary increases of 12.9% in 2005, and 9.3% in 2006 through 2009.
- 2005-2009 include the non-reimbursable share of cost reductions associated with escalating levels of agreement employee premium contributions estimated at \$.374 million in 2005, \$.643 million in 2006, \$.927 million in 2007, \$1.227 million in 2008 and \$1,545 million in 2009.
- Other Cost adjustments for 2005-2009 are the result of changes in staffing levels associated with the programmatic changes that are incorporated into each year of the financial plan for Maintenance Improvements, Service Plan Enhancements, Customer Service Amenities, Security, and Administration

Reimbursable

- Projected inflationary increases of 12.9% in 2005, and 9.3% in 2006 through 2009.

- 2005-2009 include the non-reimbursable share of cost reductions associated with escalating levels of agreement employee premium contributions estimated at \$.374 million in 2005, \$.643 million in 2006, \$.927 million in 2007, \$1.227 million in 2008 and \$1,545 million in 2009.

PENSIONS

Metro North Railroad's Pension costs for 2005-2009 include provisions to cover the anticipated cost of the conversion from a Defined Contribution Plan to a Defined Benefit Plan for Agreement employees.

Non-Reimbursable

- Agreement pension cost increases in 2005-2009 are based on projected patterned wage increases of 3% each year for 2005-2006, and CPI-based wage increases for 2007-2009.
- 2005-2006 agreement pension costs incorporate an effective employer contribution rate of 6% of payroll costs; employer contribution rate increases by 0.2% in 2007 through 2009.
- 2005-2009 management pension costs reflect the non-reimbursable share of a \$0.3 million annual cost increase.

Reimbursable

- Agreement pension cost increases in 2005-2009 are based on projected patterned wage increases of 3% each year for 2005-2006, and CPI-based wage increases for 2007-2009.
- 2005-2006 agreement pension costs incorporate an effective employer contribution rate of 6% of payroll costs; employer contribution rate increases by 0.2% in 2007 through 2009.
- 2005-2009 management pension costs reflect the reimbursable share of a \$0.3 million annual cost increase

OTHER FRINGE BENEFITS

Non-Reimbursable

- Railroad Retirement tax rates for Tier I and II remain constant for 2005-2009 at 7.65% and 13.1%, respectively.
- Maximum earnings level for Tier I is estimated at \$90,537 in 2005, \$93,253 in 2006, \$96,051 in 2007, \$98,932 in 2008 and \$101,900 in 2009.
- Maximum earnings level for Tier II is estimated at \$67,053 in 2005, \$69,065 in 2006, \$71,137 in 2007, \$73,271 in 2008 and \$75,469 in 2009.
- Other cost adjustments reflect inflationary salary increase and changes in staffing levels.

Reimbursable

- Railroad Retirement tax rates for Tier I and II remain constant for 2005-2009 at 7.65% and 13.1%, respectively.
- Maximum earnings level for Tier I is estimated at \$90,537 in 2005, \$93,253 in 2006, \$96,051 in 2007, \$98,932 in 2008 and \$101,900 in 2009.
- Maximum earnings level for Tier II is estimated at \$67,053 in 2005, \$69,065 in 2006, \$71,137 in 2007, \$73,271 in 2008 and \$75,469 in 2009.
- Other cost adjustments reflect inflationary salary increase and changes in staffing levels.

REIMBURSABLE OVERHEAD

Non-Reimbursable

- Overhead costs for 2005–2009 are based on a percentage share of direct labor costs charged to reimbursable projects. 2006-2009 overhead costs are based on the continuation of 2005 forecast levels, adjusted for changes in the M2 Critical System Replacement project and inflation-based increases in labor costs.
- Increased material handling cost on the M2 Critical System Replacement project from 2006-2009 is also driving the increased levels in these years.
- Equipment recovery increases are predicated on CPI-based inflation rates from 2006-2009 at 2.0%, 2.1%, 2.3%, and 2.5% respectively.

Reimbursable

- Overhead costs for 2005–2009 are based on a percentage share of direct labor costs charged to reimbursable projects. 2006-2009 overhead costs are based on the continuation of 2005 forecast levels, adjusted for changes in the M2 Critical System Replacement project and inflation-based increases in labor costs.
- Increased material handling cost on the M2 Critical System Replacement project from 2006-2009 is also driving the increased levels in these years.
- Equipment recovery increases are predicated on CPI-based inflation rates from 2006-2009 at 2.0%, 2.1%, 2.3%, and 2.5% respectively

TRACTION AND PROPULSION POWER

Non-Reimbursable

- 2005 primarily reflects the impact of lower rate increases from CL&P
- CPI increases in 2006-2009 of 2.0%, 2.1%, 2.3% and 2.5% respectively.
- 2005-2009 incorporates the net effect of new car procurements and retirements and adds \$2.2 million in 2006 and \$1.1 million in 2007 to Harlem and Hudson Line costs, and \$3.2 million in 2009 to the New Haven Line costs in anticipation of the M8 car procurement.
- Service Plan enhancements increase costs by \$.3 million in 2008 and by \$.5 million in 2009.

Reimbursable

- No Cost

FUEL FOR BUSES AND TRAINS

Non-Reimbursable

- 2005 costs reflect increases based on escalating price trends.
- CPI increases in 2006-2009 of 2.0%, 2.1%, 2.3%, and 2.5% respectively.
- 2007 and 2008 Service Plan enhancements increase costs by \$.1 million annually.

Reimbursable

- No Cost

INSURANCE

Non-Reimbursable

- Increases in 2005-2009 reflect revised insurance premium estimates.

Reimbursable

- Increases in 2006-2009 reflect revised insurance premium estimates.

CLAIMS

Non-Reimbursable

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

Reimbursable

- No Cost

MAINTENANCE AND OTHER CONTRACTS

Non-Reimbursable

- CPI increases in 2006-2009 of 2.0%, 2.1%, 2.3% and 2.5%, respectively.
- Equipment maintenance programs increase 2006 costs by \$8.1 million for additional overhaul costs for East and West of Hudson locomotives. These costs are reduced in 2007 and 2008 by \$3.4 million and \$1.6 million respectively with the completion of the West of Hudson program. 2006 and 2008 reflect a decrease in car disposal costs.
- 2006 – 2009 includes rising West of Hudson subsidy payments related to contract cost escalations and increases in service.
- 2006 includes lower costs for GCT electricity due to the withdrawal of outside buildings from the power grid (\$.7 million) and lower DuPont safety training costs.
- 2006 and 2007 also reflects an increase in outlying facility security costs of (\$.8 million and \$1.5 million).
- 2008 includes a provision for office space renovations (\$1.0 million),

Reimbursable

- CPI increases in 2006-2009 of 2.0%, 2.1%, 2.3%, and 2.5%, respectively.
Reduction through 2009 is due to gradual completion of the Shell-at-Grade project.

PROFESSIONAL SERVICE CONTRACTS

Non-Reimbursable

- CPI increases in 2006-2009 of 2.0%, 2.1%, 2.3% and 2.5%, respectively.
- Restoration of the 2005 reduction of MTA police service charges for the NH Line starting in 2009 (\$1.3 million).
- 2008 includes the restoration of a cost provision for general advertising fees (\$.8 million).

Reimbursable

- CPI increases in 2006-2009 of 2.0%, 2.1%, 2.3% and 2.5%, respectively.
- Reduction through 2009 is due to gradual completion of the M2 Critical System Replacement project.

MATERIAL AND SUPPLIES

Non-Reimbursable

- CPI increases in 2006-2009 of 2.0%, 2.1%, 2.3% and 2.5%, respectively
- 2006 includes reductions for the completion of the Event Recorder Retrofit program (\$.3 million) and software license fees (\$.5 million).
- 2006-2007 includes cost savings related to M1 car retirements.
- 2009 includes incremental material cost provisions to support the anticipated acquisition of M-8 cars.

Reimbursable

- CPI increases in 2006-2009 of 2.0%, 2.1%, 2.3% and 2.5%, respectively.

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

FARE BOX REVENUE

Non-Reimbursable

- Projected ridership growth of 2.6% in 2005, 1.3% in 2006, 1.4% in 2007, 1.5% in 2008 and 1.0% in 2009 is responsible for higher Fare Box Revenue.

Reimbursable

- Not applicable

OTHER OPERATING REVENUE

Non-Reimbursable

- 2005 increase reflects higher net retail GCT tenant and miscellaneous event revenues and higher utility revenues due to the delayed withdrawal of all outside buildings from the GCT power grid now scheduled to be completed by January 1 2006. These increases are offset by the delayed implementation of higher West of Hudson parking fees
- 2006-2009 primarily incorporates the initiation of higher West of Hudson Parking fees and contractually based increases in GCT tenant fees and advertising revenues.

Reimbursable

- Not applicable

CAPITAL AND OTHER REIMBURSEMENTS

Non-Reimbursable

- Not applicable

Reimbursable

- Capital project cost reimbursements in each year of the financial plan are based on recouping 100% of accrued project expenditures. 2005 accrued expenditures (and receipts) are based upon the latest projection of capital project activity which includes peaking of the Shell-at-Grade and acceleration of the M2 Critical System Replacement project.
- 2006-2009 accrued expenditures (and receipts) are based on a continuation of 2005 forecasted project cost levels adjusted for significant project changes and the impact of inflation:
 - In 2006 and 2007 decreasing levels of maintenance and professional service contracts for the Shell-at-Grade project are offset by increased labor and material requirements for the M2 Critical System Replacement project.
 - In 2008 completion of the Shell-at-Grade project reduces project cost and reimbursement levels.
 - In 2009 the M2 Critical System Replacement project is completed, further reducing overall reimbursement levels.

PAYROLL

Non-Reimbursable

- Non Agreement salaries in 2005 include a cost of living increase of 3.0% effective May 2005. In 2006-2009 Non Agreement salaries include CPI-based increases of 2.6%, 2.8%, 2.9%, and 3.2% respectively.

- Increased material levels in 2006-2009 are due to peaking of the M2 Critical System Replacement project.

OTHER BUSINESS EXPENSES

Non-Reimbursable

- 2006-2009 includes a \$1.5 million provision for service improvements.
- CPI increases in 2006-2009 of 2.0%, 2.1%, 2.3% and 2.5%, respectively
- 2008 and 2009 include provisions for maintenance initiatives (\$2.5 million in 2008 and \$2.0 million in 2008).

Reimbursable

- CPI increases in 2006-2009 of 2.0%, 2.1%, 2.3% and 2.5%, respectively.

DEPRECIATION

Non-Reimbursable

- No change

Reimbursable

- No Cost

MTA Metro-North Railroad
July Financial Plan 2006 - 2009
Year-to-Year Changes by Category - Accrual Basis
(\$ in millions)

**NON-REIMBURSABLE and
REIMBURSABLE**

	Favorable/(Unfavorable)								
	2005	2006	Change 2006 - 2005	2007	Change 2007 - 2006	2008	Change 2008 - 2007	2009	Change 2009 - 2008
Revenue									
Farebox Revenue	\$435.606	\$445.233	\$9.627	\$451.865	\$6.632	\$458.054	\$6.189	\$463.601	\$5.547
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	31.673	31.889	0.216	32.856	0.967	33.632	0.776	34.423	0.791
Capital and Other Reimbursements	160.542	166.167	5.625	176.377	10.210	176.043	(0.334)	172.271	(3.772)
Total Revenue	\$627.821	\$643.289	\$15.468	\$661.098	\$17.809	\$667.729	\$6.631	\$670.295	\$2.566
Expenses									
Labor:									
Payroll	\$364.733	\$377.258	(\$12.525)	\$391.138	(\$13.880)	\$406.301	(\$15.163)	\$423.368	(\$17.067)
Overtime	50.211	52.008	(1.797)	54.146	(2.138)	55.939	(1.793)	57.661	(1.722)
Health and Welfare	74.506	82.920	(8.414)	91.643	(8.724)	100.719	(9.076)	111.415	(10.696)
Pensions	49.901	45.552	4.348	47.261	(1.709)	48.543	(1.282)	49.272	(0.729)
Other Fringe Benefits	75.383	77.757	(2.374)	80.888	(3.131)	84.155	(3.267)	87.783	(3.628)
Reimbursable Overhead	(2.016)	(2.808)	0.792	(0.619)	(2.189)	(0.637)	0.018	(0.656)	0.019
Total Labor Expenses	\$612.717	\$632.687	(\$19.969)	\$664.458	(\$31.771)	\$695.020	(\$30.562)	\$728.843	(\$33.823)
Non-Labor:									
Traction and Propulsion Power	\$45.492	\$50.788	(\$5.296)	\$53.046	(\$2.258)	\$54.887	(\$1.841)	\$60.339	(\$5.452)
Fuel for Buses and Trains	12.002	12.193	(0.191)	12.511	(0.318)	12.850	(0.339)	13.155	(0.305)
Insurance	14.610	17.271	(2.661)	19.822	(2.551)	22.300	(2.478)	25.112	(2.812)
Claims	14.111	14.926	(0.815)	14.926	0.000	14.926	0.000	14.926	0.000
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other	100.392	103.042	(2.650)	104.778	(1.736)	107.541	(2.763)	105.733	1.808
Professional Service Contracts	31.439	30.723	0.716	31.601	(0.878)	32.348	(0.747)	33.454	(1.106)
Materials & Supplies	84.408	90.919	(6.511)	91.699	(0.780)	92.026	(0.327)	96.856	(4.830)
Other Business Expenses	11.054	12.234	(1.180)	13.111	(0.877)	15.417	(2.306)	17.570	(2.153)
Total Non-Labor Expenses	\$313.508	\$332.096	(\$18.588)	\$341.494	(\$9.398)	\$352.295	(\$10.801)	\$367.145	(\$14.850)
Other Expenses Adjustments:	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Other Expense Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenses before Depreciation	\$926.225	\$964.783	(\$38.557)	\$1,005.952	(\$41.169)	\$1,047.315	(\$41.363)	\$1,095.988	(\$48.673)
Depreciation	183.909	194.000	(\$10.091)	200.000	(6.000)	207.000	(7.000)	214.000	(7.000)
Total Expenses	\$1,110.134	\$1,158.783	(\$48.648)	\$1,205.952	(\$47.169)	\$1,254.315	(\$48.363)	\$1,309.988	(\$55.673)
Baseline Net Surplus/(Deficit)	(\$482.313)	(\$515.494)	(\$33.180)	(\$544.854)	(\$29.360)	(\$586.586)	(\$41.732)	(\$639.693)	(\$53.107)
PEG Program	0.093	1.370	1.277	3.036	1.666	4.867	1.831	6.484	1.617
Net Surplus/(Deficit)	(\$482.220)	(\$514.124)	(\$31.903)	(\$541.818)	(\$27.694)	(\$581.719)	(\$39.901)	(\$633.209)	(\$51.490)

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

FARE BOX REVENUE

Non-Reimbursable

- Projected ridership growth of 2.6% in 2005, 1.3% in 2006, 1.4% in 2007, 1.5% in 2008 and 1.0% in 2009 is responsible for higher Fare Box Revenue.

Reimbursable

- Not applicable

Cash

- 2005-2009 cash adjustments include receipts from the sale of MetroCards, Westchester County bus fares, and special event promotions, partially offset by credit card fees associated with the purchase of passenger tickets.

OTHER OPERATING REVENUE

Non-Reimbursable

- 2005 increase reflects higher net retail GCT tenant and miscellaneous event revenues and higher utility revenues due to the delayed withdrawal of all outside buildings from the GCT power grid now scheduled to be completed by January 1 2006. These increases are offset by the delayed implementation of higher West of Hudson parking fees
- 2006-2009 primarily incorporates the initiation of higher West of Hudson Parking fees and contractually based increases in GCT tenant fees and advertising revenues.

Reimbursable

- Not applicable

Cash

- 2005 cash adjustments include a projected \$1.5 million refund for overpayment of prior period force account insurance. 2005-2009 adjustments include the reclassification of Amtrak and other railroad reimbursements (from the Maintenance and Other Operating Contracts category), reimbursements from CDOT for station facilities and unitickets, the MTA for electricity charges, payments by former employees for health insurance coverage, reimbursements for claims settlements, scrap sale receipts, and other miscellaneous items.

CAPITAL AND OTHER REIMBURSEMENTS

Non-Reimbursable

- Not applicable

Reimbursable

- Capital project cost reimbursements in each year of the financial plan are based on recouping 100% of accrued project expenditures. 2005 accrued expenditures (and receipts) are based upon the latest projection of capital project activity which includes peaking of the Shell-at-Grade and acceleration of the M2 Critical System Replacement project.
- 2006-2009 accrued expenditures (and receipts) are based on a continuation of 2005 forecasted project cost levels adjusted for significant project changes and the impact of inflation:

- In 2006 and 2007 decreasing levels of maintenance and professional service contracts for the Shell-at-Grade project are offset by increased labor and material requirements for the M2 Critical System Replacement project.
- In 2008 completion of the Shell-at-Grade project reduces project cost and reimbursement levels.
- In 2009 the M2 Critical System Replacement project is completed, further reducing overall reimbursement levels.

PAYROLL

Non-Reimbursable

- Non Agreement salaries in 2005 include a cost of living increase of 3.0% effective May 2005. In 2006-2009 Non Agreement salaries include CPI-based increases of 2.6%, 2.8%, 2.9%, and 3.2% respectively.
- Agreement wages in 2005 - 2006 include annual wage increases of 3.0% based on the current trend of labor contract settlements. In 2007-2009 Agreement salaries include CPI-based increases of 2.8%, 2.9%, and 3.2% respectively
- 2006 includes additional labor resources primarily for:
 - Security based Initiatives in GCT and upgrading electronic security \$.5million, Maintenance program increases for equipment inspections \$.2million and additional GCT based maintenance forces \$.2 million.
 - Service Plan improvements (\$.1 million)
- 2007 - 2009 additional labor costs are added to support security improvements to systems and facilities, increase service levels and coverage on all lines, increase car cleaning staff and provide additional administrative oversight and quality assurance functions in key operating areas.

Reimbursable

- Non Agreement salaries in 2005 include a cost of living increase of 3.0% effective May 2005. In 2006-2009 Non Agreement salaries include CPI-based increases of 2.6%, 2.8%, 2.9%, and 3.2% respectively.
- Agreement wages in 2005 - 2006 include annual wage increases of 3.0% based on the current trend of labor contract settlements. In 2007-2009 Agreement salaries include CPI-based increases of 2.8%, 2.9%, and 3.2% respectively
- 2006-2007 includes increased staffing for the M2 Critical System Replacement project.

Cash

- Cash includes payments of \$9.6 million in 2005 (excluding fringe) for prior period accrued RWA for unsettled unions. 2005-2009 cash adjustments also include differences between expense accruals and cash disbursements for the number of days paid, vacation and sick day provisions, employee health club memberships, agreement employee allowance for tools and safety shoes, employee contribution to health care coverage, and agreement employee contributions to the Defined Benefit Pension Plan.

OVERTIME

Non-Reimbursable

- 2005 - 2006 costs include annual wage increases of 3.0%.

- 2007 - 2009 include CPI-based wage increases of 2.8%, 2.9%, and 3.2% respectively.
- 2006-2009 includes additional on-board coverage requirements due to increases in service levels on all lines and emergency preparedness training.

Reimbursable

- 2005 - 2006 costs include annual wage increases of 3.0%.
- 2007 - 2009 include CPI-based wage increases of 2.8%, 2.9%, and 3.2% respectively.

HEALTH AND WELFARE

Non-Reimbursable

- Projected inflationary increases of 12.9% in 2005, and 9.3% in 2006 through 2009.
- 2005-2009 include the non-reimbursable share of cost reductions associated with escalating levels of agreement employee premium contributions estimated at \$.374 million in 2005, \$.643 million in 2006, \$.927 million in 2007, \$1.227 million in 2008 and \$1,545 million in 2009.
- Other Cost adjustments for 2005-2009 are the result of changes in staffing levels associated with the programmatic changes that are incorporated into each year of the financial plan for Maintenance Improvements, Service Plan Enhancements, Customer Service Amenities, Security, and Administration

Reimbursable

- Projected inflationary increases of 12.9% in 2005, and 9.3% in 2006 through 2009.
- 2005-2009 include the reimbursable share of cost reductions associated with escalating levels of agreement employee premium contributions estimated at \$.374 million in 2005, \$.643 million in 2006, \$.927 million in 2007, \$1.227 million in 2008 and \$1,545 million in 2009.

Cash

- 2005-2009 cash adjustments include current and former employee contributions toward health insurance costs.

PENSIONS

Metro North Railroad's Pension costs for 2005-2009 include provisions to cover the anticipated cost of the conversion from a Defined Contribution Plan to a Defined Benefit Plan for Agreement Staffs.

Non-Reimbursable

Metro North Railroad's Pension costs for 2005-2009 include provisions to cover the anticipated cost of the conversion from a Defined Contribution Plan to a Defined Benefit Plan for Agreement employees.

Non-Reimbursable

- Agreement pension cost increases in 2005-2009 are based on projected patterned wage increases of 3% each year for 2005-2006, and CPI-based wage increases for 2007-2009.
- 2005-2006 agreement pension costs incorporate an effective employer contribution rate of 6% of payroll costs; employer contribution rate increases by 0.2% in 2007 through 2009.
- 2005-2009 management pension costs reflect the non-reimbursable share of a \$0.3 million annual cost increase.

Reimbursable

- Agreement pension cost increases in 2005-2009 are based on projected patterned wage increases of 3% each year for 2005-2006, and CPI-based wage increases for 2007-2009.
- 2005-2006 agreement pension costs incorporate an effective employer contribution rate of 6% of payroll costs; employer contribution rate increases by 0.2% in 2007 through 2009.
- 2005-2009 management pension costs reflect the reimbursable share of a \$0.3 million annual cost increase

Cash

- 2005-2009 adjustments include difference between expense accruals and cash disbursements, and agreement employee contribution to the Defined Benefit Pension Plan. 2005 reflects a \$20 million cash reduction due to the prepayment of pension costs (paid in 2003).

OTHER FRINGE BENEFITS

Non-Reimbursable

- Railroad Retirement tax rates for Tier I and II remain constant for 2005-2009 at 7.65% and 13.1%, respectively.
- Maximum earnings level for Tier I is estimated at \$90,537 in 2005, \$93,253 in 2006, \$96,051 in 2007, \$98,932 in 2008 and \$101,900 in 2009.
- Maximum earnings level for Tier II is estimated at \$67,053 in 2005, \$69,065 in 2006, \$71,137 in 2007, \$73,271 in 2008 and \$75,469 in 2009.
- Other cost adjustments reflect inflationary salary increase and changes in staffing levels.

Reimbursable

- Railroad Retirement tax rates for Tier I and II remain constant for 2005-2009 at 7.65% and 13.1%, respectively.
- Maximum earnings level for Tier I is estimated at \$90,537 in 2005, \$93,253 in 2006, \$96,051 in 2007, \$98,932 in 2008 and \$101,900 in 2009.
- Maximum earnings level for Tier II is estimated at \$67,053 in 2005, \$69,065 in 2006, \$71,137 in 2007, \$73,271 in 2008 and \$75,469 in 2009.
- Other cost adjustments reflect inflationary salary increase and changes in staffing levels.

Cash

- 2005 include adjustments for railroad retirement taxes related to RWA settlements. 2005-2009 also includes adjustments between expense accruals and cash disbursements.

REIMBURSABLE OVERHEAD

Non-Reimbursable

- Overhead costs for 2005–2009 are based on a percentage share of direct labor costs charged to reimbursable projects. 2006-2009 overhead costs are based on the continuation of 2005 forecast levels, adjusted for changes in the M2 Critical System Replacement project and inflation-based increases in labor costs.
- Increased material handling cost on the M2 Critical System Replacement project from 2006-2009 is also driving the increased levels in these years.

- Equipment recovery increases are predicated on CPI-based inflation rates from 2006-2009 at 2.0%, 2.1%, 2.3%, and 2.5%, respectively.

Reimbursable

- Overhead costs for 2005–2009 are based on a percentage share of direct labor costs charged to reimbursable projects. 2006-2009 overhead costs are based on the continuation of 2005 forecast levels, adjusted for changes in the M2 Critical System Replacement project and inflation-based increases in labor costs.
- Increased material handling cost on the M2 Critical System Replacement project from 2006-2009 is also driving the increased levels in these years.
- Equipment recovery increases are predicated on CPI-based inflation rates from 2006-2009 at 2.0%, 2.1%, 2.3%, and 2.5%, respectively.

TRACTION AND PROPULSION POWER

Non-Reimbursable

- 2005 primarily reflects the impact of lower rate increases from CL&P
- CPI increases in 2006-2009 of 2.0%, 2.1%, 2.3% and 2.5% respectively.
- 2005-2009 incorporates the net effect of new car procurements and retirements and adds \$2.2 million in 2006 and \$1.1 million in 2007 to Harlem and Hudson Line costs, and \$3.2 million in 2009 to the New Haven Line costs in anticipation of the M8 car procurement.
- Service Plan enhancements increase costs by \$.3 million in 2008 and by \$.5 million in 2009.

Reimbursable

- No Cost

FUEL FOR BUSES AND TRAINS

Non-Reimbursable

- 2005 costs reflect increases based on escalating price trends.
- CPI increases in 2006-2009 of 2.0%, 2.1%, 2.3%, and 2.5% respectively.
- 2007 and 2008 Service Plan enhancements increase costs by \$.1 million annually.

Reimbursable

- No Cost

INSURANCE

Non-Reimbursable

- Increases in 2005-2009 reflect revised insurance premium estimates.

Reimbursable

- Increases in 2006-2009 reflect revised insurance premium estimates.

Cash

- 2006-2009 reflects increase in force account payments as well as All-Agency insurance costs.

CLAIMS

Non-Reimbursable

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

Reimbursable

- No Cost

Cash

- 2006-2009 payments reflect lower personal injury payments.

MAINTENANCE AND OTHER CONTRACTS

Non-Reimbursable

- CPI increases in 2006-2009 of 2.0%, 2.1%, 2.3% and 2.5%, respectively.
- Equipment maintenance programs increase 2006 costs by \$8.1 million for additional overhaul costs for East and West of Hudson locomotives. These costs are reduced in 2007 and 2008 by \$3.4 million and \$1.6 million respectively with the completion of the West of Hudson program. 2006 and 2008 reflect a decrease in car disposal costs.
- 2006 – 2009 includes rising West of Hudson subsidy payments related to contract cost escalations and increases in service.
- 2006 includes lower costs for GCT electricity due to the withdrawal of outside buildings from the power grid (\$.7 million) and lower DuPont safety training costs.
- 2006 and 2007 also reflects an increase in outlying facility security costs of (\$.8 million and \$1.5 million).
- 2008 includes a provision for office space renovations (\$1.0 million),

Reimbursable

- CPI increases in 2006-2009 of 2.0%, 2.1%, 2.3%, and 2.5%, respectively. Reduction through 2009 is due to gradual completion of the Shell-at-Grade project.

Cash

- 2005 cash adjustments include payment of prior period accruals for GCT management fees. 2005-2009 includes the reclassification of Amtrak and other railroad reimbursements to Other Operating Revenue. Also included are payments on behalf of CDOT for station facilities and the MTA for electricity charges.

PROFESSIONAL SERVICE CONTRACTS

Non-Reimbursable

- CPI increases in 2006-2009 of 2.0%, 2.1%, 2.3% and 2.5%, respectively.
- Restoration of the 2005 reduction of MTA police service charges for the NH Line starting in 2009 (\$1.3 million).
- 2008 includes the restoration of a cost provision for general advertising fees (\$.8 million).

Reimbursable

- CPI increases in 2006-2009 of 2.0%, 2.1%, 2.3% and 2.5%, respectively.
- Reduction through 2009 is due to gradual completion of the M2 Critical System Replacement project.

MATERIAL AND SUPPLIES

Non-Reimbursable

- CPI increases in 2006-2009 of 2.0%, 2.1%, 2.3% and 2.5%, respectively

- 2006 includes reductions for the completion of the Event Recorder Retrofit program (\$.3 million) and software license fees (\$.5 million).
- 2006-2007 includes cost savings related to M1 car retirements.
- 2009 includes incremental material cost provisions to support the anticipated acquisition of M-8 cars.

Reimbursable

- CPI increases in 2006-2009 of 2.0%, 2.1%, 2.3% and 2.5%, respectively.
- Increased material levels in 2006-2009 are due to peaking of the M2 Critical System Replacement project.

OTHER BUSINESS EXPENSES

Non-Reimbursable

- 2006-2009 includes a \$1.5 million provision for service improvements.
- CPI increases in 2006-2009 of 2.0%, 2.1%, 2.3% and 2.5%, respectively
- 2008 and 2009 include provisions for maintenance initiatives (\$2.5 million in 2008 and \$2.0 million in 2008).

Reimbursable

- CPI increases in 2006-2009 of 2.0%, 2.1%, 2.3% and 2.5%, respectively.

Cash

- 2005-2009 cash adjustments include payments for receipt of MetroCards, Westchester County bus fares, special promotions, and employee health club memberships, partially offset by the reclassification of credit card fees as an offset to Farebox Revenue and safety shoe and tool allowance to the Payroll category.

DEPRECIATION

Non-Reimbursable

- No change

Reimbursable

- No Cost

MTA Metro-North Railroad
July Financial Plan 2006 - 2009
Year-to-Year Changes by Category - Cash Basis
(\$ in millions)

	Favorable/(Unfavorable)								
	2005	2006	Change 2006 - 2005	2007	Change 2007 - 2006	2008	Change 2008 - 2007	2009	Change 2009 - 2008
Cash Receipts & Expenditures									
<u>Receipts</u>									
Farebox Revenue	\$443.170	\$452.853	\$9.683	\$459.965	\$7.112	\$466.104	\$6.139	\$471.651	\$5.547
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	46.749	45.592	(1.157)	47.111	1.519	47.887	0.776	48.678	0.791
Capital and Other Reimbursements	161.761	168.183	6.422	174.665	6.482	176.695	2.030	173.511	(3.184)
Total Receipts	\$651.680	\$666.628	\$14.948	\$681.741	\$15.113	\$690.686	\$8.945	\$693.840	\$3.154
<u>Expenditures</u>									
Labor:									
Payroll	\$362.940	\$366.243	(\$3.303)	\$379.892	(\$13.649)	\$397.907	(\$18.015)	\$407.784	(\$9.877)
Overtime	51.012	53.142	(2.130)	54.386	(1.244)	56.186	(1.800)	57.915	(1.729)
Health and Welfare	77.301	86.000	(8.699)	94.331	(8.332)	103.476	(9.145)	114.246	(10.770)
Pensions	40.987	56.458	(15.471)	58.739	(2.281)	60.098	(1.359)	61.220	(1.122)
Other Fringe Benefits	77.473	78.215	(0.742)	80.946	(2.731)	85.470	(4.524)	87.415	(1.945)
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenditures	\$609.713	\$640.058	(\$30.345)	\$668.295	(\$28.237)	\$703.137	(\$34.842)	\$728.580	(\$25.443)
Non-Labor:									
Traction and Propulsion Power	\$45.492	\$50.788	(\$5.296)	\$53.046	(\$2.258)	\$54.887	(\$1.841)	\$60.339	(\$5.452)
Fuel for Buses and Trains	12.002	12.193	(0.191)	12.511	(0.318)	12.850	(0.339)	13.155	(0.305)
Insurance	15.390	17.518	(2.128)	19.705	(2.187)	22.912	(3.207)	25.029	(2.117)
Claims	13.071	12.071	1.000	12.071	0.000	12.071	0.000	12.071	0.000
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other									
Operating Contracts	116.232	116.689	(0.457)	107.917	8.772	119.714	(11.797)	117.943	1.771
Professional Service Contracts	31.769	31.478	0.291	31.942	(0.464)	37.356	(5.414)	42.197	(4.841)
Materials & Supplies	90.065	94.071	(4.006)	93.649	0.422	94.132	(0.483)	99.107	(4.975)
Other Business Expenses	18.917	20.315	(1.398)	30.831	(10.516)	24.051	6.780	26.240	(2.189)
Total Non-Labor Expenditures	\$342.938	\$355.123	(\$12.185)	\$361.672	(\$6.549)	\$377.973	(\$16.301)	\$396.081	(\$18.108)
Other Expenditure Adjustments:									
Other	\$0.000	\$0.000	0.000	\$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	\$0.000	\$0.000	\$0.000
Total Expenditures	\$952.651	\$995.181	(\$42.530)	\$1,029.967	(\$34.786)	\$1,081.110	(\$51.143)	\$1,124.661	(\$43.551)
Baseline Net Cash Deficit	(\$300.971)	(\$328.553)	(\$27.582)	(\$348.226)	(\$19.673)	(\$390.424)	(\$42.198)	(\$430.821)	(\$40.397)
PEG Program	\$0.093	\$1.370	\$1.277	\$3.036	\$1.666	\$4.867	\$1.831	\$6.484	\$1.617
Net Cash Deficit	(\$300.878)	(\$327.183)	(\$26.305)	(\$345.190)	(\$18.007)	(\$385.557)	(\$40.367)	(\$424.337)	(\$38.780)

CHANGES TO THE FEBRUARY FINANCIAL PLAN 2005- 2009

Revisions to Metro-North's financial plan for the 2005-2009 period reflect adjustments resulting from evolving economic conditions, changing cost assumptions and resource allocations, as well as a series of program deferrals that contribute toward cost reduction measures while limiting, to the extent possible, adverse impact to Metro-North's current service levels and performance standards.

2005: JULY FINANCIAL PLAN VS. FEBRUARY FINANCIAL PLAN

In the July Financial Plan subsidy requirements for non-reimbursable operations are \$.6 million lower than in the February Plan. Several offsetting factors contributed to this favorable result. Revenue increases stemming from ridership growth in excess of budget projections, as well as higher proceeds from retail operations in Grand Central Terminal were the primary causes in subsidy reductions. These favorable results were offset by expense increases associated with the replacement of deteriorating concrete ties on the Hudson Line, rising energy costs, an increase in West of Hudson subsidies due to lower ridership revenues, and lower overhead expense recoveries from capital projects due to the rescheduling of the East Side Access project and the diversion of personnel to emergency coverage related to inclement winter weather conditions.

Reimbursable project costs (and receipts) are \$12.9 million lower than the February Plan. In addition to inclement weather conditions during the first quarter, which reduced overall project activity levels, lower costs reflect scheduling changes to the East Side Access project and the reallocation of resources to the project to replace deteriorating concrete ties on the Hudson Line which is currently classified an Operating/Capital project.

2006: JULY FINANCIAL PLAN VS. FEBRUARY FINANCIAL PLAN

In the July Financial Plan 2006, subsidy requirements for non-reimbursable operations are \$7.4 million higher than in the February Plan baseline. This increase reflects the general rise in the Consumer Price Index applied to base costs, as well as the continuation of 2005 cost increase trends for West of Hudson operations, energy, and reductions in overhead cost recoveries from capital projects. Other expenditure level increases reflect the addition of a \$1.5 million provision for service improvements, the continuation of concrete tie replacements on the Hudson Line, the rescheduling of equipment overhauls, and the net cost impacts of the rolling stock replacement plan. Offsetting these expenditure increases is the continuation of 2005 revenue growth trends associated with higher ridership and improved parking, advertising and GCT retail income levels.

Reimbursable project costs (and receipts) are \$12.4 million lower than the February Plan reflecting a general decrease in expenditures predicated on the continuation of the revised 2005 expenditure level base, which includes the reallocation of resources to the Operating/Capital project to replace Hudson Line concrete ties. 2007 July Financial Plan vs. February Financial Plan

In the July Financial Plan, 2007 subsidy requirements for non-reimbursable operations are \$7.0 million higher than the February Plan baseline. This increase reflects the general rise in the Consumer Price Index applied to base costs, as well as the continuation of 2005 cost increase trends for West of Hudson operations, energy, the net cost impacts of rolling stock replacement and overhauls, reductions in overhead cost recoveries from capital projects, and an increase in security plan support costs. The July Plan also includes the impact of the service improvement provision added in 2006. Offsetting these expenditure increases is a reduction in Operating/Capital project cost provisions and the continuation of 2005 revenue growth trends associated with higher ridership and improved parking, advertising and GCT retail income levels.

Reimbursable project costs (and receipts) were \$6.4 million lower than the February Plan reflecting a general decrease in expenditures predicated on the continuation of the revised 2006 expenditure level base

2008 JULY FINANCIAL PLAN VS. FEBRUARY FINANCIAL PLAN

In the July Financial Plan, 2008 subsidy requirements for non-reimbursable operations are \$19.1 million higher than the February Plan baseline. This increase reflects the general rise in the Consumer Price Index applied to base costs, as well as the continuation of 2005 cost increase trends for West of Hudson operations, energy, the net cost impacts of rolling stock replacement and overhauls, reductions in overhead cost recoveries from capital projects, and an increase in security plan support costs. The July Plan also includes the impact of the service improvement provision added in 2006. Offsetting these expenditure increases is a reduction in Operating/Capital project cost provisions and the continuation of 2005 revenue growth trends associated with higher ridership and improved parking, advertising and GCT retail income levels.

Reimbursable project costs (and receipts) are \$1.8 million below the February Plan reflecting a general decrease in expenditures predicated on the continuation of 2006 project expenditure levels.

2009 JULY FINANCIAL PLAN VS. FEBRUARY FINANCIAL PLAN

In the July Financial Plan, 2009 subsidy requirements for non-reimbursable operations are \$25.5 million higher than the February Plan baseline. This increase reflects the general rise in the Consumer Price Index applied to base costs, as well as the continuation of 2005 cost increase trends for West of Hudson operations, energy, the net cost impacts of rolling stock replacement and overhauls (including the anticipated of M8 cars for the New Haven Line), reductions in overhead cost recoveries from capital projects, and an increase in security plan support costs. The July Plan also includes the impact of the service improvement provision added in 2006. Offsetting these expenditure increases is a reduction in Operating/Capital project cost provisions and the continuation of 2005 revenue growth trends associated with higher ridership and improved parking, advertising and GCT retail income levels.

Reimbursable project costs (and receipts) are \$1.7 million below the February Plan reflecting a general decrease in expenditures predicated on the continuation of 2006 project expenditure levels.

MTA Metro-North Railroad
July Financial Plan 2006 - 2009
Summary of Changes Between Financial Plans by Category
(\$ in millions)

	2005	2006	2007	2008	2009
NON-REIMBURSABLE					
2005 February Financial Plan - Operating Cash Income/(Deficit)	(\$301.525)	(\$301.973)	(\$321.995)	(\$358.461)	(\$397.097)
Add Back: February Plan Unspecified PEG's	\$0.000	\$17.816	\$16.187	\$7.967	\$1.749
Baseline 2005 February Financial Plan - Operating Cash/(Deficit)	(\$301.525)	(\$319.789)	(\$338.182)	(\$366.428)	(\$398.846)
Baseline:					
Changes					
Revenue					
FARE BOX REVENUE RIDERSHIP GROWTH	\$5.496	\$5.428	\$6.972	\$8.876	\$8.197
OTHER REVENUE	1.235	0.691	1.013	1.088	1.087
RECLASS OF W OF H MAIL AND RIDE REVENUE (Incl. in E of H Fin. Stmt.)	0.600	0.600	0.600	0.600	0.600
Sub-Total Revenue Changes	\$7.331	\$6.719	\$8.585	\$10.564	\$9.884
Expenses					
ADVERTISING - (GENERAL RIDERSHIP)	\$0.000	\$0.825	\$0.825	\$0.000	\$0.000
CUSTOMER SERVICE-GROUP SALES INITIATIVE	0.000	0.110	0.109	0.000	0.000
EQUIP STRATEGY - INVERTER CONVERSION (GTO TO IGBT) ON M4/M6	0.200	0.000	0.000	0.000	0.000
EQUIP STRATEGY - M3 HVAC CONTROL REPLACEMENT	0.254	0.000	0.000	0.000	0.000
EQUIP STRATEGY - W OF H COMET 3 OVERHAUL	0.000	0.800	0.000	0.000	0.000
M OF E - PREVENTATIVE MAINTENANCE PROGRAM	0.000	0.700	0.700	0.700	0.700
METRO-NORTH 25TH ANNIVERSARY	0.000	0.000	0.185	(0.185)	0.000
PORTABLE RADIOS FOR CONDUCTORS	0.000	0.163	0.000	0.000	0.000
PREVENTIVE MAINTENANCE PROGRAM PROVISION	0.000	0.000	6.500	6.500	6.500
PROVISION FOR MANAGEMENT INITIATIVES	0.000	0.000	2.500	2.000	0.000
SECURITY PLAN - CONNECT FIBER OPTIC BREWSTER TO NH	0.000	0.000	0.000	0.195	0.195
SECURITY PLAN - ECC (MAINTENANCE COST)	0.000	0.315	0.315	0.000	(0.459)
SECURITY PLAN - GCT HALLS/TRAINSHED FIRE	0.000	0.357	0.713	0.000	0.000
SECURITY PLAN - REDUNDANT PBX IN MIDTOWN	0.000	0.225	0.225	0.000	0.000
SERVICE PLAN 2006	0.000	0.157	0.314	0.314	0.314
SERVICE PLAN 2007	0.000	0.000	0.159	0.318	0.318
SERVICE PLAN 2009	0.000	0.000	0.000	0.000	0.654
SIGNAL & CTC IMPROVEMENTS DANBURY BRANCH	0.000	0.000	0.346	(0.030)	0.000
MISC ENVIROMENTAL IMPROVEMENTS	0.000	0.000	0.000	0.137	0.107
ELECTRIC PROPULSION FCST REDUCTION)	3.956	3.956	3.956	3.956	3.956
OTE-OT- CORP	2.367	1.367	1.367	1.367	1.367
MOFE DECR IN MAT'L	1.032	0.676	0.676	0.676	0.676
CLAIMS ACCRUAL ADJ IN 2005	1.000	1.000	1.000	1.000	1.000
DECREASE IN DATA CENTER	0.700	0.700	0.700	0.700	0.700
CUT SLE PROVISION IN 2005	0.600	0.000	0.000	0.000	0.000
CUT GCT OCCUPANCY	0.488	0.000	0.000	0.000	0.000
LOWER INSURANCE CARRIED FORWARD	0.459	0.459	0.459	0.459	0.459
LOWER 2005 NA WAGE INCREASE	0.351	0.000	0.000	0.000	0.000
MOFE SCRAP CREDIT	0.300	0.000	0.000	0.000	0.000
CUT MW VEHICLE REPAIRS	0.250	0.250	0.250	0.250	0.250
ALL OTHER	1.515	0.226	(0.181)	(2.031)	2.029
EQUIPMENT REPLACEMENT PLAN - DISPOSAL COSTS	(2.287)	0.657	(1.219)	0.000	0.000
EQUIPMENT REPLACEMENT PLAN - H&H (OP. COSTS)	(1.712)	(1.806)	(2.477)	(2.445)	(2.412)
MID-HUDSON STATION/OVERPASS IMPROVEMENTS	(0.015)	(0.015)	(0.015)	(0.015)	(0.015)
PENTA SYSTEM UPGRADE/MAINTENANCE	0.000	0.000	0.000	(0.075)	0.000
TVMS/TOMS/MAIL & RIDE (EXCLUDING REVENUE)	(0.147)	(0.294)	(0.294)	(0.294)	(0.294)
SERVICE PLAN 2008	0.000	0.000	0.000	(0.329)	(0.658)
W OF H SUBSIDY CHANGE (INCLUDING SERVICE PLAN) (1)	(3.497)	(3.624)	(4.039)	(4.865)	(5.490)
W OF H INCREASE FARE HOLDDOWN	(0.030)	(0.060)	(0.060)	(0.060)	(0.060)
EQUIP STRATEGY - GENESIS LOCOMOTIVE OVERHAUL	2.400	(1.760)	(5.560)	(8.340)	(8.340)
EQUIP STRATEGY - W OF H LOCOMOTIVE OVERHAUL	1.790	(1.770)	(1.630)	(0.010)	(0.010)
SECURITY PLAN - GCT FIRE/LIFE SAFETY TRAIN SHED	0.000	(0.050)	(0.050)	(0.050)	(0.050)
SECURITY PLAN - IMPROVE/PROTECT IT NETWORK	0.000	(0.034)	(0.034)	(0.034)	(0.034)
SECURITY PLAN - OUTLYING SHOPS AND YARDS	0.000	0.000	(1.500)	(1.500)	(1.500)
SECURITY PLAN - PARK AVE TUNNEL UPS SYSTEM	0.000	0.000	(0.059)	(0.059)	(0.059)
SECURITY PLAN - UPPER HUDSON EMERGENCY	0.000	(0.025)	(0.025)	(0.025)	(0.025)
ELECTRIC PROPULSION 2006 BRIDGE ADD	0.000	(1.954)	(1.954)	(1.954)	(1.954)
2006 -2010 ADJ FOR 2005 NA WAGE INCR (3%VS 2.5%)	0.000	(0.360)	(0.360)	(0.360)	(0.360)
2006 FIRE SUPPRESSION CONTRACT IN SAFETY	0.000	(0.350)	(0.350)	(0.350)	(0.350)
INCREASE OFFICE RENT GRAYBAR	0.000	(0.332)	(0.332)	(0.332)	(0.332)
INFLATION	0.000	(2.511)	(7.788)	(13.680)	(20.815)
MOFE T&E SWITCHING	(0.156)	(0.078)	(0.156)	(0.078)	0.000

MTA Metro-North Railroad
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(\$ in millions)

	2005	2006	2007	2008	2009
MOFE INCR IN OCCUPANCY	(0.264)	(0.132)	(0.132)	(0.132)	(0.132)
INCR STA SVC OCCUPANCY	(0.296)	(0.251)	(0.251)	(0.251)	(0.251)
MOFE INCR IN OTHER OP CONTRACTS	(0.480)	(0.480)	(0.480)	(0.480)	(0.480)
LOWER NA VACANCY BY 5 POSITIONS	(0.497)	0.000	0.000	0.000	0.000
INCREASE IN CREDIT CARD FEES	(0.700)	(0.700)	(0.700)	(0.700)	(0.700)
2005 FRINGE CHANGE	(0.969)	(0.546)	(0.546)	(0.546)	2.354
NA ADJ FOR PAYBACK OF LAG DAYS	(0.984)	0.000	0.000	0.000	0.000
OTE-OT- MOFE INCR	(1.190)	(0.590)	(0.590)	(0.590)	(0.590)
OTE-ST- CORP ADJ	(1.700)	(1.700)	(1.700)	(1.700)	(1.700)
2005 DIESEL FUEL PRICE ADD	(3.568)	(3.568)	(3.568)	(3.568)	(3.568)
OH RECOVERY	(4.035)	(2.625)	(2.536)	(2.025)	(1.713)
CONSTRUCTION CP-248 INTERLOCKING	0.000	(0.111)	(0.092)	(0.147)	(0.152)
EQUIPMENT REPLACEMENT PLAN - NHL (OP.	0.095	0.200	0.204	(0.238)	(6.229)
FUEL FACILITY IMPROVEMENTS - NH & STAMFORD	0.000	0.000	0.000	0.000	(0.087)
HARLEM RIVER LIFT BRIDGE SYSTEM REHABILITATION	0.000	(0.090)	(0.089)	(0.091)	(0.094)
HIGHBRIDGE YARD - CONSTRUCT CAR WASHER	0.000	0.000	0.000	0.000	(0.109)
INSTALLATION OF SECTIONALIZED SWITCHES - GCT	0.000	0.000	0.000	(0.091)	(0.094)
NEW HAVEN RUNNING REPAIR SHOP	0.000	(0.187)	(0.380)	(0.389)	(0.399)
NEW HAVEN WHEEL TRUE SHOP	0.000	0.000	0.000	0.000	(0.305)
EQUIP STRATEGY - P-40 LEASE FOR NHL SVC	(0.170)	(0.173)	(0.177)	(0.181)	0.000
MATERIAL STORAGE EQUIP NWP & HBRDG	0.000	(0.367)	(0.375)	(0.383)	(0.393)
SECURITY PLAN - GCT ELECTRONIC SECURITY	0.000	(0.366)	(2.712)	(4.035)	(4.125)
PROVISION FOR SERVICE IMPROVEMENTS	0.000	(1.500)	(1.500)	(1.500)	(1.500)
EQUIP STRATEGY - F-40 LEASE FOR W OF H	(\$0.100)	(\$0.082)	(\$0.031)	\$0.000	\$0.000
Sub-Total Expense Changes	(\$5.040)	(\$15.348)	(\$22.439)	(\$35.576)	(\$44.259)
Cash Adjustments:					
Revenue	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Expenses					
Sub-Total Cash Adjustments	(\$1.737)	(\$0.135)	\$3.810	\$1.016	\$2.402
Total Baseline Changes	\$0.554	(\$8.764)	(\$10.044)	(\$23.996)	(\$31.973)
PEG Program					
NEW HAVEN SHOPS & YARD - CAR WASHER / WHEEL SHOP	\$0.000	\$0.117	\$0.120	\$0.122	\$0.125
TVMs PURCHASE ADDITIONAL 36 MACHINES	\$0.093	\$1.253	\$2.562	\$4.138	\$5.250
IT-EVALUATION EQUIPMENT & TECHNOLOGY	\$0.000	\$0.000	\$0.104	\$0.107	\$0.109
PROCESS REVIEW FOR PRODUCTION SAVINGS	\$0.000	\$0.000	\$0.250	\$0.500	\$1.000
TOTAL PEGS	\$0.093	\$1.370	\$3.036	\$4.867	\$6.484
Total Changes	\$0.647	(\$7.394)	(\$7.008)	(\$19.129)	(\$25.489)
2005 July Financial Plan - Operating Cash Income/(Deficit)	(\$300.878)	(\$327.183)	(\$345.190)	(\$385.557)	(\$424.335)

MTA Metro-North Railroad
July Financial Plan 2006 - 2009
Summary of Changes Between Financial Plans by Category
(\$ in millions)

	2005	2006	2007	2008	2009
REIMBURSABLE					
2005 February Financial Plan - Operating Cash Income/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Add Back: February Plan Unspecified PEG's					
Baseline 2005 February Financial Plan - Operating Cash Income/(Deficit)					
Baseline:					
Changes					
Revenue					
CHANGES IN CAPITAL PROJECT ACTIVITY LEVELS	(12.892)	(12.388)	(6.374)	(1.843)	(1.664)
Sub-Total Revenue Changes	(\$12.892)	(\$12.388)	(\$6.374)	(\$1.843)	(\$1.664)
Expenses					
CHANGES IN CAPITAL PROJECT ACTIVITY LEVELS	12.892	12.388	6.374	1.843	1.664
Sub-Total Expense Changes	\$12.892	\$12.388	\$6.374	\$1.843	\$1.664
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
Programmatic New Needs					
PEG Program					
Total Changes	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000

MTA Metro-North Railroad
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(\$ in millions)

	2005	2006	2007	2008	2009
NON-REIMBURSABLE and REIMBURSABLE					
2005 February Financial Plan - Operating Cash Income/(Deficit)	(\$301.525)	(\$301.973)	(\$321.995)	(\$358.461)	(\$397.097)
Add Back: February Plan Unspecified PEG's	\$0.000	\$17.816	\$16.187	\$7.967	\$1.749
Baseline 2005 February Financial Plan - Operating Cash/(Deficit)	(\$301.525)	(\$319.789)	(\$338.182)	(\$366.428)	(\$398.846)
Baseline:					
Changes					
Baseline:					
Changes					
Revenue					
FARE BOX REVENUE RIDERSHIP GROWTH	\$5.496	\$5.428	\$6.972	\$8.876	\$8.197
OTHER REVENUE	1.235	0.691	1.013	1.088	1.087
CHANGES IN CAPITAL PROJECT ACTIVITY LEVELS	(12.892)	(12.388)	(6.374)	(1.843)	(1.664)
RECLASS OF W OF H MAIL AND RIDE REVENUE (Incl. in E of H Fin. Stmt.)	0.600	0.600	0.600	0.600	0.600
Sub-Total Revenue Changes	(\$5.561)	(\$5.669)	\$2.211	\$8.721	\$8.220
Expenses					
ADVERTISING - (GENERAL RIDERSHIP)	\$0.000	\$0.825	\$0.825	\$0.000	\$0.000
CUSTOMER SERVICE-GROUP SALES INITIATIVE	0.000	0.110	0.109	0.000	0.000
EQUIP STRATEGY - INVERTER CONVERSION (GTO TO IGBT) ON M4/M6	0.200	0.000	0.000	0.000	0.000
EQUIP STRATEGY - M3 HVAC CONTROL REPLACEMENT	0.254	0.000	0.000	0.000	0.000
EQUIP STRATEGY - W OF H COMET 3 OVERHAUL	0.000	0.800	0.000	0.000	0.000
M OF E - PREVENTATIVE MAINTENANCE PROGRAM	0.000	0.700	0.700	0.700	0.700
METRO-NORTH 25TH ANNIVERSARY	0.000	0.000	0.185	(0.185)	0.000
PORTABLE RADIOS FOR CONDUCTORS	0.000	0.163	0.000	0.000	0.000
PREVENTIVE MAINTENANCE PROGRAM PROVISION	0.000	0.000	6.500	6.500	6.500
PROVISION FOR MANAGEMENT INITIATIVES	0.000	0.000	2.500	2.000	0.000
SECURITY PLAN - CONNECT FIBER OPTIC BREWSTER TO NH	0.000	0.000	0.000	0.195	0.195
SECURITY PLAN - ECC (MAINTENANCE COST)	0.000	0.315	0.315	0.000	(0.459)
SECURITY PLAN - GCT HALLS/TRAINSHED FIRE	0.000	0.357	0.713	0.000	0.000
SECURITY PLAN - REDUNDANT PBX IN MIDTOWN	0.000	0.225	0.225	0.000	0.000
SERVICE PLAN 2006	0.000	0.157	0.314	0.314	0.314
SERVICE PLAN 2007	0.000	0.000	0.159	0.318	0.318
SERVICE PLAN 2009	0.000	0.000	0.000	0.000	0.654
SIGNAL & CTC IMPROVEMENTS DANBURY BRANCH	0.000	0.000	0.346	(0.030)	0.000
MISC ENVIROMENTAL IMPROVEMENTS	0.000	0.000	0.000	0.137	0.107
ELECTRIC PROPULSION FCST REDUCTION)	3.956	3.956	3.956	3.956	3.956
OTE-OT- CORP	2.367	1.367	1.367	1.367	1.367
MOFE DECR IN MAT'L	1.032	0.676	0.676	0.676	0.676
CLAIMS ACCRUAL ADJ IN 2005	1.000	1.000	1.000	1.000	1.000
DECREASE IN DATA CENTER	0.700	0.700	0.700	0.700	0.700
CUT SLE PROVISION IN 2005	0.600	0.000	0.000	0.000	0.000
CUT GCT OCCUPANCY	0.488	0.000	0.000	0.000	0.000
LOWER INSURANCE CARRIED FORWARD	0.459	0.459	0.459	0.459	0.459
LOWER 2005 NA WAGE INCREASE	0.351	0.000	0.000	0.000	0.000
MOFE SCRAP CREDIT	0.300	0.000	0.000	0.000	0.000
CUT MW VEHICLE REPAIRS	0.250	0.250	0.250	0.250	0.250
ALL OTHER	1.515	0.226	(0.181)	(2.031)	2.029
EQUIPMENT REPLACEMENT PLAN - DISPOSAL COSTS	(2.287)	0.657	(1.219)	0.000	0.000
EQUIPMENT REPLACEMENT PLAN - H&H (OP. COSTS)	(1.712)	(1.806)	(2.477)	(2.445)	(2.412)
MID-HUDSON STATION/OVERPASS IMPROVEMENTS	(0.015)	(0.015)	(0.015)	(0.015)	(0.015)
PENTA SYSTEM UPGRADE/MAINTENANCE	0.000	0.000	0.000	(0.075)	0.000
TVMS/TOMS/MAIL & RIDE (EXCLUDING REVENUE)	(0.147)	(0.294)	(0.294)	(0.294)	(0.294)
SERVICE PLAN 2008	0.000	0.000	0.000	(0.329)	(0.658)
W OF H SUBSIDY CHANGE (INCLUDING SERVICE PLAN) (1)	(3.497)	(3.624)	(4.039)	(4.865)	(5.490)
W OF H INCREASE FARE HOLDDOWN	(0.030)	(0.060)	(0.060)	(0.060)	(0.060)
EQUIP STRATEGY - GENESIS LOCOMOTIVE OVERHAUL	2.400	(1.760)	(5.560)	(8.340)	(8.340)
EQUIP STRATEGY - W OF H LOCOMOTIVE OVERHAUL	1.790	(1.770)	(1.630)	(0.010)	(0.010)
SECURITY PLAN - GCT FIRE/LIFE SAFETY TRAIN SHED	0.000	(0.050)	(0.050)	(0.050)	(0.050)
SECURITY PLAN - IMPROVE/PROTECT IT NETWORK	0.000	(0.034)	(0.034)	(0.034)	(0.034)
SECURITY PLAN - OUTLYING SHOPS AND YARDS	0.000	0.000	(1.500)	(1.500)	(1.500)
SECURITY PLAN - PARK AVE TUNNEL UPS SYSTEM	0.000	0.000	(0.059)	(0.059)	(0.059)
SECURITY PLAN - UPPER HUDSON EMERGENCY	0.000	(0.025)	(0.025)	(0.025)	(0.025)
ELECTRIC PROPULSION 2006 BRIDGE ADD	0.000	(1.954)	(1.954)	(1.954)	(1.954)
2006 -2010 ADJ FOR 2005 NA WAGE INCR (3%VS 2.5%)	0.000	(0.360)	(0.360)	(0.360)	(0.360)
2006 FIRE SUPPRESSION CONTRACT IN SAFETY	0.000	(0.350)	(0.350)	(0.350)	(0.350)
INCREASE OFFICE RENT GRAYBAR	0.000	(0.332)	(0.332)	(0.332)	(0.332)

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	2005	2006	2007	2008	2009
INFLATION	0.000	(2.511)	(7.788)	(13.680)	(20.815)
MOFE T&E SWITCHING	(0.156)	(0.078)	(0.156)	(0.078)	0.000
MOFE INCR IN OCCUPANCY	(0.264)	(0.132)	(0.132)	(0.132)	(0.132)
INCR STA SVC OCCUPANCY	(0.296)	(0.251)	(0.251)	(0.251)	(0.251)
MOFE INCR IN OTHER OP CONTRACTS	(0.480)	(0.480)	(0.480)	(0.480)	(0.480)
LOWER NA VACANCY BY 5 POSITIONS	(0.497)	0.000	0.000	0.000	0.000
INCREASE IN CREDIT CARD FEES	(0.700)	(0.700)	(0.700)	(0.700)	(0.700)
2005 FRINGE CHANGE	(0.969)	(0.546)	(0.546)	(0.546)	2.354
NA ADJ FOR PAYBACK OF LAG DAYS	(0.984)	0.000	0.000	0.000	0.000
OTE-OT- MOFE INCR	(1.190)	(0.590)	(0.590)	(0.590)	(0.590)
OTE-ST- CORP ADJ	(1.700)	(1.700)	(1.700)	(1.700)	(1.700)
2005 DIESEL FUEL PRICE ADD	(3.568)	(3.568)	(3.568)	(3.568)	(3.568)
OH RECOVERY	(4.035)	(2.625)	(2.536)	(2.025)	(1.713)
CONSTRUCTION CP-248 INTERLOCKING	0.000	(0.111)	(0.092)	(0.147)	(0.152)
EQUIPMENT REPLACEMENT PLAN - NHL (OP.	0.095	0.200	0.204	(0.238)	(6.229)
FUEL FACILITY IMPROVEMENTS - NH & STAMFORD	0.000	0.000	0.000	0.000	(0.087)
HARLEM RIVER LIFT BRIDGE SYSTEM REHABILITATION	0.000	(0.090)	(0.089)	(0.091)	(0.094)
HIGHBRIDGE YARD - CONSTRUCT CAR WASHER	0.000	0.000	0.000	0.000	(0.109)
INSTALLATION OF SECTIONALIZED SWITCHES - GCT	0.000	0.000	0.000	(0.091)	(0.094)
NEW HAVEN RUNNING REPAIR SHOP	0.000	(0.187)	(0.380)	(0.389)	(0.399)
NEW HAVEN WHEEL TRUE SHOP	0.000	0.000	0.000	0.000	(0.305)
EQUIP STRATEGY - P-40 LEASE FOR NHL SVC	(0.170)	(0.173)	(0.177)	(0.181)	0.000
MATERIAL STORAGE EQUIP NWP & HBRDG	0.000	(0.367)	(0.375)	(0.383)	(0.393)
SECURITY PLAN - GCT ELECTRONIC SECURITY	0.000	(0.366)	(2.712)	(4.035)	(4.125)
PROVISION FOR SERVICE IMPROVEMENTS	0.000	(1.500)	(1.500)	(1.500)	(1.500)
EQUIP STRATEGY - F-40 LEASE FOR W OF H	(0.100)	(0.082)	(0.031)	0.000	0.000
CHANGES IN CAPITAL PROJECT ACTIVITY LEVELS	12.892	12.388	6.374	1.843	1.664
Sub-Total Expense Changes	\$7.852	(\$2.960)	(\$16.065)	(\$33.733)	(\$42.595)
Cash Adjustments:					
Revenue					
Expenses					
Sub-Total Cash Adjustments	(\$1.737)	(\$0.135)	\$3.810	\$1.016	\$2.402
Total Baseline Changes	\$0.554	(\$8.764)	(\$10.044)	(\$23.996)	(\$31.973)
PEG Program					
NEW HAVEN SHOPS & YARD - CAR WASHER / WHEEL SHOP	\$0.000	\$0.117	\$0.120	\$0.122	\$0.125
TVMs PURCHASE ADDITIONAL 36 MACHINES	0.093	1.253	2.562	4.138	5.250
IT-EVALUATION EQUIPMENT & TECHNOLOGY	0.000	0.000	0.104	0.107	0.109
PROCESS REVIEW FOR PRODUCTION SAVINGS	0.000	0.000	0.250	0.500	1.000
TOTAL PEGS	\$0.093	\$1.370	\$3.036	\$4.867	\$6.484
Total Changes	\$0.647	(\$7.394)	(\$7.008)	(\$19.129)	(\$25.489)
2005 July Financial Plan - Operating Cash Income/(Deficit)	(\$300.878)	(\$327.183)	(\$345.190)	(\$385.557)	(\$424.335)

MTA Metro-North Railroad
July Financial Plan 2006 - 2009
Summary of PEGs
(\$ in millions)

	Favorable/(Unfavorable)											
	2004 Actuals		2005		2006		2007		2008		2009	
	Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars
LIST of PROGRAMS												
Administration:												
IT - EVALUATION EQUIPMENT & TECHNOLOGY		.000		.000		.000		.104		.107		.109
PROCESS REVIEW FOR PRODUCTIVITY SAVINGS		.000		.000		.000		.250		.500		1.000
Sub-Total Administration	0	\$.000	0	\$.000	0	\$.000	0	\$.354	0	\$.607	0	\$ 1.109
Customer Convenience & Amenities:												
TVMs PURCHASE ADDITIONAL 36 MACHINES		\$.000	0	\$.093	(3)	\$ 1.253	(3)	\$ 2.562	(3)	\$ 4.138	(3)	\$ 5.250
Sub-Total Customer Convenience & Amenities	0	\$.000	0	\$.093	(3)	\$ 1.253	(3)	\$ 2.562	(3)	\$ 4.138	(3)	\$ 5.250
Service:												
Sub-Total Service	0	\$.000	0	\$.000	0	\$.000	0	\$.000	0	\$.000	0	\$.000
Maintenance:												
NEW HAVEN SHOPS & YARD - CAR WASHER / WHEEL SHOP	0	.000	0	.000	1	.117	1	.120	1	.122	1	.125
Sub-Total Maintenance	0	\$.000	0	\$.000	1	\$.117	1	\$.120	1	\$.122	1	\$.125
Revenue Enhancements:												
Sub-Total Revenue Enhancements	0	\$.000	0	\$.000	0	\$.000	0	\$.000	0	\$.000	0	\$.000
Other:												
Sub-Total Other	0	\$.000	0	\$.000	0	\$.000	0	\$.000	0	\$.000	0	\$.000
Total PEGs	0	\$.000	0	\$ 0.093	(2)	\$ 1.370	(2)	\$ 3.036	(2)	\$ 4.867	(2)	\$ 6.484

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

**MTA Metro-North Railroad
July Financial Plan 2006-2009
PEG Financial Impact Worksheet**

PEG Program Category: ADMINISTRATION

Program: IT - EVALUATION EQUIPMENT & TECHNOLOGY

Background Details:	The Information Technology Department must perform research and evaluation of new technologies and products to ensure that MNR IT services are both secure and efficient while at the same time meeting current and future industry standards. This program was to start in 2005 but due to funding constraints was deferred to 2007.
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PEG Description/Implementation Plan:	The provision is being eliminated for the duration of the plan.	
PEG Implementation Date:	January 2007	When will PEG savings begin?:

	2004 Actuals	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<i>Financial Impact (Operating)</i>						
Net Savings (in millions)	\$0.000	\$0.000	\$0.000	\$0.104	\$0.107	\$0.109
<i>Total Reduction in Positions Required</i>						
<i>(List Title of Positions)</i>						
Current Vacancies	0	0	0	0	0	0
<i>(List title of vacant positions)</i>						
<i>Impact on Operations:</i>						
Ridership Per Week (in thousands)						
Mean Distance Between Failure						
On-Time Performance						
Other						
(Identify Appropriate Indicator)						
<i>List of Other Concerns:</i>	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-

**MTA Metro-North Railroad
July Financial Plan 2006-2009
PEG Financial Impact Worksheet**

PEG Program Category: MAINTENANCE
Program: NEW HAVEN SHOPS & YARD - CAR WASHER / WHEEL SHOP

Background Details: Major improvements are currently being made to the New Haven Yard & Shop complex. They include a new car washer and wheel shop. MNR has few working car wash facilities, and only one on the New Haven Line at Stamford. One M of W-Track position was to have been added to maintain the network of tracks and interlockings in this section of the complex.

PEG Description/Implementation Plan: The position will not be added. Required work will be performed with existing/reallocated staff.

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

	2004 Actuals	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<i>Financial Impact (Operating)</i>						
Net Savings (in millions)	\$0.000	\$0.000	\$0.117	\$0.120	\$0.122	\$0.125
<i>Total Reduction in Positions Required</i>		0	1	1	1	1
<i>(List Title of Positions)</i>						
Current Vacancies <i>(List title of vacant positions)</i>	0	0	0	0	0	0
<i>Impact on Operations:</i>						
Ridership Per Week (in thousands)						
Mean Distance Between Failure						
On-Time Performance						
Other <i>(Identify Appropriate Indicator)</i>						
<i>List of Other Concerns:</i>	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-

**MTA Metro-North Railroad
July Financial Plan 2006-2009
PEG Financial Impact Worksheet**

PEG Program Category: ADMINISTRATION
Program: PROCESS REVIEW FOR PRODUCTIVITY SAVINGS

Background Details: The recently implemented PeopleSoft Financial and Human Resource Systems, other new and upgraded systems developed in-house, as well as the ongoing replacement of old, difficult to maintain rolling stock with M7s, and the scheduled addition of new shop space in NH, afford the railroad an opportunity for a program of process reviews that is likely to yield productivity savings. MNR recently began just such a Process Review Program that will target several functions across departmental lines.

PEG Description/Implementation Plan: In its early stage, the program was started with the preliminary identification of target functions and review focus. The next steps include the establishment of review teams, assignment of priorities, and settlement of schedules and timeframes. A number of these reviews are likely to take a few weeks, some will take months. The current plan is to update the status of this Process Review Program with each Financial Plan update.

PEG Implementation Date: When will PEG savings begin?:

	2004 Actuals	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<i>Financial Impact (Operating)</i>						
Net Savings (in millions)	\$0.000	\$0.000	\$0.000	\$0.250	\$0.500	\$1.000
<i>Total Reduction in Positions Required</i>						
<i>(List Title of Positions)</i>						
Current Vacancies	0	0	0	0	0	0
<i>(List title of vacant positions)</i>						
<i>Impact on Operations:</i>						
Ridership Per Week (in thousands)						
Mean Distance Between Failure						
On-Time Performance						
Other						
<i>(Identify Appropriate Indicator)</i>						
<i>List of Other Concerns:</i>	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-

**MTA Metro-North Railroad
July Financial Plan 2006-2009
PEG Financial Impact Worksheet**

PEG Program Category: CUSTOMER SERVICE
Program: TVMs PURCHASE ADDITIONAL 36 MACHINES

Background Details: MNR is in the process of purchasing 36 additional ticket vending machines (TVMs) and replacing the existing Control Support System. The project will expand MNR's automated ticket selling network, thereby improving customer service at many outlying stations and concurrently reducing on-board ticket sales. Reduction in on-board ticket sales translates into improved revenue collection.

PEG Description/Implementation Plan: The addition of the TVMs will require the addition of 6 TVM Technicians, two IT support positions (Dbase Administrator, Sr. Network Field Support Analyst), and maintenance contracts. These additional costs, however, will be offset by a reduction in Ticket Agents positions (for a net increase of three positions), and the projected increase in revenue collection. Ticket Agent positions at seven stations are scheduled to be affected. The single tours of duty (6am-2pm Mon-Fri) at Hastings, Mamaroneck, Pelham and Tuckahoe are to be eliminated, as well as the part-time (6am-10am Mon-Fri) position at Norton Heights and one of the 22 positions at Grand Central Terminal. One of the Ticket Agent position reductions will be offset by the recently authorized addition of a Ticket Agent position at Fordham to handle increasing sales.

PEG Implementation Date: September 2005 & April 2006 **When will PEG savings begin?:** January 2006

	2004 Actuals	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<i>Financial Impact (Operating)</i>						
Net Savings (in millions)	\$0.000	\$0.093	\$1.253	\$2.562	\$4.138	\$5.250
<i>Total Reduction in Positions Required</i>			(3)	(3)	(3)	(3)
<i>(List Title of Positions)</i>						
Current Vacancies	0	0	0	0	0	0
<i>(List title of vacant positions)</i>						
<i>Impact on Operations:</i>						
Ridership Per Week (in thousands)						
Mean Distance Between Failure						
On-Time Performance						
Other						
(Identify Appropriate Indicator)						
<i>List of Other Concerns:</i>	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-

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.
- 2005 staffing levels reflect changes in project requirements.
- 2006-2009 staffing levels assume a continuation of 2005 project activity levels.

MTA Metro-North Railroad
July Financial Plan 2006 - 2009
Total Non-Reimbursable - Reimbursable Positions at End-of-Year
Full-Time Positions and Full Time Equivalents

FUNCTION/DEPARTMENT	2004 Actuals	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
Administration						
President	6	6	6	6	6	6
Labor Relations	11	13	13	13	13	13
Safety	12	13	14	14	14	14
Corporate & Media Relations	15	15	15	15	15	15
Legal	15	16	16	16	16	16
Claims Services	21	21	22	22	22	22
Environmental Compliance & Serv	6	6	6	6	6	6
VP Human Resources	3	3	3	3	3	3
Human Resources	46	47	47	47	47	47
Training	30	31	31	31	31	31
Workforce Diversity	4	4	4	4	4	4
VP Planning & Development	5	5	5	5	5	5
Operations Planning	12	13	13	13	13	13
Capital Planning	14	14	14	14	14	14
Business Development & Facilities	14	14	14	14	14	14
Marketing	10	10	10	10	10	10
Industrial Engineering	9	9	9	9	9	9
Executive Vice President	1	1	1	1	1	1
Controller	126	128	128	128	128	128
Information Technology	114	121	127	127	127	127
Budget	15	16	16	16	16	16
Customer Service	63	65	65	66	67	67
Corporate *	-	(23)	(45)	(45)	(45)	(45)
Total Administration	552	548	534	535	536	536
Operations						
VP Operations	37	37	37	37	50	50
Operations Services	1,953	1,828	1,835	1,838	1,849	1,895
Metro-North West	28	32	32	32	32	32
Total Operations	2,018	1,897	1,904	1,907	1,931	1,977
Maintenance						
GCT	344	344	348	354	373	393
Maintenance of Equipment	1,128	1,247	1,253	1,253	1,253	1,253
Maintenance of Way	1,519	1,440	1,447	1,470	1,479	1,490
Procurement & Material Mgmt	173	171	172	172	172	172
Total Maintenance	3,164	3,202	3,220	3,249	3,277	3,308
Engineering/Capital						
Project Budget	12	13	13	13	13	13
Construction Management	37	39	41	41	41	41
Engineering & Design	60	62	62	62	62	62
Total Engineering/Capital	109	114	116	116	116	116
Baseline Total Positions	5,843	5,761	5,774	5,807	5,860	5,937
<i>Non-Reimbursable</i>	5,481	5,219	5,229	5,262	5,315	5,392
<i>Reimbursable</i>	362	542	545	545	545	545
<i>Total Full-Time</i>	5,837	5,756	5,769	5,802	5,855	5,932
<i>Total Full-Time-Equivalents</i>	6	5	5	5	5	5
Impact of:						
2005 Program to Eliminate the Gap						
2006 Program to Eliminate the Gap		2	2	2	2	2
Total Positions	5,843	5,763	5,776	5,809	5,862	5,939
<i>Non-Reimbursable</i>	5,481	5,221	5,231	5,264	5,317	5,394
<i>Reimbursable</i>	362	542	545	545	545	545
<i>Total Full-Time</i>	5,837	5,758	5,771	5,804	5,857	5,934
<i>Total Full-Time-Equivalents</i>	6	5	5	5	5	5

* Reflects turnover vacancies in December not included in department totals.

RIDERSHIP/UTILIZATION PROJECTIONS

- Ridership projections are developed primarily by the application of line segment ridership forecasting models that incorporate current trends and 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 incorporates higher customer growth rates for East of Hudson Service than the February Plan. This increase is attributed to general growth trends, which are incorporated into the 2006-2009 ridership base, as well as several 2005 extraordinary ticket sale events related to the pre-purchase of ten-trip tickets prior to the March 2005 fare increase, and the diversion of Westchester County bus riders to Metro-North during the Bee-Line Bus Strike.

The 2005 forecast reflects East of Hudson service ridership that is 1.8% higher than the adopted (February Plan) budget, and 2.6% higher than 2004 actual results. In 2006, 2007, 2008 and 2009, ridership is projected to grow 1.3%, 1.4%, 1.5% and 1.0%, respectively.

- West of Hudson utilization reflects lower customer levels than included in the February Plan. This decrease reflects lower than previously projected ridership growth from new service, the opening of the Secaucus transfer and the re-opening of PATH Service in lower Manhattan.

The 2005 forecast reflects West of Hudson ridership that is 15.4% lower than the adopted (February Plan) budget, but 18.8% higher than 2004 actual results. In 2006, 2007, 2008 and 2009, ridership is projected to grow 8.4%, 5.6%, 4.2% and 2.6%, respectively.

MTA Metro-North Railroad
July Financial Plan 2006 - 2009
Ridership/Traffic Volume (Utilization)
(in millions)

	2004 Actuals	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<u>Farebox Revenue *</u>						
Harlem Line	\$118.063	\$127.059	\$130.899	\$133.290	\$135.058	\$136.826
Hudson Line	81.757	88.618	91.541	93.804	95.816	97.165
New Haven Line	202.669	219.329	222.193	224.171	226.580	229.010
Total Farebox Revenue	\$402.489	\$435.006	\$444.633	\$451.265	\$457.454	\$463.001
<i>Impact of:</i>						
Program to Eliminate the Gap	-	-	1.590	3.180	4.770	5.962
Total Revenue	\$402.489	\$435.006	\$446.223	\$454.445	\$462.224	\$468.963
<u>Ridership</u>						
Harlem Line	24.039	24.696	25.074	25.496	25.857	26.120
Hudson Line	13.616	14.011	14.255	14.567	14.876	15.032
New Haven Line	33.102	33.905	34.199	34.524	34.974	35.283
Baseline Total Ridership	70.757	72.612	73.528	74.587	75.707	76.435
<i>Impact of:</i>						
Program to Eliminate the Gap	-	-	-	-	-	-
Total Ridership	70.757	72.612	73.528	74.587	75.707	76.435

* Excludes Mail and Ride Fare box Revenue from West of Hudson Service of \$.600 million 2005-2010.

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MTA Headquarters

**MTA Headquarters
2006 Preliminary Budget
July Financial Plan 2006 – 2009**

Mission Statement

The mission of Metropolitan Transportation Authority Headquarters is to maximize use of MTA Transportation services and facilities by its customers and to provide support to the operating agencies in budget, cash management, finance, legal, real estate, treasury, risk and insurance management, and other services. In addition, MTA Headquarters' Department of Public Safety provides the highest level of policing and security for MTA's customers, employees and facilities.

Financial Overview

Mindful of its obligations to support customer ridership while maintaining a strong commitment to safety and security for its customers, employees, and facilities, MTA Headquarters has embarked on an aggressive program to reduce costs and to achieve expense reductions through 2009. This has been accomplished through the diligent work of all MTA Headquarters departments in reviewing current programs and cutting those that were superfluous or too expensive, as well as undertaking those projects that promote efficiencies. In reviewing departmental activities, it was determined that primarily through increased employee productivity, immediate savings could be reflected by reducing headcount by three positions in 2005, one position in 2006, and three positions in 2007 through 2009 (seven positions total).

Savings from programs to eliminate the gap have already begun and will reduce expenses by \$0.655 million beginning in 2005 and \$2.260 million in 2006. Thereafter, these programs result in expense reductions of \$3.893 million, \$3.990 million, and \$4.126 million in 2007, 2008, and 2009 respectively.

2005 Mid-Year Forecast

The MTA Headquarters Mid-Year Forecast reflects some significant changes from the 2005 Adopted Budget. The Forecast now reflects 2 Broadway Operating and MTA Inspector General expenses more in-line with the way that these costs are currently being reported on a monthly basis. While the MTA IG costs were originally reflected in the Adopted Budget as a lump-sum item, the individual expense items are now reflected in the categories where they are reported. 2 Broadway expenses and revenues have been reported on a monthly basis under MTAHQ since the beginning of this year to more closely match official financial statements. The expenses and revenues for 2 Broadway are now included in the Mid-Year Forecast and all subsequent years.

The Mid-Year Forecast also captures the financial impact of the arbitration agreement settling the contract negotiations with the MTA Police collective bargaining units. The Mid-Year Forecast reflects an increase of approximately \$9 million in increased salary and benefits, as well as an additional \$7.7 million in retroactive pay and benefits.

In addition, certain new needs have been included in the 2005 Mid-Year Forecast including legal and real estate costs related to the West Side Yard development, NYPD academy fees, costs related to the move of the MTA Data Center and the establishment of a Federal Employees Liability Act (FELA) reserve to address settlement of claims.

2006 Preliminary Budget- Baseline

MTA Headquarters projects a Baseline Net Deficit of \$249.901 million in the 2006 Preliminary Budget before PEGs. The Net Deficit is \$4.739 million higher than the 2005 Mid-Year Forecast of \$245.162 million. Increased compensation expenditures related to full-year staffing, higher contractual police wages and higher pension and other benefit rates are partially offset by reduced internal support requirements and lower non-personnel expenses. The baseline also assumes headcount levels of 635 employees at MTA Headquarters and 719 employees in Public Safety, totaling 1,354 employees. Included in this base line deficit are a total of \$1.690 million in new needs to the plan. Of this amount, \$0.500 million is for required assessments to be paid to the New York State Department of Labor for construction contracts based on capital spending expected increases in 2006 and the associated Public Works Enforcement Fund assessment will be increased accordingly. The remaining \$1.190 is a continuation of new needs from 2005. The below-the-line 2006 PEG program is discussed below.

2007-2009 Projections - Baseline

The baseline Net Deficit for 2007 is \$256.728 million which incorporates \$1.703 million in continuing New Needs from the 2005 Mid-Year and the 2006 Preliminary Budget. The baseline reflects level staffing at MTA Headquarters from the 2006 Baseline of 1,354 employees.

The baseline Net Deficit for 2008 increases from 2007 by \$3.925 million to \$260.652 million, which incorporates \$1.717 million in continuing New Needs from the 2005 Mid-Year and the 2006 Preliminary Budget. The baseline reflects level staffing at MTA Headquarters from the 2007 Baseline of 1,354 employees.

The baseline Net Deficit for 2009 increases over the 2008 baseline by \$6.942 million to \$267.594 million, which includes \$1.731 million in continuing New Needs from the 2005 Mid-Year and the 2006 Preliminary Budget. The baseline reflects level staffing at MTA Headquarters from the 2008 Baseline of 1,354 employees

Gap Closing Measures

2006 Programs to Eliminate the Gap

MTA Headquarters has re-examined all non-personnel operating expenses and has identified significant savings. These savings come from reassessing needs across all departments and all expense categories and finding savings. Reductions in professional services result, in part, from reduced lobbying contracts and reduced temporary service needs. Additionally, a lower level of new security needs is required as the number of security upgrades throughout the MTA system are completed and implemented. Savings in materials and supplies result primarily from reduced equipment requirements throughout Headquarters, along with reductions in office furniture/equipment and supplies requests. Lower maintenance and operating contracts, result from lower facility maintenance charges as well as efficiencies in operations. Reduced other expenses are a result of reductions taken in employee expenses. This 2006 PEG begins providing the Authority with savings in 2005 of \$0.404 million and increases to \$1.801 million in savings in 2006. Through the plan period, these savings increase as the full effect of reductions are achieved.

MTA Headquarters has also identified certain positions that can be eliminated through productivity improvements that provide savings throughout the plan period. As Financial Management/Budget personnel become proficient in the use of integrated systems provided by the PeopleSoft initiative, it will be possible to eliminate staff through increased productivity over the next two years. Additionally, headcount and salary savings have been identified in other departments where positions are no longer necessary or the workload can be handled by existing staff. Immediate reductions have been taken for the 2005 Mid-Year Forecast of three positions providing \$0.251 in savings. In 2006 an additional position is reduced providing \$0.320 in savings for 2006.

Public Safety, which includes the MTA Police, will achieve savings while maintaining its enhanced presence throughout the MTA system providing protection for the MTA's customers, employees and infrastructure at critical locations including railroad facilities, bridges and tunnels, and on trains and buses. This category of PEG savings begins in 2006, providing reduced overtime of \$0.139 million and increasing through out the plan period.

2006 Preliminary Budget

The Net Deficit for the 2006 Preliminary Budget of \$247.641 million is \$3.134 million higher than the 2005 Mid-Year Forecast Net Deficit of \$244.507 million. This decrease from the 2006 baseline is a result of savings from MTA Headquarters' Programs to Eliminate the Gap. These PEGs will result in administrative cost reductions in 2006 of \$2.260 million and will result in the elimination of one additional position above the three eliminated in 2005.

2007-2009 Projections

The 2007 Net Deficit is projected at \$252.835 million. Representing a decrease from the 2007 baseline, cost reductions of \$3.893 million are attributable to the PEGs described above and will result in the elimination of three additional positions above the four eliminated in 2005 and 2006.

The 2008 Net Deficit is projected at \$256.662 million. Inclusion of PEG savings described above, results in the decrease from the 2008 baseline of \$3.990 million.

The 2009 Net Deficit is projected at \$263.468 million. Inclusion of PEG savings described above, results in the decrease from the 2008 baseline of \$4.126 million.

MTA Headquarters
July Financial Plan 2006 - 2009
Accrual Statement of Operations by Category
(\$ in millions)

NON-REIMBURSABLE

	2004 Actuals	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<u>Revenue</u>						
Farebox Revenue						
Vehicle Toll Revenue						
Other Operating Revenue						
Rental Income	7.662	45.474	45.727	47.081	48.488	49.959
Data Center Billings	3.328	1.703	3.093	3.150	3.213	1.963
Other	3.273	4.064	4.168	4.285	4.410	4.551
Capital and Other Reimbursements						
Total Revenue	\$14.263	\$51.241	\$52.988	\$54.516	\$56.111	\$56.473
<u>Expenses</u>						
Labor:						
Payroll	108.600	105.196	111.199	113.760	117.104	120.828
Overtime	11.900	9.500	10.175	10.989	11.312	11.645
Health and Welfare	15.900	13.026	14.699	16.617	18.162	19.851
Pensions	16.400	19.916	21.564	22.777	23.447	24.193
Other Fringe Benefits	9.315	8.991	9.729	10.247	10.548	10.883
Reimbursable Overhead	(31.400)	(38.372)	(39.685)	(40.829)	(42.027)	(43.362)
Total Labor Expenses	\$130.715	\$118.257	\$127.681	\$133.560	\$138.546	\$144.038
Non-Labor:						
Traction and Propulsion Power						
Fuel for Buses and Trains						
Insurance	3.380	3.335	3.600	3.892	4.214	4.568
Claims						
Paratransit Service Contracts						
Maintenance and Other						
Operating Contracts	20.700	63.596	63.442	64.332	65.296	66.370
Professional Service Contracts	34.400	46.236	40.517	41.536	42.444	43.455
Materials & Supplies	2.600	7.337	7.076	7.171	7.274	7.388
MTA Internal Subsidy	43.400	31.641	32.121	32.926	33.988	35.346
Other Business Expenses	7.121	2.975	3.077	3.163	3.256	3.359
Total Non-Labor Expenses	\$111.601	\$155.120	\$149.833	\$153.021	\$156.472	\$160.487
Other Expenses Adjustments:						
Other						
Total Other Expense Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenses before Depreciation	\$242.316	\$273.377	\$277.514	\$286.581	\$295.018	\$304.525
Depreciation	\$20.600	\$23.026	\$25.375	\$24.662	\$21.745	\$19.542
Total Expenses	\$262.916	\$296.403	\$302.889	\$311.243	\$316.763	\$324.067
Baseline Net Surplus/(Deficit)	(\$248.653)	(\$245.162)	(\$249.901)	(\$256.727)	(\$260.652)	(\$267.594)
PEG Program	\$0.000	\$0.655	\$2.260	\$3.893	\$3.990	\$4.126
Net Surplus/(Deficit)	(\$248.653)	(\$244.507)	(\$247.641)	(\$252.834)	(\$256.662)	(\$263.468)

MTA Headquarters
July Financial Plan 2006 - 2009
Accrual Statement of Operations by Category
(\$ in millions)

REIMBURSABLE

	2004 Actuals	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<u>Revenue</u>						
Farebox Revenue						
Vehicle Toll Revenue						
Other Operating Revenue						
Rental Income						
Data Center Billings						
Other						
Capital and Other Reimbursements	31.400	41.754	43.205	44.436	45.755	47.224
Total Revenue	\$31.400	\$41.754	\$43.205	44.436	45.755	47.224
<u>Expenses</u>						
Labor:						
Payroll		1.418	1.484	1.525	1.570	1.620
Overtime						
Health and Welfare		0.209	0.229	0.235	0.257	0.281
Pensions		0.186	0.195	0.188	0.193	0.199
Other Fringe Benefits		0.120	0.127	0.133	0.137	0.141
Reimbursable Overhead	31.400	38.372	39.685	40.829	42.027	43.362
Total Labor Expenses	\$31.400	\$40.305	\$41.720	42.910	44.184	45.603
Non-Labor:						
Traction and Propulsion Power						
Fuel for Buses and Trains						
Insurance						
Claims						
Paratransit Service Contracts						
Maintenance and Other						
Operating Contracts		0.002	0.002	0.002	0.002	0.002
Professional Service Contracts		1.417	1.453	1.494	1.537	1.586
Materials & Supplies		0.011	0.011	0.011	0.012	0.012
MTA Internal Subsidy						
Other Business Expenses		0.019	0.019	0.020	0.020	0.021
Total Non-Labor Expenses	\$0.000	\$1.449	\$1.485	\$1.526	\$1.571	\$1.621
Other Expenses Adjustments:						
Other						
Total Other Expense Adjustments						
Total Expenses before Depreciation	\$31.400	\$41.754	\$43.205	\$44.436	\$45.756	\$47.224
Depreciation						
Total Expenses	31.400	41.754	43.205	44.436	45.756	47.224
Baseline Net Surplus/(Deficit)	\$0.000	\$0.000	\$0.000	(\$0.000)	(\$0.000)	(\$0.000)
PEG Program						
Net Surplus/(Deficit)	\$0.000	\$0.000	\$0.000	(\$0.000)	(\$0.000)	(\$0.000)

MTA Headquarters
July Financial Plan 2006 - 2009
Accrual Statement of Operations by Category
(\$ in millions)

**NON-REIMBURSABLE and
REIMBURSABLE**

	2004 Actuals	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
Revenue						
Farebox Revenue						
Vehicle Toll Revenue						
Other Operating Revenue						
Rental Income	7.662	45.474	45.727	47.081	48.488	49.959
Data Center Billings	3.328	1.703	3.093	3.150	3.213	1.963
Other	3.273	4.064	4.168	4.285	4.410	4.551
Capital and Other Reimbursements	31.400	41.754	43.205	44.436	45.755	47.224
Total Revenue	\$45.663	\$92.995	\$96.193	\$98.952	\$101.866	\$103.697
Expenses						
Labor:						
Payroll	108.600	106.614	112.683	115.285	118.675	122.448
Overtime	11.900	9.500	10.175	10.989	11.312	11.645
Health and Welfare	15.900	13.235	14.928	16.851	18.419	20.132
Pensions	16.400	20.102	21.759	22.965	23.640	24.392
Other Fringe Benefits	9.315	9.111	9.857	10.379	10.684	11.024
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenses	\$162.115	\$158.562	\$169.401	\$176.470	\$182.730	\$189.641
Non-Labor:						
Traction and Propulsion Power						
Fuel for Buses and Trains						
Insurance	3.380	3.335	3.600	3.892	4.214	4.568
Claims						
Paratransit Service Contracts						
Maintenance and Other						
Operating Contracts	20.700	63.598	63.444	64.334	65.298	66.372
Professional Service Contracts	34.400	47.653	41.970	43.030	43.982	45.042
Materials & Supplies	2.600	7.348	7.087	7.182	7.285	7.400
MTA Internal Subsidy	43.400	31.641	32.121	32.926	33.988	35.346
Other Business Expenses	7.121	2.994	3.096	3.182	3.276	3.380
Total Non-Labor Expenses	\$111.601	\$156.569	\$151.318	\$154.547	\$158.044	\$162.108
Other Expenses Adjustments:						
Other						
Total Other Expense Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenses before Depreciation	\$273.716	\$315.131	\$320.719	\$331.017	\$340.774	\$351.750
Depreciation	20.600	23.026	25.375	24.662	21.745	19.542
Total Expenses	\$294.316	\$338.157	\$346.094	\$355.679	\$362.519	\$371.292
Baseline Net Surplus/(Deficit)	(\$248.653)	(\$245.162)	(\$249.901)	(\$256.728)	(\$260.652)	(\$267.594)
PEG Program	0.000	0.655	2.260	3.893	3.990	4.126
Net Surplus/(Deficit)	(\$248.653)	(\$244.507)	(\$247.641)	(\$252.835)	(\$256.662)	(\$263.468)

MTA Headquarters
July Financial Plan 2006 - 2009
Cash Receipts & Expenditures
(\$ in millions)

	2004 Actuals	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<u>Receipts</u>						
Farebox Revenue						
Vehicle Toll Revenue						
Other Operating Revenue						
Rental Income	6.599	45.474	45.727	47.081	48.488	49.959
Data Center Billings	3.328	1.703	3.093	3.150	3.213	1.963
Other	3.270	4.064	4.168	4.285	4.410	4.551
Capital and Other Reimbursements	31.400	41.754	43.205	44.436	45.755	47.224
Total Receipts	\$44.597	\$92.995	\$96.193	\$98.952	\$101.866	\$103.697
<u>Expenditures</u>						
Labor:						
Payroll	78.932	113.346	112.245	114.847	118.237	122.011
Overtime	11.367	9.500	10.175	10.989	11.312	11.645
Health and Welfare	14.019	13.235	14.928	16.851	18.419	20.132
Pensions	12.250	20.518	21.589	22.776	23.436	24.164
Other Fringe Benefits	8.466	9.111	9.857	10.379	10.684	11.024
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenditures	\$125.034	\$165.710	\$168.794	\$175.843	\$182.088	\$188.976
Non-Labor:						
Traction and Propulsion Power						
Fuel for Buses and Trains						
Insurance	2.881	3.473	3.655	3.959	4.383	4.753
Claims						
Paratransit Service Contracts						
Maintenance and Other Operating Contracts	20.655	64.342	63.744	64.634	65.598	66.672
Professional Service Contracts	34.523	47.653	41.970	43.030	43.982	45.042
Materials & Supplies	2.446	7.348	7.087	7.182	7.285	7.400
MTA Internal Subsidy	43.200	31.641	32.121	32.926	33.988	35.346
Other Business Expenses	5.145	2.994	3.096	3.182	3.276	3.380
Total Non-Labor Expenditures	\$108.850	\$157.451	\$151.673	\$154.914	\$158.513	\$162.593
Other Expenditure Adjustments:						
Other	20.900	33.216	20.800	20.800	20.800	20.800
Total Other Expenditure Adjustments	\$20.900	\$33.216	\$20.800	\$20.800	\$20.800	\$20.800
Total Expenditures	\$254.784	\$356.377	\$341.266	\$351.557	\$361.401	\$372.369
Baseline Net Cash Deficit	(\$210.187)	(\$263.382)	(\$245.073)	(\$252.606)	(\$259.535)	(\$268.672)
PEG Program	0.000	0.655	2.260	3.893	3.990	4.126
Net Cash Deficit	(\$210.187)	(\$262.727)	(\$242.813)	(\$248.713)	(\$255.545)	(\$264.546)

MTA Headquarters
July Financial Plan 2006 - 2009
Cash Conversion (Cash Flow Adjustments)
(\$ in millions)

	2004 Actuals	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<u>Receipts</u>						
Farebox Revenue						
Vehicle Toll Revenue						
Other Operating Revenue						
Rental Income	(1.063)					
Data Center Billings						
Other	(0.003)					
Capital and Other Reimbursements						
Total Receipt Adjustments	(\$1.066)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
<u>Expenditures</u>						
Labor:						
Payroll	29.668	(6.732)	0.438	0.438	0.438	0.438
Overtime	0.533					
Health and Welfare	1.881					
Pensions	4.150	(0.416)	0.170	0.189	0.204	0.228
Other Fringe Benefits	0.849					
Reimbursable Overhead						
Total Labor Expenditures	\$37.081	(\$7.148)	\$0.608	\$0.627	\$0.642	\$0.666
Non-Labor:						
Traction and Propulsion Power						
Fuel for Buses and Trains						
Insurance	0.499	(0.138)	(0.055)	(0.067)	(0.169)	(0.185)
Claims						
Paratransit Service Contracts						
Maintenance and Other Operating Contracts	0.045					
Professional Service Contracts	(0.123)	(0.744)	(0.300)	(0.300)	(0.300)	(0.300)
Materials & Supplies	0.154					
MTA Internal Subsidy	0.200					
Other Business Expenditures	1.976					
Total Non-Labor Expenditures	\$2.751	(\$0.882)	(\$0.355)	(\$0.367)	(\$0.469)	(\$0.485)
Other Expenditure Adjustments:						
Other	(20.900)	(33.216)	(20.800)	(20.800)	(20.800)	(20.800)
Total Other Expenditure Adjustments	(\$20.900)	(\$33.216)	(\$20.800)	(\$20.800)	(\$20.800)	(\$20.800)
Total Cash Conversion Adjustments before Depreciation	\$17.866	(\$41.246)	(\$20.547)	(\$20.540)	(\$20.627)	(\$20.619)
Depreciation Adjustment	\$20.600	\$23.026	\$25.375	\$24.662	\$21.745	\$19.542
Baseline Total Cash Conversion Adjustments	\$38.466	(\$18.220)	\$4.828	\$4.122	\$1.118	(\$1.077)
PEG Program	0.000	0.000	0.000	0.000	0.000	0.000
Total Cash Conversion Adjustments	\$38.466	(\$18.220)	\$4.828	\$4.122	\$1.118	(\$1.077)

**MTA Headquarters
July Financial Plan 2006-2009
Year-to-Year Changes by Category
Accrual and Cash**

Baseline Assumptions:

The following explanations refer to the year-to-year variances in MTA Baseline assumptions for the July Financial Plan 2005-2009:

Receipts:

Rental Income, Data Center Billings, and Other

- The 2006 Preliminary Budget reflects an increase in Data Center revenues from the 2005 Mid-Year Forecast, resulting from an adjustment of 2005 charges to the Agencies. Revenues for 2007, 2008 and 2009 are inflated by 2.79%, 2.94%, and 3.18%, respectively. However, in 2009, Data Center revenues are reduced when MTA financial obligations for occupying the 460 West 34th Street facility are assumed to be concluded.

Expenditures:

Payroll

- Increases in the 2006 Preliminary Budget from the Mid-Year Forecast reflect the full year impact of MTA Police higher wages, while MTA Headquarters Payroll is inflated by 2.57%.
- Thereafter 2007, 2008 and 2009 are inflated by 2.79%, 2.94%, and 3.18%, respectively.

Overtime

- The 2006 Preliminary Budget primarily reflects increases over the 2005 Mid-Year Forecast resulting from full-year impact of higher MTA Police wages.
- Thereafter 2007, 2008 and 2009 are inflated by 2.79%, 2.94%, and 3.18%, respectively

Health and Welfare

- Increases in the 2006 Preliminary Budget are projected at 9.3% over the Mid-Year rate due to projected increases in Empire Plan costs for employers. The same percentage increase is reflected in 2007, 2008 and 2009 as well.

Pensions

- The increase in the 2006 Preliminary Budget reflect a growth of 2.57% over 2005, combined with the effect from higher police wages. However, the 2005 Mid-Year Forecast included retroactive pension liabilities which are not necessary in 2006.
- Thereafter 2007, 2008 and 2009 are inflated by 2.79%, 2.94%, and 3.18%, respectively.

Other Fringe Benefits

- Increases in all years of the plan for 2006, 2007, 2008 and 2009 are inflated by 2.57%, 2.79%, 2.94%, and 3.18%, respectively

Insurance

- Increases in the 2006 Preliminary Budget generally reflect increased general liability premiums.
- Thereafter 2007, 2008, and 2009 are inflated at 10% annually with some off-setting adjustments.

Maintenance and Other Operating Contracts

- Increases from the Mid-year Forecast for the 2006 Preliminary Budget reflect increases related to budgeting 2 Broadway operating expenses consistent with how they are now reported on monthly and quarterly statements.
- Thereafter 2007, 2008 and 2009 are inflated by 2.79%, 2.94%, and 3.18%, respectively.

Professional Service Contracts

- Reductions from the Mid-year Forecast for the 2006 Preliminary Budget reflect the conclusion of certain known services as well as one time expenses that were required in 2005.
- Thereafter 2007, 2008 and 2009 are inflated by 2.79%, 2.94%, and 3.18%, respectively, with adjustments made to reflect the conclusion of some currently contracted services.

Materials & Supplies

- The 2006 Preliminary Budget is based on anticipated levels of expenses primarily for 2 Broadway and MTA Security projects.
- Thereafter 2007, 2008 and 2009 are inflated by 2.79%, 2.94%, and 3.18%, respectively, with some adjustments representing a lower level of required expenses to support MTA Security work.

MTA Internal Subsidy

- All years reflect MTA support requirements for SIRTOA and Long Island Bus based on projected revenue and support shortfalls from state and local governments. In addition, internal support provided for SIRTOA includes a reduction beginning in 2005, reflecting the merger of SIRTOA Police with the MTA Police Department.

Other Business Expenses

- Increases in all years of the plan for 2006, 2007, 2008 and 2009 are inflated by 2.57%, 2.79%, 2.94%, and 3.18%, respectively

Other Expenditure Adjustments:**Capital Expenditures**

- 2005 expenditures reflect an increase of \$7.007 million primarily as a result of increased needs and the carry forward of 2004 expenses for the support of the MTA PeopleSoft Initiative.
- Thereafter, expenditures for 2006-2009 remain constant at \$20.800 million.

MTA Headquarters
July Financial Plan 2006 - 2009
Year-to-Year Changes by Category - Accrual Basis
(\$ in millions)

**NON-REIMBURSABLE and
REIMBURSABLE**

	Favorable/(Unfavorable)								
	2005	2006	Change 2006 - 2005	2007	Change 2007 - 2006	2008	Change 2008 - 2007	2009	Change 2009 - 2008
<u>Revenue</u>									
Farebox Revenue									
Vehicle Toll Revenue									
Other Operating Revenue									
Rental Income	45.474	45.727	0.253	47.081	1.354	48.488	1.407	49.959	1.471
Data Center Billings	1.703	3.093	1.390	3.150	0.057	3.213	0.063	1.963	(1.250)
Other	4.064	4.168	0.104	4.285	0.117	4.410	0.125	4.551	0.141
Capital and Other Reimbursements	41.754	43.205	1.451	44.436	1.231	45.755	1.319	47.224	1.469
Total Revenue	\$92.995	\$96.193	\$3.198	\$98.952	\$2.758	\$101.866	\$2.914	\$103.697	\$1.831
<u>Expenses</u>									
Labor:									
Payroll	106.614	112.683	(6.069)	115.285	(2.602)	118.675	(3.389)	122.448	(3.774)
Overtime	9.500	10.175	(0.675)	10.989	(0.814)	11.312	(0.323)	11.645	(0.333)
Health and Welfare	13.235	14.928	(1.693)	16.851	(1.923)	18.419	(1.567)	20.132	(1.713)
Pensions	20.102	21.759	(1.656)	22.965	(1.206)	23.640	(0.675)	24.392	(0.752)
Other Fringe Benefits	9.111	9.857	(0.746)	10.379	(0.523)	10.684	(0.305)	11.024	(0.340)
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenses	\$158.562	\$169.401	(\$10.840)	\$176.470	(\$7.069)	\$182.730	(\$6.260)	\$189.641	(\$6.911)
Non-Labor:									
Traction and Propulsion Power									
Fuel for Buses and Trains									
Insurance	3.335	3.600	(0.265)	3.892	(0.293)	4.214	(0.322)	4.568	(0.354)
Claims									
Paratransit Service Contracts									
Maintenance and Other Operating	63.598	63.444	0.154	64.334	(0.890)	65.298	(0.964)	66.372	(1.074)
Professional Service Contracts	47.653	41.970	5.683	43.030	(1.060)	43.982	(0.952)	45.042	(1.060)
Materials & Supplies	7.348	7.087	0.261	7.182	(0.095)	7.285	(0.103)	7.400	(0.115)
MTA Internal Subsidy	31.641	32.121	(0.480)	32.926	(0.805)	33.988	(1.062)	35.346	(1.358)
Other Business Expenses	2.994	3.096	(0.102)	3.182	(0.086)	3.276	(0.094)	3.380	(0.104)
Total Non-Labor Expenses	\$156.569	\$151.318	\$5.251	\$154.547	(\$3.230)	\$158.044	(\$3.496)	\$162.108	(\$4.065)
Other Expenses Adjustments:									
Other									
Total Other Expense Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenses before Depreciation	\$315.131	\$320.719	(\$5.588)	\$331.017	(\$10.298)	\$340.774	(\$9.756)	\$351.750	(\$10.976)
Depreciation	23.026	25.375	(2.349)	24.662	0.713	21.745	2.917	19.542	2.203
Total Expenses	\$338.157	\$346.094	(7.937)	\$355.679	(\$9.585)	\$362.519	(\$6.839)	\$371.292	(\$8.773)
Baseline Net Surplus/(Deficit)	(\$245.162)	(\$249.901)	(\$4.739)	(\$256.728)	(\$6.827)	(\$260.652)	(\$3.925)	(\$267.594)	(\$6.942)
New Needs									
PEG Program	0.655	2.260	1.605	3.893	1.633	3.990	0.097	4.126	0.136
Net Surplus/(Deficit)	(\$244.507)	(\$247.641)	(\$3.134)	(\$252.835)	(\$5.194)	(\$256.662)	(\$3.828)	(\$263.468)	(\$6.806)

MTA Headquarters
July Financial Plan 2006 - 2009
Year-to-Year Changes by Category - Cash Basis
(\$ in millions)

	Favorable/(Unfavorable)								
	2005	2006	Change 2006 - 2005	2007	Change 2007 - 2006	2008	Change 2008 - 2007	2009	Change 2009 - 2008
Cash Receipts & Expenditures									
<u>Receipts</u>									
Farebox Revenue									
Vehicle Toll Revenue									
Other Operating Revenue									
Rental Income	45.474	45.727	0.253	47.081	1.354	48.488	1.407	49.959	1.471
Data Center Billings	1.703	3.093	1.390	3.150	0.057	3.213	0.063	1.963	(1.250)
Other	4.064	4.168	0.104	4.285	0.117	4.410	0.125	4.551	0.141
Capital and Other Reimbursements	41.754	43.205	1.451	44.436	1.231	45.755	1.319	47.224	1.469
Total Receipts	\$92.995	\$96.193	\$3.198	\$98.952	\$2.758	\$101.866	\$2.914	103.697	\$1.831
<u>Expenditures</u>									
Labor:									
Payroll	113.346	112.245	1.101	114.847	(2.602)	118.237	(3.389)	122.011	(3.774)
Overtime	9.500	10.175	(0.675)	10.989	(0.814)	11.312	(0.323)	11.645	(0.333)
Health and Welfare	13.235	14.928	(1.693)	16.851	(1.923)	18.419	(1.567)	20.132	(1.713)
Pensions	20.518	21.589	(1.070)	22.776	(1.187)	23.436	(0.660)	24.164	(0.728)
Other Fringe Benefits	9.111	9.857	(0.746)	10.379	(0.523)	10.684	(0.305)	11.024	(0.340)
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenditures	\$165.710	\$168.794	(\$3.084)	\$175.843	(\$7.050)	\$182.088	(\$6.245)	188.976	(\$6.887)
Non-Labor:									
Traction and Propulsion Power									
Fuel for Buses and Trains									
Insurance	3.473	3.655	(0.182)	3.959	(0.305)	4.383	(0.424)	4.753	(0.370)
Claims									
Paratransit Service Contracts									
Maintenance and Other									
Operating Contracts	64.342	63.744	0.598	64.634	(0.890)	65.598	(0.964)	66.672	(1.074)
Professional Service Contracts	47.653	41.970	5.683	43.030	(1.060)	43.982	(0.952)	45.042	(1.060)
Materials & Supplies	7.348	7.087	0.261	7.182	(0.095)	7.285	(0.103)	7.400	(0.115)
MTA Internal Subsidy	31.641	32.121	(0.480)	32.926	(0.805)	33.988	(1.062)	35.346	(1.358)
Other Business Expenses	2.994	3.096	(0.102)	3.182	(0.086)	3.276	(0.094)	3.380	(0.104)
Total Non-Labor Expenditures	\$157.451	\$151.673	\$5.778	\$154.914	(\$3.242)	\$158.513	(\$3.598)	162.593	(\$4.081)
Other Expenditure Adjustments:									
Other	33.216	20.800	12.416	20.800	0.000	20.800	0.000	20.800	0.000
Total Other Expenditure Adjustments	\$33.216	\$20.800	\$12.416	\$20.800	\$0.000	\$20.800	\$0.000	\$20.800	\$0.000
Total Expenditures	\$356.377	\$341.266	\$15.110	\$351.557	(\$10.291)	\$361.401	(\$9.843)	\$372.369	(\$10.968)
Baseline Net Cash Deficit	(263.382)	(245.073)	18.309	(252.606)	(7.533)	(259.535)	(6.929)	(268.672)	(9.137)
PEG Program	\$0.655	\$2.260	1.605	\$3.893	\$1.633	\$3.990	\$0.097	4.126	\$0.136
Net Cash Deficit	(\$262.727)	(\$242.813)	\$19.914	(\$248.713)	(\$5.900)	(\$255.545)	(\$6.832)	(\$264.546)	(\$9.001)

MTA Headquarters
July Financial Plan 2006-2009
Summary of Changes Between Financial Plans by Category

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

2005: July Financial Plan vs. February Financial Plan

The Net Cash Deficit in the 2005 July Financial Plan of \$262.727 million is higher than the February Plan of \$237.320 million, an increase of \$25.407 million. The unfavorable impact of increased payroll and benefit expenses result primarily from the effect of the arbitration ruling between MTA and the MTA Police collective bargaining units. This agreement also provides for retroactive payments to be made in 2005. Offsetting the higher Police wages are overtime payroll reductions resulting from increased MTA Police Management efforts to better utilize staffing and the overall usage of overtime. The Mid-Year Forecast also includes unanticipated costs relating to the West Side Yard development. Additionally, the inclusion of 2 Broadway expenses and revenues are partly offset by the favorable impact of Programs to Eliminate the Gap. In addition, 2 Broadway expenses and revenues, as well as Inspector General expenses, are now captured in the expense categories they are reported in. Partly offsetting the increases is the favorable impact of MTA Headquarters' PEG Program of \$0.655 million in savings that begin in 2005.

2006: July Financial Plan vs. February Financial Plan

The Operating Cash Deficit in the 2005 July Financial Plan of \$242.813 million is higher than the February Plan of \$227.670 million, an increase of \$15.143 million. An unfavorable impact of increased Police payroll and benefit expenses are somewhat offset by a reduction in overtime expenses. In addition, 2 Broadway expenses and revenues, as well as Inspector General expenses, are now captured in the expense categories they are reported in. Partly offsetting the increases is the favorable impact of MTA Headquarters' PEG Program of \$2.260 million.

2007: July Financial Plan vs. February Financial Plan

The Operating Cash Deficit in the 2005 July Financial Plan of \$248.713 million is higher than the February Plan of \$233.778 million, an increase of \$14.935 million. An unfavorable impact of increased Police payroll and benefit expenses are somewhat offset by a reduction in overtime expenses. In addition, 2 Broadway expenses and revenues, as well as Inspector General expenses, are now captured in the expense categories they are reported in. Partly offsetting the increases is the favorable impact of MTA Headquarters' PEG Program of \$3.893 million.

2008: July Financial Plan vs. February Financial Plan

The Operating Cash Deficit in the 2005 July Financial Plan of \$255.545 million is higher than the February Plan of \$239.583 million, an increase of \$15.962 million. An unfavorable impact of increased Police payroll and benefit expenses are somewhat offset by a reduction in overtime expenses. In addition, 2 Broadway expenses and revenues, as well as Inspector General expenses, are now captured in the expense categories they are reported in. Partly offsetting the increases is the favorable impact of MTA Headquarters' PEG Program of \$3.990 million.

2009: July Financial Plan vs. February Financial Plan

The Operating Cash Deficit in the 2005 July Financial Plan of \$264.546 million is higher than the February Plan of \$242.938 million, an increase of \$21.608 million. An unfavorable impact of increased Police payroll and benefit expenses are somewhat offset by a reduction in overtime expenses. In addition, 2 Broadway expenses and revenues, as well as Inspector General expenses, are now captured in the expense categories they are reported in. Partly offsetting the increases is the favorable impact of MTA Headquarters' PEG Program of \$4.126 million.

MTA HEADQUARTERS
July Financial Plan 2006 - 2009
Summary of Changes Between Financial Plans by Category
(\$ in millions)

NON-REIMBURSABLE

	2005	2006	2007	2008	2009
2005 February Financial Plan - Operating Cash Income/(Deficit)	(\$237.320)	(\$227.670)	(\$233.778)	(\$239.583)	(\$242.938)
Add Back: February Plan Unspecified PEG's	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Baseline 2005 February Financial Plan - Operating Cash Income/(Deficit)	(\$237.320)	(\$227.670)	(\$233.778)	(\$239.583)	(\$242.938)
Baseline:					
Changes					
Revenue					
Other Revenue	33.729	35.259	36.443	37.660	37.610
Sub-Total Revenue Changes	\$33.729	\$35.259	\$36.443	\$37.660	\$37.610
Expenses					
Payroll	(\$14.923)	(\$21.131)	(\$21.935)	(\$23.351)	(\$24.985)
Overtime	\$2.352	\$3.148	\$2.583	\$2.535	\$2.512
Health and Welfare	\$.428	(\$.153)	(\$.868)	(\$1.113)	(\$1.345)
Pensions	(\$1.126)	(\$.317)	(\$1.007)	(\$1.347)	(\$5.206)
Other Fringe Benefits	(\$.909)	(\$1.547)	(\$1.906)	(\$2.032)	(\$2.178)
Reimbursable Overhead	\$2.998	\$3.872	\$4.322	\$4.757	\$5.257
Insurance	(.229)	(.185)	(.138)	(.086)	(.027)
Maintenance and Other					
Operating Contracts	(38.780)	(38.527)	(38.934)	(39.367)	(39.860)
Professional Service Contracts	(9.195)	(7.851)	(8.746)	(8.969)	(9.230)
Materials & Supplies	(.153)	.399	.448	.505	.565
MTA Internal Subsidy	4.342	(.815)	.278	(.026)	(.035)
Other Business Expenses	10.324	10.364	10.581	10.828	11.123
Depreciation	(9.751)	(12.100)	(11.387)	(8.470)	(6.267)
Sub-Total Expense Changes	(\$54.622)	(\$64.843)	(\$66.709)	(\$66.136)	(\$69.677)
Cash Adjustments:					
Revenue					
Expense					
Payroll	(\$7.157)	\$.013	\$.013	\$.013	\$.013
Health and Welfare	(\$.180)				
Pensions	(\$.410)	\$.089	\$.060	\$.063	\$.074
Other Fringe Benefits	(\$.111)				
Insurance	\$.000	\$.000	\$.000	\$.000	\$.000
Professional Service Contracts	\$.000	\$.000	\$.000	\$.000	\$.000
Other Expenditure Adjustments	(\$7.062)	(\$.021)	(\$.021)	(\$.021)	(\$.021)
Depreciation Adjustment	\$9.751	\$12.100	\$11.387	\$8.470	\$6.267
Sub-Total Cash Adjustment Changes	(\$5.169)	\$12.181	\$11.439	\$8.525	\$6.333
Total Baseline Changes	(\$26.062)	(\$17.403)	(\$18.828)	(\$19.952)	(\$25.734)
PEG Program	\$0.655	\$2.260	\$3.893	\$3.990	\$4.126
Total Changes	(\$25.407)	(\$15.143)	(\$14.935)	(\$15.962)	(\$21.608)
2005 July Financial Plan - Operating Cash Income/(Deficit)	(\$263.382)	(\$245.073)	(\$252.606)	(\$259.535)	(\$268.672)

MTA HEADQUARTERS
July Financial Plan 2006 - 2009
Summary of Changes Between Financial Plans by Category
(\$ in millions)

REIMBURSABLE

	2005	2006	2007	2008	2009
2005 February Financial Plan - Operating Cash Income/(Deficit)	(\$237.320)	(\$227.670)	(\$233.778)	(\$239.583)	(\$242.938)
Add Back: February Plan Unspecified PEG's	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Baseline 2005 February Financial Plan - Operating Cash Income/(Deficit)	(\$237.320)	(\$227.670)	(\$233.778)	(\$239.583)	(\$242.938)
Baseline:					
Changes					
Revenue					
Capital and Other Reimbursements	2.888	3.857	4.325	4.806	5.357
 Sub-Total Revenue Changes	 \$2.888	 \$3.857	 \$4.325	 \$4.806	 \$5.357
 Expenses					
Payroll	\$.025	(\$.023)	(\$.036)	(\$.050)	(\$.066)
Health and Welfare	(\$.009)	(\$.027)	(\$.029)	(\$.047)	(\$.066)
Pensions	\$.093	\$.088	\$.100	\$.101	\$.102
Other Fringe Benefits	\$.001	(\$.004)	(\$.008)	(\$.009)	(\$.010)
Reimbursable Overhead	(\$2.998)	(\$3.872)	(\$4.322)	(\$4.757)	(\$5.257)
Maintenance and Other					
Operating Contracts	(\$.001)	(\$.001)	(\$.001)	(\$.001)	(\$.001)
Professional Service Contracts	\$.000	(\$.018)	(\$.032)	(\$.044)	(\$.060)
Materials & Supplies	\$.000	\$.000	(\$.000)	\$.000	(\$.000)
Other Business Expenses	.001	.001	.001	.001	.001
 Sub-Total Expense Changes	 (\$2.888)	 (\$3.856)	 (\$4.326)	 (\$4.807)	 (\$5.357)
 Cash Adjustments:					
 Revenue					
 Expense					
 Sub-Total Cash Adjustment Changes	 \$.000	 \$.000	 \$.000	 \$.000	 \$.000
 Total Baseline Changes	 \$0.000	 \$0.001	 (\$0.001)	 (\$0.000)	 (\$0.000)
 PEG Program					
Total Changes	\$0.001	\$0.001	\$0.001	\$0.001	\$0.001
 2005 July Financial Plan - Operating Cash Income/(Deficit)	 (\$237.320)	 (\$227.669)	 (\$233.779)	 (\$239.583)	 (\$242.938)

MTA HEADQUARTERS
July Financial Plan 2006 - 2009
Summary of Changes Between Financial Plans by Category
(\$ in millions)

**NON-REIMBURSABLE and
REIMBURSABLE**

	2005	2006	2007	2008	2009
2005 February Financial Plan - Operating Cash Income/(Deficit)	(\$237.320)	(\$227.670)	(\$233.778)	(\$239.583)	(\$242.938)
Add Back: February Plan Unspecified PEG's	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Baseline 2005 February Financial Plan - Operating Cash Income/(Deficit)	(\$237.320)	(\$227.670)	(\$233.778)	(\$239.583)	(\$242.938)
Baseline:					
Changes					
Revenue					
Other Revenue	33.729	35.259	36.443	37.660	37.610
Capital and Other Reimbursements	2.888	3.857	4.325	4.806	5.357
Sub-Total Revenue Changes	\$36.617	\$39.116	\$40.768	\$42.466	\$42.967
Expenses					
Payroll	(\$14.898)	(\$21.154)	(\$21.971)	(\$23.402)	(\$25.051)
Overtime	\$2.352	\$3.148	\$2.583	\$2.535	\$2.512
Health and Welfare	\$.419	(\$.180)	(\$.896)	(\$1.160)	(\$1.411)
Pensions	(\$1.033)	(\$.229)	(\$.907)	(\$1.246)	(\$5.104)
Other Fringe Benefits	(\$.908)	(\$1.552)	(\$1.913)	(\$2.040)	(\$2.188)
Reimbursable Overhead	\$.000	\$.000	\$.000	\$.000	\$.000
Insurance	(\$.229)	(\$.185)	(\$.138)	(\$.086)	(\$.027)
Maintenance and Other Operating Contracts	(\$38.781)	(\$38.528)	(\$38.935)	(\$39.368)	(\$39.861)
Professional Service Contracts	(\$9.195)	(\$7.869)	(\$8.778)	(\$9.014)	(\$9.291)
Materials & Supplies	(\$.153)	\$.399	\$.448	\$.506	\$.565
MTA Internal Subsidy	\$4.342	(\$.815)	\$.278	(\$.026)	(\$.035)
Other Business Expenses	\$10.325	\$10.365	\$10.583	\$10.829	\$11.124
Depreciation	(\$9.751)	(\$12.100)	(\$11.387)	(\$8.470)	(\$6.267)
Sub-Total Expense Changes	(\$57.510)	(\$68.699)	(\$71.035)	(\$70.943)	(\$75.035)
Cash Adjustments:					
Revenue					
Expense					
Payroll	(\$7.157)	\$.013	\$.013	\$.013	\$.013
Health and Welfare	(\$.180)	\$.000	\$.000	\$.000	\$.000
Pensions	(\$.410)	\$.089	\$.060	\$.063	\$.074
Other Fringe Benefits	(\$.111)	\$.000	\$.000	\$.000	\$.000
Insurance	\$.000	\$.000	\$.000	\$.000	\$.000
Professional Service Contracts	\$.000	\$.000	\$.000	\$.000	\$.000
Other Expenditure Adjustments	(\$7.062)	(\$.021)	(\$.021)	(\$.021)	(\$.021)
Depreciation Adjustment	\$9.751	\$12.100	\$11.387	\$8.470	\$6.267
Sub-Total Cash Adjustment Changes	(\$5.169)	\$12.181	\$11.439	\$8.525	\$6.333
Total Baseline Changes	(\$26.062)	(\$17.402)	(\$18.829)	(\$19.952)	(\$25.735)
PEG Program	\$0.655	\$2.260	\$3.893	\$3.990	\$4.126
Total Changes	(\$25.407)	(\$15.142)	(\$14.936)	(\$15.962)	(\$21.609)
2005 July Financial Plan - Operating Cash Income/(Deficit)	(\$262.727)	(\$242.812)	(\$248.714)	(\$255.545)	(\$264.547)

MTA HEADQUARTERS
July Financial Plan 2006 - 2009
Summary of PEGs
(\$ in millions)

	Favorable/(Unfavorable)									
	2005		2006		2007		2008		2009	
	Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars
LIST of PROGRAMS										
Administration:										
MTA Headquarters Headcount Reduction Program	3	\$.251	4	\$.320	7	\$.758	7	\$.788	7	\$.827
MTA Police Reduction of Overtime PEG	0	\$.000	0	\$.139	0	\$.971	0	\$ 1.009	0	\$ 1.050
MTA Headquarters Non-Personnel Expense Reductor	0	\$.404	0	\$ 1.801	0	\$ 2.164	0	\$ 2.193	0	\$ 2.249
Sub-Total Administration	3	\$.655	4	\$ 2.260	7	\$ 3.893	7	\$ 3.990	7	\$ 4.126
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	3	\$.655	4	\$ 2.260	7	\$ 3.893	7	\$ 3.990	7	\$ 4.126

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

MTA HEADQUARTERS
July Financial Plan 2006 - 2009
PEG Worksheet

PEG Program Category: Administration
Program: Headcount Reduction Program

Background Details: MTA Headquarters has identified certain positions which can be eliminated through productivity improvements which provide savings throughout the plan period. As Financial Management/Budget personnel become proficient in the use of integrated systems provided by the PeopleSoft initiative, it will be possible to eliminate staff through increased productivity over the next two years. Additionally, headcount and salary savings have been identified in other departments where positions are no longer necessary or the workload can be handled by existing staff.

PEG Description and Implementation Plan: Savings for this PEG begin in 2005 and continue through the plan period. Five (5) positions have been identified for reduction within the CFO/Financial Management/Budget area. Additionally, the Office of the General Counsel has identified one (1) position that can be eliminated by distributing workload among existing staff, along with eliminating two paid intern positions. The Policy and Safety Division has identified that one (1) position is no longer required due to productivity gains by existing staff. The Office of the Inspector General has also identified two (2) positions which can be eliminated beginning in 2007. While the reduction of two (2) IG positions and the two (2) unpaid interns will not effect MTA Headquarters headcount levels, the resulting salary and fringe savings are reflected in the PEG.

PEG Implementation Date: 2006 **When will PEG savings begin?:** 2005

	2004 Actuals	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<i>Financial Impact (Operating)</i>						
Net Savings (in millions)		\$0.251	\$0.320	\$0.758	\$0.788	\$0.827
<i>Total Reduction in Positions Required</i>						
Supervisor Information Services (Policy)		0	0	1	1	1
Senior Project Manager (Financial Management)		1	1	1	1	1
Accountant (Financial Management)		0	1	1	1	1
Payroll Clerk (Financial Management)		0	0	2	2	2
Administrator I (Budget)		1	1	1	1	1
Senior Executive Secretary (General Counsel)		1	1	1	1	1
Total		3	4	7	7	7
<i>Current Vacancies</i>		0	0	0	0	0
Supervisor Information Services (Policy)		0	0	1	1	1
Senior Project Manager (Financial Management)		1	1	1	1	1
Accountant (Financial Management)		0	1	1	1	1
Payroll Clerk (Financial Management)		0	0	2	2	2
Administrator I (Budget)		1	1	1	1	1
Senior Executive Secretary (General Counsel)		1	1	1	1	1
<i>Impact on Operations:</i>						
Ridership Per Week (in thousands)						
Mean Distance Between Failure						
On-Time Performance						

MTA HEADQUARTERS
July Financial Plan 2006 - 2009
PEG Worksheet

PEG Program Category:

Administration

Program:

MTA Police Reduction of Overtime PEG

Background Details:

MTAPD has instituted increased senior management controls and placed more stringent requirements on District Commanding Officers in their assignment of overtime tours. In addition, since the implementation of PeopleSoft, detailed overtime usage reports have been developed by MTA staff to assist the MTAPD command in analyzing overtime usage.

PEG Description and Implementation Plan:

Savings for this PEG begin in 2006 with modest savings of overtime pay. Beginning in 2007, more significant savings are expected and continue throughout the Plan period. In addition to the payroll savings, savings will also be experienced in fringe benefits.

PEG Implementation Date:

When will PEG savings begin?:

	2004 Actuals	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<i>Financial Impact (Operating)</i>						
Net Savings (in millions)		\$0.000	\$0.139	\$0.971	\$1.009	\$1.050
<i>Total Reduction in Positions Required</i>						
<i>(List title of positions)</i>						
 Current Vacancies		0	0	0	0	0
<i>(List title of vacant positions)</i>						
 <i>Impact on Operations:</i>						
Ridership Per Week (in thousands)						
Mean Distance Between Failure						
On-Time Performance						

MTA HEADQUARTERS
July Financial Plan 2006 - 2009
PEG Worksheet

PEG Program Category:

Administration

Program:

MTA Headquarters Non-Personnel Expense Reduction Program

Background Details:	MTA Headquarters has re-examined all non-personnel operating expenses and has identified significant savings for the plan period. These savings come from reassessing needs across all departments and all expense categories and finding savings. Reductions in professional services result, in part, from reduced lobbying contracts and reduced temporary service needs. Additionally, a lower level of new security needs are required as the number of security upgrades throughout the MTA system are completed and implemented. Savings in materials and supplies result primarily from reduced equipment requirements throughout Headquarters, along with reductions in office furniture/equipment and supplies requests. Lower maintenance and operating contracts result from lower facility maintenance charges as well as efficiencies in operations. Reduced other expenses are a result of reductions taken in employee expenses.
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PEG Description and Implementation Plan:	Despite this PEG beginning in 2006, some savings for this PEG are realized in 2005 as certain non-personnel expenses have been eliminated or reduced. Significant savings begin in 2006 and 2007 as the full effect of the reductions are realized.
PEG Implementation Date:	2006
	When will PEG savings begin?: 2005

	2004 Actuals	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<i>Financial Impact (Operating)</i>						
Net Savings (in millions)		\$0.404	\$1.801	\$2.164	\$2.193	\$2.249
<i>Total Reduction in Positions Required</i>						
(List title of positions)						
Current Vacancies		0	0	0	0	0
(List title of vacant positions)						
<i>Impact on Operations:</i>						
Ridership Per Week (in thousands)						
Mean Distance Between Failure						
On-Time Performance						

Other Assumptions

A baseline headcount of 1,354 positions is forecasted for 2005, with this level of employees remaining constant throughout the plan. PEG Savings begin in 2005 and reduce the total headcount by three positions to 1,351. For the 2006 Preliminary Budget PEG Savings provide one additional headcount reduction for a headcount of 1,350. In 2007 three additional position savings are achieved as the full effect of the Programs to Eliminate the Gap impact MTA Headquarters. This final reduction results in a total headcount of 1,347 heads and remains constant throughout the plan period.

MTA Headquarters
July Financial Plan 2006 - 2009
Total Non-Reimbursable - Reimbursable Positions at End-of-Year
Full-Time Positions and Full Time Equivalents

FUNCTION/DEPARTMENT	2004 Actuals	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
Administration						
Executive Office	6	6	6	6	6	6
Administration	187	209	210	210	210	210
Audit	97	98	98	98	98	98
Budget and Financial Management	101	123	122	122	122	122
DED Corp. Affairs & Communications	45	51	51	51	51	51
Dir Communications/Press Secretary	4	4	4	4	4	4
DED General Counsel	70	77	77	77	77	77
Chief of Staff/Senior Policy Advisor	7	6	6	6	6	6
Special Proj Development/Planning	8	9	9	9	9	9
Labor Relations	30	31	31	31	31	31
PCAC	1	1	1	1	1	1
Safety Programs	0	0	0	0	0	0
Vending Fare Media	5	7	7	7	7	7
Corporate Account	27	13	13	13	13	13
Total Administration Positions	588	635	635	635	635	635
<u>Public Safety</u>	<u>691</u>	<u>719</u>	<u>719</u>	<u>719</u>	<u>719</u>	<u>719</u>
Total MTA	1,279	1,354	1,354	1,354	1,354	1,354
Non-Reimbursable	1,232	1,321	1,321	1,321	1,321	1,321
Reimbursable	47	33	33	33	33	33
Total Full-Time	1,279	1,354	1,354	1,354	1,354	1,354
Total Full-Time-Equivalents						
<hr/>						
Impact of: PEG Program		(3)	(4)	(7)	(7)	(7)
Total Positions	1,279	1,351	1,350	1,347	1,347	1,347
Non-Reimbursable	1,232	1,318	1,317	1,314	1,314	1,314
Reimbursable	47	33	33	33	33	33
Total Full-Time	1,279	1,351	1,350	1,347	1,347	1,347
Total Full-Time-Equivalents						

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**MTA Inspector General
2006 Preliminary Budget
July Financial Plan 2006 – 2009**

Mission Statement

The mission of the Metropolitan Transportation Authority Office of the Inspector General is to reduce fraud, waste, abuse and corruption throughout the MTA. Through its investigations and audits, the OIG seeks to enhance the efficiency, effectiveness, safety, and quality of MTA operations.

Financial Overview

Mindful of its obligations to enhance the efficiency, effectiveness, safety and quality of MTA agencies operations, MTA OIG has identified savings that will assist in reducing MTA expenses over the Financial Plan Period. This has been accomplished by reassessing needs across all units of the OIG and all expense categories and finding savings. Beginning in 2006, reductions in maintenance and other operating contracts will result from reduced need for automobile rentals, repair of computer equipment and telephone expenditures. Savings in professional service contracts will result from lower anticipated recruitment and printing expenses. Reductions in materials and supplies are due to reduced needs of office supplies/furniture, data processing and other equipment requests. Other reduced expenses are the result of reductions in employee expenses. Beginning in 2007, savings in labor expenses will be the result of the elimination of two vacant positions.

MTA Inspector General
July Financial Plan 2006 - 2009
Accrual Statement of Operations by Category
(\$ in millions)

REIMBURSABLE

	2004	2005	2006			
	Actuals	Mid-Year	Preliminary	2007	2008	2009
		Forecast	Budget			
<u>Revenue</u>						
Farebox Revenue						
Vehicle Toll Revenue						
Other Operating Revenue						
Capital and Other Reimbursements	\$9.143	\$10.393	\$11.078	\$11.352	\$11.722	\$12.118
Total Revenue	\$9.143	\$10.393	\$11.078	\$11.352	\$11.722	\$12.118
<u>Expenses</u>						
Labor:						
Payroll	5.789	6.143	6.522	6.704	6.901	7.121
Overtime						
Health and Welfare	0.403	0.633	0.746	0.855	0.935	1.022
Pensions	0.366	0.574	0.639	0.681	0.701	0.723
Other Fringe Benefits	0.260	0.407	0.453	0.481	0.495	0.511
Reimbursable Overhead						
Total Labor Expenses	\$6.818	\$7.758	\$8.359	\$8.721	\$9.032	\$9.376
Non-Labor:						
Traction and Propulsion Power						
Fuel for Buses and Trains						
Insurance	0.007	0.035	0.036	0.037	0.038	0.039
Claims						
Paratransit Service Contracts						
Maintenance and Other						
Operating Contracts	1.491	1.669	1.851	1.903	1.959	2.021
Professional Service Contracts	0.081	0.073	0.075	0.077	0.079	0.082
Materials & Supplies	0.073	0.098	0.099	0.102	0.105	0.108
MTA Internal Subsidy	0.000	0.000	0.000	0.000	0.000	0.000
Other Business Expenses	0.113	0.151	0.155	0.159	0.164	0.169
Total Non-Labor Expenses	\$1.765	\$2.026	\$2.216	\$2.278	\$2.345	\$2.419
Other Expenses Adjustments:						
Other						
Total Other Expense Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenses before Depreciation	\$8.583	\$9.784	\$10.575	\$10.999	\$11.377	\$11.796
Depreciation	\$0.560	\$0.609	\$0.609	\$0.609	\$0.609	\$0.609
Total Expenses	\$9.143	\$10.393	\$11.184	\$11.608	\$11.986	\$12.405
Baseline Net Surplus/(Deficit)	\$0.000	(\$0.000)	(\$0.106)	(\$0.256)	(\$0.264)	(\$0.287)
PEG Program	\$0.000	\$0.000	\$0.106	\$0.256	\$0.264	\$0.287
Net Surplus/(Deficit)	\$0.000	(\$0.000)	(\$0.000)	(\$0.000)	\$0.000	\$0.000

**MTA Inspector General
July Financial Plan 2006 - 2009
Cash Receipts & Expenditures
(\$ in millions)**

	2004 Actuals	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<u>Receipts</u>						
Farebox Revenue						
Vehicle Toll Revenue						
Other Operating Revenue						
Capital and Other Reimbursements	\$8.011	\$9.212	\$9.897	\$10.171	\$10.541	\$10.937
Total Receipts	\$8.011	\$9.212	\$9.897	\$10.171	\$10.541	\$10.937
<u>Expenditures</u>						
Labor:						
Payroll	5.789	6.143	6.522	6.704	6.901	7.121
Overtime						
Health and Welfare	0.403	0.633	0.746	0.855	0.935	1.022
Pensions	0.366	0.574	0.639	0.681	0.701	0.723
Other Fringe Benefits	0.260	0.407	0.453	0.481	0.495	0.511
Reimbursable Overhead						
Total Labor Expenditures	\$6.818	\$7.758	\$8.359	\$8.721	\$9.032	\$9.376
Non-Labor:						
Traction and Propulsion Power						
Fuel for Buses and Trains						
Insurance	0.007	0.035	0.036	0.037	0.038	0.039
Claims						
Paratransit Service Contracts						
Maintenance and Other Operating Contracts	1.491	1.669	1.851	1.903	1.959	2.021
Professional Service Contracts	0.081	0.073	0.075	0.077	0.079	0.082
Materials & Supplies	0.073	0.098	0.099	0.102	0.105	0.108
MTA Internal Subsidy						
Other Business Expenses	0.113	0.151	0.155	0.159	0.164	0.169
Total Non-Labor Expenditures	\$1.765	\$2.026	\$2.216	\$2.278	\$2.345	\$2.419
Other Expenditure Adjustments:						
Other	\$ (0.572)	\$ (0.572)	\$ (0.572)	\$ (0.572)	\$ (0.572)	\$ (0.572)
Total Other Expenditure Adjustments	\$(0.572)	\$(0.572)	\$(0.572)	\$(0.572)	\$(0.572)	\$(0.572)
Total Expenditures	\$8.011	\$9.212	\$10.003	\$10.427	\$10.805	\$11.224
Baseline Net Cash Deficit	\$0.000	\$(0.000)	\$(0.106)	\$(0.256)	\$(0.264)	\$(0.287)
PEG Program	0.000	0.000	0.106	0.256	0.264	0.287
Net Cash Deficit	\$0.000	\$(0.000)	\$(0.000)	\$(0.000)	\$0.000	\$0.000

2004 Actuals	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
(1.132) (\$1.132)	(1.181) (\$1.181)	(1.181) (\$1.181)	(1.181) (\$1.181)	(1.181) (\$1.181)	(1.181) (\$1.181)
\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
0.572 \$0.572	0.572 \$0.572	0.572 \$0.572	0.572 \$0.572	0.572 \$0.572	0.572 \$0.572
(\$0.560)	(\$0.609)	(\$0.609)	(\$0.609)	(\$0.609)	(\$0.609)
0.560	0.609	0.609	0.609	0.609	0.609
\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000

MTA Inspector General
July Financial Plan 2006 - 2009
Year-to-Year Changes by Category - Accrual Basis
(\$ in millions)

**NON-REIMBURSABLE and
REIMBURSABLE**

	Favorable/(Unfavorable)								
	2005	2006	Change 2006 - 2005	2007	Change 2007 - 2006	2008	Change 2008 - 2007	2009	Change 2009 - 2008
<u>Revenue</u>									
Farebox Revenue									
Vehicle Toll Revenue									
Other Operating Revenue									
Capital and Other Reimbursements	\$10.393	\$11.078	\$0.685	\$11.352	\$0.274	\$11.722	\$0.370	\$12.118	\$0.396
Total Revenue	\$10.393	\$11.078	\$0.685	\$11.352	\$0.274	\$11.722	\$0.370	\$12.118	\$0.396
<u>Expenses</u>									
Labor:									
Payroll	6.143	6.522	(0.379)	6.704	(0.182)	6.901	(0.197)	7.121	(0.219)
Overtime	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Health and Welfare	0.633	0.746	(0.112)	0.855	(0.110)	0.935	(0.080)	1.022	(0.087)
Pensions	0.574	0.639	(0.065)	0.681	(0.042)	0.701	(0.020)	0.723	(0.022)
Other Fringe Benefits	0.407	0.453	(0.045)	0.481	(0.029)	0.495	(0.014)	0.511	(0.016)
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenses	\$7.758	\$8.359	(\$0.601)	\$8.721	(\$0.362)	\$9.032	(\$0.311)	\$9.376	(\$0.344)
Non-Labor:									
Traction and Propulsion Power									
Fuel for Buses and Trains									
Insurance	0.035	0.036	(0.001)	0.037	(0.001)	0.038	(0.001)	0.039	(0.001)
Claims									
Paratransit Service Contracts									
Maintenance and Other	1.669	1.851	(0.182)	1.903	(0.052)	1.959	(0.056)	2.021	(0.062)
Professional Service Contracts	0.073	0.075	(0.002)	0.077	(0.002)	0.079	(0.002)	0.082	(0.003)
Materials & Supplies	0.098	0.099	(0.001)	0.102	(0.003)	0.105	(0.003)	0.108	(0.003)
MTA Internal Subsidy									
Other Business Expenses	0.151	0.155	(0.004)	0.159	(0.004)	0.164	(0.005)	0.169	(0.005)
Total Non-Labor Expenses	\$2.026	\$2.216	(\$0.190)	\$2.278	(\$0.062)	\$2.345	(\$0.067)	\$2.419	(\$0.075)
Other Expenses Adjustments:									
Other									
Total Other Expense Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenses before Depreciation	\$9.784	\$10.575	(\$0.791)	\$10.999	(\$0.424)	\$11.377	(\$0.378)	\$11.796	(\$0.419)
Depreciation	\$0.609	\$0.609	0.000	\$0.609	0.000	\$0.609	0.000	\$0.609	0.000
Total Expenses	\$10.393	\$11.184	(\$0.791)	\$11.608	(\$0.424)	\$11.986	(\$0.378)	\$12.405	(\$0.419)
Baseline Net Surplus/(Deficit)	(\$0.000)	(\$0.106)	(\$0.106)	(\$0.256)	(0.150)	(\$0.264)	(\$0.008)	(\$0.287)	(\$0.022)
PEG Program	\$0.000	\$0.106	0.106	\$0.256	0.150	\$0.264	0.008	\$0.287	0.022
Net Surplus/(Deficit)	(\$0.000)	(\$0.000)	\$0.000	(\$0.000)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000

MTA Inspector General
July Financial Plan 2006 - 2009
Year-to-Year Changes by Category - Cash Basis
(\$ in millions)

	Favorable/(Unfavorable)								
	2005	2006	Change 2006 - 2005	2007	Change 2007 - 2006	2008	Change 2008 - 2007	2009	Change 2009 - 2008
Cash Receipts & Expenditures									
<u>Receipts</u>									
Farebox Revenue									
Vehicle Toll Revenue									
Other Operating Revenue									
Capital and Other Reimbursements	\$9.212	\$9.897	\$0.685	\$10.171	\$0.274	\$10.541	\$0.370	\$10.937	\$0.396
Total Receipts	\$9.212	\$9.897	\$0.685	\$10.171	\$0.274	\$10.541	\$0.370	\$10.937	\$0.396
<u>Expenditures</u>									
Labor:									
Payroll	6.143	6.522	(0.379)	6.704	(0.182)	6.901	(0.197)	7.121	(0.219)
Overtime	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Health and Welfare	0.633	0.746	(0.112)	0.855	(0.110)	0.935	(0.080)	1.022	(0.087)
Pensions	0.574	0.639	(0.065)	0.681	(0.042)	0.701	(0.020)	0.723	(0.022)
Other Fringe Benefits	0.407	0.453	(0.045)	0.481	(0.029)	0.495	(0.014)	0.511	(0.016)
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenditures	\$7.758	\$8.359	(\$0.601)	\$8.721	(\$0.362)	\$9.032	(\$0.311)	\$9.376	(\$0.344)
Non-Labor:									
Traction and Propulsion Power									
Fuel for Buses and Trains									
Insurance	0.035	0.036	(0.001)	0.037	(0.001)	0.038	(0.001)	0.039	(0.001)
Claims									
Paratransit Service Contracts									
Maintenance and Other									
Operating Contracts	1.669	1.851	(0.182)	1.903	(0.052)	1.959	(0.056)	2.021	(0.062)
Professional Service Contracts	0.073	0.075	(0.002)	0.077	(0.002)	0.079	(0.002)	0.082	(0.003)
Materials & Supplies	0.098	0.099	(0.001)	0.102	(0.003)	0.105	(0.003)	0.108	(0.003)
MTA Internal Subsidy									
Other Business Expenses	0.151	0.155	(0.004)	0.159	(0.004)	0.164	(0.005)	0.169	(0.005)
Total Non-Labor Expenditures	\$2.026	\$2.216	(\$0.190)	\$2.278	(\$0.062)	\$2.345	(\$0.067)	\$2.419	(\$0.075)
Other Expenditure Adjustments:									
Other	(0.572)	(0.572)	0.000	(0.572)	0.000	(0.572)	0.000	(0.572)	0.000
Total Other Expenditure Adjustments	(\$0.572)	(\$0.572)	\$0.000	(\$0.572)	\$0.000	(\$0.572)	\$0.000	(\$0.572)	\$0.000
Total Expenditures	\$9.212	\$10.003	(\$0.791)	\$10.427	(\$0.424)	\$10.805	(\$0.378)	\$11.224	(\$0.419)
Baseline Net Cash Deficit	(\$0.000)	(\$0.106)	(0.106)	(\$0.256)	(0.150)	(\$0.264)	(0.008)	(\$0.287)	(0.023)
PEG Program	\$0.000	\$0.106	0.106	\$0.256	0.150	\$0.264	0.008	\$0.287	0.022
Net Cash Deficit	(\$0.000)	(\$0.000)	(\$0.000)	(\$0.000)	(\$0.000)	\$0.000	\$0.000	\$0.000	(\$0.001)

MTA INSPECTOR GENERAL
July Financial Plan 2006 - 2009
Summary of Changes Between Financial Plans by Category
(\$ in millions)

REIMBURSABLE

	2005	2006	2007	2008	2009
2005 February Financial Plan - Operating Cash Income/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Add Back: February Plan Unspecified PEG's					
Baseline 2005 February Financial Plan - Operating Cash Income/(Deficit)					
Baseline:					
Changes					
Revenue					
Capital and Other Reimbursements	(.084)	0.493	0.519	0.610	0.675
Sub-Total Revenue Changes	(\$0.084)	\$0.493	\$0.519	\$0.610	\$0.675
Expenses					
Payroll	0.507	0.196	0.200	0.213	0.248
Overtime					
Health and Welfare	0.117	0.013	(0.082)	(0.146)	(0.215)
Pensions	(0.014)	(0.071)	(0.102)	(0.110)	(0.119)
Other Fringe Benefits	(0.368)	(0.414)	(0.441)	(0.454)	(0.469)
Reimbursable Overhead					
Insurance	(0.010)	(0.011)	(0.012)	(0.012)	(0.013)
Claims					
Paratransit Service Contracts					
Maintenance and Other					
Operating Contracts	(0.120)	(0.283)	(0.305)	(0.328)	(0.354)
Professional Service Contracts	(0.037)	(0.039)	(0.040)	(0.041)	(0.043)
Materials & Supplies	0.012	0.013	0.012	0.011	0.011
Other Business Expenses	(0.002)	(0.004)	(0.005)	(0.007)	(0.008)
Depreciation					
Sub-Total Expense Changes	\$0.084	(\$0.599)	(\$0.775)	(\$0.874)	(\$0.962)
Cash Adjustments:					
Revenue					
Expense					
Sub-Total Cash Adjustment Changes	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Baseline Changes	(\$0.000)	(\$0.106)	(\$0.256)	(\$0.264)	(\$0.287)
PEG Program	\$0.000	\$0.106	\$0.256	\$0.264	\$0.287
Total Changes	(\$0.000)	\$0.000	\$0.000	\$0.000	(\$0.000)
2005 July Financial Plan - Operating Cash Income/(Deficit)	(\$0.000)	\$0.000	\$0.000	\$0.000	(\$0.000)

MTA OFFICE OF THE INSPECTOR GENERAL
July Financial Plan 2006 - 2009
Total Non-Reimbursable - Reimbursable Positions at End-of-Year
Full-Time Positions and Full Time Equivalents

FUNCTION/DEPARTMENT	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
Administration					
<i>Office of Inspector General</i>	93	93	93	93	93
<i>Baseline Total Positions</i>	93	93	93	93	93
<i>Non-Reimbursable</i>	93	93	93	93	93
<i>Reimbursable</i>					
<i>Total Full-Time</i>	93	93	93	93	93
<i>Total Full-Time-Equivalents</i>					
Impact of:					
PEG Program			(2)	(2)	(2)
<i>Total Positions</i>	93	93	91	91	91
<i>Non-Reimbursable</i>					
<i>Reimbursable</i>	93	93	91	91	91
<i>Total Full-Time</i>	93	93	91	91	91
<i>Total Full-Time-Equivalents</i>					

First Mutual Transportation Assurance Company
2006 Preliminary Budget
July Financial Plan 2006-2009

Mission Statement

The mission of the First Mutual Transportation Assurance Company (FMTAC) is to engage in the business of acting as a pure captive insurance company under Section 7005, Article 70 of the Insurance Law and Section 1266 subdivision 5 of the Public Authorities Law of the State of New York. FMTAC's mission is to continue, develop, and improve the insurance and risk management needs as required by the MTA. FMTAC was established to maximize the flexibility and effectiveness of the MTA's insurance program.

Financial Overview

FMTAC continues to utilize dedicated resources to efficiently address the challenges related to insurance and risk management for the MTA. It is the goal of FMTAC to maximize the efficiency and flexibility of the insurance programs while minimizing costs to the MTA and its subsidiaries. FMTAC continues to draw from the expertise and support services available in other MTA agencies and outside service providers to support risk management. The preliminary budget proposal reflects this philosophy.

For all years, on a cash basis, FMTAC generates a net cash deficit of zero, which is the true cash impact of FMTAC on MTA cash balances. FMTAC cash reserves are separate and distinct from MTA and are necessary to maintain the appropriate capital and reserve levels pursuant to the State of New York Insurance guidelines.

2005 Mid-Year Forecast

FMTAC's 2005 Mid-Year Forecast anticipates a Net Surplus that is \$8.749 million higher than the 2005 Adopted Budget due to the inclusion of other operating revenue (investment income) in the projected numbers and a reduction in expenses. As a result, there is an overall increase in company receipts forecasted for 2005.

2006 Preliminary Budget - Baseline

In 2006, FMTAC's main objective will be to continue insuring the programs currently insured through FMTAC. To accomplish this objective, FMTAC projects 2006 costs at a credit of \$10.025 million and revenue at \$7.178 million. Costs for FMTAC are comprised of insurance premiums (credit to Insurance expenses),

Claims Expenses and Other Business Expenses. Since the insurance premiums exceed its other anticipated costs, the result is a net credit.

Insurance premiums are projected at \$48.566 million. This reflects a 10% increase over 2005 and is representative of the increases in the market. The increases in Insurance are necessary in order to maintain the appropriate capital and reserve levels pursuant to the State of New York Insurance guidelines.

Claims expenses are projected at \$34.25 million. This reflects the actuarial projections for actual loss and loss adjustment expense payments related to existing claims for the 2006 year end.

Other Business Expenses (General and Administrative) are projected at \$4.291 million. Funds have been budgeted for captive management, audit, actuarial and legal services, as well as reimbursement of MTA risk management services.

2006 - 2009 Projections

Other Operating Revenue (investment income) is projected for 2006 through 2009 based on the All Urban Consumer CPI inflation rates as provided in the Economic & Demographic Forecasts April 2005.

Insurance (premiums paid for insurance programs) is projected to increase 10% for 2006 through 2009 and is representative of the increases in the market. The increases in Insurance are necessary in order to maintain the appropriate capital and reserve levels pursuant to the State of New York Insurance guidelines.

Claims expense is determined by actuarial projection and fluctuations are a result of anticipated payout and reserve adjustment for known and unknown claims.

Other Business Expenses (General and Administrative) increase in 2006 through 2009 based on inflation trends and increasing costs.

First Mutual Transportation Assurance Company
July Financial Plan 2006 - 2009
Accrual Statement of Operations by Category
(\$ in millions)

NON-REIMBURSABLE

	2004	2005	2006			
	Actuals	Mid-Year	Preliminary	2007	2008	2009
		Forecast	Budget			
Revenue						
Farebox Revenue						
Vehicle Toll Revenue						
Other Operating Revenue	6.861	6.998	7.178	7.378	7.595	7.837
Capital and Other Reimbursements						
Total Revenue	\$6.861	\$6.998	\$7.178	\$7.378	\$7.595	\$7.837
Expenses						
Labor:						
Payroll						
Overtime						
Health and Welfare						
Pensions						
Other Fringe Benefits						
Reimbursable Overhead						
Total Labor Expenses	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Non-Labor:						
Traction and Propulsion Power						
Fuel for Buses and Trains						
Insurance	(47.425)	(44.151)	(48.566)	(53.423)	(58.765)	(64.641)
Claims	40.551	33.869	34.250	35.378	36.545	37.750
Paratransit Service Contracts						
Maintenance and Other						
Operating Contracts						
Professional Service Contracts						
Materials & Supplies						
Other Business Expenses	4.929	4.341	4.291	4.334	4.377	4.421
Total Non-Labor Expenses	(\$1.945)	(\$5.941)	(\$10.025)	(\$13.711)	(\$17.843)	(\$22.470)
Other Expenses Adjustments:						
Other - Restricted Cash Adjustments						
Total Other Expense Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenses before Depreciation	(\$1.945)	(\$5.941)	(\$10.025)	(\$13.711)	(\$17.843)	(\$22.470)
Depreciation	0.000	0.000	0.000	0.000	0.000	0.000
Total Expenses	(\$1.945)	(\$5.941)	(\$10.025)	(\$13.711)	(\$17.843)	(\$22.470)
Baseline Net Surplus/(Deficit)	\$8.806	\$12.939	\$17.203	\$21.089	\$25.438	\$30.307
PEG Program	0.000	0.000	0.000	0.000	0.000	0.000
Net Surplus/(Deficit)	\$8.806	\$12.939	\$17.203	\$21.089	\$25.438	\$30.307

First Mutual Transportation Assurance Company
July Financial Plan 2006 - 2009
Cash Receipts & Expenditures
(\$ in millions)

	2004 Actuals	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<u>Receipts</u>						
Farebox Revenue						
Vehicle Toll Revenue						
Other Operating Revenue	6.861	6.998	7.178	7.378	7.595	7.837
Capital and Other Reimbursements						
Total Receipts	\$6.861	\$6.998	\$7.178	\$7.378	\$7.595	\$7.837
<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	(47.425)	(44.151)	(48.566)	(53.423)	(58.765)	(64.641)
Claims	15.800	24.737	26.867	28.478	27.461	29.084
Paratransit Service Contracts						
Maintenance and Other Operating Contracts						
Professional Service Contracts						
Materials & Supplies						
Other Business Expenses	4.929	3.256	3.218	3.250	3.283	3.316
Total Non-Labor Expenditures	(\$26.696)	(\$16.158)	(\$18.481)	(\$21.695)	(\$28.021)	(\$32.242)
Other Expenditure Adjustments:						
Other - Restricted Cash Adjustments	33.557	23.156	25.659	29.073	35.616	40.079
Total Other Expenditure Adjustments	\$33.557	\$23.156	\$25.659	\$29.073	\$35.616	\$40.079
Total Expenditures	\$6.861	\$6.998	\$7.178	\$7.378	\$7.595	\$7.837
Baseline Net Cash Deficit	\$0.000	\$0.000	\$0.000	(\$0.000)	\$0.000	(\$0.000)
PEG Program	0	0	0	0	0	0
Net Cash Deficit	\$0.000	\$0.000	\$0.000	(\$0.000)	\$0.000	(\$0.000)

First Mutual Transportation Assurance Company
July Financial Plan 2006 - 2009
Cash Conversion (Cash Flow Adjustments)
(\$ in millions)

	2004 Actuals	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<u>Receipts</u>						
Farebox Revenue						
Vehicle Toll Revenue						
Other Operating Revenue						
Capital and Other Reimbursements						
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	24.751	9.132	7.383	6.900	9.083	8.667
Paratransit Service Contracts						
Maintenance and Other Operating Contracts						
Professional Service Contracts						
Materials & Supplies						
Other Business Expenditures	0.000	1.085	1.073	1.083	1.094	1.105
Total Non-Labor Expenditures	\$24.751	\$10.217	\$8.456	\$7.984	\$10.178	\$9.772
Other Expenditure Adjustments:	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Other	(33.557)	(23.156)	(25.659)	(29.073)	(35.616)	(40.079)
Total Other Expenditure Adjustments	(\$33.557)	(\$23.156)	(\$25.659)	(\$29.073)	(\$35.616)	(\$40.079)
Total Cash Conversion Adjustments before Depreciation	(\$8.806)	(\$12.939)	(\$17.203)	(\$21.089)	(\$25.438)	(\$30.307)
Depreciation Adjustment	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Baseline Total Cash Conversion Adjustments	(\$8.806)	(\$12.939)	(\$17.203)	(\$21.089)	(\$25.438)	(\$30.307)
PEG Program	0.000	0.000	0.000	0.000	0.000	0.000
Total Cash Conversion Adjustments	(\$8.806)	(\$12.939)	(\$17.203)	(\$21.089)	(\$25.438)	(\$30.307)

First Mutual Transportation Assurance Company
July Financial Plan 2006-2009
Year-to-Year Changes by Category 2005-2009
Non-Reimbursable

Revenue

Other Operating Revenue

- Investment income is derived through FMTAC based on the investments held with Brown Brothers Harriman.
- Investment income is projected based on the All Urban Consumer CPI inflation rates as provided in the Economic & Demographic Forecasts April 2005.

Expenses

Insurance

- Insurance (premiums) is based on increases in the market as well as increases in the claims expenses and reserve adjustments.
- Insurance Premium is estimated to increase 10% each year for 2006 - 2009

Claims

- Claims expense is determined by actuarial projection for 2006 – 2009 of the actual claims expense paid and any adjustments either favorable or unfavorable to reserves.

Other Business Expenses

- 2005 assumed the risk management budget for the MTA.
- Costs increase for 2006 through 2009 are representative of general increases for the services provided and expenses not directly related to claims.

First Mutual Transportation Assurance Company
July Financial Plan 2006 - 2009
Year-to-Year Changes by Category - Accrual Basis
(\$ in millions)

NON-REIMBURSABLE

	Favorable/(Unfavorable)								
	2005	2006	Change 2006 - 2005	2007	Change 2007 - 2006	2008	Change 2008 - 2007	2009	Change 2009 - 2008
<u>Revenue</u>									
Farebox Revenue									
Vehicle Toll Revenue									
Other Operating Revenue	6.998	7.178	0.180	7.378	0.200	7.595	0.217	7.837	0.242
Capital and Other Reimbursements									
Total Revenue	\$6.998	\$7.178	\$0.180	\$7.378	\$0.200	\$7.595	\$0.217	\$7.837	\$0.242
<u>Expenses</u>									
Labor:									
Payroll									
Overtime									
Health and Welfare									
Pensions									
Other Fringe Benefits									
Reimbursable Overhead									
Total Labor Expenses	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Non-Labor:									
Traction and Propulsion Power									
Fuel for Buses and Trains									
Insurance	(44.151)	(48.566)	4.415	(53.423)	4.857	(58.765)	5.342	(64.641)	5.876
Claims	33.869	34.250	(0.381)	35.378	(1.128)	36.545	(1.167)	37.750	(1.206)
Paratransit Service Contracts									
Maintenance and Other									
Professional Service Contracts									
Materials & Supplies									
Other Business Expenses	4.341	4.291	0.050	4.334	(0.043)	4.377	(0.043)	4.421	(0.044)
Total Non-Labor Expenses	(\$5.941)	(\$10.025)	\$4.084	(\$13.711)	\$3.686	(\$17.843)	\$4.132	(\$22.470)	\$4.627
Other Expenses Adjustments:									
Other									
Total Other Expense Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenses before Depreciation	(\$5.941)	(\$10.025)	\$4.084	(\$13.711)	\$3.686	(\$17.843)	\$4.132	(\$22.470)	\$4.627
Depreciation									0.000
Total Expenses	(\$5.941)	(\$10.025)	\$4.084	(\$13.711)	\$3.686	(\$17.843)	\$4.132	(\$22.470)	\$4.627
Baseline Net Surplus/(Deficit)	\$12.939	\$17.203	\$4.264	\$21.089	\$3.886	\$25.438	\$4.349	\$30.307	\$4.869
New Needs									
PEG Program									
Net Surplus/(Deficit)	\$12.939	\$17.203	\$4.264	\$21.089	\$3.886	\$25.438	\$4.349	\$30.307	\$4.869

First Mutual Transportation Assurance Company
July Financial Plan 2006 - 2009
Year-to-Year Changes by Category - Cash Basis
(\$ in millions)

	Favorable/(Unfavorable)								
	2005	2006	Change 2006 - 2005	2007	Change 2007 - 2006	2008	Change 2008 - 2007	2009	Change 2009 - 2008
Cash Receipts & Expenditures									
<u>Receipts</u>									
Farebox Revenue									
Vehicle Toll Revenue									
Other Operating Revenue	6.998	7.178	0.180	7.378	0.200	7.595	0.217	7.837	0.242
Capital and Other Reimbursements									
Total Receipts	\$6.998	\$7.178	\$0.180	\$7.378	\$0.200	\$7.595	\$0.217	\$7.837	\$0.242
<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	\$0.000	\$0.000	\$0.000
Non-Labor:									
Traction and Propulsion Power									
Fuel for Buses and Trains									
Insurance	(44.151)	(48.566)	4.415	(53.423)	4.857	(58.765)	5.342	(64.641)	5.876
Claims	24.737	26.867	(2.130)	28.478	(1.611)	27.461	1.017	29.084	(1.623)
Paratransit Service Contracts									
Maintenance and Other									
Operating Contracts									
Professional Service Contracts									
Materials & Supplies									
Other Business Expenses	3.256	3.218	0.037	3.250	(0.032)	3.283	(0.033)	3.316	(0.033)
Total Non-Labor Expenditures	(\$16.158)	(\$18.481)	\$2.323	(\$21.695)	\$3.214	(\$28.021)	\$6.326	(\$32.242)	\$4.221
Other Expenditure Adjustments:									
Other - Restricted Cash Adjustments	23.156	25.659	(2.503)	29.073	(3.414)	35.616	(6.543)	40.079	(4.463)
Total Other Expenditure Adjustments	\$23.156	\$25.659	(\$2.503)	\$29.073	(\$3.414)	\$35.616	(\$6.543)	\$40.079	(\$4.463)
Total Expenditures	\$6.998	\$7.178	(\$0.180)	\$7.378	(\$0.200)	\$7.595	(\$0.217)	\$7.837	(\$0.242)
Baseline Net Cash Deficit	0.000	0.000	(0.000)	(0.000)	(0.000)	0.000	0.000	(0.000)	(0.000)
PEG Program									
Net Cash Deficit	\$0.000	\$0.000	(\$0.000)	(\$0.000)	(\$0.000)	\$0.000	\$0.000	(\$0.000)	(\$0.000)

First Mutual Transportation Assurance Company
July Financial Plan 2006-2009
Summary of Changes Between Financial Plans 2005-2009

2005: July Financial Plan vs. February Financial Plan

The July Financial Plan is \$8.749 million higher than the February Adopted Budget. This increase in net surplus/deficit is due to the inclusion of other operating revenue (investment income) in the projected numbers.

2006: July Financial Plan vs. February Financial Plan

Projections for 2006 are increased by \$12.224 from the February Adopted Budget. This increase in projections is due to the inclusion of \$7.178 million in other operating revenue (investment income), as well as an increase in the insurance premiums (credit to expense) of \$1.099 million. The remainder of the increase in projections for 2006 is due to a decrease in the estimated claims expense of \$3.965 million based on actuarial projections for the year. These increases in projections are partially offset by an increase in other business expenses of \$0.018 million.

2007: July Financial Plan vs. February Financial Plan

Projections for 2007 are increased by \$15.268 from the February Adopted Budget. This increase in projections is due to the inclusion of \$7.378 million in other operating revenue (investment income), as well as an increase in the insurance premiums (credit to expense) of \$1.209 million. The remainder of the increase in projections for 2007 is due to a decrease in the estimated claims expense of \$6.659 million based on actuarial projections for the year. The remainder of the increase in projections is due to a decrease in other business expenses of \$0.022 million.

2008: July Financial Plan vs. February Financial Plan

Projections for 2008 are increased by \$18.690 from the February Adopted Budget. This increase in projections is due to the inclusion of \$7.595 million in other operating revenue (investment income), as well as an increase in the insurance premiums (credit to expense) of \$1.330 million. The remainder of the increase in projections for 2008 is due to a decrease in the estimated claims expense of \$9.695 million based on actuarial projections for the year. The remainder of the increase in projections is due to a decrease in other business expenses of \$0.070 million.

2009: July Financial Plan vs. February Financial Plan

Projections for 2009 are increased by \$22.538 from the February Adopted Budget. This increase in projections is due to the inclusion of \$7.837 million in other operating revenue (investment income), as well as an increase in the insurance premiums (credit to expense) of \$1.462 million. The remainder of the increase in projections for 2009 is due to a decrease in the estimated claim expense of \$13.114 million based on actuarial projections for the year. The remainder of the increase in projections is due to a decrease in other business expenses of \$0.125 million.

First Mutual Transportation Assurance Company
July Financial Plan 2006 - 2009
Summary of Changes Between Financial Plans by Category
(\$ in millions)

NON-REIMBURSABLE

	2005	2006	2007	2008	2009
2005 February Financial Plan - Operating Cash Income/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Add Back: February Plan Unspecified PEG's					
Baseline 2005 February Financial Plan - Operating Cash Income/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Baseline:					
Changes					
Revenue					
Other Operating Revenue	\$6.998	\$7.178	\$7.378	\$7.595	\$7.837
Sub-Total Revenue Changes	\$6.998	\$7.178	\$7.378	\$7.595	\$7.837
Expenses					
Insurance	\$.999	\$1.099	\$1.209	\$1.330	\$1.462
Claims	\$.872	\$3.965	\$6.659	\$9.695	\$13.114
Professional Service Contracts	\$.729	\$.738	\$.752	\$.768	\$.784
Other Business Expenses	(\$.849)	(\$.756)	(\$.730)	(\$.698)	(\$.659)
Sub-Total Expense Changes	\$1.751	\$5.046	\$7.890	\$11.095	\$14.701
Cash Adjustments:					
Revenue					
Other Operating Revenue	(\$5.400)	(\$5.467)	(\$5.573)	(\$5.690)	(\$5.817)
Sub-Total Revenue Changes	(\$5.400)	(\$5.467)	(\$5.573)	(\$5.690)	(\$5.817)
Expenses					
Claims	\$10.158	\$8.511	\$8.141	\$10.449	\$16.255
Other Business Expenses	\$.702	\$1.059	\$1.063	\$1.071	\$1.130
Sub-Total Expense Changes	\$10.860	\$9.570	\$9.204	\$11.520	\$17.385
Restricted Cash Adjustment	(\$14.209)	(\$16.327)	(\$18.899)	(\$24.520)	(\$34.106)
Sub-Total Cash Adjustment Changes	(\$8.749)	(\$12.224)	(\$15.268)	(\$18.690)	(\$22.538)
Total Baseline Changes	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
PEG Program					
Total Changes	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
2005 July Financial Plan - Operating Cash Income/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000

New York City Transit

**MTA New York City Transit
2006 Preliminary Budget
July Financial Plan 2006 – 2009**

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 approximately 6,200 subway cars on 26 routes over 233 route miles and 660 miles of mainline track, serving 468 stations located in four of New York City's (City) boroughs; and
- a bus system operating more than 4,400 buses on 207 local and 36 express routes for more than 118 million miles per year; and
- Access-a-Ride, a paratransit service that operates throughout the City under private contract to serve persons whose disabilities preclude their use of bus and subway services.

The 2006 Preliminary Budget and projections for the years 2007-2009 provide sufficient funding to maintain both a continuation of current service levels as well as MTA's commitment to safety and security. This is accomplished primarily through the implementation of organizational and operating efficiencies (Programs to Eliminate the GAP) that optimize the use of resources to achieve agency goals. Ongoing and extensive internal efforts are being made by MTA NYC Transit to reduce non-critical spending and improve operating efficiencies.

2005 Mid-Year Forecast

MTA NYC Transit's 2005 Mid-Year Forecast includes total expenses before depreciation of \$5,516.3 million, consisting of \$4,747.5 million of non-reimbursable expenses and \$768.8 million of reimbursable expenses. Total revenues are projected to be \$3,727.8 million, of which \$2,959.0 million are operating revenues and \$768.8 million are capital reimbursements. Total baseline full-time and full-time equivalent positions are 47,139 (41,889 non-reimbursable positions and 5,250 reimbursable positions).

2005 Mid-Year Forecast (continued)

The 2005 baseline net cash deficit is projected to worsen by \$1.1 million from the 2005 Adopted Budget. Major favorable non-reimbursable changes include increased paratransit urban tax revenues of \$13.5 million driven by a very strong local real estate market and a re-estimate of the level of excess personnel based primarily on updated attrition rates resulting in a savings of \$10.7 million. Major unfavorable non-reimbursable changes include: a \$10.7 million increase in overtime requirements including vacancy coverage, responses to service disruptions and inclement weather occurring in the first quarter; estimated cost increases of \$8.0 million based upon updated inflation rate assumptions; and \$4.0 million of increased maintenance and station, track and infrastructure cleaning costs. In addition, a re-scheduling in the implementation of the One Person Train Operation (OPTO) program on the L Line results in a loss of \$2.9 million in savings and the deferral of the implementation of the bus off-peak loading guideline changes until 2006 results in a \$4.8 million worsening of the 2005 deficit. These last two changes represent major revisions to the 2005 PEGs included in the 2005 Adopted Budget.

Reimbursable expenses increased from the 2005 Adopted Budget by \$40.8 million, due to additional Capital Program requirements primarily in the areas of track & switches, critical signal safety, antennae cables, third rail support, shuttle work, bus requirements, CCTV security and station rehabilitations. This increase is offset by a corresponding revenue reimbursement increase.

The 2005 accelerated effect of new 2006 Programs to Eliminate the GAP (PEGs), presented below the baseline on the attached financial tables, and described below, are projected to yield a deficit reduction of \$5.3 million.

2006 Preliminary Budget

MTA NYC Transit's 2006 Preliminary Budget includes total expenses before depreciation of \$5,697.6 million, consisting of \$4,983.0 million of non-reimbursable expenses and \$714.7 million of reimbursable expenses. Total revenues are projected to be \$3,726.8 million, of which \$3,012.1 million are operating revenues and \$714.7 million are capital reimbursements. Total baseline full-time and full-time equivalent positions are 46,981 (41,900 non-reimbursable positions and 5,081 reimbursable positions).

The 2006 baseline net cash deficit is projected to increase by \$78.8 million from the February Financial Plan 2006 projection. Major unfavorable non-reimbursable causal factors include: increased costs of \$67.1 million resulting from updated inflation rates and other price change assumptions and \$28.1 million of new maintenance and cleaning initiatives. Major favorable changes include the timing of capital reimbursements into 2006 of \$8.5 million and projected higher paratransit urban tax revenues of \$6.5 million, driven by a very strong local real estate market.

2006 Preliminary Budget (continued)

The major components of the \$28.1 million of new maintenance and cleaning requirements are summarized as follows:

- Revisions to the subway car Scheduled Maintenance System (SMS) added \$7.4 million in costs based upon a reassessment of fleet maintenance requirements.
- Funding for \$11.6 million of new maintenance requirements, largely for: prevention of broken rail incidents; stop-circuit modifications; light emitting diode signal head conversions to reduce the number of dark signal incidents; fire alarm inspections and several bus maintenance initiatives.
- Funding for \$9.1 million of new cleaning requirements relating to increased cleaning of stations, track, and infrastructure.

2006 PEGs, presented below the baseline on the attached financial tables, and described below, are projected to yield a deficit reduction of \$19.5 million with 118 position reductions.

2007-2009 Projections

MTA NYC Transit's projections for 2007-2009 reflect total expenses before depreciation as follows: 2007-\$5,898.1 million, 2008-\$6,113.3 million and 2009-\$6,325.3 million. Non-reimbursable expenses before depreciation are projected as follows: 2007-\$5,177.0 million, 2008-\$5,375.3 million and 2009-\$5,580.8 million. Reimbursable expenses are projected as follows: 2007-\$721.0 million, 2008-\$738.0 million and 2009-\$744.6 million. Total revenues are projected as follows: 2007-\$3,775.0 million, 2008-\$3,829.9 million and 2009-\$3,849.7 million. Operating revenues are projected as follows: 2007-\$3,053.9 million, 2008-\$3,091.8 million and 2009-\$3,105.2 million. Capital reimbursements are projected as follows: 2007-\$721.0 million, 2008-\$738.0 million and 2009-\$744.6 million. Total full-time and full-time baseline equivalent positions are projected to be 46,803 in 2007, 46,926 in 2008 and 46,688 in 2009. Non-reimbursable positions are projected to be 41,804 in 2007, 41,943 in 2008 and 41,796 in 2009. Reimbursable positions are projected to be 4,999 in 2007, 4,983 in 2008 and 4,892 in 2009.

Baseline net cash deficits are projected to increase by \$88.7 million in 2007, \$164.6 million in 2008 and \$171.8 million in 2009 from the February Financial Plan. The major causal factor for these increases is higher costs due to updated inflation rate assumption as follows: \$98.7 million in 2007; \$120.7 million in 2008; and \$155.9 million in 2009. Additionally, funding for new maintenance and cleaning requirements was provided as follows: \$24.8 million in 2007; \$26.0 million in 2008; and \$22.8 million in 2009. A third significant causal factor is schedule and scope revisions to bus shop maintenance program production levels to meet current bus maintenance/upgrade requirements in a more efficient manner. This factor resulted in a projected reduction in expenses in 2007 of \$12.2 million but projected increases in expenses in 2008 of \$36.5 million and 2009 of \$24.3 million.

2007-2009 Projections (continued)

The major components for the new maintenance and cleaning requirements are summarized as follows:

- Funding of: \$18.4 million in 2007; \$19.6 million in 2008 and \$16.4 million in 2009 of new maintenance requirements largely for: SONET/ATS network; SMS Program; new police radio system; partial re-flooring of R46/R38 subway cars; prevention of broken rail incidents; revenue facility requirements; stop-circuit modifications, light emitting diode signal head conversions to reduce the number of dark signal incidents; bus maintenance initiatives and fire alarm inspections.
- Funding for \$6.4 million in 2007, 2008 and 2009 of new cleaning requirements relating to the increased cleaning of stations, track, and infrastructure.

Programs to Eliminate the Gap, described below, are projected to generate deficit reductions of \$22.6 million in 2007, \$36.0 million in 2008 and \$43.7 million in 2009. Position reductions are projected to be 277 in 2007, 432 in 2008 and 432 in 2009.

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

GAP CLOSING MEASURES

2006 Programs to Eliminate the Gap (PEGs)

MTA NYC Transit has developed programs resulting in significant cost savings and position reductions. These reductions are largely achieved through administrative streamlining and operating efficiencies with little impact on MTA NYC Transit operations.

2005 Mid-Year Forecast

In 2005, PEG savings are projected at \$5.3 million. These savings are mostly administrative and result from management actions to achieve health and welfare cost savings.

2006 Preliminary Budget

2006 PEG savings are projected at \$19.5 million with an elimination of 129 positions.

Administrative savings of \$10.2 million and 23 positions include: management actions to achieve health & welfare cost savings of \$4.4 million; implement disease management program resulting in health benefit savings of \$1.4 million; savings of \$0.9 million of

2006 Preliminary Budget-PEG Savings (continued)

worker's compensation costs; reduce new subway car acceptance support costs of \$0.6 million by eliminating 6 positions; corporate communications administrative savings of \$0.6 million and 1 position; voice and data support staff savings of \$0.5 million and 6 positions; human resources staffing/overtime savings of \$0.4 million and 5 positions; and rolling stock administrative consolidation savings of \$0.3 million and 4 positions.

Direct service savings of \$1.2 million is attributed to hybrid bus fuel expense reductions.

Service support savings of \$2.0 million and position reductions of 22 include: tower operator switching efficiencies resulting in savings of \$0.5 million and 7 positions; L Line/CBTC switching conductor efficiencies resulting in savings of \$0.3 million and 4 positions; Grand Concourse master tower automation to achieve savings of \$0.2 million and 5 positions; managerial train supervision automation resulting in savings of \$0.4 million and 3 positions; and elimination of traffic checker overnight/weekend desk operations with a savings of \$0.3 million and 3 positions.

Maintenance savings of \$5.5 million and position reductions of 58 include: Central Electronics Shop productivity savings of \$1.1 million and 13 positions; improvement in subway car reliability allows for inspector position reductions of 15 and expense savings of \$1.2 million; AFC maintenance support consolidation efficiencies resulting in savings of \$0.7 million and 7 positions; RTO maintenance support savings of \$0.4 million and 6 positions; machine shop consolidation savings of \$0.5 million and 6 positions; "B" level defect repair overtime reduction of \$0.5 million; reduction of power operations emergency crew helpers by 8 positions and \$0.5 million in expense savings; and reduction of maintenance-related hardware materials by \$0.5 million due to centralization of functions.

2007-2009 Projections

PEG savings are projected at: \$22.6 million in 2007; \$36.0 million in 2008; and \$43.7 million in 2009. Position eliminations are projected at: 288 in 2007; 443 in 2008; and 443 in 2009.

Administrative savings of \$10.2 million in each year, 23 position reductions in 2007 and 24 position reductions in 2008/2009 include: management actions to achieve health & welfare cost savings of \$4.5 million; implement disease management program resulting in health benefit savings of \$1.4 million; savings of \$0.9 million of worker's compensation costs; reduce new subway car acceptance support costs of \$0.6 million by eliminating 6 positions; corporate communications administrative savings of \$0.6 million and 1 position; voice and data support staff savings of \$0.5 million and 6 positions; human resources staffing/overtime savings of \$0.4 million and 5 positions; and rolling stock administrative consolidation savings of \$0.3 million and 4 positions.

2007-2009 Projections-PEG Savings (continued)

Direct service savings due to hybrid bus fuel expense reductions are projected to be: \$1.9 million in 2007; \$2.8 million in 2008; and \$4.4 million in 2009.

Service support savings are projected to be \$4.1 million in 2007; \$16.5 million in 2008; and \$22.6 million in 2009. Position reductions are projected to be 181 in 2007 and 335 in 2008 and 2009. These reductions include: implementation of One Person Train Operation (OPTO) on several lines-savings of \$2.0 million in 2007, \$14.4 million in 2008, and \$20.4 million in 2009 and position reductions of 159 in 2007 and 313 in 2008 and 2009; tower operator switching efficiencies resulting in savings of \$0.5 million and 7 positions each year; L Line/CBTC switching conductor efficiencies resulting in savings of \$0.3 million and 4 positions each year; Grand Concourse master tower automation to achieve savings of \$0.2 million and 5 positions each year; managerial train supervision automation resulting in savings of \$0.4 million and 3 positions each year; and elimination of traffic checker overnight/weekend desk operations with a savings of \$0.3 million and 3 positions each year.

Maintenance savings of \$5.5 million and position reductions of 58 each year include: Central Electronics Shop productivity savings of \$1.1 million and 13 positions; improvement in subway car reliability allows for inspector position reductions of 15 and expense savings of \$1.2 million; AFC maintenance support consolidation efficiencies resulting in savings of \$0.7 million and 7 positions; RTO maintenance support savings of \$0.4 million and 6 positions; machine shop consolidation savings of \$0.5 million and 6 positions; "B" level defect repair overtime reduction of \$0.5 million; reduction of power operations emergency crew helpers by 8 positions and \$0.5 million in expense savings; and reduction of maintenance-related hardware materials by \$0.5 million due to centralization of functions.

MTA New York City Transit
July Financial Plan 2006 - 2009
Accrual Statement of Operations by Category
(\$ in millions)

NON-REIMBURSABLE

	2004 Actuals	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<u>Revenue</u>						
Farebox Revenue:						
Subway	\$1,795.334	\$1,903.589	\$1,943.359	\$1,967.696	\$1,985.279	\$1,986.462
Bus	747.868	785.401	796.749	804.046	811.109	811.569
Paratransit	6.024	7.037	7.951	8.985	10.153	11.473
Fare Media Liability	20.974	13.100	12.700	13.000	13.300	13.600
Total Farebox Revenue	\$2,570.200	\$2,709.127	\$2,760.759	\$2,793.727	\$2,819.841	\$2,823.104
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue:						
Fare Reimbursement	103.766	103.766	103.766	103.766	103.766	103.766
Paratransit Reimbursement	47.216	58.620	58.379	66.833	78.222	88.469
Other	102.109	87.535	89.197	89.597	89.997	89.812
Total Other Operating Revenue	\$253.091	\$249.921	\$251.342	\$260.196	\$271.985	\$282.047
Capital and Other Reimbursements	0.000	0.000	0.000	0.000	0.000	0.000
Total Revenue	\$2,823.291	\$2,959.048	\$3,012.101	\$3,053.923	\$3,091.826	\$3,105.151
<u>Expenses</u>						
Labor:						
Payroll	2,357.257	2,402.781	2,471.237	2,525.033	2,601.145	2,667.674
Overtime	199.298	207.459	200.232	204.674	209.487	216.290
Total Salaries & Wages	2,556.555	2,610.240	2,671.469	2,729.707	2,810.632	2,883.964
Health and Welfare	511.230	588.718	643.514	701.041	769.109	839.168
Pensions	309.388	446.617	537.498	558.642	565.116	566.589
Other Fringe Benefits	234.469	192.561	200.751	205.851	211.641	217.463
Total Fringe Benefits	1,055.087	1,227.896	1,381.763	1,465.534	1,545.866	1,623.220
Reimbursable Overhead	(143.432)	(143.045)	(131.554)	(132.147)	(135.512)	(135.494)
Total Labor Expenses	\$3,468.210	\$3,695.091	\$3,921.678	\$4,063.094	\$4,220.986	\$4,371.690
Non-Labor:						
Traction and Propulsion Power	114.338	138.389	142.246	143.801	145.138	147.598
Fuel for Buses and Trains	71.217	88.884	83.475	80.868	80.567	82.114
Insurance	28.649	33.664	35.478	37.576	39.734	41.651
Claims	62.203	69.441	71.350	73.306	75.314	77.370
Paratransit Service Contracts	135.076	161.928	188.106	219.906	255.819	296.277
Mtce. and Other Operating Contracts	154.878	189.804	188.883	188.859	187.246	196.298
Professional Service Contracts	93.493	91.617	84.379	83.186	85.349	87.202
Materials & Supplies	222.229	248.360	237.174	255.828	254.255	249.503
Other Business Expenses	38.736	30.336	30.193	30.622	30.879	31.081
Total Non-Labor Expenses	\$920.819	\$1,052.423	\$1,061.284	\$1,113.952	\$1,154.301	\$1,209.094
Other Expense Adjustments:						
Other	1.896	0.000	0.000	0.000	0.000	0.000
Total Other Expense Adjustments	\$1.896	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenses before Depreciation	\$4,390.925	\$4,747.514	\$4,982.962	\$5,177.046	\$5,375.287	\$5,580.784
Depreciation	891.819	981.600	1,086.500	1,191.300	1,292.500	1,396.300
Total Expenses	\$5,282.744	\$5,729.114	\$6,069.462	\$6,368.346	\$6,667.787	\$6,977.084
Baseline Net Surplus/(Deficit)	(\$2,459.453)	(\$2,770.066)	(\$3,057.361)	(\$3,314.423)	(\$3,575.961)	(\$3,871.933)
Program to Eliminate the Gap	0.000	5.307	18.317	21.437	34.848	42.497
Net Surplus/(Deficit)	(\$2,459.453)	(\$2,764.759)	(\$3,039.044)	(\$3,292.986)	(\$3,541.113)	(\$3,829.436)

MTA New York City Transit
July Financial Plan 2006 - 2009
Accrual Statement of Operations by Category
(\$ in millions)

NON-REIMBURSABLE and REIMBURSABLE	2004 Actuals	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
Revenue						
Farebox Revenue:						
Subway	\$1,795.334	\$1,903.589	\$1,943.359	\$1,967.696	\$1,985.279	\$1,986.462
Bus	747.868	785.401	796.749	804.046	811.109	811.569
Paratransit	6.024	7.037	7.951	8.985	10.153	11.473
Fare Media Liability	20.974	13.100	12.700	13.000	13.300	13.600
Total Farebox Revenue	\$2,570.200	\$2,709.127	\$2,760.759	\$2,793.727	\$2,819.841	\$2,823.104
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue:						
Fare Reimbursement	103.766	103.766	103.766	103.766	103.766	103.766
Paratransit Reimbursement	47.216	58.620	58.379	66.833	78.222	88.469
Other	102.109	87.535	89.197	89.597	89.997	89.812
Total Other Operating Revenue	253.091	249.921	251.342	260.196	271.985	282.047
Capital and Other Reimbursements	764.404	768.762	714.661	721.042	738.029	744.550
Total Revenue	\$3,587.695	\$3,727.810	\$3,726.762	\$3,774.965	\$3,829.855	\$3,849.701
Expenses						
Labor:						
Payroll	2,699.705	2,742.954	2,798.282	2,854.888	2,938.636	3,010.226
Overtime	266.887	260.950	252.316	257.555	263.915	271.204
Total Salaries & Wages	2,966.592	3,003.904	3,050.598	3,112.443	3,202.551	3,281.430
Health and Welfare	527.474	606.987	664.309	723.742	793.893	866.230
Pensions	315.899	458.609	552.475	574.990	581.976	583.463
Other Fringe Benefits	319.318	274.348	278.088	283.405	290.885	297.310
Total Fringe Benefits	1,162.691	1,339.944	1,494.872	1,582.137	1,666.754	1,747.003
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenses	\$4,129.283	\$4,343.848	\$4,545.470	\$4,694.580	\$4,869.305	\$5,028.433
Non-Labor:						
Traction and Propulsion Power	114.338	138.389	142.246	143.801	145.138	147.598
Fuel for Buses and Trains	71.219	88.884	83.475	80.868	80.567	82.114
Insurance	28.649	33.664	35.478	37.576	39.734	41.651
Claims	62.469	69.441	71.350	73.306	75.314	77.370
Paratransit Service Contracts	135.076	161.928	188.106	219.906	255.819	296.277
Mtce. and Other Operating Contracts	190.971	227.789	220.467	220.443	218.830	227.382
Professional Service Contracts	110.994	111.645	100.979	99.786	101.949	103.802
Materials & Supplies	277.642	307.253	277.159	294.500	293.081	286.927
Other Business Expenses	32.792	33.435	32.893	33.322	33.579	33.780
Total Non-Labor Expenses	\$1,024.150	\$1,172.428	\$1,152.153	\$1,203.508	\$1,244.011	\$1,296.901
Other Expense Adjustments:						
Other	1.896	0.000	0.000	0.000	0.000	0.000
Total Other Expense Adjustments	\$1.896	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenses before Depreciation	\$5,155.329	\$5,516.276	\$5,697.623	\$5,898.088	\$6,113.316	\$6,325.334
Depreciation	891.819	981.600	1,086.500	1,191.300	1,292.500	1,396.300
Total Expenses	\$6,047.148	\$6,497.876	\$6,784.123	\$7,089.388	\$7,405.816	\$7,721.634
Baseline Net Surplus/(Deficit)	(\$2,459.453)	(\$2,770.066)	(\$3,057.361)	(\$3,314.423)	(\$3,575.961)	(\$3,871.933)
Program to Eliminate the Gap	0.000	5.307	18.317	21.437	34.848	42.497
Net Surplus/(Deficit)	(\$2,459.453)	(\$2,764.759)	(\$3,039.044)	(\$3,292.986)	(\$3,541.113)	(\$3,829.436)

MTA New York City Transit
July Financial Plan 2006 - 2009
Cash Conversion (Cash Flow Adjustments)
(\$ in millions)

	2004 Actuals	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<u>Receipts</u>						
Farebox Revenue	2.669	8.700	9.000	21.300	9.700	9.700
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue:						
Fare Reimbursement	0.034	0.000	0.000	0.000	0.000	0.000
Paratransit Reimbursement	(1.016)	0.500	0.000	0.000	0.000	0.000
Other	104.022	22.100	2.100	2.100	2.100	2.100
Total Other Operating Revenue	\$103.040	\$22.600	\$2.100	\$2.100	\$2.100	\$2.100
Capital and Other Reimbursements	0.196	3.112	5.453	(6.331)	(8.540)	(6.360)
Total Receipt Adjustments	\$105.905	\$34.412	\$16.553	\$17.069	\$3.260	\$5.440
<u>Expenditures</u>						
Labor:						
Payroll	24.505	8.527	22.109	22.416	21.837	24.365
Overtime	19.987	0.000	0.000	0.000	0.000	0.000
Total Salaries & Wages	44.492	8.527	22.109	22.416	21.837	24.365
Health and Welfare	15.174	(9.216)	0.000	0.000	0.000	0.000
Pensions	95.899	134.040	39.038	7.628	1.389	(1.916)
Other Fringe Benefits	46.318	6.185	7.850	7.512	7.720	7.939
Total Fringe Benefits	157.391	131.009	46.888	15.140	9.109	6.023
Reimbursable Overhead						
Total Labor Expenditures	\$201.883	\$139.536	\$68.997	\$37.556	\$30.946	\$30.388
Non-Labor:						
Traction and Propulsion Power	0.838	0.000	0.000	0.000	0.000	0.000
Fuel for Buses and Trains	0.819	0.000	0.000	0.000	0.000	0.000
Insurance	(13.551)	(3.249)	(0.018)	(0.963)	(4.842)	2.127
Claims	15.969	11.463	12.299	12.780	13.273	10.875
Paratransit Service Contracts	4.676	3.200	4.200	0.000	0.000	0.000
Mtce. and Other Operating Contracts	(10.729)	(8.454)	(8.454)	(8.454)	(8.454)	(8.454)
Professional Service Contracts	4.694	4.200	4.200	4.200	4.200	4.200
Materials & Supplies	7.542	4.072	2.750	2.000	2.000	2.000
Other Business Expenditures	3.492	0.001	(0.001)	0.000	0.000	0.000
Total Non-Labor Expenditures	\$13.750	\$11.233	\$14.976	\$9.563	\$6.177	\$10.748
Other Expenditure Adjustments:						
Other	1.896	0.000	0.000	0.000	0.000	0.000
Total Other Expenditure Adjustments	\$1.896	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenditure Adjustments	\$217.529	\$150.769	\$83.973	\$47.119	\$37.123	\$41.136
Total Cash Conversion Adjustments before Depreciation	\$323.434	\$185.181	\$100.526	\$64.188	\$40.383	\$46.576
Depreciation Adjustment	891.819	981.600	1,086.500	1,191.300	1,292.500	1,396.300
Baseline Total Cash Conversion Adj.	\$1,215.253	\$1,166.781	\$1,187.026	\$1,255.488	\$1,332.883	\$1,442.876
Program to Eliminate the Gap	0.000	0.000	1.200	1.200	1.200	1.200
Total Cash Conversion Adjustments	\$1,215.253	\$1,166.781	\$1,188.226	\$1,256.688	\$1,334.083	\$1,444.076

MTA New York City Transit
July Financial Plan 2006 - 2009
Cash Receipts & Expenditures
(\$ in millions)

	2004	2005	2006			
	Actuals	Mid-Year	Preliminary	2007	2008	2009
		Forecast	Budget			
<u>Receipts</u>						
Farebox Revenue	\$2,572.869	\$2,717.827	\$2,769.759	\$2,815.027	\$2,829.541	\$2,832.804
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue:						
Fare Reimbursement	103.800	103.766	103.766	103.766	103.766	103.766
Paratransit Reimbursement	46.200	59.120	58.379	66.833	78.222	88.469
Other	206.131	109.635	91.297	91.697	92.097	91.912
Total Other Operating Revenue	\$356.131	\$272.521	\$253.442	\$262.296	\$274.085	\$284.147
Capital and Other Reimbursements	764.600	771.874	720.114	714.711	729.489	738.190
Total Receipts	\$3,693.600	\$3,762.222	\$3,743.315	\$3,792.034	\$3,833.115	\$3,855.141
<u>Expenditures</u>						
Labor:						
Payroll	2,675.200	2,734.427	2,776.173	2,832.472	2,916.799	2,985.861
Overtime	246.900	260.950	252.316	257.555	263.915	271.204
Total Salaries & Wages	2,922.100	2,995.377	3,028.489	3,090.027	3,180.714	3,257.065
Health and Welfare	512.300	616.203	664.309	723.742	793.893	866.230
Pensions	220.000	324.569	513.437	567.362	580.587	585.379
Other Fringe Benefits	273.000	268.163	270.238	275.893	283.165	289.371
Total Fringe Benefits	1,005.300	1,208.935	1,447.984	1,566.997	1,657.645	1,740.980
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenditures	\$3,927.400	\$4,204.312	\$4,476.473	\$4,657.024	\$4,838.359	\$4,998.045
Non-Labor:						
Traction and Propulsion Power	113.500	138.389	142.246	143.801	145.138	147.598
Fuel for Buses and Trains	70.400	88.884	83.475	80.868	80.567	82.114
Insurance	42.200	36.913	35.496	38.539	44.576	39.524
Claims	46.500	57.978	59.051	60.526	62.041	66.495
Paratransit Service Contracts	130.400	158.728	183.906	219.906	255.819	296.277
Mtce. and Other Operating Contracts	201.700	236.243	228.921	228.897	227.284	235.836
Professional Service Contracts	106.300	107.445	96.779	95.586	97.749	99.602
Materials & Supplies	270.100	303.181	274.409	292.500	291.081	284.927
Other Business Expenditures	29.300	33.434	32.894	33.322	33.579	33.780
Total Non-Labor Expenditures	\$1,010.400	\$1,161.195	\$1,137.177	\$1,193.945	\$1,237.834	\$1,286.153
Other Expenditure Adjustments:						
Depreciation	0.000	0.000	0.000	0.000	0.000	0.000
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	\$4,937.800	\$5,365.507	\$5,613.650	\$5,850.969	\$6,076.193	\$6,284.198
Baseline Net Cash Deficit	(\$1,244.200)	(\$1,603.285)	(\$1,870.335)	(\$2,058.935)	(\$2,243.078)	(\$2,429.057)
Program to Eliminate the Gap	0.000	5.307	19.517	22.637	36.048	43.697
Net Cash Deficit	(\$1,244.200)	(\$1,597.978)	(\$1,850.818)	(\$2,036.298)	(\$2,207.030)	(\$2,385.360)

MTA New York City Transit
July Financial Plan 2006-2009
Year-To-Year Major Changes by Category-Baseline Narrative

TOTAL REVENUES

Farebox Revenue

- Annual improvements in subway/bus farebox revenue are based largely on forecasted growth in NYC employment.
- 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.
- 2006 includes a reduction from a very high level of 2005 paratransit urban tax revenue, which was based upon a very strong 2005 real estate market.

Capital and Other Reimbursements

- Reimbursements are projected to decrease by \$54.1 million or 7.1% from 2005 to 2006, due to the completion of a number of significant capital projects.
- 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

- 2006-2009 includes primarily CPI rate increases as follows: 2006-2.57%, 2007-2.79%, 2008-2.94%, and 2009-3.18%.
- Reimbursable expenses decreased by \$13.1 million from 2005 to 2006, due to the completion of a number of significant capital projects.

Overtime

- 2006-2009 payroll wage rate increase assumptions apply.
- The reduction from 2005 to 2006 was due primarily to additional 2005 overtime requirements caused by vacancy coverage, service disruptions, and adverse winter weather not anticipated to recur in 2006.
- Reimbursable expenses decrease by \$1.4 million from 2005 to 2006, due largely to the completion of a number of significant capital projects.

Health & Welfare

- Inflation assumptions are as follows: 2006 through 2009-9.3%.

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 from 2005 to 2006, due in part to the completion of a number of significant capital projects.

Traction and Propulsion Power

- Based upon most recent information on projections of power rates.

Fuel for Buses and Trains

- 2006-2009 inflation/(deflation) assumptions are based upon Global Insight's estimates as follows: 2006-(6.0)%, 2007-(3.6)%, 2008-(2.0)%, and 2009-0.0%.

Insurance

- Inflation-adjusted expenses provided by the MTA.

Claims

- Assumes annual inflation of 2.5% for 2006 through 2009.

Paratransit Service Contracts

- Inflation assumptions are based upon current carrier contracts.
- Significant expense increases are based upon projected annual ridership growth of 13%.

Maintenance and Other Operating Contracts

- 2006-2009 inflation assumptions are based upon Global Insight's estimates as follows: 2006-2.02%, 2007-2.06%, 2008-2.31%, and 2009-2.52%.
- Facility power cost rate assumptions based upon most recent projections of power rates.
- Reimbursable expenses decreased by \$6.4 million from 2005 to 2006, due to the completion of a number of significant capital projects.

Professional Service Contracts

- 2006-2009 inflation assumptions are based upon Global Insight's estimates as follows: 2006-2.02%, 2007-2.06%, 2008-2.31%, and 2009-2.52%.
- Reimbursable expenses decreased by \$3.4 million from 2005 to 2006, due to the completion of a number of significant capital projects.

Materials and Supplies

- 2006-2009 inflation assumptions are based upon Global Insight's estimates as follows: 2006-3.08%, 2007-1.69%, 2008-1.20%, and 2009-1.19%.
- 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 \$18.9 million from 2005 to 2006, due to the completion of a number of significant capital projects.

Other Business Expenses

- 2006-2009 inflation assumptions are based upon Global Insight's estimates as follows: 2006-2.02%, 2007-2.06%, 2008-2.31%, and 2009-2.52%.
- Reimbursable expenses decreased by \$0.4 million from 2005 to 2006, 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 forecasted growth in NYC employment.
- Includes cash adjustments for expired MetroCard values and the timing of counting and depositing 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.
- 2005 includes non-recurring cash receipts representing draw-downs accumulated from prior years of interest income (\$10.8 million) and Transit Adjudication Bureau funds (\$7.2 million).

Capital and Other Reimbursements

- Accrued reimbursements are projected to decrease by \$54.1 million or 7.1% from 2005 to 2006, due to the completion of a number of significant capital projects.

- 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.
- 2005 includes a \$6.8 million favorable cash timing adjustment originally anticipated to be received in 2004.

TOTAL EXPENDITURES

Payroll

- 2006-2009 includes primarily CPI rate increases as follows: 2006-2.57%, 2007-2.79%, 2008-2.94%, and 2009-3.18%.
- Reimbursable expenses decreased by \$13.1 million from 2005 to 2006, due to the completion of a number of significant capital projects.
- Non-recurring retro-active wage cash payments of \$12.4 million are included in 2005 based upon assumptions of reaching union contract settlements.

Overtime

- 2006-2009 payroll wage rate increase assumptions apply.
- The reduction from 2005 to 2006 was due primarily to additional 2005 overtime requirements caused by vacancy coverage, service disruptions, and adverse winter weather not anticipated to recur in 2006.
- Reimbursable expenses decrease by \$1.4 million from 2005 to 2006, due largely to the completion of a number of significant capital projects.

Health & Welfare

- Inflation assumptions are as follows: 2006 through 2009-9.3%.
- 2005 includes an unfavorable timing of payments from 2004 of \$9.2 million.

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: 2006/2005-\$ (95.0) million, 2007/2006-\$ (31.4) million, 2008/2007-\$ (6.2) million, and 2009/2008-\$ (3.3) million.

Other Fringe Benefits

- Inflation assumptions consistent with payroll rate increase assumptions.
- Reimbursable expenses decreased from 2005 to 2006, due in part to the completion of a number of significant capital projects.

Traction and Propulsion Power

- Based upon most recent information on projections of power rates.

Fuel for Buses and Trains

- 2006-2009 inflation/(deflation) assumptions are based upon Global Insight's estimates as follows: 2006-(6.0)%, 2007-(3.6)%, 2008-(2.0)%, and 2009-0.0%.

Insurance

- Inflation-adjusted expenses provided by the MTA.

Claims

- Assumes annual inflation of 2.5% for 2006 through 2009.

Paratransit Service Contracts

- Inflation assumptions are based upon current carrier contracts.
- Significant expense increases are based upon projected annual ridership growth of 13%.

Maintenance and Other Operating Contracts

- 2006-2009 inflation assumptions are based upon Global Insight's estimates as follows: 2006-2.02%, 2007-2.06%, 2008-2.31%, and 2009-2.52%.
- Facility power cost rate assumptions based upon most recent projections of power rates.
- Reimbursable expenses decreased by \$6.4 million from 2005 to 2006, due to the completion of a number of significant capital projects.

Professional Service Contracts

- 2006-2009 inflation assumptions are based upon Global Insight's estimates as follows: 2006-2.02%, 2007-2.06%, 2008-2.31%, and 2009-2.52%.
- Reimbursable expenses decreased by \$3.4 million from 2005 to 2006, due to the completion of a number of significant capital projects.

Materials and Supplies

- 2006-2009 inflation assumptions are based upon Global Insight's estimates as follows: 2006-3.08%, 2007-1.69%, 2008-1.20%, and 2009-1.19%.
- 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 \$18.9 million from 2005 to 2006, due to the completion of a number of significant capital projects.

Other Business Expenditures

- 2006-2009 inflation assumptions are based upon Global Insight's estimates as follows: 2006-2.02%, 2007-2.06%, 2008-2.31%, and 2009-2.52%.
- Reimbursable expenses decreased by \$0.4 million from 2005 to 2006, due to the completion of a number of significant capital projects.

MTA New York City Transit
July Financial Plan 2006 - 2009
Year-to-Year Changes by Category - Accrual Basis
(\$ in millions)

NON-REIMBURSABLE

	Favorable/(Unfavorable)								
	2005	2006	Change 2006-2005	2007	Change 2007-2006	2008	Change 2008-2007	2009	Change 2009-2008
<u>Revenue</u>									
Farebox Revenue:									
Subway	\$1,903.589	\$1,943.359	\$39.770	\$1,967.696	\$24.337	\$1,985.279	\$17.583	\$1,986.462	\$1.183
Bus	785.401	796.749	11.348	804.046	7.297	811.109	7.063	811.569	0.460
Paratransit	7.037	7.951	0.914	8.985	1.034	10.153	1.168	11.473	1.320
Fare Media Liability	13.100	12.700	(0.400)	13.000	0.300	13.300	0.300	13.600	0.300
Total Farebox Revenue	\$2,709.127	\$2,760.759	\$51.632	\$2,793.727	\$32.968	\$2,819.841	\$26.114	\$2,823.104	\$3.263
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue:									
Fare Reimbursement	103.766	103.766	0.000	103.766	0.000	103.766	0.000	103.766	0.000
Paratransit Reimbursement	58.620	58.379	(0.241)	66.833	8.454	78.222	11.389	88.469	10.247
Other	87.535	89.197	1.662	89.597	0.400	89.997	0.400	89.812	(0.185)
Total Other Operating Revenue	249.921	251.342	1.421	260.196	8.854	271.985	11.789	282.047	10.062
Capital and Other Reimbursements	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Revenue	\$2,959.048	\$3,012.101	\$53.053	\$3,053.923	\$41.822	\$3,091.826	\$37.903	\$3,105.151	\$13.325
<u>Expenses</u>									
Labor:									
Payroll	2,402.781	2,471.237	(68.456)	2,525.033	(53.796)	2,601.145	(76.112)	2,667.674	(66.529)
Overtime	207.459	200.232	7.227	204.674	(4.442)	209.487	(4.813)	216.290	(6.803)
Total Salaries & Wages	2,610.240	2,671.469	(61.229)	2,729.707	(58.238)	2,810.632	(80.925)	2,883.964	(73.332)
Health and Welfare	588.718	643.514	(54.796)	701.041	(57.527)	769.109	(68.068)	839.168	(70.059)
Pensions	446.617	537.498	(90.881)	558.642	(21.144)	565.116	(6.474)	566.589	(1.473)
Other Fringe Benefits	192.561	200.751	(8.190)	205.851	(5.100)	211.641	(5.790)	217.463	(5.822)
Total Fringe Benefits	1,227.896	1,381.763	(153.867)	1,465.534	(83.771)	1,545.866	(80.332)	1,623.220	(77.354)
Reimbursable Overhead	(143.045)	(131.554)	(11.491)	(132.147)	0.593	(135.512)	3.365	(135.494)	(0.018)
Total Labor Expenses	\$3,695.091	\$3,921.678	(\$226.587)	\$4,063.094	(\$141.416)	\$4,220.986	(\$157.892)	\$4,371.690	(\$150.704)
Non-Labor:									
Traction and Propulsion Power	138.389	142.246	(3.857)	143.801	(1.555)	145.138	(1.337)	147.598	(2.460)
Fuel for Buses and Trains	88.884	83.475	5.409	80.868	2.607	80.567	0.301	82.114	(1.547)
Insurance	33.664	35.478	(1.814)	37.576	(2.098)	39.734	(2.158)	41.651	(1.917)
Claims	69.441	71.350	(1.909)	73.306	(1.956)	75.314	(2.008)	77.370	(2.056)
Paratransit Service Contracts	161.928	188.106	(26.178)	219.906	(31.800)	255.819	(35.913)	296.277	(40.458)
Mtce. and Other Operating Contracts	189.804	188.883	0.921	188.859	0.024	187.246	1.613	196.298	(9.052)
Professional Service Contracts	91.617	84.379	7.238	83.186	1.193	85.349	(2.163)	87.202	(1.853)
Materials & Supplies	248.360	237.174	11.186	255.828	(18.654)	254.255	1.573	249.503	4.752
Other Business Expenses	30.336	30.193	0.143	30.622	(0.429)	30.879	(0.257)	31.081	(0.202)
Total Non-Labor Expenses	\$1,052.423	\$1,061.284	(\$8.861)	\$1,113.952	(\$52.668)	\$1,154.301	(\$40.349)	\$1,209.094	(\$54.793)
Other Expense Adjustments:									
Other	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Other Expense Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenses before Depreciation	\$4,747.514	\$4,982.962	(\$235.448)	\$5,177.046	(\$194.084)	\$5,375.287	(\$198.241)	\$5,580.784	(\$205.497)
Depreciation	981.600	1,086.500	(104.900)	1,191.300	(104.800)	1,292.500	(101.200)	1,396.300	(103.800)
Total Expenses	\$5,729.114	\$6,069.462	(\$340.348)	\$6,368.346	(\$298.884)	\$6,667.787	(\$299.441)	\$6,977.084	(\$309.297)
Baseline Net Surplus/(Deficit)	(\$2,770.066)	(\$3,057.361)	(\$287.295)	(\$3,314.423)	(\$257.062)	(\$3,575.961)	(\$261.538)	(\$3,871.933)	(\$295.972)
Program to Eliminate the Gap	5.307	18.317	13.010	21.437	3.120	34.848	13.411	42.497	7.649
Net Surplus/(Deficit)	(\$2,764.759)	(\$3,039.044)	(\$274.285)	(\$3,292.986)	(\$253.942)	(\$3,541.113)	(\$248.127)	(\$3,829.436)	(\$288.323)

REIMBURSABLE

Expenses

MTA New York City Transit
July Financial Plan 2006 - 2009
Year-to-Year Changes by Category - Accrual Basis
(\$ in millions)

NON-REIMBURSABLE and REIMBURSABLE	Change				Favorable/(Unfavorable)		Change		Change	
	2005	2006	2006-2005	2007	2007-2006	2008	2008-2007	2009	2009-2008	
Revenue										
Farebox Revenue:										
Subway	\$1,903.589	\$1,943.359	\$39.770	\$1,967.696	\$24.337	\$1,985.279	\$17.583	\$1,986.462	\$1.183	
Bus	785.401	796.749	11.348	804.046	7.297	811.109	7.063	811.569	0.460	
Paratransit	7.037	7.951	0.914	8.985	1.034	10.153	1.168	11.473	1.320	
Fare Media Liability	13.100	12.700	(0.400)	13.000	0.300	13.300	0.300	13.600	0.300	
Total Farebox Revenue	\$2,709.127	\$2,760.759	\$51.632	\$2,793.727	\$32.968	\$2,819.841	\$26.114	\$2,823.104	\$3.263	
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Other Operating Revenue:										
Fare Reimbursement	103.766	103.766	0.000	103.766	0.000	103.766	0.000	103.766	0.000	
Paratransit Reimbursement	58.620	58.379	(0.241)	66.833	8.454	78.222	11.389	88.469	10.247	
Other	87.535	89.197	1.662	89.597	0.400	89.997	0.400	89.812	(0.185)	
Total Other Operating Revenue	249.921	251.342	1.421	260.196	8.854	271.985	11.789	282.047	10.062	
Capital and Other Reimbursements	768.762	714.661	(54.101)	721.042	6.381	738.029	16.987	744.550	6.521	
Total Revenue	\$3,727.810	\$3,726.762	(\$1.048)	\$3,774.965	\$48.203	\$3,829.855	\$54.890	\$3,849.701	\$19.846	
Expenses										
Labor:										
Payroll	2,742.954	2,798.282	(55.328)	2,854.888	(56.606)	2,938.636	(83.748)	3,010.226	(71.590)	
Overtime	260.950	252.316	8.634	257.555	(5.239)	263.915	(6.360)	271.204	(7.289)	
Total Salaries & Wages	3,003.904	3,050.598	(46.694)	3,112.443	(61.845)	3,202.551	(90.108)	3,281.430	(78.879)	
Health and Welfare	606.987	664.309	(57.322)	723.742	(59.433)	793.893	(70.151)	866.230	(72.337)	
Pensions	458.609	552.475	(93.866)	574.990	(22.515)	581.976	(6.986)	583.463	(1.487)	
Other Fringe Benefits	274.348	278.088	(3.740)	283.405	(5.317)	290.885	(7.480)	297.310	(6.425)	
Total Fringe Benefits	1,339.944	1,494.872	(154.928)	1,582.137	(87.265)	1,666.754	(84.617)	1,747.003	(80.249)	
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Total Labor Expenses	\$4,343.848	\$4,545.470	(\$201.622)	\$4,694.580	(\$149.110)	\$4,869.305	(\$174.725)	\$5,028.433	(\$159.128)	
Non-Labor:										
Traction and Propulsion Power	138.389	142.246	(3.857)	143.801	(1.555)	145.138	(1.337)	147.598	(2.460)	
Fuel for Buses and Trains	88.884	83.475	5.409	80.868	2.607	80.567	0.301	82.114	(1.547)	
Insurance	33.664	35.478	(1.814)	37.576	(2.098)	39.734	(2.158)	41.651	(1.917)	
Claims	69.441	71.350	(1.909)	73.306	(1.956)	75.314	(2.008)	77.370	(2.056)	
Paratransit Service Contracts	161.928	188.106	(26.178)	219.906	(31.800)	255.819	(35.913)	296.277	(40.458)	
Mtce. and Other Operating Contracts	227.789	220.467	7.322	220.443	0.024	218.830	1.613	227.382	(8.552)	
Professional Service Contracts	111.645	100.979	10.666	99.786	1.193	101.949	(2.163)	103.802	(1.853)	
Materials & Supplies	307.253	277.159	30.094	294.500	(17.341)	293.081	1.419	286.927	6.154	
Other Business Expenses	33.435	32.893	0.542	33.322	(0.429)	33.579	(0.257)	33.780	(0.201)	
Total Non-Labor Expenses	\$1,172.428	\$1,152.153	\$20.275	\$1,203.508	(\$51.355)	\$1,244.011	(\$40.503)	\$1,296.901	(\$52.890)	
Other Expense Adjustments:										
Other	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Total Other Expense Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	
Total Expenses before Depreciation	\$5,516.276	\$5,697.623	(\$181.347)	\$5,898.088	(\$200.465)	\$6,113.316	(\$215.228)	\$6,325.334	(\$212.018)	
Depreciation	981.600	1,086.500	(104.900)	1,191.300	(104.800)	1,292.500	(101.200)	1,396.300	(103.800)	
Total Expenses	\$6,497.876	\$6,784.123	(\$286.247)	\$7,089.388	(\$305.265)	\$7,405.816	(\$316.428)	\$7,721.634	(\$315.818)	
Baseline Net Surplus/(Deficit)	(\$2,770.066)	(\$3,057.361)	(\$287.295)	(\$3,314.423)	(\$257.062)	(\$3,575.961)	(\$261.538)	(\$3,871.933)	(\$295.972)	
Program to Eliminate the Gap	5.307	18.317	13.010	21.437	3.120	34.848	13.411	42.497	7.649	
Net Surplus/(Deficit)	(\$2,764.759)	(\$3,039.044)	(\$274.285)	(\$3,292.986)	(\$253.942)	(\$3,541.113)	(\$248.127)	(\$3,829.436)	(\$288.323)	

MTA New York City Transit
July Financial Plan 2006 - 2009
Year-to-Year Changes by Category - Cash Conversion (Cash Flow Adjustments)
(\$ in millions)

	Favorable/(Unfavorable)								
	2005	2006	Change 2006-2005	2007	Change 2007-2006	2008	Change 2008-2007	2009	Change 2009-2008
<u>Receipts</u>									
Farebox Revenue	\$8.700	\$9.000	\$0.300	\$21.300	\$12.300	\$9.700	(\$11.600)	\$9.700	\$0.000
Vehicle Toll Revenue	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Other Operating Revenue:									
Fare Reimbursement	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Paratransit Reimbursement	\$0.500	\$0.000	(\$0.500)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Other	\$22.100	\$2.100	(\$20.000)	\$2.100	\$0.000	\$2.100	\$0.000	\$2.100	\$0.000
Total Other Operating Revenue	\$22.600	\$2.100	(\$20.500)	\$2.100	\$0.000	\$2.100	\$0.000	\$2.100	\$0.000
Capital and Other Reimbursements	\$3.112	\$5.453	\$2.341	(\$6.331)	(\$11.784)	(\$8.540)	(\$2.209)	(\$6.360)	\$2.180
Total Receipt Adjustments	\$34.412	\$16.553	(\$17.859)	\$17.069	\$0.516	\$3.260	(\$13.809)	\$5.440	\$2.180
<u>Expenditures</u>									
Labor:									
Payroll	\$8.527	\$22.109	\$13.582	\$22.416	\$0.307	\$21.837	(\$0.579)	\$24.365	\$2.528
Overtime	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Salaries & Wages	\$8.527	\$22.109	\$13.582	\$22.416	\$0.307	\$21.837	(\$0.579)	\$24.365	\$2.528
Health and Welfare	(\$9.216)	\$0.000	\$9.216	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Pensions	\$134.040	\$39.038	(\$95.002)	\$7.628	(\$31.410)	\$1.389	(\$6.239)	(\$1.916)	(\$3.305)
Other Fringe Benefits	\$6.185	\$7.850	\$1.665	\$7.512	(\$0.338)	\$7.720	\$0.208	\$7.939	\$0.219
Total Fringe Benefits	\$131.009	\$46.888	(\$84.121)	\$15.140	(\$31.748)	\$9.109	(\$6.031)	\$6.023	(\$3.086)
Reimbursable Overhead	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Labor Expenditures	\$139.536	\$68.997	(\$70.539)	\$37.556	(\$31.441)	\$30.946	(\$6.610)	\$30.388	(\$0.558)
Non-Labor:									
Traction and Propulsion Power	\$0.000	\$0.000	\$0.000	\$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	\$0.000	\$0.000	\$0.000
Insurance	(\$3.249)	(\$0.018)	\$3.231	(\$0.963)	(\$0.945)	(\$4.842)	(\$3.879)	\$2.127	\$6.969
Claims	\$11.463	\$12.299	\$0.836	\$12.780	\$0.481	\$13.273	\$0.493	\$10.875	(\$2.398)
Paratransit Service Contracts	\$3.200	\$4.200	\$1.000	\$0.000	(\$4.200)	\$0.000	\$0.000	\$0.000	\$0.000
Mtce. and Other Operating Contracts	(\$8.454)	(\$8.454)	\$0.000	(\$8.454)	\$0.000	(\$8.454)	\$0.000	(\$8.454)	\$0.000
Professional Service Contracts	\$4.200	\$4.200	\$0.000	\$4.200	\$0.000	\$4.200	\$0.000	\$4.200	\$0.000
Materials & Supplies	\$4.072	\$2.750	(\$1.322)	\$2.000	(\$0.750)	\$2.000	\$0.000	\$2.000	\$0.000
Other Business Expenditures	\$0.001	(\$0.001)	(\$0.002)	\$0.000	\$0.001	\$0.000	\$0.000	\$0.000	\$0.000
Total Non-Labor Expenditures	\$11.233	\$14.976	\$3.743	\$9.563	(\$5.413)	\$6.177	(\$3.386)	\$10.748	\$4.571
Other Expenditure Adjustments:									
Other	\$0.000	\$0.000	\$0.000	\$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	\$0.000	\$0.000	\$0.000
Total Expenditure Adjustments	\$150.769	\$83.973	(\$66.796)	\$47.119	(\$36.854)	\$37.123	(\$9.996)	\$41.136	\$4.013
Total Cash Conversion Adjustments before Depreciation	\$185.181	\$100.526	(\$84.655)	\$64.188	(\$36.338)	\$40.383	(\$23.805)	\$46.576	\$6.193
Depreciation Adjustment	\$981.600	\$1,086.500	\$104.900	\$1,191.300	\$104.800	\$1,292.500	\$101.200	\$1,396.300	\$103.800
Baseline Total Cash Conversion Adj.	\$1,166.781	\$1,187.026	\$20.245	\$1,255.488	\$68.462	\$1,332.883	\$77.395	\$1,442.876	\$109.993
Program to Eliminate the Gap	\$0.000	\$1.200	\$1.200	\$1.200	\$0.000	\$1.200	\$0.000	\$1.200	\$0.000
Total Cash Conversion Adjustments	\$1,166.781	\$1,188.226	\$21.445	\$1,256.688	\$68.462	\$1,334.083	\$77.395	\$1,444.076	\$109.993

MTA New York City Transit
July Financial Plan 2006 - 2009
Year-to-Year Changes by Category - Cash Basis
(\$ in millions)

	Favorable/(Unfavorable)								
	2005	2006	Change 2006-2005	2007	Change 2007-2006	2008	Change 2008-2007	2009	Change 2009-2008
<u>Receipts</u>									
Farebox Revenue	\$2,717.827	\$2,769.759	\$51.932	\$2,815.027	\$45.268	\$2,829.541	\$14.514	\$2,832.804	\$3.263
Vehicle Toll Revenue	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Other Operating Revenue:									
Fare Reimbursement	\$103.766	\$103.766	\$0.000	\$103.766	\$0.000	\$103.766	\$0.000	\$103.766	\$0.000
Paratransit Reimbursement	\$59.120	\$58.379	(\$0.741)	\$66.833	\$8.454	\$78.222	\$11.389	\$88.469	\$10.247
Other	\$109.635	\$91.297	(\$18.338)	\$91.697	\$0.400	\$92.097	\$0.400	\$91.912	(\$0.185)
Total Other Operating Revenue	\$272.521	\$253.442	(\$19.079)	\$262.296	\$8.854	\$274.085	\$11.789	\$284.147	\$10.062
Capital and Other Reimbursements	\$771.874	\$720.114	(\$51.760)	\$714.711	(\$5.403)	\$729.489	\$14.778	\$738.190	\$8.701
Total Receipts	\$3,762.222	\$3,743.315	(\$18.907)	\$3,792.034	\$48.719	\$3,833.115	\$41.081	\$3,855.141	\$22.026
<u>Expenditures</u>									
Labor:									
Payroll	2,734.427	2,776.173	(41.746)	2,832.472	(56.299)	2,916.799	(84.327)	2,985.861	(69.062)
Overtime	260.950	252.316	8.634	257.555	(5.239)	263.915	(6.360)	271.204	(7.289)
Total Salaries & Wages	2,995.377	3,028.489	(33.112)	3,090.027	(61.538)	3,180.714	(90.687)	3,257.065	(76.351)
Health and Welfare	616.203	664.309	(48.106)	723.742	(59.433)	793.893	(70.151)	866.230	(72.337)
Pensions	324.569	513.437	(188.868)	567.362	(53.925)	580.587	(13.225)	585.379	(4.792)
Other Fringe Benefits	268.163	270.238	(2.075)	275.893	(5.655)	283.165	(7.272)	289.371	(6.206)
Total Fringe Benefits	1,208.935	1,447.984	(239.049)	1,566.997	(119.013)	1,657.645	(90.648)	1,740.980	(83.335)
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenditures	\$4,204.312	\$4,476.473	(\$272.161)	\$4,657.024	(\$180.551)	\$4,838.359	(\$181.335)	\$4,998.045	(\$159.686)
Non-Labor:									
Traction and Propulsion Power	138.389	142.246	(3.857)	143.801	(1.555)	145.138	(1.337)	147.598	(2.460)
Fuel for Buses and Trains	88.884	83.475	5.409	80.868	2.607	80.567	0.301	82.114	(1.547)
Insurance	36.913	35.496	1.417	38.539	(3.043)	44.576	(6.037)	39.524	5.052
Claims	57.978	59.051	(1.073)	60.526	(1.475)	62.041	(1.515)	66.495	(4.454)
Paratransit Service Contracts	158.728	183.906	(25.178)	219.906	(36.000)	255.819	(35.913)	296.277	(40.458)
Mtce. and Other Operating Contracts	236.243	228.921	7.322	228.897	0.024	227.284	1.613	235.836	(8.552)
Professional Service Contracts	107.445	96.779	10.666	95.586	1.193	97.749	(2.163)	99.602	(1.853)
Materials & Supplies	303.181	274.409	28.772	292.500	(18.091)	291.081	1.419	284.927	6.154
Other Business Expenditures	33.434	32.894	0.540	33.322	(0.428)	33.579	(0.257)	33.780	(0.201)
Total Non-Labor Expenditures	\$1,161.195	\$1,137.177	\$24.018	\$1,193.945	(\$56.768)	\$1,237.834	(\$43.889)	\$1,286.153	(\$48.319)
Other Expenditure Adjustments:									
Depreciation	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other	0.000	0.000	0.000	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	\$0.000	\$0.000	\$0.000
Total Expenditures	\$5,365.507	\$5,613.650	(\$248.143)	\$5,850.969	(\$237.319)	\$6,076.193	(\$225.224)	\$6,284.198	(\$208.005)
Baseline Net Cash Deficit	(\$1,603.285)	(\$1,870.335)	(\$267.050)	(\$2,058.935)	(\$188.600)	(\$2,243.078)	(\$184.143)	(\$2,429.057)	(\$185.979)
Program to Eliminate the Gap	\$5.307	\$19.517	\$14.210	\$22.637	\$3.120	\$36.048	\$13.411	\$43.697	\$7.649
Net Cash Deficit	(\$1,597.978)	(\$1,850.818)	(\$252.840)	(\$2,036.298)	(\$185.480)	(\$2,207.030)	(\$170.732)	(\$2,385.360)	(\$178.330)

**MTA New York City Transit
July Financial Plan 2006-2009
Summary of Major Plan-to-Plan Changes**

2005: July Financial Plan vs. February Financial Plan

Revenue Changes

Revenue changes from the February Plan resulted in an improvement of \$55.9 million. Major changes include:

- Capital reimbursements increased by \$40.8 million to provide for reimbursement of the corresponding expense increase due to additional Capital Program requirements.
- Higher estimates of Urban Tax yields based upon a continuing strong local real estate market resulted in a \$13.5 million increase in paratransit reimbursements.

Expense Changes

Expense changes from the February Plan resulted in increased expenses of \$67.4 million. Major variances include:

- Additional Capital Program requirements, which increased expenses by \$40.8 million, were primarily in the areas of track & switches, critical signal safety, antennae cables, third rail support, shuttle work, bus requirements, CCTA security and station rehabilitations.
- Increased overtime requirements for vacancy coverage, responses to service disruptions and inclement weather added \$10.7 million to expenses.
- Updated inflation-related assumptions resulted in an expense increase of \$8.0 million.
- Year-end 2004 timing impacts increased expenses by \$8.0 million.
- Increased maintenance and station, track and infrastructure cleaning requirements increased expenses by \$4.0 million.
- Deferral of the implementation of revised bus off-peak loading guidelines to 2006 increasing expenses by \$5.7 million.
- Reduced excess employee costs of \$10.7 million based on revised attrition estimates and redeployment strategies.

Cash Adjustments

Cash adjustments were favorable by \$10.3 million. Major variances include:

2005: July Financial Plan vs. February Financial Plan-Cash Adjustments (continued)

- 2004 Year-End results impact was favorable \$9.6 million.
- A favorable \$4.1 million of interest income due to the reclassification to a non-operating cash basis (\$1.6 million) and higher average cash balances (\$2.5 million).
- Offsets to non-cash accrual adjustments were favorable \$2.7 million.
- Capital reimbursement unfavorable timing of cash receipts of \$8.7 million.

2006: July Financial Plan vs. February Financial Plan

Revenue Changes

Revenue changes from the February Plan resulted in an improvement of \$1.1 million. Major changes include:

- Higher estimates of Urban Tax yields based upon a continuing strong local real estate market resulted in a \$6.5 million increase in paratransit reimbursements.
- Capital reimbursements decreased by \$4.1 million due to changes in Capital Program requirements.

Expense Changes

Expense changes from the February Plan resulted in increased expenses of \$94.9 million. Major variances include:

- Updated inflation-related assumptions resulted in an expense increase of \$67.1 million.
- Increased maintenance and station, track and infrastructure cleaning requirements increased expenses by \$28.1 million.

Cash Adjustments

Cash adjustments were favorable by \$15.0 million. Major variances include:

- Favorable timing of capital reimbursement cash receipts of \$8.5 million.
- Offsets to non-cash accrual adjustments were favorable \$3.1 million.
- A favorable \$1.6 million due to the reclassification of interest income to a non-operating cash basis.

2007: July Financial Plan vs. February Financial Plan

Revenue Changes

Revenue changes from the February Plan resulted in an improvement of \$3.5 million. Major changes include:

- Higher estimates of Urban Tax yields based upon a continuing strong local real estate market resulted in a \$5.9 million increase in paratransit reimbursements.
- Capital reimbursements decreased by \$4.0 million due to changes in Capital Program requirements.

Expense Changes

Expense changes from the February Plan resulted in increased expenses of \$97.8 million. Major variances include:

- Updated inflation-related assumptions resulted in an expense increase of \$98.7 million.
- Increased maintenance and station, track and infrastructure cleaning requirements increased expenses by \$24.9 million.
- Expenses decreased by \$12.2 million due to a revision in the bus shop maintenance program schedule and scope resulting in more efficient annual production levels to meet current bus maintenance and upgrade requirements.
- Expenses decreased by \$9.2 million as a result of revised schedules for the opening of the Charleston Annex and Grand Avenue facilities.

Cash Adjustments

Cash adjustments were favorable by \$5.6 million. Major variances include:

- Offsets to non-cash accrual adjustments were favorable \$3.1 million.
- A favorable \$1.6 million due to the reclassification of interest income to a non-operating cash basis.

2008: July Financial Plan vs. February Financial Plan

Revenue Changes

Revenue changes from the February Plan resulted in an improvement of \$10.6 million. Major changes include:

- Higher estimates of Urban Tax yields based upon a continuing strong local real estate market resulted in an \$8.3 million increase in paratransit reimbursements.

Expense Changes

Expense changes from the February Plan resulted in increased expenses of \$180.2 million. Major variances include:

- Updated inflation-related assumptions resulted in an expense increase of \$120.7 million.
- Increased maintenance and station, track and infrastructure cleaning requirements increased expenses by \$26.0 million.
- Expenses increased by \$36.5 million due to a revision in the bus shop maintenance program schedule and scope resulting in more efficient annual production levels to meet current bus maintenance and upgrade requirements.

Cash Adjustments

Cash adjustments were favorable by \$5.0 million. Major variances include:

- Offsets to non-cash accrual adjustments were favorable \$3.1 million.
- A favorable \$1.6 million due to the reclassification of interest income to a non-operating cash basis.

2009: July Financial Plan vs. February Financial Plan

Revenue Changes

Revenue changes from the February Plan resulted in an improvement of \$19.4 million. Major changes include:

- Higher estimates of Urban Tax yields based upon a continuing strong local real estate market resulted in an \$8.3 million increase in paratransit reimbursements.
- Other operating revenue was understated in the February 2009 projection and now is corrected with a resulting improvement of \$4.9 million.
- Capital reimbursements increased by \$4.5 million due to changes in Capital Program requirements.

Expense Changes

Expense changes from the February Plan resulted in increased expenses of \$197.0 million. Major variances include:

- Updated inflation-related assumptions resulted in an expense increase of \$155.9 million.
- Increased maintenance and station, track and infrastructure cleaning requirements increased expenses by \$22.8 million.
- Expenses increased by \$24.3 million due to a revision in the bus shop maintenance program schedule and scope resulting in more efficient annual production levels to meet current bus maintenance and upgrade requirements.

Cash Adjustments

Cash adjustments were favorable by \$5.8 million. Major variances include:

- Offsets to non-cash accrual adjustments were favorable \$3.1 million.
- A favorable \$1.6 million due to the reclassification of interest income to a non-operating cash basis.

MTA New York City Transit
July Financial Plan 2006 - 2009
Summary of Changes Between Financial Plans by Category
(\$ in millions)

NON-REIMBURSABLE

	2005	2006	2007	2008	2009
2005 February Financial Plan - Operating Cash Income/(Deficit)	(\$1,607.142)	(\$1,657.481)	(\$1,835.371)	(\$1,945.276)	(\$2,127.324)
Add Back: February Plan PEGs	0.000	(131.035)	(128.602)	(125.636)	(124.381)
Baseline 2005 February Financial Plan - Operating Cash Income/(Deficit)	(\$1,607.142)	(\$1,788.516)	(\$1,963.973)	(\$2,070.912)	(\$2,251.705)
Baseline:					
Changes					
Revenue					
Paratransit Urban Tax Re-estimate-Strong Real Estate Market	13.539	6.463	5.872	8.346	8.346
2009 Other Operating Revenue Adjustment Correction	0.000	0.000	0.000	0.000	4.879
Transit Adjudication Fees-Violator Tax Refund Withholdings	1.994	0.650	0.650	0.650	0.650
Farebox Revenue-Deferral of Bus Off-Peak Guidelines to 2006	1.239	(0.115)	2.622	2.622	2.622
Reclassification of Interest Income to Non-Operating Basis	(1.600)	(1.600)	(1.600)	(1.600)	(1.600)
Other	(0.075)	(0.161)	(0.030)	0.075	0.000
Sub-Total Revenue Changes	\$15.097	\$5.237	\$7.514	\$10.093	\$14.897
Expenses					
<u>Inflation-Related Changes:</u>					
Inflation Re-estimate - Bus Fuel, Gas	(11.370)	(13.011)	(10.893)	(7.528)	(5.722)
Traction Power	7.500	3.751	2.501	1.239	1.132
Wages/Other OTPS	(4.166)	(57.875)	(90.316)	(114.363)	(151.312)
Sub-Total Inflation-Related Changes	(8.036)	(67.135)	(98.708)	(120.652)	(155.902)
<u>Other:</u>					
Bus Shop Plan Revision	(2.668)	2.838	12.239	(36.497)	(24.343)
SMS Plan Revision	0.000	(7.370)	(0.436)	(3.044)	(1.449)
All Other Maintenance Requirements	(2.399)	(11.592)	(18.069)	(16.555)	(14.937)
Station, Track and Infrastructure Cleaning	(1.591)	(9.103)	(6.391)	(6.391)	(6.391)
Operating Impact of Reimbursable Revisions	7.106	(2.776)	(3.992)	(4.043)	(3.974)
2004 Year-end Timing Impacts	(8.009)	0.000	0.000	0.000	0.000
New Information Technology-Related Requirements	(3.100)	(2.943)	1.276	0.227	0.288
Reforecast of Excess Employees	10.730	0.000	0.000	0.000	0.000
Additional Overtime	(10.709)	0.000	0.000	0.000	0.000
Rescind On-Time Performance Program Savings	(1.114)	(1.208)	(1.208)	(1.208)	(1.208)
Bus Fuel Usage Re-estimate	0.000	3.593	3.286	3.068	2.897
Subway Schedule Re-estimates	0.000	(1.072)	(2.190)	(2.190)	(2.190)
Leap Year	0.000	0.000	0.000	(5.766)	0.000
Charleston Annex/Grand Avenue Schedule Revision	0.000	0.000	9.235	0.644	0.644
Off-Peak Bus Guideline Change Re-estimate	(5.736)	(12.961)	(10.485)	(8.754)	(7.905)
Service Plan Re-estimates-Rates, Availability, Training	(1.902)	14.456	11.084	16.951	19.539
Office Relocation/Renovation Costs	5.337	(0.858)	2.625	2.939	3.125
Non-Cash Sick & Vacation and Amortization Adj.	(2.725)	(3.106)	(3.106)	(3.106)	(3.106)
L Line OPTO - Re-estimate	(2.903)	(0.835)	0.000	0.000	0.000
Public Liability Insurance Adjustment	1.216	1.246	1.278	1.309	1.342
All Other	(0.064)	(0.167)	1.796	3.403	1.023
Sub-Total Expense Changes	(\$26.567)	(\$98.993)	(\$101.766)	(\$179.665)	(\$192.547)
Cash Adjustments:					
Revenue					
Paratransit Urban Tax Timing	0.076	0.161	0.031	0.075	0.142
Offset to Interest Income Reclassification to Non Operating Basis	1.600	1.600	1.600	1.600	1.600
Increased Interest Income-Average Cash Levels	2.500	0.500	0.500	0.500	0.500
Year End 2004 Results Timing Impact	18.500	0.000	0.000	0.000	0.000
Expense					
Year End 2004 Results Timing Impact	(15.690)	0.000	0.000	0.000	0.000
Non-Cash Sick & Vacation and Amortization Adj. Offset	2.725	3.106	3.106	3.106	3.106
Payroll Clearing	2.484	0.368	0.346	0.512	1.209
Inventory Reduction	0.000	0.750	0.000	0.000	0.000
Other	0.019	(0.001)	0.038	0.153	0.101
Sub-Total Cash Adjustment Changes	\$12.214	\$6.484	\$5.621	\$5.946	\$6.658
Total Baseline Changes	\$0.744	(\$87.272)	(\$88.631)	(\$163.626)	(\$170.992)
PEG Program	\$5.307	\$19.517	\$22.637	\$36.048	\$43.697
Total Changes	\$6.051	(\$67.755)	(\$65.994)	(\$127.578)	(\$127.295)
2005 July Financial Plan - Operating Cash Income/(Deficit)	(\$1,601.091)	(\$1,856.271)	(\$2,029.967)	(\$2,198.490)	(\$2,379.000)

MTA New York City Transit
July Financial Plan 2006 - 2009
Summary of Changes Between Financial Plans by Category
(\$ in millions)

REIMBURSABLE

	2005	2006	2007	2008	2009
2005 February Financial Plan - Operating Cash Income/(Deficit)	\$4.990	(\$3.062)	(\$6.312)	(\$7.597)	(\$5.534)
Add Back: February Plan PEG's	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Baseline 2005 February Financial Plan - Operating Cash Income/(Deficit)	\$4.990	(\$3.062)	(\$6.312)	(\$7.597)	(\$5.534)
Baseline:					
Changes					
Revenue					
To Provide For Accrued Reimbursement for Reimbursable Expense Changes Shown Below	40.815	(4.101)	(4.011)	0.513	4.477
Sub-Total Revenue Changes	\$40.815	(\$4.101)	(\$4.011)	\$0.513	\$4.477
Expenses					
Additional Capital Program Requirements in 2005 Including Programs Relating Mostly to Track & Switches, Critical Signal Safety, Antenna Cables, Third Rail Support, Shuttle Work, Bus Requirements, CCTV Security, Capital Asset Management System, and Station Rehabilitations	(40.815)	4.101	4.011	(0.513)	(4.477)
Sub-Total Expense Changes	(\$40.815)	\$4.101	\$4.011	(\$0.513)	(\$4.477)
Cash Adjustments:					
Revenue					
Capital Reimbursement Timing	(8.700)	8.515	(0.019)	(0.943)	(0.826)
Capital Reimbursement Year End 2004 Results Timing	6.823	0.000	0.000	0.000	0.000
Expense	0.000	0.000	0.000	0.000	0.000
Sub-Total Cash Adjustment Changes	(\$1.877)	\$8.515	(\$0.019)	(\$0.943)	(\$0.826)
Total Baseline Changes	(\$1.877)	\$8.515	(\$0.019)	(\$0.943)	(\$0.826)
PEG Program	0.000	0.000	0.000	0.000	0.000
Total Changes	(\$1.877)	\$8.515	(\$0.019)	(\$0.943)	(\$0.826)
2005 July Financial Plan - Operating Cash Income/(Deficit)	\$3.113	\$5.453	(\$6.331)	(\$8.540)	(\$6.360)

MTA New York City Transit
July Financial Plan 2006 - 2009
Summary of Changes Between Financial Plans by Category
(\$ in millions)

**NON-REIMBURSABLE and
REIMBURSABLE**

	2005	2006	2007	2008	2009
2005 February Financial Plan - Operating Cash Income/(Deficit)	(\$1,602.152)	(\$1,660.543)	(\$1,841.683)	(\$1,952.873)	(\$2,132.858)
Add Back: February Plan PEGs	0.000	(131.035)	(128.602)	(125.636)	(124.381)
Baseline 2005 February Financial Plan - Operating Cash Income/(Deficit)	(\$1,602.152)	(\$1,791.578)	(\$1,970.285)	(\$2,078.509)	(\$2,257.239)
Baseline:					
Changes					
Revenue					
Paratransit Urban Tax Re-estimate-Strong Real Estate Market	13.539	6.463	5.872	8.346	8.346
2009 Other Operating Revenue Adjustment Correction	0.000	0.000	0.000	0.000	4.879
Transit Adjudication Fees-Violator Tax Refund Withholdings	1.994	0.650	0.650	0.650	0.650
Farebox Revenue-Deferral of Bus Off-Peak Guidelines to 2006	1.239	(0.115)	2.622	2.622	2.622
Reclassification of Interest Income to Non-Operating Basis	(1.600)	(1.600)	(1.600)	(1.600)	(1.600)
Accrued Capital Reimbursements	40.815	(4.101)	(4.011)	0.513	4.477
Other	(0.075)	(0.161)	(0.030)	0.075	0.000
Sub-Total Revenue Changes	\$55.912	\$1.136	\$3.503	\$10.606	\$19.374
Expenses					
<u>Inflation-Related Changes:</u>					
Inflation Re-estimate - Bus Fuel, Gas	(11.370)	(13.011)	(10.893)	(7.528)	(5.722)
Traction Power	7.500	3.751	2.501	1.239	1.132
Wages/Other OTPS	(4.166)	(57.875)	(90.316)	(114.363)	(151.312)
Sub-Total Inflation-Related Changes	(8.036)	(67.135)	(98.708)	(120.652)	(155.902)
<u>Other:</u>					
Bus Shop Plan Revision	(2.668)	2.838	12.239	(36.497)	(24.343)
SMS Plan Revision	0.000	(7.370)	(0.436)	(3.044)	(1.449)
All Other Maintenance Requirements	(2.399)	(11.592)	(18.069)	(16.555)	(14.937)
Station, Track and Infrastructure Cleaning	(1.591)	(9.103)	(6.391)	(6.391)	(6.391)
Operating Impact of Reimbursable Revisions	7.106	(2.776)	(3.992)	(4.043)	(3.974)
2004 Year-end Timing Impacts	(8.009)	0.000	0.000	0.000	0.000
New Information Technology-Related Requirements	(3.100)	(2.943)	1.276	0.227	0.288
Reforecast of Excess Employees	10.730	0.000	0.000	0.000	0.000
Additional Overtime	(10.709)	0.000	0.000	0.000	0.000
Rescind On-Time Performance Program Savings	(1.114)	(1.208)	(1.208)	(1.208)	(1.208)
Bus Fuel Usage Re-estimate	0.000	3.593	3.286	3.068	2.897
Subway Schedule Re-estimates	0.000	(1.072)	(2.190)	(2.190)	(2.190)
Leap Year	0.000	0.000	0.000	(5.766)	0.000
Charleston Annex/Grand Avenue Schedule Revision	0.000	0.000	9.235	0.644	0.644
Off-Peak Bus Guideline Change Re-estimate	(5.736)	(12.961)	(10.485)	(8.754)	(7.905)
Service Plan Re-estimates-Rates, Availability, Training	(1.902)	14.456	11.084	16.951	19.539
Office Relocation/Renovation Costs	5.337	(0.858)	2.625	2.939	3.125
Non-Cash Sick & Vacation and Amortization Adj.	(2.725)	(3.106)	(3.106)	(3.106)	(3.106)
L Line OPTO - Re-estimate	(2.903)	(0.835)	0.000	0.000	0.000
Public Liability Insurance Adjustment	1.216	1.246	1.278	1.309	1.342
Reimbursable Expense Changes	(40.815)	4.101	4.011	(0.513)	(4.477)
All Other	(0.064)	(0.167)	1.796	3.403	1.023
Sub-Total Expense Changes	(\$67.382)	(\$94.892)	(\$97.755)	(\$180.178)	(\$197.024)
Cash Adjustments:					
Revenue					
Paratransit Urban Tax Timing	0.076	0.161	0.031	0.075	0.142
Offset to Interest Income Reclassification to Non Operating Basis	1.600	1.600	1.600	1.600	1.600
Increased Interest Income-Average Cash Levels	2.500	0.500	0.500	0.500	0.500
Year End 2004 Results Timing Impact	18.500	0.000	0.000	0.000	0.000
Capital Reimbursement Timing	(8.700)	8.515	(0.019)	(0.943)	(0.826)
Capital Reimbursement Year End 2004 Results Timing	6.823	0.000	0.000	0.000	0.000
Expense					
Year End 2004 Results Timing Impact	(15.690)	0.000	0.000	0.000	0.000
Non-Cash Sick & Vacation and Amortization Adj. Offset	2.725	3.106	3.106	3.106	3.106
Payroll Clearing	2.484	0.368	0.346	0.512	1.209
Inventory Reduction	0.000	0.750	0.000	0.000	0.000
Other	0.019	(0.001)	0.038	0.153	0.101
Sub-Total Cash Adjustment Changes	\$10.337	\$14.999	\$5.602	\$5.003	\$5.832
Total Baseline Changes	(\$1.133)	(\$78.757)	(\$88.650)	(\$164.569)	(\$171.818)
PEG Program	\$5.307	\$19.517	\$22.637	\$36.048	\$43.697
Total Changes	\$4.174	(\$59.240)	(\$66.013)	(\$128.521)	(\$128.121)
2005 July Financial Plan - Operating Cash Income/(Deficit)	(\$1,597.978)	(\$1,850.818)	(\$2,036.298)	(\$2,207.030)	(\$2,385.360)

MTA New York City Transit
July Financial Plan 2006 - 2009
Summary of PEGs
(\$ in millions)

Favorable/(Unfavorable)									
2005		2006		2007		2008		2009	
Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars
LIST of PROGRAMS									
Administration:									
Document Imaging System	0.000	1	0.072	1	0.072	2	0.144	2	0.144
MOW/Rolling Stock Administrative Savings	0.000	4	0.311	4	0.311	4	0.311	4	0.311
New Car Acceptance Support	0.000	6	0.645	6	0.645	6	0.645	6	0.645
Law Administrative Savings	0.000		0.141		0.141		0.151		0.151
No-Fault Loss Transfer Program	0.000	(1)	0.162	(1)	0.162	(1)	0.162	(1)	0.162
Workers Comp Loss Transfer Program	0.000		0.930		0.930		0.930		0.930
Health and Welfare Savings - Mgmt Actions	(5)	(3)	4.413	(3)	4.497	(3)	4.497	(3)	4.497
Implement Disease Management Program			1.400		1.400		1.400		1.400
Human Resources Staffing/Overtime Reduction		5	0.432	5	0.432	5	0.432	5	0.432
Reduce Revenue Processing Staff		2	0.130	2	0.130	2	0.130	2	0.130
OMB Administrative Savings	1	1	0.179	1	0.129	1	0.129	1	0.129
Corporate Communications Admin Savings		1	0.607	1	0.607	1	0.607	1	0.607
Reduce Circuit Design Staff		6	0.513	6	0.513	6	0.513	6	0.513
Labor Relations Administrative Savings			0.075		0.075		0.075		0.075
Controller Administrative Savings		1	0.112	1	0.112	1	0.112	1	0.112
Sub-Total Administration	(4)	23	\$10.122	23	\$10.156	24	\$10.238	24	\$10.238
Customer Convenience & Amenities:									
Reduce Grand Central Station Info Booth Hours		2	0.117	2	0.117	2	0.117	2	0.117
Sub-Total Customer Convenience & Amenities		2	\$0.117	2	\$0.117	2	\$0.117	2	\$0.117
Direct Service:									
Hybrid Bus Fuel Savings			1.247		1.870		2.805		4.363
Sub-Total Service			\$1.247		\$1.870		\$2.805		\$4.363

MTA New York City Transit
July Financial Plan 2006 - 2009
Summary of PEGs
(\$ in millions)

Favorable/(Unfavorable)									
2005		2006		2007		2008		2009	
Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars
Service Support									
Grand Concourse Master Tower	0.000	5	0.203	5	0.348	5	0.348	5	0.348
L Line / CBTC Switching Conductors	0.000	4	0.255	4	0.255	4	0.255	4	0.255
Misc Tower Operator Switching Reductions	0.000	7	0.487	7	0.487	7	0.487	7	0.487
OPTO #7 Line - Dec 07	0.000		0.000	89	0.474	89	5.676	89	5.676
OPTO J Line - Fall 07	0.000		0.000	70	1.488	70	4.464	70	4.464
OPTO M Line - Weekdays, Spring 08	0.000		0.000		0.000	44	1.963	44	2.945
OPTO N Line - Fall 08	0.000		0.000		0.000	110	2.253	110	7.362
Subdivision A Managerial Reduction - ATS	0.000	3	0.353	3	0.353	3	0.353	3	0.353
Eliminate Annual Cordon Count	0.000		0.148		0.148		0.148		0.148
Eliminate Overnight Performance Indicator Program	0.000		0.213		0.213		0.213		0.213
Eliminate Traffic Checker Ops Desk-Nights/Wkends	0.000	3	0.339	3	0.339	3	0.339	3	0.339
Sub-Total Service Support	\$0.000	22	\$1.998	181	\$4.105	335	\$16.499	335	\$22.590
Maintenance:									
RTO Maintenance Support Savings	0.000	6	0.429	6	0.429	6	0.429	6	0.429
Consolidate Machine Shops	0.000	6	0.469	6	0.469	6	0.469	6	0.469
Reduce Overtime - "B" Defect Repairs	0.000		0.522		0.522		0.522		0.522
Reduce Power Ops Emergency Crew Helpers	0.000	8	0.473	8	0.473	8	0.473	8	0.473
Buses Hardware Savings	0.500		0.500		0.500		0.500		0.500
AFC Maintenance Field Support	0.000	7	0.658	7	0.658	7	0.658	7	0.658
Central Electronics Shop Productivity Savings	0.000	13	1.101	13	1.101	13	1.101	13	1.101
Central Warehouse Reduction	0.000	3	0.195	3	0.195	3	0.195	3	0.195
RCI Pre-Service Inspections	0.000	15	1.152	15	1.152	15	1.152	15	1.152
Sub-Total Maintenance	\$0.500	58	\$5.499	58	\$5.499	58	\$5.499	58	\$5.499
Revenue Enhancements:									
Sub-Total Revenue Enhancements	0.000		0.000		0.000		0.000		0.000
Other:									
Security Posts-Field Locations	0.000	13	0.534	13	0.890	13	0.890	13	0.890
Sub-Total Other	\$0.000	13	\$0.534	13	\$0.890	13	\$0.890	13	\$0.890
Total PEGs	(4)	118	\$19.517	277	\$22.637	432	\$36.048	432	\$43.697

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

**MTA New York City Transit
July Financial Plan 2006 - 2009
Program to Eliminate the Gap Worksheet
(\$ in millions)**

PEG Category: Administration
Program: Document Imaging System

Background Details:	Document imaging will allow RTO and Station Divisions to digitize and index paper forms/documents contained in employee files. Paper documents will be converted to electronic format and will be easily accessible. The proliferation of paper documents results in increased operating costs and creates a burden for securing them and providing long term storage.
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PEG Description/Implementation Plan:	Imaging will streamline every aspect of the process for creating and maintaining employee files and will result in savings in staff and a reduction in the cost of filing and archiving documents. It will also replace the technologically outdated Microfiche System in use by Stations. The estimated cost of the imaging equipment (hardware, software, licensing) is \$175,000. This system will be purchased in 2005 and will result in a savings of Train Operator position in 2006 and 2007 and one additional Station Agent position in 2008.		
PEG Implementation Date:	1/1/2006	When will PEG savings begin?:	1/1/2006

Financial Impact (Operating)

	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
Net Savings (in millions)	\$0.000	\$0.072	\$0.072	\$0.144	\$0.144

Total Reduction in Positions Required

	0	1	1	2	2
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Current Vacancies

Impact on Operations:

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

Other (Identify Appropriate Indicator):

**MTA New York City Transit
July Financial Plan 2006 - 2009
Program to Eliminate the Gap Worksheet
(\$ in millions)**

PEG Category: Administration
Program: MOW/Rolling Stock Administrative Savings

Background Details:	Maintenance of Way (MOW) /Rolling Stock (RS) consolidation allows for reduction of 4 Analyst positions; 2 from MOW Administration and 2 from Car Equipment.
----------------------------	---

PEG Description/Implementation Plan:			
PEG Implementation Date:	1/1/2006	When will PEG savings begin?:	1/1/2006

	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.311	\$0.311	\$0.311	\$0.311
Total Reduction in Positions Required	0	4	4	4	4
Current Vacancies					
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit
July Financial Plan 2006 - 2009
Program to Eliminate the Gap Worksheet
(\$ in millions)**

PEG Category: Administration
Program: New Car Acceptance Support

Background Details: Eliminate six field positions added to the acceptance/testing of new cars including initial acceptance/burn-in, documentation of defects and interface with New Car Engineering.

PEG Description/Implementation Plan: This proposal will eliminate four superintendents and two analysts associated with new car field acceptance support. This reduction will require New Car Engineering to absorb the function.

PEG Implementation Date: 1/1/2006 **When will PEG savings begin?:** 1/1/2006

	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.645	\$0.645	\$0.645	\$0.645
Total Reduction in Positions Required	0	6	6	6	6
Current Vacancies					
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit
July Financial Plan 2006 - 2009
Program to Eliminate the Gap Worksheet
(\$ in millions)**

PEG Category: Administration
Program: Law Administrative Savings

Background Details: Law administrative savings include downgrading titles, eliminating a clerical position, and reducing trial assistants budget.

PEG Description/Implementation Plan: The implementation will start as of January 2006.

PEG Implementation Date: 1/1/2006 **When will PEG savings begin?:** 1/1/2006

	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.141	\$0.141	\$0.151	\$0.151
Total Reduction in Positions Required	0	0	0	0	0
Current Vacancies					
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

MTA New York City Transit
July Financial Plan 2006 - 2009
Program to Eliminate the Gap Worksheet
(\$ in millions)

PEG Category: Administration
Program: No-Fault Loss Transfer Program

Background Details:	The Law Department has recently embarked on an aggressive program to recover monies paid to injured claimants pursuant to the No-Fault law on accidents where ultimate responsibility lies with another party. This proposal reduces the estimated \$270K budgeted for using outside counsel in this matter, less \$108K for an in-house attorney to perform this work.
----------------------------	---

PEG Description/Implementation Plan:	The implementation will start as of January 2006.		
PEG Implementation Date:	1/1/2006	When will PEG savings begin?:	1/1/2006

	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.162	\$0.162	\$0.162	\$0.162
Total Reduction in Positions Required	0	(1)	(1)	(1)	(1)
Current Vacancies					
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit
July Financial Plan 2006 - 2009
Program to Eliminate the Gap Worksheet
(\$ in millions)**

PEG Category:

Administration

Program:

Worker's Compensation Loss Transfer Program

Background Details:

Reduce operating expenses by retaining outside counsel to recover via subrogation Workers Compensation sums paid to employees in connection with accidents chargeable to a third party represented by an insurance company.

PEG Description/Implementation Plan:

Retain outside counsel services to seek recovery of loss transfer revenues on workers' compensation cases. The gross savings under this initiative is projected to be \$1.2 million and reflected in NYCT's Workers Compensation costs.

PEG Implementation Date:

1/1/2006

When will PEG savings begin?:

1/1/2006

Financial Impact (Operating)

Net Savings (in millions)

**2005
Mid-Year
Forecast**

**2006
Preliminary
Budget**

2007

2008

2009

\$0.000

\$0.930

\$0.930

\$0.930

\$0.930

Total Reduction in Positions Required

0

0

0

0

0

Current Vacancies

Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other (Identify Appropriate Indicator):

**MTA New York City Transit
July Financial Plan 2006 - 2009
Program to Eliminate the Gap Worksheet
(\$ in millions)**

PEG Category: Administration
Program: Health and Welfare Savings - Management Actions

Background Details:	This program represents continued savings in health and welfare costs due to actions taken by Employee Benefits. The savings are primarily due to removal of ineligible employees, retirees, and dependents who were being carried as eligible by HIP and GHI.
----------------------------	--

PEG Description/Implementation Plan:	These actions began with the transfer of the health benefit administrative function to New York City Transit.		
PEG Implementation Date:	1/1/2005	When will PEG savings begin?:	1/1/2005

	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$4.654	\$4.413	\$4.497	\$4.497	\$4.497
Total Reduction in Positions Required	(5)	(3)	(3)	(3)	(3)
Current Vacancies					
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit
July Financial Plan 2006 - 2009
Program to Eliminate the Gap Worksheet
(\$ in millions)**

PEG Category: Administration
Program: Implement Disease Management Program

Background Details:	Implement the disease management program which is intended to reduce health benefits costs. A vendor will be selected to originate and manage a chronic disease program by identifying employees at risk, support plan of care, emphasize prevention, continuously evaluate clinical, holistic and economic outcomes and provide feedback.
----------------------------	--

PEG Description/Implementation Plan:	Resulting health benefit savings are net of disease management vendor costs.		
PEG Implementation Date:	Jan-06	When will PEG savings begin?:	Jan-06

	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$1.400	\$1.400	\$1.400	\$1.400
Total Reduction in Positions Required	0	0	0	0	0
Current Vacancies					
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit
July Financial Plan 2006 - 2009
Program to Eliminate the Gap Worksheet
(\$ in millions)**

PEG Category: Administration
Program: Human Resources' Staffing/Overtime Reduction

Background Details: Reduce five administrative positions and unscheduled overtime in Human Resources.

PEG Description/Implementation Plan: Position reductions and overtime savings begin January 1, 2006.

PEG Implementation Date: 1/1/2006 **When will PEG savings begin?:** Jan-06

	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.010	\$0.432	\$0.432	\$0.432	\$0.432
Total Reduction in Positions Required	0	5	5	5	5
Current Vacancies					
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit
July Financial Plan 2006 - 2009
Program to Eliminate the Gap Worksheet
(\$ in millions)**

PEG Category: Administration
Program: Reduce Revenue Processing Staff

Background Details:	Reduce two positions in the revenue collection and processing functions. One Cashier position will be reduced as a result of re-engineering of LIRR revenue collection and processing functions. One Analyst position will be reduced in currency processing due to anticipated efficiencies at the Consolidated Revenue Facility.
----------------------------	--

PEG Description/Implementation Plan:	Two positions will be eliminated beginning January 1, 2006.		
PEG Implementation Date:	1/1/2006	When will PEG savings begin?:	1/1/2006

	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.130	\$0.130	\$0.130	\$0.130
Total Reduction in Positions Required	0	2	2	2	2
Current Vacancies					
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit
July Financial Plan 2006 - 2009
Program to Eliminate the Gap Worksheet
(\$ in millions)**

PEG Category: Administration
Program: Office of Management and Budget Administrative Savings

Background Details:	Eliminate one position and miscellaneous other than personal services (OTPS) in the Office of Management and Budget Staff.
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PEG Description/Implementation Plan:	One Manager's position will be reduced effective 2005. \$25K OTPS savings will be reduced in 2005, \$50K in 2006.		
PEG Implementation Date:	Jan-05	When will PEG savings begin?:	Jan-05

	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.143	\$0.179	\$0.129	\$0.129	\$0.129
Total Reduction in Positions Required	1	1	1	1	1
Current Vacancies					
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit
July Financial Plan 2006 - 2009
Program to Eliminate the Gap Worksheet
(\$ in millions)**

PEG Category: Administration
Program: Corporate Communications Administrative Savings

Background Details:	Reduce Other Than Personal Services costs for market research and outside marketing services, targeted advertising, magnetic transfers, specialty cards and miscellaneous other accounts. Convert one position in the Special Event unit from non-reimbursable to non-capital reimbursable to coincide with reimbursable film and television projects.
----------------------------	--

PEG Description/Implementation Plan:	Budget reductions will begin January 2006.			
PEG Implementation Date:	1/1/2006	When will PEG savings begin?:	1/1/2006	

	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.607	\$0.607	\$0.607	\$0.607
Total Reduction in Positions Required	0	1	1	1	1
Current Vacancies					
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit
July Financial Plan 2006 - 2009
Program to Eliminate the Gap Worksheet
(\$ in millions)**

PEG Category: Administration
Program: Reduce Circuit Design Staff

Background Details:	Reduce support staff that performs circuit design, coordination and installation for all voice and data services. Reductions will increase timeframes from 3-4 weeks from request to completion to 6-8 weeks (based on the size of the request). In 2004, there were over 1,500 requests for phones and data services.
----------------------------	--

PEG Description/Implementation Plan:	Reduce six positions beginning January 2006.			
PEG Implementation Date:	1/1/2006	When will PEG savings begin?:	1/1/2006	

	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.513	\$0.513	\$0.513	\$0.513
Total Reduction in Positions Required	0	6	6	6	6
Current Vacancies					
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit
July Financial Plan 2006 - 2009
Program to Eliminate the Gap Worksheet
(\$ in millions)**

PEG Category: Administration
Program: Labor Relations Administrative Savings

Background Details: The savings reflects a reduction in overtime hours and OTPS.

PEG Description/Implementation Plan: Reduce overtime and OTPS. Reductions will begin January 2006.

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

	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.075	\$0.075	\$0.075	\$0.075
Total Reduction in Positions Required	0	0	0	0	0
Current Vacancies					
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit
July Financial Plan 2006 - 2009
Program to Eliminate the Gap Worksheet
(\$ in millions)**

PEG Category: Administration
Program: Controller's Administrative Savings

Background Details: Reduce Controller's staff by one position, overtime in all sections and miscellaneous other than personal services (OTPS).

PEG Description/Implementation Plan: The implementation will start as of January 2006.

PEG Implementation Date: 1/1/2006 **When will PEG savings begin?:** 1/1/2006

	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.112	\$0.112	\$0.112	\$0.112
Total Reduction in Positions Required	0	1	1	1	1
Current Vacancies					
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit
July Financial Plan 2006 - 2009
Program to Eliminate the Gap Worksheet
(\$ in millions)**

PEG Category:

Customer Convenience & Amenities

Program:

Reduce Grand Central Station Information Booth Hours

Background Details:

Customer Service representatives provide bus and subway information and maps to customers passing through Grand Central Station. The information booth is staffed from 8:00 am to 8:00 pm, Monday to Friday and from 9:00 am to 5:00 pm on weekends. This proposal will reduce information booth hours to 8:00 am to 4:00 pm Monday through Friday and eliminate staffing on weekends and holidays.

PEG Description/Implementation Plan:

Reduced information booth hours will begin January 2006. Most customer requests are for maps, directions to Grand Central Terminal amenities and to the Lexington Avenue line. Most customer requests can be handled by MetroNorth employees.

PEG Implementation Date:

Jan-06

When will PEG savings begin?:

Jan-06

Financial Impact (Operating)

Net Savings (in millions)

\$0.000

\$0.117

\$0.117

\$0.117

\$0.117

Total Reduction in Positions Required

0

2

2

2

2

Current Vacancies

Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other (Identify Appropriate Indicator):

**MTA New York City Transit
July Financial Plan 2006 - 2009
Program to Eliminate the Gap Worksheet
(\$ in millions)**

PEG Category: Direct Service
Program: Hybrid Bus Fuel Savings

Background Details: This PEG represents the savings achieved due to better fuel efficiency of hybrid electric buses relative to the balance of the diesel and CNG bus fleets. Under current plans, the DOB fleet will include 1,075 Hybrid buses by 2010. Hybrid buses currently are averaging 3.6 mpg versus 2.4 mpg for standard buses. With this complement of Hybrid Electric buses, DOB is expected to consume approximately 12 million gallons less fuel over the 2005-2010 period which will generate diesel fuel savings and create a cleaner environment.

PEG Description/Implementation Plan: The purchase of Hybrid buses has created a diesel fuel savings.

PEG Implementation Date: 1/1/2006 **When will PEG savings begin?:** 1/1/2006

Financial Impact (Operating)

Net Savings (in millions)

2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
\$0.000	\$1.247	\$1.870	\$2.805	\$4.363
0	0	0	0	0

Total Reduction in Positions Required

Current Vacancies

Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other (Identify Appropriate Indicator):

MTA New York City Transit
July Financial Plan 2006 - 2009
Program to Eliminate the Gap Worksheet
(\$ in millions)

PEG Category: Service Support
Program: Grand Concourse Master Tower

Background Details:	The Concourse Line Project will furnish and install a new conventional signal system on the Concourse Line from 125th Street in Manhattan to 205th Street in the Bronx. It will enhance safety and improve the operational flexibility and reliability of the signal system on the Concourse Line. As part of this project, the Grand Concourse Master Tower will be refurbished with automated tower switching equipment.
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PEG Description/Implementation Plan:	Five Tower Operator positions can be eliminated, due to automation of train routing, when the Master Tower at Grand Concourse comes online in mid 2006.
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PEG Implementation Date:	6/1/2006	When will PEG savings begin?:	6/1/2006
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	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.203	\$0.348	\$0.348	\$0.348
Total Reduction in Positions Required	0	5	5	5	5
Current Vacancies					
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit
July Financial Plan 2006 - 2009
Program to Eliminate the Gap Worksheet
(\$ in millions)**

PEG Category: Service Support
Program: L Line / CBTC Switching Conductors

Background Details: As part of the Canarsie Line Communication-Based Train Control (CBTC) project, the Canarsie Yard will have full CBTC operational capabilities.

PEG Description/Implementation Plan: Four Conductor positions performing hand switching jobs can be eliminated due to automation of Canarsie Yard switching functions.

PEG Implementation Date: 1/1/2006 **When will PEG savings begin?:** 1/1/2006

	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.255	\$0.255	\$0.255	\$0.255
Total Reduction in Positions Required	0	4	4	4	4
Current Vacancies					
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit
July Financial Plan 2006 - 2009
Program to Eliminate the Gap Worksheet
(\$ in millions)**

PEG Category: Service Support
Program: Miscellaneous Tower Operator Switching Reductions

Background Details: The Tower Operator work program was reconfigured to make more efficient use of Work As assigned (WAA) time.

PEG Description/Implementation Plan: This proposal reflects various efficiencies in Subdivision "B" yard and station switching operations. In addition, re-work of the Tower Operator work program resulted in efficiencies as well.

PEG Implementation Date: 1/1/2006 **When will PEG savings begin?:** 1/1/2006

	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.487	\$0.487	\$0.487	\$0.487
Total Reduction in Positions Required	0	7	7	7	7
Current Vacancies					
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

MTA New York City Transit
July Financial Plan 2006 - 2009
Program to Eliminate the Gap Worksheet
(\$ in millions)

PEG Category: Service Support
Program: OPTO #7 Line - Dec 07

Background Details: With the introduction of the R142/A cars on the Flushing line, an opportunity exists for implementation of One Person Train Operation (OPTO) in conjunction with other safety enhancements including CCTV's and Passenger Emergency Intercom (PEI) systems.

PEG Description/Implementation Plan: Implementation of OPTO on the #7 line will result in a net reduction of 89 Conductor positions. This includes redeployment of 30 Conductors for platform duties. Implementation is scheduled for December 2007, contingent upon equipment availability and CCTV installation along the Flushing corridor.

PEG Implementation Date: 12/1/2007 **When will PEG savings begin?:** 12/1/2007

	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.000	\$0.474	\$5.676	\$5.676
Total Reduction in Positions Required	0	0	89	89	89
Current Vacancies					
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit
July Financial Plan 2006 - 2009
Program to Eliminate the Gap Worksheet
(\$ in millions)**

PEG Category: Service Support
Program: OPTO J Line - Fall 07

Background Details:	With the introduction of the R160 cars on the Jamaica line, an opportunity exists for implementation of OPTO in conjunction with other safety enhancements such as CCTV and Passenger Emergency Intercom (PEI) systems.
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PEG Description/Implementation Plan:	Reduction of 70 Conductor positions on the J Line through the implementation of full-time One Person Train Operation. Scheduled implementation on September 1, 2007 dependent on availability of R160 cars.			
PEG Implementation Date:	9/1/2007	When will PEG savings begin?:	9/1/2007	

	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.000	\$1.488	\$4.464	\$4.464
Total Reduction in Positions Required	0	0	70	70	70
Current Vacancies					
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit
July Financial Plan 2006 - 2009
Program to Eliminate the Gap Worksheet
(\$ in millions)**

PEG Category: Service Support
Program: OPTO M Line - Weekdays, Spring 2008

Background Details:	With the introduction of the R160 cars on the Myrtle Avenue line, an opportunity exists for implementation of One Person Train Operation (OPTO) in conjunction with other safety enhancements such as CCTV installation and Passenger Emergency Intercom (PEI) systems.
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PEG Description/Implementation Plan:	This proposal allows for reduction of 44 Conductor positions on the M Line through the implementation of full-time One Person Train Operation. Implementation is scheduled for May 2008 dependent on availability of R160 cars.		
PEG Implementation Date:	5/1/2008	When will PEG savings begin?:	5/1/2008

	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.000	\$0.000	\$1.963	\$2.945
Total Reduction in Positions Required	0	0	0	44	44
Current Vacancies					
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit
July Financial Plan 2006 - 2009
Program to Eliminate the Gap Worksheet
(\$ in millions)**

PEG Category: Service Support
Program: OPTO N Line - Fall 08

Background Details:	With the introduction of the R160 cars on the N line, an opportunity exists for implementation of OPTO in conjunction with other safety enhancements such as CCTV and Passenger Emergency Intercom (PEI) systems.
----------------------------	---

PEG Description/Implementation Plan:	Reduction of 110 Conductor positions on the N Line through the implementation of full-time One Person Train Operation. Scheduled implementation on September 1, 2008 dependent on availability of R160 cars.		
PEG Implementation Date:	9/1/2008	When will PEG savings begin?:	9/1/2008

	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.000	\$0.000	\$2.253	\$7.362
Total Reduction in Positions Required	0	0	0	110	110
Current Vacancies					
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit
July Financial Plan 2006 - 2009
Program to Eliminate the Gap Worksheet
(\$ in millions)**

PEG Category:

Service Support

Program:

Subdivision "A" Managerial Reductions - Automatic Train Supervision (ATS)

Background Details:

The implementation of Automatic Train Supervision (ATS) in Subdivision A will transfer the functions from the lines to the Rail Control Center (RCC) without impacting the delivery of service to customers.

PEG Description/Implementation Plan:

Three field Managers can be eliminated due to automation of train dispatching (routing) when the Automatic Train Supervision (ATS) System is fully operational in 2006.

PEG Implementation Date:

1/1/2006

When will PEG savings begin?:

1/1/2006

Financial Impact (Operating)

Net Savings (in millions)

2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
\$0.000	\$0.353	\$0.353	\$0.353	\$0.353

Total Reduction in Positions Required

0 3 3 3 3

Current Vacancies

Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other (Identify Appropriate Indicator):

**MTA New York City Transit
July Financial Plan 2006 - 2009
Program to Eliminate the Gap Worksheet
(\$ in millions)**

PEG Category: Service Support
Program: Eliminate Annual Cordon Count

Background Details:	Eliminate the annual cordon count survey, which is an annual survey that counts the number of passengers entering and exiting the Manhattan Central Business District, over East River crossings and 60th Street.
----------------------------	---

PEG Description/Implementation Plan:	Operations Planning will eliminate 7 part-time traffic checkers beginning January 1, 2006. Operations Planning will continue to collect data using peak period/max load point checks at selected points that coincide with cordon locations.			
PEG Implementation Date:	1/1/2006	When will PEG savings begin?:	1/1/2006	

	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.148	\$0.148	\$0.148	\$0.148
Total Reduction in Positions Required	0	0	0	0	0
Current Vacancies					
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit
July Financial Plan 2006 - 2009
Program to Eliminate the Gap Worksheet
(\$ in millions)**

PEG Category:

Service Support

Program:

Eliminate Overnight Performance Indicator Program

Background Details:

The performance indicators program monitors daytime and overnight wait assessment and enroute on-time performance/schedule adherence. This initiative will eliminate the overnight bus and subway performance surveys between the hours of 10 pm and 6 am.

PEG Description/Implementation Plan:

The elimination of the overnight performance monitoring program will eliminate ten part-time traffic checking positions beginning 1/1/06.

PEG Implementation Date:

1/1/2006

When will PEG savings begin?:

1/1/2006

Financial Impact (Operating)

Net Savings (in millions)

**2005
Mid-Year
Forecast**

**2006
Preliminary
Budget**

2007

2008

2009

\$0.000

\$0.213

\$0.213

\$0.213

\$0.213

Total Reduction in Positions Required

0

0

0

0

0

Current Vacancies

Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other (Identify Appropriate Indicator):

**MTA New York City Transit
July Financial Plan 2006 - 2009
Program to Eliminate the Gap Worksheet
(\$ in millions)**

PEG Category:

Service Support

Program:

Eliminate Traffic Checker Ops Desk - Nights/Wkends

Background Details:

Eliminate overnight and weekend staffing at the traffic checker operations desk. Currently, the traffic checker operations desk is staffed 7x24 and serves all dispatching functions and takes traffic checker sick calls.

PEG Description/Implementation Plan:

This initiative eliminates three positions beginning January 1, 2006. Operations Planning will absorb overnight dispatching functions with operational changes and will establish a dedicated "sick" line to handle sick calls.

PEG Implementation Date:

1/1/2006

When will PEG savings begin?:

1/1/2006

Financial Impact (Operating)

Net Savings (in millions)

2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
\$0.000	\$0.339	\$0.339	\$0.339	\$0.339

Total Reduction in Positions Required

0 3 3 3 3

Current Vacancies

Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other (Identify Appropriate Indicator):

MTA New York City Transit
July Financial Plan 2006 - 2009
Program to Eliminate the Gap Worksheet
(\$ in millions)

PEG Category: Maintenance
Program: RTO Maintenance Support Savings

Background Details: Subdivision C has a total of 1,100 employees allocated among five support units. They provide support for diversions, flagging, work trains, as well as the contract reviews necessary to facilitate capital projects and maintenance activities along the right-of-way. In addition, in support of the MOW Signal Division, RTO operates a work train that delivers material and supplies to various signal maintenance facilities throughout the system.

PEG Description/Implementation Plan: This proposal eliminates five Subdivision "C" positions in hand switching, tower operations, work train operations, and yard dispatching. RTO is also eliminating the Conductor from the Signal Dolly in Subdivision "B", and the function of opening and closing the doors of this work train will be taken over by the Train Operator.

PEG Implementation Date: 1/1/2006 **When will PEG savings begin?:** 1/1/2006

	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.429	\$0.429	\$0.429	\$0.429
Total Reduction in Positions Required	0	6	6	6	6
Current Vacancies					
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit
July Financial Plan 2006 - 2009
Program to Eliminate the Gap Worksheet
(\$ in millions)**

PEG Category: Maintenance
Program: Consolidate Machine Shops

Background Details: Currently there are separate machine shops at the Coney Island Overhaul Shop and the 207th Street Overhaul Shop. This proposal will eliminate the 207th Street Machine Shop and consolidate all work at Coney Island.

PEG Description/Implementation Plan: This proposal would eliminate one supervisor and five CMB's by consolidating all the work at the Coney Island Machine Shop.

PEG Implementation Date: 1/1/2006 **When will PEG savings begin?:** 1/1/2006

	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.469	\$0.469	\$0.469	\$0.469
Total Reduction in Positions Required	0	6	6	6	6
Current Vacancies					
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit
July Financial Plan 2006 - 2009
Program to Eliminate the Gap Worksheet
(\$ in millions)**

PEG Category: Maintenance
Program: Reduce Overtime - "B" Defect Repairs

Background Details:	"B" defects include small cracks or corrosion in various structural steel elements that do not pose an imminent threat to safety or passenger service. The Iron Operations Unit is responsible for performing "B" defect repairs. There have been consistent underruns in its overtime budget.
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PEG Description/Implementation Plan:	This proposal reduces the overtime budget for the Iron Operations Unit by 50% or 16,770 hours. As Iron Operations has consistently underrun its overtime budget, this savings will not impact their ability to address "B" defects.		
PEG Implementation Date:	1/1/2006	When will PEG savings begin?:	1/1/2006

Financial Impact (Operating)

Net Savings (in millions)

2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
\$0.000	\$0.522	\$0.522	\$0.522	\$0.522

Total Reduction in Positions Required

0 0 0 0 0

Current Vacancies

Impact on Operations:

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

Other (Identify Appropriate Indicator):

**MTA New York City Transit
July Financial Plan 2006 - 2009
Program to Eliminate the Gap Worksheet
(\$ in millions)**

PEG Category:

Maintenance

Program:

Reduce Power Ops Emergency Crew Helpers

Background Details:

Batteries are part of a fail safe system which provides power to mission critical circuits - they operate circuit breakers, emergency alarms and tube shell circuits even during local utility power outages. In addition to performing an average of 1,380 battery maintenance procedures per year, the Power Operations Emergency Crews respond to all system emergencies. This includes but is not limited to responding to Con Edison and LIPA utility outages; securing and restoring power equipment for General Order work; addressing Supervisory Control and Data Acquisition (SCADA) equipment failures; responding to and investigating Tube Shell operations, Ground Protection operations (approximately 12 per year per crew) and intrusion alarms.

PEG Description/Implementation Plan:

This is a reduction of 8 Helper positions effective 1/1/06. This reduction will not compromise emergency operations. All emergency situations will continue to be addressed quickly and safely.

PEG Implementation Date:

1/1/2006

When will PEG savings begin?:

1/1/2006

Financial Impact (Operating)

Net Savings (in millions)

**2005
Mid-Year
Forecast**

**2006
Preliminary
Budget**

2007

2008

2009

\$0.000

\$0.473

\$0.473

\$0.473

\$0.473

Total Reduction in Positions Required

0

8

8

8

8

Current Vacancies

Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other (Identify Appropriate Indicator):

**MTA New York City Transit
July Financial Plan 2006 - 2009
Program to Eliminate the Gap Worksheet
(\$ in millions)**

PEG Category: Maintenance
Program: Buses Hardware Savings

Background Details:	Since 2000 DOB has contracted for the purchase, and on-site delivery, of various maintenance related hardware materials. Through centralized management, DOB has lowered overall hardware unit costs, improved material availability and quality, and streamlined the material's hardware acquisition process. As a result of these initiatives, DOB anticipates that it will be able to reduce its future hardware costs by \$500 k annually.
----------------------------	--

PEG Description/Implementation Plan:			
PEG Implementation Date:	1/1/2006	When will PEG savings begin?:	1/1/2006

	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.500	\$0.500	\$0.500	\$0.500	\$0.500
Total Reduction in Positions Required	0	0	0	0	0
Current Vacancies					
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit
July Financial Plan 2006 - 2009
Program to Eliminate the Gap Worksheet
(\$ in millions)**

PEG Category: Maintenance
Program: AFC Maintenance Field Support

Background Details:	AFC Maintenance will consolidate functions and achieve a reduction of seven positions. These reductions will have impact on the following functions: defining, testing and implementing functionality of software; refresher training schedules; installation acceptance test schedules for AFC equipment; and CADD (drawing) preparations for AFC installations.
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PEG Description/Implementation Plan:	To alleviate the impact of the reductions, AFC Maintenance will reduce the schedule peak of each of the activities by spreading them over a more sustainable schedule. The reductions will begin January 2006.		
PEG Implementation Date:	1/1/2006	When will PEG savings begin?:	1/1/2006

	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.658	\$0.658	\$0.658	\$0.658
Total Reduction in Positions Required	0	7	7	7	7
Current Vacancies					
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

MTA New York City Transit
July Financial Plan 2006 - 2009
Program to Eliminate the Gap Worksheet
(\$ in millions)

PEG Category:

Maintenance

Program:

Central Electronics Shop Productivity Savings

Background Details:

Productivity improvements will yield 5% savings (13 positions) in the Central Electronics Shop (CES). Savings can be realized due to increased efficiency of shop operations, including increased span of control for managers, the streamlining of the technical research and review function in the Electronics Integrations group, elimination of maintainers in Shipping and Receiving due to the use of bar code readers, and the transfer of the CES Machine Shop to Electronic Maintenance Division's (EMD's) Bus Electronics Maintenance Division which will also be headquartered at EMD's Glendale facility. This allows the Machine Shop's supervision to be absorbed into Bus Electronic Maintenance's existing management structure.

PEG Description/Implementation Plan:

Productivity savings will begin January 2006.

PEG Implementation Date:

1/1/2006

When will PEG savings begin?:

1/1/2006

Financial Impact (Operating)

Net Savings (in millions)

**2005
Mid-Year
Forecast**

**2006
Preliminary
Budget**

2007

2008

2009

\$0.000

\$1.101

\$1.101

\$1.101

\$1.101

Total Reduction in Positions Required

0

13

13

13

13

Current Vacancies

Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other (Identify Appropriate Indicator):

**MTA New York City Transit
July Financial Plan 2006 - 2009
Program to Eliminate the Gap Worksheet
(\$ in millions)**

PEG Category: Maintenance
Program: Central Warehouse Reduction

Background Details: Reduce warehousing costs by reducing three hourly positions. This will result in further increases in the backlog in the Pick File and receiving dock receipts, and a further loss in kit production hours.

PEG Description/Implementation Plan: The implementation will start as of January 2006.

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

	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.195	\$0.195	\$0.195	\$0.195
Total Reduction in Positions Required	0	3	3	3	3
Current Vacancies					
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit
July Financial Plan 2006 - 2009
Program to Eliminate the Gap Worksheet
(\$ in millions)**

PEG Category: Maintenance
Program: RCI Pre-Service Inspections

Background Details:	With the continuing improvement in subway car reliability as well as a continuing increase in Mean Distance Between Failure (MDBF) of the subway car fleet it has been decided to eliminate 13 Road Car Inspector (RCI) positions (one per maintenance shop) involved with pre-service inspections as well as one each at the overhaul shops. There are currently 205 RCI's assigned to the maintenance and overhaul shops, this would reduce the number by 15 positions.
----------------------------	---

PEG Description/Implementation Plan:	This proposal will eliminate 15 RCI positions, one position from each of the 13 maintenance shops involved with pre-service inspections, and one position from each of the overhaul shops. This reduction will require the remaining 190 RCI positions to absorb this function.			
PEG Implementation Date:	1/1/2006	When will PEG savings begin?:	1/1/2006	

	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$1.152	\$1.152	\$1.152	\$1.152
Total Reduction in Positions Required	0	15	15	15	15
Current Vacancies					
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit
July Financial Plan 2006 - 2009
Program to Eliminate the Gap Worksheet
(\$ in millions)**

PEG Category: Safety & Security
Program: Security Posts-Field Locations

Background Details:	Eliminate/reduce security coverage at Kingsbridge Depot, Cozine Iron Shop, Woodside Shop, and Livingston Street.
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PEG Description/Implementation Plan: Reduced Property Protection Agent coverage is possible with installation of security equipment. PM & Night coverage at post 77B, Kingsbridge Depot Tower will be eliminated. This agent is responsible for fire alarm monitoring and surveillance, not access control; the alarm monitoring function will be transferred back to the Depot. One-time OTPS funding is provided to relocate the existing security booth and fire alarm monitor to the dispatcher's station. At Cozine Iron Shop, the AM & PM tours, M-F at post 35A will be eliminated, with access at this entrance controlled by a HEET; funding is provided for installation of an intrusion detection system. Woodside Shop 24X7 coverage at post 21A will be eliminated, with access controlled by a HEET. Finally, installation of Livingston Plaza lobby turnstiles facilitates eliminating the AM tour M-F at post 50B, the second lobby post.

PEG Implementation Date: 1/1/2006 **When will PEG savings begin?:** 1/1/2006

	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.534	\$0.890	\$0.890	\$0.890
Total Reduction in Positions Required	0	13	13	13	13
Current Vacancies					
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

Total Non-reimbursable and Reimbursable Positions

2005: July Financial Plan vs. February Financial Plan

The total number of NYC Transit positions in 2005 increased by 302 in the July Plan as compared to the February Plan. The 2005 increase is mainly attributable to increases in the following programs:

- Defer bus off-peak guidelines to 2006 (164 positions)
- Implementation delay on the L line OPTO (55 positions)
- Cleaning initiatives in Track and Stations (37 positions)
- ATS/CBTC Implementation Delays (30 positions)

2006: July Financial Plan vs. February Financial Plan

The total number of NYC Transit positions in 2006 increased by 437 in the July Plan as compared to the February Plan. The 2006 increase is mainly attributable to increases in the following programs:

- Cleaning initiatives in Track and Stations (94 positions)
- Increased traffic checking to monitor off-peak bus loads (77 FTE's)
- Defer bus off-peak guidelines (72 positions)
- ATS/CBTC Implementation Delays (72 positions)
- SMS Plan Revision (44 positions)
- Stop circuit modifications (26 positions)
- Program to reduce broken rail incidents (21 positions)
- LED signal head conversions (16 positions)

2007: July Financial Plan vs. February Financial Plan

The total number of NYC Transit positions in 2007 increased by 63 in the July Plan as compared to the February Plan. The 2007 increase is mainly attributable to increases in the following programs:

- Cleaning initiatives in Track and Stations (94 positions)
- Increased traffic checking to monitor off-peak bus loads (68 FTE's)
- Defer bus off-peak guidelines (62 positions)
- Stop circuit modifications (26 positions)
- Program to reduce broken rail incidents (21 positions)
- LED signal head conversions (16 positions)
- These major increases are offset by several significant programmatic reductions (i.e. Bus Shop Plan revision – 108 position reduction; Charleston Annex delay – 62 positions; Grand Avenue construction delay – 46 positions).

2008: July Financial Plan vs. February Financial Plan

The total number of NYC Transit positions in 2008 increased by 402 in the July Plan as compared to the February Plan. The 2008 increase is mainly attributable to increases in the following programs:

- Bus Shop Plan Revision (202 positions)
- Cleaning initiatives in Track and Stations (94 positions)
- Defer bus off-peak guidelines (62 positions)
- Stop circuit modifications (26 positions)

2009: July Financial Plan vs. February Financial Plan

The total number of NYC Transit positions in 2009 increased by 220 in the July Plan as compared to the February plan. The 2009 increase is mainly attributable to increases in the following programs:

- Cleaning initiatives in Track and Stations (94 positions)
- Bus Shop Plan Revision (92 positions)

Ridership (Utilization)

In 2005, ridership increased from the February Plan by 1.288 million due to the deferral of the implementation of the bus off-peak loading guideline changes until 2006.

The ridership changes for the years 2006 through 2009 were due to re-estimates of the bus off-peak loading guideline changes as follow:

- 2006 ridership increased by 0.070 million
- 2007-2009 ridership increased by 3.029 million

MTA NEW YORK CITY TRANSIT
July Financial Plan 2006-2009
TOTAL FULL-TIME POSITIONS and FULL-TIME EQUIVALENTS by FUNCTION and DEPARTMENT
NON-REIMBURSABLE and REIMBURSABLE

	2004 Actuals	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
Administration						
Office of the EVP	17	18	18	18	18	18
Human Resources	475	459	468	453	453	453
Office of Management and Budget	33	35	35	35	35	35
Technology & Information Services	561	514	515	512	512	505
Materiel	264	257	256	256	256	256
Controller	238	236	236	236	236	236
Office of the President	6	5	5	5	5	5
Law	286	304	304	304	304	304
Corporate Communications	291	294	295	295	295	295
Non-Departmental	-	11	11	11	11	11
Labor Relations	111	103	102	102	102	102
Total Administration	2,282	2,236	2,245	2,227	2,227	2,220
Operations						
Subways Service Delivery	11,400	11,319	11,243	11,160	11,163	11,165
Buses	10,408	10,391	9,978	10,048	10,059	10,058
Paratransit	110	109	109	109	109	109
Operations Planning	402	413	503	460	424	416
Revenue Control	443	473	479	479	479	479
Total Operations	22,763	22,705	22,312	22,256	22,234	22,227
Maintenance						
Subways Service Delivery	2,629	2,859	2,866	2,842	2,842	2,840
Maintenance of Way & Rolling Stock	12,745	12,711	12,845	12,751	12,778	12,595
Buses	3,710	3,704	3,796	3,846	3,966	3,927
Revenue Control	131	131	131	131	131	131
Supply Logistics	556	557	557	557	557	557
System Safety	95	90	90	90	90	90
Total Maintenance	19,866	20,052	20,285	20,217	20,364	20,140
Engineering/Capital						
Capital Program Management	1,495	1,566	1,566	1,566	1,566	1,566
Total Engineering/Capital	1,495	1,566	1,566	1,566	1,566	1,566
Public Safety						
Subways Senior VP	577	580	573	537	535	535
Total Public Safety	577	580	573	537	535	535
Baseline Total Positions	46,983	47,139	46,981	46,803	46,926	46,688
Non-Reimbursable	40,985	41,889	41,900	41,804	41,943	41,796
Reimbursable	5,998	5,250	5,081	4,999	4,983	4,892
Total Full-Time	46,721	46,936	46,697	46,552	46,711	46,481
Total Full-Time Equivalents	262	203	284	251	215	207
Impact of:						
2006 Program to Eliminate the Gap	-	4	(129)	(288)	(443)	(443)
Total Positions	46,983	47,143	46,852	46,515	46,483	46,245
Non-Reimbursable	40,985	41,893	41,771	41,516	41,500	41,353
Reimbursable	5,998	5,250	5,081	4,999	4,983	4,892
Total Full-Time	46,721	46,940	46,579	46,275	46,279	46,049
Total Full-Time Equivalents	262	203	273	240	204	196

MTA New York City Transit
July Financial Plan 2006 - 2009
Ridership/Traffic Volume (Utilization)
(in millions)

	2004	2005	2006			
	Actuals	Mid-Year	Preliminary	2007	2008	2009
		Forecast	Budget			
Subway	1,426.040	1,446.133	1,462.755	1,480.319	1,493.006	1,493.859
Bus	740.586	747.938	751.969	758.056	764.220	764.621
Paratransit	3.983	4.664	5.270	5.955	6.730	7.604
Baseline Total Ridership	2,170.609	2,198.735	2,219.994	2,244.330	2,263.956	2,266.084
Impact of: PEG Program						
Total Ridership	2,170.609	2,198.735	2,219.994	2,244.330	2,263.956	2,266.084

Staten Island Railway

**MTA Staten Island Railway
2006 Preliminary Budget
July Financial Plan 2006-2009**

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 28.6 route miles and 26.6 miles of mainline track, serving 22 stations located on the south shore of Staten Island.

The 2006 Preliminary Budget and projections for the years 2007-2009 provide sufficient funding to increase current service levels by providing resources to match enhanced ferry service as well as to maintain MTA's commitment to safety and security. This is accomplished primarily 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.

2005 Mid-Year Forecast

MTA Staten Island Railway's 2005 Mid Year Forecast reflects total expenses before depreciation of \$27.415 million including \$26.390 million of non-reimbursable expenses and \$1.025 million of reimbursable expenses. Total revenues are projected to be \$6.372 million, of which \$5.347 million are operating revenues and \$1.025 million represent capital reimbursements. Total full-time positions are 283 including 277 non-reimbursable positions and 6 reimbursable positions. The above information excludes the effects of Programs to Eliminate the GAP (PEGs), which are presented separately on the attached financial tables.

Providing quality service is paramount to MTA Staten Island Railway. To ensure this goal, the 2005 Mid-Year Forecast includes additional funding necessary to properly maintain fleet and other equipment integral to Staten Island Railway system operations.

Major assumptions and reconciliations are discussed later in this section.

2006-2009 Projections

MTA Staten Island Railway's projections for 2006-2009 reflect total expenses before depreciation as follows: 2006-\$28.040 million, 2007-\$29.316 million, 2008-\$30.433 million, and 2009-\$31.904 million. Non-reimbursable expenses before depreciation are projected as follows: 2006-\$26.986 million, 2007-\$28.229 million, 2008-\$29.304 million, and 2009-\$30.758 million. Reimbursable expenses are projected as follows: 2006-\$1.054 million, 2007-\$1.087 million, 2008-\$1.129 million, and 2009-\$1.146 million.

Total revenues are projected as follows: 2006-\$6.480 million, 2007-\$6.862 million, 2008-\$6.947 million, and 2009-\$7.007 million. Operating revenues are projected as follows: 2006-\$5.426 million, 2007-\$5.775 million, 2008-\$5.818 million and 2009-\$5.861 million. Capital reimbursements are projected as follows: 2006-\$1.054 million, 2007-\$1.087 million, 2008-\$1.129 million, and 2009-\$1.146 million. Total full-time positions are projected to be as follows: 2006-291, 2007-294, 2008-294, and 2009-294. Non-reimbursable positions are projected to be as follows: 2006-288, 2007-291, 2008-291, and 2009-291. Reimbursable positions are projected to be 3 in each year. The above information excludes the effects of Programs to Eliminate the GAP, which are presented separately on the attached financial tables.

Programs to Eliminate the GAP, which are described below, represent deficit reductions of \$0.035 million in 2005, \$0.384 million in 2006, \$0.734 million in 2007, \$1.737 million in 2008 and \$2.815 million in 2009. Position reductions are projected to be 2 in 2005, 7 in 2006, 11 in 2007, 24 in 2008 and 37 in 2009.

Major assumptions and reconciliations are discussed later in this section.

GAP CLOSING MEASURES

2006 Programs to Eliminate the Gap (PEGs) Actions

MTA Staten Island Railway has developed programs that will save \$0.384 million in 2006 as shown below.

- **Operational Efficiencies** - The commissioning of the new Staten Island Railway Control Center will enable the Railway to perform the movement control and supervision function more effectively and efficiently. The current staffing level for the movement control function is one Train Dispatcher and one Tower Operator 24/7. The consolidation and performance of all movement control operations at one location will enable the staffing to be reduced to one Train Dispatcher 24/7 and an assisting Train Dispatcher for AM and PM Weekday Peak Service. This change will enable the Railway to address its long-standing deficit in the area of transportation service line supervision through redeployment of part of this headcount savings.

Installation of additional MVMs in St. George Terminal will enable the Railway to reduce its Agent/Operator headcount by 3. The change to a MetroCard based fare collection and assignment of the crew assignment function to Control Center supervisors will enable a reduction/re-assignment of two Transportation Department clerical employees. This will result in a headcount reduction of 2.

The net benefit to the Transportation Department will be readily available line supervision, necessary for the safe and efficient operation of the service, while at the same time allowing for an overall reduction in headcount of 5 and a projected savings of \$0.245 million in 2006. This program will be extended and remain in effect from 2007 through 2009 for additional savings of \$1.089.

- Facility Painting/ Station Maintenance - Currently, Authority budgeted cycles for painting interiors/exterior of facilities is 5 years while station maintenance is performed continuously on an as needed basis. In 2005, interior/exterior facility painting cycles were increased to every 6 years and efficiencies will be developed and implemented for station related masonry and carpentry repairs. This program was implemented on schedule. Full savings of \$0.139 million will be realized in 2006. This program will be extended and remain in effect from 2007 through 2009 for additional saving of \$0.448.

Programs to Eliminate the GAP described above continue in 2007 through 2009 with deficit reductions of \$0.495 million in 2007, \$0.512 million in 2008, and \$0.530 million in 2009. Position reductions are projected to be 7 in each year.

2007 - 2009 Programs to Eliminate the Gap (PEGs) Actions

Two additional efficiencies will be implemented beginning in 2007 as follows:

- Reduce the Size of the Car Fleet by 12 R44 B Units - The current Staten Island Railway fleet of 64 cars includes an increase of 12 cars early in the 1990's. This action was in anticipation of operating 5 car trains to accommodate the expected growth in ridership which has not materialized. However, this reduction has been postponed pending the completion of a more comprehensive fleet replacement analysis. Therefore, internal efficiencies have been implemented to realize the projected savings of \$0.239 million in 2005 and 2006. This program will be extended and remain in effect from 2007 through 2009 for additional savings of \$0.747.
- One Person Train Operation (OPTO) - Currently the Authority operates four car trains with a crew of 1 Train Operator and 1 Conductor. The existing R44 fleet is not equipped with the door obstruction sensing capability required for OPTO. Given the estimated cost of retrofit, a replacement fleet will likely be required. Projected implementation of One Person Train Operation (OPTO) in July 2008 will reduce crew size to one Train Operator. Projections are that 13 Conductor positions can be eliminated in 2008, saving \$0.975 million and 26 Conductor positions in 2009, saving \$2.027 million.

MTA Staten Island Railway
July Financial Plan 2006 - 2009
Accrual Statement of Operations by Category
(\$ in millions)

NON-REIMBURSABLE

	2004 Actuals	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
<u>Revenue</u>						
Farebox Revenue	\$3.137	\$3.456	\$3.535	\$3.884	\$3.927	\$3.970
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	1.784	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	\$4.921	\$5.347	\$5.426	\$5.775	\$5.818	\$5.861
<u>Expenses</u>						
Labor:						
Payroll	14.784	14.645	14.713	15.219	15.696	16.225
Overtime	1.150	0.720	0.692	0.712	0.736	0.761
Health and Welfare	2.537	2.811	3.027	3.364	3.668	4.002
Pensions	1.452	1.635	1.746	1.814	1.760	1.991
Other Fringe Benefits	1.682	1.281	1.290	1.334	1.375	1.420
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenses	\$21.605	\$21.092	\$21.468	\$22.443	\$23.235	\$24.399
Non-Labor:						
Traction and Propulsion Power	1.676	1.550	1.663	1.783	1.911	2.035
Fuel for Buses and Trains	0.000	0.000	0.000	0.000	0.000	0.000
Insurance	0.147	0.168	0.182	0.201	0.222	0.244
Claims	0.289	0.230	0.234	0.241	0.248	0.256
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other						
Operating Contracts	1.591	2.105	2.172	2.271	2.378	2.493
Professional Service Contracts	0.266	0.319	0.319	0.326	0.334	0.342
Materials & Supplies	0.796	0.921	0.943	0.959	0.971	0.983
Other Business Expenses	0.005	0.005	0.005	0.005	0.005	0.006
Total Non-Labor Expenses	\$4.770	\$5.298	\$5.518	\$5.786	\$6.069	\$6.359
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	\$26.375	\$26.390	\$26.986	\$28.229	\$29.304	\$30.758
Depreciation	7.063	10.337	10.337	10.337	10.337	10.337
Total Expenses	\$33.438	\$36.727	\$37.323	\$38.566	\$39.641	\$41.095
Baseline Net Surplus/(Deficit)	(\$28.517)	(\$31.380)	(\$31.897)	(\$32.791)	(\$33.823)	(\$35.234)
2006 PEG Program	0	0.035	0.384	0.734	1.737	2.815
Net Surplus/(Deficit)	(\$28.517)	(\$31.345)	(\$31.513)	(\$32.057)	(\$32.086)	(\$32.419)

REIMBURSABLE

[illegible]

MTA Staten Island Railway
July Financial Plan 2006 - 2009
Accrual Statement of Operations by Category
(\$ in millions)

**NON-REIMBURSABLE and
REIMBURSABLE**

	2004	2005	2006			
	Actuals	Mid-Year Forecast	Preliminary Budget	2007	2008	2009
<u>Revenue</u>						
Farebox Revenue	\$ 3.137	\$ 3.456	\$ 3.535	\$ 3.884	\$ 3.927	\$ 3.970
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	1.784	1.891	1.891	1.891	1.891	1.891
Capital and Other Reimbursements	1.835	1.025	1.054	1.087	1.129	1.146
Total Revenue	\$ 6.756	\$ 6.372	\$ 6.480	\$ 6.862	\$ 6.947	\$ 7.007
<u>Expenses</u>						
Labor:						
Payroll	15.537	14.900	14.975	15.488	15.973	16.491
Overtime	1.608	1.301	1.288	1.325	1.367	1.412
Health and Welfare	2.949	2.861	3.081	3.423	3.733	4.073
Pensions	1.547	1.710	1.823	1.893	1.847	2.078
Other Fringe Benefits	1.757	1.345	1.355	1.401	1.444	1.491
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenses	\$ 23.398	\$ 22.117	\$ 22.522	\$ 23.530	\$ 24.364	\$ 25.545
Non-Labor:						
Traction and Propulsion Power	1.676	1.550	1.663	1.783	1.911	2.035
Fuel for Buses and Trains	0.000	0.000	0.000	0.000	0.000	0.000
Insurance	0.147	0.168	0.182	0.201	0.222	0.244
Claims	0.289	0.230	0.234	0.241	0.248	0.256
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other						
Operating Contracts	1.591	2.105	2.172	2.271	2.378	2.493
Professional Service Contracts	0.266	0.319	0.319	0.326	0.334	0.342
Materials & Supplies	0.838	0.921	0.943	0.959	0.971	0.983
Other Business Expenses	0.005	0.005	0.005	0.005	0.005	0.006
Total Non-Labor Expenses	\$ 4.812	\$ 5.298	\$ 5.518	\$ 5.786	\$ 6.069	\$ 6.359
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	\$ 28.210	\$ 27.415	\$ 28.040	\$ 29.316	\$ 30.433	\$ 31.904
Depreciation	7.063	10.337	10.337	10.337	10.337	10.337
Total Expenses	\$ 35.273	\$ 37.752	\$ 38.377	\$ 39.653	\$ 40.770	\$ 42.241
Baseline Net Surplus/(Deficit)	\$ (28.517)	\$ (31.380)	\$ (31.897)	\$ (32.791)	\$ (33.823)	\$ (35.234)
2006 PEG Program	0.000	0.035	0.384	0.734	1.737	2.815
Net Surplus/(Deficit)	\$ (28.517)	\$ (31.345)	\$ (31.513)	\$ (32.057)	\$ (32.086)	\$ (32.419)

**MTA Staten Island Railway
July Financial Plan 2006 - 2009
Cash Receipts & Expenditures
(\$ in millions)**

	2004 Actuals	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009	2010
<u>Receipts</u>							
Farebox Revenue	\$3.120	\$3.456	\$3.535	\$3.884	\$3.927	\$3.970	\$4.014
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	1.749	1.891	1.891	1.891	1.891	1.891	1.891
Capital and Other Reimbursements	1.703	1.019	1.048	1.080	1.129	1.146	1.206
Total Receipts	\$6.572	\$6.366	\$6.474	\$6.855	\$6.947	\$7.007	\$7.111
<u>Expenditures</u>							
Labor:							
Payroll	15.492	14.900	14.975	15.488	15.973	16.491	17.070
Overtime	1.586	1.301	1.288	1.325	1.367	1.412	1.459
Health and Welfare	2.994	2.861	3.081	3.423	3.733	4.073	4.443
Pensions	1.544	1.710	1.823	1.893	1.847	2.078	2.059
Other Fringe Benefits	1.607	1.345	1.355	1.401	1.444	1.491	1.541
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenditures	\$23.223	\$22.117	\$22.522	\$23.530	\$24.364	\$25.545	\$26.572
Non-Labor:							
Traction and Propulsion Power	1.727	1.550	1.663	1.783	1.911	2.035	2.168
Fuel for Buses and Trains	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Insurance	0.222	0.168	0.182	0.201	0.222	0.244	0.270
Claims	0.615	0.230	0.234	0.241	0.248	0.256	0.265
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	1.373	2.105	2.172	2.271	2.378	2.493	2.614
Professional Service Contracts	0.171	0.319	0.319	0.326	0.334	0.342	0.351
Materials & Supplies	0.938	0.921	0.943	0.959	0.971	0.983	0.995
Other Business Expenses	0.005	0.005	0.005	0.005	0.005	0.006	0.006
Total Non-Labor Expenditures	\$5.051	\$5.298	\$5.518	\$5.786	\$6.069	\$6.359	\$6.669
Other Expenditure Adjustments:							
Other	0.000	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	\$0.000
Total Expenditures	\$28.274	\$27.415	\$28.040	\$29.316	\$30.433	\$31.904	\$33.241
Baseline Net Cash Deficit	(\$21.702)	(\$21.049)	(\$21.566)	(\$22.461)	(\$23.486)	(\$24.897)	(\$26.130)
2006 PEG Program	0.000	0.035	0.384	0.734	1.737	2.815	2.815
Net Cash Deficit	(\$21.702)	(\$21.014)	(\$21.182)	(\$21.727)	(\$21.749)	(\$22.082)	(\$23.315)

MTA Staten Island Railway
July Financial Plan 2006 - 2009
Cash Conversion (Cash Flow Adjustments)
(\$ in millions)

	2004	2005	2006			
	Actuals	Mid-Year	Preliminary	2007	2008	2009
		Forecast	Budget			
<u>Receipts</u>						
Farebox Revenue	(\$0.017)	\$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	(0.035)	0.000	0.000	0.000	0.000	0.000
Capital and Other Reimbursements	(0.132)	(0.006)	(0.006)	(0.007)	0.000	0.000
Total Receipt Adjustments	(\$0.184)	(\$0.006)	(\$0.006)	(\$0.007)	\$0.000	\$0.000
<u>Expenditures</u>						
Labor:						
Payroll	0.045	0.000	0.000	0.000	0.000	0.000
Overtime	0.022	0.000	0.000	0.000	0.000	0.000
Health and Welfare	(0.045)	0.000	0.000	0.000	0.000	0.000
Pensions	0.003	0.000	0.000	0.000	0.000	0.000
Other Fringe Benefits	0.150	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	\$0.175	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Non-Labor:						
Traction and Propulsion Power	(0.051)	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	(0.075)	0.000	0.000	0.000	0.000	0.000
Claims	(0.326)	0.000	0.000	0.000	0.000	0.000
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	0.218	0.000	0.000	0.000	0.000	0.000
Professional Service Contracts	0.095	0.000	0.000	0.000	0.000	0.000
Materials & Supplies	(0.100)	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	(\$0.239)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
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	(\$0.248)	(\$0.006)	(\$0.006)	(\$0.007)	\$0.000	\$0.000
Depreciation Adjustment	7.063	10.337	10.337	10.337	10.337	10.337
Baseline Total Cash Conversion Adjustments	\$6.815	\$10.331	\$10.331	\$10.330	\$10.337	\$10.337
2006 PEG Program	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
Total Cash Conversion Adjustments	\$6.815	\$10.331	\$10.331	\$10.330	\$10.337	\$10.337

**MTA Staten Island Railway
July Financial Plan 2006-2009
Year-Over-Year Changes by Category-Baseline Narrative**

TOTAL REVENUES

Farebox Revenue

- Farebox revenue improvements of: 2006-\$.079 million (2.3%), 2007-\$.349 million (9.9%), 2008-\$.043 million (1.1%), and 2009-\$.043 million (1.1%) were due to projected increases in ridership.
- The ridership increase is based upon forecasted growth in NYC employment.

Other Operating Revenue

- No changes.

Capital and Other Reimbursements

- Annual increases are projected from 2006 through 2009 to provide for reimbursement consistent with projected CPI increases for labor expenses and actuarial-based pension increases as explained below.

TOTAL EXPENSES

In 2005, Staten Island Railway's Police Department was merged into the MTA Police Department. Beginning 6/1/05, these expenses were transferred to the MTA.

Payroll

- Increases represent projected CPI rate increases as follows: 2006-2.57%, 2007-2.79%, 2008-2.94%, and 2009-3.18%.

Overtime

- 2006-2009 payroll wage rate increase assumptions apply.

Health & Welfare

- Increases include the following inflation rate assumptions: 2006 through 2009-9.3%.

Pension

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

Other Fringe Benefits

- Inflation assumptions consistent with payroll rate increase assumptions.

Traction and Propulsion Power

- Reflects projected New York Power Authority (NYPA) annual rate increases.

Insurance

- 2006-2009 inflation assumptions are based upon Global Insight's estimates as follows: 2006-1.47%, 2007-1.83%, 2008-2.05%, and 2009-2.14%.

Claims

- 2006-2009 inflation assumptions are based upon Global Insight's estimates as follows: 2006-2.57%, 2007-2.79%, 2008-2.94%, and 2009-3.18%.

Maintenance and Other Operating Contracts

- 2006-2009 inflation assumptions are based upon Global Insight's estimates as follows: 2006-2.02%, 2007-2.06%, 2008-2.31%, and 2009-2.52%.
- Non-reimbursable expenses reflect projected NYPA annual rate increases for lighting expenses.
- 2006-2009 increased power consumption associated with new signal system as follows: 2006-2.8%, 2007-3.3%, and 2008-3.4%.

Professional Service Contracts

- 2006-2009 inflation assumptions are based upon Global Insight's estimates as follows: 2006-2.02%, 2007-2.06%, 2008-2.31%, and 2009-2.52%.
- 2006-2009 reflects higher costs associated with NYS bridge inspection requirements as follows: 2006-1.9%, 2007-2.5%, 2008-2.4%, and 2009-2.4%.

Materials and Supplies

- 2006-2009 inflation assumptions are based upon Global Insight's estimates as follows: 2006-3.08%, 2007-1.69%, 2008-1.20%, and 2009-1.19%.

Other Business Expenses

- 2006-2009 inflation assumptions are based upon Global Insight's estimates as follows: 2006-2.02%, 2007-2.06%, 2008-2.31%, and 2009-2.52%.

Depreciation

- Annual expenses do not increase during the financial plan period as no additional capital assets are projected to reach beneficial use.

TOTAL RECEIPTS**Farebox Receipts**

- Farebox revenue improvements of: 2006-\$.079 million (2.3%), 2007-\$.349 million (9.9%), 2008-\$.043 million (1.1%), and 2009-\$.043 million (1.1%) were due to projected increases in ridership.
- The ridership increase is based upon projected growth in NYC employment.

Other Operating Receipts

- No changes.

Capital and Other Reimbursements

- Annual increases are projected from 2006 through 2009 to provide for reimbursement consistent with projected CPI increases for labor expenses and actuarial-based pension increases as explained below.

TOTAL EXPENDITURES

In 2005, Staten Island Railway's Police Department was merged into the MTA Police Department. Beginning 6/1/05, these expenses were transferred to the MTA.

Payroll

- Increases represent projected CPI rate increases as follows: 2006-2.57%, 2007-2.79%, 2008-2.94%, and 2009-3.18%.

Overtime

- 2006-2009 payroll wage rate increase assumptions apply.

Health & Welfare

- Increases include the following inflation rate assumptions: 2006 through 2009-9.3%.

Pension

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

Other Fringe Benefits

- Inflation assumptions consistent with payroll rate increase assumptions.

Traction and Propulsion Power

- Reflects NYPA projected annual rate increases.

Insurance

- 2006-2009 inflation assumptions are based upon Global Insight's estimates as follows: 2006-1.47%, 2007-1.83%, 2008-2.05%, and 2009-2.14%.

Claims

- 2006-2009 inflation assumptions are based upon Global Insight's estimates as follows: 2006-2.57%, 2007-2.79%, 2008-2.94%, and 2009-3.18%.

Maintenance and Other Operating Contracts

- 2006-2009 inflation assumptions are based upon Global Insight's estimates as follows: 2006-2.02%, 2007-2.06%, 2008-2.31%, and 2009-2.52%.
- Non-reimbursable expenses include projected NYPA annual rate increases for lighting expenses.
- 2006-2009 increased power consumption associated with new signal system as follows: 2006-2.8%, 2007-3.3%, and 2008-3.4%.

Professional Service Contracts

- 2006-2009 inflation assumptions are based upon Global Insight's estimates as follows: 2006-2.02%, 2007-2.06%, 2008-2.31%, and 2009-2.52%.
- 2006-2009 reflects higher costs associated with NYS bridge inspection requirements as follows: 2006-1.9%, 2007-2.5%, 2008-2.4% and 2009-2.4%.

Materials and Supplies

- 2006-2009 inflation assumptions are based upon Global Insight's estimates as follows: 2006-3.08%, 2007-1.69%, 2008-1.20%, and 2009-1.19%.

Other Business Expenses

- 2006-2009 inflation assumptions are based upon Global Insight's estimates as follows: 2006-2.02%, 2007-2.06%, 2008-2.31%, and 2009-2.52%.

MTA Staten Island Railway
July Financial Plan 2006 - 2009
Year-to-Year Changes by Category - Accrual Basis
(\$ in millions)

**NON-REIMBURSABLE and
REIMBURSABLE**

	Favorable/(Unfavorable)								
	2005	2006	Change 2006 - 2005	2007	Change 2007 - 2006	2008	Change 2008 - 2007	2009	Change 2009 - 2008
<u>Revenue</u>									
Farebox Revenue	\$3.456	\$3.535	\$0.079	\$3.884	\$0.349	\$3.927	\$0.043	\$3.970	\$0.043
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	1.891	1.891	0.000	1.891	0.000	1.891	0.000	1.891	0.000
Capital and Other Reimbursements	\$1.025	\$1.054	\$0.029	\$1.087	\$0.033	\$1.129	\$0.042	\$1.146	\$0.017
Total Revenue	\$6.372	\$6.480	\$0.108	\$6.862	\$0.382	\$6.947	\$0.085	\$7.007	\$0.060
<u>Expenses</u>									
Labor:									
Payroll	14.900	14.975	(0.075)	15.488	(0.513)	15.973	(0.485)	16.491	(0.518)
Overtime	1.301	1.288	0.013	1.325	(0.037)	1.367	(0.042)	1.412	(0.045)
Health and Welfare	2.861	3.081	(0.220)	3.423	(0.342)	3.733	(0.310)	4.073	(0.340)
Pensions	1.710	1.823	(0.113)	1.893	(0.070)	1.847	0.046	2.078	(0.231)
Other Fringe Benefits	1.345	1.355	(0.010)	1.401	(0.046)	1.444	(0.043)	1.491	(0.047)
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenses	\$22.117	\$22.522	(\$0.405)	\$23.530	(\$1.008)	\$24.364	(\$0.834)	\$25.545	(\$1.181)
Non-Labor:									
Traction and Propulsion Power	1.550	1.663	(0.113)	1.783	(0.120)	1.911	(0.128)	2.035	(0.124)
Fuel for Buses and Trains	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Insurance	0.168	0.182	(0.014)	0.201	(0.019)	0.222	(0.021)	0.244	(0.022)
Claims	0.230	0.234	(0.004)	0.241	(0.007)	0.248	(0.007)	0.256	(0.008)
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other	2.105	2.172	(0.067)	2.271	(0.099)	2.378	(0.107)	2.493	(0.115)
Professional Service Contracts	0.319	0.319	0.000	0.326	(0.007)	0.334	(0.008)	0.342	(0.008)
Materials & Supplies	0.921	0.943	(0.022)	0.959	(0.016)	0.971	(0.012)	0.983	(0.012)
Other Business Expenses	0.005	0.005	0.000	0.005	0.000	0.005	0.000	0.006	(0.001)
Total Non-Labor Expenses	\$5.298	\$5.518	(\$0.220)	\$5.786	(\$0.268)	\$6.069	(\$0.283)	\$6.359	(\$0.290)
Other Expenses Adjustments:									
Other	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Other Expense Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenses before Depreciation	\$27.415	\$28.040	(\$0.625)	\$29.316	(\$1.276)	\$30.433	(\$1.117)	\$31.904	(\$1.471)
Depreciation	10.337	10.337	0.000	10.337	0.000	10.337	0.000	10.337	0.000
Total Expenses	\$37.752	\$38.377	(\$0.625)	\$39.653	(\$1.276)	\$40.770	(\$1.117)	\$42.241	(\$1.471)
Baseline Net Surplus/(Deficit)	(\$31.380)	(\$31.897)	(\$0.517)	(\$32.791)	(\$0.894)	(\$33.823)	(\$1.032)	(\$35.234)	(\$1.411)
2006 PEG Program	0.035	0.384	0.349	0.734	0.350	1.737	1.003	2.815	1.078
Net Surplus/(Deficit)	(\$31.345)	(\$31.513)	(\$0.168)	(\$32.057)	(\$0.544)	(\$32.086)	(\$0.029)	(\$32.419)	(\$0.333)

MTA Staten Island Railway
July Financial Plan 2006 - 2009
Year-to-Year Changes by Category - Cash Receipts and Expenditures
(\$ in millions)

	Favorable/(Unfavorable)								
	2005	2006	Change 2006 - 2005	2007	Change 2007 - 2006	2008	Change 2008 - 2007	2009	Change 2009 - 2008
<u>Receipts</u>									
Farebox Revenue	\$3.456	\$3.535	\$0.079	\$3.884	\$0.349	\$3.927	\$0.043	\$3.970	\$0.043
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	1.891	1.891	0.000	1.891	0.000	1.891	0.000	1.891	0.000
Capital and Other Reimbursements	1.019	1.048	0.029	1.080	0.032	1.129	0.049	1.146	0.017
Total Receipts	\$6.366	\$6.474	\$0.108	\$6.855	\$0.381	\$6.947	\$0.092	\$7.007	\$0.060
<u>Expenditures</u>									
Labor:									
Payroll	14.900	14.975	(0.075)	15.488	(0.513)	15.973	(0.485)	16.491	(0.518)
Overtime	1.301	1.288	0.013	1.325	(0.037)	1.367	(0.042)	1.412	(0.045)
Health and Welfare	2.861	3.081	(0.220)	3.423	(0.342)	3.733	(0.310)	4.073	(0.340)
Pensions	1.710	1.823	(0.113)	1.893	(0.070)	1.847	0.046	2.078	(0.231)
Other Fringe Benefits	1.345	1.355	(0.010)	1.401	(0.046)	1.444	(0.043)	1.491	(0.047)
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenditures	\$22.117	\$22.522	(\$0.405)	\$23.530	(\$1.008)	\$24.364	(\$0.834)	\$25.545	(\$1.181)
Non-Labor:									
Traction and Propulsion Power	1.550	1.663	(0.113)	1.783	(0.120)	1.911	(0.128)	2.035	(0.124)
Fuel for Buses and Trains	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Insurance	0.168	0.182	(0.014)	0.201	(0.019)	0.222	(0.021)	0.244	(0.022)
Claims	0.230	0.234	(0.004)	0.241	(0.007)	0.248	(0.007)	0.256	(0.008)
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other									
Operating Contracts	2.105	2.172	(0.067)	2.271	(0.099)	2.378	(0.107)	2.493	(0.115)
Professional Service Contracts	0.319	0.319	0.000	0.326	(0.007)	0.334	(0.008)	0.342	(0.008)
Materials & Supplies	0.921	0.943	(0.022)	0.959	(0.016)	0.971	(0.012)	0.983	(0.012)
Other Business Expenses	0.005	0.005	0.000	0.005	0.000	0.005	0.000	0.006	(0.001)
Total Non-Labor Expenditures	\$5.298	\$5.518	(\$0.220)	\$5.786	(\$0.268)	\$6.069	(\$0.283)	\$6.359	(\$0.290)
Other Expenditure Adjustments:									
Other	0.000	0.000	0.000	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	\$0.000	\$0.000	\$0.000
Total Expenditures	\$27.415	\$28.040	(\$0.625)	\$29.316	(\$1.276)	\$30.433	(\$1.117)	\$31.904	(\$1.471)
Baseline Net Cash Deficit	(21.049)	(21.566)	(0.517)	(22.461)	(0.895)	(23.486)	(1.025)	(24.897)	(1.411)
2006 PEG Program	0.035	0.384	0.349	0.734	0.350	1.737	1.003	2.815	1.078
Net Cash Deficit	(\$21.014)	(\$21.182)	(\$0.168)	(\$21.727)	(\$0.545)	(\$21.749)	(\$0.022)	(\$22.082)	(\$0.333)

**MTA Staten Island Railway
July Financial Plan 2006-2009
Summary of Plan to Plan Changes-Baseline Narrative**

2005: July Financial Plan vs. February Financial Plan

Revenue Re-estimates

- Farebox revenue reduced by \$0.225 to reflect the delay in implementation of Tompkinsville Hardening PEG until 2007.

Expense Re-estimates

- Expense inflation revision increase of \$0.034 million primarily based upon an update of Global Insight's economic and demographics forecasts.
- Delay in implementation of Short Train program until May 2005 results in an increase of \$0.063 million.
- Matching additional Staten Island Ferry service has a projected cost of \$0.090.
- Additional support for the new signal system will result in an increase of \$0.035.
- In 2005, Staten Island Railway's Police Department was merged into the MTA Police Department. Beginning 6/1/05, these expenses for 2005 of \$1.210 million were transferred to the MTA.

2006: July Financial Plan vs. February Financial Plan

Revenue Re-estimates

- Farebox revenue reduced by \$0.300 to reflect the delay in implementation of Tompkinsville Hardening PEG until 2007.

Expense Re-estimates

- Expense inflation revision increase of \$0.214 million primarily based upon an update in Global Insight's economic and demographics forecasts.
- Matching additional Staten Island Ferry service has a projected cost of \$0.180.
- Additional support for the new signal system will result in an increase of \$0.246.
- During the Signal Modernization Project 3 Third Rail Maintainer positions were shifted from the Operating to the Capital Budget to support the program. With the impending completion of the project, in 2006, these positions will be reclassified as operating. This reclassification will result in an increase in positions of \$0.189.
- In 2005, Staten Island Railway's Police Department was merged into the MTA Police Department. These expenses for 2006 of \$2.176 million were transferred to the MTA.

2007: July Financial Plan vs. February Financial Plan

Revenue Re-estimates

- No changes from February Plan.

Expense Re-estimates

- Expense inflation revision increase of \$0.205 million primarily based upon an update in Global Insight's economic and demographics forecasts.

- Matching additional Staten Island Ferry service has a projected cost of \$0.180.
- Additional support for the new signal system will result in an increase of \$0.349.
- During the Signal Modernization Project 3 Third Rail Maintainer positions were shifted from the Operating to the Capital Budget to support the program. With the impending completion of the project, in 2006, these heads will be reclassified as operating. This reclassification will result in an increase of \$0.195.
- In 2005, Staten Island Railway's Police Department was merged into the MTA Police Department. These expenses for 2007 of \$2.233 million were transferred to the MTA.

2008: July Financial Plan vs. February Financial Plan

Revenue Re-estimates

- No changes from February Plan.

Expense Re-estimates

- Expense inflation revision increase of \$0.367 million primarily based upon an update in Global Insight's economic and demographics forecasts.
- Matching additional Staten Island Ferry service has a projected cost of \$0.180.
- Additional support for the new signal system will result in an increase of \$0.368.
- During the Signal Modernization Project 3 Third Rail Maintainer positions were shifted from the Operating to the Capital Budget to support the program. With the impending completion of the project, in 2006, these heads will be reclassified as operating. This reclassification will result in an increase of \$0.205.
- In 2005, Staten Island Railway's Police Department was merged into the MTA Police Department. These expenses for 2008 of \$2.294 million were transferred to the MTA.

2009: July Financial Plan vs. February Financial Plan

Revenue Re-estimates

- No changes from February Plan.

Expense Re-estimates

- Expense inflation revision increase of \$0.350 million primarily based upon an update in Global Insight's economic and demographics forecasts.
- Matching additional Staten Island Ferry service has a projected cost of \$0.180.
- Additional support for the new signal system will result in an increase of \$0.380.
- During the Signal Modernization Project 3 Third Rail Maintainer positions were shifted from the Operating to the Capital Budget to support the program. With the impending completion of the project, in 2006, these heads will be reclassified as operating. This reclassification will result in an increase of \$0.211.
- In 2005, Staten Island Railway's Police Department was merged into the MTA Police Department. These expenses for 2009 of \$2.361 million were transferred to the MTA.

MTA Staten Island Railway
July Financial Plan 2006 - 2009
Summary of Changes Between Financial Plans by Category
(\$ in millions)

NON-REIMBURSABLE

	2005	2006	2007	2008	2009
2005 February Financial Plan - Operating Cash Income/(Deficit)	(\$21.806)	(\$20.078)	(\$21.161)	(\$21.990)	(\$23.394)
Add Back: February Plan PEGs	\$0.000	(\$2.529)	(\$2.597)	(\$2.670)	(\$2.743)
Baseline 2005 February Financial Plan - Operating Cash Income/(Deficit)	(\$21.806)	(\$22.607)	(\$23.758)	(\$24.660)	(\$26.137)
Baseline:					
Changes					
Revenue					
Hardening Tompkinsville - Delay to 1/1/07	(0.225)	(0.300)	0.000	0.000	0.000
Sub-Total Revenue Changes	(0.225)	(0.300)	0.000	0.000	0.000
Expenses					
Payroll	0.734	1.102	1.038	1.028	1.029
Pension	0.071	0.113	0.120	0.135	0.153
Health and Welfare	0.124	0.195	0.206	0.233	0.262
Other Fringe Benefits	0.043	0.060	0.054	0.054	0.054
Insurance	0.005	0.009	0.009	0.009	0.010
Maintenance and Other Operating Contracts	0.032	0.056	0.056	0.056	0.056
Professional Service Contracts	0.008	0.015	0.015	0.015	0.015
Materials & Supplies	0.004	0.010	0.010	0.010	0.010
Other Business Expenditures	0.001	0.001	0.001	0.001	0.001
Inflation	(0.034)	(0.214)	(0.205)	(0.367)	(0.350)
Sub-Total Expense Changes	0.988	1.347	1.304	1.174	1.240
Cash Adjustments:					
Revenue	(0.006)	(0.006)	(0.007)	0.000	0.000
Expense	0.000	0.000	0.000	0.000	0.000
Sub-Total Cash Adjustment Changes	(\$.006)	(\$.006)	(\$.007)	\$0.000	\$0.000
Total Baseline Changes	\$0.757	\$1.041	\$1.297	\$1.174	\$1.240
PEG Program	0.035	0.384	0.734	1.737	2.815
Total Changes	\$0.792	\$1.425	\$2.031	\$2.911	\$4.055
2005 July Financial Plan - Operating Cash Income/(Deficit)	(\$21.014)	(\$21.182)	(\$21.727)	(\$21.749)	(\$22.082)

MTA Staten Island Railway
July Financial Plan 2006 - 2009
Summary of Changes Between Financial Plans by Category
(\$ in millions)

REIMBURSABLE

	2005	2006	2007	2008	2009
2005 February Financial Plan - Operating Cash Income/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Add Back: February Plan PEGs					
Baseline 2005 February Financial Plan - Operating Cash Income/(Deficit)					
Baseline:					
Changes					
Revenue					
Sub-Total Revenue Changes	\$.000	\$.000	\$.000	\$.000	\$.000
Expenses					
Sub-Total Expense Changes	\$.000	\$.000	\$.000	\$.000	\$.000
Cash Adjustments:					
Revenue					
Expense					
Sub-Total Cash Adjustment Changes	\$.000	\$.000	\$.000	\$.000	\$.000
Total Baseline Changes	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
PEG Program					
Total Changes	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
2005 July Financial Plan - Operating Cash Income/(Deficit)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000

MTA Staten Island Railway
July Financial Plan 2006 - 2009
Summary of Changes Between Financial Plans by Category
(\$ in millions)

**NON-REIMBURSABLE and
REIMBURSABLE**

	2005	2006	2007	2008	2009
2005 February Financial Plan - Operating Cash Income/(Deficit)	(\$21.806)	(\$20.078)	(\$21.161)	(\$21.990)	(\$23.394)
Add Back: February Plan PEG's	\$0.000	(\$2.529)	(\$2.597)	(\$2.670)	(\$2.743)
Baseline 2005 February Financial Plan - Operating Cash Income/(Deficit)	(\$21.806)	(\$22.607)	(\$23.758)	(\$24.660)	(\$26.137)
Baseline:					
Changes					
Revenue					
Hardening Tompkinsvill - Delay to 1/1/07	(.225)	(.300)	.000	.000	.000
Sub-Total Revenue Changes	(\$0.225)	(\$0.300)	\$0.000	\$0.000	\$0.000
Expenses					
Payroll	.734	1.102	1.038	1.028	1.029
Pension	.071	.113	.120	.135	.153
Health and Welfare	.124	.195	.206	.233	.262
Other Fringe Benefits	.043	.060	.054	.054	.054
Insurance	.005	.009	.009	.009	.010
Maintenance and Other Operating Contracts	.032	.056	.056	.056	.056
Professional Service Contracts	.008	.015	.015	.015	.015
Materials & Supplies	.004	.010	.010	.010	.010
Other Business Expenditures	.001	.001	.001	.001	.001
Inflation	(.034)	(.214)	(.205)	(.367)	(.350)
Sub-Total Expense Changes	\$0.988	\$1.347	\$1.304	\$1.174	\$1.240
Cash Adjustments:					
Revenue	(0.006)	(0.006)	(0.007)	0.000	0.000
Expense	0.000	0.000	0.000	0.000	0.000
Sub-Total Cash Adjustment Changes	(\$0.006)	(\$0.006)	(\$0.007)	\$0.000	\$0.000
Total Baseline Changes	\$0.757	\$1.041	\$1.297	\$1.174	\$1.240
PEG Program	0.035	0.384	0.734	1.737	2.815
Total Changes	\$0.792	\$1.425	\$2.031	\$2.911	\$4.055
2005 July Financial Plan - Operating Cash Income/(Deficit)	(\$21.014)	(\$21.182)	(\$21.727)	(\$21.749)	(\$22.082)

MTA Staten Island Railway
July Financial Plan 2006 - 2009
Summary of PEGs
(\$ in millions)

	Favorable/(Unfavorable)									
	2005		2006		2007		2008		2009	
	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:										
Sub-Total Service	0	\$.000	0	\$.000	0	\$.000	0	\$.000	0	\$.000
Maintenance:										
Reduce the size of the car fleet by 12 R44 B units					4	0.239	4	0.250	4	0.258
Facility Painting/Station Maintenance			2	0.139	2	0.144	2	0.149	2	0.155
Sub-Total Maintenance	0	\$.000	2	\$.139	6	\$.383	6	\$.399	6	\$.413
Revenue Enhancements:										
Sub-Total Revenue Enhancements	0	\$.000	0	\$.000	0	\$.000	0	\$.000	0	\$.000
Other:										
One Person Train Operation (OPTO) Service Support							13	0.975	26	2.027
Operational Efficiencies	2	.035	5	0.245	5	0.351	5	0.363	5	0.375
Sub-Total Other	2	\$.035	5	\$.245	5	\$.351	18	\$ 1.338	31	\$ 2.402
Total PEGs	2	\$.035	7	\$.384	11	\$.734	24	\$ 1.737	37	\$ 2.815

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

**MTA Staten Island Railway
July Financial Plan 2006 - 2009
PEG Worksheet**

PEG Category: Maintenance

Program: Continue Facility Painting/Station Maint.

Background Details:	Currently, Authority budgeted cycle for painting interiors/exterior of facilities is 5 years while station maintenance is performed continuously. In 2005 (2005 PEG), painting cycles increased to 6 years and maintenance efficiencies implemented for masonry and carpentry repairs. These efficiencies will now be continued through the financial plan period.
----------------------------	--

PEG Description and Implementation Plan:	Continue facility Painting and Station Maintenance efficiencies initiated in 2005.
---	--

PEG Implementation Date: 1/1/06

When will PEG savings begin?: 1/1/06

	2005	2006	2007	2008	2009
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)		\$0.139	\$0.144	\$0.149	\$0.155
<i>Total Reduction in Positions Required</i>					
Current Level of Vacancies		2	2	2	2
		0	0	0	0
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other					
(Identify Appropriate Indicator)					

**MTA Staten Island Railway
July Financial Plan 2006 - 2009
PEG Worksheet**

PEG Category: Maintenance

Program: Reduce the size of the car fleet by 12 R44 B units

Background Details:	The current SIR fleet of 64 cars includes an increase of 12 cars early in the 1990's. This action was in anticipation of operating 5 car trains to accommodate the expected growth in ridership which has not materialized. Reducing the fleet size back to its original 52 cars in 2006 will reduce maintenance and cleaning costs saving four (4) positions and \$0.239 million.
----------------------------	--

PEG Description and Implementation Plan:	This 2005 PEG reduction has been postponed pending the completion of a more comprehensive fleet replacement analysis. However, internal efficiencies have been implemented to realize the 2005 PEG savings of \$0.269 million. This program will be extended as a 2006 PEG and remain in effect from 2007 through 2009.
PEG Implementation Date: 1/1/07	When will PEG savings begin?: 1/1/07

	2005	2006	2007	2008	2009
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)			\$0.239	\$0.250	\$0.258
<i>Total Reduction in Positions Required</i>			4	4	4
Current Level of Vacancies			0	0	0
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other					
(Identify Appropriate Indicator)					

**MTA Staten Island Railway
July Financial Plan 2006 - 2009
PEG Worksheet**

PEG Category: Service

Program: One Person Train Operation (OPTO)

Background Details:	Currently the Authority operates four car trains with a crew of one Train Operator and one Conductor. In 2008, implementation of One Person Train Operation (OPTO) will reduce crew size to one Train Operator. Projections are that 13 Conductor positions can be eliminated by the end of 2008 and 26 by the end of 2009.
----------------------------	---

PEG Description and Implementation Plan:	The existing R44 fleet is not equipped with the door obstruction sensing capability required for OPTO. Given the estimated cost of retrofit, a replacement fleet will likely be required. Therefore, the implementation of this program will be delayed until July 2008.
PEG Implementation Date: 7/1/08	When will PEG savings begin?: 7/1/08

Financial Impact (Operating)

	2005	2006	2007	2008	2009
Net Savings (in millions)	\$0.000	\$0.000	\$0.000	\$0.975	\$2.027
<i>Total Reduction in Positions Required</i>	0	0	0	13	26
Current Level of Vacancies	0	0	0	13	26

Impact on Operations:

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

Other
(Identify Appropriate Indicator)

**MTA Staten Island Railway
July Financial Plan 2006 - 2009
PEG Worksheet**

PEG Category: Operations

Program: Operational Efficiencies

Background Details: The commissioning of the new Staten Island Railway Control Center will enable the Railway to perform the movement control and supervision function more effectively and efficiently. The current staffing level for the movement control function is one Train Dispatcher and one Tower Operator 24/7. The consolidation and performance of all movement control operations at one location will enable the staffing to be reduced to one Train Dispatcher 24/7 and an assisting Train Dispatcher for AM and PM Weekday Peak Service. This change will enable the Railway to address its long-standing deficit in the area of transportation service line supervision through redeployment of part of this headcount savings. Installation of additional MVMs in St. George Terminal will enable the Railway to reduce its Agent/Operator head count by three (3). The change to a MetroCard based fare collection and assignment of the crew assignment function to Control Center supervisors will enable a reduction/re-assignment of two Transportation Department clerical employees. This will result in a headcount reduction of two (2).

PEG Description and Implementation Plan: The net benefit to the Transportation Department will be readily available line supervision necessary for the safe and efficient operation of the service, while at the same time allowing for an overall reduction in headcount of five (5).

PEG Implementation Date: 10/1/05

When will PEG savings begin?: 10/1/05

Financial Impact (Operating)

Net Savings (in millions)

2005 2006 2007 2008 2009

\$0.035 \$0.245 \$0.351 \$0.363 \$0.375

Total Reduction in Positions Required

2 5 5 5 5

Current Level of Vacancies

0 0 0 0 0

Impact on Operations:

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other

(Identify Appropriate Indicator)

**MTA Staten Island Railway
July Financial Plan 2006-2009**

OTHER ASSUMPTIONS

Baseline positions were reduced by 7 in 2006, 11 in 2007, 24 in 2008 and 37 in 2009. These net changes are due primarily to the merger of the Authority's Police department with the MTA Police and the impact of new needs.

Ridership/Utilization reflects farebox revenue reductions of \$0.225 in 2005 and \$.300 in 2006 which represent the delay in implementation of the Tompkinsville Hardening PEG until 2007.

MTA Staten Island Railway
July Financial Plan 2006 - 2009
Total Non-Reimbursable - Reimbursable Positions at End-of-Year
Full-Time Positions and Full Time Equivalents

FUNCTION/DEPARTMENT	2004 Actuals	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
Administration						
Executive	12	11	11	11	11	11
General Office	12	13	13	13	13	13
Purchasing/Stores	6	7	7	7	7	7
Operations						
Transportation	93	99	99	99	99	99
Maintenance						
Mechanical	36	35	35	37	37	37
Car and Station Cleaning	19	20	20	21	21	21
Power/Signals	23	25	31	31	31	31
Maintenance of Way	46	49	49	49	49	49
Bridge and Buildings	23	22	24	24	24	24
Material Handling	2	2	2	2	2	2
Engineering/Capital						
<i>None</i>						
Public Safety						
<i>Police</i>	25	0	0	0	0	0
Baseline Total Positions	297	283	291	294	294	294
<i>Non-Reimbursable</i>	291	277	288	291	291	291
<i>Reimbursable</i>	6	6	3	3	3	3
<i>Total Full-Time</i>	297	283	291	294	294	294
<i>Total Full-Time-Equivalents</i>						
Impact of:						
2006 Program to Eliminate the Gap	0	(2)	(7)	(11)	(24)	(37)
Total Positions	297	281	284	283	270	257
<i>Non-Reimbursable</i>	291	275	281	280	267	254
<i>Reimbursable</i>	6	6	3	3	3	3
<i>Total Full-Time</i>	297	281	284	283	270	257

MTA Staten Island Railway
July Financial Plan 2006 - 2009
Ridership/Traffic Volume (Utilization)
(in millions)

	2004 Actuals	2005 Mid-Year Forecast	2006 Preliminary Budget	2007	2008	2009
Baseline Total Ridership	3.343	3.533	3.588	3.886	3.922	3.933
Impact of: PEG Program						
Total Ridership	3.343	3.533	3.588	3.886	3.922	3.933

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MTA Bus Company

MTA Bus Company

The MTA Bus Company was created in September 2004 to assume operations of certain New York City bus routes in areas served by seven private bus operators pursuant to franchises granted by the City. By July 1, 2005, MTA Bus had assumed the operations of Liberty Lines Express, Queens Surface Corporation, and New York Bus Service. It is expected that service currently operated by Command Bus Company, Green Bus Lines, Inc, Jamaica Buses, Inc., and Triboro Coach Corporation will be merged into MTA Bus by the end of the third quarter of 2005. Under the agreement between MTA and the City, which was approved by the MTA Board, the City agreed to pay MTA Bus the difference between the actual operating costs of the city bus routes and all revenues received for such route operations. Thus, the current costs of MTA Bus operations are 100% reimbursable by the City.

MTA Bus will be responsible for both the local and express bus operations of the seven companies, consolidating their operations, maintaining current buses, and purchasing new buses to replace the aging fleet currently in service. The seven companies currently operate 46 local routes and 35 express bus routes between Manhattan and the Bronx, Brooklyn, or Queens. Together the seven companies have 1,228 buses, which will make MTA Bus the 11th largest bus fleet in the United States and Canada, serving 400,000 riders daily.

MTA Bus Company has been reporting monthly to the MTA Board the status of its operations as well as its current operating revenues and costs.

The consolidated MTA budget does not currently include MTA Bus financial information, either in the Financial Plan nor the monthly reports prepared for the MTA Board. When the status of transferring the remaining bus lines has been finalized, MTA Bus will develop a line-item annual budget and four-year financial plan, which will be included in the consolidated MTA budget.

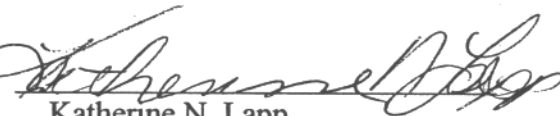
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VIII. Appendix

**Certification of the Executive Director
of the
Metropolitan Transportation Authority
in accordance with Section 202.3(l)
of the
State Comptroller's Regulations**

I, Katherine N. Lapp, Executive Director of the Metropolitan Transportation Authority ("MTA"), hereby certify, to the best of my knowledge and belief after reasonable inquiry, including certifications from senior management at the MTA agencies, that the attached budget and financial plan is based on reasonable assumptions and methods of estimation and that the requirements of Section 202.3 and 202.4 of the Regulations referenced above have been satisfied.

Metropolitan Transportation Authority

By: 
Katherine N. Lapp
Executive Director

Dated: July 26, 2005

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