

# MTA 2007 Preliminary Budget

July Financial Plan 2007 – 2010



July 2006



Metropolitan Transportation Authority

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# **I. Introduction**

## **I. Introduction**

This report contains the 2007 Preliminary Budget and July Financial Plan for 2007-2009. The report also contains data for the 2005 actuals and an updated Mid-Year Forecast for 2006. Current reporting of MTA Consolidated budgets and actual data has included the following agencies: Bridges and Tunnels, Capital Construction Company, Long Island Bus, Long Island Rail Road, Metro-North Railroad, MTA Headquarters (plus First Mutual Transportation Assurance Company-FMTAC, and the MTA Inspector General), New York City Transit and Staten Island Railway. The MTA consolidated tables presented in this report, unless otherwise noted, reflect the financials for these agencies.

For the first time, this report provides a four-year financial plan and preliminary budget for MTA Bus Company (MTABC), which as of February 2006, has assumed operations of seven private bus operators pursuant to the franchises granted by the City. (Details are in Section VIII, Agency Financial Plans.) Since MTABC was not included in the 2006 Adopted Budget or the February Financial Plan for 2006-2009, the consolidated data in Sections II through V of this report does not incorporate MTA Bus.

As part of the transition to incorporate MTA Bus into the consolidated MTA plan, a separate section of this report contains MTA Consolidated Statement of Operations and Positions (Headcount) tables that do add MTABC; this is contained in Section VI. In addition, Sections III, Major Assumptions 2007-2010 Projections, and IV, Gap Closing Programs and Other Policy Actions, of this report reference related information pertaining to MTABC. These references provide a base for the next Financial Plan, scheduled to be presented in November 2006. At that time, MTA Bus will be fully incorporated into the MTA Consolidated Plan. Moreover, in December 2006, MTABC's 2007 budget will be presented to the Board for adoption.

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# Memorandum



## Metropolitan Transportation Authority

State of New York

DATE: July 26, 2006

TO: Chairman Peter S. Kalikow and MTA Board Members

FROM: Katherine N. Lapp *KNL*

RE: **Preliminary 2007 Budget & July Financial Plan for 2007-2010**

I am transmitting for your consideration the 2007 Preliminary Budget and the Four-Year Financial Plan for 2007-2010 which reflects developments that have occurred since the last Plan was issued in February 2006.

As in the past two years, the real estate revenue allocated to the MTA from the mortgage recording taxes in the service region and the urban tax on commercial real estate transactions in the City, have exceeded our projections – a trend which also occurred on the state and local levels. As such, we are projecting an additional \$427 million for 2006 from these sources above what was assumed in the February Financial Plan. In light of this development, we have also adjusted upward our real estate revenue projections for 2007 (\$89 million), 2008 (\$108 million), and 2009 (\$116 million). Notably, given the signs of softening in the real estate market outside New York City, we are projecting an 8% decline in total real estate revenues received in 2006 (\$1.175 billion) from 2005 (\$1.283 billion) and a continued decline, although not as steep as previously projected, in 2007 and beyond.

This positive development is offset by negative factors affecting the economy and the State and local governments. These include increased interest rates, increased fuel and energy costs, increased health and welfare costs and increased labor costs. In addition, continuing needs in the area of security, enhancing service levels to meet rider demand and emerging requirements in the maintenance of state-of-the-art and sophisticated equipment (e.g. computerized trains, new signal technology and hybrid electric buses) are placing on-going pressures on the MTA finances. Although these factors are fueling significant outyear deficits, the MTA remains committed to these efforts in order to prevent the debilitating effects that deferred maintenance can have on the efficiency and safety of the system.

Other troubling developments which should be kept in mind while assessing the 2007 Preliminary Budget and Four-Year Financial Plan in the months to come are (1) the continuing turmoil in the Middle East and its long-term impact on the U.S. economy and particularly fuel prices; (2) that while we have reached record ridership levels in parts of our system, those levels are lower than those projected in the prior Plan; and (3) our toll revenue has been and is now projected to be less than previously anticipated.

With this backdrop, the 2007 Preliminary Budget I am submitting to the Board for review projects that we will close out 2006 with a \$711 million cash balance. This surplus together with other actions proposed will be used to help fund new needs in our agencies; fund needs in the area of security; and create a GASB fund to respond to new standards requiring government agencies to account for post-retirement liabilities in their financial statements. The GASB fund would be established at the end of 2006 and reflect actual cash put aside from savings in NYCERS pension costs that were made possible by recent legislation and a subsequent revaluation. In addition, it is also proposed that cash savings to MTA for Health and Welfare costs that are generated by anticipated labor settlements also be deposited in this fund. The plan assumes that \$535 million would be set aside in this fund by the end of 2010. Notably, the City's FY'07 Budget adopted last month established a GASB account and the State Comptroller's May 2006 report on the MTA finances highlighted the need for the MTA to create a similar Fund.

The 2007 Preliminary Budget, after taking into account below-the-line Gap Closing and Policy Actions, is essentially balanced with a closing cash balance of \$36 million. Agency "New Needs" for Maintenance, Service, Safety & Security and Paratransit total \$101 million in 2007. The plan also provides a labor reserve to cover anticipated wage increases. These increases are consistent with a pattern wage settlement equivalent to 3%, 4% and 3.5% for 2006-2008. Gap closing actions total \$47 million and reflect a headcount reduction of 349 positions. Agency Presidents made some tough choices in order to fund the highest priority needs. In an effort to offset significant expense growth, both controllable and uncontrollable, and begin to address the outyear deficits, gap closing actions are being proposed in areas where we can cut costs without affecting ridership levels and quality of service. The most significant of these actions is in NYCT. In order to address emerging maintenance needs within the parameters of the Financial Plan, NYCT proposes to increase slightly headways on subways off-peak. This proposal is similar to the Board's approved off-peak seated load bus guideline changes which are programmed for 2007.

A key assumption in the Plan is the continuation of the Board policy that provides for modest bi-annual fare and toll increases designed to increase those revenues by 5% to keep up with normal inflationary growth. Because of the unplanned benefit of real estate revenues and other actions, including the elimination of the proposed \$50 million reserve for a Holiday Fare Discount Program at the

proposed end of 2006, the previously planned 2007 fare/toll increase can be delayed from January 1, 2007 to September 1, 2007 – thirteen months from now. This delayed date will give the Board the opportunity over the next year to monitor our revenues and expenses as well as consider actions taken by the new Governor and State Legislature in the adoption of a State Budget on or about April 1, 2007 that would affect the MTA budget.

While some may argue that a 2007 fare/toll increase is unnecessary, it is critical for the Board to maintain focus on the deficits beyond 2007, which grow to almost a billion dollars by 2008, growing faster thereafter -- deficits that continue to assume a fare/toll increase in 2007 and 2009 consistent with Board policy. Canceling the 2007 increase altogether would only serve to exacerbate the deficit in 2008 by \$315 million and have rippling negative effects in the outyears.

As a result of the new transparent budget process adopted by the Board in 2003, the Board has many months to review this Plan and have the benefit of updated information before the actual budget is adopted in December. Based on the current information available, however it is not imprudent to conclude that a fare/toll increase will be necessary by late 2007 to begin to address significant and continued deficits in 2008 (\$905 million), 2009 (\$1.137 billion) and 2010 (\$1.488 billion).<sup>1</sup> The core rationale for the Board's fare/toll policy is recognition that MTA customers should help defray the costs of normal inflationary growth in our operating expenses but should be held harmless in dealing with structural deficits in the MTA's finances, such as those looming in 2008, 2009, and 2010. These gaps need to be addressed by the MTA in conjunction with its' state and local governmental funding partners.

Similar to last year, I am recommending that \$100 million be set aside from the 2006 cash surplus to support additional security initiatives. These would include new programs such as installation of intercoms in the 75' subway cars, enhanced security training needs as well as other initiatives in the capital program. The Plan also proposes that \$5 million be spent in 2007 to support a targeted marketing campaign to increase ridership on various parts of our commuter rail and transit systems that have the potential to be better utilized and therefore make use of current capacity. In addition, funds have been included for a Scratch-Free window program that will provide replacement of all scratched subway car window glass and installation of four-ply Mylar on the R44 through R68A fleets, and installation of four-ply Mylar on the R142, R142A and R143 fleets. By 2009, all subway car window glass on the fleets will be scratch-free.

The 2008 deficit is projected to be \$905 million, \$108 million more than the February Plan largely due to the annualized costs of the agency new needs, lower-than-projected ridership growth, the pattern labor provision and increasing

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<sup>1</sup> Correction to deficits on this page made August 14, 2006.

costs for health and welfare and energy. The projected plan deficits grow to \$1,137 million in 2009 and \$1,488 million in 2010.

As part of the gap closing actions beginning in 2008, I have included modest savings that reflect implementation of a shared services initiative for finance, human resources and information technology, across the MTA and its operating agencies. This plan conservatively assumes that implementation of this strategy will begin to yield savings of \$5 million in 2008, \$10 million in 2009 and \$15 million in 2010.

The MTA has repeatedly sought State legislation over the past several years authorizing statutory changes to enable a reorganization of the MTA. I am committed to keeping this initiative as a goal and will continue to request that the State approve the reorganization, which is anticipated to accomplish both monetary and operational efficiencies. The July Plan includes a modest \$5 million in 2008 and \$25 million annually thereafter for these efficiencies.

Clearly, fiscal challenges confront the MTA in the years to come; however, Board action requiring multi-year financial planning has been a critical asset in helping the Board in the past to address similar challenges with as much public input and comment as possible. This Board made difficult choices in the past several years concerning reductions and fare/toll increases which have placed this agency on a much better fiscal foundation. Similarly, fiscal transparency in our reporting practices was crucial in the MTA's successful effort to secure additional revenues from the State in 2005.

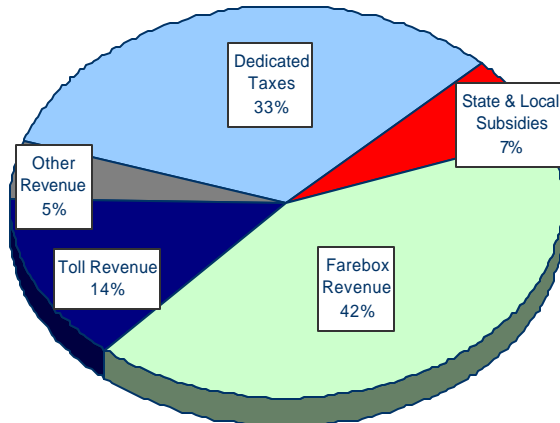
As we move toward 2007 and the looming multi-year billion dollar gaps in 2008, 2009 and 2010, the Board's continued fiscal discipline and leadership will be just as important to ensure this system operates efficiently, effectively and safely for our customers and our workers.

I look forward to public and Board input on this plan over the coming months culminating with the adoption of the 2007 Budget by the Board in December.

## **II. MTA Consolidated 2006-2010 Financial Plan**

# MTA 2007 Preliminary Budget Excluding MTA Bus Company Baseline Before Gap Closing and Policy Actions\*

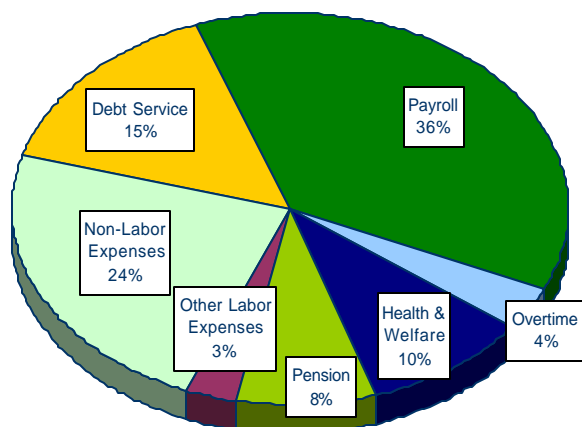
**Where  
the  
Dollars  
Come  
From...**



By Revenue Source (in millions)	
Farebox Revenue	\$3,735
Toll Revenue	1,236
Other Revenue	405
Dedicated Taxes	2,892
State & Local Subsidies	615
<b>Total</b>	<b>\$8,882</b>

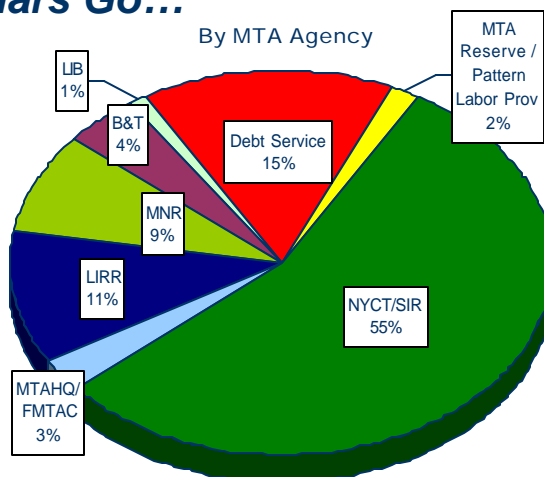
## Where the Dollars Go...

By Expense Category



By Expense Category (in millions)	
Payroll	\$3,631
Overtime	357
Health & Welfare	960
Pension	796
Other Labor Expenses	277
Non-Labor Expenses	2,303
Debt Service	1,460
<b>Total</b>	<b>\$9,784</b>
<i>Expenses exclude depreciation.</i>	

By MTA Agency



By MTA Agency (in millions)	
NYCT/SIR	\$5,417
MTAHQ/FMTAC	267
LIRR	1,077
MNR	855
B&T	428
LIB	121
Debt Service	1,460
MTA Reserve / Pattern Labor Provision	158
<b>Total</b>	<b>\$9,784</b>
<i>Expenses exclude depreciation.</i>	

The net difference between revenues and expenses is offset through the use of prior year cash balances and cash flow timing adjustments (\$3,003 million) and depreciation (\$1,811 million). This results in a baseline year-end cash surplus of \$290 million.

\* Excludes certain below -the-line policy and gap-closing actions which reduce the year-end cash surplus from \$290 million to \$35 million.



# METROPOLITAN TRANSPORTATION AUTHORITY

## July Financial Plan 2007 - 2010

### Gap Closing and Policy Actions

(\$ in millions)

Line Number		2005 <u>Actual</u>	2006 Mid-Year <u>Forecast</u>	2007 Preliminary <u>Budget</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
5	<b>July Baseline Net Cash Balance</b>	<b>\$1,182</b>	<b>\$1,121</b>	<b>\$290</b>	<b>(\$1,008)</b>	<b>(\$1,781)</b>	<b>(\$2,146)</b>
7	<b><u>POLICY ACTIONS:</u></b>						
8	Pension Liability Reduction / Pension Earnings	(450)	21	42	42	42	42
9	2004 Real Estate Tax Stabilization Account	0	200	0	0	0	0
10	2005 Capital Security Addition / Security Initiatives	(100)	(100)	0	0	0	0
11	2005 Holiday Fare Program	(50)	50	0	0	0	0
12	Anti-Graffiti Campaign	0	0	(6)	(3)	(5)	(6)
13	Service Marketing Campaign	0	0	(5)	0	0	0
16	<b><u>GAP CLOSING:</u></b>						
17	2007 Agency Program to Eliminate the Gap	0	19	47	60	61	61
18	Post-2007 Agency Program to Eliminate the Gap	0	0	0	13	22	22
19	Shared Services	0	0	0	5	10	15
20	2007 Increased Fare and Toll Yields	0	0	78	237	242	243
21	2009 Increased Fare and Toll Yields	0	0	0	0	247	255
22	Reorganization	0	0	0	5	25	25
24	Adjusted Net Cash Balance from Previous Year	0	(600)	(410)	(254)	0	0
26	<b>Net Cash Surplus/(Deficit)</b>	<b>\$582</b>	<b>\$711</b>	<b>\$36</b>	<b>(\$905)</b>	<b>(\$1,137)</b>	<b>(\$1,488)</b>
30	<i>The following contributions are accounted for in the above Baseline Labor Expenses:</i>						
32	<b>Contribution to GASB Fund</b>	<b>\$0</b>	<b>\$173</b>	<b>\$97</b>	<b>\$80</b>	<b>\$88</b>	<b>\$97</b>









**METROPOLITAN TRANSPORTATION AUTHORITY**  
**July Financial Plan 2007-2010**  
**Consolidated Summary of Subsidy Allocation By Agency - Cash Basis**  
(\$ in millions)

	<b>2005</b>	<b>2006</b>				
	<b>Actual</b>	<b>Mid-Year Forecast</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b><i>Dedicated Taxes</i></b>						
New York City Transit	\$1,749	\$1,923	\$1,807	\$1,830	\$1,847	\$1,894
Commuter Railroads	512	590	581	560	558	574
Long Island Bus	36	42	46	46	46	47
Staten Island Railway	2	3	3	3	3	3
MTA Headquarters	541	464	365	380	374	376
General Reserve	0	31	75	75	75	75
	<b>\$2,838</b>	<b>\$3,054</b>	<b>\$2,876</b>	<b>\$2,894</b>	<b>\$2,901</b>	<b>\$2,970</b>
<b><i>State and Local Subsidies</i></b>						
New York City Transit	\$316	\$316	\$316	\$316	\$316	\$316
Commuter Railroads	278	264	278	292	310	327
Long Island Bus	13	13	16	21	26	26
Staten Island Railway	1	1	1	1	1	1
Commuter Operating Capital Transfer - MNR M-7 Acceleration	0	(10)	0	0	0	0
	<b>\$609</b>	<b>\$585</b>	<b>\$612</b>	<b>\$630</b>	<b>\$652</b>	<b>\$671</b>
<b>Total Dedicated Taxes &amp; State and Local Subsidies</b>	<b>\$3,447</b>	<b>\$3,639</b>	<b>\$3,488</b>	<b>\$3,524</b>	<b>\$3,554</b>	<b>\$3,640</b>

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**METROPOLITAN TRANSPORTATION AUTHORITY  
JULY FINANCIAL PLAN 2007-2010  
FAREBOX RECOVERY AND FAREBOX OPERATING RATIOS  
ANNUAL BUDGET and FORECASTS  
BEFORE GAP CLOSING and OTHER ACTIONS**

**FAREBOX RECOVERY RATIOS**

	<b><u>2006 July Plan</u></b>	<b><u>2007 Forecast</u></b>	<b><u>2008 Forecast</u></b>	<b><u>2009 Forecast</u></b>	<b><u>2010 Forecast</u></b>
New York City Transit	41.5%	38.9%	36.9%	34.8%	33.4%
Staten Island Railway	12.5%	12.2%	10.8%	12.4%	12.1%
Long Island Rail Road	30.2%	28.8%	28.0%	27.3%	26.9%
Metro-North Railroad	40.3%	38.6%	37.4%	36.2%	36.3%
Long Island Bus	<u>33.2%</u>	<u>31.6%</u>	<u>30.7%</u>	<u>30.1%</u>	<u>29.0%</u>
<b>MTA Total Agency Average</b>	<b>39.4%</b>	<b>37.1%</b>	<b>35.4%</b>	<b>33.7%</b>	<b>32.6%</b>

**FAREBOX OPERATING RATIOS**

	<b><u>2006 July Plan</u></b>	<b><u>2007 Forecast</u></b>	<b><u>2008 Forecast</u></b>	<b><u>2009 Forecast</u></b>	<b><u>2010 Forecast</u></b>
New York City Transit	56.2%	53.4%	51.7%	49.5%	48.0%
Staten Island Railway	17.8%	17.1%	14.3%	17.1%	16.5%
Long Island Rail Road	44.0%	42.2%	40.5%	39.8%	39.0%
Metro-North Railroad	56.5%	54.4%	52.8%	50.9%	49.9%
Long Island Bus	<u>34.3%</u>	<u>32.6%</u>	<u>31.6%</u>	<u>30.9%</u>	<u>29.9%</u>
<b>MTA Total Agency Average</b>	<b>54.0%</b>	<b>51.4%</b>	<b>49.7%</b>	<b>47.9%</b>	<b>46.5%</b>

**Note:**

Does not include 2007 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 2007-2010 Projections**

# **Utilization**

## **(Revenue, Ridership, Vehicle Traffic)**

## **UTILIZATION**

### **A Note Concerning MTA Bus Company Utilization**

The 2007 MTA Preliminary Budget is the first financial plan that includes MTA Bus Company (MTABC) operations. MTABC was created in September 2004 to assume the operations of seven bus companies that operated under franchises granted by the New York City Department of Transportation. The merging of these companies into MTABC began in January 2005 and was completed in February 2006. Since 2005 was a transitional year for MTABC, MTA consolidated utilization does not include MTABC ridership and farebox revenue. However, utilization for MTABC is discussed throughout each portion of this Utilization section.

### **2006 Ridership, Traffic and Revenue**

The 2006 Mid-Year Forecast for MTA consolidated ridership is projected to total 2,422.5 million passengers, while crossings at Bridges and Tunnels (B&T) facilities are projected to total 300.1 million vehicular crossings. New York City Transit (NYCT) combined subway and bus ridership for the 2006 Mid-Year Forecast is expected to be 2,232.3 million, while Long Island Rail Road (LIRR) is projecting 80.4 million passengers and Metro-North Railroad (MNR) is projecting 74.6 million passengers for its East-of-Hudson operations. Staten Island Railway (SIR) ridership is estimated to be 3.7 million, and Long Island Bus (LIB) fixed route ridership is estimated to be 31.5 million. MTA Bus Company (MTABC) ridership, which is not included in the consolidated ridership total, is expected to be 94.1 million.

MTA consolidated farebox revenue for the 2006 Mid-Year Forecast is estimated to be \$3,655.2 million, and toll revenue is estimated to be \$1,234.0 million. NYCT combined subway and bus farebox revenue for the 2006 Mid-Year Forecast is expected to be \$2,713.5 million, while LIRR is projecting \$448.8 million in farebox revenue and MNR is projecting \$451.2 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 \$38.3 million. MTABC farebox revenue, which is not included in the consolidated farebox revenue total, is expected to be \$129.9 million.

The 2006 Mid-Year Forecasts are based on actual results through May 2006 for NYCT, SIR, MTABC and B&T, and through April 2006 for LIRR, MNR and LIB.

The 2006 Mid-Year Forecast for MTA consolidated ridership is projected to increase by 49.4 million trips – a 2.1% increase – over 2005 MTA consolidated ridership. MTA ridership for the 2006 Mid-Year Forecast is expected to increase on all MTA operations from 2005 ridership levels, while the 2006 Mid-Year Forecast for traffic at B&T facilities is expected to decline by 0.3 million crossings, a 0.1% decrease, over the 2005 traffic level. The 2006 Mid-Year Forecast for farebox revenue is projected to increase by \$115.1 million, a 3.3% increase, and is projected to be higher for each MTA agency.

B&T toll revenue is expected to be \$29.0 million greater than 2005 toll revenue, a 2.4% increase.

The increases in ridership are primarily due to continued improvement in the New York City economy, particularly with regard to employment levels during 2006. Through May, preliminary employment figures show that the number of jobs in New York City has increased 1.5% over the number of jobs during the first five months of 2005. Additionally, the fare increases in March 2005 had a dampening effect on ridership levels that has lessened over time. B&T vehicular crossings have been adversely affected by the impact continuing high gasoline prices have had on discretionary travel levels. Farebox and toll revenue improvements reflect year-to-year ridership and traffic changes, but also show improvement over 2005 levels since the March 2005 fare and toll increases impact twelve months for 2006 but were only in effect for ten months during 2005.

MTA consolidated ridership for the 2006 Mid-Year Forecast is expected to fall short of the 2006 Adopted Budget projection by 20.1 million trips, a 0.8% decline. With the exception of NYCT, all MTA agencies are projecting increases in 2006 ridership relative to the Adopted Budget ridership levels. At NYCT, ridership is estimated to decline by 21.3 million trips, a 0.9% decrease, relative to the Adopted Budget. At B&T facilities, the Mid-Year Forecast projects 1.4 million fewer vehicular crossings, a 0.4% decrease, over the Adopted Budget forecast. MTABC ridership was not included in the 2006 Adopted Budget.

MTA consolidated farebox revenue in the 2006 Mid-Year Forecast is projected to decline by \$48.5 million from the 2006 Adopted Budget, a 1.3% decrease, reflecting a projected NYCT farebox revenue decrease of \$49.5 million, or 1.8%, from the 2006 Adopted Budget. LIRR farebox revenue is unchanged from the Adopted Budget, while the decline for MNR and the increases for both LIB and SIR are all less than \$1.0 million. The 2006 Mid-Year Forecast for B&T toll revenue is projected to decline \$4.3 million, or 0.4%, from the Adopted Budget forecast. MTABC farebox revenue was not reported in the 2006 Adopted Budget.

NYCT's Mid-Year Forecast estimates for ridership and farebox revenue are lower than projections in the Adopted Budget, reflecting lower than expected ridership growth trends during the first five months of 2006. The lower growth trend is expected to result in Subway ridership falling short of the Adopted Budget estimate by 20.0 million trips and Subway farebox revenue falling short of the Adopted Budget by \$27.3 million. The lower growth trend also affects Bus ridership and farebox revenue estimates: compared with the Adopted Budget, ridership is projected to be lower by 8.4 million trips and farebox revenue is expected to be lower by \$9.7 million. The ridership reductions are partially offset by increases in student ridership – 3.4 million for Subway and 3.1 million for Bus – that do not impact farebox revenue levels. Farebox revenue estimates have also been lowered to reflect higher than anticipated market share for the 30-Day MetroCard, lowering Subway farebox revenue by \$5.5 million and Bus farebox revenue by \$3.3 million relative to the Adopted Budget levels.

LIRR's Mid-Year Forecast anticipates very modest growth in ridership relative to the Adopted Budget, totaling just 16 thousand additional trips for the full year. This is fully offset by a lower than expected average yield per trip, resulting in no change in farebox revenue from the Adopted Budget level. MNR's Mid-Year Forecast improvements in ridership and farebox revenue are attributed to greater than projected ridership trends, with farebox revenue trend partially offset by losses resulting from the Holiday Fare Program. SIR's increases in ridership and farebox revenue from the Adopted Budget to the Mid-Year Forecast is due to the retention of new riders who utilized SIR during the December 2005 NYCT strike. LIB ridership and farebox revenue are higher in the Mid-Year Forecast, reflecting continued increases in ridership during the first four months of the year.

B&T vehicle crossings and toll revenue are lower in the Mid-Year Forecast due to the impact of a major snowstorm in February as well as the impact of sustained high gasoline prices. Vehicle crossings were 0.3% below budget for the first quarter of 2006, and were 1.0% below budget for April and May 2006. The Mid-Year Forecast incorporates these results and assumes no changes over 2005 levels for the remainder of the year, diverging from the 0.3% growth assumption in the Adopted Budget. These changes result in reduced toll revenue of \$5.5 million from the Adopted Budget level. Offsetting these changes is an increase in toll revenue of \$1.2 million due to an increase in the average toll per vehicle, reflecting a greater share of overall traffic attributed to higher-toll-paying commercial vehicles.

### **2007 Ridership, Traffic and Revenue**

The 2007 forecast for MTA consolidated ridership is projected to total 2,444.7 million passengers, while crossings at B&T facilities are projected to total 301.0 million vehicular crossings. NYCT combined subway and bus ridership is expected to be 2,251.1 million, while LIRR is projecting 82.1 million passengers and MNR is projecting 76.1 million passengers for its East-of-Hudson operations. SIR ridership is estimated to be 3.7 million, and LIB fixed route ridership is estimated to be 31.7 million. MTABC ridership, which is not included in the consolidated ridership total, is expected to be 94.9 million.

MTA consolidated farebox revenue for 2007 is estimated to be \$3,702.7 million, and toll revenue is estimated to be \$1,235.6 million. NYCT combined subway and bus farebox revenue is expected to be \$2,740.4 million, while LIRR is projecting \$457.1 million in farebox revenue and MNR is projecting \$463.2 million in farebox revenue for its East-of-Hudson operations. SIR farebox revenue is estimated to be \$3.6 million, and LIB fixed route farebox revenue is estimated to be \$38.5 million. MTABC farebox revenue, which is not included in the consolidated farebox revenue total, is expected to be \$131.1 million.

MTA ridership and traffic for 2007 are expected to increase on all MTA operations from the 2006 Mid-Year Forecast levels, as are 2007 fare and toll revenue levels. The 2007

forecast for MTA consolidated ridership is projected to increase by 22.2 million trips – a 0.9% increase – over the 2006 Mid-Year Forecast for MTA consolidated ridership. The 2007 forecast for B&T traffic is expected to increase by 0.9 million crossings, a 0.3% increase, over the 2006 Mid-Year Forecast traffic level. MTABC ridership is expected to increase 0.8 million, or 0.9%, over the ridership level in the 2006 Mid-Year Forecast. MTA consolidated farebox revenue for 2007 is expected to surpass the 2006 Mid-Year Forecast by \$47.5 million, up 1.3%, while B&T toll revenue is projected to surpass the 2006 Mid-Year Forecast by \$1.6 million, a 0.1% year-over-year improvement. MTABC farebox revenue is projected to grow from the 2006 Mid-Year Forecast by \$1.2 million, a 0.9% increase.

MTA consolidated ridership for 2007 in the Mid-Year Forecast is expected to fall short of the February Plan projection by 20.5 million trips, a decrease of 0.8%. At B&T facilities, the Mid-Year Forecast for 2007 reflects a decrease of 1.3 million additional vehicular crossings, a 0.4% decrease, over the February Plan forecast. MTA consolidated farebox revenue for 2007 in the Mid-Year Forecast is projected to decline by \$43.8 million from the February Plan, a 1.2% decrease. B&T toll revenue for 2007 is projected to decrease \$4.0 million, or -0.3%, over the February Plan forecast.

NYCT's forecasts for ridership and farebox revenue are lower than projections in the Adopted Budget, reflecting the lower than expected ridership growth trends that are impacting the 2006 Mid-Year Forecast. Subway ridership and farebox revenue are also affected by changes in service guidelines, which are expected to reduce ridership by 0.4 million and farebox revenue by \$0.5 million. Bus ridership and farebox revenue are affected by a delay in the implementation of changes to service guidelines as well as bus service changes. These two changes are expected to result in 0.9 million additional trips and \$0.9 million in additional farebox revenue during 2007.

The upward adjustment in LIRR's 2007 ridership forecast relative to the February Plan reflects a modest 0.2% increase in the ridership growth trend. Farebox revenue, however, remains unchanged due to a projected 0.2% decline in the average yield per passenger that offsets the additional ridership growth. MNR's improvements in ridership and farebox revenue are attributed to a continuation of projected ridership trends. SIR's change in 2007 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 2008. It was expected that collecting fares at Tompkinsville would increase farebox revenue by \$0.3 million and recorded ridership by 0.3 million in 2007. This is partially offset by the additional ridership and farebox revenue retained after the December 2005 NYCT strike. LIB ridership and farebox revenue forecasts reflect the results of continuing ridership growth trends experienced during the first four months of 2006.

B&T vehicle crossings and toll revenue estimates are lower than February Plan projections due to a continuation of the impact of lower than anticipated vehicle crossings during the first five months of 2006.

### **2008 – 2010 Ridership, Traffic and Revenue**

In 2008, year-to-year MTA consolidated ridership, vehicle crossings, farebox revenue and toll revenue are all expected to modestly increase over the July 2007 Plan levels. Year-to-year consolidated ridership is projected to reach 2,467.5 million passengers, up 0.9%, while year-to-year farebox revenue is estimated to reach \$3,745.6 million, an increase of 1.2%. Year-to-year B&T vehicle crossings are projected to be 303.2 million, a 0.6% annual increase, and toll revenue is estimated to increase to \$1,242.4 million, up 0.6%. MTABC ridership is expected to be 96.1 million trips, up 1.2% from the 2007 estimate, while MTABC farebox revenue is projected to reach \$132.7 million, an increase of 1.2% year-over-year.

MTA consolidated ridership and vehicle crossing levels are also expected to increase year-to-year in 2009 and 2010. Consolidated ridership is expected to reach 2,484.6 million in 2010, increasing by 0.4% in 2009 and by 0.3% in 2010. Vehicular crossings at B&T facilities are projected to reach 303.9 million in 2010, increasing by 0.1% in 2009 and by 0.2% in 2010. Consolidated farebox revenue is expected to reach \$3,793.9 million in 2010, up 0.7% in 2009 and 0.5% in 2010 while B&T toll revenue is projected to reach \$1,241.1 million by 2010, down 0.1% in 2009 and effectively unchanged in 2010. MTABC ridership is expected to reach 97.0 million by 2010, up 0.3% in 2009 and up 0.6% in 2010; MTABC farebox revenue is projected to be \$134.0 million in 2010, increasing 0.7% in 2009 and 0.5% in 2010.





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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, excluding MTA Bus, for the 2006 Mid-Year Forecast total \$3.639 billion, on a cash basis, which is \$455 million higher than the 2006 Adopted Budget (February Plan). This is due largely to substantial increases in the real estate forecast, as well as additional State appropriation of MMTOA for the MTA. The 2006 Mid-Year Forecast reflects increases in the gross real estate tax forecasts of \$427 million and an additional \$35.5 million in MMTOA funds that has been appropriated for the MTA.

During the period 2007 to 2010, the July Financial Plan projects that overall Dedicated Taxes & State and Local Subsidies will increase over the levels projected in the February Plan by \$168 million in 2007, \$210 million in 2008, \$185 million in 2009 and \$252 million in 2010. These increases are largely due to changes in MRT forecasts from the February plan to represent increases in the 2007 forecast of \$96 million, \$97 million in 2008, \$95 million in 2009 and \$96 million in 2010. There has also been substantial increase in the MMTOA forecast over the February Plan to reflect State Budget reforecast that shows improvements in MMTOA taxes that will yield significantly higher revenues to MTA in the 2007 through 2010. In addition, in 2008 MMTOA receipts to the MTA have been boosted by an additional \$44 million of unappropriated funds from prior years that is assumed to be earmarked for MTA. The favorable improvements in each of these years have been partially offset by lower PBT receipts than forecasted in the February Plan, which was adjusted to reflect the State's latest forecast.

The subsidy tables in this section now include the City Subsidy to MTA Bus. This reflects the current agreement with the City that it will cover MTA Bus' expenses. The City subsidy covers the operating deficit for MTA Bus, as well as its share of the "Pattern Labor Provision". MMTOA, 18-b and Urban Taxes, that are designated for the former private buses subsidized by the City by Statute, are paid directly to the City and are used by the City to partially fund MTA Bus.









## **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. MMTOA is 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 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 2006 are estimated at \$1,646.2 million, of which \$1,579.2 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 59.4%, and the share to the commuter railroads represent 27.2%. This is slightly lower than the percentage allocation in the February Plan and is based on the amounts appropriated to the MTA in NYS's 2006 Enacted Budget. A portion was also allotted to Long Island Bus, buses funded by New York City and other downstate transportation properties. In 2006, of the total MTA share, \$835.9 million is payable to NYCT and SIR, \$433.3 million to MTA for the commuter railroads, and \$41.9 million to Long Island Bus.

### **2006 Mid-Year Forecast**

The 2006 Mid-Year Forecast reflects the enacted State Budget appropriation for MTA MMTOA of \$1,311.1 million, which is \$35.5 million over the February Plan level and \$328.1 million over the prior year's level. The increase over the 2005 level is due primarily to impact of the new regional MMTOA sales taxes generated by the incorporation of an additional 1/8 of a percent regional sales tax that began effective June 1, 2005. Of the total estimated MMTOA cash receipts, \$835.9 million is earmarked for NYCT/SIR, and \$433.3 million for the commuter railroads, and \$41.9 million for Long Island Bus.

In 2006, the State will fund \$182.5 million in 18-b obligations from MMTOA, which is \$21.4 million higher than the February Plan. The February Plan assumed that the 18-b funding would revert back to the 2003 levels of \$161.1 million.

In 2006, the percentage allocation of MTA's share of Downstate MMTOA is derived from the actual amounts appropriated by the State.

The State has committed to seeking a special appropriation of \$135 million to support MTA projects located in areas devastated by the World Trade Center disaster, specifically South Ferry and the underpinning of the #1 Train, to allow the Port Authority of NY and NJ to advance its transportation projects while the #1 continues to operate 24 hours a day. These funds reflect MMTOA monies available in the downstate MMTOA account, but not yet appropriated.

## **2007**

For 2007, total MTA MMTOA is estimated to be \$1,409.2 million, an increase of \$90.9 million over the February Plan estimate. Of this total, \$903.1 million is earmarked for NYCT and SIR, and \$460.2 million for the commuter railroads. In addition, \$46.0 million is allocated for Long Island Bus. The 2007 forecast includes \$100.0 million of MMTOA funds that were collected in prior years that have not been appropriated by the State, but were assumed to be earmarked for MTA as part of the 2005 revenue actions by the Legislature. The July Plan now assigns the full \$100.0 million to 2007, to be paid from the unappropriated balance in the MMTOA account, and to reflect the following allotments: \$66.7 million to NYCT/SIR, \$30.1 million to the commuter railroads and \$3.0 million to LIB.

The July Plan assumes that in 2007, the State's funding of its 18-b will remain at the 2006 level of \$182.5, which is slightly higher than the February Plan forecast, but is consistent with the recently enacted State Budget. 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 in 2007 represents 61.1% and appropriation to the Commuter Railroads represents 27.7%.

The 2007 forecast of the individual MMTOA taxes assumes the following tax growth rates from the 2006 level, which are consistent with the States' enacted budget and financial plan:

Sales Tax	4.4%
Petroleum Business Tax	3.4%
Corporate Franchise Tax	0.0%
Corporate Tax Surcharge	0.6%

## **2008 - 2010**

In 2008, 2009, and 2010, the forecasts for MMTOA cash receipts are above the February Plan levels by \$113.5 million, \$80.0 million and \$134.9 million respectively.

In 2008, the forecast includes an additional \$48.5 million in unappropriated MMTOA funds from prior years will be available for downstate transportation properties. Of this amount, \$44.4 million, or 91.6%, is assumed to be earmarked for the MTA, which reflects the MTA's share of the downstate allotment. NYCT/SIR is allotted \$29.7 million, or 61.1%, the commuter railroads are allotted \$13.4 million, or 27.7% and LIB is allotted \$1.3 million, or 2.8%. The balance is for other downstate transportation.

The 2008 through 2010 forecasts assume the following tax growth rates, which are consistent with the States' enacted budget and financial plan:

	<b>2008</b>	<b>2009</b>	<b>2010</b>
Sales Tax	3.5%	3.8%	4.4%
Petroleum Business Tax	0.4%	0.5%	0.4%
Corporate Franchise Tax	0.0%	0.0%	0.0%
Corporate Tax Surcharge	2.7%	2.5%	3.2%



## **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.

### **2006 Mid-Year Forecast**

The 2006 Mid-Year Forecast is based on new projections and actual results through June year-to-date.

The 2006 MTA PBT Receipts, on a cash basis, are estimated at \$593.6 million, a decrease of \$21.0 million compared with the February Plan forecast. The change represents the latest reforecast by the State. Some of this decrease is related to timing. In 2005, MTA received \$9.2 million more than the Plan. This partially offsets the 2006 decrease. Of the MTA allocation, 85% or \$507.3 million is earmarked for New York City Transit and 15%, or \$86.3 million, for the Commuter Railroads.

On an accrual basis, PBT estimates for 2006 are \$594.2 million, which is \$21.8 million below the February Plan estimate. The accrual estimate is based on a one-month lag in the booking and collections of PBT proceeds.

### **2007 Forecast**

For 2007, PBT cash is estimated to be \$615.1 million; \$15.6 million lower than the February Plan estimate. This change represents the latest forecasts by the State.

On an accrual basis, PBT is estimated at \$615.6 million, a decrease of \$15.3 million from the February Plan level.

### **2008 - 2010**

For 2008 through 2010, PBT cash estimates are \$621.3 million, \$623.9 million and \$626.4 respectively. The cash estimates are \$12.4 million, \$12.6 million and \$7.9 million lower than forecasted in the February Plan in each of the respective years. The estimates are consistent with the State's latest forecasts.

On an accrual basis, PBT estimates for 2008 through 2010 are \$621.5 million, \$624.1 million and \$626.4 million respectively.\*

**PETROLEUM BUSINESS TAX PROJECTIONS**

**July Financial Plan 2007 - 2010**

**Tax Yield Distribution 2005 -2010**

(\$ in millions)

	ACTUAL	FORECAST				
	2005	2006	2007	2008	2009	2010
<b>Total Net PBT Collections Available for Distribution</b>	<b>\$1,637.5</b>	<b>\$1,745.9</b>	<b>\$1,809.2</b>	<b>\$1,827.4</b>	<b>\$1,835.1</b>	<b>\$1,842.3</b>

**Distribution Shares:**

MTA Total	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%
Other Transit	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Highway Trust Fund	63.0%	63.0%	63.0%	63.0%	63.0%	63.0%
General Fund	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Share Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

**Amount of Total Net Collections Available for the MTA:**

<b>MTA Total</b>	<b>\$556.8</b>	<b>\$593.6</b>	<b>\$615.1</b>	<b>\$621.3</b>	<b>\$623.9</b>	<b>\$626.4</b>
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**Accrued**

NYCT/SIR Share of MTA Total	\$477.0	\$508.0	\$526.1	\$531.2	\$533.4	\$535.3
Commuter Railroad Share of MTA Total	<u>84.2</u>	<u>86.2</u>	<u>89.5</u>	<u>90.4</u>	<u>90.7</u>	<u>91.1</u>
<b>MTA Total of Net Collections</b>	<b>\$561.2</b>	<b>\$594.2</b>	<b>\$615.6</b>	<b>\$621.5</b>	<b>\$624.1</b>	<b>\$626.4</b>

**Cash**

NYCT/SIR Share of MTA Total	\$473.2	\$507.3	\$525.7	\$531.0	\$533.2	\$535.3
Commuter Railroad Share of MTA Total	<u>83.5</u>	<u>86.3</u>	<u>89.4</u>	<u>90.3</u>	<u>90.7</u>	<u>91.1</u>
<b>MTA Total of Net Collections</b>	<b>\$556.8</b>	<b>\$593.6</b>	<b>\$615.1</b>	<b>\$621.3</b>	<b>\$623.9</b>	<b>\$626.4</b>

## **MORTGAGE RECORDING TAXES (MRT)**

The Mortgage Recording Taxes consist of two separate 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 three-tenths of one percent (3/10%) of the debt secured by certain real estate mortgages. (As discussed below, this rate was recently increased from one-quarter of one percent). 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. 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.

## **Forecast Methodology**

Mortgage Recording Tax receipts are projected by utilizing 16 individual models. For each of eight jurisdictions – New York City and the seven suburban counties in the MTA region – there is an MRT-1 model and an MRT-2 model. In these models, which are time-service regression models with a log-log specification, tax collections are a function of the ten-year U.S. Treasury Note rate and population of the jurisdiction.

## **2006 Mid-Year Forecast**

The 2006 Mid-Year Forecast is based on June year-to-date actual cash receipts, and forecasts for the second half of the year are added to year-to-date actuals in order to obtain a 2006 estimate. For the Mid-Year Forecast, the 10-Year U.S. Treasury Note rate is estimated to be 4.9%. Population growth estimates for 2006 are 0.2% for New York City, 0.4% for the Nassau/Suffolk combined area, 0.1% for Westchester, 1.6% for Putnam, 0.8% for Dutchess, 0.5% for Rockland and 1.0% for Orange.

For 2006, MRT-1 gross receipts on a cash basis are estimated at \$421.3 million, a decrease of \$12.4 million, or 2.9%, over the 2005 level and an increase of \$157.9 million, or 59.9%, over the February Plan level. Of the total, \$271.2 is expected to be applied to the MTA Headquarters operating deficit in 2006. MRT-1 distribution to NYCT and SIR is estimated at \$82.7 million and \$47.7 million to the commuter railroads. MRT-2 gross receipts on a cash basis are estimated at \$254.0 million, a decrease of \$43.7 million, or 14.7%, over the prior year and an increase of \$94.5 million, or 59.3%, over the February Plan level. Overall, combined MRT is projected to be \$675.3 million, a decrease of \$56.1 million, or 7.7%, below the MRT estimate for 2005, and an increase of \$252.4 million, or 59.7%, over the MRT estimate in the February Plan.

The reduction over the prior year reflects the impact higher mortgage interest rates are beginning to have on residential real estate activity. Over the past twenty-four months, the Federal Reserve Board of Governors has increased the Federal Funds Rate by 0.5% on each of seventeen occasions, raising the rate from 1.0% to its current level of 5.25%. Despite these numerous increases, mortgage interest rates have only recently begun to climb, which in turn has softened the residential real estate market as prices have moderated and inventory of available housing has increased. The expected drop in the real estate boom assumed in the prior plan has not had as profound an impact as anticipated and MRT taxes are significantly higher than the February Plan.

Increase from the February Plan reflect year-to-date continued strength in the residential real estate market, as well as a less severe decline in transactions resulting from the impact of higher mortgage interest rates.

## **2007 - 2010**

Even though the Federal Funds Rate has increased, short-term and long-term interest rates have not maintained their historic relationship with the Federal Funds Rates and have not increased sufficiently to dampen real estate transaction activity. Recently,

both short-term and long-term rates have begun moving higher and, the modest slowdown in residential real estate activity during the second half of 2006 is expected to be more prominent during 2007, and as a consequence tax revenues are expected to be significantly lower in 2007 through 2010 when compared with recent levels.

During the forecast period, the 10-Year U.S. Treasury Bill rate is expected to increase to 4.9% in 2007, 5.1% in 2008, 5.5% in 2009 and 5.6% in 2010. Population growth estimates range from 0.2% to 0.3% per year for New York City, are 0.3% to 0.4% per year for the Nassau/Suffolk area, are 0.1% per year for Westchester, range from 1.2% to 1.6% per year for Putnam, range from 0.6% to 0.7% per year for Dutchess, range from 0.4% to 0.5% per year for Rockland and range from 0.8% to 0.9% per year for Orange.

The forecasts for 2007 through 2010 reflect these assumptions. Over the Financial Plan period, MRT-1 receipts are projected to be \$331.3 million in 2007, \$331.7 million in 2008, \$325.9 million in 2009 and \$330.7 million in 2010. MRT-2 receipts are projected to be \$198.5 million in 2007, \$195.3 million in 2008, \$187.4 million in 2009 and \$188.4 million in 2010. Total MRT receipts are forecast to be \$529.8 million in 2007, \$527.1 million in 2008, \$513.3 million in 2009 and \$519.1 million in 2010. These amounts were \$96.1 million, \$96.5 million, \$95.0 million and \$96.4 million higher than the February Plan projections in each of the years 2007, 2008, 2009 and 2010, respectively.

These changes from the February Plan are due to greater activity expected for 2006, as well as an assumed smaller adverse impact from higher interest rates.

### **Additional Assumptions**

The MTA General Reserve is valued at \$31.3 million in 2006 and is funded from MRT-2. In the Mid-Year Forecast \$40.0 million in unspent reserve earmarked for 2005 was reallocated evenly in 2006 through 2009, with \$10 million added to each year. In addition, because there are significant downside risks that could materially impact MTA during the current financial plan period, including volatile energy and insurance costs, both of which have a commensurate impact on inflation and interest rates, the Mid-Year Forecast maintains the February Plan's general reserve level of \$75 million annually beginning in 2007.

MRT-2 is also used to reimburse the agencies for certain security expenses from a fund managed by MTA Police. These funds are used for agency security projects that are capably eligible and therefore will affect depreciation and asset values in the MTA Financial Statements. An amount of \$16.5 million annually has been earmarked in the Plan to cover these security expenses in each of the years from 2006 through 2010, which represents a \$2.0 million annual increase over the February Plan forecast.

The MRT-2 allocations in the July Plan, as was the case with the February Plan, reflect the baseline assumptions before implementation of certain policy actions. Implementation of these policy actions are expected to affect agency transfers of these funds.



## **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. Tax receipts are 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 is currently utilizing these funds to reimburse MTA Bus expenses.

### **Forecast Methodology**

Urban Tax receipts are projected by utilizing two models, one for the Mortgage Recording Tax (MRT) and one for the Real Property Transfer Tax RPTT). In these models, which are time-series regression models with a log-log specification, tax collections are a function of the ninety-day U.S. Treasury Bill rate and New York City private-sector employment.

### **2006 Mid-Year Forecast**

The revenue projections for the 2006 Mid-Year Forecast include actual tax cash receipts to the MTA through June 2006. Forecasts for the second half of the year are added to year-to-date actuals in order to obtain a 2006 estimate. For the Mid-Year Forecast, the 90-Day U.S. Treasury Bill rate is estimated to be 4.8%, and New York City private-sector employment is expected to grow by 1.0% over the 2005 employment level.

Urban Tax receipts on a cash basis are estimated at \$500.1 million, a decrease of \$51.3 million, or 9.3% from the 2005 level. This reflects continued strong real estate activity, albeit slightly weaker than the 2005 real estate activity, primarily fueled by strong interest rates in commercial properties located in New York City. Real estate activities are expected to slow somewhat as higher interest rates affect transaction activity. The Federal Reserve Board of Governors, acting to stem inflation, began raising the Federal Funds Rate on June 30, 2004 from 1.00% to 1.25%. This increase has been followed by sixteen further rate increases, and with the June 29, 2006 rate increase, the Federal Funds rate reached 5.25%. Economists, including the MTA's economic consultant Global Insight, believe the Fed is close to reaching its intended interest rate now that economic activity seems to be slowing down. Compared to the February Plan, the 2006 Urban Tax estimate reflects an increase of \$175.0 million, or 53.8%.

### **2007 - 2010**

While the Federal Funds Rate has increased, short-term and long-term interest rates have not maintained their historic relationship with the Federal Funds Rate and have not

increased sufficiently to dampen real estate transaction activity. Recently, both short-term and long-term interest rates have begun moving higher, and the modest slowdown in real estate activity during the second half of 2006 is expected to be more prominent during 2007. During the forecast period, the 90-Day U.S. Treasury Bill rate is expected to remain in a tight band between 4.6% and 4.9%, fluctuating modestly to: 4.8% in 2007; 4.6% in 2008; 4.8% in 2009; and 4.9% in 2010. New York City private-sector employment is projected to continue growing, but with the rate of growth slowing each year during the forecast period: 1.0% in 2007, 0.9% in 2008, 0.7% in 2009 and 0.4% in 2010.

The Plan forecasts for 2007 through 2010 reflect these assumptions. Over the Financial Plan period, Urban Tax cash receipts are forecasted to be \$346.8 million in 2007, \$381.0 million in 2008, \$399.1 million in 2009 and \$411.1 million in 2010. The projections for 2007 are slightly lower than the February Plan projections, down \$7.0 million. In 2008, 2009 and 2010, projected receipts are \$11.3 million, \$20.6 million and \$25.0 million higher than the February Plan levels, respectively.

## **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 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.

The current costs of the MTA Bus' operations are 100% reimbursable by the City of New York. Under agreement with the MTA, the City of New York agreed to pay MTA Bus the difference between the actual operating costs of the City bus routes and all revenue received for operations in said routes. In addition, MTA Bus' subsidy allocation includes its share of the "Pattern Labor Provision" contained in the MTA consolidated tables. It is also assumed in the Plan that a portion of potential Health and Welfare savings that may result from on-going labor negotiations would be earmarked for the MTA GASB Fund. MMTOA, 18-b and Urban Taxes, that are designated for the former private buses subsidized by the City by Statute, are paid directly to the City and are used by the City to partially fund MTA Bus. City Subsidy for MTA Bus continues to be paid directly to New York City, which totally reimburses MTA for those bus lines run by the MTA Bus Company. Note that designated State subsidies for MTA Bus, MMTOA, 18-b and Urban Taxes are included as part of the City Subsidy.

## **2006 Mid-Year Forecast**

In the 2006 Mid-Year Forecast, State and Local cash subsidy receipts are estimated at \$595.0, an increase of \$20.1 million when compared to the February Plan level. This change was primarily due to \$20 million AMTAP payment to the commuter railroads that was not forecasted in the February Plan. State and Local 18-b Operating Assistance to MTA has not changed in the past several years.

## **2007 - 2010**

In 2007, 2008 and 2009, and 2010, State and Local subsidy estimates are \$22.9 million, \$27.9 million, \$32.5 million and \$34.7 million above the February Plan levels, respectively. The changes primarily represent a \$20 million AMTAP payment to the commuter railroads in each of the years that was not forecasted in the February Plan. In addition, there has been increased Nassau County Subsidy to Long Island Bus, from the \$10.5 million level annually, to \$13.5 million, \$18.2 million, \$22.6 million and \$23.3 million in each of the years from 2007 through 2010. Also contributing to this variance are minor technical adjustments to CDOT subsidies and Station Maintenance.

## **Commuter Operating Capital Transfer – 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 required the transfer in 2006. This payment was made in February, 2006.

## **MTA SUBSIDY TO SUBSIDIARIES**

In the 2006 Mid-Year Forecast, total estimated MTA subsidy payment to its subsidiaries on a cash basis is \$31.1 million, a reduction of \$1.2 million from the February Plan Forecast. Staten Island Railroad's (SIR) share is \$16.6 million; Long Island Bus' (LIB) share is \$14.5 million. These amounts include reimbursement for the 2005 Holiday Fare Program.

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

In 2007, the forecast estimates MTA subsidy payment to LIB and SIR on a cash basis of \$32.9 million.

For each of the years 2008 through 2010, MTA subsidy to its subsidiaries is \$40.6 million, \$34.8 million and \$35.8 million respectively. The Long Island Bus portion is \$14.0 million in each of these years.

**MTA New York City Transit Subsidy Allocation**  
**2007-2010**  
**Cash Basis**  
(\$ in millions)

	2005	2006	2007	2008	2009	2010
<b><u>Subsidies</u></b>						
<b><i>Dedicated Taxes</i></b>						
Metropolitan Mass Transportation Operating Assist. (MMTOA)	615.1	833.4	900.4	891.1	891.1	927.4
Petroleum Business Tax (PBT) Receipts	473.2	507.3	525.7	531.0	533.2	535.3
Mortgage Recording Tax (MRT)	108.8	82.4	34.4	27.2	23.3	20.0
Urban Tax	551.5	500.1	346.8	381.0	399.1	411.1
	<b>\$1,748.6</b>	<b>\$1,923.2</b>	<b>\$1,807.2</b>	<b>\$1,830.4</b>	<b>\$1,846.7</b>	<b>\$1,893.8</b>
<b><i>State and Local Subsidies</i></b>						
State Operating Assistance	158.2	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
	<b>\$316.4</b>	<b>\$316.4</b>	<b>\$316.4</b>	<b>\$316.4</b>	<b>\$316.4</b>	<b>\$316.4</b>
<b>Total Dedicated Taxes &amp; State and Local Subsidies</b>	<b>\$2,065.0</b>	<b>\$2,239.6</b>	<b>\$2,123.6</b>	<b>\$2,146.7</b>	<b>\$2,163.1</b>	<b>\$2,210.1</b>
<b><i>Inter-agency Subsidy Transactions</i></b>						
Bridges and Tunnels Operating Surplus Transfer	189.0	148.3	124.9	117.7	98.4	70.5
MTA Subsidy to Subsidiaries	0.0	0.0	0.0	0.0	0.0	0.0
	<b>\$189.0</b>	<b>\$148.3</b>	<b>\$124.9</b>	<b>\$117.7</b>	<b>\$98.4</b>	<b>\$70.5</b>
<b>GROSS SUBSIDIES</b>	<b>\$2,254.0</b>	<b>\$2,387.8</b>	<b>\$2,248.5</b>	<b>\$2,264.4</b>	<b>\$2,261.4</b>	<b>\$2,280.6</b>

**MTA Commuter Railroad Subsidy Allocation**  
**2007-2010**  
**Cash Basis**  
(\$ in millions)

	2005	2006	2007	2008	2009	2010
<b><u>Subsidies</u></b>						
<b><i>Dedicated Taxes</i></b>						
Metropolitan Mass Transportation Operating Assistance (MMTOA)	329.7	433.3	460.2	456.0	456.0	472.5
Petroleum Business Tax (PBT) Receipts	83.5	86.3	89.4	90.3	90.7	91.1
Mortgage Recording Tax (MRT)	83.9	47.7	8.2	2.3	0.0	0.0
Investment Income	14.8	22.8	22.7	10.9	10.9	10.9
	<b>\$511.9</b>	<b>\$590.2</b>	<b>\$580.5</b>	<b>\$559.6</b>	<b>\$557.6</b>	<b>\$574.4</b>
<b><i>State and Local Subsidies</i></b>						
State Operating Assistance	29.3	29.3	29.3	29.3	29.3	29.3
Local Operating Assistance	29.2	29.3	29.3	29.3	29.3	29.3
CDOT Subsidy	50.3	51.8	62.5	72.3	86.7	100.7
Station Maintenance	130.2	133.9	137.2	140.7	144.3	147.9
AMTAP	39.4	20.0	20.0	20.0	20.0	20.0
	<b>\$278.4</b>	<b>\$264.2</b>	<b>\$278.2</b>	<b>\$291.5</b>	<b>\$309.5</b>	<b>\$327.1</b>
Commuter Operating Capital Transfer - MNR M-7 Acceleration	\$0.0	(\$10.0)	\$0.0	\$0.0	\$0.0	\$0.0
<b>Total Dedicated Taxes &amp; State and Local Subsidies</b>	<b>\$790.3</b>	<b>\$844.4</b>	<b>\$858.7</b>	<b>\$851.1</b>	<b>\$867.1</b>	<b>\$901.5</b>
<b><i>Inter-agency Subsidy Transactions</i></b>						
Bridges and Tunnels Operating Surplus Transfer	288.3	255.1	226.1	218.9	199.6	171.6
<b>GROSS SUBSIDIES</b>	<b>\$1,078.6</b>	<b>\$1,099.5</b>	<b>\$1,084.8</b>	<b>\$1,070.0</b>	<b>\$1,066.7</b>	<b>\$1,073.1</b>

**MTA Long Island Bus Subsidy Allocation**  
**2007-2010**  
**Cash Basis**  
(\$ in millions)

<b><u>Subsidies</u></b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b><i>Dedicated Taxes</i></b>						
MMTOA Allocation	36.3	41.9	46.0	45.6	45.6	47.2
	<b>36.3</b>	<b>41.9</b>	<b>46.0</b>	<b>45.6</b>	<b>45.6</b>	<b>47.2</b>
<b><i>State and Local Subsidies</i></b>						
State Operating Assistance	3.0	3.0	3.0	3.0	3.0	3.0
Nassau County Subsidy	10.5	10.5	13.5	18.2	22.6	23.3
	<b>13.5</b>	<b>13.5</b>	<b>16.5</b>	<b>21.2</b>	<b>25.6</b>	<b>26.3</b>
<b>Total Dedicated Taxes &amp; State and Local Subsidies</b>	<b>49.8</b>	<b>55.4</b>	<b>62.5</b>	<b>66.7</b>	<b>71.1</b>	<b>73.5</b>
<b><i>Inter-agency Subsidy Transactions</i></b>						
MTA Subsidy to Subsidiaries	14.0	14.0	14.0	14.0	14.0	14.0
<b>GROSS SUBSIDIES</b>	<b>\$63.8</b>	<b>\$69.4</b>	<b>\$76.5</b>	<b>\$80.7</b>	<b>\$85.1</b>	<b>\$87.5</b>

**MTA Staten Island Railway Subsidy Allocation**  
**2007-2010**  
**Cash Basis**  
(\$ in millions)

	2005	2006	2007	2008	2009	2010
<b><u>Subsidies</u></b>						
<b><i>Dedicated Taxes</i></b>						
Metropolitan Mass Transportation Operating Assistance (MMTOA)	1.9	2.5	2.7	2.7	2.7	2.8
Mortgage Recording Tax (MRT)	0.0	0.3	0.1	0.1	0.1	0.1
	<b>\$1.9</b>	<b>\$2.8</b>	<b>\$2.8</b>	<b>\$2.8</b>	<b>\$2.8</b>	<b>\$2.9</b>
<b><i>State and Local Subsidies</i></b>						
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
	<b>\$1.0</b>	<b>\$1.0</b>	<b>\$1.0</b>	<b>\$1.0</b>	<b>\$1.0</b>	<b>\$1.0</b>
<b>Total Dedicated Taxes &amp; State and Local Subsidies</b>	<b>\$2.9</b>	<b>\$3.7</b>	<b>\$3.8</b>	<b>\$3.7</b>	<b>\$3.7</b>	<b>\$3.8</b>
<b><i>Inter-agency Subsidy Transactions</i></b>						
MTA Subsidy to Subsidiaries	19.9	16.6	18.9	26.6	20.8	21.8
<b>GROSS SUBSIDIES</b>	<b>\$22.8</b>	<b>\$20.4</b>	<b>\$22.7</b>	<b>\$30.3</b>	<b>\$24.5</b>	<b>\$25.6</b>

**MTA Headquarters Subsidy Allocation**  
**2007 - 2010**  
**Cash Basis**  
**(\$ in millions)**

	2005	2006	2007	2008	2009	2010
<b><u>Subsidies</u></b>						
<b><u>Dedicated Taxes</u></b>						
<u>Mortgage Recording Tax-1</u>						
Net Receipts After Agency Transfers	241.0	290.9	288.6	302.1	302.6	310.6
<u>Adjustments</u>						
Diversion of MRT to Suburban Counties	(20.0)	(20.0)	(20.0)	(20.0)	(19.1)	(16.4)
Carryover/Opening Balances/Interest	59.8	0.3	0.0	0.0	0.0	0.0
<i>Total Adjustments</i>	39.8	(19.7)	(20.0)	(20.0)	(19.1)	(16.4)
<b>Net Funding of MTA Headquarters</b>	<b>\$280.8</b>	<b>\$271.2</b>	<b>\$268.6</b>	<b>\$282.1</b>	<b>\$283.4</b>	<b>\$294.2</b>
<u>Mortgage Recording Tax - 2</u>						
Net Receipts	299.3	264.0	208.5	205.3	197.4	188.4
<u>Adjustments</u>						
Funding of General Reserve	0.0	(31.3)	(75.0)	(75.0)	(75.0)	(75.0)
Diversion of MRT to Suburban Counties	(17.8)	(23.2)	(21.0)	(15.5)	(15.4)	(14.9)
Carryover/Opening Balances/Interest	1.3	0.0	0.0	0.0	0.0	0.0
Agency Security Costs from MRT	(22.9)	(16.5)	(16.5)	(16.5)	(16.5)	(16.5)
<i>Total Adjustments</i>	(39.4)	(70.9)	(112.5)	(107.0)	(106.9)	(106.4)
<b>Unallocated MRT-2 Receipts</b>	<b>\$259.9</b>	<b>\$193.1</b>	<b>\$96.0</b>	<b>\$98.3</b>	<b>\$90.4</b>	<b>\$82.0</b>

**MTA Bus Company Subsidy Allocation**  
**2007-2010**  
**Cash Basis**  
(\$ in millions)

	2005	2006	2007	2008	2009	2010
<b><u>Subsidies</u></b>						
City Subsidy to MTA Bus Company	0.0	204.4	244.6	259.5	272.4	287.1









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## **Debt Service**

## Debt Service in the Financial Plan

The following table reflects debt service projections for 2006 through 2010 associated with approved Capital Programs, including the 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 2006 Financial Plan with newly revised estimates for this July 2006 Financial Plan (this comparison excludes State Service Contract and Convention Center debt service which is fully paid by New York State).

<b>Debt Service Forecast (\$ in millions)</b>			
<b>Year</b>	<b>February Plan Debt Service</b>	<b>July Plan Debt Service</b>	<b>Difference Favorable/(Unfavorable)</b>
<b>2006</b>	1,340.1	1,332.0	8.1
<b>2007</b>	1,485.4	1,460.2	25.2
<b>2008</b>	1,631.1	1,594.2	36.9
<b>2009</b>	1,816.5	1,750.3	66.2
<b>2010</b>	<u>1,990.8 *</u>	<u>1,898.1</u>	<u>92.7</u>
<b>Total:</b>	<b>\$8,263.9</b>	<b>\$8,034.8</b>	<b>\$229.1</b>

\* Estimate not published in prior plan.

The favorable variance of \$229.1 million reflected in this July 2006 Plan is due to three key factors:

- (1) Current forecast of capital spending is slower than prior forecast. Revisions to many capital project schedules and budgets since the last forecast have resulted in delayed borrowing assumptions. Capital Programs cash flow forecast are as of March 31, 2006. This change in capital spending forecast is estimated to have the following savings in debt service: 2006: unchanged; 2007: \$6.9 million; 2008: \$15.9 million; 2009: \$42.0 million; 2010: \$65.4 million. This change in capital spending forecast is the largest contributor to the change in debt service forecast.
- (2) A forecast of investment income on debt service deposits has been developed and included in the budget. These investment earnings will be applied to debt service accounts and therefore reduce the use of pledged revenues required for debt service. Investment earnings are forecasted to reduce debt service by \$7.9 million for the remainder of 2006, \$17.2 million for 2007, \$18.7 million for 2008, \$20.6 million for 2009 and \$22.4 million for 2010.

- (3) Forecasted new money borrowing rates have been lowered from February Plan rates reflecting May 2005 market conditions. This reduces forecasted debt service by \$1.1 million in 2007; \$2.2 million in 2008; \$3.6 in 2009; \$4.9 million in 2010.

2006 Debt Service is updated to reflect actual deposits to debt service accounts from January through May.

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	2006	2007	2008	2009	2010
New Money Bonds *(\$ in millions)	1,245	1,989	2,329	2,757	2,052
Assumed Fixed-Rates					
Transportation Revenue Bonds	4.63%	4.71%	4.78%	4.85%	4.91%
Dedicated Tax Fund Bonds	4.55%	4.63%	4.70%	4.77%	4.83%
Triborough Bridge & Tunnel Authority	4.55%	4.63%	4.70%	4.77%	4.83%
Assumed Variable Rates	4.00%	4.00%	4.00%	4.00%	4.00%
Weighted Average Interest Rates **					
Transportation Revenue Bonds	4.47%	4.53%	4.59%	4.64%	4.68%
Dedicated Tax Fund Bonds	4.41%	4.47%	4.52%	4.58%	4.62%
Triborough Bridge & Tunnel Authority	4.41%	4.47%	4.52%	4.58%	4.62%

\* Forecasted borrowing for remainder of 2006. MTA issuance to date in 2006 is \$800 million in bonds and commercial paper for transit, commuter and MTA Bus projects, and \$200 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.
- Current fixed-rate estimates derived from prevailing Fair Market Yield Curves for A- and AA- Transportation issuers using Bloomberg Information Service. Financial Plan years 2006 – 2010 derived by applying changes in U.S. Municipal Forward Curves to prevailing transportation curves (as of May 19, 2006).
- 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.





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## **Debt Service Affordability Statement**



## **Notes**

- 1** Unhedged tax-exempt variable rate debt reflect actuals through May2006 and 4.00% for the remaining life of bonds.
- 2** Synthetic fixed-rate debt assumed at swap rate.
- 3** Total debt service excludes COPS lease payments, and includes effect of debt service prepayments made in 2005. All debt service numbers reduced by expected investment income.
- 4** New money bonds amortized as 30-year level debt. New debt issued assumed 75% fixed-rate and 25% variable rate. Actual issuance for 2005 is reported above. MTA and TBTA have issued \$1 billion of bonds and notes in 2006; number shown above is actual plus the forecast for remainder of the year.
- 5** 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. Starting in 2006, revenues, expenses and debt service for MTA Bus have also been included.
- 6** 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. Thereafter, such payments are available to pay debt service on the MTA Transportation Revenue Bonds, and then any remaining amounts are available to be used to meet operating costs of the transit system, the commuter system, and SIRTQA.
- 7** 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.
- 8** 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.
- 9** Transportation Revenue debt service includes effect of prepayments of debt service in 2005
- 10** Debt service schedules for each credit are attached as addendum hereto.

## **Special Note**

Pledged revenues as discussed in above notes 5, 7, and 8 do not include proposed post-2006 PEGs or 2007 and 2009 fare/toll increases.



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## **Agency Baseline Assumptions**

## **Agency Baseline Assumptions**

The 2007 Preliminary Budget and July Financial Plan updates the February Financial Plan and includes one additional year (2010).

The February Plan included, within its baseline, 2006 Program to Eliminate the Gap (PEG) savings of \$42 million in 2006, \$44 million in 2007, \$47 million in 2008 and \$50 million in 2009. The 2010 value of these PEGs are \$51 million. These programs remain in the baseline and are monitored quarterly; however, a re-estimate of these PEGs for the July Plan includes a slight reduction in the value of these PEGs. The baseline value of these PEGs is now \$39 million in 2006, \$41 million in 2007, \$45 million in 2008, \$48 million in 2009 and \$49 million in 2010.

For the July Plan, the Agencies were asked to identify savings that would not only reduce expenses in the short-term, but would also result in long-term improvements to MTA's financial picture. The majority of these savings are being generated through the 2007 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 Programs and Other Policy Actions. Some of the savings are captured in the baseline through favorable expense re-estimates.

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

<b><u>AGENCY BASELINE</u></b> <b><u>JULY CHANGES FROM FEBRUARY PLAN</u></b> Favorable/(Unfavorable) (\$ in millions)					
	2006	2007	2008	2009	2010
Energy	(\$20)	(\$69)	(\$66)	(\$54)	(\$53)
Health & Welfare	16	(23)	(42)	(66)	(87)
Pensions	26	(41)	(51)	(52)	(48)
2005/2006 PEG Program Re-Forecast	(15)	(31)	(19)	(18)	(18)
Toll/Farebox Revenue	(53)	(48)	(46)	(42)	(47)
Pattern Labor Provision	(13)	(83)	(112)	(113)	(113)
New Needs/Investments:					
Maintenance	(29)	(73)	(85)	(139)	(86)
Service	(1)	(6)	(16)	(23)	(25)
Paratransit Service Costs	1	(5)	(6)	(1)	0
Safety and Security	(3)	(3)	(7)	(9)	(9)
Other New Needs	(9)	(14)	(14)	(21)	(47)
Baseline Re-Estimates	(38)	27	12	5	3
<b>Net Change to Cash Baseline</b>	<b>(\$136)</b>	<b>(\$368)</b>	<b>(\$451)</b>	<b>(\$532)</b>	<b>(\$528)</b>

The baseline is increasing in each year of the plan as a result of increases in uncontrollable costs (Energy, Health & Welfare, Pensions, Paratransit) as well as new needs for maintenance and other investments, service enhancements, and 2005/2006 PEG re-estimates. Also impacting the Plan is reduced Toll/Fare-Box Revenue. In addition, the consolidated baseline adds a pattern wage provision for represented employees.

Energy costs are expected to increase beyond what was anticipated in the February Plan. Discussions with providers of electric power indicate that there will be significant increases in delivery charges and rates. Fuel prices are higher because the February Plan was based on Global Insight inflators that forecasted declining prices. The current Plan has evaluated the most recent actual information and applied those prices going forward. The result is a significant increase in the cost of Fuel for Buses and Trains. Please note that the unfavorable changes in energy also include higher costs for Paratransit fuel (rates and usage) which are paid directly by NYCT.

Health & Welfare costs decrease in 2006 due to lower rates at NYCT. They are increasing starting in 2007 as a result of higher inflation assumptions than those used in the February Plan. Pension costs decrease in 2006 and increase in the out-years due to a NYCERS revaluation. All of the cash savings that are expected by NYCT and B&T in 2006 and 2007 are being deposited in a special Government Accounting Standards Board (GASB) fund (discussed in more detail in the Pensions Section of this report, as well as the Proposed Policy Actions discussion under "Gap Closing Programs and Other Policy Actions" Section.)

Re-estimates of the 2005 and 2006 PEG Programs are expected to adversely impact the Financial Plan. The repeal of the \$1/month E-ZPass fee at B&T, the elimination of OPTO on the G line (NYCT), and ATS/CBTC implementation delays (NYCT) are the primary reasons.

Higher gasoline prices appear to be the reason for lower toll traffic estimates, which has resulted in decreases in forecasted Toll Revenue from the July Plan. Lower-than-planned regional employment growth is driving a reduction in Farebox revenue at NYCT.

The 2007 Preliminary Budget includes a significant increase in resources to address maintenance needs. Included in these needs are increases by NYCT to perform needed Scheduled Maintenance (SMS) on its R142, R142A and R68A subway cars in order to avoid a state of deferred maintenance. It is investing dollars in its preventative maintenance programs for buses for that same reason. Much of the increase in NYCT maintenance costs stems from the fact that the newer equipment that it utilizes requires more sophisticated and expensive replacement parts.

The LIRR will require additional maintenance to support the new signalization from Babylon to Speonk, the new Atlantic Terminal facility, additional lighting on Jamaica

platforms, the new Long Island City airshaft ventilation, and the new PA systems and security cameras.

Metro-North is increasing the scope of its Critical Systems Replacement (CSR) program and will require additional inventory for its M7 and M8 car fleet. In addition, it will be investing in a program to perform extraordinary maintenance tasks in Grand Central Terminal which are necessary to maintain its Landmark status and preserve the GCT retail revenue stream.

Staten Island Railway will be performing a major overhaul of its R-44 fleet in 2008 in order to extend the useful life of those cars until 2014.

The 2007 Preliminary Budget includes funding of service enhancements which will improve bus service at NYCT. Investments include changes based on peak-hour loading guidelines, running time updates, recommendations of the ongoing Staten Island Task Force and depot construction activity.

Paratransit costs are increasing significantly based primarily on usage requirements and higher costs that are expected to be incurred by its carriers (especially those carriers required to expand their service fleet because of the high ridership growth in those areas).

Other new needs include increases in security, higher MNR costs resulting from an increase in the contract with New Jersey Transit to provide service for West-of-Hudson customers, and administrative increases necessary for oversight and compliance.

Baseline re-estimates are unfavorable in 2006 primarily as a result of timing adjustments from 2005. This was reflected in the favorable year-ending cash as compared with the December 2005 Forecast. Baseline re-estimates were favorable in each of the out-years. Included among the favorable items were Medicare Part D reimbursements, training re-estimates, and lower E-ZPass tag costs.

### **Accrued Baseline Assumptions**

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

### **2006 Mid-Year Forecast**

In its 2006 Mid-Year Forecast, the MTA projects a Net Operating Deficit Before Subsidies and Debt Service of \$4,027 million<sup>1</sup>, \$63 million (1.6%) worse than the Adopted Budget. Total Operating Revenue was \$76 million worse and Total Operating Expenses<sup>1</sup> were \$13 million better.

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<sup>1</sup> The Total Operating Expense line in the MTA Consolidated Statement of Operations by Category table now includes Bridges & Tunnels depreciation.

### Revenue

Farebox Revenue is expected to be \$48 million (1.3%) less, primarily reflecting lower NYCT ridership than the adopted budget due to lower-than-expected ridership growth. Toll Revenue is expected to be \$4 million worse, which appears to be tied to increases in gasoline prices. Other Operating Revenue is expected to be \$4 million better as higher Urban Tax Revenue will be partially offset by the elimination of the \$1 E-ZPass maintenance fee.

### Expenses

Payroll Expenses are expected to increase \$26 million from the Adopted Budget due primarily to higher costs at NYCT. Position increases at NYCT are due to a technical change resulting in the inclusion of 98 non-reimbursable positions for platform coverage as an enhanced security measure. This program was previously classified as reimbursable by MTAHQ. In addition, delays in implementing Automated Train Supervision (ATS) and the elimination of "G" Line OPTO added an additional 72 positions. Overtime costs are increasing from the February Plan due to inclement weather experienced earlier in 2006. Health & Welfare costs are decreasing due to lower rates for NYCT employees. The July Plan incorporates a pattern labor provision.

Increases in energy prices are resulting in higher costs for Traction and Propulsion Power and Fuel for Buses and Trains. Claims costs are declining compared to Budget because of favorable settlements and actuarial estimates. Costs for Maintenance and Other Operating Contracts are \$7 million favorable primarily due to the rescheduling of various projects including MNR's Genesis locomotive overhaul project, changes in the LIRR's concrete tie replacement program and the timing of start-up costs for the new E-ZPass Customer Service Center. Professional Services costs are lower due to a technical change involving the transfer of ongoing NYCT and B&T security costs from MTAHQ.

### **2007 Preliminary Budget**

MTA's 2007 Preliminary Baseline Budget projects a Net Operating Deficit before Subsidies and Debt Service of \$4,760 million<sup>2</sup>. Total Operating Revenue of \$5,375 million is \$39 million higher than the 2006 Mid-Year Forecast due to slight increases in Toll and Fare-Box revenue. When compared with the 2007 Forecast in the February Plan, revenue is \$95 million lower due to lower NYCT Fare-box revenue, the repeal of the \$1 E-ZPass maintenance fee and the exclusion of MTA reimbursement from B&T Capital & Other Reimbursements (MTAHQ shifted these security costs to the agency baseline budget.)

Total 2007 Operating Expenses of \$10,135 million<sup>2</sup> are \$771 million higher than the 2006 Mid-Year Forecast due to contractual wage increases, inflation (especially Energy and Health & Welfare), increases in Depreciation and increases in maintenance

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<sup>2</sup> The Total Operating Expense line in the MTA Consolidated Statement of Operations by Category table now includes Bridges & Tunnels depreciation.

requirements. When compared with the 2007 Forecast in the February Plan, expenses are \$334 million higher. The increase in uncontrollable costs (Energy, Health & Welfare, Pensions) combined with new maintenance requirements and the inclusion of a consolidated pattern labor provision are primarily responsible for this increase. Offsetting a portion of these increases are 2007 favorable baseline re-estimates of \$27 million.

### **2008 – 2010 Forecast**

The July Forecast includes increases to the baseline in the out years mainly as a result of higher costs for Energy, Health & Welfare, Pensions, and higher maintenance needs. In addition it includes lower projections for Toll/Fare revenue and a pattern labor provision. The following pages provide a more detailed description of the assumptions used in formulating the 2007 Preliminary Budget and the forecasts for the years 2008 through 2010.

## **OTHER REVENUE**

Other Operating Revenue growth from 2006 through 2010 (from \$417 million in 2006 to \$462 million in 2010, or 10.9%, over the period) 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 Urban Tax revenues used to partially fund Paratransit expenses. LIRR's year-to-year growth is primarily due to contractual and inflationary increases. For MNR, the impact of investment in GCT restoration projects (East Restroom and Vanderbilt Hall) necessary to preserve the GCT revenue stream is reflected in 2007-2010. The completion of restoration work on Vanderbilt Hall and resumption of Holiday Market are assumed for 2009. The years 2007-2010 primarily incorporate the initiation of higher West of Hudson Parking fees and contractually based increases in GCT tenant fees and advertising revenues. B&T Other Revenues decline in 2007 primarily due to the New York State legislated repeal of the \$1 per month E-Z Pass account fee effective June 1, 2006. This decrease is offset by Total Other Operating Revenue increases from 2008-2010 resulting primarily from expected growth in parking receipts at the Battery Parking Garage as economic conditions in Lower Manhattan continue to improve.

The February Plan to July Plan decreases in 2006 through 2010 are mostly the result of the repeal by the New York State Legislature of the \$1 per month E-Z Pass account fee effective June 1, 2006. The decrease is partially offset by annual increases in advertising revenue from a new contract at NYCT.

The July Financial Plan now includes revenue for the MTA Bus Company. MTA Bus Company's Other Operating Revenue was \$4 million in 2006 and \$4 million in 2007-2010.

## **PAYROLL**

Consolidated payroll expenses from 2006 through 2010 are influenced by a number of factors including position levels, Global Insight inflation assumptions, deferred salaries & wages, and capital project activity. Overall, Global Insight CPI inflation increases for the MTA Region used in the July Plan are unchanged from the February Plan and are 2.56% in 2007, 2.91% in 2008, 3.07% in 2009 and 3.20% in 2010.

## **2006 Mid-Year Forecast**

Consolidated payroll expenses of \$3,536 million are forecasted to be \$26 million or 0.74% higher than the 2006 February Plan. The bulk of this increase is due to NYCT (\$23 million) and MTA HQ (\$4 million), partially offset by a favorable variance at the LIRR of \$1 million.

NYCT's higher payroll is caused primarily by increases in total baseline positions of 213 and includes a technical change which adds 98 non-reimbursable positions for platform coverage (previously reimbursed by MTAHQ) and additional service-related position requirements for buses and paratransit. Delays in the implementation of Automated Train Supervision (ATS) and the elimination of "G" Line OPTO are responsible for another 72 positions. MTA HQ's increase primarily reflects an adjustment for higher vacation accrual and an additional 25 positions in the areas of Human Resources, Treasury/Finance, Corporate Compliance and to staff an Office of Preparedness. The LIRR's decrease of \$1 million is primarily due to lower average headcount.

## **2007 Preliminary Budget**

MTA consolidated payroll expenses of \$3,631 million are \$94 million (2.67%) more than 2006. This change is primarily caused by an assumed labor rate increase of 2.56%.

Payroll expenses are forecasted to be \$46 million higher than the February Plan for 2007. The increases are composed of NYCT (\$38 million), LIRR (\$2 million), MTA HQ (\$3 million), B&T (\$1 million), and MNR (\$1 million).

NYCT's change is mainly the result of total position increases of 503 in 2007. This increase includes 169 positions to support additional maintenance requirements, additional service-related requirements adding 102 positions and the reinstatement of 102 positions due to prior year PEG implementation adjustments. Higher payroll expenses at the LIRR are caused by increases in total positions of 91 resulting from identified New Needs and other increases. MTA HQ's payroll increase is due to 44 additional positions for New Needs in the areas of Human Resources, Corporate Communications, Treasury/Finance and to staff the new MTA Police Department facilities. B&T's additional payroll expenses are caused by contractual step-up increases and by an additional 14 positions composed of Sergeants for training, Internal Security to staff the Security Operations Center and positions in Engineering and Construction. MNR's additional payroll expenses are also driven by 59 position increases in support of Grand Central Terminal maintenance, fleet maintenance and the M3 Critical System Replacement program.

## **2008 – 2010 Forecast**

Consolidated payroll expenses in 2008 of \$3,748 million are \$117 million (3.23%) more than 2007. This change is primarily caused by an assumed labor rate increase of 2.91%. On a year-to-year basis payroll expenses in 2009 and 2010 of \$3,871 million and \$3,980 million increase \$123 million (3.27%) and \$109 million (2.83%) from the prior years. These increases are due mostly to assumed labor rate inflators of 3.07% in 2009 and 3.20% in 2010.

Consolidated payroll expenses from 2008 through 2010 increase from the February Plan by \$44 million, \$68 million and \$68 million, respectively. The primary cause of payroll increases is position increases at NYCT. Total baseline positions are projected

to increase by 548 in 2008, 783 in 2009 and 655 in 2010. These increases include positions for support of additional maintenance requirements and additional service-related requirements. Changes from the February Plan at other agencies are generally continuations of those identified above for 2006 and 2007.

MTA Bus Company Payroll expenses are \$165 million in 2006, \$184 million in 2007, \$190 million in 2008, \$195 million in 2009 and \$202 million in 2010.

## **OVERTIME**

MTA consolidated overtime expenses from 2007 to 2010 use the following Global Insight CPI rates: 2.56% in 2007, 2.91% in 2008, 3.07% in 2009 and 3.20% in 2010. These rate assumptions are consistent with those used in the February Financial Plan.

### **2006 Mid-Year Forecast**

Consolidated overtime expenses of \$375 million are forecasted to be \$22 million more than the February Plan.

NYCT's overtime expenses are \$16 million more than the February Plan. Of this change, \$13 million is attributable to unscheduled overtime requirements for vacancy coverage and the impact of the February 2006 snowstorm. The LIRR's overtime expenses increase \$4 million based upon higher actual expenses during the first several months of 2006. MNR is \$1 million more than the February Plan due to increased positions from New Needs and emergency coverage requirements.

### **2007 Preliminary Budget**

Consolidated overtime expenses of \$357 million are \$18 million (2.67%) less than 2006. This decrease is due to incident and non-recurring trends in the 2006 Mid-Year forecast that are not expected to continue into 2007 such as unscheduled overtime requirements for vacancy coverage at NYCT and the MTA-wide impact of the February 2006 snowstorm. This decrease in overtime is partially offset by an assumed labor rate increase of 2.56%.

Consolidated overtime expenses are forecasted to be \$1 million less than the figures identified in the February Plan. The LIRR's overtime decreases by nearly \$4 million from the February Plan largely as a result of position increases that offset overtime requirements. NYCT's overtime assumption increases by \$2 million (0.8%) from the February Plan as a result of additional bus service requirements for 2007 to 2010.

### **2008 – 2010 Forecast**

Consolidated overtime expenses in 2008 of \$365 million are \$8 million (2.34%) more than 2007. This change is primarily caused by an assumed labor rate increase of 2.91%. On a year-to-year basis overtime expenses in 2009 and 2010 of \$379 million

and \$393 million increase \$13 million (3.70%) and \$15 million (3.86%) from the prior years. These increases are due mostly to assumed labor rate inflators of 3.07% in 2009 and 3.20% in 2010.

Consolidated overtime assumptions for 2008 are \$1 million less than the February Plan. 2009 and 2010 figures increase by \$1 million and \$3 million, respectively, from the February Plan.

MTA Bus Company Overtime expenses are \$29 million in 2006, \$18 million in 2007, \$19 million in 2008, \$19 million in 2009 and \$20 million in 2010.

## HEALTH & WELFARE

Year-to-year increases are primarily driven by inflators provided by The NYS Department of Civil Service (DCS) (14.8% in 2007, 10.7% in 2008-2010) and changes in headcount levels. Health & Welfare expenses increased by \$115 million in 2007 (13.6%) over 2006.

When compared with the February Plan, expenses are \$16 million lower in 2006 primarily due to lower rates for NYCT employees\*. For MTAHQ, increases in the July Financial Plan for 2006 result from an increased accrual for growing costs for retirees.

Increases from the February Plan in the years 2007-2010 are primarily the result of higher inflation assumptions (the February Plan assumed an inflator of 9.3% through 2010). Higher employee levels are also impacting this category.

The July Financial Plan now includes expenses for the MTA Bus Company. MTA Bus Company expenses were \$22 million in 2006, \$32 million in 2007, \$36 million in 2008, \$40 million in 2009 and \$44 million in 2010.

## PENSIONS

MTA Consolidated Pensions July Financial Plan (\$ in millions)					
	2006	2007	2008	2009	2010
Accrual					
Non-Reimbursable	\$711	\$796	\$811	\$810	\$807
Reimbursable	33	45	45	47	49
Total Accrual	744	841	856	857	856
Cash	735	781	820	843	843

\* Revised text, August 2006

2006 non-reimbursable accrued Pension expenses decrease from the February Plan. This change is mainly due to revised NYCERS assumptions. A favorable NYCERS pension revaluation from recently-enacted New York State legislation results in a \$149 million favorable change in 2006 accrued pension expenses. This is mostly offset by an MTA Policy Action that expenses \$121 million, which is equivalent to the generated cash savings from the revaluation in 2006 and deposits it in a special Government Accounting Standards Board (GASB) fund. An additional \$27 million is forecast to be deposited in 2007, equivalent to the remainder of the 2006 accrued revaluation savings. This fund is being set up in response to new standards that require companies to account for post-retirement liabilities of "Other Than Pension Benefits" (OTPB) in their Financial Statements. These rules, which take effect in 2007, have prompted employers to begin looking at these liabilities that stem from OTPB costs for future retirees. In fact, the City has already started by setting aside substantial funds for this in its most recent budget. The State comptroller has endorsed the City's actions to prepare to fund these liabilities.

The difference of \$26 million between cash and accrual primarily reflects the difference in City fiscal year used to accrue NYCERS pension costs, and the calendar year cash payouts. While short-term savings are generated from the revaluation, NYCERS expenses from 2007 to 2010 increase from the February Plan based upon the revaluation.

MTA Consolidated Pensions July Financial Plan vs. February Financial Plan Favorable / (Unfavorable) (\$ in millions)				
	2006	2007	2008	2009
Accrual				
Non-Reimbursable	\$26	(\$41)	(\$51)	(\$52)
Reimbursable	3	0	(1)	(1)
Total Accrual	29	(41)	(52)	(53)
Cash	(\$31)	(\$5)	(\$33)	(\$54)

### Accrual Assumptions

The non-reimbursable accrued pension expense increase from 2006 to 2007 is over \$80 million, reflecting increased 2007 costs in the NYCERS Plan associated with the revaluation. It also reflects 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 Metro-North July Plan assumes that members of Metro-North's Defined Contribution Plan remain in that plan. However, pending the outcome of current, on-going labor negotiations, these employees may transfer to the Defined Benefit Plan. If that occurs, any pension payment adjustments as determined by Actuarial Evaluation would be included in a subsequent Financial Plan update.

The increases from 2007 to 2010 are much less significant in large part because by that time all the NYCERS losses will have been amortized with the balance comprised of small adjustments throughout the pension plans.

### Cash Assumptions

The differences between cash and accrual result from a number of factors. For the NYCERS Plan the accruals recognize liabilities sooner than the required cash payments. 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 2010 the differences between NYSLRS plan accrual and cash continue, but are far less significant. Additionally, B&T Pension expenses are not included in the cash Pension figure because B&T is not included in the MTA Consolidated cash figures (only the accruals).

### **PATTERN LABOR PROVISION**

The Agency submissions are consistent with the provisions of the February Plan which include inflators for represented employees of 2.77% in 2006, 2.56% in 2007, 2.91% in 2008, 3.07% in 2009 and 3.20% in 2010. In the case of the commuter railroads and Staten Island Railway, for those unions that have settled, the contracts run through 2006. For the commuter railroads and Staten Island Railway, the pattern labor provision assumes a settlement of 4% in 2007, and 3.5% in 2008. For all other groups, the pattern labor provision assumes a settlement of 3% in 2006, 4% in 2007, and 3.5% in 2008. For all groups, the provision then reverts back to the inflators reflected in the Agency numbers for 2009 and 2010. Note that other provisions in the pattern labor provision result in increases that exceed the general settlement for 2006, 2007 and 2008. These provisions, which are unique to certain agencies and contracts, also result in slight differences between Agencies.

### **TRACTION AND PROPULSION POWER**

2006 is the first full year of the Long-Term Agreement ("LTA") between New York Power Authority ("NYPA") and MTA that runs through 2017. The LTA dedicates many of NYPA's assets to serve its New York City governmental customers including two power plants in New York City, dedicated transmission lines from upstate, and a purchase power agreement with Entergy for below market nuclear energy.

The above described assets limit the exposure of volatility in the energy markets but do not eliminate it completely. NYPA's costs for fuel and power will add \$10 million to MTA's cost of service for 2006.

NYPA has provided a preliminary cost of service for 2007. Based on current energy prices and projections, NYPA estimates that costs will increase 10% in 2007 compared to 2006. In addition, as a part of a three-year rate case, Con Edison will increase its delivery charge by 12% beginning April 2007. The combination is estimated to increase MTA's overall cost by 10.2% in 2007 compared to 2006.

Long Island Power Authority implemented a Fuel Cost Rate Adjustment in 2006 of 20% and communicated that it does not expect to raise rates again in 2007. Connecticut Light and Power increased rates by 23% in 2006 and we have assumed no additional increase for 2007. For 2008 through 2010, based on the New York Independent Systems Operator ("ISO") and other forecasts of available energy resources in the New York City area, as well as increased energy on Long Island due to the introduction of the Neptune Line from New Jersey, we have assumed no increase in the cost of electricity.

The net impact in 2007 is \$30 million, or 11% higher than the February Plan.

Also included in Agency budgets are adjustments for service enhancements. These are described in detail in each of the individual Agency write-ups.

## **FUEL FOR BUSES AND TRAINS**

In the February Plan, the cost for Fuel for Trains and Buses was based on the average prices in the months following Hurricane Katrina. Those averages for various grades of diesel and natural gas were used to forecast prices for 2006. As a mid-year adjustment to the 2006 budget, agencies reflected their actual costs for January through May, and forecast the remainder of the year at the peak price recorded at the end of May. The impact of this adjustment is an overall increase of \$10 million for 2006 or 6.6% over the 2006 February Plan.

For 2007, MTA assumed the peak price in May 2006 would be the average price for 2007. This lines up closely with forward prices for fuel for 2007 on the New York Mercantile Exchange (NYMEX) including the premium cost of a price cap. This is significantly higher than the February Plan for 2007 which were based on Global Insight projections that assumed prices would decline by approximately 10%. The net impact in 2007 is \$39 million, or 27% higher than the February Plan. Since there is no forward economic market beyond 2007, the assumptions for the outer years reflect Global Insight Inflatons of -5.1%, -4.9% and 0% for years 2008 through 2010.

Also included in Agency budgets are adjustments for service enhancements. These are described in detail in each of the individual Agency write-ups.

## **INSURANCE**

Year-to-year increases in Insurance expenses are primarily driven by a growth rate of 10% per annum based on an assessment of market conditions made by MTA's Risk Management Department. In 2008, a significant increase in Insurance expenses reflects the renewal of several multi-year policies, including All-Agency Environmental Liability, Travel Accident, and Comprehensive Automotive Liability policies.

Compared to the February Plan, Insurance expenses are only slightly higher in 2006, but grow higher than those shown in the February Plan in each year from 2007-2010. This is primarily due to an overall increase in the market for property insurance as a result of Hurricanes Katrina, Wilma and Rita in 2005.

The First Mutual Transportation Assurance Company (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.

The July Financial Plan now includes MTA Bus expenses for Insurance. MTA Bus Company's insurance expenses are \$14 million in 2006, \$14 million in 2007, \$16 million in 2008, \$17 million in 2009 and \$19 million in 2010.

## **CLAIMS**

On a year-to-year basis, Claims expenses increase in each year of the Plan. Year-to-year changes are primarily driven by inflation assumptions. The 2006 Mid-Year Forecast is primarily based on actual results through April 2006. Thereafter, year 2007-2010 are based on inflation assumptions and historical performance.

On a plan-to-plan basis, Claims expenses are lower than the February Plan primarily due to favorable developments in Claims expenses and reserve adjustments based on actuarial estimates.

The July Financial Plan now includes MTA Bus Claims expenses. MTA Bus expenses for Claims are \$3 million in 2006, \$6 million in 2007, and \$8 million in each year from 2008 to 2010.

## **PARATRANSIT SERVICE CONTRACTS**

Expenses increase from \$191 million in 2006 to \$355 million in 2010 or 86.1% over the period. The annual percentage increase per year is 19.5% in 2007, 16.6% 2008, 14.7% 2009 and 16.5% 2010. The primary driver of these expense increases is projected annual ridership growth of 15% (which is consistent with the February Plan) and cost-per-trip inflation projections based upon current carrier contracts, which includes CPI assumptions.

In 2006, expenses decreased slightly (0.7%) from February to July mostly due to the timing of carrier service charges, delays in dispatch & scheduling system upgrades and lower-than-anticipated vehicle rehabilitations. From 2007 to 2009, expenses increased between February and July primarily due to higher CPI rate increases for eight primary carriers, and the mobilization and fixed costs for two carriers that have agreed to increase their service fleet. The July Plan increases expenses compared with the February Plan in 2007 through 2009 by \$5 million in 2007, \$6 million in 2008, and \$1 million in 2009.

## **MAINTENANCE AND OTHER OPERATING CONTRACTS**

Expenses for Maintenance and Other Operating Contracts for all MTA Agencies are inflated by Global Insight's CPI-U forecasts in each year from 2007 through 2010. In addition to these inflationary increases, NYCT includes the NYPA annual rate increase of 10.2% for facility power in 2007. NYCT anticipates no additional NYPA increases for years 2008-2010. MNR includes increased expenses for equipment maintenance programs for additional overhaul costs for East and West of Hudson locomotives. These costs are reduced in 2010 with the completion of the West of Hudson locomotive overhaul program. Also included in 2007 are increased costs for Extraordinary Landmark Maintenance in Grand Central Terminal, partially offset by a decrease in car disposal costs. LIRR includes changes in the Concrete Tie Replacement Program, the decommissioning of the M-1 fleet, contract renewal increases, and higher utility costs. Years 2008-2010 reflect only spot replacements in the Concrete Tie Replacement Program and the elimination of the M-1 fleet.

B&T's expenses are higher in 2007 than 2006 primarily due to bridge painting requirements at the Throgs Neck Bridge and additional costs associated with start-up costs for the E-ZPass Customer Service Center, which was originally planned for 2006. Included in 2009 are expenses for the painting of the Bronx Whitestone towers and Throgs Neck approach spans. In 2010, increased costs are expected for the E-ZPass Customer Service Center resulting from the onset of the E-ZPass tag replacement program.

SIR's expenses reflect the NYPA annual rate increase of 10.2% for facility power in 2007. SIR anticipates no additional NYPA increases for years 2008-2010. Included in the 2008 projection is an estimated \$7 million of fleet maintenance expenses that will be required to maintain the safety and reliability of the 64-car fleet until anticipated replacement in 2014. LIB expenses also reflect increased costs for utilities as well as increased costs associated with extended lifecycle of Paratransit vehicles. MTAHQ expenses reflect increases in contracts that were renegotiated in 2006 for maintenance and repair work for MTAHQ facilities.

Compared to the February Plan, NYCT expenses are unfavorable primarily due to increases in subway car and bus maintenance costs based upon additional work requirements and the NYPA rate increase. MNR's expenses are favorable compared to the February Plan in 2006 primarily due to the rescheduling of the Genesis locomotive

overhaul project. For years 2007-2010, MNR's expenses are unfavorable compared to the February Plan, primarily as a result of increased costs for equipment overhaul programs. LIRR is favorable compared to the February Plan in 2006 and 2010, but unfavorable in 2007 through 2009. These variances reflect changes in the Concrete Tie Replacement Program, the decommissioning of the M-1 fleet, contract renewal increases, and higher utility costs. Years 2008-2010 reflect only spot replacements in the Concrete Tie Replacement Program and the elimination of the M-1 fleet.

B&T is favorable in 2006 compared to the February Plan primarily due to the timing of start-up costs for the new E-ZPass Customer Service Center initially set to begin in 2006, but delayed to 2007. The favorable variance from the February Plan to July Plan in 2010 is primarily due to a decrease in bridge painting expenses at the Throgs Neck and Bronx Whitestone bridges as a result of rescheduling of projects and revised engineering estimates.

The July Financial Plan now includes MTA Bus expenses. Maintenance and Other Operating Contracts expenses for MTA Bus are \$27 million in 2006, \$24 million in 2007, \$25 million in 2008, \$25 million in 2009 and \$26 million in 2010. These expenses include costs for bus and facility maintenance and repair work as well as environmental remediation. Examples include asphalt and roof repairs, fuel tank repairs, emergency electrical and plumbing work, and depot abatements and rebuilds.

## **PROFESSIONAL SERVICE CONTACTS**

Increases in Professional Service Contracts for all agencies for 2007 through 2010 are inflated primarily by Global Insight's Regional CPI-U forecasts.

The LIRR reflects an unfavorable change of \$3 million in 2007 from 2006, primarily due to expenses related to the PeopleSoft Human Resource and Payroll systems implementation. MNR expenses increase mostly due to higher New Jersey Transit Subsidy Requirements resulting from the renegotiated contract. B&T expenses increased by \$2 million from 2006 to 2007 due to a re-estimate of bond insurance fees, legal services, training and planning studies, and CPI-U increases.

Decreases from the February Plan are due primarily to a technical adjustment transferring ongoing NYCT and B&T security costs from MTAHQ.

The July Financial Plan now includes expenses for the MTA Bus Company. MTA Bus Company expenses were \$3 million in 2006, \$7 million in 2007, \$7 million in 2008, \$8 million in 2009 and \$8 million in 2010.

## **MATERIALS & SUPPLIES**

All-Agency increases in Materials and Supplies for 2007 through 2010 are inflated primarily by Global Insight's Regional CPI-U forecasts.

Materials and Supplies costs increase \$46 million or 10.7% between 2006 and 2007 due to significant increases in maintenance requirements. The LIRR reflects an increase of \$29 million between 2006 and 2007 primarily due to Maintenance of Equipment material needs associated with changes in the Life-Cycle Maintenance program and an increased fleet, which partially offset in 2007 by the completion of the Concrete Tie Replacement Program. MNR expenses increase in years 2007 from 2006 by \$9 million primarily due to the expanding maintenance program on the M3 car fleet. NYCT non-reimbursable expenses are projected to increase by \$8 million in 2007 from 2006, primarily due to the timing of subway and bus scheduled maintenance programs. B&T expenses increase \$1 million in 2007 from 2006 primarily due to E-ZPass tag purchases. B&T expenses increase in years 2009 and 2010 by \$3 million and \$23 million due to the need to undertake a new E-ZPass tag replacement program. MTAHQ expense changes between 2007 and 2010 were based on anticipated spending primarily for MTA Headquarters operations.

Significant increases from the February Plan will result from NYCT's additional requirements for subway car maintenance (including major overhauls), bus maintenance and materials. MNR expenses increased from the February Plan due to additional requirements for spare parts for the M7 and M8 Cars and maintenance for Grand Central Terminal. The LIRR's expenses increase primarily due to additional materials (Diesel C3 HVAC, Truck Rough Riders, and BOM's) and maintenance requirements for the new Babylon to Speonk signal system.

The July Financial Plan now includes expenses for the MTA Bus Company. MTA Bus Company expenses were \$26 million in 2006, \$34 million in 2007, \$35 million in 2008, \$36 million in 2009 and \$37 million in 2010.

## **OTHER BUSINESS EXPENSES**

Increases in Other Business Expenses in 2006-2010 are inflated primarily by MTA Regional CPI-U forecasts provided by Global Insight.

MTA Long Island Railroad changes from 2006 to 2007 are in part due to credit/debit authorization fees and an increase in the Mineola Building loan repayment. 2008-2010 include inflationary increases. The July Plan increases expenses compared with the February Plan in 2006 through 2010 by \$2 million in 2006-2007, \$10 million in 2008 (due to increases in MTA Internal Subsidy) and \$4 million in 2009-2010.

The July Financial Plan now includes expenses for the MTA Bus Company. MTA Bus Company expenses were \$0.2 million in 2006-2010.

## **Status of the 2006 PEGs**

The February Plan included, within its baseline, 2006 Program to Eliminate the Gap (PEG) savings of \$42 million and 143 positions in 2006; \$44 million and 146 positions in 2007; \$47 million and 147 positions in 2008; \$50 million and 147 positions in 2009; and \$51 million and 147 positions in 2010. These programs remain in the baseline and are monitored quarterly; however a re-estimate of these PEGs for the July Plan includes a slight reduction in the value of these PEGs. The baseline value of these PEGs is now \$39 million and 138 positions in 2006; \$41 million and 141 positions in 2007; \$45 million and 142 positions in 2008; \$48 million and 142 positions in 2009; and \$49 million and 142 positions in 2010.

NYCT's 2006 PEG savings are reduced by \$2 million and 5 positions. This results from delays in implementing the "Disease Management Program" (-\$1.4 million), and the "Grand Concourse Master Tower Savings" initiative (-\$.2 million and 5 positions.) PEG savings for the Disease Management Program are not expected until September, 2007 and result from a lengthy contract/procurement process. Delays in re-signalling the Grand Concourse line (capital project) are likewise responsible for reduced savings in the other PEG.

The LIRR's 2006 PEG savings are reduced by \$1 million. This is due to delays in implementing the "M7 - 45 to 90 Day Inspection" PEG (-\$.5 million) until July, 2006, and the rescission of the "Additional Parking Fees" PEG (-\$.6 million) because of a lack of agreement with affected municipalities.

B&T's 2006 PEG savings are reduced by \$.1 million. A decision was made by management not to proceed with the Arrest Processing Center, resulting in a rescission of the "Law Enforcement Overtime" PEG.

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## **Positions (Headcount)**

## **POSITIONS (Headcount)**

### **2006 Mid-Year Forecast**

#### **Plan-to-Plan**

MTA consolidated baseline positions of 65,175 are 254 higher than the 2006 Adopted Budget. Non-Reimbursable positions are forecast to increase by 452 and Reimbursable positions to decrease by 198. Total positions increase by 213 at NYCT, 36 at MTA HQ, 24 at MNR, 22 at LIRR, 8 at B&T and 5 at LIB, while positions decrease by 54 at MTA CC. Position increases in Operations (+156), Administration (+72), Maintenance (+44) and Public Safety (+10), are slightly offset by reductions in Engineering (-28).

Administration positions increase in NYCT (+43), MTAHQ (+30), the LIRR (+22) and LIB (+1), and decrease in MTACC (-22) and MNR (-2). NYCT's increase is primarily in Human Resources to provide services to MTA Bus and improve employee benefits; in Materiel to support Paratransit contracting activity and asset recovery; in Labor Relations to support employee availability improvement efforts and Taylor Law hearings; and in the Office of the EVP to support MTACC mega-projects (e.g 2<sup>nd</sup> Avenue Subway, Fulton St. Transit Center and South Ferry). MTAHQ's increase is primarily in the Office of the General Counsel to manage the DBE/MBE/WBE Program and staff the Contract Compliance Unit; in Human Resources to provide training, support the MTA Bus Company and implement a performance management system; and in the Real Estate Department to supplement the leasing and acquisition staff and many other real estate activities. The LIRR's increase is primarily due to reclassifications of Material Coordinators from the Maintenance category, additional positions to support the East Side Access project, and positions to assist in collections of delinquent fares and for the Budget department. MTACC's reduction is due primarily to the timing of hires to coincide with delayed capital program activity.

The 2006 Adopted Budget included within its baseline, headcount reductions associated with the approved 2006 Program to Eliminate the Gap of 143 in 2006, 146 in 2007, 147 in 2008 and 147 in 2009.

NYCT's increase is due to platform coverage requirements of 98 positions (formerly reimbursable, now non-reimbursable) and additional Bus and Paratransit service requirements of 51 positions. Additional increases are due to PEG implementation delays related to "Automated Train Supervision/Communication Based Train Control" and "G Line OPTO", which add 33 and 39 positions, respectively.

MTAHQ's increase is mainly due to the addition of 11 positions in the areas of HR, Treasury and Finance, 8 positions in the area of Corporate Compliance and 6 positions to staff an Office of Preparedness to coordinate interagency security issues, grants, and funding.

MNR's increase is mainly due to enhanced maintenance for Grand Central Terminal (17 positions) and Maintenance of Equipment (15 positions) with reductions of 7 positions in Operations.

LIRR's increase is mainly due to increases of 39 positions in Operations (primarily in Transportation) and 23 positions primarily in the areas of Procurement and Service Planning/Technology. These increases are partially offset by position reductions of 40 in the areas of Engineering, Passenger Service (excluding Ticket Selling) and Procurement (Stores).

MTA CC's decrease of 54 Reimbursable positions is mainly due to delays in hiring. These delays are caused by the deliberate timing of staffing to meet the needs of capital construction projects.

Minor position increases occur at B&T (+8) and LIB (+5), while positions at SIR do not change.

The MTA Bus Company Plan, which is not included in the consolidated figures above, has total baseline positions of 3,310 in each of the years 2006 through 2011.

## **2007 Preliminary Budget**

### **Year-to-Year (2007 vs 2006)**

The MTA consolidated 2007 baseline reflects positions of 64,979, which are 196 less than the 2006 Mid-Year Forecast. Non-Reimbursable positions decrease by 12 and Reimbursable positions decrease by 184. Positions decrease by a net 387 at NYCT, while positions increase by 71 at MNR, 48 at the LIRR, 10 at MTA HQ, 6 at B&T and 2 at SIR.

NYCT's decrease is made up of reductions of 223 Reimbursable and 164 Non-Reimbursable positions. Positions decreased in Operations (-295), Maintenance (-48), Public Safety (-34) and Administration (-10). Position reductions reflect the anticipated completion of in-house capital construction and security projects as well as PEG reductions already in the baseline. Most of these reductions are reinvested as an increase in maintenance-related activities (+169).

MNR's increase is made up entirely of 71 Non-Reimbursable positions. Positions increase in Maintenance (+69), Operations (+3) and Engineering (+2), and decrease in Administration (-1). Maintenance position increases result primarily from security based initiatives in GCT, maintenance increases for the M3 CSR program, and staff to perform GCT extraordinary landmark maintenance.

LIRR's increase is made up of 39 Reimbursable and 9 Non-Reimbursable positions. Positions increase in Maintenance (+65) and Engineering (+2), and decrease in

Operations (-18) and Administration (-1). Reimbursable position increases are consistent with the needs of the Capital Program, as well as changes in other reimbursable projects.

#### Plan-to-Plan (Mid-Year Forecast vs February Plan)

Baseline positions are increasing by 716 compared with the February Plan. Non-Reimbursable positions increase by 872 and Reimbursable positions decrease by 156. Positions increase by 503 at NYCT, 91 at the LIRR, 59 at MNR, 44 at MTA HQ, 14 at B&T and 5 at LIB.

NYCT's increase is made up of an increase of 521 Non-Reimbursable positions and a decrease of 18 Reimbursable positions. Positions increase in Operations (+231), Maintenance (+216), Administration (+50) and Public Safety (+6). These increases include 169 positions to support additional maintenance requirements, 102 positions related to additional service requirements, and 102 position reinstatements resulting from prior year PEG implementation adjustments (e.g. "ATS/CBTC implementation delays" and "G Line OPTO")

LIRR's increase is made up of an increase of 96 Non-Reimbursable positions and a decrease of 5 Reimbursable positions. Positions increase in Maintenance (+30), Administration (+22), Operations (+21) and Engineering (+18). These additions are designed to keep pace with a variety of programmatic requirements such as the Babylon to Speonk signalization program, additional staffing in the Transportation Department, and Maintenance of Equipment training for new hires.

MNR's increase is made up of an increase of 48 Non-Reimbursable positions and 11 Reimbursable positions. Positions increase in Maintenance (+70) and decrease in Operations (-7) and Administration (-4). Maintenance position increases result primarily from security based initiatives in GCT, maintenance increases for the M3 CSR program, and staff to perform GCT extraordinary landmark maintenance.

MTA HQ's increase is made up of 42 Non-Reimbursable positions and 2 Reimbursable positions. Positions increase in Administration (+30) and Public Safety (+14). New Needs in the areas of HR, Corporate Communications, and Treasury/Finance account for most of the Administrative position increases, while hiring to staff the new MTA Police Department facilities account for Public Safety position increases.

#### **2008 – 2010**

##### Year-to-Year

Total forecasted position levels decrease by 138 from the end of 2007 to the end of 2010. Positions increase by 169 in 2008 and 14 in 2009, and drop by 321 in 2010. Agencies with the largest position changes at the end of the three-year period are

NYCT with a reduction of 272, MNR with an increase of 118 and the LIRR with an increase of 16.

NYCT's decrease is made up of reductions of 285 Reimbursable positions and increases of 13 Non-Reimbursable positions. Positions decrease in Maintenance (-254) and Operations (-31) and increase in Administration (+10) and Public Safety (+3). The large reduction in positions is primarily due to in-house Capital Construction and Security projects ending in 2006 and 2007.

MNR's increase is made up entirely of 118 Non-Reimbursable positions. Positions increase in Operations (+77), Maintenance (+40) and Administration (+1). The increases are primarily due to a continuation of new cleaning and maintenance-related initiatives for GCT, staffing of the New Haven Shop and the support of security improvements.

When compared with the February Plan, positions are higher in each of the out-years: by 788 in 2008, 994 in 2009, and 869 in 2010. Positions increase in 2008 at NYCT (+548), the LIRR (+123), MNR (+54), MTA HQ (+44), B&T (+14) and LIBus (+5). NYCT's increase is primarily due to hiring in support of additional service and maintenance initiatives.





**Metropolitan Transportation Authority**  
**July Financial Plan 2007 - 2010**  
**Baseline Total Full-time Positions and Full-time Equivalents by Function and Occupational Group**  
(Excludes MTA BUS COMPANY)

FUNCTION/OCCUPATIONAL GROUP		2006 Mid-Year Forecast	2007	2008	2009	2010
<b>Administration</b>						
	Managers/Supervisors	1,643	1,650	1,646	1,644	1,642
	Professional, Technical, Clerical	2,769	2,769	2,769	2,786	2,785
	Operational Hourlies	33	33	33	33	33
	Total Administration	4,445	4,452	4,448	4,463	4,460
<b>Operations</b>						
	Managers/Supervisors	2,913	2,916	2,917	2,902	2,900
	Professional, Technical, Clerical	1,166	1,172	1,183	1,182	1,180
	Operational Hourlies	24,611	24,292	24,325	24,365	24,346
	Total Operations	28,690	28,380	28,425	28,449	28,426
<b>Maintenance</b>						
	Managers/Supervisors	4,434	4,485	4,490	4,483	4,455
	Professional, Technical, Clerical	2,601	2,583	2,594	2,590	2,580
	Operational Hourlies	21,370	21,425	21,541	21,533	21,276
	Total Maintenance	28,405	28,493	28,625	28,606	28,311
<b>Engineering/Capital</b>						
	Managers/Supervisors	494	494	490	481	482
	Professional, Technical, Clerical	1,502	1,536	1,538	1,535	1,535
	Operational Hourlies	2	2	2	2	2
	Total Engineering/Capital	1,998	2,032	2,030	2,018	2,019
<b>Public Safety</b>						
	Managers/Supervisors	147	137	136	133	132
	Professional, Technical, Clerical	162	153	152	151	151
	Operational Hourlies	1,328	1,332	1,332	1,342	1,342
	Total Public Safety	1,637	1,622	1,620	1,626	1,625
<b>MTA Consolidated</b>						
	Managers/Supervisors	9,631	9,682	9,679	9,643	9,611
	Professional, Technical, Clerical	8,200	8,213	8,236	8,244	8,231
	Operational Hourlies	47,344	47,084	47,233	47,275	46,999
	Total MTA Consolidated	65,175	64,979	65,148	65,162	64,841

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## **IV. Gap Closing Programs and Other Policy Actions**

## **IV. Gap Closing Programs and Policy Actions**

### **Proposed Policy Actions**

The 2006 Adopted Budget reflected \$600 million set aside from the 2005 cash surplus to fund the following: \$450 million to reduce outstanding pension fund liabilities, \$100 million for capital security initiatives and \$50 million for the 2005 Holiday Fare Program. An additional \$100 million was included in the 2006 policy actions to be earmarked for a 2006 Holiday Program (\$50 million) and agency service enhancements (\$50 million).

The discussion below reflects the current status of the policy actions reflected in the February Financial Plan as well as new initiatives proposed as part of the July Plan.

### **February Plan Policy Actions:**

Pension Fund Liabilities Reduction/Pension Earnings – As reflected in the Adopted Budget, \$450 million was set aside at the end of 2005 to reduce pension liabilities. The actual deposits into employee pension funds have been delayed until the end of July 2006. As a result, the anticipated savings in pension costs will not be realized until the second half of 2006. These funds have been invested in short-term instruments pending deposit into the pension funds. As a result, the anticipated earnings in 2006 have been reduced from \$42 million in the February Plan to \$21 million in the July Plan. The earnings in the subsequent years remain unchanged from the February Plan, \$42 million annually.

Capital Security Initiatives – \$100 million was set aside for these programs, and \$85 million has been identified and transferred to the capital program and agency budgets. The remainder is expected to be programmed during the second part of 2006.

2005 Holiday Fare Program - \$50 million was set aside from the 2005 closing cash balance for this program. The 2005 actuals reflect the costs for this program as incurred by the agencies in the appropriate line items, e.g. fare revenue and various expense costs. In addition, agency baseline estimates for the 2006 Mid-Year Forecast include the costs incurred for this program in early 2006, which stemmed from the use of MetroCards and commuter rail free tickets that continued to be valid. The \$50 million that was set aside in 2005 was released and reprogrammed back to the agencies to cover the 2005 and 2006 costs of this program. As a result, the policy actions reflected in the MTA Consolidated Financial Plan reflects a positive \$50 million below the line.

Service Enhancements - Below-the-line Service Enhancements of \$50 million in 2006 and \$35 million in each of the years 2007 through 2009 were approved by

the Board in December on an MTA consolidated basis. These programs were incorporated into the Agency baselines as part of the February Financial Plan. At that time, the estimates for these programs were more fully refined, and the combined net cost of these programs was anticipated to be \$42.6 million in 2006, \$37.6 million in 2007, and \$28.0 million in both 2008 and 2009. The result was an unallocated portion of \$7.4 million in 2006, \$7.0 million in 2008 and \$7.2 million in 2009. In the February Plan, these programs reflected a cost of \$37.6 million in 2007 - \$2.6 million higher than expected. Since the overage was not expected to recur, and was related to 2006 actions, \$2.6 million of the 2006 underrun was earmarked to cover the 2007 overrun. Thus, the 2006 unallocated service enhancement provision was valued at \$4.9 million. These unallocated amounts were reflected in the February Plan as cash-only provisions within the Headquarters (HQ) Budget. These unallocated provisions in 2006, 2008 and 2009 were eliminated in the July Plan.

2006 Holiday Program – The July Program eliminates this proposal and instead reallocates this money to partially cover the losses that result from delaying the proposed 2007 fare increase (discussed below under gap-closing actions).

2004 Real Estate Tax Stabilization Account - \$200 million was set aside from the 2004 cash surplus to cover potential shortfalls in real estate tax revenues. As these funds were not needed for this purpose in 2005, the adopted budget for 2006 assumed that these funds would be reprogrammed in the MTA Consolidated Budget in 2006 and used for budget balance in subsequent years as part of the 2006 cash balance carryover into 2007. This assumption remains unchanged from the February Plan. When the Financial Plan is presented to the Board for adoption in December, it is expected that these funds will be reprogrammed into the MTA Consolidated Baseline and not be part of below-the-line policy actions.

### **New Proposals for Policy Actions – July Plan:**

Security Initiatives – The Executive Director is proposing that \$100 million be set aside for additional security initiatives from the 2006 cash. These include new programs such as installation of intercoms in 75' subway cars as well as currently identified initiatives in the capital program.

Anti-Graffiti Campaign – Since the removal of graffiti from the subway fleet, vandalism of subway car windows has increased significantly. Vandalism involves scratching and carving of window glass with sharp instruments and applying acid etching compounds to it. Currently, Mylar vandal shields (single-ply) are used on new R142, R142A and R143 fleets. However, this has resulted in incomplete coverage of the subway car fleet and the frequent need to replace single-ply Mylar on the new cars and glass on the remaining cars.

The Scratch-Free window program, between 2007 and 2009, will provide replacement of all scratched subway car window glass and installation of four-ply Mylar on the R44 through R68A fleets, and installation of four-ply Mylar on the R142, R142A and R143 fleets. By 2009, all subway car window glass on the fleets will be scratch-free.

The proposed cost of the program is \$5.2 million for 2007, \$3.4 million for 2008, \$5.0 million for 2009, and \$5.7 million for 2010.

Service Marketing Campaign – The July Plan proposes that \$5 million be spent in 2007 to support a marketing campaign that would target specific NYCT and Commuter Railroad services in order to increase usage. Unlike the general marketing/advertising campaigns that have occurred in the past, these funds would be used for designated routes/services that have the potential to be better utilized and therefore make use of current capacity.

GASB Fund - This fund is being set up in response to new standards that require companies to account for post-retirement liabilities of “Other Than Pension Benefits” (OTPB) in their Financial Statements. These rules, which take effect in 2007, have prompted employers to begin looking at these liabilities that stem from OTPB costs for future retirees. In fact, the City has already started by setting aside substantial funds for this in its most recent budget. The State comptroller has endorsed the City’s actions to prepare to fund these liabilities.

The July Plan includes a proposal that MTA set aside pension savings estimated to result from a recent legislative action that authorized a revaluation of City NYCERs costs; these pension savings, which are non-recurring, stem from NYCT and B&T and are estimated to be \$125 million in 2006 and \$27 million in 2007.

In addition, MTA is also proposing to deposit into this fund over the 2006-2010 Plan period, Health & Welfare contributions by represented employees as anticipated in pattern labor settlements MTA-wide. The estimated funds from this are \$48 million in 2006, \$70 million in 2007, \$80 million in 2008, \$88 million in 2009 and \$97 million in 2010.<sup>1</sup> The savings to MTA Health and Welfare employer costs from this anticipated contribution by employees is not reflected in the Financial Plan, but rather would be deposited directly into the GASB fund.

The total cumulative value of the proposed GASB Fund in the July Plan is \$535 million: \$173 million in 2006, \$97 million in 2007, \$80 million in 2008, \$88 million in 2009 and \$97 million in 2010.<sup>1</sup>

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<sup>1</sup> These figures exclude MTA Bus; the figures attributable to MTA Bus are: \$3 million annually in 2006-2008, \$4million in 2009 and \$5 million in 2010. It is assumed that MTA Bus will participate in this action and that the City subsidy for MTA Bus will cover the associated expense.

## **Gap Closing Actions**

### **2007 Agency Program to Eliminate the Gap**

The 2007 Program to Eliminate the Gap (PEG) includes savings of \$19 million in 2006, \$47 million in 2007, \$60 million in 2008, \$61 million in 2009 and \$61 million in 2010. Projected headcount reductions associated with these PEGs are 11 in 2006, 349 in 2007 and 378 in each of the years 2008 through 2010. These PEGs are in addition to the 2006 PEG program approved by the MTA Board in December of 2005 and included in the February 2006 Baseline.

Agencies were encouraged to start savings as soon as possible; therefore, some programs have begun in 2006 with savings of \$19 million. NYCT is expected to generate \$15 million primarily through vacancy savings of \$5 million, increased Transit Adjudication Bureau collections under the "State-Wide Offset Program" of \$4 million and prescription drug benefit cost reductions of \$3 million. NYCT 2007 PEGs beginning in 2006 are expected to yield savings of approximately \$13 million annually. MNR is expected to generate approximately \$3 million in savings per year starting in 2006 through Administrative initiatives in such areas as data processing and savings resulting from a review of payroll discounts. MTA HQ expects to generate approximately \$1 million in Police overtime savings per year, starting in 2006, while SIR expects savings of \$.3 million per year from reduced power consumption related to reconfigured cab signal systems.

NYCT's total PEG program is expected to save \$39 million in 2007, and when fully implemented in 2010, the Program will result in cost savings of \$51 million and a reduction of 352 positions. Administrative efficiencies of \$15 million and 13 position reductions carry through the plan period and include savings resulting from Workers' Compensation Recoveries and the initiatives mentioned in the above section. Various maintenance and customer service efficiencies will save another \$10 million annually. NYCT also intends to generate PEG savings from a number of service and service- support initiatives. The "Subways Off-Peak Policy Headways" PEG is expected to generate savings of \$5 million in 2007 and \$19 million annually thereafter. Savings from Service Support PEGs, particularly one that improves employee availability, is also expected to generate savings of \$9 million in 2007 and \$7 million annually thereafter.

MNR's total PEG program is expected to save \$3 million in 2007 and 2008, and \$4 million thereafter. Included in MNR's 2007 PEGs are several "Post – 2006 PEGs" from the February Plan which account for \$.4 million in 2007, \$.6 million in 2008 and \$1 million annually, thereafter. Most of MNR's 2007 PEG savings start in 2006 and are derived from administrative efficiencies mainly resulting from software efficiencies and improvements in labor scheduling and availability.

The LIRR PEG program will achieve \$3 million in savings annually, starting in 2007. Savings are expected in the level of contracted services, vehicle eliminations, and better follow-up collection of fares from customers that initially do not pay.

B&T's PEG program is expected to achieve savings of \$1 million in 2007 and \$3 million annually, thereafter. Included in B&T's 2007 PEGs are several "Post – 2006 PEGs" from the February Plan which account for approximately \$.1 million annually, starting in 2007. Administrative efficiencies include reductions in field supervision overtime, telephone expenses and one position in Human Resources. Security technology improvements (cameras, alarms, intrusion detection devices) will allow the elimination of 18 net positions without any diminishment in security coverage.

MTAHQ is expected to achieve \$1 million in savings administrative savings from reductions in Police overtime. These savings, as mentioned earlier, begin in 2006 and continue each year of the Plan period.

SIR expects to achieve \$.3 million in savings from reductions in power consumption related to reconfigured cab signal systems. These savings, also mentioned earlier, begin in 2006 and continue each year of the Plan period.

### **2007 Agency PEGs - Positions**

The 2007 Agency PEGs include headcount reductions of 11 in 2006, 349 in 2007, and 378 in each of the years 2008 through 2010.

Agency PEGs are expected to result in position reductions at the end of 2010 of 352 at NYCT, 21 at B&T and 5 at MNR.

### **Post-2007 Agency Program to Eliminate the Gap**

Post – 2007 PEGs are expected to achieve savings of \$13 million in 2008, and \$22 million per year thereafter.

Most of NYCT's post – 2007 PEGs were originally included in the February Plan as "post – 2006" PEGs. NYCT's post – 2007 PEGs are now expected to result in savings of \$11 million in 2008 and \$21 million in years 2009 and 2010. Savings from these PEGs are less than what was reflected in the February Plan by \$2 million in 2007, \$3 million in 2008 and \$.2 million in years 2009 through 2011, and result from delayed implementation of One Person Train Operation (OPTO) PEGs from 2007 to 2008. One Person Train Operation (OPTO) is assumed to begin on the J, #7, and M lines in May, 2008, and on the N line in September, 2008. NYCT's post-2007 PEG program results in total position reductions of 313.

MTA HQ's PEG program is expected to result in savings in excess of \$1 million in each of the years 2008 through 2010. These savings are expected through productivity efficiencies and resultant attrition-based position reductions of 18.

B&T's PEG achieves a net savings of \$.07 million annually in outside roadway sweeping services through the addition of one maintainer position.

### **Shared Services Savings –**

In 2005 the MTA had a consultant review the feasibility of implementing a shared services organization (SSO) for finance, human resources and information technology, across the MTA and its operating agencies. Based upon the findings of that study the 2006 updated forecast includes \$9 million for the development of an implementation strategy for the MTA. This plan conservatively assumes that implementation of this strategy will begin to yield saving of \$5 million in 2008, \$10 million in 2009 and \$15 million in 2010.

### **Reorganization Starting in 2008 –**

The MTA had initiated legislation over the past several years requesting statutory changes to enable a reorganization of the MTA. This reorganization would reconfigure the existing agencies so that there would be fewer agencies. The reconfigured agencies would each specialize in a particular mode of operation covering the entire MTA region, rather than the current structure, which emphasizes geographic boundaries, e.g., a bus company, a commuter rail agency and a subway agency. MTA is planning to keep this initiative as a long-term goal and will continue to request that the State approve the reorganization, which is anticipated to accomplish both monetary and operational efficiencies. The July Plan includes a modest \$5m in 2008 and \$25m annually for these efficiencies.

**METROPOLITAN TRANSPORTATION AUTHORITY**  
**July Financial Plan 2007-2010**  
**Summary 2007 Agency Programs to Eliminate the Gap (PEGs)**  
**(\$ in millions)**

	<b>2006</b>		<b>2007</b>		<b>2008</b>		<b>2009</b>		<b>2010</b>	
	Positions <sup>1</sup>	Dollars	Positions <sup>1</sup>	Dollars	Positions <sup>1</sup>	Dollars	Positions <sup>1</sup>	Dollars	Positions <sup>1</sup>	Dollars
<b>MTA-Wide</b>										
NYC Transit	6	15.419	323	39.114	352	50.004	352	50.554	352	50.554
Long Island Rail Road	0	0.000	0	2.638	0	2.699	0	2.760	0	2.821
Metro-North Railroad	5	2.343	5	2.846	5	3.165	5	3.737	5	3.816
Bridges & Tunnels	0	0.176	21	1.166	21	2.650	21	2.663	21	2.676
MTA Headquarters	0	0.829	0	0.834	0	0.896	0	0.902	0	0.910
Long Island Bus	0	0.000	0	0.092	0	0.096	0	0.101	0	0.105
Staten Island Railway	0	0.300	0	0.300	0	0.300	0	0.300	0	0.300
Capital Construction Company	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
<b>Total MTA-Wide By Agency</b>	<b>11</b>	<b>19.067</b>	<b>349</b>	<b>46.991</b>	<b>378</b>	<b>59.810</b>	<b>378</b>	<b>61.018</b>	<b>378</b>	<b>61.182</b>
<b>MTA-Wide by Category</b>										
Administration:	3	13.895	21	22.435	23	21.705	23	22.896	23	23.046
Customer Convenience & Amenities:	0	0.000	1	0.205	28	1.964	28	1.964	28	1.964
Service:	8	2.065	231	13.920	231	25.908	231	25.913	231	25.917
Maintenance:	0	3.107	78	10.064	78	8.492	78	8.492	78	8.492
Revenue Enhancements:	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
Other:	0	0.000	18	0.367	18	1.741	18	1.753	18	1.763
<b>Total MTA-Wide by Category</b>	<b>11</b>	<b>19.067</b>	<b>349</b>	<b>46.991</b>	<b>378</b>	<b>59.810</b>	<b>378</b>	<b>61.018</b>	<b>378</b>	<b>61.182</b>

<sup>1</sup> Reflects the impact of amendments on full-time year-end positions.





**METROPOLITAN TRANSPORTATION AUTHORITY**  
**July Financial Plan 2007-2010**  
**Summary Post 2007 Agency Programs to Eliminate the Gap (PEGs)**  
**(\$ in millions)**

	<b>2007</b>		<b>2008</b>		<b>2009</b>		<b>2010</b>	
	<u>Positions<sup>1</sup></u>	<u>Dollars</u>	<u>Positions<sup>1</sup></u>	<u>Dollars</u>	<u>Positions<sup>1</sup></u>	<u>Dollars</u>	<u>Positions<sup>1</sup></u>	<u>Dollars</u>
<b>MTA-Wide</b>								
NYC Transit	0	0.000	313	11.367	313	20.688	313	20.688
Long Island Rail Road	0	0.000	0	0.000	0	0.000	0	0.000
Metro-North Railroad	0	0.000	0	0.000	0	0.000	0	0.000
Bridges & Tunnels	0	0.000	(1)	0.072	(1)	0.071	(1)	0.071
MTA Headquarters	0	0.000	18	1.330	18	1.439	18	1.538
Long Island Bus	0	0.000	0	0.000	0	0.000	0	0.000
Staten Island Railway	0	0.000	0	0.000	0	0.000	0	0.000
Capital Construction Company	0	0.000	0	0.000	0	0.000	0	0.000
<b>Total MTA-Wide By Agency</b>	<b>0</b>	<b>0.000</b>	<b>330</b>	<b>12.769</b>	<b>330</b>	<b>22.198</b>	<b>330</b>	<b>22.297</b>
<b>MTA-Wide by Category</b>								
Administration:	0	0.000	18	1.330	18	1.439	18	1.538
Customer Convenience & Amenities:	0	0.000	0	0.000	0	0.000	0	0.000
Service:	0	0.000	313	11.367	313	20.688	313	20.688
Maintenance:	0	0.000	(1)	0.072	(1)	0.071	(1)	0.071
Revenue Enhancements:	0	0.000	0	0.000	0	0.000	0	0.000
Other:	0	0.000	0	0.000	0	0.000	0	0.000
<b>Total MTA-Wide by Category</b>	<b>0</b>	<b>0.000</b>	<b>330</b>	<b>12.769</b>	<b>330</b>	<b>22.198</b>	<b>330</b>	<b>22.297</b>

<sup>1</sup> Reflects the impact of amendments on full-time year-end positions.





### **2007 Increased Fare and Toll Yields**

The July Plan proposes a 5% increase in MTA consolidated farebox and toll revenue yields beginning September 1, 2007. Consolidated fare and toll revenues expected to increase by \$78 million in 2007, \$237 in 2008, \$242 million in 2009 and \$243 million in 2010. Relative to the February Financial Plan, the incremental increase in revenue from the yield increase is \$163 million less in 2007 due to slightly lower baseline utilization assumptions as well as the change in the implementation date, from January 2007 in the February Plan to September 2007 in the July Plan. The July Plan projection is \$7 million less in 2008 and \$3 million less in 2009, relative to the February Plan. Additionally, at MTABC, the 5% farebox yield increase, which is assumed will be applied as an offset to City Subsidy, is expected to generate \$2 million in 2007 and \$7 million per year for 2008 through 2010.

### **2009 Increased Fare and Toll Yields**

A 5% consolidated farebox and toll revenue yield increase is also scheduled for implementation on January 1, 2009, and is estimated to yield an additional \$247 million in 2009 and \$255 million in 2010, a decrease of \$10 million in 2009 relative to the estimate in the February Financial Plan due to slightly lower baseline revenue projections. The 5% farebox yield increase at MTABC is expected to increase farebox revenue by \$7 million for both 2009 and 2010 and is assumed to be applied as an offset to City Subsidy.



# MTA Consolidated Utilization

## MTA Agency Fare and Toll Revenue Projections, in millions

### Including the Impact of PEGs (2007 & Post-2007) and Fare/Toll Increases in 2007 & 2009

		Financial Plan 2006-2009				
		<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Toll Revenue</b>						
Bridges & Tunnels	- Baseline <sup>4</sup>	\$1,234.0	\$1,235.6	\$1,242.4	\$1,241.2	\$1,241.1
	- PEGs	0.0	0.0	0.0	0.0	0.0
	- 2007 Toll Increase <sup>5</sup>	0.0	18.4	57.9	62.1	62.1
	- 2009 Toll Increase <sup>6</sup>	0.0	0.0	0.0	58.6	65.6
		<b>\$1,234.0</b>	<b>\$1,253.9</b>	<b>\$1,300.4</b>	<b>\$1,361.9</b>	<b>\$1,368.7</b>
<b>TOTAL FARE &amp; TOLL REVENUE (excl. MTA Bus Co.)</b>						
	- Baseline <sup>4</sup>	\$4,889.2	\$4,938.3	\$4,988.0	\$5,014.6	\$5,035.0
	- PEGs	0.0	(0.4)	(1.4)	(1.4)	(1.4)
	- 2007 Fare/Toll Increase <sup>5</sup>	0.0	77.6	236.6	241.9	242.9
	- 2009 Fare/Toll Increase <sup>6</sup>	0.0	0.0	0.0	247.4	255.3
		<b>\$4,889.2</b>	<b>\$5,015.5</b>	<b>\$5,223.3</b>	<b>\$5,502.6</b>	<b>\$5,531.8</b>
<b>MTA Bus Company Farebox Revenue</b>						
	- Baseline <sup>4</sup>	\$129.9	\$131.1	\$132.7	\$133.2	\$134.0
	- PEGs	0.0	0.0	0.0	0.0	0.0
	- 2007 Fare Increase <sup>5</sup>	0.0	2.2	6.6	6.7	6.7
	- 2009 Fare Increase <sup>6</sup>	0.0	0.0	0.0	7.0	7.0
		<b>\$129.9</b>	<b>\$133.3</b>	<b>\$139.4</b>	<b>\$146.8</b>	<b>\$147.8</b>

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 Baseline includes the impact of 2006 PEGs and Service Enhancements.

5 Assumes fare and toll increases implemented on September 1, 2007.

6 Assumes fare and toll increases implemented on January 1, 2009.

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## **V. Other MTA Consolidated Materials**









**METROPOLITAN TRANSPORTATION AUTHORITY**  
**July Financial Plan 2007 - 2010**  
**Cash Conversion Detail - Excluding MTA Bus Company**  
(\$ in millions)

	<b>2006 Mid-Year Forecast</b>	<b>2007 Preliminary Budget</b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>
<b><u>Depreciation</u></b>					
New York City Transit	\$1,075	\$1,228	\$1,382	\$1,535	\$1,689
Metro-North Railroad	195	200	207	214	214
Long Island Rail Road	275	292	279	294	309
MTA Headquarters	25	25	22	20	20
Staten Island Railway	10	10	10	10	10
Bridges & Tunnels <sup>1</sup>	50	57	61	67	70
<i>Sub-Total</i>	<i>1,631</i>	<i>1,811</i>	<i>1,961</i>	<i>2,140</i>	<i>2,312</i>
<b><u>Operating</u></b>					
New York City Transit	49	112	66	49	44
Metro-North Railroad	(16)	(4)	(11)	(10)	(17)
Long Island Rail Road	(3)	(4)	4	5	6
MTA Headquarters	(14)	(18)	(18)	(17)	(17)
Long Island Bus	0	1	1	(2)	0
Staten Island Railway	(0)	(0)	0	0	0
First Mutual Transportation Assurance Company	(7)	(3)	(7)	(11)	(15)
<i>Sub-Total</i>	<i>9</i>	<i>84</i>	<i>35</i>	<i>14</i>	<i>2</i>
<b><u>Subsidies</u></b>					
New York City Transit	(39)	(0)	(1)	1	47
Commuter Railroads	4	(17)	(18)	(18)	(10)
Long Island Bus	3	4	1	0	0
Staten Island Railway	1	0	0	0	0
<i>Sub-Total</i>	<i>(30)</i>	<i>(13)</i>	<i>(17)</i>	<i>(16)</i>	<i>37</i>
<b>Total Cash Conversion</b>	<b>\$1,610</b>	<b>\$1,882</b>	<b>\$1,980</b>	<b>\$2,138</b>	<b>\$2,351</b>

<sup>1</sup> The *Total Operating Expense* line in the *MTA Consolidated Statement of Operations by Category* table now includes Bridges & Tunnels depreciation. Because B&T only reports on an accrual basis, the offset is now being picked up in the cash conversion.



**METROPOLITAN TRANSPORTATION AUTHORITY**  
**JULY FINANCIAL PLAN 2007-2010**  
**BASELINE 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	2006 July Mid-Year Forecast	2007 Preliminary Forecast	2008 Plan	2009 Plan	2010 Plan
<b>Bridges &amp; Tunnels</b>	\$4.8 NYCERS Pension Costs: New legislation results in favorable up front cash offset in subsequent years - savings are proposed to be deposited in GASB fund.	None	None	None	None
<b>Subtotal</b>	\$4.8	\$ -	\$ -	\$ -	\$ -
<b>Long Island Bus Subtotal</b>	<u>None</u> \$0.0	<u>None</u> \$ -	<u>None</u> \$ -	<u>None</u> \$ -	<u>None</u> \$ -
<b>Long Island Rail Road Subtotal</b>	<u>\$ -</u> \$0.0 None	<u>None</u> \$ -	<u>None</u> \$ -	<u>None</u> \$ -	<u>None</u> \$ -
<b>Metro-North Railroad</b>	\$2.2 Force Account Insurance Refund \$3.8 Receipt of Prior Period Ferry Service Payments from NY State  \$20.0 MTA Pension Prepayment	\$ - None	\$ - None	None	None
<b>Subtotal</b>	<u>\$26.0</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$0.0</u>	<u>\$0.0</u>
<b>Staten Island Railway</b>	None	None	None	None	None
<b>Subtotal</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>MTA Capital Construction Company Subtotal</b>	<u>None</u> \$ -	<u>None</u> \$ -	<u>None</u> \$ -	<u>None</u> \$ -	<u>None</u> \$ -
<b>MTA Headquarters</b>	None	None	None	None	None
<b>Subtotal</b>	<u>\$0.0</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**METROPOLITAN TRANSPORTATION AUTHORITY**  
**JULY FINANCIAL PLAN 2007-2010**  
**BASELINE 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	2006 July Mid-Year Forecast		2007 Preliminary Forecast		2008 Plan	2009 Plan		2010 Plan
<b>New York City Transit</b>	\$120.1	NYCERS Pension Costs: New legislation results in favorable up front cash offset in subsequent years - savings are proposed to be deposited in GASB fund.	\$26.8	NYCERS Pension Costs: New legislation results in favorable up front cash offset in subsequent years - savings are proposed to be deposited in GASB fund.	None	None	None	None
	\$7.8	Accumulated stabilization fund interest income						
	\$16.3	Accumulated Transit Adjudication Bureau Fund Drawdown						
	\$0.0							
<b>Subtotal</b>	<u>\$144.2</u>		<u>\$ 26.8</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
<b>MTA Transactions<sup>1</sup></b>	\$10.0	MRT carryover balances-reflects \$40m of unused general reserve from 2005 - allocated \$10m annually for 2006-2009.	\$10.0	One-fourth of unspent General Reserve from 2005	\$10.0	One-fourth of unspent General Reserve from 2005	\$10.0	One-fourth of unspent General Reserve from 2005
<b>Subtotal</b>	<u>\$10.0</u>		\$10.0		<u>\$ 10.0</u>	<u>\$ 10.0</u>	<u>\$ -</u>	
<b>Total Non-Recurring Resources (&gt;or = \$1million)</b>	<b>\$185.1</b>		<b>\$36.8</b>		<b>\$10.0</b>	<b>\$10.0</b>	<b>\$0.0</b>	

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

<sup>1</sup> Excludes New York State Funds that need to be appropriated.

**METROPOLITAN TRANSPORTATION AUTHORITY**  
**JULY FINANCIAL PLAN 2007- 2010**  
**MTA OPERATING BUDGET RESERVES**  
(\$ in millions)

	<b>2006 Mid-Year Forecast</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<u>MTA Consolidated:</u>					
MTA General Reserve	\$31	\$75	\$75	\$75	\$75
Real Estate Stabilization Reserve <sup>1</sup>	200	-	-	-	-

<sup>1</sup> This reserve was established in 2007 to cover potential shortfalls in real estate revenues. This is programmed for use in 2008 below the line as a gap closing action. See Section IV, Gap Closing and Other Policy Information for a discussion of this item, as well as the status of other policy actions contained in the February Plan.

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**VI. MTA Consolidated, including  
MTA Bus Company**

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**Metropolitan Transportation Authority**  
**July Financial Plan 2007 - 2010**  
**Baseline Total Full-time Positions and Full-time Equivalents by Function and Occupational Group**  
(Includes MTA BUS COMPANY)

FUNCTION/OCCUPATIONAL GROUP		2006 Mid-Year Forecast	2007	2008	2009	2010
<b>Administration</b>						
	Managers/Supervisors	1,680	1,687	1,683	1,681	1,679
	Professional, Technical, Clerical	2,855	2,855	2,855	2,872	2,871
	Operational Hourlies	33	33	33	33	33
	Total Administration	4,568	4,575	4,571	4,586	4,583
<b>Operations</b>						
	Managers/Supervisors	3,184	3,187	3,188	3,173	3,171
	Professional, Technical, Clerical	1,217	1,223	1,234	1,233	1,231
	Operational Hourlies	26,434	26,115	26,148	26,188	26,169
	Total Operations	30,835	30,525	30,570	30,594	30,571
<b>Maintenance</b>						
	Managers/Supervisors	4,584	4,635	4,640	4,633	4,605
	Professional, Technical, Clerical	2,619	2,601	2,612	2,608	2,598
	Operational Hourlies	22,217	22,272	22,388	22,380	22,123
	Total Maintenance	29,420	29,508	29,640	29,621	29,326
<b>Engineering/Capital</b>						
	Managers/Supervisors	508	508	504	495	496
	Professional, Technical, Clerical	1,507	1,541	1,543	1,540	1,540
	Operational Hourlies	2	2	2	2	2
	Total Engineering/Capital	2,017	2,051	2,049	2,037	2,038
<b>Public Safety</b>						
	Managers/Supervisors	151	141	140	137	136
	Professional, Technical, Clerical	162	153	152	151	151
	Operational Hourlies	1,332	1,336	1,336	1,346	1,346
	Total Public Safety	1,645	1,630	1,628	1,634	1,633
<b>MTA Consolidated</b>						
	Managers/Supervisors	10,107	10,158	10,155	10,119	10,087
	Professional, Technical, Clerical	8,360	8,373	8,396	8,404	8,391
	Operational Hourlies	50,018	49,758	49,907	49,949	49,673
	Total MTA Consolidated	68,485	68,289	68,458	68,472	68,151

## **VII. MTA Capital Program Information**









**New York City Transit: 2006 Commitments**  
**Summed by Element**  
(\$ in Millions)

ACEP	Category Description	Element Description	Project Description	Total Project Value	2006 Commitments	Funding for 2006 Commitments		
						MTA Funding	Federal Funding	Local Funding
T51607/04	MISCELLANEOUS	EMPLOYEE FACILITIES	Employee Facilities: Jamaica Yard Tower	\$4.38	\$4.31	\$4.31		
T51607/15	MISCELLANEOUS	EMPLOYEE FACILITIES	Vehicle Locator For Revenue Fleet	\$0.36	\$0.36	\$0.36		
T51607/19	MISCELLANEOUS	EMPLOYEE FACILITIES	AFC Equip Maint Quarters/ Fordham Rd	\$1.14	\$1.06	\$1.06		
T51607/20	MISCELLANEOUS	EMPLOYEE FACILITIES	AFC Maintenance Facil Roosevelt Av/Qbl	\$3.41	\$3.20	\$3.20		
T51607/21	MISCELLANEOUS	EMPLOYEE FACILITIES	Atlantic Av Station- AFC Equip Maint Qtr	\$3.98	\$3.98	\$3.98		
T51607/24	MISCELLANEOUS	EMPLOYEE FACILITIES	Empl Facilities: Parkchester/E 177 St-Pelham - Des	\$6.06	\$0.30	\$0.30		
T51607/35	MISCELLANEOUS	EMPLOYEE FACILITIES	DOS Roof Replacement Phase 1 - Des	\$15.00	\$1.50	\$1.50		
<b>Subtotal Employee Facilities</b>				<b>\$34.33</b>	<b>\$14.71</b>	<b>\$14.71</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>AGENCY TOTAL</b>				<b>\$4,377.32</b>	<b>\$2,304.77</b>	<b>\$1,416.48</b>	<b>\$847.65</b>	<b>\$40.64</b>





Long Island Rail Road: 2006 Commitments  
Summed by Element  
(\$ in Millions)

ACEP	Category Description	Element Description	Project Description	Total Project Value	2006 Commitments	Funding for 2006 Commitments		
						MTA Funding	Federal Funding	Local Funding
L509048A	Miscellaneous	Miscellaneous	ELECTRIC SUBSTATIONS REMEDIATION	\$11.03	\$0.10	\$0.10		
L509048B	Miscellaneous	Miscellaneous	YAPHANK LANDFILL REMEDIATION	\$4.90	\$0.69	\$0.69		
L509048C	Miscellaneous	Miscellaneous	LIC CAR WASH REMEDIATION	\$0.93	\$0.14	\$0.14		
L509048D	Miscellaneous	Miscellaneous	RICHMOND HILL YARD REMEDIATION	\$0.44	\$0.02	\$0.02		
L509048H	Miscellaneous	Miscellaneous	HOLBAN YARD	\$0.47	\$0.40	\$0.40		
L509048K	Miscellaneous	Miscellaneous	MORRIS PARK ENVIRONMENTAL STUDY	\$5.87	\$4.00	\$4.00		
L509048L	Miscellaneous	Miscellaneous	PROGRAM ADMINISTRATION	\$104.00	\$21.04	\$21.04		
L509048M	Miscellaneous	Miscellaneous	INDEPENDENT ENGINEER	\$3.00	\$0.36	\$0.36		
L509048N	Miscellaneous	Miscellaneous	LIABILITY INSURANCE	\$3.47	\$0.77	\$0.77		
L50904OP	Miscellaneous	Miscellaneous	PROGRAM DEVELOPMENT	\$15.00	\$1.59	\$1.59		
Subtotal Miscellaneous				\$149.10	\$29.10	\$29.10	\$0.00	\$0.00
AGENCY TOTAL				\$1,818.79	\$421.47	\$304.82	\$114.97	\$1.68





**Metro-North Railroad: 2006 Commitments**  
**Summed by Element**  
(\$ in Millions)

				Funding for 2006 Commitments				
ACEP	Category Description	Element Description	Project Description	Total Project Value	2006 Commitments	MTA Funding	Federal Funding	Local Funding
M505-01-08	Power	Power	Harlem and Hudson Lines Power Improvements	\$45.20	\$3.05	\$3.05		
M505-01-09	Power	Power	Rehab Harlem and Hudson Lines Substations	\$11.90	\$8.11	\$8.11		
M505-01-10	Power	Power	Install Sectionalizing Switches GCT	\$4.20	\$3.61		\$3.61	
			<b>Subtotal Power</b>	<b>\$85.70</b>	<b>\$22.06</b>	<b>\$12.36</b>	<b>\$9.71</b>	<b>\$0.00</b>
M506-01-03	Shops and Yards	Shops and Yards	Harmon Shop Replacement (Phase III)	\$324.10	\$308.68	\$267.48	\$41.20	
M506-01-05	Shops and Yards	Shops and Yards	Highbridge Yard Improvements	\$13.43	\$0.84	\$0.84		
M506-01-07	Shops and Yards	Shops and Yards	Shops and Yards Misc. Environmental Improvements	\$1.60	\$0.65	\$0.65		
			<b>Subtotal Shops and Yards</b>	<b>\$339.13</b>	<b>\$310.17</b>	<b>\$268.97</b>	<b>\$41.20</b>	<b>\$0.00</b>
M508-01-02	Miscellaneous	Miscellaneous	Systemwide Lead/Asbestos Abatement	\$5.50	\$1.10	\$1.10		
M508-01-03	Miscellaneous	Miscellaneous	Environmental Remediation	\$2.20	\$0.43	\$0.43		
M508-01-05	Miscellaneous	Miscellaneous	Independent Engineer	\$3.50	\$1.22	\$1.22		
M508-01-06	Miscellaneous	Miscellaneous	Program Administration	\$39.70	\$7.94	\$7.94		
M508-01-08	Miscellaneous	Miscellaneous	OCIP	\$13.10	\$13.10	\$13.10		
M508-01-09	Miscellaneous	Miscellaneous	Customer and Employee Communications Projects	\$9.00	\$0.95	\$0.95		
			<b>Subtotal Miscellaneous</b>	<b>\$73.00</b>	<b>\$24.73</b>	<b>\$24.73</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>AGENCY TOTAL</b>				<b>\$ 1,328.87</b>	<b>\$ 758.94</b>	<b>\$ 594.91</b>	<b>\$ 164.02</b>	<b>\$ -</b>



**Bridges and Tunnels: 2006 Commitments**  
**Summed by Element**  
(\$ in Millions)

ACEP	Category Description	Element Description	Project Description	Total Project Value	2006 Commitments	Funding for 2006 Commitments		
						MTA Funding	Federal Funding	Local Funding
D503AW47	Toll Plazas and Traffic Mgmt	Agency-Wide	Digital Video Surveillance System	\$4.57	\$0.56	\$0.56		
D503AW48	Toll Plazas and Traffic Mgmt	Agency-Wide	2nd Generation E-Zpass In-Lane	\$11.36	\$0.05	\$0.05		
D503AW52	Toll Plazas and Traffic Mgmt	Agency-Wide	Advanced Automated Traffic Detection	\$10.76	\$0.31	\$0.31		
			<b>Subtotal Agency-Wide</b>	<b>\$26.68</b>	<b>\$0.92</b>	<b>\$0.92</b>		
D504BB15	Utilities	Brooklyn Battery Bridge	Expand/Upgrade Control Center	\$10.15	\$8.97	\$8.97		
D504BB45	Utilities	Brooklyn Battery Bridge	Rehabilitation of Tunnel Ventilation System	\$2.76	\$2.52	\$2.52		
			<b>Subtotal Brooklyn Battery Bridge</b>	<b>\$12.91</b>	<b>\$11.49</b>	<b>\$11.49</b>		
D505AW12	Buildings and Sites	Agency-Wide	Haz.matl. Abatement (2005-2009)	\$4.27	\$0.22	\$0.22		
			<b>Subtotal Agency-Wide</b>	<b>\$4.27</b>	<b>\$0.22</b>	<b>\$0.22</b>		
D505BB46	Buildings and Sites	Brooklyn Battery Bridge	Pipe Gallery Rehabilitation	\$2.84	\$2.69	\$2.69		
D505BB47	Buildings and Sites	Brooklyn Battery Bridge	New Sewer Connection-Governor's Island	\$1.80	\$1.65	\$1.65		
D505BB80	Buildings and Sites	Brooklyn Battery Bridge	Rehabilitation of Ventilation Building	\$18.43	\$3.15	\$3.15		
			<b>Subtotal Brooklyn Battery Bridge</b>	<b>\$23.08</b>	<b>\$7.49</b>	<b>\$7.49</b>		
D505TB57	Buildings and Sites	Triborough Bridge	Tenant Relocation/New Bldg II	\$22.02	\$0.66	\$0.66		
D505TB59	Buildings and Sites	Triborough Bridge	Rehabilitation of Building 104	\$21.54	\$1.16	\$1.16		
			<b>Subtotal Triborough Bridge</b>	<b>\$43.57</b>	<b>\$1.82</b>	<b>\$1.82</b>		
D506AW21	Miscellaneous	Agency-Wide	Program Administration	\$11.18	\$1.99	\$1.99		
D506AW22	Miscellaneous	Agency-Wide	Miscellaneous	\$2.14	\$0.84	\$0.84		
D506AW28	Miscellaneous	Agency-Wide	Scope Development	\$3.81	\$1.10	\$1.10		
			<b>Subtotal Agency-Wide</b>	<b>\$17.12</b>	<b>\$3.93</b>	<b>\$3.93</b>		
<b>AGENCY TOTAL</b>				<b>\$967.02</b>	<b>\$289.41</b>	<b>\$289.41</b>	<b>N/A</b>	<b>N/A</b>



**MTA Interagency/MTA Police Department: 2006 Commitments**  
**Summed by Element**  
(\$ in Millions)

ACEP	Category Description	Element Description	Project Description	Total Project Value	2006 Commitments	Funding for 2006 Commitments		
						MTA Funding	Federal Funding	Local Funding
N5100101	MTA Police Department	MTA PD Projects	Suffolk County District Office	\$4.70	\$4.70	\$4.70		
N5100104	MTA Police Department	MTA PD Projects	K9 Facility	\$3.50	\$3.50	\$3.50		
N5100106	MTA Police Department	MTA PD Projects	Emergency Service Units	\$0.45	\$0.45	\$0.45		
N5100107	MTA Police Department	MTA PD Projects	GECs	\$1.68	\$0.80	\$0.80		
N5100108	MTA Police Department	MTA PD Projects	Administration / Program Conting	\$2.40	\$0.20	\$0.20		
N5100109	MTA Police Department	MTA PD Projects	Public Safety Radio	\$45.00	\$43.40	\$43.40		
N5100110	MTA Police Department	MTA PD Projects	Communication Center Back Up	\$2.00	\$2.00	\$2.00		
N5100112	MTA Police Department	MTA PD Projects	Intergrated Incident Mgt. System	\$0.30	\$0.30	\$0.30		
N5100113	MTA Police Department	MTA PD Projects	Access Control	\$1.20	\$1.00	\$1.00		
N5100114	MTA Police Department	MTA PD Projects	Enhanced 911	\$1.50	\$1.50	\$1.50		
<b>Subtotal MTA PD Projects</b>				<b>\$62.73</b>	<b>\$57.85</b>	<b>\$57.85</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>AGENCY TOTAL</b>				<b>\$62.73</b>	<b>\$57.85</b>	<b>\$57.85</b>	<b>\$0.00</b>	<b>\$0.00</b>

**New York City Transit (includes Staten Island Rail)**  
**2006-2010 Project Completions**  
(\$ in Millions)

Project ID	Project Description	Complete 06-10	Project Allocation
N409052M	Cntrl Hse Metropolitan Av MYT	Apr-07	\$4.66
S3010102	SIR Station Rehab, 6 Locations	Jul-06	\$9.47
S4070105	Repair 3 Thruspans DES	Jan-10	\$1.04
S4070106	Rehab 4 Substation Enclosures	Aug-08	\$3.53
S4070108	Clifton Shop Repairs	Apr-07	\$8.25
S5070102	Station Structural Repairs	Sep-08	\$4.92
S5070103	Rehabilitate 3 Station Houses	Sep-08	\$1.80
S5070107	Arthur Kill Station	Apr-09	\$9.13
T304027M	Rpr: Avenue M-Brighton	May-07	\$0.32
T304027O	Rpr: Neck Rd-Brighton	May-07	\$0.46
T304115D	Reh: Broadway Junction CNR	Jul-06	\$16.51
T304115E	Reh: Eastern Parkway JAM	Jul-06	\$26.77
T30803CN	CBTC: Canarsie (8Av-RkPky)	Aug-06	\$264.69
T30803CO	CBTC: Canarsie Phase 3B	Aug-06	\$1.57
T30803CY	25Hz Signal Power Converters	Dec-06	\$37.79
T30806BS	Upgrade RTO Base Stations	Feb-07	\$15.71
T30806R5	Comm Rms: 16 Locs	Jul-06	\$12.58
T30807AT	Auto Trn Suprv, Phs 1 (Div A)	Jul-06	\$188.29
T31204SN	CNG Modif:Gleason Phs 2	Feb-06	\$22.79
T31208W2	Waste Water Cntrl:5 Loc	Aug-06	\$6.11
T31302RG	Purch Rail Grinder	Jan-07	\$10.10
T31403RB	Police Radio Comm Sys Exp/Upgr	Jul-06	\$139.88
T31503QP	63 St Con:Property Acq	Dec-09	\$18.26
T31604CP	Integrate Capital Sys:Phs 1	Jun-09	\$14.65
T40101B2	Purchase 660 B Div Cars	May-08	\$1,140.22
T40101CS	Cab Simulator for R160 cars	Jul-06	\$2.00
T40302E1	100 OTR Express Buses 2002	Dec-09	\$45.72
T40302H1	200 Hybrid-Electric Buses 2000	Sep-06	\$85.47
T40302P1	Retrofit Particulate Filters	Dec-06	\$22.77
T40404M4	Replace AFC Electronics	Sep-07	\$10.30
T40407E2	Repl 12 Esc Herald Square	May-07	\$38.88
T40409PW	PA/CIS Wrap-Up	Dec-06	\$3.59
T4041111	Rehab:New Lots Av CNR	Jun-07	\$10.09
T4041112	Rehab:Sutter Av CNR	Jun-07	\$13.05
T4041113	Rehab:Livonia Av CNR	Jun-07	\$13.83
T4041114	Rehab:E 105th St CNR	Jun-07	\$9.66
T4041115	Columbus Circle Cmplx Ph1 Fac	Sep-07	\$14.19
T404111A	Rehab Mt Eden Ave JER	Aug-06	\$16.83
T404111B	Rehab 176th St JER	Aug-06	\$13.05
T404111C	Rehab 170th St JER	Aug-06	\$13.61
T404111D	Rehab 167th St JER	Aug-06	\$16.39
T404112C	Rehab: Gun Hill Rd WPR	Apr-07	\$31.68
T404112E	Rehab: 238th St WPR	Apr-07	\$14.41
T404112F	Rehab: 233rd St WPR	Apr-07	\$15.26
T404112G	Rehab: 225th St WPR	Apr-07	\$12.87

**New York City Transit (includes Staten Island Rail)**  
**2006-2010 Project Completions**  
(\$ in Millions)

Project ID	Project Description	Complete 06-10	Project Allocation
T404112H	Rehab: 219th St WPR	Apr-07	\$13.72
T404112I	Rehab: Burke Ave WPR	Apr-07	\$12.58
T404112J	Rehab: Allerton Ave WPR	Apr-07	\$12.58
T404112K	Rehab: Bronx Park East WPR	Apr-07	\$13.00
T404112O	Rehab 241st St WPR	Apr-07	\$16.98
T404112R	Rehab Rockaway Park RKY	Aug-07	\$8.78
T404113A	Rehab Myrtle Ave CNR	Sep-07	\$37.02
T404113B	Rehab 183rd St JER	Jun-08	\$14.81
T404113H	Rehab Burnside Ave JER	Jun-08	\$14.69
T404113I	Rehab Wyckoff Ave MRT	Sep-07	\$9.85
T404113L	Rehab Alabama Ave JAM	Apr-07	\$8.89
T404113M	Rehab Van Siclen Ave JAM	Apr-07	\$8.52
T404113N	Rehab Cleveland St JAM	Apr-07	\$8.41
T404113O	Rehab Norwood Ave JAM	Apr-07	\$8.40
T404113P	Rehab Crescent St JAM	Apr-07	\$8.43
T404114L	Rehab Bedford Park Blvd JER	Jun-08	\$13.51
T404114M	Rehab Kingsbridge Rd JER	Jun-08	\$13.77
T404114N	Rehab Mosholu Pky JER	Jun-08	\$24.38
T404119B	Rehab Pelham Pky WPR	Apr-07	\$18.84
T404119J	Rehab 86th St LEX	Feb-06	\$23.91
T404119R	Rehab Queens Plaza QBL	Jan-06	\$36.82
T40411A6	Rehab 231st St BW7	Nov-06	\$5.39
T40411T2	Rehab Times Sq Complex Ph2	Aug-06	\$112.26
T40411W3	Water Condition Remedy 2004	Mar-06	\$3.38
T404132F	ADA 233rd St WPR	Apr-07	\$2.48
T404133A	ADA Myrtle-Wyckoff Complex	Sep-07	\$17.89
T404139B	ADA Pelham Pkwy WPR	Apr-07	\$2.43
T404139R	ADA Queens Plaza QBL	Jan-06	\$4.69
T40413A5	ADA 168th St 8AV	Oct-06	\$11.97
T40413A6	ADA 231st St BW7	Nov-06	\$14.11
T40413AA	ADA Junction Blvd FLS	Dec-06	\$18.67
T40413T2	ADA Times Square: Ph 2	Aug-06	\$8.95
T40602S4	Tun Ltg Metro-Bedford XTN	Apr-06	\$20.71
T40602T2	Tun Ltg 53rd St Tube QBL	Sep-07	\$12.59
T406036A	Fans 6AV 3 locs	Jan-07	\$45.38
T406036B	Fans 6AV 4 locs	Aug-08	\$79.24
T40603EX	Elizabeth St/Bowery 6AV	Oct-06	\$35.30
T40603EY	Fan: Stanton / Chrystie 6AV	May-06	\$23.91
T40603F1	Fans Rockwell Pl FUL	Apr-08	\$60.49
T40605CN	Replace +/- Cables CNR	Jan-07	\$32.49
T40703E2	JAM EParkway-Cypress Hills	Apr-07	\$23.16
T40703L1	Strip-Repaint AST	Jul-06	\$39.84
T40703LW	Strip-Repnt Bx Pk E-241 WPR	Apr-07	\$13.64
T40703NL	Ovrcoat Sutter Av-New Lots NLT	Dec-06	\$10.43
T40703S4	XTN Grnpt Av-Bedford-Nostrnd	Apr-06	\$27.24







**New York City Transit (includes Staten Island Rail)**  
**2006-2010 Project Completions**  
(\$ in Millions)

Project ID	Project Description	Complete 06-10	Project Allocation
T5090218	Substation Enclosures	Jul-09	\$13.56
T5090401	Circuit Breaker Houses 5 Locs	Nov-08	\$33.25
T5090402	Power Cable Cranberry Tube	Oct-06	\$5.00
T5100401	207 St O/H-Central AC Shop	Oct-10	\$242.34
T5100402	207 St O/H Shop Roof	Oct-10	\$15.00
T5100409	Heavy Shop Equipment	Jul-09	\$7.00
T5100415	Rehab 38 St Yd Shp Retain Wall	Apr-08	\$11.93
T5110203	Corona Yd Ph 3 Signals, Track	Jul-10	\$116.29
T5110207	Yard Hydrants Ph 1	Feb-08	\$13.47
T5110502	Yard Track 2006	Dec-06	\$2.82
T5110503	Yard Track 2007	Dec-07	\$2.91
T5110602	Repl 20 Yard Switches 2006	Dec-06	\$8.50
T5110603	Repl 20 Yard Switches 2007	Dec-07	\$8.78
T5120402	Fluid Application System	Feb-08	\$5.44
T5120403	Repl Roofs CS JG	Jul-06	\$5.88
T5120407	Lifts,Compressors CS,MV	Jun-08	\$15.62
T5120410	10 Bus Washers KB GH MV CS	Nov-06	\$21.23
T5120411	Bus Lifts Various Locations	Jun-09	\$8.80
T5130201	Rubber Tire Vehicles 2006-2007	Dec-09	\$12.66
T5130203	Purchase 2 Ballast Regulators	Dec-09	\$7.79
T5130205	Purch 19 Diesel-Elec Locos	Mar-10	\$70.47
T5130208	Trk Geometry-Rail Insp Option	Jan-08	\$9.98
T5160202	Capital Revolving Fund	Mar-10	\$25.00
T5160403	Automatic Tele. Travel Info	Dec-07	\$2.84
T5160501	MTA Engineering Consultants	May-09	\$15.64
T5160502	Boring Services BK/Q/SI 2005	Sep-08	\$1.15
T5160503	Boring Services M/Bx 2005	Sep-08	\$1.39
T5160506	Concrete Batch Plant Insp 2005	Apr-09	\$1.05
T5160508	Concrete Cylinder Testing 2006	Oct-09	\$0.57
T5160509	Test Pits 2005	Jul-08	\$3.05
T5160527	Construction Support 2006	Feb-08	\$2.06
T5160529	Material Inspection Services	Jan-06	\$0.50
T5160601	Asbestos Removal IQ 2005	May-09	\$5.83
T5160603	Consult-USTs, Remediation 2005	Oct-08	\$6.34
T5160612	Asbestos Abatement Priority VI	Jun-09	\$6.84
T5160702	EFR 59 St 8 AV	Jun-09	\$11.07
T5160704	(ICC) EFR Jamaica Yard Tower	Apr-09	\$4.38
T5160708	EFR 96 St BW7	Jan-10	\$3.98
T5160715	GPS Revenue Control	Mar-07	\$0.36
T5160725	(ICC) EFR 207th St 8AV	Mar-09	\$8.18
T5160727	(ICC) EFR 21st St XTN	Jun-08	\$6.11
T5160735	DOS Roof Replacement Ph 1	Jul-10	\$15.00

**Long Island Rail Road**  
**2006 - 2010 Project Completions**  
**(\$ in Millions)**

Project ID	Project Description	Complete 06-10	Project Allocation
A401011H	Purchase M-7's Base	Jun-07	\$43.60
A401011L	M-3 Cars Overhaul	Jun-07	\$26.20
A401011X	Purchase 452 M-7s	Dec-06	\$864.40
L08A03W2	Mineola Grade Crossing Elimination	May-07	\$41.92
L302059E	Valley Stream Parking-Nassau	Nov-07	\$2.28
L30209CX	Lindenhurst Station	Dec-06	\$1.20
L30209CY	Northport/Kings Park Lighting	Mar-06	\$0.40
L308059F	Copaigue Exterior Renovations	May-06	\$0.60
L4020424	Atlantic Terminal	Jul-07	\$86.86
L4020429	Jamaica Station	Apr-06	\$221.97
L4020433	Rosedale Station	Sep-07	\$3.90
L4020434	Valley Stream Station Rehab	Oct-08	\$4.32
L4020480	Jamaica Police Fit-Out	May-07	\$4.77
L40205J2	Mineola Intermodal Center	Oct-06	\$45.10
L40301S5	Main Line Corridor Imps- EIS	Oct-07	\$5.39
L404024R	East River Tunnel Rehab	Sep-06	\$33.11
L404024Y	East River Tunnel Ventilation	Feb-09	\$89.75
L405025J	QUEENS Interlocking Reconfig	Dec-06	\$48.90
L40502E5	DOT Grade Crossings	Dec-08	\$7.11
L40502K5	Jamaica Interlockings	Sep-06	\$12.60
L40502L5	Signalization Babylon-Speonk	May-06	\$34.30
L4060339	Richmond Hill/Diesel Yards	Apr-07	\$22.55
L406036R	Long Island City Yard	Jan-07	\$0.40
L406037I	Automated Storage Upgrade	Nov-06	\$13.90
L40603E6	EIS/Design Port Jeff Yd/Elect.	Dec-06	\$4.10
L40603Y8	Port Washington Yard Reconfiguration	Aug-06	\$1.90
L40603Y9	Mainline Brancy Yard - EIS/Design	Jan-10	\$4.00
L406046V	Regulatory and Compliance	Apr-06	\$5.61
L407032I	Valley Strm/Isl Pk Subst Recon	Sep-06	\$22.98
L40703C1	Circuit Brkr House - "F" Tower	Aug-06	\$4.36
L408043V	Simulator Building Expansion	Feb-08	\$1.20
L40804PD	Program Development	Dec-09	\$2.93
L40804PE	Program Development-Engineerin	Apr-06	\$3.40
L40804PF	Program Development - Signals	May-07	\$1.18
L50101M7	M7 Procurement - 158 Cars	Feb-07	\$375.80
L5020425	Jamaica Fit-Out Phase 2	Apr-08	\$7.83
L502042B	Broadway Platform Replacement	Sep-08	\$18.72
L502042C	Seaford Platform Replacement	Jun-09	\$16.57
L502042G	Babylon Branch Stair Replaceme	Dec-09	\$4.50
L502042Q	Cold Spring Harbor Station Overpass	Nov-06	\$1.60
L502042W	Fare Collection Program	Apr-06	\$5.50
L502052Z	Intermodal Facility Development	Jan-08	\$5.40
L50206VC	Penn Statio Employ Fac Yards	Dec-10	\$9.20
L50206VJ	Station Masters Office Design	May-08	\$1.50
L50301E1	Track Equipment	Dec-09	\$28.60
L50301R1	Culverts	Dec-09	\$4.67
L50301R3	ROW - Fencing	Jul-10	\$4.50
L50301R4	Demolitions	Oct-08	\$1.76

**Long Island Rail Road**  
**2006 - 2010 Project Completions**  
**(\$ in Millions)**

Project ID	Project Description	Complete 06-10	Project Allocation
L50301R6	ROW - Track Stability/Retaining	Dec-10	\$4.10
L50301R7	Amott Culvert	Sep-08	\$3.00
L50301T2	2006 Annual Track Program	Dec-06	\$56.10
L50301T3	2007 Annual Track Program	Dec-07	\$54.36
L50301T4	2008 Annual Track Program	Dec-08	\$54.30
L50301T5	2009 Annual Track Program	Dec-09	\$48.50
L50303T6	Hall Universal Crossover	Jun-08	\$6.30
L50401B1	Bridge Rehabilitation Program	Dec-09	\$7.90
L50401B3	Powell Creek & Hog Island Chan	Dec-09	\$9.80
L50401B4	Atlantic Viaduct	Mar-10	\$75.40
L50401B5	Junction Blvd Abutment PW	Jun-09	\$20.30
L50401B6	Shinnecock Canal/North Highway	Dec-09	\$13.30
L50401B7	Broadway(PW)/150 St(Jamaica)	Nov-09	\$11.20
L50401B8	Woodhaven/Queens Blvd Bridges	Dec-09	\$18.00
L50401B9	DB Bridge	Oct-08	\$0.50
L50402VA	ERT Fire & Life Safety	Nov-09	\$90.50
L50501S6	Improved Radio Coverage	Dec-10	\$15.30
L50501S7	Fiber Optic Network	Dec-09	\$70.12
L50501S8	AVPS Expansion	Dec-10	\$31.60
L50501S9	Communications Pole Line Repla	Dec-09	\$7.24
L50502SA	Wayside Event Recorders	Dec-10	\$6.30
L50502SB	Babylon Branch Improvements	Dec-10	\$30.60
L50502SC	Centralized Train Control-Ph 1	Oct-09	\$20.60
L50502SG	Signal Normal Replacement Prog	Dec-09	\$5.45
L50502SL	Jay, Hall & Dunton Micropro	Aug-09	\$50.29
L50502SU	Jamaica Interlocking - Design	Dec-09	\$20.60
L50502SV	Valley Interlocking - Phase II	May-09	\$59.20
L50502SW	Babylon to Patchogue	Dec-10	\$28.20
L50502SX	Babylon - Speonk Signalization	Dec-07	\$16.30
L5060161	Diesel Locomotive Sho Upgrade	Apr-10	\$14.70
L506016B	West Side Yard Facility Rehab	May-08	\$1.03
L506016C	Hillside Facility - bldgs	Oct-10	\$3.30
L506016H	M of W Repair Facility	Jun-09	\$8.80
L506016K	Rolling Stock Support Equipmnt	Dec-09	\$16.30
L506016L	LCM-HVAC Shop Construction	Dec-06	\$4.54
L506016M	Babylon Yard Reconfiguration	Dec-07	\$11.20
L506016N	Long Island City Yard (3A/3B)	Jul-08	\$16.90
L506046Y	LCM Shop Designa and Construction	Mar-10	\$34.90
L50701P6	Emergency Generators	Dec-09	\$0.20
L50701P7	Repl Bridge Electrical System	Dec-09	\$0.69
L50701P8	Signal Load Electrical System	Dec-09	\$1.42
L50701PA	Substation - DC Breaker	Dec-10	\$3.80
L50701PB	Substation Battery Replacement	Dec-10	\$1.40
L50701PC	Power System Upgrades	Dec-10	\$12.30
L50701PG	Substation Reconstruction	Dec-09	\$37.04
L50701PH	Substation Component Replaceme	Dec-09	\$39.71
L50701PJ	Third Rail System - Cable	Dec-09	\$5.05
L50701PK	Third Rail Protection Board	Dec-09	\$12.92

**Long Island Rail Road**  
**2006 - 2010 Project Completions**  
**(\$ in Millions)**

<b>Project ID</b>	<b>Project Description</b>	<b>Complete 06-10</b>	<b>Project Allocation</b>
L50701PM	Composite Third Rail	Dec-09	\$22.45
L50701PS	Signal Power Line Replacement	Dec-09	\$3.90
L50701PT	Power Pole Line Replacement	Dec-09	\$2.57
L50701PU	Signal Power Motor Generators	Dec-09	\$2.08
L509048C	LIC Car Wash Environmental Rem	Jul-08	\$0.93
L509048D	Richmond Hill Yard - Environme	Jul-07	\$0.50
L509048F	Rail Lubricators Design	Jan-09	\$0.37
L509048H	Holban Yard - Environmental De	Feb-08	\$0.47
L50904OP	Program Development	Dec-08	\$15.00

**MetroNorth Railroad**  
**2006 - 2010 Project Completions**  
**(\$ in Millions)**

Project ID	Project Description	Complete 06-10	Project Allocation
A401-01-01	Purchase M-7 Cars - 180 Cars	Dec-07	\$617.08
A401-01-02	M-2 Car Remanufacture	Dec-08	\$26.35
A401-01-07	West of Hudson Comet Overhauls	May-07	\$15.13
A401-02-06	Comet V Coaches - WoH (MNR)	Dec-06	\$74.08
M402-01-01	GCT Leaks Remediation	Apr-07	\$3.70
M402-01-02	GCT Exterior Rehab/Repainting	Jul-06	\$19.97
M402-01-03	GCT Ventilation Rehabilitation	Dec-06	\$8.26
M402-01-04	GCT Halls/Trainshed Fire Safety Design	Mar-06	\$0.39
M402-01-06	GCT Trainshed Rehabilitation Phase II	Dec-07	\$11.80
M402-01-07	GCT Elevator Rehabilitation	Nov-06	\$6.33
M402-01-08	GCT Vestibule Rehabilitation	Jun-06	\$0.76
M402-02-02	Automated Ticket Selling - Express TVMs	Oct-07	\$6.21
M402-02-07	Lower Harlem Station Rehab	Oct-06	\$15.68
M402-02-08	Hudson Line Overpass Improvements	Mar-07	\$43.13
M402-02-09	Hudson Line Station Impr. (Morris Hts - Greystone)	Sep-06	\$88.12
M402-02-11	Upper Harlem Station Rehabilitation - Phase II	Feb-07	\$11.10
M402-02-13	Larchmont Station Improvements	May-06	\$12.63
M402-02-14	West of Hudson Station Rehabilitation	Jun-06	\$6.87
M402-02-16	Yankee Stadium Station - Preliminary Engineering	Oct-08	\$5.00
M402-02-17	Poughkeepsie Station Improvements	Mar-07	\$7.19
M402-02-19	Directional/Informational Station Signage	Dec-06	\$1.39
M402-02-20	Miscellaneous Station Improvements	Dec-06	\$0.72
M402-02-22	NHL Station Improvements	Jul-06	\$0.84
M402-03-03	Parking Rehabilitation	Dec-07	\$0.34
M402-03-04	Parking Expansion	Jun-06	\$4.11
M402-03-08	Pearl River Parking Expansion (Site II)	Dec-06	\$2.67
M402-03-09	Mamaroneck Station Parking Rehabilitation	Apr-06	\$2.89
M402-03-10	Port Chester Parking Expansion	Oct-06	\$5.94
M402-03-11	Beacon Parking & Access Improvements	Jul-06	\$8.96
M402-03-12	Salisbury Mills/Otisville Parking Improvements	Oct-06	\$4.58
M402-03-13	North White Plains Parking - EIS	Dec-06	\$1.67
M402-03-14	Brewster Parking Expansion	Oct-07	\$3.60
M402-03-16	Irvington Station Parking Improvements	Jul-07	\$3.73
M403-01-02	GCT Switch/Track Rehabilitation	Jun-06	\$7.73
M403-01-03	Turnouts - Mainline/High Speed Rehabilitation	Dec-06	\$47.23
M403-01-11	Port Jervis Line Track Rehabilitation	Jun-06	\$11.65
M403-02-02	ROW Fencing Installation	Apr-06	\$2.88
M403-02-03	M of W Equipment	Mar-07	\$7.54
M403-02-04	Rail-Top Culverts Rehabilitation	Dec-06	\$3.75
M403-02-05	Rehab/Replace Overhead Bridges	Aug-08	\$2.41
M403-02-06	Rehab/Replace Undergrade Bridges	Dec-06	\$13.65
M403-02-08	Replace Bridge Timbers	Oct-06	\$2.79
M403-02-12	Port Jervis Line Structures Rehabilitation	Sep-06	\$3.10

**MetroNorth Railroad**  
**2006 - 2010 Project Completions**  
**(\$ in Millions)**

Project ID	Project Description	Complete 06-10	Project Allocation
M404-01-07	Optimize Signal Relay Circuits	Jun-07	\$2.56
M404-01-09	Upgrade Network Infrastructure (NYS Only)	Dec-06	\$34.68
M404-01-10	Install Kit Room Backup	Dec-06	\$4.92
M404-01-12	Upper Harlem Capacity Improvements	Jun-06	\$7.79
M404-01-15	Code Rack/Local Control Panel Replacement	Apr-06	\$2.04
M404-01-17	Corporate Data Network	Jul-06	\$2.60
M404-01-19	Operations Control Center	Feb-08	\$2.90
M405-01-01	Replace Supply Substation - Bridge 23 Mt.Vernon	Sep-07	\$1.14
M405-01-02	GCT Third Rail Rehabilitation	Dec-06	\$3.23
M405-01-06	Replace Switchgear - 59th & 72nd Street	Nov-07	\$13.40
M405-01-09	Substation Retrofit - New Haven Line (NYS)	Dec-06	\$2.52
M406-01-01	Harmon Shop/Yard Rehabilitation	Jul-06	\$105.14
M406-01-05	Depot Place M of W Yard	Jun-06	\$4.62
M406-01-07	Beekman Street MN/MTA Police Facility	May-06	\$0.53
M408-01-01	Systemwide Asbestos/Lead Abatement	Dec-06	\$5.85
M408-01-11	Miscellaneous Studies	Dec-09	\$5.49
M501-01-01	Specification/Purchase Diesel Loco for non-GCT svcs.	May-09	\$7.08
M501-01-02	M-2 Critical Systems - 241 Cars	Dec-08	\$18.60
M501-01-04	M-4 Midlife Remanufacture - 54 Cars	Jan-09	\$14.70
M501-01-05	M-6 Midlife Remanufacture Spec Develop	Jan-09	\$0.60
M501-01-06	M-7 Purchase - 36 Cars	Dec-06	\$109.87
M501-01-09	End Door Coach Midlife Overhaul - 40 Cars	Dec-07	\$21.85
M501-01-10	M-9 Specification Development	Jan-07	\$1.00
M501-03-08	Replace Obsolete Work Equipment	Nov-07	\$1.58
M502-01-01	GCT Trainshed Structural Repairs	Dec-09	\$16.80
M502-01-02	GCT Leaks Remediation	Dec-08	\$6.48
M502-01-03	GCT Exterior Rehabilitation - East Fascade	Nov-06	\$5.10
M502-01-05	GCT Elevator Rehabilitation Phase III	Nov-09	\$4.10
M502-01-07	GCT Platform Improvements	Dec-08	\$0.95
M502-01-08	GCT Water Conveyance Utilities Improvements	Dec-07	\$1.53
M502-02-02	Croton Harmon/Peekskill Station Improvements	Sep-09	\$5.12
M502-02-03	Poughkeepsie Station Building	Mar-10	\$2.84
M502-02-04	Upper Harlem Line Station Improvements	Jun-07	\$2.77
M502-02-05	New Haven Line (NYS) Stations Improvements	Apr-10	\$34.30
M502-02-06	Station Building Rehabilitation	Dec-08	\$10.90
M502-02-07	Station and Platform Informational Signs	Sep-09	\$0.95
M502-02-08	Ticket Selling Machines	Dec-06	\$3.24
M502-03-01	Parking Rehabilitation	Dec-09	\$3.30
M502-03-02	Parking Expansion	Dec-09	\$39.03
M503-01-01	2005 Cyclical Track Program	Oct-06	\$9.96
M503-01-02	Turnouts Mainline/High Speed	Dec-09	\$44.54
M503-01-03	GCT Turnout and Switch Renewal	Mar-09	\$9.90
M503-01-04	Turnouts Yards	Dec-07	\$5.24

**MetroNorth Railroad**  
**2006 - 2010 Project Completions**  
(\$ in Millions)

Project ID	Project Description	Complete 06-10	Project Allocation
M503-01-05	M of W Equipment	Dec-09	\$6.10
M503-01-06	Rebuild Retaining Walls	Dec-09	\$2.13
M503-01-07	Rock Slope Remediation - East of Hudson	Aug-10	\$5.40
M503-01-09	Drainage and Undercutting	Oct-09	\$7.70
M503-01-10	Purchase MOW Rolling Stock	Dec-08	\$2.10
M503-01-11	2006 Cyclical Track Program	Mar-07	\$13.59
M503-01-12	2007 Cyclical Track Program	Mar-08	\$11.48
M503-01-13	2008 Cyclical Track Program	Mar-09	\$11.15
M503-01-14	2009 Cyclical Track Program	Mar-10	\$11.84
M503-02-01	Replace/Repair Undergrade Bridge Program	Jan-10	\$29.04
M503-02-02	Rehabilitate Culverts/Railtop Culverts	Dec-09	\$3.14
M503-02-03	D.C. Substation/Signal House	Dec-09	\$2.11
M503-02-04	Park Avenue Utility Bays Surveys	Dec-07	\$0.58
M503-02-05	Replace Timbers Undergrade Bridges	Dec-09	\$2.18
M503-02-06	Overhead Bridge Program-East of Hudson	Dec-09	\$2.77
M503-02-08	Right-of-Way Fencing	Feb-10	\$1.43
M503-02-09	Remove Obsolete Facilities	Sep-10	\$4.27
M503-02-12	Clearance Inventory and Video	Dec-07	\$1.07
M503-02-13	Bridge Walkways	Feb-09	\$2.10
M503-02-15	Catenary Painting NHL (NYS)	Oct-09	\$2.99
M503-02-16	Employee Welfare and Storage Facilities	May-09	\$2.50
M503-02-17	Beacon Line Undergrade Bridge	Dec-09	\$2.86
M503-02-18	Systemwide Flood Control	Dec-09	\$0.50
M503-03-01	West of Hudson Track Program	Dec-09	\$36.70
M503-03-02	West of Hudson Improvements	Oct-09	\$2.50
M503-03-03	Moodna/Woodbury Viaducts	Dec-09	\$5.15
M503-03-04	Otisville Tunnel	Dec-09	\$1.00
M503-03-05	Undergrade Bridge Program West of Hudson	Dec-09	\$6.35
M504-01-05	Replace CTC Systems (OCC/ECC)	Dec-08	\$26.69
M504-01-07	Signal System Replacement	Dec-09	\$27.44
M504-01-10	Upgrade Grade Crossings	Dec-09	\$0.95
M504-01-11	C&S Cable Replacement GCT to Mott Haven	Jan-09	\$3.80
M504-01-12	Vital Processor System (GCT)	Aug-09	\$6.21
M504-01-13	Refurbish/Replace Electric Switch Machines	Dec-09	\$0.95
M504-01-14	Replace High Cycle Rate Relays	Nov-08	\$0.75
M504-01-15	Replace Track Relays	Nov-08	\$2.47
M504-01-16	Replace Interlocking/Siding - West of Hudson	Dec-09	\$1.93
M505-01-01	Substation Bridge 23	Dec-09	\$12.80
M505-01-02	Substation Retrofit - Harlem and Hudson Lines	May-09	\$13.10
M505-01-03	Replace Harlem River Lift Bridge Breaker Houses	Dec-09	\$3.75
M505-01-04	Aluminum 3rd Rail and E-Rail GCT Lower Level	Jun-08	\$1.92
M505-01-05	Replace Substation Batteries	Oct-09	\$0.74
M505-01-06	Replace Motor Alternators	Jul-09	\$5.71

**MetroNorth Railroad**  
**2006 - 2010 Project Completions**  
**(\$ in Millions)**

<b>Project ID</b>	<b>Project Description</b>	<b>Complete 06-10</b>	<b>Project Allocation</b>
M505-01-07	Install High Speed DC Circuit Breaker Relay Protection	Dec-07	\$1.94
M505-01-08	Harlem and Hudson Lines Power Improvements	Apr-10	\$41.20
M505-01-09	Rehab Harlem and Hudson Lines Substations	Dec-09	\$11.40
M505-01-10	Install Sectionalizing Switches GCT	Jan-09	\$3.81
M506-01-03	Harmon Shop Replacement (Phase III)	Jun-09	\$324.10
M506-01-05	Highbridge Car Wash Facility	Dec-08	\$12.89
M506-01-06	Poughkeepsie Yard Improvements	Jul-09	\$1.10
M506-01-07	Improvements	Dec-08	\$1.54
M508-01-02	Systemwide Lead/Asbestos Abatement	Jun-10	\$5.50
M508-01-03	Environmental Remediation	Jun-10	\$2.20
M508-01-09	Customer and Employee Communications Projects	Dec-09	\$8.60



**MTA Capital Construction Company**  
**2006-2010 Project Completions**  
**(\$ in Millions)**

<b>Project ID</b>	<b>Project Description</b>	<b>Complete 06-10</b>	<b>Project Allocation</b>
ET060102	2 Fans:South Ferry/Battery-BW7	May-08	\$35.00
G4090119	MH Tunnels Excavation	Apr-10	\$407.70
G4090120	Queens Open Cut Excavation	Nov-08	\$131.20
G4090125	Tier 2 Locomotives	Oct-07	\$4.50
G4090125	Wood Interlocking	Aug-08	\$26.90
G4090137	Arch Street Connection	Jun-06	\$12.18
G4100101	SAS EIS/Preliminary Engineering	Apr-06	\$232.40
G4100102	SAS Final Design	Jun-08	\$185.81
G4100106	SAS Tunnels 92 St-62 St	Jan-09	\$399.00
G4120101	FSTC Project-Wide Elements	Jun-09	\$111.04
G4120102	FSTC Dey St Conc Struct Box	Jan-08	\$160.04
G4120103	FSTC Real Estate	Aug-06	\$137.23
G4120104	FSTC 2/3 Rehab & 4/5 Stairs	Jul-07	\$43.55
G4120105	FSTC Deconstruction,Foundation	Jan-08	\$45.12
G4120106	FSTC A/C Mezzanine, J/M/Z	Apr-09	\$72.89
G4120107	FSTC Dey St Finishes,4/5 Rehab	Jun-09	\$210.10
G4120108	FSTC Corbin Bldg Restoration	Dec-08	\$19.04
G4120201	SoFe Terminal Structure	Aug-07	\$292.21
G4120202	SoFe Terminal Finishes/System	May-08	\$98.17
G4120204	SoFe Landscaping	May-08	\$15.08
G5090115	55th Street Vent Plant	Apr-10	\$54.21
G5090117	Harold Strutures (Part 1)	Mar-09	\$122.90
G5090118	Harold Stage 1	Mar-09	\$72.50
G5090119	Harold & Point CIL	Aug-10	\$53.34
G5090120	Procure Rail Fasteners	Oct-09	\$10.40
G5110101	Running Tunnel and 10th Ave Station Shell	Jun-09	\$800.00
G5110102	Final Design	Jan-07	\$25.00

**MTA Police Department**  
**2006 - 2010 Project Completions**  
**(\$ in Millions)**

<b>Project ID</b>	<b>Project Description</b>	<b>Complete 06-10</b>	<b>Project Allocation</b>
N5100101	Suffolk Cnty. District Office	Jun-08	\$4.70
N5100104	K9 Facility	Nov-06	\$3.50
N5100106	Emergency Service units	Jan-07	\$0.45
N5100107	GEC	Jun-10	\$1.68
N5100108	Administration	Jun-10	\$2.49
N5100109	Public Safety Radio	Dec-09	\$45.00
N5100110	Communications Center Backup	Sep-07	\$2.00
N5100112	Integrated Incident Mgt. Sys.	Jun-08	\$0.30
N5100113	Access Control	Dec-08	\$1.20
N5100114	Enhanced 911	Jun-08	\$1.50

**MTA Bus Company**  
**2006-2010 Project Completions**  
**(\$ in Millions)**

<b>Project ID</b>	<b>Project Description</b>	<b>Complete 06-10</b>	<b>Project Allocation</b>
U4030205	192 Hi-Cap Express 2005	Mar-06	\$91.92
U4030206	59 Hi-Cap Express 2006	Dec-06	\$29.69
U4030204	284 Hybrid-Electric Buses 2005	Jun-07	\$154.16

## **OPERATING IMPACTS EXCEEDING \$1 MILLION FOR CAPITAL PROJECTS REACHING BENEFICIAL USE 2007 - 2010**

**Note: The following operating impact assumptions for capital projects reaching beneficial use in 2007 through 2010 are all included in the current financial plan.**

### **NEW YORK CITY TRANSIT CAPITAL PROJECTS**

**Project:** Charleston Depot Annex

This is a new bus depot. 72 positions are added, reflecting the fixed overhead of operating a depot. Beginning in 2009, 10 of the positions include security guards, who will provide 24x7 coverage. Initial operating impacts begin in 2008 (\$1.2 million), but full impacts begin in 2009, totaling about \$5.8 million annually.

**Project:** Purchase 216 Hybrid Electric Buses

Hybrid Buses are more expensive to maintain than the standard diesel buses. An additional 32-53 positions per year are needed in this period; all the positions reflect maintainer positions, while the OTPS expenses are maintenance materials. However, some of the expense is offset by diesel fuel savings. The increased impacts begin in 2008 (\$2.1 million), but full impacts begin in 2009 \$8.0 million) as all buses enter their major maintenance cycles.

**Project:** Grand Avenue Bus Maintenance Facility

This is a new bus depot and central maintenance facility. 108 new positions are reflected: 83 positions reflect the fixed overhead of operating a depot and central maintenance facility and the additional 25 positions reflect the fixed overhead for Supply Logistics (NYCT's distribution division). The OTPS costs include 24x7 security coverage. Full impacts begin in 2008 (\$11.2 million).

**Project:** Paratransit AVL

Maintain assets associated with Paratransit AVL, includes contract maintenance as well as in-house support. Impacts begin in 2008, with costs reaching \$1.1 million in 2009.

**Project:** Public Address/Customer Information Screens – 156 IRT Stations

Total impacts begin in 2009, reflecting 20 positions (\$2.6 million). Impacts appear in two areas. The TIS area includes vendor software maintenance and resources to support the active directory of the PA/CIS application (\$1.2 million). The Electronics Maintenance Division (EMD) includes \$1.4 million to maintain assets associated with the enhanced public address system.

### **LONG ISLAND RAIL ROAD CAPITAL PROJECTS**

**Project:** M7 Electric Car Procurement (158 Cars)

M7 cars have different maintenance requirements than their predecessors (M1 electric fleet) due to new technology, customer communications, and Life Cycle Maintenance (LCM) program. Some of these costs should be offset by greater reliability as evident by higher Mean Distance

Between Failure (MDBF). Cost associated with larger fleet (increment of 108 cars). Impact date: 2/2007. The operating budget includes \$25.9 million for expenses in 2007, and over \$26 million per year beginning in 2008.

### **METRO-NORTH RAILROAD CAPITAL PROJECTS**

There are no new capital projects entering beneficial use in 2007 – 2010 that have an impact on the MNR's operating budget over \$1.0 million.

### **BRIDGES AND TUNNELS CAPITAL PROJECTS**

There are no capital projects entering beneficial use in 2007 – 2010 that have an impact on the B&T's operating budget over \$1.0 million.

## **VIII. Agency Financial Plans**

# **Bridges and Tunnels**

**MTA Bridges and Tunnels**  
**2007 Preliminary Budget**  
**July Financial Plan 2007–2010**

**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, while providing significant 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.

The agency's mission is carried out by more than a dozen different departments, including the Operations Department 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 safely, securely and efficiently as possible and providing essential and significant financial assistance to the other MTA agencies.

B&T continues to be successful in achieving its primary goals. Financially, more than \$715 million in Support to Mass Transit will be provided in 2006, which will bring the total amount of support provided to approximately \$14.7 billion since B&T became part of the MTA in 1968.

Operationally, safety is the agency's first priority. As of May 2006, year-to-date lost time injuries were 25 as compared to 18 during the same period last year. Although slightly up from 2005, employee injuries have decreased by more than 85% since the All-Agency Safety Initiative began in 1996.

B&T continues to improve performance in customer safety by identifying collision hot spots, reevaluating and modifying traffic patterns in construction zones, and improving roadway signage. Through May 2006, the collision rate was 4.58 per million vehicles, exceeding performance for the same period in 2003, 2004 and 2005.

Customer satisfaction is also a key goal for B&T. In its most recent survey, B&T's customers rated their overall satisfaction at 7.0 out of 10 in 2005. This is consistent with B&T's historical performance, despite near record high traffic, a toll increase and significant construction at several facilities.

Overall satisfaction with the agency's E-ZPass system was 8.2, also consistent with historical performance.

One factor that continues to drive customer satisfaction is the reduction in median queue time during peak periods. E-ZPass has enabled B&T to maintain low average peak hour queue times while managing much higher levels of traffic than existed prior to implementation of electronic toll collection. Almost 74% of all weekday B&T traffic and nearly 84% of all weekday truck traffic use E-ZPass. Through the first quarter 2006 these high market shares have played an important role in keeping median vehicle queue time, at 9.0 seconds, which is more than 50% lower than B&T's 20-second goal.

The E-ZPass Tag Replacement Program, begun in 2002, was substantially completed at the end of March, 2006. The first generation tags were replaced after approximately 5.5 years of use. The new tags, which include a number of features that improve tag performance and battery life, will not need to be replaced until after approximately eight years of use.

## **FINANCIAL OVERVIEW**

Total Support to Mass Transit for the 2006 Mid-Year Forecast is projected to be \$715.6 million, \$27.7 million lower than the Adopted Budget. Compared to the Adopted Budget, total revenue is projected to be \$39.1 million lower, while expenses are \$10.8 million lower. The lower revenues primarily reflect a change in methodology for security funding. This change will have no material impact on B&T's security program. Previously, B&T was reimbursed for security expenses by MTA Headquarters. Since these expenses are ongoing, all security programs will now be included in B&T's baseline and no longer reimbursed. This results in a reduction of MTA Headquarters' expenses.

For 2006-2007, B&T is projecting \$1,715.9 million in Net Operating Income before factoring in the Program to Eliminate the Gap (PEG). This consists of \$2,529.6 million in revenue less \$813.7 million in expenses. Taken together, 2006-2007 Net Operating Income is \$77.1 million (4.3%) below the February Financial Plan level due to lower revenue of \$85.2 million (resulting primarily from the change in methodology for security funding and the repeal by the New York State Legislature of the \$1 per month E-ZPass account fee), offset by lower expenses of \$8.1 million.

For 2008, 2009 and 2010, B&T's Net Operating Income is \$846.5 million, \$822.6 million and \$781.8 million, respectively, before factoring in the Program to Eliminate the Gap (PEG). This consists of \$1,268.1 million in revenue less \$421.6 million in expenses in 2008, \$1,267.4 million in

revenue less \$444.8 million in expenses in 2009, and \$1,268.0 million in revenue less \$486.2 million in expenses in 2010.

B&T's baseline headcount, including New Needs, is expected to be 1,828 by 2007, a net increase of fourteen positions from the previous financial plan. Ten of the fourteen positions being added in this financial plan will be for security-related purposes.

### **2006 Mid-Year Forecast**

In the 2006 Mid-Year Forecast, a total of \$871.6 million is projected in Net Operating Income compared to \$900.0 in the 2006 Adopted Budget. This consists of \$1,266.9 million in revenues, offset by \$395.3 million in expenses.

Revenues are lower than the Adopted Budget by \$39.1 million. This is due primarily to three major factors:

- The change in methodology for security funding, as mentioned above, resulting in a \$27.4 million reduction in Capital and Other Reimbursements;
- Other Operating Revenue has been reduced by \$8.6 million primarily due to the repeal by the New York State Legislature of the \$1 per month E-ZPass account fee, effective June 1, 2006;
- Toll revenues are projected to be \$4.3 million less than originally planned due to atypical weather conditions at the beginning of 2006 and the impacts that higher gas prices appear to be having on traffic volumes.

The Adopted Budget assumed traffic growth of 0.3% against the 2005 actuals. This growth has not materialized through May. Based on preliminary actual data through May (the most recent month available), traffic was down by 0.3% for the first quarter, and by nearly 1.0% for April and May combined. Increases in gas prices began accelerating in April and in May, exceeding \$3 per gallon in New York. While it is highly likely that traffic volumes were negatively affected by the higher gas prices, it is difficult to quantify the impacts based on just a few months, and it is equally difficult to isolate such impacts from non-continuing, weather-related factors.

The 2006 Mid-Year Forecast incorporates the modest traffic declines of the first quarter and expects no growth against 2005 actual volumes from June through December. This reduces toll revenues from the Adopted Budget by \$5.5 million in 2006. A modest increase in the average toll based on recent traffic trends (e.g., higher than planned truck traffic) is expected to offset

\$1.2 million of this loss. Traffic volumes will continue to be monitored and analyzed throughout the year, and further toll revenue adjustments may be necessary at a later point in the budget cycle.

The 2006 Mid-Year expenses are composed of \$203.4 million in labor costs and \$191.9 million in non-labor expenses. Total expenses are lower by \$10.8 million when compared to the Adopted Budget. Non-labor expenses are projected to be \$17.2 million lower due primarily to reduced OTPS costs from the timing of the award of the contract for the E-ZPass Customer Service Center and the completion of the E-ZPass tag replacement program, offset by a \$1.1 million non-labor new need. Labor costs are \$6.4 million higher due to an adjustment in pension costs from NYCERS (\$3.5 million), a back-payment for NYSHIP retiree health costs (\$1.5 million), CPIU increases (\$0.4 million), and new needs (\$1.0 million).

The new needs include the following:

- Four positions for Engineering and Construction's Special Projects Division (\$0.2 million), to coordinate capital security work being undertaken by MTA Capital Construction at B&T facilities. Most of the cost of these positions will be reimbursed by either MTA Capital Construction or B&T's capital program.
- Four Sergeants positions to establish a dedicated Training Unit in the Operations Department (\$0.3 million). Training has become a permanent need throughout the year in Operations, and it is currently being carried out by temporarily-assigned Sergeants.
- Increase in Temporary Bridge and Tunnel Officer (Temp BTO) compensation from \$80 to \$90 per day (\$0.3 million) to improve recruitment and increase availability of Temp BTOs.
- Increased overtime for National Incident Management System Training (\$0.2 million) resulting from a U.S. Homeland Security Department mandate.
- Non-labor expenses for the Revenue Operating Center (\$1.1 million), as part of an agreement with New York City Transit to share the costs of the building operations.

In 2006, the total planned headcount is 1,822, which includes 49 capital reimbursable positions.

The 2006 Mid-Year Forecast includes two new below-the-line gap closing actions that will reduce expenses by \$0.2 million. These will be discussed under Gap Closing Measures.

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 Preliminary Budget - Baseline**

In the 2007 Preliminary Budget, a total of \$844.3 million is projected in Net Operating Income for 2007 before factoring in the savings from PEGs. This consists of \$1,262.7 million in revenues, less \$418.4 million in expenses. Although the zero-growth traffic trend is not continued into 2007, traffic levels anticipated for 2007 are nevertheless lower than what was assumed in the Adopted Budget because growth estimates have been applied to a lower 2006 base. The favorable assumptions made to the average toll in 2006 are also expected to continue in 2007.

The expenses are composed of \$212.1 million in labor costs and \$206.3 million in non-labor expenses. Overall expenses are \$2.7 million higher against the Adopted Budget. Labor costs are projected to increase \$4.6 million, due primarily to higher Health and Welfare costs. Total non-labor expenses will be reduced by \$1.9 million. Major OTPS re-estimates include a reduction in bridge painting expenses due to the timing of projects at two bridges (\$4.3 million), a reduction in the E-ZPass tag inventory (\$1.6 million) and an increase in E-ZPass customer service center costs (\$3.5 million) due to a shifting of transition/start-up expenses from the previous year because of a delay in the award of the new contract.

In 2007, there are additional new needs, which include:

- An increase of six positions for Internal Security personnel for the centralized Security Center (\$0.2 million), which will oversee new electronic access controls, CCTV and alarms that have recently been installed.
- Additional maintenance costs (\$0.2 million) for new equipment and systems that have been installed at B&T facilities to improve customer navigation and safety, including variable speed limit signs.

The total baseline planned headcount will be 1,828, which includes 49 capital reimbursable positions.

The 2006 July Financial Plan also includes below-the-line gap closing actions of \$1.2 million in 2007 for the reduction of three administrative positions and a net of 18 positions through attrition to bring the total headcount to 1,807 in 2007. These actions will be discussed later in this document, under Gap Closing Measures.

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.

## **2008-2010 Projections**

The 2008 projection for Net Operating Income is \$846.5 million before factoring in the savings from PEGs. This consists of \$1,268.1 million in revenues, less \$421.6 million in expenses. Toll revenue is reduced on a plan to plan basis in 2008-2010 due to the aforementioned baseline reduction made for 2006. In addition, applying the recent economic forecasts for employment and inflation resulted in further plan-to-plan reductions from 2008 through 2010 and the recent favorable average toll trend was factored into the entire plan period. The 2008 expenses are comprised of \$223.0 million in labor costs and \$198.6 million in non-labor expenses.

Total baseline planned headcount in 2008 remains at 1,828, which includes 49 capital reimbursable positions.

There are no additional new needs in 2008, but there are below-the-line gap closing actions of an additional \$1.5 million, one of which requires the addition of a maintainer position with an OTPS offset, to bring the total headcount to 1,808 in 2008 after all PEGs are considered. These actions are discussed later in this document under Gap Closing Measures.

The 2009 and 2010 projections for Net Operating Income are \$822.6 million and \$781.8 million, respectively, before factoring in the savings from PEGs. For 2009, this consists of \$1,267.4 million in revenues, offset by \$444.8 million in expenses. The expenses are composed of \$234.5 million in labor costs and \$210.3 million in non-labor expenses. For 2010, Net Operating Income consists of \$1,268.0 million in revenues, offset by \$486.2 million in expenses. The expenses are composed of \$247.0 million in labor costs and \$239.2 million in non-labor expenses.

In 2009, no new needs are planned, but in 2010 the start of a new E-ZPass tag replacement program will require additional funding of \$17.2 million, enabling B&T to begin replacing current tags after they have been in use for eight years.

In 2009 and 2010, the total baseline planned headcount remains at 1,828, which continues to include the 49 capital reimbursable positions.

The 2009 and 2010 projections also include the continuing below-the-line gap closing actions of \$2.7 million for the respective years, maintaining headcount at 1,808. These actions are discussed later in this document under Gap Closing Measures.

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 new PEG actions beginning in 2006 are projected to generate \$0.176 million in cost reductions. The major proposed initiatives are:

- With the implementation of the new Superior Officers Benevolent Association (SOBA) contract, a reduction in overtime (\$0.008 million) is projected due to field supervision scheduling efficiencies from a decrease of 3 Lieutenant positions and an increase of 3 Sergeant positions.
- A reduction in Field Supervision overtime as a result of eliminating Sergeant and Lieutenant weekend security overtime (\$0.168 million) with the implementation of new SOBA contract. The lower overtime is offset by straight time.

Both of the above proposed initiatives are contingent on MTA Board approval of the new SOBA contract.

### **2007 PEG Actions**

For 2007, total PEG actions (including post-2006 PEGs from February 2006) will amount to a total of \$1.166 million. The post-2006 PEGs from February 2006 total \$0.053 million.

### **Post-2006 PEGs from February 2006**

- One administrative position in Accounts Payable will be eliminated as a result of efficiencies gained through the Procurement Credit Card, a reduction in capital vouchers, and an anticipated reduction in invoices due to new administrative budget controls (\$0.042 million).
- One administrative position in Payroll will be eliminated in the fourth quarter as a result of the expected efficiencies from a new KRONOS automated timekeeping system (\$0.011 million).

## **New 2007 PEG Actions**

New PEG actions in 2007 are projected to generate an additional \$1.113 million in expense reductions. The proposed new 2007 initiatives are:

- One administrative position in the Human Resources Department will be eliminated as a result of the expected efficiencies from the new KRONOS automated time card system (\$0.015 million).
- As a result of the September 11<sup>th</sup> terrorist attacks, interim security measures were put in place pending the development and implementation of capital enhancements, including the deployment of electronic security systems. Beginning in 2007, B&T will deploy cameras, intrusion detection devices and alarms that will enable the elimination, through attrition, of 18 net positions (12 Bridge and Tunnel Officers and 6 Sergeants) without any diminishment in security coverage.
- Reduction in telephone expenses by replacing the current data transfer systems (used for internet, intranet, etc.) with a faster, higher capacity system at all B&T facilities (\$0.030 million).

## **Post-2007 PEG Actions**

The PEG actions from 2006 and 2007 and a new PEG in 2008 are projected to generate \$2.722 million in expense reductions. The proposed new 2008 initiative is:

- A reduction in roadway sweeper service expenses, in which one maintainer position will be added, enabling the department to bring road sweeper services in-house for the Verrazano Narrows, Marine Parkway and Cross Bay Bridges. This will result in a contract savings of \$0.149 million and a net savings of \$0.072 million.

## **2009 Through 2010 PEG Projections**

Adoption and implementation of the above initiatives will result in total PEG savings of \$2.734 million in 2009 and \$2.747 million in 2010.

No new PEGs are scheduled to begin in 2009 to 2010.









**MTA Bridges and Tunnels**  
**July Financial Plan 2007-2010**  
**Year-to-Year Changes by Category - Accrual Basis**

**YEAR-TO-YEAR CHANGES: 2006-2010**

**Toll Revenue**

- Revenues are estimated to reach \$1,234.0 million in 2006 and \$1,235.6 million in 2007. The growth of \$1.6 million in 2007 is based on current traffic trends and economic forecasts provided by Global Insight.
- Projected revenues rise by \$6.9 million in 2008, reflecting modest growth in regional (New York City, Long Island and Westchester) employment, an additional day due to the leap year, and other economic and operational considerations. Revenues decline by \$1.3 million in 2009 primarily due to the regular 365-day year and are projected to remain flat in 2010, based on economic projections and the declining average toll caused by increases in E-ZPass market share.
- Paid traffic is expected to reach 300.1 million vehicles in 2006, 301.0 million vehicles in 2007, 303.2 million in 2008, 303.4 million in 2009, and 303.9 million in 2010. These modest increases are based on the economic forecasts provided by Global Insight.

**Other Operating Revenue**

- Other Operating Revenue is projected at \$15.3 million in 2006 and is estimated to decrease by \$8.3 million in 2007 primarily due to the New York State legislated repeal of the \$1 per month E-ZPass account fee effective June 1, 2006.
- Total Other Operating Revenue increases by approximately \$0.1 million annually from 2008 through 2010, resulting primarily from expected growth in parking receipts at the Battery Parking Garage as economic conditions in Lower Manhattan continue to improve.

**Capital and Other Reimbursements**

- Income from Capital and Other Reimbursements are projected to increase by approximately \$2.5 million in 2007, due to an increase in capital projects.
- In 2008, Capital and Other Reimbursements decrease by \$1.4 million due to the completion of capital and security projects.
- Capital and Other Reimbursements increase by \$0.3 million in 2009 and \$0.5 million in 2010, due to CPIU adjustments.

## **Investment Income**

- The investment income plan for 2006 through 2010 reflects earnings on estimated fund balances based on Global Insight's forecasts for short-term investment yields. Investment income stays at the same levels in 2006 and 2007, decreases by \$0.1 million in 2008, and increases by \$0.1 million in 2009 and 2010.

## **Payroll**

- In 2007, there is an increase of \$4.8 million over 2006 due to CPIU (\$3.0 million), salary adjustments including contractual step-up increases (\$1.4 million), and personnel new needs for four positions in Engineering and Construction (\$0.1 million), four Training Sergeants for Operations (\$0.2 million), and six positions in Internal Security to staff the Security Operations Center (\$0.1 million).
- Expenses grow by \$5.2 million in 2008 due to CPIU, contractual step-up increases, and the full-year effect of the addition of six positions in Internal Security. Thereafter, increases of \$5.5 million in 2009 and \$5.8 million in 2010 are due to CPIU and contractual step-up increases.

## **Overtime**

- In 2007, there is a \$0.8 million decrease from 2006 in overtime expenses due to departmental re-estimates.
- Thereafter, the year-over-year increases of \$0.4 million in 2008, \$0.7 million in 2009, and \$0.8 million in 2010 are the result of CPIU adjustments.

## **Health and Welfare**

- In 2007, there is a \$4.2 million increase from 2006 in health and welfare expenses. This increase is mainly due to a 14.8% CPIU for medical expenses in 2007 (\$4.6 million) and for new needs for additional personnel in Operations, Engineering and Internal Security (\$0.3 million), offset by a decrease of \$0.7 million for retiree health costs from NYSHIP.
- The year-over-year increases from 2008 to 2010 are \$4.0 million, \$4.2 million, and \$4.7 million, respectively. A CPIU of 10.68% has been added to each year from 2008 on, based on cost factors provided by the MTA.

## **Pensions**

- In 2007, there is a \$0.2 million decrease from 2006, based on the latest NYCERS estimates received. The increases of \$0.5 million per year from 2007 to 2010 are due to CPIU.

## **Other Fringe Benefits**

- The year-over-year increases from 2006 to 2010 are \$0.7 million per year. In 2007 and 2008, these increases are due to new needs (less than \$0.1 million) and CPIU (\$0.6 million); thereafter, the increases are the effect of CPIU inflators. The estimates for Worker's Compensation through 2008 are based on information received from MTA Risk Management; thereafter, increases are also due to CPIU.

## **Insurance**

- Property and liability insurance expenses increase between \$0.9 million and \$1.2 million annually from 2007 through 2010 based on MTA Risk Management's most recent estimates.

## **Maintenance and Other Operating Contracts**

- In 2007, expenses are \$10.1 million higher than 2006 primarily due to bridge painting requirements at the Throgs Neck Bridge (\$5.0 million), additional costs associated with implementing and transitioning to a new contract for the E-ZPass Customer Service Center (\$5.4 million) and CPIU increases. The higher expenses were offset by a \$1.8 million non-programmatic re-estimate of major maintenance expenses that will have no impact on the maintenance of B&T facilities.
- In 2008, there is a decrease of \$9.5 million from 2007 primarily due to the one-time cost of implementing and transitioning to a new E-ZPass Customer Service Center contract (\$10.9 million), offset by CPIU increases.
- In 2009, the \$7.1 million in higher expenses are mainly due to the painting of the Bronx Whitestone towers and Throgs Neck approach spans (\$5.1 million) and CPIU increases.
- For 2010, the \$4.1 million in higher expenses are primarily due to increased Customer Service Center costs resulting from the onset of the tag replacement program (\$3.9 million), offset by a re-scheduling of bridge painting expenses due to the timing of work (\$1.1 million) and CPIU increases.
- CPIU increases are 2.59% in 2006, 1.58% in 2007, 1.84% in 2008, 1.73% in 2009, and 1.77% in 2010, based on forecasts for national inflation provided by Global Insight.

## **Professional Service Contracts**

- In 2007, expenses are \$2.3 million higher than 2006 primarily due to re-estimates of bond service fees (\$0.2 million), legal and miscellaneous consulting services (\$0.9 million) training (\$0.7 million), general engineering services and advertising (\$0.4) and CPIU increases.
- For 2008 to 2010, the higher expenses (\$0.4 million in 2008, \$0.2 million in both 2009 and 2010) are a result of CPIU increases.

- CPIU increases are 2.59% in 2006, 1.58% in 2007, 1.84% in 2008, 1.73% in 2009, and 1.77% in 2010, based on forecasts for national inflation provided by Global Insight.

### **Materials and Supplies**

- In 2007, expenses are \$1.0 million higher than 2006 primarily due to an increase in E-ZPass tags (\$0.7 million) to meet the expected growth in E-ZPass accounts, and increases from CPIU.
- In 2008, expenses are \$0.2 million higher than 2007 primarily due to increases from CPIU.
- The 2009 expenses are \$3.4 million higher primarily to create an inventory of E-ZPass tags that will be used to undertake a new tag replacement program in 2010 for tags that reach their eighth year in service, in addition to increases from CPIU.
- For 2010, the higher expense of \$23.3 million is primarily for the increase in the E-ZPass tag inventory that will be used to undertake a new tag replacement program.
- CPIU increases are 2.59% in 2006, 1.58% in 2007, 1.84% in 2008, 1.73% in 2009, and 1.77% in 2010, based on forecasts for national inflation provided by Global Insight.

### **Other Business Expenses**

- For 2007 through 2010, the higher expenses reflect CPIU increases.
- CPIU increases are 2.59% in 2006, 1.58% in 2007, 1.84% in 2008, 1.73% in 2009, and 1.77% in 2010, based on forecasts for national inflation provided by Global Insight.









**MTA Bridges and Tunnels**  
**July Financial Plan 2007-2010**  
**Summary of Changes between Financial Plans by Category**

**2006: July Financial Plan vs. February Financial Plan**

**Revenue**

Revenue changes from the February Plan resulted in a decline of \$39.1 million. The major changes include:

- Lower Toll Revenue based on recent traffic trends (\$4.3 million). The budget assumed 0.3% traffic growth against the 2005 actuals, most of which was to occur during the second half of the year. Over the first five months, however, traffic is already 0.3% lower than last year. Weather and gas prices have both been a factor. For the Mid-Year Forecast, we are assuming no net traffic growth for June through December, which translates into a reduction in revenue against the budget. Traffic will be closely monitored to determine if further adjustments will need to be made during the next budget cycle.
- Lower Other Operating Revenues (\$8.6 million) primarily due to the repeal by the New York State Legislature of the \$1 per month E-ZPass account fee, effective June 1.
- Lower Capital and Other Reimbursements (\$24.2 million) due primarily to the change in methodology for security funding. Previously, B&T was reimbursed for security expenses by MTA Headquarters. Since these expenses are ongoing however, all security programs will now be included in B&T's baseline and no longer reimbursed. This results in a reduction of MTA Headquarters' expenses.
- Increase in Investment Income based on Global Insight's higher short-term interest rate forecast applied to larger fund balance projections (\$1.0 million).

**Expense**

Expense changes from the February Plan resulted in a net decrease of \$10.8 due to lower non-labor expenses (\$17.3 million) offset by higher labor costs (\$6.4 million). The major variances include:

- Higher Payroll costs (\$0.8 million) due primarily to additional headcount needs in Engineering & Construction (\$0.1 million) to coordinate with MTA Capital Construction on capital security projects, four Sergeants to serve as instructors in the Operations Training Unit (\$0.2 million) and an increase in Temp BTO compensation from \$80 to \$90 per day (\$0.3 million).
- Higher Overtime (\$0.4 million) due primarily to new National Incident Management Training program and to fill Superior Officers vacancies.
- Higher Health & Welfare expenses (\$1.7 million) as a result of a NYSHIP back-payment associated with retiree health costs (\$1.5 million) and increased headcount (\$0.3 million)
- Pension increase resulting from a NYCERS re-estimate (\$3.5 million)

- Lower Insurance as a result of re-estimate of insurance expenses per MTA Risk Management (\$0.9 million).
- The transition/start-up costs for a new E-ZPass Customer Service contract were originally to begin in the first quarter of 2006, but as a result of the timing of the award of the contract, the transition is expected to begin later in the year, resulting in lower costs in 2006 (\$3.8 million); in addition, statement processing costs have been reduced due to the legislated repeal of the \$1/month E-ZPass account fee (\$0.5 million)
- Reduction in E-ZPass tag purchases needed to complete the tag replacement program (\$13.4 million).
- In February 2006, B&T relocated its Revenue Operating Center to Queens and now occupies space in a building that was jointly constructed for B&T and New York City Transit. There is an agreement in place to share the costs of operating and maintaining the facility based on the amount of square footage being occupied. B&T's share of the building's cost of operations and maintenance will be \$1.1 million.
- Reduction in 2 Broadway operating expenses (\$0.6 million).
- B&T's outside auditor identified a deficiency in its 2005 Management Letter concerning the way B&T accrues for major maintenance expenses. In 2006, a one-time increase in payments is necessary to ensure that accruals are done correctly (\$1.8 million).

## **2007-2010: July Financial Plan vs. February Financial Plan**

### **Revenue**

Revenue changes from the February Plan over the 2007 to 2010 period include:

- Lower Toll Revenue based on recent traffic trends and the revised employment and inflation forecasts provided by Global Insight.
  - (\$4.0) million in 2007
  - (\$5.0) million in 2008
  - (\$7.9) million in 2009
  - (\$12.2) million in 2010
- Lower Other Operating Revenues primarily due to the repeal by the New York State Legislature of the \$1 per month E-ZPass account fee, effective June 1, 2006.
  - (\$16.0) million in 2007
  - (\$13.8) million in 2008
  - (\$13.8) million in 2009
  - (\$13.9) million in 2010
- Lower Capital and Other Reimbursements due primarily to the change in methodology for security funding. Previously, B&T was reimbursed for security expenses by MTA Headquarters. Since these programs are ongoing however, the expenses will no longer be reimbursed and will now be considered part of B&T's baseline.
  - (\$26.9) million in 2007
  - (\$30.8) million in 2008
  - (\$32.7) million in 2009
  - (\$34.6) million in 2010
- Favorable re-estimates of investment income based on Global Insight's higher short-term interest rate forecast applied to larger fund balance projections.
  - \$0.9 million in 2007
  - \$0.6 million in 2008
  - \$0.7 million in 2009
  - \$0.7 million in 2010

### **Expense**

Expense changes from the February Plan over the 2007 to 2010 period include:

- Increases in Payroll due to four additional headcount in Engineering & Construction to coordinate with MTA Capital Construction on capital security projects (\$0.3 million annually); four Sergeants to serve as instructors in the Operations Training Unit (\$0.3 million annually); six positions in Internal Security to staff the Security Operations Center (\$0.3 million annually); and an increase in Temporary BTO compensation from \$80 to \$90 per day (\$0.3 million annually).

- Increase in Health & Welfare, primarily due to increases in CPIU (\$1.9 to \$4.3 million annually) and changes in headcount (\$0.3 to \$0.8 million annually).
  - (\$3.3) million in 2007
  - (\$4.3) million in 2008
  - (\$5.2) million in 2009
  - (\$6.2) million in 2010
- Re-estimate of Pension expenses.
  - \$0.4 million in 2007
  - \$0.5 million in 2008
  - \$0.7 million in 2009
  - \$0.9 million in 2010
- Decrease in Insurance expenses as a result of re-estimates from MTA Risk Management
  - \$1.0 million in 2007
  - \$1.0 million in 2008
  - \$1.2 million in 2009
  - \$1.4 million in 2010
- Shift from 2006 to 2007 of E-ZPass Customer Service Center transition/start-up costs due to the timing of award of the new contract (\$3.5 million in 2007).
- Re-estimate of E-ZPass tag inventory needs, including commencement of a new tag replacement program in 2010.
  - \$1.6 million in 2007
  - \$4.0 million in 2008
  - \$1.0 million in 2009
  - (\$17.2) million in 2010
- Decrease in bridge painting expenses due to re-scheduling of projects at the Throgs Neck and Bronx Whitestone bridges and revised engineering estimates.
  - \$4.3 million in 2007
  - \$4.4 million in 2008
  - \$0.2 million in 2009
  - \$2.4 million in 2010
- Lower 2 Broadway operating lease.
  - \$0.7 million in 2007
  - \$0.8 million in 2008
  - \$0.9 million in 2009
  - \$1.0 million in 2010
- In February 2006, B&T relocated its Revenue Operating Center to Queens and now occupies space in a building that was jointly constructed for B&T and New York City Transit. There is an agreement in place to share the costs of operating and maintaining the facility based on the amount of square footage being occupied. B&T's costs will increase by \$1.2 million annually.

- Higher energy costs (electricity, heating oil, gas and diesel fuel) based on MTA forecasted rate increases.
  - (\$1.0) million in 2007
  - (\$0.9) million in 2008
  - (\$0.8) million in 2009
  - (\$0.7) million in 2010

**MTA BRIDGES AND TUNNELS**  
**July Financial Plan 2007 - 2010**  
**Summary of Changes Between Financial Plans by Category**  
**(\$ in millions)**

**NON-REIMBURSABLE**

	2006	2007	2008	2009	2010
<b>Baseline 2006 February Financial Plan -</b>					
<b>Net Operating Income</b>	<b>\$899.956</b>	<b>\$893.067</b>	<b>\$892.330</b>	<b>\$880.452</b>	<b>\$862.225</b>
<b>Baseline Changes</b>					
<b>Revenue</b>					
Vehicle Toll Revenue	(4.335)	(4.010)	(4.991)	(7.943)	(12.160)
Other Operating Revenue	(8.628)	(16.048)	(13.810)	(13.829)	(13.850)
Other Reimbursements	(27.355)	(28.677)	(30.550)	(32.171)	(34.004)
Investment Income	0.992	0.878	0.635	0.671	0.659
<b>Total Revenue Changes</b>	<b>(39.326)</b>	<b>(47.857)</b>	<b>(48.716)</b>	<b>(53.272)</b>	<b>(59.355)</b>
<b>Expenses</b>					
<i>Labor:</i>					
Payroll	(0.843)	(0.933)	(1.702)	(1.746)	(1.806)
Overtime	(0.466)	(0.068)	(0.056)	(0.162)	(0.123)
Health and Welfare	(1.771)	(3.335)	(4.544)	(5.484)	(6.565)
Pensions	(3.727)	(0.023)	(0.119)	0.039	0.225
Fringe Benefits	0.051	0.029	(0.084)	(0.059)	(0.029)
Reimbursable Overhead	0.496	1.435	0.696	0.541	0.354
<b>Total Labor Expense Changes</b>	<b>(6.260)</b>	<b>(2.895)</b>	<b>(5.809)</b>	<b>(6.871)</b>	<b>(7.943)</b>
<i>Non-Labor:</i>					
Traction and Propulsion Power	0.000	0.000	0.000	0.000	0.000
Fuel for Buses and Trains	0.000	0.000	0.000	0.000	0.000
Insurance	0.939	1.031	0.956	1.247	1.373
Claims	0.000	0.000	0.000	0.000	0.000
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	1.939	(1.010)	3.369	(0.309)	2.437
Professional Service Contracts	1.086	0.168	(0.012)	0.036	0.096
Materials & Supplies	13.230	1.752	4.392	1.303	(17.023)
Other Business Expenses	0.061	0.006	0.009	0.015	0.023
<b>Total Non-Labor Expense Changes</b>	<b>17.255</b>	<b>1.947</b>	<b>8.714</b>	<b>2.291</b>	<b>(13.093)</b>
<b>Total Expense Changes</b>	<b>\$10.994</b>	<b>(\$.948)</b>	<b>\$2.905</b>	<b>(\$4.580)</b>	<b>(\$21.036)</b>
<b>Cash Adjustment Changes</b>					
<i>None</i>					
<b>Sub-Total Cash Adjustment Changes</b>	<b>\$ .000</b>	<b>\$ .000</b>	<b>\$ .000</b>	<b>\$ .000</b>	<b>\$ .000</b>
<b>Total Baseline Changes</b>	<b>(\$28.332)</b>	<b>(\$48.805)</b>	<b>(\$45.811)</b>	<b>(\$57.852)</b>	<b>(\$80.391)</b>
<b>Baseline 2006 July Financial Plan - Net Operating Income</b>	<b>\$871.625</b>	<b>\$844.262</b>	<b>\$846.520</b>	<b>\$822.600</b>	<b>\$781.834</b>

**MTA BRIDGES AND TUNNELS**  
**July Financial Plan 2007 - 2010**  
**Summary of Changes Between Financial Plans by Category**  
**(\$ in millions)**

**REIMBURSABLE**

	2006	2007	2008	2009	2010
<b>Baseline 2006 February Financial Plan - Net Operating Income</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Baseline Changes</b>					
<b>Revenue</b>					
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	0.000	0.000	0.000	0.000	0.000
Capital Reimbursements	0.186	1.760	(0.243)	(0.489)	(0.623)
Investment Income	0.000	0.000	0.000	0.000	0.000
<b>Total Revenue Changes</b>	<b>0.186</b>	<b>1.760</b>	<b>(0.243)</b>	<b>(0.489)</b>	<b>(0.623)</b>
<b>Expenses</b>					
<i>Labor:</i>					
Payroll	0.063	(0.600)	(0.027)	(0.035)	(0.038)
Overtime	0.089	0.113	0.282	0.350	0.265
Health and Welfare	0.077	(0.004)	0.261	0.270	0.277
Pensions	0.249	0.451	0.605	0.625	0.650
Fringe Benefits	(0.168)	(0.285)	(0.182)	(0.180)	(0.177)
Reimbursable Overhead	(0.496)	(1.435)	(0.696)	(0.541)	(0.354)
<b>Total Labor Expense Changes</b>	<b>(0.186)</b>	<b>(1.760)</b>	<b>0.243</b>	<b>0.489</b>	<b>0.623</b>
<i>Non-Labor:</i>					
Traction and Propulsion Power	0.000	0.000	0.000	0.000	0.000
Fuel for Buses and Trains	0.000	0.000	0.000	0.000	0.000
Insurance	0.000	0.000	0.000	0.000	0.000
Claims	0.000	0.000	0.000	0.000	0.000
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	0.000	0.000	0.000	0.000	0.000
Professional Service Contracts	0.000	0.000	0.000	0.000	0.000
Materials & Supplies	0.000	0.000	0.000	0.000	0.000
Other Business Expenses	0.000	0.000	0.000	0.000	0.000
<b>Total Non-Labor Expense Changes</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>Total Expense Changes</b>	<b>(\$.186)</b>	<b>(\$1.760)</b>	<b>\$0.243</b>	<b>\$0.489</b>	<b>\$0.623</b>
<b>Cash Adjustment Changes</b>					
<i>None</i>					
<b>Sub-Total Cash Adjustment Changes</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Total Baseline Changes</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Baseline 2006 July Financial Plan - Net Operating Income</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>

**MTA BRIDGES AND TUNNELS**  
**July Financial Plan 2007 - 2010**  
**Summary of Changes Between Financial Plans by Category**  
**(\$ in millions)**

**NON-REIMBURSABLE and REIMBURSABLE**

	2006	2007	2008	2009	2010
<b>Baseline 2006 February Financial Plan -</b>					
<b>Net Operating Income</b>	<b>\$899.956</b>	<b>\$893.067</b>	<b>\$892.330</b>	<b>\$880.452</b>	<b>\$862.225</b>
<b>Baseline Changes</b>					
<b>Revenue</b>					
Vehicle Toll Revenue	(4.335)	(4.010)	(4.991)	(7.943)	(12.160)
Other Operating Revenue	(8.628)	(16.048)	(13.810)	(13.829)	(13.850)
Capital & Other Reimbursements	(27.169)	(26.917)	(30.793)	(32.660)	(34.627)
Investment Income	0.992	0.878	0.635	0.671	0.659
<b>Total Revenue Changes</b>	<b>(39.140)</b>	<b>(46.097)</b>	<b>(48.959)</b>	<b>(53.761)</b>	<b>(59.978)</b>
<b>Expenses</b>					
<i>Labor:</i>					
Payroll	(0.780)	(1.533)	(1.729)	(1.781)	(1.844)
Overtime	(0.377)	0.045	0.226	0.188	0.142
Health and Welfare	(1.694)	(3.339)	(4.283)	(5.214)	(6.288)
Pensions	(3.478)	0.428	0.486	0.664	0.875
Fringe Benefits	(0.117)	(0.256)	(0.266)	(0.239)	(0.206)
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000
<b>Total Labor Expense Changes</b>	<b>(6.446)</b>	<b>(4.655)</b>	<b>(5.566)</b>	<b>(6.382)</b>	<b>(7.320)</b>
<i>Non-Labor:</i>					
Traction and Propulsion Power	0.000	0.000	0.000	0.000	0.000
Fuel for Buses and Trains	0.000	0.000	0.000	0.000	0.000
Insurance	0.939	1.031	0.956	1.247	1.373
Claims	0.000	0.000	0.000	0.000	0.000
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	1.939	(1.010)	3.369	(0.309)	2.437
Professional Service Contracts	1.086	0.168	(0.012)	0.036	0.096
Materials & Supplies	13.230	1.752	4.392	1.303	(17.023)
Other Business Expenses	0.061	0.006	0.009	0.015	0.023
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<b>Total Expense Changes</b>	<b>\$10.808</b>	<b>(\$2.708)</b>	<b>\$3.148</b>	<b>(\$4.091)</b>	<b>(\$20.413)</b>
<b>Cash Adjustment Changes</b>					
<i>None</i>					
<b>Sub-Total Cash Adjustment Changes</b>	<b>\$ .000</b>	<b>\$ .000</b>	<b>\$ .000</b>	<b>\$ .000</b>	<b>\$ .000</b>
<b>Total Baseline Changes</b>	<b>(\$28.332)</b>	<b>(\$48.805)</b>	<b>(\$45.811)</b>	<b>(\$57.852)</b>	<b>(\$80.391)</b>
<b>Baseline 2006 July Financial Plan - Net Operating Income</b>	<b>\$871.625</b>	<b>\$844.262</b>	<b>\$846.520</b>	<b>\$822.600</b>	<b>\$781.834</b>



## **MTA Bridges and Tunnels July Financial Plan 2007-2010**

### **OTHER ASSUMPTIONS**

#### **Ridership/Traffic Volume (Utilization)**

Paid traffic volume is projected to reach 300.1 million vehicles in 2006, 0.1% less than the 2005 level of 300.4 million vehicles. Through May 2006, traffic was down by 306,000 vehicles over 2005 levels due to weather-related impacts and significantly higher gasoline prices. The mix of traffic also changed, with more truck traffic leading to an increase in the average toll. Given the uncertainties of how gasoline prices may affect future traffic volumes in 2006, traffic is expected to equal 2005 volume for the June to December period. Traffic volumes will continue to be monitored and analyzed throughout the year, and further adjustments may be necessary at a later point in the budget cycle.

Traffic volumes are estimated to grow an average of 0.3% per year from 2007 through 2010 and incorporate the current forecasts for regional employment and national inflation provided by Global Insight. The average toll is also adjusted in the out years to reflect increases in E-ZPass market share.

**MTA BRIDGES AND TUNNELS**  
**July Financial Plan 2007 - 2010**  
**Ridership/Traffic Volume (Utilization)**  
**(in millions)**

	<b>2005 Actuals</b>	<b>2006 Mid-Year Forecast</b>	<b>2007 Preliminary Budget</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Baseline Total Toll Revenue</b>	\$1,204.944	\$1,233.956	\$1,235.566	\$1,242.447	\$1,241.191	\$1,241.114
<i>Impact of:</i> PEG Program	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total Toll Revenue</b>	\$1,204.944	\$1,233.956	\$1,235.566	\$1,242.447	\$1,241.191	\$1,241.114
 <b>Baseline Total Traffic</b>	 300.385	 300.079	 300.983	 303.176	 303.388	 303.889
<i>Impact of:</i> PEG Program	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total Traffic</b>	300.385	300.079	300.983	303.176	303.388	303.889



**MTA BRIDGES AND TUNNELS**  
**July Financial Plan 2007 - 2010**  
**Program to Eliminate the Gap Worksheet**  
(\$ in millions)

**PEG Program Category:**

Administrative

**Program:**

Reduction of an administration position in the Payroll Department.

<b>Background Details:</b>	Elimination of a position in the Payroll Department in 2007 due to expected efficiencies brought about by the implementation in 2007 of the new Time & Leave system (Kronos). Kronos is expected to automate some of the current manually performed payroll operations.	
<b>PEG Description and Implementation Plan:</b>	Elimination of an administrative position in the Payroll Department due to expected efficiencies resulting from the implementation of the new Time & Leave system in 2007.	
<b>PEG Implementation Date:</b>	10/01/2007	<b>When will PEG savings begin?:</b> 10/01/2007

	<b>2006 Mid-Year Budget</b>	<b>2007 Preliminary Budget</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.011	\$0.045	\$0.045	\$0.045
<b>Total Reduction in Positions Required</b>	0	1	1	1	1
<i>(List title of positions)</i>					
Clerical Aide	0	1	1	1	1
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					
(Identify Appropriate Indicator)					

*List of Other Concerns:*

**MTA BRIDGES AND TUNNELS**  
**July Financial Plan 2007 - 2010**  
**Program to Eliminate the Gap Worksheet**  
(\$ in millions)

**PEG Program Category:** Administration

**Program:** Reduction of one administrative position in Accounts Payable

<b>Background Details:</b>	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.	
<b>PEG Description and Implementation Plan:</b>	B&T proposes the reduction of one accounts payable position in 2007.	
<b>PEG Implementation Date:</b>	01/01/2007	<b>When will PEG savings begin?:</b> 01/01/2007

	<b>2006 Mid-Year Budget</b>	<b>2007 Preliminary Budget</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	<b>\$0.000</b>	<b>\$0.042</b>	<b>\$0.042</b>	<b>\$0.042</b>	<b>\$0.042</b>
<b>Total Reduction in Positions Required</b>	<i>0</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>
<i>(List title of positions)</i>					
Accounts Payable Position	<i>0</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>
 Current Vacancies <i>(List title of vacant positions)</i>	 <i>0</i>	 <i>0</i>	 <i>0</i>	 <i>0</i>	 <i>0</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 BRIDGES AND TUNNELS**  
**July Financial Plan 2007 - 2010**  
**Program to Eliminate the Gap Worksheet**  
(\$ in millions)

**PEG Program Category:**

Administrative

**Program:**

Reduction of one administrative position in Human Resources

<b>Background Details:</b>	A new automated Time & Leave System (Kronos) is expected to be implemented in 2007, creating efficiencies in the agency. By automating some of the tasks that are currently performed manually, an administrative position in the Human Resources department can be eliminated.	
<b>PEG Description and Implementation Plan:</b>	The elimination of one administrative position in the Time & Leave Unit in Human Resources is projected due to efficiencies realized by implementation of the new automated system.	
<b>PEG Implementation Date:</b>	10/01/2007	<b>When will PEG savings begin?:</b> 10/01/2007

	<b>2006 Mid-Year Budget</b>	<b>2007 Preliminary Budget</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.015	\$0.058	\$0.058	\$0.058
<b>Total Reduction in Positions Required</b>	0	1	1	1	1
<i>(List title of positions)</i>					
Clerical Aide	0	1	1	1	1
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>					

*List of Other Concerns:*

**MTA BRIDGES AND TUNNELS**  
**July Financial Plan 2007 - 2010**  
**Program to Eliminate the Gap Worksheet**  
(\$ in millions)

**PEG Program Category:** Administrative  
**Program:** Field Supervision Scheduling Efficiencies

<b>Background Details:</b>	Labor negotiations with B&T's Superior Officers Union (SOBA) has led to a proposal to decrease three Lieutenants in the Operations Department and increase the number of Sergeants by the same number. This switch can take place because the proposed settlement would create scheduling efficiencies which will enable the number of Lieutenants to decrease; the additional Sergeants will then be utilized to decrease overtime, particularly for weekend coverage.
<b>PEG Description and Implementation Plan:</b>	Contingent upon the approval and implementation of the new SOBA contract, there will be a decrease of three Lieutenants and an increase of three Sergeants. The headcount changes will result in a savings in salary.
<b>PEG Implementation Date:</b>	10/01/2006 <b>When will PEG savings begin?:</b> 10/01/2006

	<b>2006 Mid-Year Budget</b>	<b>2007 Preliminary Budget</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.008	\$0.031	\$0.031	\$0.031	\$0.032
<b>Total Reduction in Positions Required</b>	0	0	0	0	0
<i>(List title of positions)</i>					
Sergeants	3	3	3	3	3
Lieutenants	(3)	(3)	(3)	(3)	(3)
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>					

*List of Other Concerns:*

**MTA BRIDGES AND TUNNELS**  
**July Financial Plan 2007 - 2010**  
**Program to Eliminate the Gap Worksheet**  
(\$ in millions)

**PEG Program Category:** Administrative  
**Program:** Reduce Field Supervision Overtime

<b>Background Details:</b>	Labor negotiations with B&T's Superior Officer's Union (SOBA) have led to a scheduling change proposal that will affect weekend security coverage. Under the proposal, Lieutenant and Sergeants would work 12 hour, rather than 8 hour shifts. While this will increase straight-time costs, there will be a significant reduction in overtime, particularly for weekend security and the Special Operations Division (SOD) weekend overtime expenses, resulting in a net savings. Overall security coverage will not be diminished.
<b>PEG Description and Implementation Plan:</b>	Contingent upon the approval and implementation of the new SOBA contract, Lieutenant and Sergeant weekend security & weekend SOD overtime will be reduced by approximately 16,000 hours. This will be offset by straight-time increases.
<b>PEG Implementation Date:</b>	10/01/2006 <b>When will PEG savings begin?:</b> 10/01/2006

	<b>2006 Mid-Year Budget</b>	<b>2007 Preliminary Budget</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	<b>\$0.168</b>	<b>\$0.670</b>	<b>\$0.673</b>	<b>\$0.674</b>	<b>\$0.676</b>
<b>Total Reduction in Positions Required</b>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>(List title of positions)</i>					
Current Vacancies	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<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 BRIDGES AND TUNNELS**  
**July Financial Plan 2007 - 2010**  
**Program to Eliminate the Gap Worksheet**  
(\$ in millions)

**PEG Program Category:** Administrative  
**Program:** Reduction in telephone expenses

<b>Background Details:</b>	New local and wide-area network technology, called a Transparent LAN Service (TLS), will enable telephone expenses to be reduced by replacing current Asynchronous Transfer Mode (ATM) lines with TLS lines for data transfer (Internet, intranet, etc.) among all of B&T's facilities. This system is faster, has greater capacity, and is less expensive than the current service, thus reducing telecommunication expenses.
<b>PEG Description and Implementation Plan:</b>	The new technology is expected be in place by July 1, 2007.
<b>PEG Implementation Date:</b>	07/01/2007 <b>When will PEG savings begin?:</b> 07/01/2007

	<b>2006 Mid-Year Budget</b>	<b>2007 Preliminary Budget</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.030	\$0.060	\$0.060	\$0.060
<b>Total Reduction in Positions Required</b>	0	0	0	0	0
<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>					

*List of Other Concerns:*

**MTA BRIDGES AND TUNNELS**  
**July Financial Plan 2007 - 2010**  
**Program to Eliminate the Gap Worksheet**  
(\$ in millions)

**PEG Program Category:**

Other

**Program:**

Net reduction of headcount in the Operations Department.

<b>Background Details:</b>	Since September 11th, B&T has implemented interim security measures while also developing long-term security plans through the capital program. Beginning in 2007, B&T will activate new systems, including cameras, intrusion detection devices and alarms, enabling the agency to eliminate some interim measures funded through the operating budget without diminishing security coverage.	
<b>PEG Description and Implementation Plan:</b>	With the activation of the new system funded through the capital program, a net savings of twelve Bridge and Tunnel Officers and six Sergeants with applicable overtime can be achieved. Before this initiative goes into effect, a new security response plan will be approved by the MTA Office of Security.	
<b>PEG Implementation Date:</b>	07/01/2007	<b>When will PEG savings begin?:</b> 07/01/2007

	<b>2006 Mid-Year Budget</b>	<b>2007 Preliminary Budget</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	<b>\$0.000</b>	<b>\$0.367</b>	<b>\$1.741</b>	<b>\$1.753</b>	<b>\$1.763</b>
<b>Total Reduction in Positions Required</b>	<b>0</b>	<b>18</b>	<b>18</b>	<b>18</b>	<b>18</b>
<i>(List title of positions)</i>					
Bridge & Tunnel Officers	0	12	12	12	12
Sergeants	0	6	6	6	6
Current Vacancies	0	0	0	0	0
<i>(List title of vacant positions)</i>					
<b>Impact on Operations:</b>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other					
(Identify Appropriate Indicator)					
<b>List of Other Concerns:</b>					

**MTA BRIDGES AND TUNNELS**  
**July Financial Plan 2007-2010**  
**Summary of Post-2007 PEGs**  
**(\$ in millions)**

	Favorable/(Unfavorable)									
	2006		2007		2008		2009		2010	
	Mid-Year Forecast		Preliminary Budget							
	Positions <sup>1</sup>	Dollars	Positions <sup>1</sup>	Dollars	Positions <sup>1</sup>	Dollars	Positions <sup>1</sup>	Dollars	Positions <sup>1</sup>	Dollars
<b>Administration:</b>										
<i>None</i>										
<b>Sub-Total Administration</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.000</b>
<b>Customer Convenience &amp; Amenities:</b>										
<i>None</i>										
<b>Sub-Total Customer Convenience &amp; Amenities</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.000</b>
<b>Security:</b>										
<i>None</i>										
<b>Sub-Total Security</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.000</b>
<b>Maintenance:</b>										
- Post-2007 PEG: MTCE: Bringing roadway sweeping in-house at the VN, MP and CB Bridges	0	0.000	0	0.000	(1)	0.072	(1)	0.071	(1)	0.071
<b>Sub-Total Maintenance</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.000</b>	<b>(1)</b>	<b>0.072</b>	<b>(1)</b>	<b>0.071</b>	<b>(1)</b>	<b>0.071</b>
<b>Revenue Enhancements:</b>										
<i>None</i>										
<b>Sub-Total Revenue Enhancements</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.000</b>
<b>Other:</b>										
<i>None</i>										
<b>Sub-Total Other</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.000</b>
<b>Total Post-2007 PEGs</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.000</b>	<b>(1)</b>	<b>0.072</b>	<b>(1)</b>	<b>0.071</b>	<b>(1)</b>	<b>0.071</b>

<sup>1</sup> Reflects the impact of amendments on year-end positions.

**MTA BRIDGES AND TUNNELS**  
**July Financial Plan 2007 - 2010**  
**Program to Eliminate the Gap Worksheet**  
(\$ in millions)

**PEG Program Category:** Maintenance  
**Program:** In-House Roadway Sweeping

<b>Background Details:</b>	Currently, B&T outsources roadway sweeping services. By bringing this task in-house and performing roadway sweeping for the Verrazano Narrows Bridge, Marine Parkway, & Cross Bay Bridge facilities using Central Maintenance personnel and their own sweeper, road cleaning costs will be reduced. These three facilities were chosen due primarily to their proximity to one another.	
<b>PEG Description and Implementation Plan:</b>	A person will be hired and a sweeper purchased by January 2008. The initiative cannot start sooner because of the lead time required for the delivery of a sweeper, which must be specially equipped. If successful, the initiative may be expanded to other facilities.	
<b>PEG Implementation Date:</b>	01/01/2008	<b>When will PEG savings begin?:</b> 01/01/2008

	<b>2006 Mid-Year Budget</b>	<b>2007 Preliminary Budget</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.072</b>	<b>\$0.071</b>	<b>\$0.071</b>
<b>Total Reduction in Positions Required</b>	0	0	(1)	(1)	(1)
<i>(List title of positions)</i>					
Maintainer	0	0	(1)	(1)	(1)
 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)					
 <i>List of Other Concerns:</i>					

## **MTA Bridges and Tunnels July Financial Plan 2007-2010**

### **OTHER ASSUMPTIONS**

#### **Position Table**

The authorized headcount for the 2006 Adopted Budget is 1,814. For the 2006 Mid-Year, there are eight additional positions being requested: four in Engineering and Construction to coordinate with MTA Capital Construction on security projects and four Sergeants in Operations for the Training Unit, resulting in a total headcount of 1,822.

In 2007, a request of six positions in the Internal Security Department (ISD) for the centralized Security Center to oversee electronic access controls, CCTV and alarms that have recently been installed would bring the total 2007 headcount to 1,828 before the Program to Eliminate the Gap (PEG).

The post-2006 PEGs submitted in the July 2005 Financial Plan would decrease headcount in 2007 by two positions—an administrative position in the Payroll Department due to efficiencies to be realized with the implementation of the Kronos automated time card system and one position from the Accounts Payable unit due to the decline in numbers of capital vouchers and invoices brought about by new administrative budget controls and the increased use of procurement credit cards. In addition, there are new proposed PEGs in 2007 that would reduce total headcount by nineteen positions. They include a clerical position in Human Resources to be realized with the implementation of the Kronos system and a net reduction of eighteen positions in the Operations Department. As a result of the September 11<sup>th</sup> terrorist attacks, interim security measures were put in place pending the development and implementation of capital enhancements, including the deployment of electronic security systems. Beginning in 2007, B&T will deploy cameras, intrusion detection services and alarms that will enable the elimination, through attrition, of 18 net positions (12 Bridge and Tunnel Officers and 6 Sergeants) without any diminishment in security coverage. The reductions will bring total headcount after PEGs to 1,807.

In 2008, there is a PEG to bring the contracted Road Sweeper service in-house at the Verrazano Narrows, Marine Parkway and Cross-Bay Bridge facilities. In order to accomplish this, an additional Maintainer is being requested. This would increase the total number of positions in 2008 to 1,808. The number of positions will remain constant through 2010.



**MTA BRIDGES AND TUNNELS**  
**July Financial Plan 2007-2010**  
**Total Full-time Positions and Full-time Equivalents by Function and Occupational Group**  
**Non-Reimbursable and Reimbursable**

FUNCTION/OCCUPATIONAL GROUP		2006 Mid-Year Forecast	2007 Preliminary Budget	2008	2009	2010
<b>Administration</b>						
	Managers/Supervisors	42	42	42	42	42
	Professional, Technical, Clerical	104	104	104	104	104
	Operational Hourlies	0	0	0	0	0
	<b>Total Administration</b>	146	146	146	146	146
<b>Operations</b>						
	Managers/Supervisors	55	55	55	55	55
	Professional, Technical, Clerical	60	60	60	60	60
	Operational Hourlies <sup>(1)</sup>	683	683	683	683	683
	<b>Total Operations</b>	798	798	798	798	798
<b>Maintenance</b>						
	Managers/Supervisors	29	29	29	29	29
	Professional, Technical, Clerical	59	59	59	59	59
	Operational Hourlies <sup>(1)</sup>	303	303	303	303	303
	<b>Total Maintenance</b>	391	391	391	391	391
<b>Engineering/Capital</b>						
	Managers/Supervisors	37	37	37	37	37
	Professional, Technical, Clerical	153	153	153	153	153
	Operational Hourlies	0	0	0	0	0
	<b>Total Engineering/Capital</b>	190	190	190	190	190
<b>Public Safety</b>						
	Managers/Supervisors	11	12	12	12	12
	Professional, Technical, Clerical	27	32	32	32	32
	Operational Hourlies <sup>(1)</sup>	259	259	259	259	259
	<b>Total Public Safety</b>	297	303	303	303	303
<b>Total Baseline Positions</b>						
	Managers/Supervisors	174	175	175	175	175
	Professional, Technical, Clerical	403	408	408	408	408
	Operational Hourlies	1,245	1,245	1,245	1,245	1,245
	<b>Total Baseline Positions</b>	1,822	1,828	1,828	1,828	1,828
<b>Impact of:</b>						
<b>2007 Program to Eliminate the Gap</b>		0	21	21	21	21
<b>Post 2007 Program to Eliminate the Gap</b>		0	0	(1)	(1)	(1)
<b>Total Positions</b>						
	Managers/Supervisors	174	175	175	175	175
	Professional, Technical, Clerical	403	405	405	405	405
	Operational Hourlies	1,245	1,227	1,228	1,228	1,228
	<b>Total Positions</b>	1,822	1,807	1,808	1,808	1,808

# **Capital Construction Company**

**MTA Capital Construction Company  
2007 Preliminary Budget  
July Financial Plan 2007-2010**

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 21<sup>st</sup> 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.

Highlights

In 2006 MTACC new initiatives include beginning final design on the Second Avenue Subway project (SAS), starting construction on the East Side Access project (ESA) and SAS, obtaining a Full Funding Grant Agreement from the Federal Transit Administration for ESA, and awarding contracts for the No. 7 Line Extension. MTACC is well underway to achieving these objectives in 2006.

Financial Overview

In order to respond to the large volume of construction being managed by MTACC as well as the intense oversight by multiple parties, MTACC continues to refine its organization and staffing requirements. 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.

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.

## 2006 Mid-Year Forecast

MTACC's 2006 Mid-Year Forecast is approximately 22% lower than the 2006 Adopted Budget due to revised projected year-end staffing levels and associated labor expenses. The 2006 Mid-Year Forecast is projecting a staffing level of 96 by year end, 36% lower than the 2006 Adopted Budget of 150. Matrixed employees (employees of other agencies under temporary management by MTACC) and consultants will continue to support MTACC in lieu of hiring full time staff. As of June 2006, approximately 100 matrixed employees are supporting MTACC projects. Non labor costs are estimated at \$300,000 higher, a 3.8% change from February. This is due to a re-estimate of insurance and professional services costs.

## 2007 Preliminary Budget - Baseline

In 2007, 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 2007 costs at \$28.946 million and a year end headcount of 150.

Labor and fringe expenses are projected at \$21.239 million, a 65% increase over the 2006 July Mid-Year Projection. Labor costs increase due to the projected increase of 56 positions from a 2006 year-end level of 96. Staff includes 53 MTACC positions who support the system expansion projects and cannot charge directly to a specific project; 45 for the East Side Access project; 13 for the Second Avenue Subway project; 22 for the Lower Manhattan projects; and 17 for Security projects.

Non-Labor costs are projected at \$7.708 million, a 3.18% decrease from projected year-end 2006 levels. Funds have been budgeted for engineering and legal services, reimbursement of NYCT for administrative support staff and services, lease of the 8<sup>th</sup> 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.

## 2007 - 2010 Projections

MTACC costs for 2007 are projected to increase by 39.1% over 2006, 7.5% in 2008 and 4.2% in 2009. Year-end staffing levels remain constant at 150.

Labor costs increase in 2007 by 65.5%; headcount grows by an additional 56 over 2006 projected levels. Labor costs peak in 2008 reflecting the first year of full staffing, increasing by 15% from 2007. In 2009 and 2010 labor costs remain constant and increase only by inflation. Non-labor expenses decline by 3.56% in 2007 and by 17.8% in 2008. They remain constant in 2009 and increase by 48% in 2010. This increase is for the provision of company-wide construction support from specialty contractors, oversight agencies, legal support and miscellaneous project related costs that may not be eligible for reimbursement by the Federal Transit Administration.





**MTA Capital Construction Company  
July Financial Plan 2007-2010  
Year-to-Year Changes by Category 2007-2010  
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 to the extent possible in accordance with how the resources are utilized.

Expenses

Payroll

- 2006 payroll costs reflect a projected year-end staffing level of 96. This is a reduction of 54 positions, 36%, from the February Adopted Budget.
- Costs are based on 2006 annualized projected salaries.
- 2007, 2008, 2009 and 2010 year end staffing levels remain constant at 150. Payroll costs are escalated from the prior year's base salary by 2.56%, 2.91%, 3.07% and 3.20% respectively.

Other Fringe Benefits

- Benefits in 2006 were reduced to coincide with the adjusted year-end staffing levels.
- Pension costs in 2006 decreased 53% due to lower staffing levels and a decrease in MTAHQ pension rates.
- Health and Welfare costs have been inflated by 9.48% in 2006, 14.78% in 2007, and 10.68% from 2008 through 2010.
- Pension and other benefits have been escalated by 2.56%, 2.91%, 3.07% and 3.20% from 2007 through 2010 respectively.

Insurance

- 2006 includes insurance expenses for the All-Agency Protective Liability Program for the South Ferry project.

- 2006 costs increased 12% over the February Plan.
- 2007 through 2010 costs are based on revised 2006 projections. Costs are escalated by approximately 10% from 2007 through 2010.

#### Professional Service Contracts

- Costs increase by 32.0% in 2006, from the February Financial Plan, due to increases in Lower Manhattan real estate support costs and construction support, independent engineering and independent compliance monitor expenses in support of the capital projects.
- Costs are escalated by 2.47%, 2.57%, 2.55% and 2.49% for 2007 through 2010 respectively.
- Costs remain fairly constant in 2007, increasing by 2%. Projected legal costs are reduced significantly in 2008 resulting in an overall decrease in professional services of approximately 30%. Due to escalation rates, costs slightly increase in 2009 and 2010.

#### Materials and Supplies

- 2006 Material and Supplies costs have been lowered from the February Plan by 83% to reflect decreased anticipated year-end staffing levels.
- 2007 expenditures remain fairly constant. Although staff levels will reach 150, hiring will occur primarily at year end. 2008 through 2010 costs are based on 2007 projections and increase approximately 3%. Costs are escalated by 2.47%, 2.57%, 2.55% and 2.49% for 2007 through 2010 respectively.

#### Other Business Expenses

- 2006 continues to assume procurement of telephones, printers, copiers, miscellaneous office furniture and computer equipment for staff. Additional expenditures include automotive purchases, establishing an MTACC intranet and 2 Broadway 8<sup>th</sup> floor lease. A 10% decrease in such expenditures, from the February Financial Plan, is due to a lower year end headcount and decreased intranet costs.
- Costs decrease by 13.27% in 2007 because major procurements such as automobile, intranet printers, copiers, and the majority of computer hardware will be procured in 2006.
- Costs remain fairly constant in 2008, 2009 and 2010.
- 2007 through 2010 costs are escalated by 2.47%, 2.57%, 2.55% and 2.49% respectively.

## REIMBURSABLE

## CASH RECEIPTS & EXPENDITURES

**MTA Capital Construction Company**  
**July Financial Plan 2007-2010**  
**Summary of Changes Between Financial Plans 2006-2010**

**2006: July Financial Plan vs. February Financial Plan**

The July Financial Plan is \$5.927 million (22%) lower than the February Adopted Budget. This decrease in expenditures is due to delays in hiring. Staffing needs are timed to meet the needs of the capital construction projects. Therefore, the 2006 July Plan is projecting a staffing level of 96 by year end, 36% lower than the 2006 February Financial Plan.

**2007: July Financial Plan vs. February Financial Plan**

Projections for 2007 are reduced by \$2.342 million, 7.5% from 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 reduced by 12.5% because full staffing levels are not reached until year end. Non-labor expenditures are increased by \$.700 million, a 10% increase, due to a re-estimate of costs for legal, real estate, and construction support services and insurance.

**2008: July Financial Plan vs. February Financial Plan**

Projections for 2008 are 2.76% lower than the February Plan. Although staffing remains constant at 150 employees, labor costs decrease by 2.76% reflecting revised estimate of health and welfare benefits. Non-labor costs remain basically unchanged.

**2009: July Financial Plan vs. February Financial Plan**

The 2009 July Financial Plan assumes a full staff level of 150. Costs are projected at 2.6% lower than the February Plan. Labor costs decline by 3.2% and non-labor costs remain basically unchanged.

**2010: July Financial Plan vs. February Financial Plan**

Staffing remains constant at 150 employees. Costs are projected at 2.4% lower than the February Plan. Labor costs decline by 3.1% and non-labor costs remain basically unchanged.

**MTA CAPITAL CONSTRUCTION**  
**July Financial Plan 2007 - 2010**  
**Changes Between Financial Plans by Generic Categories**  
(\$ in millions)

**REIMBURSABLE**

	2006	2007	2008	2009	2010
<b>Baseline 2006 February Financial Plan - Operating Cash Income/(Deficit)</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Baseline Changes</b>					
<b>Revenue</b>					
Farebox Revenue					
Vehicle Toll Revenue					
Capital and Other Reimbursement	(\$5.927)	(\$2.342)	(\$.882)	(\$.849)	(\$.895)
<b>Total Revenue Changes</b>	<b>(\$5.927)</b>	<b>(\$2.342)</b>	<b>(\$.882)</b>	<b>(\$.849)</b>	<b>(\$.895)</b>
<b>Expenses</b>					
<b>Labor:</b>					
Payroll	\$3.967	\$1.642	\$.106	\$.109	\$.113
Health and Welfare	0.456	(0.054)	(0.403)	(0.498)	(0.612)
Pensions	1.225	1.266	1.101	1.170	1.246
Other Fringe Benefits	0.574	0.189	0.057	0.061	0.117
Reimbursable Overhead					
<b>Total Labor Expense Changes</b>	<b>\$6.222</b>	<b>\$3.043</b>	<b>\$.861</b>	<b>\$.842</b>	<b>\$.863</b>
<b>Non-Labor:</b>					
Traction and Propulsion Power					
Fuel for Buses and Trains					
Insurance	(0.099)	(0.108)	(0.119)	(0.131)	(0.144)
Claims					
Paratransit Service Contracts					
Maintenance and Other Operating Contracts					
Professional Service Contracts	(0.957)	(1.219)	(0.501)	(0.422)	(0.409)
Materials & Supplies	0.425	0.447	0.453	0.356	0.367
Other Business Expenses	0.335	0.180	0.189	0.204	0.218
<b>Total Non-Labor Expense Changes</b>	<b>(\$.295)</b>	<b>(\$.701)</b>	<b>\$.021</b>	<b>\$.007</b>	<b>\$.032</b>
<b>Total Expense Changes</b>	<b>\$5.927</b>	<b>\$2.342</b>	<b>\$.882</b>	<b>\$.849</b>	<b>\$.895</b>
<b>Cash Adjustment Changes</b>					
<b>Total Cash Adjustment Changes</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Total Baseline Changes</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>(\$0.000)</b>
<b>Baseline 2006 July Financial Plan - Operating Cash Income/(Deficit)</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>(\$0.000)</b>

### **Summary of Assumptions Regarding Staffing Positions**

All MTACC costs are reimbursable from the MTA Capital Program. The July Financial Plan reduces the 2006 projected year end staffing from 150 to 96. This reflects the delay in the award of major construction contracts. Staffing levels reach 150 in 2007 and remain constant at that level.

The 2007 Year-End Staffing level includes 53 MTACC administrative positions; 45 East Side Access project employees; 13 for Second Avenue Subway project; 22 for the Lower Manhattan projects; and 17 to support security projects.

**MTA CAPITAL CONSTRUCTION**  
**July Financial Plan 2007 - 2010**  
**Non-Reimbursable - Reimbursable Positions at End-of-Year**  
**Full-Time Positions and Full Time Equivalents**

FUNCTION/DEPARTMENT	2005 Actuals	2006 Mid-Year Forecast	2007 Preliminary Budget	2008	2009	2010
<b>Administration</b>						
MTACC	16	30	52	52	52	52
<b>Engineering/Capital</b>						
MTACC	1	1	1	1	1	1
East Side Access	23	32	45	45	45	45
Security	2	5	13	13	13	13
Second Avenue Subway	2	16	22	22	22	22
Lower Manhattan Project	7	12	17	17	17	17
<b>Total Engineering/Capital</b>	<b>35</b>	<b>66</b>	<b>98</b>	<b>98</b>	<b>98</b>	<b>98</b>
<b>Total Baseline Positions</b>	<b>51</b>	<b>96</b>	<b>150</b>	<b>150</b>	<b>150</b>	<b>150</b>
<i>Non-Reimbursable</i>	-	-	-	-	-	-
<i>Reimbursable</i>	51	96	150	150	150	150
<i>Total Full-Time</i>	51	96	150	150	150	150
<i>Total Full-Time Equivalents</i>	-	-	-	-	-	-

**MTA CAPITAL CONSTRUCTION**  
**July Financial Plan 2007-2010**  
**Total Full-time Positions and Full-time Equivalents by Function and Occupational Group**  
**Non-Reimbursable and Reimbursable**

FUNCTION/OCCUPATIONAL GROUP		2006 Mid-Year Forecast	2007 Preliminary Budget	2008	2009	2010
<b>Administration</b>						
	Managers/Supervisors	0	0	0	0	0
	Professional, Technical, Clerical	30	52	52	52	52
	Operational Hourlies	0	0	0	0	0
	<b>Total Administration</b>	30	52	52	52	52
<b>Operations</b>						
	Managers/Supervisors					
	Professional, Technical, Clerical					
	Operational Hourlies <sup>(1)</sup>					
	<b>Total Operations</b>	-	-	-	-	-
<b>Maintenance</b>						
	Managers/Supervisors					
	Professional, Technical, Clerical					
	Operational Hourlies <sup>(1)</sup>					
	<b>Total Maintenance</b>	-	-	-	-	-
<b>Engineering/Capital</b>						
	Managers/Supervisors	0	0	0	0	0
	Professional, Technical, Clerical	66	98	98	98	98
	Operational Hourlies	0	0	0	0	0
	<b>Total Engineering/Capital</b>	66	98	98	98	98
<b>Public Safety</b>						
	Managers/Supervisors					
	Professional, Technical, Clerical					
	Operational Hourlies <sup>(1)</sup>					
	<b>Total Public Safety</b>	-	-	-	-	-
<b>Total Baseline Positions</b>						
	Managers/Supervisors	0	0	0	0	0
	Professional, Technical, Clerical	96	150	150	150	150
	Operational Hourlies	0	0	0	0	0
	<b>Total Baseline Positions</b>	96	150	150	150	150

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**Long Island Bus**

# **MTA Long Island Bus 2007 Preliminary Budget July Financial Plan 2007 - 2010**

## **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. During 2005, LI Bus had record levels of ridership on its fixed route system. Total annual ridership was 31.2 million, a 2.8% increase over 2004. This positive trend is continuing in 2006 and is reflected in the July Plan numbers.

The Able-Ride Paratransit program that began in 1995, offers curb-to-curb transportation for eligible customers who, because of their disabilities, are unable to use the fixed route bus system. This service also experienced record levels of ridership during 2005. Demand for this service continues to grow and is forecasted to exceed the 2005 annual level of 324,905 trips. Currently, there are 86 Able-Ride buses in service.

LI Bus continues to be at the forefront in implementing new technologies to enhance the safety and reliability of our fleet and convenience to our customers. With capital funding, LI Bus is continuing to enhance its physical and technological infrastructure to maximize efficiency and longevity.

The safety of customers, personnel, the fleet, and facilities is a priority and as such, we are continuously assessing and enhancing the electronic surveillance systems, physical structures and safety awareness training of all employees.

## **FINANCIAL OVERVIEW**

The volatile energy prices and increased service demands during 2005 provided a unique challenge for LI Bus's management and operations as we balanced maintaining service levels and efficiency, and contain costs. As in recent years, LI Bus participated fully in the MTA wide cost savings programs and was successful in meeting all Program to Eliminate the Gap (PEG) commitments. The 2006 program has expanded cost containment programs and we will continue to monitor internal controllable expenses while maximizing subsidies and other revenue sources to effectively meet our service and safety commitments.

The Long Island Bus Financial Plan is forecasting annual deficits in years 2007 through 2010. The MTA assumes that Nassau County will increase its annual operating subsidies to eliminate these shortfalls. The Nassau County subsidy has been at \$10.5 million in each of the past two years, up from \$7.4 million in 2004. The forecasted increases to Nassau County's subsidy are \$3.0 million in 2007, \$7.7 million in 2008, \$12.1 million in 2009 and \$12.8 million in 2010.

## **2006 Mid-Year Forecast**

The net change over the February adopted budget is an increase in expenses of \$1.8 million. As in the prior two years, energy related items were the main contributors. Fuel and utilities account for \$1.6 million of the total increase and is reflective of the higher than forecasted rates used in the Adopted budget.

The positive April 2006 year-to-date ridership trend generated an increase in the forecasted farebox revenue. This value is projected to be \$0.9 million and served as an offset to the expenditure increases.

Service enhancements are made as required and LI Bus maximized the use of innovative funding programs to offset operating costs. Forecasted service requirements will exceed current resources creating a need to increase Bus Operator headcount by four, to meet Fall 2006 service.

Other new needs relate to parts and material associated with the increased level of service, new insurance coverage costs, increased contract cost for Paratransit vehicle maintenance and services to support the general ledger system. Expanded information and technology functions also required one additional headcount.

Changes in CPI affecting health insurance and material expenses, as well as contract renewal increases for medical and security services is part of the net change.

LI Bus met its 2005 reduction targets and has included the 2006 PEG of \$1.4 million. In addition, we have identified strategies to meet the 2007 PEG target.

## **2007 – Preliminary Budget - Baseline**

Most of the changes to the baseline for the 2007 – 2010 period have a direct relationship to the changes in the 2006 base as affected by the July Plan requirements.

The 2006 farebox revenue base was adjusted upwards in the July Plan to reflect the current trend. From this new base, Fixed Route and Paratransit ridership is projected to increase 0.5% annually with a corollary increase in farebox revenue.

As part of the 2007 cost reduction program, LI Bus will implement a PEG aimed at improving availability and reducing costs by \$0.1 million. This along with favorable cash balances and carry-over savings will assist in meeting the net \$.8 million target.

With the continued volatility in fuel and energy costs, projected expenses were adjusted in 2007 and the out years based on the guidelines provided for the July Plan.

Health Insurance costs are projected to increase by 14.8% over 2006 rates and add \$0.8 million to the 2007 baseline expenses.

An increase of \$0.3 million was included as an offset to the full year Claims reserve requirements.

### **2007 – 2010 Projections**

The July 2006 Plan was used as the new baseline for applicable changes to the 2007 – 2010 Adopted budget baselines.

Farebox revenue is forecasted to increase by 0.5% in each of the years for both Fixed Route and Paratransit service. Other operating revenue forecast remain unchanged while a small increase in Capital and Other reimbursements is seen due to increases in health insurance rates reimbursement for reimbursable employees.

Changes in labor related expenses were due to five additions to headcount in the 2006 base and the effect of each year's projected CPI, especially in the aforementioned Health Insurance rates.

Fuel and utilities annual baseline changes reflect the July 2006 Plan adjustments and issued rate guidelines.

All other non-labor and non-energy related changes pertain to CPI and contract related rate change.

**MTA LONG ISLAND BUS**  
**July Financial Plan 2007 - 2010**  
**Accrual Statement of Operations by Category**  
(\$ in millions)

<b>Non-Reimbursable</b>						
	<b>2005</b>	<b>2006</b>	<b>2007</b>			
	<b>Actuals</b>	<b>Mid-Year Forecast</b>	<b>Preliminary</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Operating Revenue</b>						
Farebox Revenue	\$39.118	\$39.360	\$39.557	\$39.756	\$39.955	\$40.155
Toll Revenue	-	-	-	-	-	-
Other Operating Revenue	5.322	3.699	3.199	2.549	2.454	2.207
Capital and Other Reimbursements	-	-	-	-	-	-
<b>Total Revenue</b>	<b>\$44.440</b>	<b>\$43.059</b>	<b>\$42.756</b>	<b>\$42.305</b>	<b>\$42.409</b>	<b>\$42.362</b>
<b>Operating Expenses</b>						
<b><u>Labor:</u></b>						
Payroll	\$56.354	\$59.465	\$61.224	\$63.006	\$64.941	\$67.019
Overtime	6.018	5.130	5.281	5.434	5.601	5.781
Health and Welfare	10.379	11.726	13.517	14.961	16.558	18.326
Pensions	5.161	5.466	5.628	5.792	5.969	6.160
Other Fringe Benefits	6.088	6.564	6.758	6.955	7.168	7.397
Reimbursable Overhead	-	-	-	-	-	-
<b>Total Labor Expenses</b>	<b>\$84.000</b>	<b>\$88.351</b>	<b>\$92.407</b>	<b>\$96.147</b>	<b>\$100.238</b>	<b>\$104.683</b>
<b><u>Non-Labor:</u></b>						
Traction and Propulsion Power	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Fuel for Buses and Trains	9.327	10.324	12.012	11.955	11.368	11.563
Insurance	0.354	0.561	0.420	0.458	0.501	0.542
Claims	3.991	2.845	3.218	3.303	3.095	3.194
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	6.977	7.807	8.302	8.487	8.564	8.737
Professional Service Contracts	1.700	1.869	1.915	1.964	2.014	2.065
Materials & Supplies	1.673	2.488	2.742	2.898	3.056	3.214
Other Business Expenses	0.222	0.395	0.405	0.415	0.426	0.436
<b>Total Non-Labor Expenses</b>	<b>\$24.244</b>	<b>\$26.289</b>	<b>\$29.014</b>	<b>\$29.480</b>	<b>\$29.024</b>	<b>\$29.751</b>
<b><u>Other Expenses Adjustments:</u></b>						
Other		\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
<b>Total Other Expense Adjustments</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Total Expenses before Depreciation</b>	<b>\$108.244</b>	<b>\$114.640</b>	<b>\$121.421</b>	<b>\$125.627</b>	<b>\$129.262</b>	<b>\$134.434</b>
Depreciation		-	-	-	-	-
<b>Total Expenses</b>	<b>\$108.244</b>	<b>\$114.640</b>	<b>\$121.421</b>	<b>\$125.627</b>	<b>\$129.262</b>	<b>\$134.434</b>
<b>Baseline Surplus/(Deficit)</b>	<b>(\$63.804)</b>	<b>(\$71.581)</b>	<b>(\$78.665)</b>	<b>(\$83.322)</b>	<b>(\$86.853)</b>	<b>(\$92.072)</b>
2007 Program to Eliminate the Gap (PEGs)	-	0.000	0.092	0.096	0.101	0.105
Post 2007 Program to Eliminate the Gap (PEGs)	-	0.000	0.000	0.000	0.000	0.000
<b>Net Surplus/(Deficit)</b>	<b>(\$63.804)</b>	<b>(\$71.581)</b>	<b>(\$78.573)</b>	<b>(\$83.226)</b>	<b>(\$86.752)</b>	<b>(\$91.967)</b>



**MTA LONG ISLAND BUS**  
**July Financial Plan 2007 - 2010**  
**Accrual Statement of Operations by Category**  
(\$ in millions)

<b>NON-REIMBURSABLE / REIMBURSABLE</b>						
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
	<b>Actuals</b>	<b>Mid-Year Forecast</b>	<b>Preliminary</b>			
<b>Revenue</b>						
Farebox Revenue	\$39.118	\$39.360	\$39.557	\$39.756	\$39.955	\$40.155
Toll Revenue	-	-	-	-	-	-
Other Operating Revenue	5.322	3.699	3.199	2.549	2.454	2.207
Capital and Other Reimbursements	5.355	5.680	5.910	6.110	6.331	6.524
<b>Total Revenue</b>	<b>\$49.795</b>	<b>\$48.739</b>	<b>\$48.666</b>	<b>\$48.415</b>	<b>\$48.740</b>	<b>\$48.886</b>
<b>Expenses</b>						
<b><u>Labor:</u></b>						
Payroll	\$56.989	\$60.318	\$62.099	\$63.906	\$65.869	\$67.933
Overtime	6.018	5.130	5.281	5.434	5.601	5.781
Health and Welfare	11.615	13.120	15.117	16.731	18.518	20.495
Pensions	5.262	5.537	5.700	5.866	6.045	6.235
Other Fringe Benefits	6.171	6.626	6.821	7.020	7.235	7.463
Reimbursable Overhead	-	-	-	-	-	-
<b>Total Labor Expenses</b>	<b>\$86.055</b>	<b>\$90.731</b>	<b>\$95.017</b>	<b>\$98.957</b>	<b>\$103.268</b>	<b>\$107.907</b>
<b><u>Non-Labor:</u></b>						
Traction and Propulsion Power	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Fuel for Buses and Trains	9.327	10.324	12.012	11.955	11.368	11.563
Insurance	0.354	0.561	0.420	0.458	0.501	0.542
Claims	3.991	2.845	3.218	3.303	3.095	3.194
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	6.977	7.807	8.302	8.487	8.564	8.737
Professional Service Contracts	1.700	1.869	1.915	1.964	2.014	2.065
Materials & Supplies	4.973	5.788	6.042	6.198	6.356	6.514
Other Business Expenses	0.222	0.395	0.405	0.415	0.426	0.436
<b>Total Non-Labor Expenses</b>	<b>\$27.544</b>	<b>\$29.589</b>	<b>\$32.314</b>	<b>\$32.780</b>	<b>\$32.324</b>	<b>\$33.051</b>
<b><u>Other Expenses Adjustments:</u></b>						
Other	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
<b>Total Other Expense Adjustments</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Total Expenses before Depreciation</b>	<b>\$113.599</b>	<b>\$120.320</b>	<b>\$127.331</b>	<b>\$131.737</b>	<b>\$135.592</b>	<b>\$140.958</b>
Depreciation	-	-	-	-	-	-
<b>Total Expenses</b>	<b>\$113.599</b>	<b>\$120.320</b>	<b>\$127.331</b>	<b>\$131.737</b>	<b>\$135.592</b>	<b>\$140.958</b>
<b>Baseline Surplus/(Deficit)</b>	<b>(\$63.804)</b>	<b>(\$71.581)</b>	<b>(\$78.665)</b>	<b>(\$83.322)</b>	<b>(\$86.853)</b>	<b>(\$92.072)</b>
2007 Program to Eliminate the Gap (PEGs)	-	0.000	0.092	0.096	0.101	0.105
Post 2007 Program to Eliminate the Gap (PEGs)	-	0.000	0.000	0.000	0.000	0.000
<b>Net Surplus/(Deficit)</b>	<b>(\$63.804)</b>	<b>(\$71.581)</b>	<b>(\$78.573)</b>	<b>(\$83.226)</b>	<b>(\$86.752)</b>	<b>(\$91.967)</b>

**MTA LONG ISLAND BUS**  
**July Financial Plan 2007 - 2010**  
**Cash Receipts & Expenditures**  
(\$ in millions)

<b>CASH RECEIPTS AND EXPENDITURES</b>						
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
	<b>Actuals</b>	<b>Mid-Year Forecast</b>	<b>Preliminary</b>			
<b>Receipts</b>						
Farebox Revenue	\$38.321	\$38.920	\$39.107	\$39.293	\$39.491	\$39.588
Vehicle Toll Revenue	-	-	-	-	-	-
Other Operating Revenue	5.131	3.748	3.249	2.599	2.504	2.257
Capital and Other Reimbursements	5.321	5.576	5.728	5.909	6.106	6.274
<b>Total Receipts</b>	<b>\$48.773</b>	<b>\$48.244</b>	<b>\$48.084</b>	<b>\$47.801</b>	<b>\$48.101</b>	<b>\$48.119</b>
<b>Expenditures</b>						
<b><u>Labor:</u></b>						
Payroll	\$57.347	\$60.048	\$61.765	\$63.569	\$67.981	\$67.593
Overtime	5.945	5.100	5.250	5.401	5.782	5.745
Health and Welfare	11.783	13.079	15.072	16.683	18.461	20.420
Pensions	5.806	5.388	5.559	5.701	5.866	6.045
Other Fringe Benefits	6.148	6.590	6.785	6.983	7.475	7.425
Reimbursable Overhead	-	-	-	-	-	-
<b>Total Labor Expenditures</b>	<b>\$87.029</b>	<b>\$90.205</b>	<b>\$94.430</b>	<b>\$98.336</b>	<b>\$105.566</b>	<b>\$107.228</b>
<b><u>Non-Labor:</u></b>						
Traction and Propulsion Power	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Fuel for Buses and Trains	9.046	10.175	11.862	11.805	11.218	11.413
Insurance	0.000	0.915	0.420	0.458	0.501	0.542
Claims	4.026	2.800	3.172	3.255	3.044	3.140
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	7.243	7.587	8.084	8.263	8.333	8.500
Professional Service Contracts	1.424	1.813	1.857	1.905	1.954	2.000
Materials & Supplies	4.544	5.739	5.991	6.146	6.302	6.457
Other Business Expenses	0.581	0.375	0.385	0.394	0.405	0.414
<b>Total Non-Labor Expenditures</b>	<b>\$26.864</b>	<b>\$29.404</b>	<b>\$31.771</b>	<b>\$32.226</b>	<b>\$31.757</b>	<b>\$32.466</b>
<b><u>Other Expenditure Adjustments:</u></b>						
Other	-	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
<b>Total Other Expenditure Adjustments</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Total Expenditures</b>	<b>\$113.893</b>	<b>\$119.609</b>	<b>\$126.201</b>	<b>\$130.562</b>	<b>\$137.323</b>	<b>\$139.694</b>
<b>Baseline Cash Deficit</b>	<b>(\$65.120)</b>	<b>(\$71.365)</b>	<b>(\$78.117)</b>	<b>(\$82.761)</b>	<b>(\$89.222)</b>	<b>(\$91.575)</b>
2007 Program to Eliminate the Gap (PEGs)	-	0.000	0.092	0.096	0.101	0.105
Post 2007 Program to Eliminate the Gap (PEGs)	-	0.000	0.000	0.000	0.000	0.000
<b>Net Cash Deficit</b>	<b>(\$65.120)</b>	<b>(\$71.365)</b>	<b>(\$78.025)</b>	<b>(\$82.665)</b>	<b>(\$89.121)</b>	<b>(\$91.470)</b>

**MTA LONG ISLAND BUS**  
**July Financial Plan 2007 - 2010**  
**Cash Conversion (Cash Flow Adjustments)**  
(\$ in millions)

<b>CASH FLOW ADJUSTMENTS</b>						
	<b>2005 Actuals</b>	<b>2006 Mid-Year Forecast</b>	<b>2007 Preliminary</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Receipts</b>						
Farebox Revenue	(\$0.797)	(\$0.440)	(\$0.450)	(\$0.463)	(\$0.464)	(\$0.567)
Vehicle Toll Revenue	-	-	-	-	-	-
Other Operating Revenue	(0.191)	0.049	0.050	0.050	0.050	0.050
Capital and Other Reimbursements	(0.034)	(0.104)	(0.182)	(0.201)	(0.225)	(0.250)
<b>Total Receipts</b>	<b>(\$1.022)</b>	<b>(\$0.495)</b>	<b>(\$0.582)</b>	<b>(\$0.614)</b>	<b>(\$0.639)</b>	<b>(\$0.767)</b>
<b>Expenditures</b>						
<b><u>Labor:</u></b>						
Payroll	(\$0.358)	\$0.270	\$0.334	\$0.337	(\$2.112)	\$0.340
Overtime	0.073	0.030	0.031	0.033	(0.181)	0.036
Health and Welfare	(0.168)	0.041	0.045	0.049	0.057	0.075
Pensions	(0.544)	0.149	0.141	0.165	0.179	0.190
Other Fringe Benefits	0.023	0.036	0.036	0.037	(0.240)	0.038
Reimbursable Overhead	-	-	-	-	-	-
<b>Total Labor Expenditures</b>	<b>(\$0.974)</b>	<b>\$0.526</b>	<b>\$0.587</b>	<b>\$0.621</b>	<b>(\$2.297)</b>	<b>\$0.679</b>
<b><u>Non-Labor:</u></b>						
Traction and Propulsion Power	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Fuel for Buses and Trains	0.281	0.149	0.150	0.150	0.150	0.150
Insurance	0.354	(0.354)	0.000	0.000	0.000	0.000
Claims	(0.035)	0.045	0.046	0.048	0.051	0.054
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	(0.266)	0.220	0.218	0.224	0.231	0.237
Professional Service Contracts	0.276	0.056	0.058	0.059	0.060	0.065
Materials & Supplies	0.429	0.049	0.051	0.052	0.054	0.057
Other Business Expenditures	(0.359)	0.020	0.020	0.021	0.021	0.022
<b>Total Non-Labor Expenditures</b>	<b>\$0.680</b>	<b>\$0.185</b>	<b>\$0.543</b>	<b>\$0.554</b>	<b>\$0.567</b>	<b>\$0.585</b>
<b><u>Other Expenditures Adjustments:</u></b>						
Other	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
<b>Total Other Expenditures Adjustments</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Total Cash Conversion Adjustments before Depreciation</b>	<b>(\$1.316)</b>	<b>\$0.216</b>	<b>\$0.548</b>	<b>\$0.561</b>	<b>(\$2.369)</b>	<b>\$0.497</b>
Depreciation Adjustment	-	-	-	-	-	-
<b>Baseline Total Cash Conversion Adjustments</b>	<b>(\$1.316)</b>	<b>\$0.216</b>	<b>\$0.548</b>	<b>\$0.561</b>	<b>(\$2.369)</b>	<b>\$0.497</b>
2007 Program to Eliminate the Gap (PEGs)	-	0.000	0.000	0.000	0.000	0.000
Post 2007 Program to Eliminate the Gap (PEGs)	-	0.000	0.000	0.000	0.000	0.000
<b>Total Cash Conversion Adjustments</b>	<b>(\$1.316)</b>	<b>\$0.216</b>	<b>\$0.548</b>	<b>\$0.561</b>	<b>(\$2.369)</b>	<b>\$0.497</b>

**MTA Long Island Bus  
2007 Preliminary Budget  
July Financial Plan 2007 - 2010  
Year-to-Year Summary of Changes: 2006 –2010**

**1. REVENUE**

- **Farebox:**
  - **2006:** An additional \$.909 million was included in the 2006 revised farebox base revenue. This reflects favorable ridership trends in both the fixed and demand response systems. In 2007 an average growth rate of 0.5% over 2006 is projected.
  - **2007 – 2010:** An annual growth rate of .5% is forecasted for the 2007 – 2010 period.
- **Other Operating Revenue**
  - **2006 – 2010:** There was no plan change and the annual variance shown is due to lower projected grant activity in the outer years.
- **Capital & Other Reimbursements**
  - **2006 – 2010:** Annual changes are due to CPI factors affecting labor expenses for reimbursable employees and 401h payments.

**2. LABOR EXPENSES**

- **Payroll/Overtime:**
  - **2006:** The CPI remained at 2.57% between plans but (5) five quota was added in support of service expansion and technology support. The annual variance is made-up of these two factors.
  - **2007 – 2010:** Year-to-year variances were due to the application of CPI's on the prior year's base. There is an extra pay period in 2009 and the appropriate cash was added to the relevant line items.
- **Health & Welfare**
  - **2006:** Health Insurance costs are projected to increase by 9.48% in 2006.

- **2007 – 2010:** A more significant increase is projected for 2007 (14.78%) with rates dropping to 10.68% in the 2008 – 2010 period. These factors account for the changes in the annual budget.
- **Pension**
  - **2006 – 2010:** Year-to-year changes reflect CPI application to base numbers.
- **Other Fringe Benefits**
  - **2006 – 2010:** Year-to-year changes are due to the inflators used.

## 2. NON LABOR EXPENSES

- **Fuel:**
  - **2006 – 2010:** Baseline rates included in the February 2006 Plan were revised upwards to reflect the prevailing higher rates. Based on issued guidelines, the adjusted variance between 2006 and 2007 is higher by \$1.69 million. However, lower average fuel rates are forecasted for the outer years as is seen by the lower budgeted amounts. The projected reductions will be reviewed in November and adjustments made based on the most current trends and indicators.
- **Insurance**
  - **2006 – 2010:** LI Bus is required to pay the excess liability premiums for the current and past two years. Additional funds were needed to support this cash outlay. When compared to 2007, a lowering of expenses by \$.495 is produced based on the higher 2006 number. This additional excess liability requirement also affects the outer years and caused the listed variances.
- **Claims**
  - **2006 – 2010:** Based on the year-to-date data, it was necessary to increase the claims reserves. A sum of \$.3 million was added in 2007 and 2008 to offset this requirement.

- **Maintenance & Other Operating Contracts**
  - **2006 – 2010:** This category includes Utilities that were affected by volatile rates and the subsequent rate revision upwards in the July Plan. The extended lifecycle of Paratransit vehicles also required an incremental increase in the maintenance services contract.
- **Professional Service Contracts**
  - **2006 – 2010:** Major changes revolved around contract renewal increases for Medical and Security services, and IT support to manage the General Ledger system.
- **Material & Supplies**
  - **2006 – 2010:** Due to the increased levels of service, material and parts usage have increased proportionately. Additional funding was applied to the last quarter of 2006 and extended to a full year value for the outer years. This along with the application of the current CPI's generated the listed variances between years.
- **Other Business Expenses**
  - **2006 – 2010:** There were no major changes to this category.



**MTA Long Island Bus**  
**July Financial Plan 2007 - 2010**  
**Year-to-Year Changes by Category - Accrual Basis**  
(\$ in millions)

**REIMBURSABLE**

	Favorable/(Unfavorable)								
	2006 July Plan	2007	Change 2007 - 2006	2008	Change 2008 - 2007	2009	Change 2009 - 2008	2010	Change 2010 - 2009
<b>Revenue</b>									
Farebox Revenue	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Vehicle Toll Revenue									
Other Operating Revenue	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Capital and Other Reimbursements	5.680	5.910	0.230	6.110	0.200	6.331	0.221	6.524	0.193
<b>Total Revenue</b>	<b>\$5.680</b>	<b>\$5.910</b>	<b>\$0.230</b>	<b>\$6.110</b>	<b>\$0.200</b>	<b>\$6.331</b>	<b>\$0.221</b>	<b>\$6.524</b>	<b>\$0.193</b>
<b>Expenses</b>									
Labor:									
Payroll	\$0.853	\$0.875	\$0.022	\$0.900	\$0.025	\$0.928	\$0.028	\$0.914	(\$0.014)
Overtime	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Health and Welfare	1.394	1.600	0.206	1.771	0.171	1.960	0.189	2.169	0.209
Pensions	0.071	0.072	0.001	0.074	0.002	0.076	0.002	0.075	(0.001)
Other Fringe Benefits	0.062	0.063	0.001	0.065	0.002	0.067	0.002	0.066	(0.001)
Reimbursable Overhead									
<b>Total Labor Expenses</b>	<b>\$2.380</b>	<b>\$2.610</b>	<b>\$0.230</b>	<b>\$2.810</b>	<b>\$0.200</b>	<b>\$3.031</b>	<b>\$0.221</b>	<b>\$3.224</b>	<b>\$0.193</b>
<b>Non-Labor:</b>									
Traction and Propulsion Power									
Fuel for Buses and Trains	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Insurance	0.000	0.000	0.000	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	0.000	0.000	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	0.000	0.000	0.000	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	0.000	0.000	0.000
Materials & Supplies	3.300	3.300	0.000	3.300	0.000	3.300	0.000	3.300	0.000
Other Business Expenses	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total Non-Labor Expenses</b>	<b>\$3.300</b>	<b>\$3.300</b>	<b>\$0.000</b>	<b>\$3.300</b>	<b>\$0.000</b>	<b>\$3.300</b>	<b>\$0.000</b>	<b>\$3.300</b>	<b>\$0.000</b>
<b>Other Expenses Adjustments:</b>									
Other			\$0.000		\$0.000		\$0.000		\$0.000
<b>Total Other Expense Adjustments</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Total Expenses before Depreciation</b>	<b>\$5.680</b>	<b>\$5.910</b>	<b>\$0.230</b>	<b>\$6.110</b>	<b>\$0.200</b>	<b>\$6.331</b>	<b>\$0.221</b>	<b>\$6.524</b>	<b>\$0.193</b>
Depreciation			0.000		0.000		0.000		0.000
<b>Total Expenses</b>	<b>\$5.680</b>	<b>\$5.910</b>	<b>\$0.230</b>	<b>\$6.110</b>	<b>\$0.200</b>	<b>\$6.331</b>	<b>\$0.221</b>	<b>\$6.524</b>	<b>\$0.193</b>
<b>Baseline Net Surplus/(Deficit)</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>(\$0.000)</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>(\$0.000)</b>	<b>(\$0.000)</b>	<b>(\$0.000)</b>
2007 Agency Program to Eliminate the Gap	0.000	0.000	\$0.000	0.000	\$0.000	0.000	\$0.000	0.000	\$0.000
Post-2007 Agency Program to Elim. the Gap									
<b>Net Surplus/(Deficit)</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>(\$0.000)</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>(\$0.000)</b>	<b>(\$0.000)</b>	<b>(\$0.000)</b>

**MTA Long Island Bus**  
**July Financial Plan 2007 - 2010**  
**Year-to-Year Changes by Category - Accrual Basis**  
(\$ in millions)

**NON-REIMBURSABLE and REIMBURSABLE**

	Favorable/(Unfavorable)								
	2006 July Plan	2007	Change 2007 - 2006	2008	Change 2008 - 2007	2009	Change 2009 - 2008	2010	Change 2010 - 2009
<b>Revenue</b>									
Farebox Revenue	\$39.360	\$39.557	\$0.197	\$39.756	\$0.199	\$39.955	\$0.199	\$40.155	\$0.200
Vehicle Toll Revenue									
Other Operating Revenue	3.699	3.199	(0.500)	2.549	(0.650)	2.454	(0.095)	2.207	(0.247)
Capital and Other Reimbursements	5.680	5.910	0.230	6.110	0.200	6.331	0.221	6.524	0.193
<b>Total Revenue</b>	<b>\$48.739</b>	<b>\$48.666</b>	<b>(\$0.073)</b>	<b>\$48.415</b>	<b>(\$0.251)</b>	<b>\$48.740</b>	<b>\$0.325</b>	<b>\$48.886</b>	<b>\$0.146</b>
<b>Expenses</b>									
<b>Labor:</b>									
Payroll	\$60.318	\$62.099	(\$1.781)	\$63.906	(\$1.807)	\$65.869	(\$1.963)	\$67.933	(\$2.064)
Overtime	5.130	5.281	(0.151)	5.434	(0.153)	5.601	(0.167)	5.781	(0.179)
Health and Welfare	13.120	15.117	(1.997)	16.731	(1.614)	18.518	(1.787)	20.495	(1.977)
Pensions	5.537	5.700	(0.163)	5.866	(0.166)	6.045	(0.179)	6.235	(0.190)
Other Fringe Benefits	6.626	6.821	(0.195)	7.020	(0.199)	7.235	(0.215)	7.463	(0.228)
Reimbursable Overhead									
<b>Total Labor Expenses</b>	<b>\$90.731</b>	<b>\$95.017</b>	<b>(\$4.286)</b>	<b>\$98.957</b>	<b>(\$3.940)</b>	<b>\$103.268</b>	<b>(\$4.311)</b>	<b>\$107.907</b>	<b>(\$4.639)</b>
<b>Non-Labor:</b>									
Traction and Propulsion Power									
Fuel for Buses and Trains	\$10.324	\$12.012	(\$1.688)	\$11.955	\$0.057	\$11.368	\$0.587	\$11.563	(\$0.195)
Insurance	0.561	0.420	0.141	0.458	(0.038)	0.501	(0.043)	0.542	(0.041)
Claims	2.845	3.218	(0.373)	3.303	(0.085)	3.095	0.208	3.194	(0.099)
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	7.807	8.302	(0.495)	8.487	(0.185)	8.564	(0.077)	8.737	(0.173)
Professional Service Contracts	1.869	1.915	(0.046)	1.964	(0.049)	2.014	(0.050)	2.065	(0.051)
Materials & Supplies	5.788	6.042	(0.254)	6.198	(0.156)	6.356	(0.158)	6.514	(0.158)
Other Business Expenses	0.395	0.405	(0.010)	0.415	(0.010)	0.426	(0.011)	0.436	(0.010)
<b>Total Non-Labor Expenses</b>	<b>\$29.589</b>	<b>\$32.314</b>	<b>(\$2.725)</b>	<b>\$32.780</b>	<b>(\$0.466)</b>	<b>\$32.324</b>	<b>\$0.456</b>	<b>\$33.051</b>	<b>(\$0.727)</b>
<b>Other Expenses Adjustments:</b>									
Other			\$0.000		\$0.000		\$0.000		\$0.000
<b>Total Other Expense Adjustments</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Total Expenses before Depreciation</b>	<b>\$120.320</b>	<b>\$127.331</b>	<b>(\$7.011)</b>	<b>\$131.737</b>	<b>(\$4.406)</b>	<b>\$135.592</b>	<b>(\$3.855)</b>	<b>\$140.958</b>	<b>(\$5.366)</b>
Depreciation			0.000		0.000		0.000		0.000
<b>Total Expenses</b>	<b>\$120.320</b>	<b>\$127.331</b>	<b>(\$7.011)</b>	<b>\$131.737</b>	<b>(\$4.406)</b>	<b>\$135.592</b>	<b>(\$3.855)</b>	<b>\$140.958</b>	<b>(\$5.366)</b>
<b>Baseline Net Surplus/(Deficit)</b>	<b>(\$71.581)</b>	<b>(\$78.665)</b>	<b>(\$7.084)</b>	<b>(\$83.322)</b>	<b>(\$4.657)</b>	<b>(\$86.852)</b>	<b>(\$3.530)</b>	<b>(\$92.072)</b>	<b>(\$5.220)</b>
2007 Agency Program to Eliminate the Gap	0.000	0.092	\$0.092	0.096	\$0.004	0.101	\$0.004	0.105	\$0.005
Post-2007 Agency Program to Elim. the Gap									
<b>Net Surplus/(Deficit)</b>	<b>(\$71.581)</b>	<b>(\$78.573)</b>	<b>(\$6.992)</b>	<b>(\$83.226)</b>	<b>(\$4.653)</b>	<b>(\$86.752)</b>	<b>(\$3.526)</b>	<b>(\$91.967)</b>	<b>(\$5.215)</b>

**MTA Long Island Bus**  
**July Financial Plan 2007 - 2010**  
**Year-to-Year Changes by Category - Cash Basis**  
(\$ in millions)

**CASH RECEIPTS & EXPENDITURES**

	Favorable/(Unfavorable)								
	2006 July Plan	2007	Change 2007 - 2006	2008	Change 2008 - 2007	2009	Change 2009 - 2008	2010	Change 2010 - 2009
<b>Receipts</b>									
Farebox Revenue	\$38.920	\$39.107	\$0.187	\$39.293	\$0.186	\$39.491	\$0.198	\$39.588	\$0.097
Vehicle Toll Revenue			0.000		0.000		0.000		0.000
Other Operating Revenue	3.748	3.249	(0.499)	2.599	(0.650)	2.504	(0.095)	2.257	(0.247)
Capital and Other Reimbursements	5.576	5.728	0.152	5.909	0.181	6.106	0.197	6.274	0.168
<b>Total Receipts</b>	<b>\$48.244</b>	<b>\$48.084</b>	<b>(\$0.160)</b>	<b>\$47.801</b>	<b>(\$0.283)</b>	<b>\$48.101</b>	<b>\$0.300</b>	<b>\$48.119</b>	<b>\$0.018</b>
<b>Expenditures</b>									
Labor:									
Payroll	\$60.048	\$61.765	(\$1.717)	\$63.569	(\$1.804)	\$67.981	(\$4.412)	\$67.593	\$0.388
Overtime	5.100	5.250	(0.150)	5.401	(0.151)	5.782	(0.381)	5.745	0.038
Health and Welfare	13.079	15.072	(1.993)	16.683	(1.611)	18.461	(1.779)	20.420	(1.959)
Pensions	5.388	5.559	(0.171)	5.701	(0.142)	5.866	(0.165)	6.045	(0.179)
Other Fringe Benefits	6.590	6.785	(0.195)	6.983	(0.198)	7.475	(0.492)	7.425	0.050
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total Labor Expenditures</b>	<b>\$90.205</b>	<b>\$94.430</b>	<b>(\$4.225)</b>	<b>\$98.336</b>	<b>(\$3.906)</b>	<b>\$105.566</b>	<b>(\$7.229)</b>	<b>\$107.228</b>	<b>(\$1.663)</b>
Non-Labor:									
Traction and Propulsion Power									
Fuel for Buses and Trains	\$10.175	\$11.862	(\$1.687)	\$11.805	\$0.057	\$11.218	\$0.587	\$11.413	(\$0.195)
Insurance	0.915	0.420	0.495	0.458	(0.038)	0.501	(0.043)	0.542	(0.041)
Claims	2.800	3.172	(0.372)	3.255	(0.083)	3.044	0.211	3.140	(0.096)
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	7.587	8.084	(0.497)	8.263	(0.179)	8.333	(0.070)	8.500	(0.167)
Professional Service Contracts	1.813	1.857	(0.044)	1.905	(0.048)	1.954	(0.049)	2.000	(0.046)
Materials & Supplies	5.739	5.991	(0.252)	6.146	(0.155)	6.302	(0.156)	6.457	(0.155)
Other Business Expenses	0.375	0.385	(0.010)	0.394	(0.009)	0.405	(0.011)	0.414	(0.009)
<b>Total Non-Labor Expenditures</b>	<b>\$29.404</b>	<b>\$31.771</b>	<b>(\$2.367)</b>	<b>\$32.226</b>	<b>(\$0.455)</b>	<b>\$31.757</b>	<b>\$0.469</b>	<b>\$32.466</b>	<b>(\$0.709)</b>
Other Expenditure Adjustments:									
Other			\$0.000		\$0.000		\$0.000		\$0.000
<b>Total Other Expenditure Adjustments</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Total Expenditures</b>	<b>\$119.609</b>	<b>\$126.201</b>	<b>(\$6.592)</b>	<b>\$130.562</b>	<b>(\$4.361)</b>	<b>\$137.323</b>	<b>(\$6.760)</b>	<b>\$139.694</b>	<b>(\$2.372)</b>
<b>Baseline Net Cash Deficit</b>	<b>(\$71.365)</b>	<b>(\$78.117)</b>	<b>(\$6.752)</b>	<b>(\$82.761)</b>	<b>(\$4.644)</b>	<b>(\$89.222)</b>	<b>(\$6.460)</b>	<b>(\$91.575)</b>	<b>(\$2.354)</b>
2007 Agency Program to Eliminate the Gap	0.000	0.092	\$0.092	0.096	\$0.004	0.101	\$0.004	0.105	\$0.005
Post-2007 Agency Program to Elim. the Gap									
<b>Net Cash Deficit</b>	<b>(\$71.365)</b>	<b>(\$78.025)</b>	<b>(\$6.660)</b>	<b>(\$82.665)</b>	<b>(\$4.640)</b>	<b>(\$89.121)</b>	<b>(\$6.456)</b>	<b>(\$91.470)</b>	<b>(\$2.349)</b>

**MTA Long Island Bus  
2007 Preliminary Budget  
July Financial Plan 2007 - 2010  
Summary of Plan-to-Plan Changes: February 2006 vs. July 2006**

**1. REVENUE**

- **Farebox:**
  - Revenue is projected to increase by \$.909 million over the adopted budget and is based on current ridership trends and resultant farebox revenue. This represents an additional .715 million riders on fixed route and .016 million on Paratransit.
  - Variances in the 2007 – 2010 period is reflective of the changes in the 2006 July Plan and an annual .5% increase in ridership
- **Other Operating Revenue**
  - There were no changes in this category.
- **Capital & Other Reimbursements**
  - There was a minor change due to the CPI effect on reimbursable employees and the resultant reimbursement.

**2. LABOR EXPENSES**

- **Payroll/Overtime/Pension/Other Fringe:**
  - Labor expense categories excluding Health and Welfare, increased by \$.114 million because four (4) Bus Operators and one (1) Computer Specialist was added in support of increased service and expanded IT work scopes. All other labor assumptions were identical to those in the February Plan.
- **Health & Welfare**
  - The rate guidelines for the July Plan increased the 2006 rate by .14% resulting in a small increase of \$.034 million over the February Adopted Budget.

**3. NON LABOR EXPENSES**

- **Fuel:**

- Volatile fuel prices warranted rate adjustments to the Adopted Budget assumptions. These rate guidelines generated an additional \$1.260 million in projected fuel expenses. Similar rate adjustments were made to the fuel budget in the 2007 – 2011 period, with some optimism of a rate reduction in the latter years of the plan.

- **Insurance**

- A mandatory participation in an increased Excess Liability coverage plan caused a significant increase in premium payments. Pending payments from prior years will be made in 2006, increasing accrued expenses by \$.368 million. In the 2007 – 2010 plan, changes are also due to the higher excess liability premiums and the inclusion of coverage for environmental and travel policies.

- **Claims**

- An additional \$.3 million was added to the cash budget in 2007 and 2008 to partially meet reserve requirements and payments.

- **Maintenance & Other Operating Contracts**

- This category increased by \$.296 million over the February Plan due mainly to the use of higher Utility rates based on the issued guidelines. In the 2007 – 2010 plan funding was added to support the maintenance cost of extending the lifecycle of Paratransit vehicles.

- **Professional Service Contracts**

- The security and medical services contract renewal terms, increased expenses by approximately \$.120 million annually. New requirements for general ledger support added \$.075 million to this category.

- **Material & Supplies**

- Increased service levels have an incremental effect on parts and material usage. This was recognized and along with the use of current CPI's, caused a \$.105 million variance to the February Plan.

**MTA Long Island Bus**  
**July Financial Plan 2007 - 2010**  
**Changes Between Financial Plans by Generic Categories**  
(\$ in millions)

<b>NON-REIMBURSABLE</b>					
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Baseline 2006 February Financial Plan - Operating Cash</b>	<b>(\$69.523)</b>	<b>(\$72.667)</b>	<b>(\$76.514)</b>	<b>(\$83.210)</b>	<b>(\$84.886)</b>
<b>Baseline Changes</b>					
<b>Revenue</b>					
Farebox Revenue	\$0.909	\$0.909	\$0.909	\$0.909	\$0.909
Vehicle Toll Revenue	\$0.000	0.000	0.000	0.000	0.000
Capital and Other Reimbursement	\$0.000	0.000	0.000	0.000	0.000
<b>Total Revenue Changes</b>	<b>\$ .909</b>	<b>\$ .909</b>	<b>\$ .909</b>	<b>\$ .909</b>	<b>\$ .909</b>
<b>Expenses</b>					
<b>Labor:</b>					
Payroll	(\$0.088)	(\$0.327)	(\$0.336)	(\$0.347)	(\$0.358)
Overtime	(0.008)	(0.028)	(0.028)	(0.029)	(0.030)
Health and Welfare	(0.034)	(0.733)	(0.983)	(1.274)	(1.615)
Pensions	(0.008)	(0.030)	(0.031)	(0.031)	(0.033)
Other Fringe Benefits	(0.011)	(0.037)	(0.038)	(0.039)	(0.040)
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000
<b>Total Labor Expense Changes</b>	<b>(\$1.148)</b>	<b>(\$1.154)</b>	<b>(\$1.417)</b>	<b>(\$1.722)</b>	<b>(\$2.077)</b>
<b>Non-Labor:</b>					
Traction and Propulsion Power					
Fuel for Buses and Trains	(\$1.260)	(\$3.521)	(\$3.941)	(\$3.749)	(\$4.014)
Insurance	(0.368)	(0.222)	(0.254)	(0.291)	(0.325)
Claims	0.000	(0.300)	(0.300)	0.000	0.000
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	(0.296)	(0.725)	(0.820)	(0.760)	(0.754)
Professional Service Contracts	(0.219)	(0.222)	(0.222)	(0.219)	(0.212)
Materials & Supplies	(0.105)	(0.215)	(0.204)	(0.180)	(0.143)
Other Business Expenses	0.000	0.000	0.000	(0.001)	0.001
<b>Total Non-Labor Expense Changes</b>	<b>(\$2.248)</b>	<b>(\$5.205)</b>	<b>(\$5.741)</b>	<b>(\$5.200)</b>	<b>(\$5.447)</b>
<b>Total Expense Changes</b>	<b>(\$2.397)</b>	<b>(\$6.359)</b>	<b>(\$7.158)</b>	<b>(\$6.921)</b>	<b>(\$7.524)</b>
<b>Cash Adjustment Changes</b>					
Farebox Revenue	\$0.000	\$0.000	\$0.000	\$0.000	\$0.002
Other Operating Revenue	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Capital and Other Reimbursement	\$0.000	(\$0.000)	\$0.000	\$0.000	(\$0.157)
Payroll	(\$0.000)	(\$0.000)	\$0.000	\$0.000	\$0.043
Overtime	(\$0.000)	(\$0.000)	(\$0.000)	(\$0.000)	\$0.002
Health and Welfare	(\$0.000)	(\$0.000)	(\$0.000)	(\$0.000)	\$0.105
Pensions	\$0.000	\$0.000	\$0.000	\$0.000	\$0.001
Other Fringe Benefits	\$0.000	\$0.000	\$0.001	\$0.000	\$0.005
Fuel for Buses and Trains	(\$0.000)	\$0.000	\$0.000	\$0.000	(\$0.074)
Insurance	(\$0.354)	\$0.000	\$0.000	\$0.000	\$0.000
Claims	\$0.000	(\$0.000)	\$0.000	\$0.000	\$0.011
Paratransit Service Contracts	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Maintenance and Other Operating Contracts	\$0.000	\$0.001	\$0.000	\$0.000	\$0.069
Professional Service Contracts	\$0.000	\$0.000	\$0.000	(\$0.000)	\$0.003
Materials & Supplies	\$0.000	\$0.000	(\$0.000)	\$0.000	(\$0.084)
Other Business Expenses	\$0.000	(\$0.001)	\$0.000	\$0.000	(\$0.001)
<b>Total Cash Adjustment Changes</b>	<b>(\$0.355)</b>	<b>\$0.000</b>	<b>\$0.002</b>	<b>\$0.000</b>	<b>(\$0.073)</b>
<b>Total Baseline Changes</b>	<b>(\$1.842)</b>	<b>(\$5.450)</b>	<b>(\$6.247)</b>	<b>(\$6.012)</b>	<b>(\$6.689)</b>
<b>Baseline 2006 July Financial Plan - Operating Cash Income/(Deficit)</b>	<b>(\$71.365)</b>	<b>(\$78.117)</b>	<b>(\$82.761)</b>	<b>(\$89.222)</b>	<b>(\$91.575)</b>

**MTA Long Island Bus**  
**July Financial Plan 2007 - 2010**  
**Changes Between Financial Plans by Generic Categories**  
(\$ in millions)

REIMBURSABLE					
	2006	2007	2008	2009	2010
<b>Baseline 2006 February Financial Plan - Operating Cash</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Baseline Changes</b>					
<b>Revenue</b>					
Farebox Revenue					
Vehicle Toll Revenue					
Capital and Other Reimbursement	0.002	0.078	0.107	0.141	0.267
<b>Total Revenue Changes</b>	<b>\$0.002</b>	<b>\$0.078</b>	<b>\$0.107</b>	<b>\$0.141</b>	<b>\$0.267</b>
<b>Expenses</b>					
<b>Labor:</b>					
Payroll	0.000	0.000	0.000	0.000	0.000
Overtime	0.000	0.000	0.000	0.000	0.000
Health and Welfare	(0.002)	(0.078)	(0.107)	(0.141)	(0.267)
Pensions	0.000	0.000	0.000	0.000	0.000
Other Fringe Benefits	0.000	0.000	0.000	0.000	0.000
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000
<b>Total Labor Expense Changes</b>	<b>(\$0.002)</b>	<b>(\$0.078)</b>	<b>(\$0.107)</b>	<b>(\$0.141)</b>	<b>(\$0.267)</b>
<b>Non-Labor:</b>					
Traction and Propulsion Power					
Fuel for Buses and Trains	0.000	0.000	0.000	0.000	0.000
Insurance	0.000	0.000	0.000	0.000	0.000
Claims	0.000	0.000	0.000	0.000	0.000
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	0.000	0.000	0.000	0.000	0.000
Professional Service Contracts	0.000	0.000	0.000	0.000	0.000
Materials & Supplies	0.000	0.000	0.000	0.000	0.000
Other Business Expenses	0.000	0.000	0.000	0.000	0.000
<b>Total Non-Labor Expense Changes</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Total Expense Changes</b>	<b>(\$0.002)</b>	<b>(\$0.078)</b>	<b>(\$0.107)</b>	<b>(\$0.141)</b>	<b>(\$0.267)</b>
<b>Cash Adjustment Changes</b>					
Farebox Revenue					
Other Operating Revenue					
Capital and Other Reimbursement					
Payroll					
Overtime					
Health and Welfare					
Pensions					
Other Fringe Benefits					
Fuel for Buses and Trains					
Insurance					
Claims					
Paratransit Service Contracts					
Maintenance and Other Operating Contracts					
Professional Service Contracts					
Materials & Supplies					
Other Business Expenses					
<b>Total Cash Adjustment Changes</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Total Baseline Changes</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>(\$0.000)</b>
<b>Baseline 2006 July Financial Plan - Operating Cash Income/(Deficit)</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>(\$0.000)</b>

**MTA Long Island Bus**  
**July Financial Plan 2007 - 2010**  
**Changes Between Financial Plans by Generic Categories**  
(\$ in millions)

NON-REIMBURSABLE and REIMBURSABLE	2006	2007	2008	2009	2010
<b>Baseline 2006 February Financial Plan - Operating Cash</b>	<b>(\$69.523)</b>	<b>(\$72.667)</b>	<b>(\$76.514)</b>	<b>(\$83.210)</b>	<b>(\$84.886)</b>
<b>Baseline Changes</b>					
<b>Revenue</b>					
Farebox Revenue	\$0.909	\$0.909	\$0.909	\$0.909	\$0.909
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000
Capital and Other Reimbursement	0.002	0.078	0.107	0.141	0.267
<b>Total Revenue Changes</b>	<b>\$ .911</b>	<b>\$ .987</b>	<b>\$ 1.016</b>	<b>\$ 1.050</b>	<b>\$ 1.176</b>
<b>Expenses</b>					
<b>Labor:</b>					
Payroll	(\$0.088)	(\$0.327)	(\$0.336)	(\$0.347)	(\$0.358)
Overtime	(0.008)	(0.028)	(0.028)	(0.029)	(0.030)
Health and Welfare	(0.036)	(0.811)	(1.089)	(1.415)	(1.882)
Pensions	(0.008)	(0.030)	(0.031)	(0.031)	(0.033)
Other Fringe Benefits	(0.011)	(0.037)	(0.038)	(0.039)	(0.040)
Reimbursable Overhead					
<b>Total Labor Expense Changes</b>	<b>(\$0.150)</b>	<b>(\$1.232)</b>	<b>(\$1.523)</b>	<b>(\$1.862)</b>	<b>(\$2.344)</b>
<b>Non-Labor:</b>					
Traction and Propulsion Power					
Fuel for Buses and Trains	(\$1.260)	(\$3.521)	(\$3.941)	(\$3.749)	(\$4.014)
Insurance	(0.368)	(0.222)	(0.254)	(0.291)	(0.325)
Claims	0.000	(0.300)	(0.300)	0.000	0.000
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	(0.296)	(0.725)	(0.820)	(0.760)	(0.754)
Professional Service Contracts	(0.219)	(0.222)	(0.222)	(0.219)	(0.212)
Materials & Supplies	(0.105)	(0.215)	(0.204)	(0.180)	(0.143)
Other Business Expenses	0.000	0.000	0.000	(0.001)	0.001
<b>Total Non-Labor Expense Changes</b>	<b>(\$2.248)</b>	<b>(\$5.205)</b>	<b>(\$5.741)</b>	<b>(\$5.200)</b>	<b>(\$5.447)</b>
<b>Total Expense Changes</b>	<b>(\$2.398)</b>	<b>(\$6.437)</b>	<b>(\$7.265)</b>	<b>(\$7.062)</b>	<b>(\$7.791)</b>
<b>Cash Adjustment Changes</b>					
Farebox Revenue	\$0.000	\$0.000	\$0.000	\$0.000	\$0.002
Other Operating Revenue	0.000	0.000	0.000	0.000	0.000
Capital and Other Reimbursement	0.000	(0.000)	0.000	0.000	(0.157)
Payroll	(0.000)	(0.000)	0.000	0.000	0.043
Overtime	(0.000)	(0.000)	(0.000)	(0.000)	0.002
Health and Welfare	(0.000)	(0.000)	(0.000)	(0.000)	0.105
Pensions	0.000	0.000	0.000	0.000	0.001
Other Fringe Benefits	0.000	0.000	0.001	0.000	0.005
Fuel for Buses and Trains	(0.000)	0.000	0.000	0.000	(0.074)
Insurance	(0.354)	0.000	0.000	0.000	0.000
Claims	0.000	(0.000)	0.000	0.000	0.011
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	0.000	0.001	0.000	0.000	0.069
Professional Service Contracts	0.000	0.000	0.000	(0.000)	0.003
Materials & Supplies	0.000	0.000	(0.000)	0.000	(0.084)
Other Business Expenses	0.000	(0.001)	0.000	0.000	(0.001)
<b>Total Cash Adjustment Changes</b>	<b>(\$0.355)</b>	<b>\$0.000</b>	<b>\$0.001</b>	<b>(\$0.001)</b>	<b>(\$0.073)</b>
<b>Total Baseline Changes</b>	<b>(\$1.842)</b>	<b>(\$5.450)</b>	<b>(\$6.248)</b>	<b>(\$6.013)</b>	<b>(\$6.689)</b>
<b>Baseline 2006 July Financial Plan - Operating Cash Income/(Deficit)</b>	<b>(\$71.365)</b>	<b>(\$78.117)</b>	<b>(\$82.761)</b>	<b>(\$89.222)</b>	<b>(\$91.575)</b>

**MTA Long Island Bus  
2007 Preliminary Budget  
July Financial Plan 2007 - 2010**

**RIDERSHIP/UTILIZATION ASSUMPTIONS**

**Fixed Route Ridership:**

LI Bus experienced its highest levels of fixed route ridership in 2005. When compared to 2004, annual total revenue passengers were 2.8% higher. Average riders were also higher for weekdays, 3.2%, Saturday, 2.3% and Sunday, 8.7%, over 2004. The strong response to job access/reverse commute service, gap closures and bus-rail connection services along with various economic variables contributed in attracting new and repeat riders.

This positive trend has continued in 2006 and the July Plan was adjusted to reflect the projected increase over the Adopted Budget. An additional .715 million riders are projected, bringing the full year 2006 total to 31.5 million passengers.

Annual increases are projected at .5% over the next three years.

**Revenue:**

Fixed route revenue is 7.4% above 2005 for year to date April 2006. Based on this positive 2006 trend, the July Plan increases farebox revenue by \$.859 million in anticipation of continued good ridership and average fares.

The projected revenue in the 2007 – 2010 period is reflective of the .5% annual increase in riders.

**Paratransit (Demand Response)**

**Ridership:**

After some normalization in 2004, this service showed a 2.1% increase in ridership over 2004 actual. This increase was achieved while utilizing the identical number of buses (86 Able-Ride buses) and supporting headcount.

Year to date April 2006 shows a significant 11% increase over the same period of 2005.

The July Plan accounts for this positive trend and increased projected ridership by .016 million passengers.

Based on the revised full year 2006 forecast, annual ridership is expected to increase by .5% over the 2007 – 2010 plan period.

**Revenue:**

Paratransit farebox revenue for year to date April 2006 shows an 11% increase over 2005. A total of \$.050 million was added in the July Plan resulting in a full year forecast of \$.341 million. A .5% annual increase is also projected for the 2007- 2010 plan period.

**MTA Long Island Bus  
2007 Preliminary Budget  
July Financial Plan 2007 - 2010**

**POSITIONS**

In response to the increased service levels, four (4) bus operators were added. New and expanded Information Technology (IT) functions also warranted the addition of one headcount. The 9 positions in support of the 2006 PEG program were removed from the budgeted numbers.

**MTA LONG ISLAND BUS**  
**July Financial Plan 2007 - 2010**  
**Ridership/Traffic Volume (Utilization)**  
**(in millions)**

<b>RIDERSHIP</b>	<b>2006 Mid-Year Forecast</b>	<b>2007 Preliminary Budget</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b><u>Baseline</u></b>					
<b>Fixed Route</b>	31.501	31.659	31.817	31.976	32.136
<b>Paratransit</b>	0.341	0.343	0.344	0.346	0.348
<b>Baseline Total Ridership</b>	<b>31.842</b>	<b>32.001</b>	<b>32.161</b>	<b>32.322</b>	<b>32.484</b>
<i>Impact of: PEG Program</i>					
<b>Total Ridership</b>	<b>31.842</b>	<b>32.001</b>	<b>32.161</b>	<b>32.322</b>	<b>32.484</b>

**FARE-BOX REVENUE**

<b><u>Baseline</u></b>					
Fixed Route	\$38.301	\$38.492	\$38.684	\$38.878	\$39.072
Paratransit	\$1.059	\$1.065	\$1.072	\$1.077	\$1.083
<b>Baseline Total Revenue</b>	<b>\$39.360</b>	<b>\$39.557</b>	<b>\$39.756</b>	<b>\$39.955</b>	<b>\$40.155</b>
<i>Impact of: PEG Program</i>					
<b>Total Ridership</b>	<b>\$39.360</b>	<b>\$39.557</b>	<b>\$39.756</b>	<b>\$39.955</b>	<b>\$40.155</b>

**MTA Long Island Bus**  
**July Financial Plan 2007 - 2010**  
**Summary of PEGs**  
**(\$ in millions)**

	Favorable/(Unfavorable)									
	2006		2007		2008		2009		2010	
	Positions <sup>1</sup>	Dollars	Positions <sup>1</sup>	Dollars	Positions <sup>1</sup>	Dollars	Positions <sup>1</sup>	Dollars	Positions <sup>1</sup>	Dollars
<b>LIST of PROGRAMS</b>										
Administration:			0	0.092	0	0.096	0	0.101	0	0.105
Sub-Total Administration	0	\$ .000	0	\$ .092	0	\$ .096	0	\$ .101	0	\$ .105
Customer Convenience & Amenities:										
Sub-Total Customer Convenience & Amenities	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000
Service:	0	0.000	0	-	0	-	0	-	0	-
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
<b>Total PEGs</b>	<b>0</b>	<b>\$ .000</b>	<b>0</b>	<b>\$ .092</b>	<b>0</b>	<b>\$ .096</b>	<b>0</b>	<b>\$ .101</b>	<b>0</b>	<b>\$ .105</b>

<sup>1</sup> Reflects the impact of amendments on year-end positions.

**MTA Long Island Bus  
July Financial Plan 2007 - 2010  
PEG Worksheet**

**PEG Category:** Administration

**Program:** Improve Employee Availability

<b>Background Details:</b>	Improve Employee availability for represented employees by half a day
----------------------------	---

<b>PEG Description and Implementation Plan:</b>	A complete assessment of the past two years performance is being done and new goals and strategies will be in place by January 2007 to improve current performance.
<b>PEG Implementation Date:</b> 1/1/07	<b>When will PEG savings begin?:</b> 1/1/07

	2005	2006	2007	2008	2009	2010
<i>Financial Impact (Operating)</i>						
Net Savings (in millions)	\$0.000	\$0.000	\$0.092	\$0.096	\$0.101	\$0.105
<i>Total Reduction in Positions Required</i>	0	0	0	0	0	0
Current Level of Vacancies	0	0	0	0	0	0

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

*List of Other Concerns:*

**MTA LONG ISLAND BUS**  
**July Financial Plan 2007 - 2010**  
**Non-Reimbursable - Reimbursable Positions at End-of-Year**  
**Full-Time Positions and Full Time Equivalents**

<b>FUNCTION/DEPARTMENT</b>	<b>2005 Actuals</b>	<b>2006 Mid-Year Forecast</b>	<b>2007 Preliminary Budget</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Administration</b>						
Administration - All Other	31	33	33	33	33	33
Administration - Safety	9	10	10	10	10	10
Finance	21	21	21	21	21	21
Legal	9	9	9	9	9	9
IT	20	22	22	22	22	22
<b>Total Administration</b>	<b>90</b>	<b>95</b>	<b>95</b>	<b>95</b>	<b>95</b>	<b>95</b>
<b>Operations</b>						
Admin (F/R)	22	24	24	24	24	24
Admin (Para)	4	4	4	4	4	4
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)	12	12	12	12	12	12
TIC	9	9	9	9	9	9
Dipatchers	41	43	43	43	43	43
Bus Operators (F/R)	528	536	536	536	536	536
Bus Operators (Para)	123	131	131	131	131	131
<b>Total Operations</b>	<b>757</b>	<b>777</b>	<b>777</b>	<b>777</b>	<b>777</b>	<b>777</b>
<b>Maintenance</b>						
Admin	12	12	12	12	12	12
Line Supervisors	17	19	19	19	19	19
Mechanics (F/R)	123	123	123	123	123	123
Mechanics (Para)	2	3	3	3	3	3
Mech. Helpers/Cleaners (F/R)	65	68	68	68	68	68
Cleaners (Para)	5	7	7	7	7	7
Storeroom	12	12	12	12	12	12
P & E (F/R)	9	10	10	10	10	10
P & E ( Para)	0	1	1	1	1	1
Farebox	6	6	6	6	6	6
<b>Total Maintenance</b>	<b>251</b>	<b>261</b>	<b>261</b>	<b>261</b>	<b>261</b>	<b>261</b>
<b>Engineering/Capital</b>						
Engineers	1	2	2	2	2	2
Capital	13	14	14	14	14	14
<b>Total Engineering/Capital</b>	<b>14</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>16</b>
<b>Public Safety</b>						
Security	3	3	3	3	3	3
<b>Total Baseline Positions</b>	<b>1,115</b>	<b>1,152</b>	<b>1,152</b>	<b>1,152</b>	<b>1,152</b>	<b>1,152</b>
<i>Non-Reimbursable</i>	1,102	1,138	1,138	1,138	1,138	1,138
<i>Reimbursable</i>	13	14	14	14	14	14
<i>Total Full-Time</i>	1,008	1,043	1,043	1,043	1,043	1,043
<i>Total Full-Time Equivalents</i>	107	109	109	109	109	109
Impact of:						
2007 Program to Eliminate the Gap (PEGs)	-	0	0	0	0	0
Post 2007 Program to Eliminate the Gap (PEGs)	-	0	0	0	0	0
<b>Total Positions</b>	<b>1,115</b>	<b>1,152</b>	<b>1,152</b>	<b>1,152</b>	<b>1,152</b>	<b>1,152</b>
<i>Non-Reimbursable</i>	1,102	1,138	1,138	1,138	1,138	1,138
<i>Reimbursable</i>	13	14	14	14	14	14
<i>Total Full-Time</i>	1,008	1,043	1,043	1,043	1,043	1,043
<i>Total Full-Time Equivalents</i>	107	109	109	109	109	109

**MTA LONG ISLAND BUS**  
**July Financial Plan 2007-2010**  
**Total Full-time Positions and Full-time Equivalents by Function and Occupational Group**  
**Non-Reimbursable and Reimbursable**

FUNCTION/OCCUPATIONAL GROUP		2006 Mid-Year Forecast	2007 Preliminary Budget	2008	2009	2010
<b>Administration</b>						
	Managers/Supervisors	42	42	42	42	42
	Professional, Technical, Clerical	53	53	53	53	53
	Operational Hourlies	0	0	0	0	0
	<b>Total Administration</b>	95	95	95	95	95
<b>Operations</b>						
	Managers/Supervisors	64	64	64	64	64
	Professional, Technical, Clerical	44	44	44	44	44
	Operational Hourlies	669	669	669	669	669
	<b>Total Operations</b>	777	777	777	777	777
<b>Maintenance</b>						
	Managers/Supervisors	27	27	27	27	27
	Professional, Technical, Clerical	4	4	4	4	4
	Operational Hourlies	230	230	230	230	230
	<b>Total Maintenance</b>	261	261	261	261	261
<b>Engineering/Capital</b>						
	Managers/Supervisors	7	7	7	7	7
	Professional, Technical, Clerical	9	9	9	9	9
	Operational Hourlies	0	0	0	0	0
	<b>Total Engineering/Capital</b>	16	16	16	16	16
<b>Public Safety</b>						
	Managers/Supervisors	1	1	1	1	1
	Professional, Technical, Clerical	2	2	2	2	2
	Operational Hourlies	0	0	0	0	0
	<b>Total Public Safety</b>	3	3	3	3	3
<b>Total Baseline Positions</b>						
	Managers/Supervisors	141	141	141	141	141
	Professional, Technical, Clerical	112	112	112	112	112
	Operational Hourlies	899	899	899	899	899
	<b>Total Baseline Positions</b>	1,152	1,152	1,152	1,152	1,152
<b>Impact of:</b>						
<b>2007 Program to Eliminate the Gap (PEGs)</b>		0	0	0	0	0
<b>Post 2007 Program to Eliminate the Gap (PEGs)</b>		0	0	0	0	0
<b>Total Positions</b>						
	Managers/Supervisors					
	Professional, Technical, Clerical					
	Operational Hourlies					
	<b>Total Positions</b>	-	-	-	-	-

# **Long Island Rail Road**

**MTA LONG ISLAND RAIL ROAD**  
**2007 Preliminary Budget**  
**July Financial Plan 2007-2010**

**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 2006, carrying out into 2010. The LIRR's 2007 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. The 2007 budget is designed to reflect continuation of current service levels, as well as to sustain the MTA's commitment to safety and security.

In its projections for 2008 through 2010, the LIRR anticipates no diminution of transportation service levels, even as current and future PEGs are fully implemented.

**2006 Mid-Year Forecast**

At mid-year, the LIRR is projecting an increase to its net cash deficit of \$(3.5) million over the 2006 adopted budget. On the accrued side, revenues are the major driver of unfavorable results. Capital reimbursable revenues and other operating revenues are the major sources of the projected shortfall, with a \$(14.2) million, or (9.7)%, and \$(1.4) million, or (3.5)%, forecasted shortfall respectively. The unfavorable other operating revenues is largely due to several parking fee initiatives identified as PEGs which are not progressing at the local level. Individual reviews of each location are underway to assess if any portion of this PEG can be restored.

The unfavorable revenue results are in part offset by favorable expense projections. While overall Labor expenses are within 1.1% of the February plan, non-reimbursable labor is above plan by \$(6.0) million, or (0.8)%. That is offset by Reimbursable labor projected to under run the plan by \$15.7 million. Total overtime is projected to be \$(5.5) million, or (6.8)% over plan, comprised of \$(4.5) million of non-reimbursable and \$(1.0) million of reimbursable overruns. By not hiring for reimbursable work that is delayed, total payroll, health and welfare and other fringes are forecast to be below plan by \$15.3 million or 1.8%.

Total Non-Labor expenses are on plan, with some significant swings in certain areas. For example, traction & propulsion power is projected to run 6.2% above plan due to higher fuel cost adjustments. By contrast, insurance is projected to be 6.5% favorable

to the accrued February plan, with some types of insurance costing less than projected. A 10.3% decrease in accrued legal claims is also projected.

The major cash adjustment from the February plan is a decrease in capital program material based upon the latest project schedules. One new project that the LIRR will begin supporting in 2006 is the Moynihan Station project, although costs incurred in 2006 will likely be minimal.

## **2007 Preliminary Budget - Baseline**

The goals and objectives contained in the 2007 Preliminary Budget are consistent with the LIRR's mission and its aim to continue to improve service attributes. Among the key goals for 2007 are improving on-time performance to 93.2% and achieving an all-time high fleet-wide mean distance between failures (MDBF) of 77,300 miles. The budget plan also reflects a continuing commitment to improve both employee and customer safety, with projected improvements of 7% and 5% respectively. Other key assumptions incorporated in the baseline are discussed in a later section, along with reconciliation to the February Financial Plan.

The 2007 Revenue budget totals \$659.4 million; Non-reimbursable revenue makes up \$495.2 million of the total and Reimbursable revenues are \$164.2 million. The total expense budget is \$1.533 billion, of which \$1.241 billion is for operating expenses and the balance is associated with such non-cash items as depreciation. Non-reimbursable operating expenses total \$1.077 billion in 2007, while Reimbursable expenses are \$164.2 million in the accrued statements.

The cash budget for 2007 incorporates \$726.9 million in cash receipts and \$1.313 billion in cash disbursements. The baseline net cash requirement is \$(586.2) million, as driven by operating expenses paid for in 2007, revenues received in 2007, 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 2007 Preliminary Budget are higher than in the 2006 Mid-Year Forecast. Total revenues of \$659.4 million are \$39.5 million higher than in the Mid-Year Forecast, with Non-reimbursable revenues rising by \$7.8 million and Reimbursable revenues up by \$31.7 million. Baseline Ridership in 2007 grows over the 2006 Mid-Year Forecast by 1.6 million rides, or 2.0%. Operating expenses before depreciation of \$1.241 billion reflect growth of \$92.0 million over the 2006 Mid-Year Forecast, \$60.3 million of which is in non-reimbursable expenses. While the resulting total operating baseline deficit rises \$68.6 million to \$(873.5) million in 2007, the projected baseline cash deficit (or subsidy requirement) of \$(586.2) million in 2007 is higher by \$54.0 million.

The LIRR will experience high cost growth in Traction and Propulsion Power. Some increases are associated with expected rate changes as a new contract is resolved with the Long Island Power Authority (LIPA). New York Power Authority (NYPA) power costs are rising at about 11%. The biggest growth factor, however, is the Fuel Cost Adjustments in LIPA billing.

Another fast growing area of expense is Health & Welfare. While rates for active employees and retirees is a key factor, the major driver for the growth is the increase of the retired population by more than 250 each year.

Full-time positions total 6,547 in the 2007 Preliminary Budget, with 5,794 non-reimbursable positions and 753 reimbursable positions. Compared to the 2006 Mid-Year Forecast, this reflects a total increase of 48 positions, 9 non-reimbursable positions and 39 reimbursable positions, consistent with anticipated levels of capital funding in 2007.

The major New Needs identified in the 2007 Budget are associated with Operating Budget Impacts from capital investments and other operating initiatives. In the Engineering Department, the signalization from Babylon to Speonk has been completed and will require an additional 8 positions to properly maintain this totally new signal system. New maintenance needs arise such as maintenance of the new Atlantic Terminal facility, additional lighting on Jamaica platforms, the new Long Island City airshaft ventilation and the new PA systems and security cameras.

Other New Needs arise from various Information System initiatives, an effort to reduce overtime within the Transportation Department (resulting in an additional 21 positions) and the implementation of a PeopleSoft payroll and Human Resource package. Additional details on the New Needs identified for 2007 appear in attachments.

In other areas, the LIRR will begin implementation of the Life Cycle Maintenance plan for its growing M-7 fleet, resulting in additional material and manpower requirements. This plan also incorporates continuing activity in the replacement of defective concrete ties. Between mid-2006 and the end of 2007, two series of installations will occur, replacing more than 30,000 ties.

## **2008-2010 Projections**

The baseline projections for 2008 through 2010 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 5% improvements for both employees and customers, and MDBF, which rises by approximately 3.5% in 2008 to 80,000 miles fleet-wide. Projections are to reach an on-time performance rating of 93.7% and sustain an on-time performance level of 94.3% throughout the 2009-2010 period. During this period, the LIRR will continue its 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 2008-2010 reflect these various impacts. Both non-reimbursable and reimbursable revenues rise steadily over the years, with higher rates of growth in 2009 and 2010. Non-reimbursable revenues grow less than 1.7% in any year, while Reimbursable revenues increase by less than 2.0% in 2008 and 2009, increasing to 4.4% growth in 2010. All of these growth rates except for 2010 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, materials, and utilities. Non-reimbursable expenses (before depreciation) grow by 6.0% from \$1.077 billion in 2007 to \$1.142 billion in 2008. They continue to rise by 3.5% in 2009 and 3.5% in 2010, reaching \$1.223 billion. Total labor expenses are a significant driver of this increase. Reimbursable expenses grow by 1.5% (\$2.5 million) in 2008 over 2007, and by another 2.0% in 2009 and 4.4% in 2010, reaching \$177.4 million.

The baseline positions in these projections increase in 2008 by 28 positions over 2007, and then show a slight reduction of 12 positions in 2009, and remain flat in 2010. From 2006 mid-year baseline, there is an overall increase of 64 positions. 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 13.9%, or 99 positions, over 2006. For the same period, non-reimbursable positions decrease by 23 positions. Most of the reimbursable position increase is in the Engineering Department, where total positions increase by 46 over 2006. The other function with position increases is the Maintenance of Equipment Department, where the number of positions increases by a total of 51 positions.

Appearing in a separate section is a discussion of the major assumptions in the 2008-2010 forecasts and reconciliation's to the February plan for the years through 2010.

## **GAP CLOSING MEASURES**

### **2007 PEG Actions**

For 2006, Programs to Eliminate the Gaps (PEGs) totaling \$2.6 million have been identified in a below-the-line section of the Preliminary Budget all of which are expense based.

Based on an historical review of Professional Services and Maintenance and Operating Contract costs over the last five years, it has been determined that the LIRR has been over-estimating usage of extraordinary items such as unplanned Environmental cleanup, consulting, etc. The assumption is that \$2.2 million of reductions can be achieved.

Other PEGs have been identified including the elimination of 17 vehicles and increased collection efforts for passengers who do not have the money to pay the fare on the train but have expressed a willingness to subsequently pay the fare. These two PEGs result in an additional \$0.4 million in savings.

### **2008 - 2010 Projections**

The PEG actions taken in 2007 are largely carried forward into 2008 - 2010, escalating in value with inflation. The PEGs total \$2.7 million in 2008, \$2.8 million in 2009 and \$2.8 million in 2010.

**MTA LONG ISLAND RAIL ROAD**  
**July Financial Plan 2007 - 2010**  
**Accrual Statement of Operations by Category**  
(\$ in millions)

Non-Reimbursable		2005	2006	2007			
		Actuals	Mid-Year Forecast	Preliminary Budget	2008	2009	2010
<b>Operating Revenue</b>							
Farebox Revenue		\$442.3	\$448.8	\$457.1	\$463.4	\$471.7	\$477.6
Toll Revenue		-	-	-	-	-	-
Other Operating Revenue		26.8	38.7	38.1	38.5	38.6	38.6
Capital and Other Reimbursements		-	-	-	-	-	-
<b>Total Revenue</b>		<b>\$469.1</b>	<b>\$487.4</b>	<b>\$495.2</b>	<b>\$501.9</b>	<b>\$510.3</b>	<b>\$516.1</b>
<b>Operating Expenses</b>							
<b><u>Labor:</u></b>							
Payroll		\$354.0	\$370.0	\$383.6	\$397.3	\$407.5	\$420.7
Overtime		72.0	76.1	69.7	70.2	72.4	75.9
Health and Welfare		96.1	104.7	123.5	139.8	158.7	179.8
Pensions		120.3	117.1	112.3	111.0	109.0	107.4
Other Fringe Benefits		75.8	78.2	81.9	85.5	88.5	90.8
Reimbursable Overhead		(16.5)	(18.7)	(26.8)	(27.6)	(28.4)	(30.1)
<b>Total Labor Expenses</b>		<b>\$701.6</b>	<b>\$727.3</b>	<b>\$744.1</b>	<b>\$776.3</b>	<b>\$807.7</b>	<b>\$844.4</b>
<b><u>Non-Labor:</u></b>							
Traction and Propulsion Power		\$68.6	\$75.5	\$80.7	\$81.0	\$80.7	\$80.7
Fuel for Buses and Trains		12.9	16.1	18.0	17.2	16.3	16.3
Insurance		15.5	15.7	16.1	17.7	19.5	21.4
Claims		23.5	12.1	14.8	15.1	15.4	15.8
Paratransit Service Contracts		-	-	-	-	-	-
Maintenance and Other Operating Contracts		55.1	68.6	68.5	63.6	65.6	66.2
Professional Service Contracts		17.8	22.9	26.0	25.0	23.6	23.9
Materials & Supplies		62.9	72.7	101.2	138.2	145.2	145.8
Other Business Expenses		4.5	6.0	7.8	7.9	8.1	8.3
<b>Total Non-Labor Expenses</b>		<b>\$260.8</b>	<b>\$289.5</b>	<b>\$333.0</b>	<b>\$365.5</b>	<b>\$374.4</b>	<b>\$378.5</b>
<b><u>Other Expenses Adjustments:</u></b>							
Other		-	-	-	-	-	-
<b>Total Other Expense Adjustments</b>		<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>
<b>Total Expenses before Depreciation</b>		<b>\$962.4</b>	<b>\$1,016.9</b>	<b>\$1,077.2</b>	<b>\$1,141.8</b>	<b>\$1,182.1</b>	<b>\$1,223.0</b>
Depreciation		246.7	275.4	291.6	279.4	293.7	309.2
<b>Total Expenses</b>		<b>\$1,209.1</b>	<b>\$1,292.3</b>	<b>\$1,368.7</b>	<b>\$1,421.2</b>	<b>\$1,475.8</b>	<b>\$1,532.2</b>
<b>Baseline Surplus/(Deficit)</b>		<b>(\$740.0)</b>	<b>(\$804.9)</b>	<b>(\$873.5)</b>	<b>(\$919.3)</b>	<b>(\$965.5)</b>	<b>(\$1,016.1)</b>
2007 Program to Eliminate the Gap (PEGs)		0.0	0.0	2.6	2.7	2.8	2.8
Post 2007 Program to Eliminate the Gap (PEGs)		0.0	0.0	0.0	0.0	0.0	0.0
<b>Net Surplus/(Deficit)</b>		<b>(\$740.0)</b>	<b>(\$804.9)</b>	<b>(\$870.9)</b>	<b>(\$916.6)</b>	<b>(\$962.8)</b>	<b>(\$1,013.3)</b>

**MTA LONG ISLAND RAIL ROAD**  
**July Financial Plan 2007 - 2010**  
**Accrual Statement of Operations by Category**  
(\$ in millions)

<b>REIMBURSABLE</b>						
	<b>2005</b>	<b>2006</b>	<b>2007</b>			
	<b>Actuals</b>	<b>Mid-Year Forecast</b>	<b>Preliminary Budget</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Revenue</b>						
Farebox Revenue	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Toll Revenue	-	-	-	-	-	-
Other Operating Revenue	-	-	-	-	-	-
Capital and Other Reimbursements	114.8	132.4	164.2	166.6	169.9	177.4
<b>Total Revenue</b>	<b>\$114.8</b>	<b>\$132.4</b>	<b>\$164.2</b>	<b>\$166.6</b>	<b>\$169.9</b>	<b>\$177.4</b>
<b>Expenses</b>						
<b><u>Labor:</u></b>						
Payroll	\$49.0	\$53.0	\$66.2	\$67.9	\$68.5	\$70.7
Overtime	8.1	10.5	10.2	10.4	10.8	11.2
Health and Welfare	7.6	9.1	11.4	11.6	12.0	12.7
Pensions	10.8	17.3	22.4	21.2	22.9	25.0
Other Fringe Benefits	11.9	12.2	15.2	15.5	16.0	17.0
Reimbursable Overhead	16.5	18.7	26.8	27.6	28.4	30.1
<b>Total Labor Expenses</b>	<b>\$104.0</b>	<b>\$120.7</b>	<b>\$152.1</b>	<b>\$154.3</b>	<b>\$158.4</b>	<b>\$166.8</b>
<b><u>Non-Labor:</u></b>						
Traction and Propulsion Power	\$0.1	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Fuel for Buses and Trains	-	-	-	-	-	-
Insurance	0.2	0.4	0.4	0.3	0.3	0.3
Claims	-	-	-	-	-	-
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	6.1	6.7	6.5	6.7	6.3	6.1
Professional Service Contracts	0.3	0.3	0.4	0.5	0.4	0.3
Materials & Supplies	3.8	3.9	4.1	4.1	3.8	3.4
Other Business Expenses	0.2	0.4	0.7	0.7	0.6	0.5
<b>Total Non-Labor Expenses</b>	<b>\$10.8</b>	<b>\$11.7</b>	<b>\$12.0</b>	<b>\$12.3</b>	<b>\$11.4</b>	<b>\$10.7</b>
<b><u>Other Expenses Adjustments:</u></b>						
Other	-	-	-	-	-	-
<b>Total Other Expense Adjustments</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>
<b>Total Expenses before Depreciation</b>	<b>\$114.8</b>	<b>\$132.4</b>	<b>\$164.2</b>	<b>\$166.6</b>	<b>\$169.9</b>	<b>\$177.4</b>
Depreciation	-	-	-	-	-	-
<b>Total Expenses</b>	<b>\$114.8</b>	<b>\$132.4</b>	<b>\$164.2</b>	<b>\$166.6</b>	<b>\$169.9</b>	<b>\$177.4</b>
<b>Net Surplus/(Deficit)</b>	<b>(\$0.0)</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>

**MTA LONG ISLAND RAIL ROAD**  
**July Financial Plan 2007 - 2010**  
**Accrual Statement of Operations by Category**  
(\$ in millions)

<b>NON-REIMBURSABLE / REIMBURSABLE</b>						
	<b>2005 Actuals</b>	<b>2006 Mid-Year Forecast</b>	<b>2007 Preliminary Budget</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Revenue</b>						
Farebox Revenue	\$442.3	\$448.8	\$457.1	\$463.4	\$471.7	\$477.6
Toll Revenue	-	-	-	-	-	-
Other Operating Revenue	26.8	38.7	38.1	38.5	38.6	38.6
Capital and Other Reimbursements	114.8	132.4	164.2	166.6	169.9	177.4
<b>Total Revenue</b>	<b>\$583.9</b>	<b>\$619.9</b>	<b>\$659.4</b>	<b>\$668.5</b>	<b>\$680.2</b>	<b>\$693.6</b>
<b>Expenses</b>						
<b><u>Labor:</u></b>						
Payroll	\$403.0	\$422.9	\$449.8	\$465.2	\$475.9	\$491.4
Overtime	80.1	86.6	79.8	80.7	83.1	87.1
Health and Welfare	103.6	113.8	134.8	151.4	170.7	192.5
Pensions	131.1	134.4	134.6	132.2	131.8	132.4
Other Fringe Benefits	87.7	90.3	97.1	101.1	104.5	107.8
Reimbursable Overhead	-	-	-	-	-	-
<b>Total Labor Expenses</b>	<b>\$805.6</b>	<b>\$848.1</b>	<b>\$896.2</b>	<b>\$930.5</b>	<b>\$966.2</b>	<b>\$1,011.2</b>
<b><u>Non-Labor:</u></b>						
Traction and Propulsion Power	\$68.7	\$75.5	\$80.7	\$81.0	\$80.7	\$80.7
Fuel for Buses and Trains	12.9	16.1	18.0	17.2	16.3	16.3
Insurance	15.7	16.0	16.5	18.0	19.8	21.8
Claims	23.5	12.1	14.8	15.1	15.4	15.8
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	61.2	75.3	75.0	70.3	71.9	72.3
Professional Service Contracts	18.1	23.2	26.4	25.5	24.0	24.2
Materials & Supplies	66.7	76.7	105.3	142.3	148.9	149.2
Other Business Expenses	4.7	6.4	8.5	8.6	8.7	8.9
<b>Total Non-Labor Expenses</b>	<b>\$271.5</b>	<b>\$301.3</b>	<b>\$345.1</b>	<b>\$377.9</b>	<b>\$385.8</b>	<b>\$389.2</b>
<b><u>Other Expenses Adjustments:</u></b>						
Other	-	-	-	-	-	-
<b>Total Other Expense Adjustments</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>
<b>Total Expenses before Depreciation</b>	<b>\$1,077.1</b>	<b>\$1,149.3</b>	<b>\$1,241.3</b>	<b>\$1,308.4</b>	<b>\$1,352.0</b>	<b>\$1,400.4</b>
Depreciation	246.7	275.4	291.6	279.4	293.7	309.2
<b>Total Expenses</b>	<b>\$1,323.8</b>	<b>\$1,424.7</b>	<b>\$1,532.9</b>	<b>\$1,587.8</b>	<b>\$1,645.7</b>	<b>\$1,709.6</b>
<b>Baseline Surplus/(Deficit)</b>	<b>(\$740.0)</b>	<b>(\$804.9)</b>	<b>(\$873.5)</b>	<b>(\$919.3)</b>	<b>(\$965.5)</b>	<b>(\$1,016.1)</b>
2007 Program to Eliminate the Gap (PEGs)	0.0	0.0	2.6	2.7	2.8	2.8
Post 2007 Program to Eliminate the Gap (PEGs)	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net Surplus/(Deficit)</b>	<b>(\$740.0)</b>	<b>(\$804.9)</b>	<b>(\$870.9)</b>	<b>(\$916.6)</b>	<b>(\$962.8)</b>	<b>(\$1,013.3)</b>

**MTA LONG ISLAND RAIL ROAD**  
**July Financial Plan 2007 - 2010**  
**Cash Receipts & Expenditures**  
(\$ in millions)

<b>CASH RECEIPTS AND EXPENDITURES</b>						
	<b>2005 Actuals</b>	<b>2006 Mid-Year Forecast</b>	<b>2007 Preliminary Budget</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Receipts</b>						
Farebox Revenue	\$470.6	\$477.3	\$485.6	\$491.9	\$500.2	\$506.1
Vehicle Toll Revenue	-	-	-	-	-	-
Other Operating Revenue	24.1	49.7	39.4	39.8	40.0	40.0
Capital and Other Reimbursements	143.0	162.3	201.9	206.5	201.1	208.5
<b>Total Receipts</b>	<b>\$637.7</b>	<b>\$689.3</b>	<b>\$726.9</b>	<b>\$738.2</b>	<b>\$741.2</b>	<b>\$754.5</b>
<b>Expenditures</b>						
<b><u>Labor:</u></b>						
Payroll	\$402.1	\$423.2	\$448.9	\$464.3	\$475.1	\$490.6
Overtime	79.5	86.6	79.8	80.7	83.1	87.1
Health and Welfare	103.5	113.8	134.8	151.4	170.7	192.5
Pensions	101.1	134.0	134.2	131.7	131.4	131.9
Other Fringe Benefits	87.3	90.4	97.1	101.1	104.5	107.8
Reimbursable Overhead	-	-	-	-	-	-
<b>Total Labor Expenditures</b>	<b>\$773.5</b>	<b>\$848.0</b>	<b>\$894.9</b>	<b>\$929.2</b>	<b>\$964.8</b>	<b>\$1,009.9</b>
<b><u>Non-Labor:</u></b>						
Traction and Propulsion Power	\$58.5	\$85.0	\$80.7	\$81.0	\$80.7	\$80.7
Fuel for Buses and Trains	11.3	16.1	18.0	17.2	16.3	16.3
Insurance	20.2	21.5	20.3	22.7	23.5	25.3
Claims	7.6	17.5	20.0	13.3	13.6	14.0
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	59.3	76.0	77.2	72.5	72.9	73.3
Professional Service Contracts	15.3	19.5	22.6	21.8	20.0	20.0
Materials & Supplies	99.6	108.6	142.9	180.3	179.6	178.9
Other Business Expenses	6.3	5.8	7.9	8.0	8.1	8.3
<b>Total Non-Labor Expenditures</b>	<b>\$278.0</b>	<b>\$350.2</b>	<b>\$389.6</b>	<b>\$416.6</b>	<b>\$414.8</b>	<b>\$416.8</b>
<b><u>Other Expenditure Adjustments:</u></b>						
Other	34.0	23.3	28.5	28.5	28.5	28.5
<b>Total Other Expenditure Adjustments</b>	<b>\$34.0</b>	<b>\$23.3</b>	<b>\$28.5</b>	<b>\$28.5</b>	<b>\$28.5</b>	<b>\$28.5</b>
<b>Total Expenditures</b>	<b>\$1,085.4</b>	<b>\$1,221.4</b>	<b>\$1,313.1</b>	<b>\$1,374.3</b>	<b>\$1,408.2</b>	<b>\$1,455.2</b>
<b>Baseline Cash Deficit</b>	<b>(\$447.7)</b>	<b>(\$532.2)</b>	<b>(\$586.2)</b>	<b>(\$636.1)</b>	<b>(\$666.9)</b>	<b>(\$700.7)</b>
2007 Program to Eliminate the Gap (PEGs)	0.0	0.0	2.6	2.7	2.8	2.8
Post 2007 Program to Eliminate the Gap (PEGs)	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net Cash Deficit</b>	<b>(\$447.7)</b>	<b>(\$532.2)</b>	<b>(\$583.5)</b>	<b>(\$633.4)</b>	<b>(\$664.2)</b>	<b>(\$697.9)</b>

**MTA LONG ISLAND RAIL ROAD**  
**July Financial Plan 2007 - 2010**  
**Cash Conversion (Cash Flow Adjustments)**  
(\$ in millions)

<b>CASH FLOW ADJUSTMENTS</b>						
	<b>2005</b>	<b>2006</b>	<b>2007</b>			
	<b>Actuals</b>	<b>Mid-Year Forecast</b>	<b>Preliminary Budget</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Receipts</b>						
Farebox Revenue	\$28.3	\$28.5	\$28.5	\$28.5	\$28.5	\$28.5
Vehicle Toll Revenue	-	-	-	-	-	-
Other Operating Revenue	(2.7)	11.0	1.3	1.3	1.3	1.4
Capital and Other Reimbursements	28.2	29.9	37.7	39.9	31.2	31.1
<b>Total Receipts</b>	<b>\$53.8</b>	<b>\$69.4</b>	<b>\$67.5</b>	<b>\$69.7</b>	<b>\$61.0</b>	<b>\$61.0</b>
<b>Expenditures</b>						
<b><u>Labor:</u></b>						
Payroll	\$0.9	(\$0.3)	\$0.9	\$0.9	\$0.9	\$0.9
Overtime	0.7	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Health and Welfare	0.1	0.0	(0.0)	(0.0)	0.0	(0.0)
Pensions	30.0	0.4	0.4	0.5	0.5	0.5
Other Fringe Benefits	0.4	(0.1)	0.0	(0.0)	0.0	(0.0)
Reimbursable Overhead	-	-	-	-	-	-
<b>Total Labor Expenditures</b>	<b>\$32.1</b>	<b>\$0.0</b>	<b>\$1.3</b>	<b>\$1.3</b>	<b>\$1.3</b>	<b>\$1.3</b>
<b><u>Non-Labor:</u></b>						
Traction and Propulsion Power	\$10.3	(\$9.6)	\$0.0	\$0.0	\$0.0	\$0.0
Fuel for Buses and Trains	1.6	0.0	(0.0)	(0.0)	0.0	0.0
Insurance	(4.5)	(5.5)	(3.9)	(4.6)	(3.7)	(3.6)
Claims	15.9	(5.4)	(5.2)	1.8	1.8	1.8
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	1.9	(0.7)	(2.2)	(2.2)	(1.0)	(1.0)
Professional Service Contracts	2.8	3.7	3.8	3.7	4.0	4.2
Materials & Supplies	(32.9)	(32.0)	(37.6)	(38.0)	(30.7)	(29.7)
Other Business Expenditures	(1.6)	0.6	0.6	0.6	0.6	0.6
<b>Total Non-Labor Expenditures</b>	<b>(\$6.4)</b>	<b>(\$48.9)</b>	<b>(\$44.5)</b>	<b>(\$38.8)</b>	<b>(\$29.0)</b>	<b>(\$27.6)</b>
<b><u>Other Expenditures Adjustments:</u></b>						
Other	(34.0)	(23.3)	(28.5)	(28.5)	(28.5)	(28.5)
<b>Total Other Expenditures Adjustments</b>	<b>(\$34.0)</b>	<b>(\$23.3)</b>	<b>(\$28.5)</b>	<b>(\$28.5)</b>	<b>(\$28.5)</b>	<b>(\$28.5)</b>
<b>Total Cash Conversion Adjustments before Depreciation</b>	<b>\$45.5</b>	<b>(\$2.7)</b>	<b>(\$4.3)</b>	<b>\$3.8</b>	<b>\$4.9</b>	<b>\$6.2</b>
Depreciation Adjustment	246.7	275.4	291.6	279.4	293.7	309.2
<b>Baseline Total Cash Conversion Adjustments</b>	<b>\$292.2</b>	<b>\$272.7</b>	<b>\$287.3</b>	<b>\$283.2</b>	<b>\$298.6</b>	<b>\$315.4</b>
2007 Program to Eliminate the Gap (PEGs)	0.0	0.0	0.0	0.0	0.0	0.0
Post 2007 Program to Eliminate the Gap (PEGs)	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Cash Conversion Adjustments</b>	<b>\$292.2</b>	<b>\$272.7</b>	<b>\$287.3</b>	<b>\$283.2</b>	<b>\$298.6</b>	<b>\$315.4</b>

**MTA Long Island Rail Road  
July Financial Plan 2007 - 2010  
Year-to-Year Changes by Category - Accrual and Cash**

**Revenue**

**Farebox Revenue**

- The regional economy and employment trends are the primary drivers.
- 2007 ridership is projected to increase by 2.0% above 2006 level to 82.1 million.
- Passenger revenue forecasts in the outer years 2007 - 2010 reveal modest annual growth due to increases in ridership.

**Other Operating Revenue**

- Other revenues (rent, station privileges, etc.) are lower than what was projected in the 2006 budget, which are adversely affecting revenue projections for the balance of 2006.
- Projected to grow each year primarily through contractual and inflationary increases.

**Capital and Other Reimbursements**

- Reflects the 2005 - 2009 Capital Program.

**Expenses**

**Payroll**

- 2007 - 2010 includes CPI increases for both represented and management employees of 2.56%, 2.91%, 3.07% and 3.20%, respectively.
- Headcount changes each year are associated with new needs, changes in programs and Capital Program activity.

**Overtime**

- 2006 - 2007 decrease is primarily associated with the change in the Concrete Tie Program (only Spring Program in 2007), change in Capital Program activity and reduction in open job coverage overtime due to new hires.
- 2008 - 2010 increases reflect CPI increases and changes in Capital Program activity.

**Health & Welfare**

- 2007 reflects an annual rate increase of approximately 14.8% over 2006.
- 2008 - 2010 reflects annual rate increases of approximately 10.7%.
- 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 2005 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 in the monthly amount per employee of approximately 11.5% in 2007 and approximately 3.5% increase in each of the years thereafter.

### **Traction and Propulsion Power**

- 2006 is based on actuals through March, which reflects higher fuel cost adjustments.
- 2007 - 2010 reflects price inflators provided by MTA and historical performance.

### **Fuel**

- 2006 is based on actuals through March.
- 2007 - 2010 reflects price inflators and historical performance.

### **Insurance**

- 2006 is based on actual results through March, which reflect favorable insurance premium payments.
- 2007 - 2010 reflects price inflators.

### **Claims**

- 2006 reflects actual experience through March and the anticipated settlement and payout of claims for the balance of the year.
- 2007 - 2010 reflects inflationary increases.

### **Maintenance and Other Operating Contracts**

- 2007 reflects favorable changes in the Concrete Tie Replacement Program (only Spring Program in 2007) and completion of M-1 decommissioning, which are partially offset by contract renewal increases (i.e., Penn station cleaning) and higher utility costs.
- 2008 - 2010 reflects changes in the Concrete Tie Replacement Program (only spot replacements) and elimination of the M-1 fleet; as well as inflationary increases.

### **Professional Service Contracts**

- The unfavorable change from 2006 to 2007 is primarily associated with expenses related to the PeopleSoft Human Resource and Payroll systems implementation, as well as an increase in advertising expenses.
- 2008 – 2009 reflects changes in System Initiative projects (change in need for outside consultants).
- 2008 - 2010 reflects price inflators.

### **Material and Supplies**

- The increases in materials each year from 2006 - 2010 is primarily Maintenance of Equipment material needs associated with changes in the Life Cycle Maintenance Program and an increased fleet size, partially offset in 2007 by the completion of the Concrete Tie Replacement Program.
- 2008 – 2010 reflects inflationary growth.

### **Other Business Expenses**

- 2006 - 2007 reflects changes in credit/debit card authorization fees and an increase in the Mineola Building loan repayment.
- 2008 - 2010 includes inflationary increases.

### **Depreciation**

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

## **Cash Adjustments**

### **Expense**

- Payroll 2006 - 2007 – represented contract settlement paid out in 2006.
- Pension – cash payments versus accrued expenses.
- Insurance and Claims & Suits – payments versus accrued expenses.
- 2006 - 2010 - timing of material purchases versus charge-outs.
- Depreciation and other non-cash adjustments for each year 2006 - 2010.
- Other Expenditure Adjustments 2006 - 2007 – cash timing and availability adjustment for 2006 based on 2005 year-end position.



**MTA LONG ISLAND RAILROAD**  
**July Financial Plan 2007 - 2010**  
**Year-to-Year Changes by Category - Accrual Basis**  
(\$ in millions)

**REIMBURSABLE**

	Favorable/(Unfavorable)									
	2005	2006	2007	Change 2007 - 2006	2008	Change 2008 - 2007	2009	Change 2009 - 2008	2010	Change 2010 - 2009
<b><u>Revenue</u></b>										
Farebox Revenue	0.000	0.000	0.000	0.000	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	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	0.000	0.000	0.000
Capital and Other Reimbursements	114.767	132.438	164.152	31.714	166.617	2.465	169.881	3.264	177.414	7.533
<b>Total Revenue</b>	<b>114.767</b>	<b>132.438</b>	<b>164.152</b>	<b>31.714</b>	<b>166.617</b>	<b>2.465</b>	<b>169.881</b>	<b>3.264</b>	<b>177.414</b>	<b>7.533</b>
<b><u>Expenses</u></b>										
Labor:										
Payroll	49.035	52.971	66.214	(13.244)	67.914	(1.700)	68.464	(0.551)	70.740	(2.276)
Overtime	8.125	10.450	10.161	0.289	10.431	(0.270)	10.753	(0.321)	11.227	(0.475)
Health and Welfare	7.592	9.074	11.370	(2.296)	11.611	(0.240)	11.966	(0.355)	12.708	(0.742)
Pensions	10.835	17.321	22.372	(5.052)	21.234	1.138	22.859	(1.625)	24.966	(2.107)
Other Fringe Benefits	11.931	12.151	15.226	(3.075)	15.547	(0.321)	16.019	(0.472)	17.016	(0.997)
Reimbursable Overhead	16.470	18.749	26.765	(8.016)	27.558	(0.792)	28.383	(0.825)	30.098	(1.715)
<b>Total Labor Expenses</b>	<b>103.988</b>	<b>120.715</b>	<b>152.109</b>	<b>(31.393)</b>	<b>154.294</b>	<b>(2.185)</b>	<b>158.444</b>	<b>(4.150)</b>	<b>166.755</b>	<b>(8.312)</b>
Non-Labor:										
Traction and Propulsion Power	0.102	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	0.000
Insurance	0.245	0.370	0.389	(0.019)	0.321	0.068	0.329	(0.008)	0.341	(0.011)
Claims	0.000	0.000	0.000	0.000	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	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	6.086	6.692	6.500	0.191	6.726	(0.226)	6.341	0.385	6.058	0.284
Professional Service Contracts	0.323	0.297	0.417	(0.120)	0.452	(0.036)	0.386	0.066	0.335	0.051
Materials & Supplies	3.839	3.938	4.074	(0.136)	4.100	(0.026)	3.764	0.336	3.390	0.374
Other Business Expenses	0.184	0.426	0.663	(0.237)	0.723	(0.060)	0.616	0.106	0.535	0.081
<b>Total Non-Labor Expenses</b>	<b>10.779</b>	<b>11.723</b>	<b>12.043</b>	<b>(0.321)</b>	<b>12.323</b>	<b>(0.280)</b>	<b>11.438</b>	<b>0.885</b>	<b>10.659</b>	<b>0.779</b>
Other Expenses Adjustments:										
Other	0.000	0.000	0.000	0.000		0.000	0.000	0.000	0.000	0.000
<b>Total Other Expense Adjustments</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>Total Expenses before Depreciation</b>	<b>114.767</b>	<b>132.438</b>	<b>164.152</b>	<b>(31.714)</b>	<b>166.617</b>	<b>(2.465)</b>	<b>169.881</b>	<b>(3.264)</b>	<b>177.414</b>	<b>(7.533)</b>
Depreciation	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total Expenses</b>	<b>114.767</b>	<b>132.438</b>	<b>164.152</b>	<b>(31.714)</b>	<b>166.617</b>	<b>(2.465)</b>	<b>169.881</b>	<b>(3.264)</b>	<b>177.414</b>	<b>(7.533)</b>
<b>Baseline Net Surplus/(Deficit)</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>(0.000)</b>	<b>0.000</b>	<b>0.000</b>
2007 PEG Program			0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Post 2007 PEGs			0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>Net Surplus/(Deficit)</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>(0.000)</b>	<b>0.000</b>	<b>0.000</b>



**MTA LONG ISLAND RAILROAD**  
**July Financial Plan 2007 - 2010**  
**Year-to-Year Changes by Category - Cash Basis**  
(\$ in millions)

**CASH RECEIPTS & EXPENDITURES**

	Favorable/(Unfavorable)									
	2005	2006	2007	Change 2007 - 2006	2008	Change 2008 - 2007	2009	Change 2009 - 2008	2010	Change 2010 - 2009
<b><u>Receipts</u></b>										
Farebox Revenue	\$470.570	\$477.287	\$485.623	\$8.336	\$491.938	\$6.315	\$500.202	\$8.264	\$506.059	\$5.857
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	24.119	49.663	39.382	(10.281)	39.788	0.406	39.955	0.167	39.968	0.013
Capital and Other Reimbursements	143.004	162.344	201.865	39.521	206.518	4.653	201.064	(5.454)	208.479	7.415
<b>Total Receipts</b>	<b>\$637.693</b>	<b>\$689.294</b>	<b>\$726.870</b>	<b>\$37.576</b>	<b>\$738.244</b>	<b>\$11.374</b>	<b>\$741.221</b>	<b>\$2.977</b>	<b>\$754.506</b>	<b>\$13.285</b>
<b><u>Expenditures</u></b>										
Labor:										
Payroll	\$402.123	\$423.207	\$448.922	(\$25.715)	\$464.308	(\$15.386)	\$475.090	(\$10.782)	\$490.550	(\$15.460)
Overtime	79.457	86.555	79.828	6.727	80.665	(0.837)	83.148	(2.483)	87.101	(3.953)
Health and Welfare	103.501	113.804	134.843	(21.039)	151.434	(16.591)	170.703	(19.269)	192.541	(21.838)
Pensions	101.107	134.040	134.208	(0.168)	131.741	2.467	131.361	0.380	131.898	(0.537)
Other Fringe Benefits	87.307	90.405	97.125	(6.720)	101.077	(3.952)	104.537	(3.460)	107.789	(3.252)
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total Labor Expenditures</b>	<b>\$773.494</b>	<b>\$848.011</b>	<b>\$894.926</b>	<b>(\$46.915)</b>	<b>\$929.225</b>	<b>(\$34.299)</b>	<b>\$964.839</b>	<b>(\$35.614)</b>	<b>\$1,009.879</b>	<b>(\$45.040)</b>
Non-Labor:										
Traction and Propulsion Power	\$58.451	\$85.033	\$80.728	\$4.305	\$80.970	(\$0.242)	\$80.737	\$0.233	\$80.728	\$0.009
Fuel for Buses and Trains	11.250	16.139	17.996	(1.857)	17.158	0.838	16.312	0.846	16.312	0.000
Insurance	20.190	21.545	20.346	1.199	22.667	(2.321)	23.493	(0.826)	25.310	(1.817)
Claims	7.613	17.522	19.985	(2.463)	13.285	6.700	13.619	(0.334)	13.979	(0.360)
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	59.265	76.034	77.189	(1.155)	72.511	4.678	72.897	(0.386)	73.253	(0.356)
Professional Service Contracts	15.327	19.452	22.591	(3.139)	21.752	0.839	20.015	1.737	20.049	(0.034)
Materials & Supplies	99.596	108.635	142.940	(34.305)	180.282	(37.342)	179.630	0.652	178.905	0.725
Other Business Expenses	6.278	5.801	7.851	(2.050)	7.979	(0.128)	8.120	(0.141)	8.272	(0.152)
<b>Total Non-Labor Expenditures</b>	<b>\$277.971</b>	<b>\$350.161</b>	<b>\$389.626</b>	<b>(\$39.465)</b>	<b>\$416.604</b>	<b>(\$26.978)</b>	<b>\$414.823</b>	<b>\$1.781</b>	<b>\$416.808</b>	<b>(\$1.985)</b>
Other Expenditure Adjustments:										
Other	33.950	23.273	28.500	(5.227)	28.500	0.000	28.500	0.000	28.500	0.000
<b>Total Other Expenditure Adjustments</b>	<b>\$33.950</b>	<b>\$23.273</b>	<b>\$28.500</b>	<b>(\$5.227)</b>	<b>\$28.500</b>	<b>\$0.000</b>	<b>\$28.500</b>	<b>\$0.000</b>	<b>\$28.500</b>	<b>\$0.000</b>
<b>Total Expenditures</b>	<b>\$1,085.416</b>	<b>\$1,221.445</b>	<b>\$1,313.052</b>	<b>(\$91.607)</b>	<b>\$1,374.329</b>	<b>(\$61.277)</b>	<b>\$1,408.162</b>	<b>(\$33.833)</b>	<b>\$1,455.187</b>	<b>(\$47.025)</b>
<b>Baseline Net Cash Deficit</b>	<b>(\$447.723)</b>	<b>(\$532.151)</b>	<b>(\$586.182)</b>	<b>(\$54.031)</b>	<b>(\$636.085)</b>	<b>(\$49.903)</b>	<b>(\$666.941)</b>	<b>(\$30.856)</b>	<b>(\$700.681)</b>	<b>(\$33.740)</b>
2007 PEG Program	0.000	0.000	2.638	2.638	2.699	0.061	2.760	0.061	2.821	0.061
Post 2007 PEGs	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>Net Cash Deficit</b>	<b>(\$447.723)</b>	<b>(\$532.151)</b>	<b>(\$583.544)</b>	<b>(\$51.393)</b>	<b>(\$633.386)</b>	<b>(\$49.842)</b>	<b>(\$664.181)</b>	<b>(\$30.795)</b>	<b>(\$697.860)</b>	<b>(\$33.679)</b>

**MTA Long Island Rail Road  
July Financial Plan 2007 - 2010  
Summary of Changes between Financial Plans by Category**

**2006: July Financial Plan vs. February Financial Plan**

2006 July Financial Plan is based on actual performance through March with projections for April through December based on current trends and known activities.

**Revenue**

- Ridership and average yield per passenger on plan.
- Lower station privileges, rental income, parking fees and Penn Station rent, partially offset by reimbursement of pension staff by pension plan, a one-time easement settlement, liquidation damages settlement and higher revenue from the Circus Train.
- Capital and other reimbursements are lower primarily resulting from changes in capital project activity.

**Expense**

- Payroll and benefits – reduced from February Plan due to lower headcount, partially offset by an increase in overtime.
- Traction and Propulsion Power is higher primarily due to higher fuel cost adjustments.
- All other non-payroll expenses have been re-estimated based on planned activities and timing of service contracts.

**2007 - 2010: July Financial Plan vs. February Financial Plan**

**Revenue**

- 2007 - 2009 decrease in average yield per passenger of (0.2)%, (0.4)%, (0.1)% respectively and no change in 2010.
- 2007 – 2009 increase in ridership of 0.2%, 0.4%, 0.1% respectively and no change in 2010.
- Lower station privileges, rental income, parking fees and Penn Station rent, partially offset by reimbursement of pension staff by pension plan and liquidation damages settlement.
- Capital and other reimbursements are slightly higher primarily resulting from changes in capital project activity.

**Expense**

- Payroll and benefits – increased from February Plan due to an increase in headcount, new needs, and capital program activity, partially offset by lower overtime.
- Traction Power and Fuel are higher primarily resulting from increased rates.
- Professional Services increases in 2007 & 2008 primarily related to PeopleSoft Human Resource and Payroll system implementation and increases in marketing and advertising initiatives.
- All other non-payroll expenses have been re-estimated based on planned activities, changes in service contracts and adjustments to inflationary increases.

**MTA LONG ISLAND RAILROAD**  
**July Financial Plan 2007 - 2010**  
**Changes Between Financial Plans by Generic Categories**  
(\$ in millions)

**NON-REIMBURSABLE**

	2006	2007	2008	2009	2010
<b>Baseline 2006 February Financial Plan - Operating Cash Income/(Deficit)</b>	<b>(\$523.628)</b>	<b>(\$556.430)</b>	<b>(\$612.963)</b>	<b>(\$642.234)</b>	<b>(\$677.140)</b>
<b>Baseline Changes</b>					
<b>Revenue</b>					
Farebox Revenue	\$0.023	\$0.000	\$0.000	\$0.000	\$0.000
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	(1.402)	(2.637)	(2.814)	(2.888)	(3.405)
Capital and Other Reimbursement	0.000	0.000	0.000	0.000	0.000
<b>Total Revenue Changes</b>	<b>(\$1.379)</b>	<b>(\$2.637)</b>	<b>(\$2.814)</b>	<b>(\$2.888)</b>	<b>(\$3.405)</b>
<b>Expenses</b>					
<b>Labor:</b>					
Payroll and Overtime	(\$3.293)	\$1.810	\$2.836	\$1.990	(\$3.138)
Health and Welfare	1.701	(5.653)	(8.068)	(13.993)	(19.572)
Pensions	2.335	1.467	1.533	1.477	2.123
Other Fringe Benefits	1.196	(0.638)	(1.012)	(1.124)	3.359
Reimbursable Overhead	(7.915)	1.755	1.990	1.833	3.207
<b>Total Labor Expense Changes</b>	<b>(\$5.976)</b>	<b>(\$1.259)</b>	<b>(\$2.721)</b>	<b>(\$9.817)</b>	<b>(\$14.021)</b>
<b>Non-Labor:</b>					
Traction and Propulsion Power	(\$4.418)	(\$9.404)	(\$7.898)	(\$6.124)	(\$6.115)
Fuel for Buses and Trains	0.058	(4.111)	(4.193)	(3.378)	(3.378)
Insurance	1.106	2.298	2.479	2.710	1.348
Claims	1.394	(1.000)	(1.000)	(1.000)	(1.000)
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	1.938	(3.557)	(0.832)	(1.113)	0.302
Professional Service Contracts	0.274	(3.847)	(2.860)	(1.481)	(1.138)
Materials & Supplies	0.533	(2.141)	(1.040)	0.587	3.134
Other Business Expenses	1.420	(0.464)	(0.528)	(0.621)	(0.576)
<b>Total Non-Labor Expense Changes</b>	<b>\$2.305</b>	<b>(\$22.226)</b>	<b>(\$15.872)</b>	<b>(\$10.420)</b>	<b>(\$7.423)</b>
<b>Total Expense Changes</b>	<b>(\$3.671)</b>	<b>(\$23.485)</b>	<b>(\$18.593)</b>	<b>(\$20.237)</b>	<b>(\$21.444)</b>
<b>Cash Adjustment Changes</b>					
Miscellaneous Revenue adjustment	(\$1.500)	(\$1.500)	(\$1.500)	(\$1.500)	(\$1.500)
Right of Way Lease	9.566	0.000	0.000	0.000	0.000
Payment of Union Contract Settlement	(1.216)	0.000	0.000	0.000	0.000
Traction and Propulsion Power	(9.566)	0.000	0.000	0.000	0.000
Insurance	(1.122)	0.706	1.007	1.119	3.009
Claims	(7.194)	0.000	0.000	0.000	0.022
Operating Funded Capital timing adjustments	0.200	(2.644)	0.000	0.000	0.000
Other material adjustments	2.800	(0.200)	(0.200)	(0.200)	(0.200)
Bad Debt Reserve	0.196	0.170	0.150	0.130	0.110
Cash Timing and Availability adjustment	5.227	0.000	0.000	0.000	0.000
Non-cash expense adjustments (Misc. charges & Credits)	(0.865)	(0.163)	(1.172)	(1.132)	(0.134)
All Other	0.001	0.001	0.000	0.001	0.001
<b>Total Cash Adjustment Changes</b>	<b>(\$3.473)</b>	<b>(\$3.630)</b>	<b>(\$1.715)</b>	<b>(\$1.582)</b>	<b>\$1.308</b>
<b>Total Baseline Changes</b>	<b>(\$8.523)</b>	<b>(\$29.752)</b>	<b>(\$23.122)</b>	<b>(\$24.707)</b>	<b>(\$23.541)</b>
<b>Baseline 2006 July Financial Plan - Operating Cash Income/(Deficit)</b>	<b>(\$532.151)</b>	<b>(\$586.182)</b>	<b>(\$636.085)</b>	<b>(\$666.941)</b>	<b>(\$700.681)</b>

**MTA LONG ISLAND RAILROAD**  
**July Financial Plan 2007 - 2010**  
**Changes Between Financial Plans by Generic Categories**  
(\$ in millions)

**REIMBURSABLE**

	2006	2007	2008	2009	2010
<b>Baseline 2006 February Financial Plan - Operating Cash Income/(Deficit)</b>	<b>(\$5.000)</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Baseline Changes</b>					
<b>Revenue</b>					
Farebox Revenue	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000
Capital and Other Reimbursement	(14.193)	10.237	11.440	10.327	13.565
<b>Total Revenue Changes</b>	<b>(\$14.193)</b>	<b>\$10.237</b>	<b>\$11.440</b>	<b>\$10.327</b>	<b>\$13.565</b>
<b>Expenses</b>					
<b>Labor:</b>					
Payroll and Overtime	\$7.522	(\$4.507)	(\$5.145)	(\$4.571)	(\$5.362)
Health and Welfare	1.132	(0.705)	(0.797)	(0.711)	(0.790)
Pensions	(2.335)	(1.467)	(1.533)	(1.477)	(2.660)
Other Fringe Benefits	1.515	(0.944)	(1.068)	(0.952)	(1.057)
Reimbursable Overhead	7.915	(1.755)	(1.990)	(1.833)	(3.207)
<b>Total Labor Expense Changes</b>	<b>\$15.749</b>	<b>(\$9.378)</b>	<b>(\$10.533)</b>	<b>(\$9.544)</b>	<b>(\$13.076)</b>
<b>Non-Labor:</b>					
Traction and Propulsion Power	0.000	\$0.000	\$0.000	\$0.000	\$0.000
Fuel for Buses and Trains	0.000	0.000	0.000	0.000	0.000
Insurance	0.000	(0.009)	(0.020)	(0.022)	(0.025)
Claims	0.000	0.000	0.000	0.000	0.000
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	(1.952)	(1.248)	(1.255)	(1.180)	(1.114)
Professional Service Contracts	0.010	(0.026)	(0.031)	(0.023)	(0.021)
Materials & Supplies	0.322	0.465	0.449	0.479	0.704
Other Business Expenses	0.064	(0.041)	(0.050)	(0.037)	(0.033)
<b>Total Non-Labor Expense Changes</b>	<b>(\$1.556)</b>	<b>(\$0.859)</b>	<b>(\$0.907)</b>	<b>(\$0.783)</b>	<b>(\$0.489)</b>
<b>Total Expense Changes</b>	<b>\$14.193</b>	<b>(\$10.237)</b>	<b>(\$11.440)</b>	<b>(\$10.327)</b>	<b>(\$13.565)</b>
<b>Cash Adjustment Changes</b>					
Capital rebalancing adjustment/timing	\$5.000	\$0.000	\$0.000	\$0.000	\$0.000
<b>Total Cash Adjustment Changes</b>	<b>\$5.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Total Baseline Changes</b>	<b>\$5.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Baseline 2006 July Financial Plan - Operating Cash Income/(Deficit)</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>

**MTA LONG ISLAND RAILROAD**  
**July Financial Plan 2007 - 2010**  
**Changes Between Financial Plans by Generic Categories**  
(\$ in millions)

**NON-REIMBURSABLE and  
REIMBURSABLE**

	2006	2007	2008	2009	2010
<b>Baseline 2006 February Financial Plan - Operating Cash Income/(Deficit)</b>	<b>(\$528.628)</b>	<b>(\$556.430)</b>	<b>(\$612.963)</b>	<b>(\$642.234)</b>	<b>(\$677.140)</b>
<b>Baseline Changes</b>					
<b>Revenue</b>					
Farebox Revenue	\$0.023	\$0.000	\$0.000	\$0.000	\$0.000
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	(1.402)	(2.637)	(2.814)	(2.888)	(3.405)
Capital and Other Reimbursement	(14.193)	10.237	11.440	10.327	13.565
<b>Total Revenue Changes</b>	<b>(\$15.572)</b>	<b>\$7.600</b>	<b>\$8.626</b>	<b>\$7.439</b>	<b>\$10.160</b>
<b>Expenses</b>					
<i>Labor:</i>					
Payroll and Overtime	\$4.229	(\$2.697)	(\$2.309)	(\$2.581)	(\$8.500)
Health and Welfare	2.833	(6.358)	(8.865)	(14.704)	(20.362)
Pensions	0.000	0.000	0.000	0.000	(0.537)
Other Fringe Benefits	2.711	(1.582)	(2.080)	(2.076)	2.302
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000
<b>Total Labor Expense Changes</b>	<b>\$9.773</b>	<b>(\$10.637)</b>	<b>(\$13.254)</b>	<b>(\$19.361)</b>	<b>(\$27.097)</b>
<i>Non-Labor:</i>					
Traction and Propulsion Power	(\$4.418)	(\$9.404)	(7.898)	(6.124)	(\$6.115)
Fuel for Buses and Trains	0.058	(4.111)	(4.193)	(3.378)	(3.378)
Insurance	1.106	2.289	2.459	2.688	1.323
Claims	1.394	(1.000)	(1.000)	(1.000)	(1.000)
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	(0.014)	(4.805)	(2.087)	(2.293)	(0.812)
Professional Service Contracts	0.284	(3.873)	(2.891)	(1.504)	(1.159)
Materials & Supplies	0.855	(1.676)	(0.591)	1.066	3.838
Other Business Expenses	1.484	(0.505)	(0.578)	(0.658)	(0.609)
<b>Total Non-Labor Expense Changes</b>	<b>\$0.749</b>	<b>(\$23.085)</b>	<b>(\$16.779)</b>	<b>(\$11.203)</b>	<b>(\$7.912)</b>
<b>Total Expense Changes</b>	<b>\$10.522</b>	<b>(\$33.722)</b>	<b>(\$30.033)</b>	<b>(\$30.564)</b>	<b>(\$35.009)</b>
<b>Cash Adjustment Changes</b>					
Capital rebalancing adjustment/timing	\$5.000	\$0.000	\$0.000	\$0.000	\$0.000
Miscellaneous Revenue adjustment	(1.500)	(1.500)	(1.500)	(1.500)	(1.500)
Right of Way Lease	9.566	0.000	0.000	0.000	0.000
Payment of Union Contract Settlement	(1.216)	0.000	0.000	0.000	0.000
Traction and Propulsion Power	(9.566)	0.000	0.000	0.000	0.000
Insurance	(1.122)	0.706	1.007	1.119	3.009
Claims	(7.194)	0.000	0.000	0.000	0.022
Operating Funded Capital timing adjustments	0.200	(2.644)	0.000	0.000	0.000
Other material adjustments	2.800	(0.200)	(0.200)	(0.200)	(0.200)
Bad Debt Reserve	0.196	0.170	0.150	0.130	0.110
Cash Timing and Availability adjustment	5.227	0.000	0.000	0.000	0.000
Non-cash expense adjustments (Misc. charges & Credits)	(0.865)	(0.163)	(1.172)	(1.132)	(0.134)
All Other	0.001	0.001	0.000	0.001	0.001
<b>Total Cash Adjustment Changes</b>	<b>\$1.527</b>	<b>(\$3.630)</b>	<b>(\$1.715)</b>	<b>(\$1.582)</b>	<b>\$1.308</b>
<b>Total Baseline Changes</b>	<b>(\$3.523)</b>	<b>(\$29.752)</b>	<b>(\$23.122)</b>	<b>(\$24.707)</b>	<b>(\$23.541)</b>
<b>Baseline 2006 July Financial Plan - Operating Cash Income/(Deficit)</b>	<b>(\$532.151)</b>	<b>(\$586.182)</b>	<b>(\$636.085)</b>	<b>(\$666.941)</b>	<b>(\$700.681)</b>

**MTA Long Island Rail Road**  
**July Financial Plan 2007 - 2010**  
**Summary of Major Programmatic Changes Between Financial Plans**  
(\$ in millions)

**NON-REIMBURSABLE and REIMBURSABLE**

	2006	2007	2008	2009	2010
<b>Baseline 2006 February Financial Plan - Operating Cash Income/(Deficit)</b>	<b>(\$528.628)</b>	<b>(\$556.430)</b>	<b>(\$612.963)</b>	<b>(\$642.234)</b>	<b>(\$677.140)</b>
<b><i>Non-Reimbursable Major Changes</i></b>					
Revenue					
Farebox Revenue	\$0.023	\$0.000	\$0.000	\$0.000	\$0.000
Other Operating Revenue	(1.402)	(2.637)	(2.814)	(2.888)	(3.405)
Sub-Total Non-Reimbursable Revenue Changes	(\$1.379)	(\$2.637)	(\$2.814)	(\$2.888)	(\$3.405)
Expenses					
Pensions	2.335	1.467	1.533	1.477	2.123
Health & Welfare rate changes	1.701	(5.653)	(8.068)	(13.993)	(19.572)
Other Fringe Benefits (Railroad Retirement)	1.196	(0.638)	(1.012)	(1.124)	3.359
Energy rate & consumption increases (traction power, fuel, gas & electric)	(5.212)	(15.294)	(13.758)	(11.049)	(10.234)
Insurance	1.106	2.298	2.479	2.710	1.348
Claims reserve adjustment	1.394	(1.000)	(1.000)	(1.000)	(1.000)
Increased maintenance costs - vehicles/hi-lo's	(0.900)	(0.854)	(0.788)	(0.718)	(0.636)
Materials - Diesel C3 HVAC, Truck Rough Riders, BOM's	(3.218)	-	-	-	-
Signalization Babylon to Speonk maintenance	(0.562)	(1.124)	(1.154)	(1.186)	(1.211)
Facility maintenance	-	(0.718)	(0.742)	(0.768)	(0.789)
All Other (primarily headcount changes and change in overhead methodology)	(1.511)	(1.969)	3.918	5.414	5.168
Sub-Total Non-Reimbursable Expense Changes	(\$3.671)	(\$23.485)	(\$18.593)	(\$20.237)	(\$21.444)
<b>Total Non-Reimbursable Major Changes</b>	<b>(\$5.050)</b>	<b>(\$26.122)</b>	<b>(\$21.407)</b>	<b>(\$23.125)</b>	<b>(\$24.849)</b>
<b><i>Reimbursable Major Changes</i></b>					
Revenue					
Capital and Other Reimbursement	(14.193)	10.237	11.440	10.327	13.565
Sub-Total Reimbursable Revenue Changes	(\$14.193)	\$10.237	\$11.440	\$10.327	\$13.565
Expenses					
Pensions	(2.335)	(1.467)	(1.533)	(1.477)	(2.660)
Change in capital program activity and project headcount adjustment	8.613	(7.015)	(7.917)	(7.017)	(7.698)
Overhead rate and methodology change	7.915	(1.755)	(1.990)	(1.833)	(3.207)
Sub-Total Reimbursable Expense Changes	\$14.193	(\$10.237)	(\$11.440)	(\$10.327)	(\$13.565)
<b>Total Reimbursable Major Changes</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Total Accrual Changes</b>	<b>(\$5.050)</b>	<b>(\$26.122)</b>	<b>(\$21.407)</b>	<b>(\$23.125)</b>	<b>(\$24.849)</b>
<b><i>Cash Adjustment Changes</i></b>					
Capital rebalancing adjustment	\$5.000	\$0.000	\$0.000	\$0.000	\$0.000
Miscellaneous Revenue adjustment	(1.500)	(1.500)	(1.500)	(1.500)	(1.500)
Right of Way Lease	9.566	0.000	0.000	0.000	0.000
Payment of Union Contract Settlement	(1.216)	0.000	0.000	0.000	0.000
Traction and Propulsion Power	(9.566)	0.000	0.000	0.000	0.000
Insurance	(1.122)	0.706	1.007	1.119	3.009
Claims	(7.194)	0.000	0.000	0.000	0.022
Operating Funded Capital timing adjustments	0.200	(2.644)	0.000	0.000	0.000
Other material adjustments	2.800	(0.200)	(0.200)	(0.200)	(0.200)
Bad Debt Reserve	0.196	0.170	0.150	0.130	0.110
Cash Timing and Availability adjustment	5.227	0.000	0.000	0.000	0.000
Non-cash expense adjustments (Misc. Chrgs & Credits)	(0.865)	(0.163)	(1.172)	(1.132)	(0.134)
All Other	0.001	0.001	0.000	0.001	0.001
<b>Total Cash Adjustment Changes</b>	<b>\$1.527</b>	<b>(\$3.630)</b>	<b>(\$1.715)</b>	<b>(\$1.582)</b>	<b>\$1.308</b>
<b>Total Baseline Changes</b>	<b>(\$3.523)</b>	<b>(\$29.752)</b>	<b>(\$23.122)</b>	<b>(\$24.707)</b>	<b>(\$23.541)</b>
<b>Baseline 2006 July Financial Plan - Operating Cash Income/(Deficit)</b>	<b>(\$532.151)</b>	<b>(\$586.182)</b>	<b>(\$636.085)</b>	<b>(\$666.941)</b>	<b>(\$700.681)</b>

**MTA Long Island Rail Road  
2007 Preliminary Budget  
July Financial Plan 2007 – 2010**

**RIDERSHIP/UTILIZATION PROJECTIONS**

- The regional economy and employment are the primary drivers of passenger ridership and revenue in 2007.
- Ridership projections for the outer years 2008-2010 reveal modest annual growth.

**MTA Long Island Rail Road**  
**July Financial Plan 2007 - 2010**  
**Ridership/Traffic Volume (Utilization)**  
**(in millions)**

	<b>2005 Actuals</b>	<b>2006 Mid-Year Forecast</b>	<b>2007 Preliminary Budget</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Baseline Total Ridership</b>	80.131	80.439	82.056	83.343	84.626	85.619
<i>Impact of:</i> PEG Program						
<b>Total Ridership</b>	80.131	80.439	82.056	83.343	84.626	85.619

**MTA Long Island Rail Road**  
**July Financial Plan 2007 - 2010**  
**Summary of the Programs to Eliminate the Gap (PEGs)**  
**(\$ in millions)**

	Favorable/(Unfavorable)							
	2007		2008		2009		2010	
	Positions <sup>1</sup>	Dollars	Positions <sup>1</sup>	Dollars	Positions <sup>1</sup>	Dollars	Positions <sup>1</sup>	Dollars
<b>LIST of PROGRAMS</b>								
<b>Administration:</b>								
<b>Sub-Total Administration</b>	<b>0</b>	<b>\$0.000</b>	<b>0</b>	<b>\$0.000</b>	<b>0</b>	<b>\$0.000</b>	<b>0</b>	<b>\$0.000</b>
<b>Customer Convenience &amp; Amenities:</b>								
<b>Sub-Total Customer Convenience &amp; Amenities</b>	<b>0</b>	<b>\$0.000</b>	<b>0</b>	<b>\$0.000</b>	<b>0</b>	<b>\$0.000</b>	<b>0</b>	<b>\$0.000</b>
<b>Service:</b>								
<b>Sub-Total Service</b>	<b>0</b>	<b>\$0.000</b>	<b>0</b>	<b>\$0.000</b>	<b>0</b>	<b>\$0.000</b>	<b>0</b>	<b>\$0.000</b>
<b>Maintenance:</b>								
Contracted Services		2.200		2.256		2.314		2.372
Vehicle Elimination		0.138		0.142		0.146		0.149
<b>Sub-Total Maintenance</b>	<b>0</b>	<b>\$2.338</b>	<b>0</b>	<b>\$2.398</b>	<b>0</b>	<b>\$2.460</b>	<b>0</b>	<b>\$2.521</b>
<b>Safety/Security:</b>								
<b>Sub-Total Safety/Security</b>	<b>0</b>	<b>\$0.000</b>	<b>0</b>	<b>\$0.000</b>	<b>0</b>	<b>\$0.000</b>	<b>0</b>	<b>\$0.000</b>
<b>Revenue Enhancements:</b>								
ADL 6009 Fare Collection		0.300		0.300		0.300		0.300
<b>Sub-Total Revenue Enhancements</b>	<b>0</b>	<b>\$0.300</b>	<b>0</b>	<b>\$0.300</b>	<b>0</b>	<b>\$0.300</b>	<b>0</b>	<b>\$0.300</b>
<b>Total PEGS</b>	<b>0</b>	<b>\$2.638</b>	<b>0</b>	<b>\$2.698</b>	<b>0</b>	<b>\$2.760</b>	<b>0</b>	<b>\$2.821</b>

<sup>1</sup> Reflects the impact of amendments on year-end positions.

**MTA LONG ISLAND RAIL ROAD**  
**July Financial Plan 2007 - 2010**  
**PEGs Worksheet**

**PEG Category**

Operations

**Program:**

Savings in Contracted Services

**Justification:**

Based on an historical review of Consulting, Professional Services and Maintenance costs over the last five years, it has been determined that the LIRR has been over-estimating usage of extraordinary items such as unplanned Environmental cleanup, Consulting, etc. This amount represents a 50% reduction over the historical savings.

**PEG Description/Implementation Plan:**

**PEG Implementation Date:**

Jan-07

**When will costs begin? Jan-07**

**Other Issues:**

*Financial Impact (Operating)*

Net Savings (in millions)

**2006  
Mid-Year  
Forecast**

**2007  
Preliminary  
Budget**

**2008**

**2009**

**2010**

**\$0.000**

**\$2.200**

**\$2.256**

**\$2.314**

**\$2.371**

**Total Position Decrease**

**0**

**0**

**0**

**0**

**0**

*(List specific titles of positions )*

*Impact on Operations:*

Ridership

Mean Distance Between Failure

On-Time Performance

Other

(Identify Appropriate Indicator)

*List of Other Concerns:*

**MTA LONG ISLAND RAIL ROAD**  
**July Financial Plan 2007 - 2010**  
**PEGs Worksheet**

**PEG Category**

Operations

**Program:**

Reduction in Passenger Vehicle Fleet

**Justification:**

Reduce passenger vehicle fleet by 17 (maintenance and insurance expense).

**PEG Description/Implementation Plan:**

**PEG Implementation Date:**

Jan-07

**When will costs begin? Jan-07**

**Other Issues:**

*Financial Impact (Operating)*

Net Savings (in millions)

**2006  
Mid-Year  
Forecast**

**2007  
Preliminary  
Budget**

**2008**

**2009**

**2010**

**\$0.000**

**\$0.138**

**\$0.142**

**\$0.146**

**\$0.149**

**Total Position Decrease**

**0**

**0**

**0**

**0**

**0**

*(List specific titles of positions )*

*Impact on Operations:*

Ridership

Mean Distance Between Failure

On-Time Performance

Other

(Identify Appropriate Indicator)

*List of Other Concerns:*

**MTA LONG ISLAND RAIL ROAD**  
**July Financial Plan 2007 - 2010**  
**PEGs Worksheet**

**PEG Category**

Operations

**Program:**

ADL 6009 Fare Collection

**Justification:**

Additional revenue associated with the ADL 6009 fare collection initiative.

**PEG Description/Implementation Plan:**

**PEG Implementation Date:**

Jan-07

**When will costs begin? Jan-07**

**Other Issues:**

*Financial Impact (Operating)*

Net Savings (in millions)

**2006  
Mid-Year  
Forecast**

**2007  
Preliminary  
Budget**

**2008**

**2009**

**2010**

**\$0.000**

**\$0.300**

**\$0.300**

**\$0.300**

**\$0.300**

**Total Position Decrease**

**0**

**0**

**0**

**0**

**0**

*(List specific titles of positions )*

*Impact on Operations:*

Ridership

Mean Distance Between Failure

On-Time Performance

Other

(Identify Appropriate Indicator)

*List of Other Concerns:*

**MTA Long Island Rail Road  
2007 Preliminary Budget  
July Financial Plan 2007 – 2010**

**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.

-

**MTA LONG ISLAND RAIL ROAD**  
**July Financial Plan 2007 - 2010**  
**Non-Reimbursable - Reimbursable Positions at End-of-Year**  
**Full-Time Positions and Full Time Equivalents**

FUNCTION/DEPARTMENT	2005 Actuals	2006 Mid-Year Forecast	2007 Preliminary Budget	2008	2009	2010
<b>Administration</b>						
Executive VP	2	2	2	2	2	2
Labor Relations	10	11	11	11	11	11
Procurement & Logistics (excl. Stores)	67	85	86	86	86	86
Human Resources	88	92	92	91	91	91
Strategic Investments	37	38	39	38	38	38
Diversity Management	3	3	3	3	3	3
President	3	3	3	3	3	3
VP & Chief Financial Officer	98	110	112	112	112	111
Svc. Planning, Technology (excl. CPM)	166	176	171	171	171	171
Market Dev. & Public Affairs	57	61	61	61	61	61
Gen. Counsel & Secretary	29	34	34	34	34	34
System Safety	19	22	22	22	22	22
VP Operations/Oper. Support & Analysis	22	25	25	25	25	25
<b>Total Administration</b>	<b>601</b>	<b>662</b>	<b>661</b>	<b>659</b>	<b>659</b>	<b>658</b>
<b>Operations</b>						
Transportation	1,803	1,875	1,857	1,857	1,857	1,857
Passenger Service (Ticket Clerks & Agents)	182	183	183	183	183	183
<b>Total Operations</b>	<b>1,985</b>	<b>2,058</b>	<b>2,040</b>	<b>2,040</b>	<b>2,040</b>	<b>2,040</b>
<b>Maintenance</b>						
Engineering	1,444	1,579	1,614	1,625	1,625	1,625
Equipment	1,724	1,817	1,847	1,868	1,868	1,868
Passenger Service (excl. Ticket Selling)	179	197	198	198	198	198
Procurement (Stores)	96	93	92	92	92	92
<b>Total Maintenance</b>	<b>3,443</b>	<b>3,686</b>	<b>3,751</b>	<b>3,783</b>	<b>3,783</b>	<b>3,783</b>
<b>Engineering/Capital</b>						
Capital Program Management	90	93	95	93	81	82
<b>Total Baseline Positions</b>	<b>6,119</b>	<b>6,499</b>	<b>6,547</b>	<b>6,575</b>	<b>6,563</b>	<b>6,563</b>
<i>Non-Reimbursable</i>	5,452	5,785	5,794	5,762	5,764	5,764
<i>Reimbursable</i>	667	714	753	813	799	799
<i>Total Full-Time</i>	6,119	6,499	6,547	6,575	6,563	6,563
<i>Total Full-Time Equivalents</i>	-	-	-	-	-	-

**MTA LONG ISLAND RAILROAD**  
**July Financial Plan 2007-2010**  
**Total Full-time Positions and Full-time Equivalents by Function and Occupational Group**  
**Non-Reimbursable and Reimbursable**

FUNCTION/OCCUPATIONAL GROUP		2006 Mid-Year Forecast	2007 Preliminary Budget	2008	2009	2010
<b>Administration</b>						
	Managers/Supervisors	289	293	292	291	291
	Professional, Technical, Clerical	373	368	367	368	367
	Operational Hourlies	0	0	0	0	0
	<b>Total Administration</b>	662	661	659	659	658
<b>Operations</b>						
	Managers/Supervisors	249	257	257	257	257
	Professional, Technical, Clerical	177	174	174	174	174
	Operational Hourlies	1,632	1,609	1,609	1,609	1,609
	<b>Total Operations</b>	2,058	2,040	2,040	2,040	2,040
<b>Maintenance</b>						
	Managers/Supervisors	647	724	725	725	725
	Professional, Technical, Clerical	280	280	275	275	275
	Operational Hourlies	2,759	2,747	2,783	2,783	2,783
	<b>Total Maintenance</b>	3,686	3,751	3,783	3,783	3,783
<b>Engineering/Capital</b>						
	Managers/Supervisors	79	79	75	66	67
	Professional, Technical, Clerical	14	16	18	15	15
	Operational Hourlies	0	0	0	0	0
	<b>Total Engineering/Capital</b>	93	95	93	81	82
<b>Public Safety</b>						
	Managers/Supervisors	-	-	-	-	-
	Professional, Technical, Clerical	-	-	-	-	-
	Operational Hourlies	-	-	-	-	-
	<b>Total Public Safety</b>	-	-	-	-	-
<b>Total Baseline Positions</b>						
	Managers/Supervisors	1,264	1,353	1,349	1,339	1,340
	Professional, Technical, Clerical	844	838	834	832	831
	Operational Hourlies	4,391	4,356	4,392	4,392	4,392
	<b>Total Baseline Positions</b>	6,499	6,547	6,575	6,563	6,563
<b>Impact of:</b>						
<b>2007 Program to Eliminate the Gap</b>		0	0	0	0	0
<b>Post 2007 Program to Eliminate the Gap</b>		0	0	0	0	0
<b>Total Positions</b>						
	Managers/Supervisors					
	Professional, Technical, Clerical					
	Operational Hourlies					
	<b>Total Positions</b>	-	-	-	-	-

## **Metro-North Railroad**

**MTA METRO-NORTH RAILROAD  
2007 PRELIMINARY BUDGET  
JULY FINANCIAL PLAN 2007-2010**

**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 plans to carry 76.4 million customers in 2006 over 385 route miles, to and from 121 stations, operating 636 trains on an average weekday East of Hudson, and 49 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 2007-2010 reflect the savings/cost avoidance measures implemented in 2006. They also reflect measures for 2007-2010 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 changes in program schedules and project eliminations. In Metro-North's case, these reductions offset to some extent projected expenditure increases. These are primarily comprised of increased subsidy requirements for West of Hudson Service, rolling stock overhauls, establishment of inventory pools for new equipment, and the impact of inflation and rising employee benefit costs. Also, the July Financial Plan contains investment requirements to fund 2006-2008 GCT restoration projects necessary to preserve the GCT retail revenue stream, and extraordinary maintenance tasks to maintain the Terminal's landmark status. Like the costs required for the overall GCT retail operation and its management, the cost of 2006-2008 GCT restoration projects is netted in the July Financial Plan against GCT retail revenue. Concurrently, Metro-North is projecting higher ridership increases on the East of Hudson Service, resulting in higher farebox revenue.

#### 2006 MID-YEAR FORECAST

The 2006 Mid-Year Non-Reimbursable Forecast reflects revenue projections totaling \$484.6 million, and expenses, including depreciation, of \$988.7 million that generate an operating deficit of \$504.1 million. Cash adjustments of \$179.2 million reduce that amount to a cash deficit of \$324.9 million, of which \$273.1 million represents MTA share and \$51.8 million ConnDOT share. The Mid-Year Reimbursable revenue and expense projections total \$147.6 million.

The Mid-Year Non-Reimbursable revenue projections reflect a \$1.2 million revenue increase vs. the adopted budget. It includes a \$.1 million decrease in Farebox Revenue reflecting the 2006 impact of the Holiday Fare program (estimated at \$2.6 million) offset by higher than budgeted ridership growth East of Hudson (\$2.5 million). The projections also reflect a \$1.3 million increase in Other Operating Revenue comprised of higher than budgeted net GCT retail revenue, interest income, and other miscellaneous revenue. Non-Reimbursable expenses reflect a \$1.3 million reduction in expenses. It is comprised primarily of a decrease generated by the rescheduling of the Genesis locomotive overhaul program and lower energy consumption, offset by increased West of Hudson subsidies that reflect the new operating contract with New Jersey Transit (including prior period costs since 7/2005). The Mid-Year Forecast of Operating/Capital expenditures reflects the addition of \$1.0 million for shop equipment procurements and payment of prior period costs related to the 2005 concrete tie replacement project. Other cash adjustments are \$4.4 million lower than the adopted February Plan primarily due to the delayed receipt of payments for prior period ferry service bills. Net cash requirements in the Mid-Year Forecast are \$5.9 million lower than the adopted budget.

## 2007 PRELIMINARY BUDGET-BASELINE

The 2007 Preliminary Non-Reimbursable Budget reflects revenue projections totaling \$493.4 million, and expenses, including depreciation, of \$1,054.8 million that generate an operating deficit of \$561.4 million. Cash adjustments of \$196.4 million reduce that amount to a cash deficit of \$365.0 million, of which \$302.5 million represents the MTA share and \$62.5 million the ConnDOT share. The 2006 Preliminary Reimbursable revenues and expenses total \$142.0 million.

The Non-Reimbursable revenue projections reflect current fares and current trends in both Farebox and Other Operating Revenue. Further, Other Operating Revenue has been adjusted to reflect the funding of GCT renovation projects totaling \$2.8 million. The Preliminary Non-Reimbursable expense projections incorporate increased subsidy requirements for West of Hudson Service, rolling stock overhauls, establishment of inventory pools for new M7 equipment, and the impact of inflation and rising employee benefit costs.

PEGs totaling \$2.8 million have been identified for 2007. Once implemented, the resulting 2007 cash deficit would decrease to \$362.1 million, of which \$300.4 million would represent MTA share and \$61.7 million ConnDOT share. The 2007 Preliminary Budget reflects a continuation of current train service levels and maintains MTA's commitment to safety and security. Major assumptions reflected in the 2007 Preliminary Budget and reconciliation to the February Plan are furnished later in this document.

## 2008-2010 PROJECTIONS

The Non-Reimbursable revenue projections total \$501.5 million in 2008, \$518.5 million in 2009, and \$525.8 million in 2010. Non-Reimbursable expense projections, including depreciation, total \$1,101.1 million in 2008, \$1,162.1 million in 2009, and \$1,194.0 million in 2010. These revenue and expense projections generate an operating deficit of \$599.6 million in 2008, \$643.7 million in 2009, and \$668.2 million in 2010. Cash adjustments of \$195.5 million in 2008, \$204.1 million in 2009, and \$196.8 million in 2010 reduce the amounts to a cash deficit projection of \$404.1 million in 2008, \$439.5 million in 2009, and \$471.4 million in 2010. The MTA share of the cash deficit totals \$331.8 million in 2008, \$352.8 million in 2009, and \$370.7 million in 2010, while the ConnDOT share totals \$72.3 million, \$86.7 million, and \$100.7 million, respectively. The Reimbursable revenues and expenses total \$145.5 million in 2008, \$143.8 million in 2009, and \$139.9 million in 2010.

The 2008-2010 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 2008-2010 projections and reconciliation to the February Plan are furnished later in this document. PEGs identified for 2008 total \$3.2 million, \$3.7 million for 2009 and \$3.8 for 2010.

## **GAP CLOSING MEASURES**

### **2007 PEG ACTIONS**

As mentioned previously, in addition to cost reduction measures aggregated under Other Reductions (e. g. improved revenues, favorable cash adjustments and rescheduling of contracted equipment overhauls), PEGs totaling \$2.8 million have been identified for 2007. Five items are involved. Two represent early results from the on-going review of business processes that have been affected by the recent installation of PeopleSoft information systems. They include a total of \$1.0 million in annual cost savings due to changes in Payroll administration and reduction in data processing fees. This review is expected to identify additional productivity gains derived from new technologies for inclusion in the financial plan. Another PEG stems from a review of change in step rate discounts and sick pay liability for Metro North's workforce over the last several years, as well as fluctuation of positions between operating and capital assignments. This review has resulted in an annual cost reduction of \$1.5 million.

### **2008 – 2010 PEG ACTIONS**

The value of PEGs listed for 2008–2010 reflect the continuation of the 2007 PEGs described above adjusted for inflation, as well as additional savings targeted through the on-going review of Metro-North's business processes. PEGs for this period total \$3.2 million in 2008, \$3.7 million in 2009, and \$3.8 million in 2010.

**MTA METRO NORTH RAILROAD**  
**July Financial Plan 2007 - 2010**  
**Accrual Statement of Operations by Category**  
(\$ in millions)

Non-Reimbursable						
	2005 Actuals	2006 Mid-Year Forecast	2007 Preliminary Budget	2008	2009	2010
<b>Operating Revenue</b>						
Farebox Revenue	\$437.7	\$451.2	\$463.2	\$473.1	\$484.2	\$491.6
Toll Revenue	-	-	-	-	-	-
Other Operating Revenue	32.5	33.4	30.3	28.4	34.2	34.2
Capital and Other Reimbursements	-	-	-	-	-	-
<b>Total Revenue</b>	<b>\$470.2</b>	<b>\$484.6</b>	<b>\$493.5</b>	<b>\$501.5</b>	<b>\$518.5</b>	<b>\$525.8</b>
<b>Operating Expenses</b>						
<u><b>Labor:</b></u>						
Payroll	\$329.5	\$345.0	\$358.6	\$372.3	\$388.6	\$400.8
Overtime	44.5	44.9	45.6	47.2	48.8	50.4
Health and Welfare	64.0	71.2	85.1	95.9	108.2	119.8
Pensions	28.3	31.9	34.2	34.8	36.1	37.2
Other Fringe Benefits	68.7	70.0	75.4	78.2	81.5	84.0
Reimbursable Overhead	(36.1)	(38.1)	(39.0)	(39.3)	(39.5)	(39.7)
<b>Total Labor Expenses</b>	<b>\$498.9</b>	<b>\$524.9</b>	<b>\$559.8</b>	<b>\$589.1</b>	<b>\$623.6</b>	<b>\$652.5</b>
<u><b>Non-Labor:</b></u>						
Traction and Propulsion Power	\$45.6	\$51.3	\$57.6	\$59.0	\$64.0	\$68.6
Fuel for Buses and Trains	12.9	14.6	15.0	14.1	13.3	13.6
Insurance	11.2	12.0	13.7	15.4	17.2	19.2
Claims	9.5	14.9	14.9	14.9	14.9	14.9
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	71.4	82.1	89.3	94.6	98.5	101.9
Professional Service Contracts	20.6	22.1	23.4	24.8	26.8	27.4
Materials & Supplies	59.6	61.1	69.9	68.7	74.3	66.1
Other Business Expenses	21.4	10.8	11.3	13.5	15.5	15.7
<b>Total Non-Labor</b>	<b>\$252.1</b>	<b>\$268.9</b>	<b>\$295.1</b>	<b>\$305.0</b>	<b>\$324.5</b>	<b>\$327.5</b>
<u><b>Other Expenses Adjustments:</b></u>						
Other	-	-	-	-	-	-
<b>Total Other Expense Adjustments</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>
<b>Total Expenses before Depreciation</b>	<b>\$751.0</b>	<b>\$793.8</b>	<b>\$854.8</b>	<b>\$894.1</b>	<b>\$948.1</b>	<b>\$980.0</b>
Depreciation	187.3	195.0	200.0	207.0	214.0	214.0
<b>Total Expenses</b>	<b>\$938.3</b>	<b>\$988.8</b>	<b>\$1,054.8</b>	<b>\$1,101.1</b>	<b>\$1,162.1</b>	<b>\$1,194.0</b>
<b>Baseline Surplus/(Deficit)</b>	<b>(\$468.1)</b>	<b>(\$504.1)</b>	<b>(\$561.4)</b>	<b>(\$599.6)</b>	<b>(\$643.7)</b>	<b>(\$668.2)</b>
<b>Cash Conversion Adjustments:</b>						
Depreciation	187.3	195.0	200.0	207.0	214.0	214.0
Operating Capital	(15.8)	(15.8)	(6.7)	(12.0)	(15.0)	(17.0)
Other Cash Adjustments	24.8	(0.0)	3.1	0.5	5.1	(0.2)
<b>Total Cash Conversion Adjustments</b>	<b>\$196.3</b>	<b>\$179.2</b>	<b>\$196.4</b>	<b>\$195.5</b>	<b>\$204.1</b>	<b>\$196.8</b>
<b>Baseline Cash Surplus/(Deficit)</b>	<b>(\$271.8)</b>	<b>(\$324.9)</b>	<b>(\$365.0)</b>	<b>(\$404.1)</b>	<b>(\$439.5)</b>	<b>(\$471.4)</b>
2007 Agency Program to Eliminate the Gap	-	2.3	2.8	3.2	3.7	3.8
Post 2007 Agency Program to Eliminate the Gap	-	-	-	-	-	-
<b>Net Surplus/(Deficit)</b>	<b>(\$271.8)</b>	<b>(\$322.6)</b>	<b>(\$362.1)</b>	<b>(\$400.9)</b>	<b>(\$435.8)</b>	<b>(\$467.6)</b>

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**MTA METRO NORTH RAILROAD**  
**July Financial Plan 2007 - 2010**  
**Cash Conversion (Cash Flow Adjustments)**  
(\$ in millions)

<b>CASH FLOW ADJUSTMENTS</b>						
	<b>2005</b>	<b>2006</b>	<b>2007</b>			
	<b>Actuals</b>	<b>Mid-Year Forecast</b>	<b>Preliminary Budget</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Receipts</b>						
Farebox Revenue	\$9.0	\$7.5	\$7.5	\$7.6	\$7.6	\$7.6
Toll Revenue	-	-	-	-	-	-
Other Operating Revenue	16.6	18.0	18.2	19.2	15.4	15.4
<i>Capital and Other Reimbursements:</i>						
MTA	3.4	(2.3)	(1.0)	0.0	(1.1)	(0.1)
CDOT	(2.3)	0.8	(0.0)	(0.0)	(0.0)	(0.0)
Other	2.1	6.0	1.4	(1.8)	0.9	(1.1)
Total Capital and Other Reimbursements	3.2	4.5	0.3	(1.8)	(0.1)	(1.2)
<b>Total Receipts</b>	<b>\$28.8</b>	<b>\$29.9</b>	<b>\$26.0</b>	<b>\$24.9</b>	<b>\$22.8</b>	<b>\$21.7</b>
<b>Expenditures</b>						
<u><b>Labor:</b></u>						
Payroll	\$15.9	(\$17.5)	\$4.4	\$1.2	\$8.2	\$8.4
Overtime	0.8	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)
Health and Welfare	(2.7)	(2.7)	(2.9)	(3.0)	(3.1)	(3.2)
Pensions	(3.5)	15.5	(3.2)	(3.3)	(3.5)	(3.6)
Other Fringe Benefits	1.8	(4.4)	(0.4)	(1.3)	0.4	0.4
Reimbursable Overhead	(2.3)	(1.9)	(2.0)	(2.0)	(2.1)	(2.2)
<b>Total Labor</b>	<b>\$10.0</b>	<b>(\$11.4)</b>	<b>(\$4.6)</b>	<b>(\$8.9)</b>	<b>(\$0.6)</b>	<b>(\$0.7)</b>
<u><b>Non-Labor:</b></u>						
Traction and Propulsion Power	\$0.1	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Fuel for Buses and Trains	-	-	-	-	-	-
Insurance	(1.2)	(0.3)	0.1	(0.8)	0.1	0.1
Claims	(2.3)	1.9	1.9	1.9	1.9	1.9
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	(15.6)	(15.3)	(13.5)	(13.5)	(13.6)	(13.6)
Professional Service Contracts	0.7	(0.3)	(0.8)	(0.8)	(0.8)	(0.8)
Materials & Supplies	(13.6)	(11.9)	(4.0)	(5.5)	(10.8)	(16.9)
Other Business Expenditures	2.1	(8.4)	(8.7)	(8.7)	(8.8)	(8.7)
<b>Total Non-Labor</b>	<b>(\$29.8)</b>	<b>(\$34.3)</b>	<b>(\$25.0)</b>	<b>(\$27.5)</b>	<b>(\$32.0)</b>	<b>(\$38.2)</b>
<u><b>Other Adjustments:</b></u>						
Other	-	-	-	-	-	-
<b>Total Other Expenditures Adjustments</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>
<b>Total Cash Conversion Adjustments before Depreciation</b>	<b>\$9.0</b>	<b>(\$15.8)</b>	<b>(\$3.6)</b>	<b>(\$11.5)</b>	<b>(\$9.9)</b>	<b>(\$17.2)</b>
Depreciation Adjustment	187.3	195.0	200.0	207.0	214.0	214.0
<b>Baseline Total Cash Conversion Adjustments</b>	<b>\$196.3</b>	<b>\$179.2</b>	<b>\$196.4</b>	<b>\$195.5</b>	<b>\$204.1</b>	<b>\$196.8</b>
2007 Agency Program to Eliminate the Gap	-	-	-	-	-	-
Post 2007 Agency Program to Eliminate the Gap	-	-	-	-	-	-
<b>Total Cash Conversion Adjustments</b>	<b>\$196.3</b>	<b>\$179.2</b>	<b>\$196.4</b>	<b>\$195.5</b>	<b>\$204.1</b>	<b>\$196.8</b>

**MTA METRO-NORTH RAILROAD  
2007 PRELIMINARY BUDGET  
JULY FINANCIAL PLAN 2007-2010  
YEAR-TO-YEAR CHANGES BY CATEGORY BASELINE NARRATIVE**

**ACCRUAL (TOTAL)**

**FARE BOX REVENUE**

Non-Reimbursable

- Projected ridership growth of 2.5% in 2006, 2.1% in 2007, 2.1% in 2008, 1.9% in 2009 and 1.4% in 2010 is responsible for higher Fare Box Revenue.

Reimbursable

- Not applicable

**OTHER OPERATING REVENUE**

Non-Reimbursable

- 2006 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 2007
- 2007-2008 reflects the impact of investment in GCT restoration projects (East Restroom and Vanderbilt Hall) necessary to preserve the GCT revenue stream.
- 2008 reflects lower tenant revenue for (Holiday Market) due to restoration work on Vanderbilt Hall.
- 2009 assumes completion of restoration work on Vanderbilt Hall and resumption of Holiday Market.
- 2007-2010 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. 2006 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.

- 2007-2010 accrued expenditures (and receipts) are based on a continuation of 2006 forecasted project cost levels adjusted for significant project changes and the impact of inflation:
  - In 2007 and 2008 decreasing levels of maintenance and professional service contracts for the Shell-at-Grade project are offset by increased material requirements for the M2 Critical System Replacement project.
  - In 2009 completion of the Shell-at-Grade project reduces reimbursement levels.
  - In 2010 the M2 Critical System Replacement project is completed, further reducing overall reimbursement levels.

## **PAYROLL**

### **Non-Reimbursable**

- Non Agreement salaries in 2006 include a cost of living increase of 3.0% for the year. In 2007-2010 Non Agreement salaries include CPI-based increases of 2.6%, 2.9%, 3.0%, and 3.2% respectively.
- Agreement wages in 2006 include annual wage increases of 3.0% based on the current trend of labor contract settlements. In 2007-2010 Agreement salaries include CPI-based increases of 2.6%, 2.9%, 3.0% and 3.2% respectively
- 2007 includes additional labor resources primarily for security based initiatives in GCT \$1.6 million, maintenance increases for M3 CSR program \$1.0 million and staff to perform GCT extraordinary landmark maintenance. 2006 also includes additional labor resources for Service Plan improvements \$.3 million.
- 2007 - 2010 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, partially offsetting is a reduction in maintenance forces of \$.3 million and \$.9 million in 2009 and 2010, due to the completion of the M3 CSR program.

### **Reimbursable**

- Annual cost of living increases and wage contract increases for agreement employees follow the same rate assumptions as the non-reimbursable costs noted above

## **OVERTIME**

### **Non-Reimbursable**

- 2006 costs include annual wage increases of 3.0% and emergency coverage.
- 2007 - 2010 include CPI-based wage increases of 2.6%, 2.9%, 3.0% and 3.2% respectively.
- 2007-2010 includes additional on-board coverage requirements due to increases in service levels on all lines and emergency preparedness training and

emergency coverage and reductions in 2007 due to the completion of the New Haven Shop.

#### Reimbursable

- Annual cost of living increases and wage contract increases for agreement employees follow the same rate assumptions as the non-reimbursable costs noted above
- 2007 costs reflect a reduction of previously identified overtime needs for the Shell at Grade project due to scheduling refinements.

### **HEALTH AND WELFARE**

#### Non-Reimbursable

- Projected inflationary increases of 10.0% in 2006, 14.8% in 2007, and 10.7% in 2009-2010.
- Other Cost adjustments for 2006-2010 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 follow the same pattern as non-reimbursable costs noted above.

### **PENSIONS**

Metro North Railroad's Pension costs for 2006 reflect current funding requirements for the Defined Benefit Plan (covering management staff and agreement staff that joined the Plan in 2004) and the Defined Contribution Plan (for all other agreement staff). The funding requirements for the Defined Benefit Plan is a calculation prepared by an actuarial consultant retained by the MTA, whose staff also calculates Metro-North's share of required annual costs. The Defined Contribution Plan cost represents a 4% wage- based contribution until an employee reaches 19 years of service, then increasing to 7% of earnings. Metro-North's effective contribution rate for 2005 is 6% of payroll costs.

The 2007-2010 pension costs reflect Metro-North's share of funding requirements projected by the actuarial consultant for the Defined Benefit Plan participants, and an effective contribution rate of 6 % of payroll costs for staff covered by the Defined Contribution Plan.

The MNR July Financial Plan assumes that members of Metro-North's Defined Contribution Pension Plan are still in the DC Plan. However, pending the outcome of current, on-going labor negotiations, these employees may transfer to the MTA Defined Benefit Plan. If that occurs, pension payment adjustments would be included in a

subsequent Financial Plan update, after final estimates are determined by Actuarial Valuation.

## **OTHER FRINGE BENEFITS**

### **Non-Reimbursable**

- Railroad Retirement tax rates for Tier I and II remain constant for 2006-2010 at 7.65% and 12.6%, respectively.
- Maximum earnings level for Tier I is estimated at \$94,200 in 2006, \$97,026 in 2007, \$99,937 in 2008, \$102,935 in 2009 and \$106,023 in 2010.
- Maximum earnings level for Tier II is estimated at \$69,900 in 2006, \$71,997 in 2007, \$74,157 in 2008, \$76,382 in 2009, and \$78,673 in 2010.
- Other cost adjustments reflect inflationary salary increase and changes in staffing levels.

### **Reimbursable**

- Railroad Retirement tax rates and earnings' maximums follow the same assumptions as the non-reimbursable costs noted above.

## **REIMBURSABLE OVERHEAD**

### **Non-Reimbursable**

- Overhead Cost Recoveries are derived from Reimbursable Capital Project Estimates. Assumptions are described in the Reimbursable section below.

### **Reimbursable**

- Overhead costs for 2006 are based on a percentage share of direct labor costs charged to reimbursable projects. 2007-2010 overhead costs are based on the continuation of 2006 forecast levels, adjusted for changes in the M2 Critical System Replacement project, the Shell at Grade project and inflation-based increases in labor costs.
- Increased material handling cost on the M2 Critical System Replacement project from 2007-2009 is also driving the increased levels in these years.
- Equipment recovery increases are predicated on CPI-based inflation rates from 2006-2010 at 1.6%, 1.8%, 1.7%, and 1.8% respectively.

## **TRACTION AND PROPULSION POWER**

### **Non-Reimbursable**

- 2006 cost decrease of \$.6 million reflects the re-classification of equipment maintenance and inspection costs (labor and material) that were erroneously included in the 2006 Propulsion Budget as part of the 2006 Service Plan enhancements.
- 2007 prices reflect a 10.2% increase based on escalating rates.
- CPI increases in 2008-2010 of 1.8%, 1.7%, and 1.8% respectively.

- 2006-2010 incorporates the net effect of new car procurements and retirements and adds \$.7 million in 2006 to Harlem and Hudson Line costs, and \$.3.0 million in 2009 and \$2.9 million in 2010 to the New Haven Line costs in anticipation of the M8 car procurement.
- Service Plan enhancements increase costs by \$.3 million in 2007 and 2008 and by \$.5 million in 2009.

#### Reimbursable

- No Cost.

### **FUEL FOR BUSES AND TRAINS**

#### Non-Reimbursable

- 2006 costs reflect a \$.3 million decrease to re-classify equipment maintenance and inspection costs (labor and material) that were erroneously included in the 2006 Fuel Budget as part of the 2006 Service Plan enhancements.
- 2006 costs reflect current fuel prices and consumption.
- 2007 includes a CPI increases of 1.6%, and 2008 and 2009 reflect reductions in prices of 5.1% and 4.9% respectively and current consumption trends.
- 2010 includes a CPI increase of 1.8%.
- 2007, 2008, and 2010 include Service Plan enhancements of \$.1 million respectively.

#### Reimbursable

- No Cost.

### **INSURANCE**

#### Non-Reimbursable

- Increases in 2006-2010 reflect revised insurance premium estimates.

#### Reimbursable

- Increases in 2006-2010 reflect revised insurance premium estimates.

### **CLAIMS**

#### Non-Reimbursable

- 2006 and 2010 reflect current claims trends.

#### Reimbursable

- No Cost

### **MAINTENANCE AND OTHER CONTRACTS**

#### Non-Reimbursable

- CPI increases in 2007-2010 of 1.6%, 1.8%, 1.7% and 1.8%, respectively.

- Equipment maintenance programs costs increase by \$6.5 million in 2007, \$.5 million in 2008 and \$.2 million in 2010 for additional overhaul costs for East and West of Hudson locomotives. These costs are reduced in 2010 by \$1.4 million with the completion of the West of Hudson locomotive overhaul program.
- 2007 includes \$.3 million increase for Extraordinary Landmark Maintenance costs and a decrease in car disposal costs.
- 2008 reflects a decrease in car disposal costs and an additional \$.3 million increase for Extraordinary Landmark Maintenance.
- 2007 reflects lower West of Hudson subsidies due to the elimination of a 2006 one- time contract settlement payment; 2008 – 2010 includes rising West of Hudson subsidy payments related to contract cost escalations and increases in service.
- 2007 includes lower costs for GCT electricity due to the withdrawal of outside buildings from the power grid (\$.7 million), partially offset by the Occupancy costs required for the new Running Repair Shop in New Haven.
- 2007 reflects an increase in outlying facility security costs of \$1.5 million.
- 2008 includes a provision for office space renovations (\$1.0 million).

#### Reimbursable

- CPI increases in 2007-2010 follow the same pattern as non-reimbursable costs noted above.
- The significant reduction in 2007 is due to the gradual completion of the Shell at Grade project offset by minor increases in the M2 project. The increase in 2008 is due to the expanding requirements of the M2 project. The 2009 to 2010 decrease reflects the reduced needs/completion of both projects.

### **PROFESSIONAL SERVICE CONTRACTS**

#### Non-Reimbursable

- CPI increases in 2007-2010 of 1.6%, 1.8%, 1.7%, and 1.8% respectively.
- 2008 includes the restoration of a cost provision for general advertising fees (\$.8 million).
- 2009 includes the restoration of the 2005 reduction of MTA police service charges for the NH Line (\$1.3 million).

#### Reimbursable

- CPI increases in 2007-2010 follow the same pattern as non-reimbursable costs noted above.
- The minor reduction in 2007 is due to the refinement in cost projections for the Shell at Grade project. The 2008 increase is generated also by Shell due to peaking work requirements. Remaining projections for 2009 to 2010 reflect reduced needs as the Shell project winds down to completion.

## **MATERIAL AND SUPPLIES**

### **Non-Reimbursable**

- CPI increases in 2006-2010 of 1.6%, 1.8%, 1.7%, and 1.8% respectively.
- 2007-2010 includes cost provisions for the expanding maintenance program on the M3 car fleet and cost savings related to M1 car retirements.
- 2008 and 2010 include incremental material cost provisions to support the anticipated acquisition of M-8 cars and cost savings associated with the scale down of the M3 maintenance program.

### **Reimbursable**

- CPI increases in 2007-2010 follow the same pattern as non-reimbursable costs noted above.
- Generally increased material levels in 2007-2010 are due to peaking of the M2 Critical System Replacement project with a minor reduction in 2008 on the Shell at Grade project.

## **OTHER BUSINESS EXPENSES**

### **Non-Reimbursable**

- CPI increases in 2006-2009 of 1.6%, 1.8%, 1.7%, and 1.8% respectively
- 2008 and 2009 include provisions for maintenance initiatives (\$2.5 million in 2008 and \$2.0 million in 2009).

### **Reimbursable**

- CPI increases in 2007-2010 follow the same pattern as non-reimbursable costs noted above.

## **DEPRECIATION**

### **Non-Reimbursable**

- No significant changes

### **Reimbursable**

- No significant changes







**MTA METRO-NORTH RAILROAD  
2007 PRELIMINARY BUDGET  
JULY FINANCIAL PLAN 2007-2010  
YEAR-TO-YEAR CHANGES BY CATEGORY BASELINE NARRATIVE**

**CASH**

**FARE BOX REVENUE**

Non-Reimbursable

- Projected ridership growth of 2.5% in 2006, 2.1% in 2007, 2.1% in 2008, 1.9% in 2009 and 1.4% in 2010 is responsible for higher Fare Box Revenue.

Reimbursable

- Not applicable

Cash

- 2006-2010 cash adjustments include receipts from the sale of Metro Cards, 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

- 2006 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 2007
- 2007-2008 reflects the impact of investment in GCT restoration projects (East Restroom and Vanderbilt Hall) necessary to preserve the GCT revenue stream
- 2008 reflects lower tenant revenue for (Holiday Market) due to restoration work on Vanderbilt Hall.
- 2009 assumes completion of restoration work on Vanderbilt Hall and resumption of Holiday Market.
- 2007-2010 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

- 2006 cash adjustments include a projected \$2.2 million refund for overpayment of prior period force account insurance. 2006-2010 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. 2006 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.
- 2007-2010 accrued expenditures (and receipts) are based on a continuation of 2006 forecasted project cost levels adjusted for significant project changes and the impact of inflation:
  - In 2007 and 2008 decreasing levels of maintenance and professional service contracts for the Shell-at-Grade project are offset by increased material requirements for the M2 Critical System Replacement project.
  - In 2009 completion of the Shell-at-Grade project reduces reimbursement levels.
  - In 2010 the M2 Critical System Replacement project is completed, further reducing overall reimbursement levels.

## **PAYROLL**

### **Non-Reimbursable**

- Non Agreement salaries in 2006 include a cost of living increase of 3.0% for the year. In 2007-2010 Non Agreement salaries include CPI-based increases of 2.6%, 2.9%, 3.0%, and 3.2% respectively.
- Agreement wages in 2006 include annual wage increases of 3.0% based on the current trend of labor contract settlements. In 2007-2010 Agreement salaries include CPI-based increases of 2.6%, 2.9%, 3.0% and 3.2% respectively
- 2007 includes additional labor resources primarily for security based initiatives in GCT \$1.6 million, maintenance increases for M3 CSR program \$1.0 million and staff to perform GCT extraordinary landmark maintenance. 2006 also includes additional labor resources for Service Plan improvements \$.3 million.
- 2007 - 2010 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, partially offsetting is a reduction in maintenance forces of \$.3 million and \$.9 million in 2009 and 2010, due to the completion of the M3 CSR program.

#### Reimbursable

- Annual cost of living increases and wage contract increases for agreement employees follow the same rate assumptions as the non-reimbursable costs noted above

#### Cash

- Cash includes payments of \$23.4 million in 2006 (excluding fringe) for prior period accrued RWA for unsettled unions. 2006-2010 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

- 2006 costs include annual wage increases of 3.0% and emergency coverage.
- 2007 - 2010 include CPI-based wage increases of 2.6%, 2.9%, 3.0% and 3.2% respectively.
- 2007-2010 includes additional on-board coverage requirements due to increases in service levels on all lines and emergency preparedness training and emergency coverage and reductions in 2007 due to the completion of the New Haven Shop.

#### Reimbursable

- Annual cost of living increases and wage contract increases for agreement employees follow the same rate assumptions as the non-reimbursable costs noted above
- 2007 costs reflect a reduction of previously identified overtime needs for the Shell at Grade project due to scheduling refinements.

### **HEALTH AND WELFARE**

#### Non-Reimbursable

- Projected inflationary increases of 10.0% in 2006 14.8% in 2007 and 10.7% in 2009-2010.
- Other Cost adjustments for 2006-2010 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 follow the same pattern as non-reimbursable costs noted above.

#### Cash

- 2006-2010 cash adjustments include current and former employee contributions toward health insurance costs.

### **PENSIONS**

#### Non-Reimbursable and Reimbursable

- Metro North Railroad's Pension costs for 2006 reflect current funding requirements for the Defined Benefit Plan (covering management staff and agreement staff that joined the Plan in 2004) and Defined Contribution Plan (for all other agreement staff). The funding requirements for the Defined Benefit Plan is a calculation prepared by an actuarial consultant retained by the MTA, whose staff also calculates Metro-North's share of required annual costs. The Defined Contribution Plan cost represents a 4% wage- based contribution until an employee reaches 19 years of service, then increasing to 7% of earnings. Metro-North's effective contribution rate for 2005 is 6% of payroll costs.

The 2006-2010 pension costs reflect Metro-North's share of funding requirements projected by the actuarial consultant for the Defined Benefit Plan participants, and an effective contribution rate of 6 % of payroll costs for staff covered by the Defined Contribution Plan.

The MNR July Financial Plan assumes that members of Metro-North's Defined Contribution Pension Plan are still in the DC Plan. However, pending the outcome of current, on-going labor negotiations, these employees may transfer to the MTA Defined Benefit Plan. If that occurs, pension payment adjustments would be included in a subsequent Financial Plan update, after final estimates are determined by Actuarial Valuation.

#### Cash

- 2006-2010 adjustments include difference between expense accruals and cash disbursements, and agreement employee contribution to the Defined Benefit Pension Plan. 2006 reflects a \$20 million cash reduction due to the prepayment of pension costs (paid in 2003). 2006 also includes employer contributions to the Defined Contribution Plan related to RWA settlements (\$1.3 million).

### **OTHER FRINGE BENEFITS**

#### Non-Reimbursable

- Railroad Retirement tax rates for Tier I and II remain constant for 2006-2010 at 7.65% and 12.6%, respectively.
- Maximum earnings level for Tier I is estimated at \$94,200 in 2006, \$97,026 in 2007, \$99,937 in 2008, \$102,935 in 2009 and \$106,023 in 2010.
- Maximum earnings level for Tier II is estimated at \$69,900 in 2006, \$71,997 in 2007, \$74,157 in 2008, \$76,382 in 2009, and \$78,673 in 2010.

- Other cost adjustments reflect inflationary salary increase and changes in staffing levels.

#### Reimbursable

- Railroad Retirement tax rates and earnings' maximums follow the same assumptions as the non-reimbursable costs noted above.

#### Cash

- 2006 includes adjustments for railroad retirement taxes related to RWA settlements (\$4.4 million). 2005-2009 also includes adjustments between expense accruals and cash disbursements.

### **REIMBURSABLE OVERHEAD**

#### Non-Reimbursable

- Overhead Cost Recoveries are derived from Reimbursable Capital Project Estimates. Assumptions are described in the Reimbursable section below.

#### Reimbursable

- Overhead costs for 2006–2010 are based on a percentage share of direct labor costs charged to reimbursable projects. 2007-2010 overhead costs are based on the continuation of 2006 forecast levels, adjusted for changes in the M2 Critical System Replacement project, the Shell at Grade project and inflation-based increases in labor costs.
- Increased material handling cost on the M2 Critical System Replacement project from 2007-2009 is also driving the increased levels in these years.
- Equipment recover increases are predicated on CPI-based inflation rates from 2006-2010 at 1.6%, 1.8%, 1.7%, and 1.8% respectively.

### **TRACTION AND PROPULSION POWER**

#### Non-Reimbursable

- 2006 cost decrease of \$.6 million reflects the re-classification of equipment maintenance and inspection costs (labor and material) that were erroneously included in the 2006 Propulsion Budget as part of the 2006 Service Plan enhancements.
- 2007 prices reflect a 10.2% increase based on escalating rates.
- CPI increases in 2008-2010 of 1.8%, 1.7%, and 1.8% respectively.
- 2006-2010 incorporates the net effect of new car procurements and retirements and adds \$.7 million in 2006 to Harlem and Hudson Line costs, and \$.3.0 million in 2009 and \$2.9 million in 2010 to the New Haven Line costs in anticipation of the M8 car procurement.
- Service Plan enhancements increase costs by \$.3 million in 2007 and 2008 and by \$.5 million in 2009.

#### Reimbursable

- No Cost.

## **FUEL FOR BUSES AND TRAINS**

### **Non-Reimbursable**

- 2006 costs reflect a \$.3 million decrease to re-classify equipment maintenance and inspection costs (labor and material) that were erroneously included in the 2006 Fuel Budget as part of the 2006 Service Plan enhancements.
- 2006 costs reflect current fuel prices and consumption.
- 2007 includes a CPI increases of 1.6%, and 2008 and 2009 reflect reductions in prices of 5.1% and 4.9% respectively and current consumption trends.
- 2010 includes a CPI increase of 1.8%.
- 2007, 2008, and 2010 include Service Plan enhancements of \$.1 million respectively.

### **Reimbursable**

- No Cost.

## **INSURANCE**

### **Non-Reimbursable**

- Increases in 2006-2010 reflect revised insurance premium estimates.

### **Reimbursable**

- Increases in 2006-2010 reflect revised insurance premium estimates.

### **Cash**

- 2007-2010 reflects increase in force account payments as well as All-Agency insurance costs.

## **CLAIMS**

### **Non-Reimbursable**

- 2006 and 2010 reflect current claims trends.

### **Reimbursable**

- No Cost

### **Cash**

- 2007-2010 payments reflect no year over year changes.

## **MAINTENANCE AND OTHER CONTRACTS**

### **Non-Reimbursable**

- CPI increases in 2007-2010 of 1.6%, 1.8%, 1.7% and 1.8%, respectively.
- Equipment maintenance programs costs increase by \$6.5 million in 2007, \$.5 million in 2008 and \$.2 million in 2010 for additional overhaul costs for East and West of Hudson locomotives. These costs are reduced in 2010 by \$1.4 million with the completion of the West of Hudson locomotive overhaul program.

- 2007 includes \$.3 million increase for Extraordinary Landmark Maintenance costs and a decrease in car disposal costs.
- 2008 reflects a decrease in car disposal costs and an additional \$.3 million increase for Extraordinary Landmark Maintenance.
- 2007 reflects lower West of Hudson subsidies due to the elimination of a 2006 one-time contract settlement payment; 2008 – 2010 includes rising West of Hudson subsidy payments related to contract cost escalations and increases in service.
- 2007 includes lower costs for GCT electricity due to the withdrawal of outside buildings from the power grid (\$.7 million), partially offset by the Occupancy costs required for the new Running Repair Shop in New Haven.
- 2007 reflects an increase in outlying facility security costs of \$1.5 million.
- 2008 includes a provision for office space renovations (\$1.0 million).

#### Reimbursable

- CPI increases in 2007-2010 follow the same pattern as non-reimbursable costs noted above.
- The significant reduction in 2007 is due to the gradual completion of the Shell at Grade project offset by minor increases in the M2 project. The increase in 2008 is due to the expanding requirements of the M2 project. The 2009 to 2010 decrease reflects the reduced needs/completion of both projects.

#### Cash

- 2006-2010 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.
- 2006 Operating Capital provision includes prior period miscellaneous expense accruals for Operating Capital projects.

### PROFESSIONAL SERVICE CONTRACTS

#### Non-Reimbursable

- CPI increases in 2007-2010 of 1.6%, 1.8%, 1.7%, and 1.8% respectively.
- 2008 includes the restoration of a cost provision for general advertising fees (\$.8 million).
- 2009 includes the restoration of the 2005 reduction of MTA police service charges for the NH Line (\$1.3 million).

#### Reimbursable

- CPI increases in 2007-2010 follow the same pattern as non-reimbursable costs noted above.
- The minor reduction in 2007 is due to the refinement in cost projections for the Shell at Grade project. The 2008 increase is generated also by Shell due to peaking work requirements. Remaining projections for 2009 to 2010 reflect reduced needs as the Shell project winds down to completion.

## **MATERIAL AND SUPPLIES**

### **Non-Reimbursable**

- CPI increases in 2006-2010 of 1.6%, 1.8%, 1.7%, and 1.8% respectively.
- 2007-2010 includes cost provisions for the expanding maintenance program on the M3 car fleet and cost savings related to M1 car retirements.
- 2008 and 2010 include incremental material cost provisions to support the anticipated acquisition of M-8 cars and cost savings associated with the scale down of the M3 maintenance program.

### **Reimbursable**

- CPI increases in 2007-2010 follow the same pattern as non-reimbursable costs noted above.
- Generally increased material levels in 2007-2010 are due to peaking of the M2 Critical System Replacement project with a minor reduction in 2008 on the Shell at Grade project.

### **Cash**

- 2006-2010 cash adjustments reflect difference between expense accruals and cash requirements for M7 and M8 spare parts.

## **OTHER BUSINESS EXPENSES**

### **Non-Reimbursable**

- CPI increases in 2006-2009 of 1.6%, 1.8%, 1.7%, and 1.8% respectively
- 2008 and 2009 include provisions for maintenance initiatives (\$2.5 million in 2008 and \$2.0 million in 2009).

### **Reimbursable**

- CPI increases in 2007-2010 follow the same pattern as non-reimbursable costs noted above.

### **Cash**

- 2006-2010 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  
2007 PRELIMINARY BUDGET  
JULY FINANCIAL PLAN 2007-2010  
SUMMARY OF MAJOR PLAN-TO-PLAN CHANGES**

Revisions to Metro-North's financial plan for the 2006-2010 period reflect adjustments resulting from evolving economic conditions, changing cost assumptions and resource allocations, as well as the impact of outstanding labor agreements for the 2003-2006 period.

**2006: JULY FINANCIAL PLAN VS. FEBRUARY FINANCIAL PLAN**

The 2006 July Financial Plan subsidy requirements for non-reimbursable operations are \$8.3 million lower (including PEGs) than in the February Financial Plan. The reduction reflects higher revenues of \$1.2 million, the rescheduling of the Genesis locomotive overhaul project, lower energy consumption, and the receipt of payments for prior period ferry service bills (\$3.3 million). These favorable results were partially offset by increased West of Hudson subsidies that reflect the new operating contract with New Jersey Transit, lower overhead expense recoveries from capital projects, and higher material expenditures for equipment maintenance and the establishment a parts inventory for new M7 cars.

Reimbursable project costs (and receipts) are \$6.7 million lower than the February Plan. Lower costs reflect scheduling changes to the Shell-at-Grade, M2 Critical System Replacement, Turnouts – Mainline/High Speed and CDOT Track, Interlocking and Drainage projects.

**2007: JULY FINANCIAL PLAN VS. FEBRUARY FINANCIAL PLAN**

The 2007 July Financial Plan subsidy requirements are \$27.0 million higher than in the February Financial Plan (including PEGs). This increase reflects additional West of Hudson subsidies that reflect the new operating contract with New Jersey Transit, investments to support GCT retail revenue stream, equipment overhaul programs, and the establishment of a parts inventory for new M7 cars. These increases are partially offset by higher passenger fares associated with an increase in ridership.

Reimbursable project costs (and receipts) are \$20.6 million lower than the February Plan and reflect a continuation of project levels similar to the 2006 Mid-Year Forecast.

**2008: JULY FINANCIAL PLAN VS. FEBRUARY FINANCIAL**

The 2008 July Financial Plan subsidy requirements are \$21.4 million higher than in the February Financial Plan (including PEGs). This increase reflects additional West of

Hudson subsidies that reflect the new operating contract with New Jersey Transit, investments to support GCT retail revenue stream and perform extraordinary landmark maintenance, and equipment overhaul programs. These increases are partially offset by higher passenger fares associated with an increase in ridership.

Reimbursable project costs (and receipts) are \$26.8 million lower than the February Plan and reflect a continuation of project levels similar to the 2006 Mid-Year Forecast.

#### **2009 JULY FINANCIAL PLAN VS. FEBRUARY FINANCIAL**

The 2009 July Financial Plan subsidy requirements are \$24.6 million higher than in the February Financial Plan (including PEGs). This increase reflects additional West of Hudson subsidies that reflect the new operating contract with New Jersey Transit, investment to perform GCT extraordinary landmark maintenance and equipment overhaul programs, and the establishment of a parts inventory for new M8 cars. These increases are partially offset by higher passenger fares associated with an increase in ridership.

Reimbursable project costs (and receipts) are \$19.7 million lower than the February Plan and reflect a continuation of project levels similar to the 2006 Mid-Year Forecast.

#### **2010 NOVEMBER FINANCIAL PLAN VS. JULY FINANCIAL PLAN**

The 2010 July Financial Plan subsidy requirements are \$16.0 million higher than in the February Financial Plan (including PEGs). This increase reflects additional West of Hudson subsidies that reflect the new operating contract with New Jersey Transit, investment to perform GCT extraordinary landmark maintenance and equipment overhaul programs, and the establishment of a parts inventory for new M8 cars. These increases are partially offset by higher passenger fares associated with an increase in ridership.

Reimbursable project costs (and receipts) are \$18.9 million lower than the February Plan and reflect a continuation of project levels similar to the 2006 Mid-Year Forecast.

**MTA METRO-NORTH RAILROAD**  
**July Financial Plan 2007 - 2010**  
**Changes Between Financial Plans by Generic Categories**  
(\$ in millions)

NON-REIMBURSABLE					
	2006	2007	2008	2009	2010
<b>Baseline 2006 February Financial Plan -</b>	<b>(\$330.911)</b>	<b>(\$335.142)</b>	<b>(\$379.527)</b>	<b>(\$411.159)</b>	<b>(\$451.589)</b>
<b>Baseline Changes</b>					
<b>Revenue</b>					
Farebox Revenue	(\$0.102)	\$2.168	\$4.298	\$8.699	\$10.673
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	1.336	(2.674)	(5.357)	(0.285)	(1.088)
Capital and Other Reimbursement	0.000	0.000	0.000	0.000	0.000
<b>Total Revenue Changes</b>	<b>1.234</b>	<b>(0.506)</b>	<b>(1.059)</b>	<b>8.414</b>	<b>9.585</b>
<b>Expenses</b>					
<b>Labor:</b>					
Payroll	\$0.580	(\$1.385)	(\$0.837)	(\$0.994)	(\$0.166)
Overtime	(0.929)	(0.660)	(0.673)	(0.687)	(0.705)
Health and Welfare	(0.440)	(6.029)	(7.638)	(9.619)	(10.741)
Pensions	(0.461)	(1.423)	(1.440)	(1.499)	(1.423)
Other Fringe Benefits	(0.860)	(3.385)	(3.439)	(3.602)	(3.505)
Reimbursable Overhead	(1.819)	0.011	0.001	0.028	(1.385)
<b>Total Labor Expense Changes</b>	<b>(3.929)</b>	<b>(12.871)</b>	<b>(14.026)</b>	<b>(16.373)</b>	<b>(17.925)</b>
<b>Non-Labor:</b>					
Traction and Propulsion Power	\$0.931	(\$2.998)	(\$2.805)	(\$2.506)	(\$2.361)
Fuel for Buses and Trains	2.669	2.759	4.006	5.191	5.415
Insurance	0.133	(0.101)	(0.079)	0.083	0.285
Claims	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	1.710	(6.331)	(7.399)	(7.265)	(7.198)
Professional Service Contracts	1.440	0.660	0.703	0.808	0.899
Materials & Supplies	(1.303)	(8.631)	(6.024)	(11.103)	(0.565)
Other Business Expenses	(0.386)	(0.022)	(0.028)	0.001	0.055
<b>Total Non-Labor Expense Changes</b>	<b>5.193</b>	<b>(14.665)</b>	<b>(11.627)</b>	<b>(14.792)</b>	<b>(3.471)</b>
<b>Total Expenses before Depreciation</b>	<b>\$1.264</b>	<b>(\$27.536)</b>	<b>(\$25.653)</b>	<b>(\$31.165)</b>	<b>(\$21.396)</b>
Depreciation	0.000	0.000	0.000	0.000	0.000
<b>Total Expense Changes after Depreciation</b>	<b>\$1.264</b>	<b>(\$27.536)</b>	<b>(\$25.653)</b>	<b>(\$31.165)</b>	<b>(\$21.396)</b>
<b>Baseline Net Surplus/(Deficit) Changes</b>	<b>\$2.498</b>	<b>(\$28.042)</b>	<b>(\$26.712)</b>	<b>(\$22.751)</b>	<b>(\$11.811)</b>
<b>Cash Conversion Adjustment Changes</b>					
Depreciation	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Operating/Capital	(0.962)	(0.678)	(0.995)	0.000	0.000
Other Cash Adjustments	4.428	(0.774)	3.740	(4.517)	(6.873)
<b>Total Cash Conversion Adjustments</b>	<b>3.466</b>	<b>(1.452)</b>	<b>2.745</b>	<b>(4.517)</b>	<b>(6.873)</b>
<b>Total Baseline Changes</b>	<b>\$5.964</b>	<b>(\$29.494)</b>	<b>(\$23.967)</b>	<b>(\$27.268)</b>	<b>(\$18.684)</b>
<b>Baseline 2006 July Financial Plan - Operating</b>	<b>(\$324.947)</b>	<b>(\$364.636)</b>	<b>(\$403.494)</b>	<b>(\$438.427)</b>	<b>(\$470.273)</b>
2007 Agency Program to Eliminate the Gap (PE	\$2.343	\$2.492	\$2.558	\$2.628	\$2.704
<b>Total PEGs</b>	<b>\$2.343</b>	<b>\$2.492</b>	<b>\$2.558</b>	<b>\$2.628</b>	<b>\$2.704</b>
<b>Net Surplus/(Deficit)</b>	<b>(\$322.604)</b>	<b>(\$362.144)</b>	<b>(\$400.936)</b>	<b>(\$435.799)</b>	<b>(\$467.569)</b>

**MTA METRO-NORTH RAILROAD**  
**July Financial Plan 2007 - 2010**  
**Changes Between Financial Plans by Generic Categories**  
(\$ in millions)

REIMBURSABLE					
	2006	2007	2008	2009	2010
<b>Baseline 2006 February Financial Plan -</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Baseline Changes</b>					
<b>Revenue</b>					
Farebox Revenue	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	0.000	0.000	0.000	0.000	0.000
Capital and Other Reimbursement	(6.672)	(20.559)	(26.757)	(19.734)	(18.863)
<b>Total Revenue Changes</b>	<b>(\$6.672)</b>	<b>(\$20.559)</b>	<b>(\$26.757)</b>	<b>(\$19.734)</b>	<b>(\$18.863)</b>
<b>Expenses</b>					
<b>Labor:</b>					
Payroll	\$2.937	\$7.301	\$10.885	\$6.416	\$4.830
Overtime	1.442	1.479	1.522	1.569	1.619
Health and Welfare	0.890	1.672	2.643	1.503	1.098
Pensions	0.038	0.444	0.618	0.401	0.329
Other Fringe Benefits	0.597	1.571	2.279	1.400	1.097
Reimbursable Overhead	1.641	1.451	1.531	1.532	2.952
<b>Total Labor Expense Changes</b>	<b>\$7.547</b>	<b>\$13.917</b>	<b>\$19.478</b>	<b>\$12.822</b>	<b>\$11.925</b>
<b>Non-Labor:</b>					
Traction and Propulsion Power	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Fuel for Buses and Trains	0.000	0.000	0.000	0.000	0.000
Insurance	0.669	1.352	1.882	1.259	1.013
Claims	0.000	0.000	0.000	0.000	0.000
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	(4.729)	(1.425)	(0.808)	(1.596)	(2.474)
Professional Service Contracts	(1.113)	(0.778)	(1.434)	(0.658)	0.209
Materials & Supplies	4.516	7.714	7.863	8.135	8.422
Other Business Expenses	(0.218)	(0.221)	(0.225)	(0.228)	(0.231)
<b>Total Non-Labor Expense Changes</b>	<b>(\$8.75)</b>	<b>\$6.642</b>	<b>\$7.279</b>	<b>\$6.912</b>	<b>\$6.938</b>
<b>Total Expenses before Depreciation</b>	<b>\$6.672</b>	<b>\$20.559</b>	<b>\$26.757</b>	<b>\$19.734</b>	<b>\$18.863</b>
Depreciation	0.000	0.000	0.000	0.000	0.000
<b>Total Expense Changes</b>	<b>\$6.672</b>	<b>\$20.559</b>	<b>\$26.757</b>	<b>\$19.734</b>	<b>\$18.863</b>
<b>Baseline Net Surplus/(Deficit) Changes</b>	<b>(\$0.000)</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>(\$0.000)</b>	<b>\$0.000</b>
<b>Cash Conversion Adjustment Changes</b>					
Depreciation	0.000	0.000	0.000	0.000	0.000
Operating/Capital	0.000	0.000	0.000	0.000	0.000
Other Cash Adjustments	0.000	0.000	0.000	0.000	0.000
<b>Total Cash Conversion Adjustments</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Total Baseline Changes</b>	<b>(\$0.000)</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>(\$0.000)</b>	<b>\$0.000</b>
<b>Baseline 2006 July Financial Plan - Operating</b>	<b>(\$0.000)</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>(\$0.000)</b>	<b>\$0.000</b>
2007 Agency Program to Eliminate the Gap (PEGs)	0.000	0.000	0.000	0.000	0.000
<b>Total PEGs</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Net Surplus/(Deficit)</b>	<b>(\$0.000)</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>(\$0.000)</b>	<b>\$0.000</b>

**MTA METRO-NORTH RAILROAD**  
**July Financial Plan 2007 - 2010**  
**Changes Between Financial Plans by Generic Categories**  
(\$ in millions)

**NON-REIMBURSABLE and REIMBURSABLE**

	2006	2007	2008	2009	2010
<b>Baseline 2006 February Financial Plan -</b>	<b>(\$330.911)</b>	<b>(\$335.142)</b>	<b>(\$379.527)</b>	<b>(\$411.159)</b>	<b>(\$451.589)</b>
<b>Baseline Changes</b>					
<b>Revenue</b>					
Farebox Revenue	(\$0.102)	\$2.168	\$4.298	\$8.699	\$10.673
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	1.336	(2.674)	(5.357)	(0.285)	(1.088)
Capital and Other Reimbursement	(6.672)	(20.559)	(26.757)	(19.734)	(18.863)
<b>Total Revenue Changes</b>	<b>(\$5.438)</b>	<b>(\$21.065)</b>	<b>(\$27.816)</b>	<b>(\$11.320)</b>	<b>(\$9.278)</b>
<b>Expenses</b>					
<b>Labor:</b>					
Payroll	\$3.517	\$5.916	\$10.048	\$5.422	\$4.664
Overtime	0.513	0.819	0.849	0.882	0.914
Health and Welfare	0.450	(4.357)	(4.995)	(8.116)	(9.643)
Pensions	(0.423)	(0.979)	(0.822)	(1.098)	(1.094)
Other Fringe Benefits	(0.263)	(1.814)	(1.160)	(2.202)	(2.408)
Reimbursable Overhead	(0.178)	1.462	1.532	1.560	1.567
<b>Total Labor Expense Changes</b>	<b>\$3.618</b>	<b>\$1.046</b>	<b>\$5.452</b>	<b>(\$3.551)</b>	<b>(\$6.000)</b>
<b>Non-Labor:</b>					
Traction and Propulsion Power	\$0.931	(\$2.998)	(\$2.805)	(\$2.506)	(\$2.361)
Fuel for Buses and Trains	2.669	2.759	4.006	5.191	5.415
Insurance	0.802	1.251	1.803	1.342	1.298
Claims	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	(3.019)	(7.756)	(8.207)	(8.861)	(9.672)
Professional Service Contracts	0.327	(0.118)	(0.731)	0.150	1.108
Materials & Supplies	3.213	(0.917)	1.839	(2.968)	7.857
Other Business Expenses	(0.604)	(0.243)	(0.253)	(0.227)	(0.176)
<b>Total Non-Labor Expense Changes</b>	<b>\$4.318</b>	<b>(\$8.023)</b>	<b>(\$4.348)</b>	<b>(\$7.880)</b>	<b>\$3.467</b>
<b>Total Expenses before Depreciation</b>	<b>\$7.936</b>	<b>(\$6.977)</b>	<b>\$1.104</b>	<b>(\$11.431)</b>	<b>(\$2.533)</b>
Depreciation	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
<b>Total Expense Changes</b>	<b>\$7.936</b>	<b>(\$6.977)</b>	<b>\$1.104</b>	<b>(\$11.431)</b>	<b>(\$2.533)</b>
<b>Baseline Net Surplus/(Deficit) Changes</b>	<b>\$2.498</b>	<b>(\$28.042)</b>	<b>(\$26.712)</b>	<b>(\$22.751)</b>	<b>(\$11.811)</b>
<b>Cash Conversion Adjustment Changes</b>					
Depreciation	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Operating/Capital	(0.962)	(0.678)	(0.995)	0.000	0.000
Other Cash Adjustments	4.428	(0.774)	3.740	(4.517)	(6.873)
<b>Total Cash Conversion Adjustments</b>	<b>\$3.466</b>	<b>(\$1.452)</b>	<b>\$2.745</b>	<b>(\$4.517)</b>	<b>(\$6.873)</b>
<b>Total Baseline Changes</b>	<b>\$5.964</b>	<b>(\$29.494)</b>	<b>(\$23.967)</b>	<b>(\$27.268)</b>	<b>(\$18.684)</b>
<b>Baseline 2006 July Financial Plan - Operating</b>	<b>(\$324.947)</b>	<b>(\$364.636)</b>	<b>(\$403.494)</b>	<b>(\$438.427)</b>	<b>(\$470.273)</b>
2007 Agency Program to Eliminate the Gap (PE)	\$2.343	\$2.492	\$2.558	\$2.628	\$2.704
<b>Total PEGS</b>	<b>\$2.343</b>	<b>\$2.492</b>	<b>\$2.558</b>	<b>\$2.628</b>	<b>\$2.704</b>
<b>Net Surplus/(Deficit)</b>	<b>(\$322.604)</b>	<b>(\$362.144)</b>	<b>(\$400.936)</b>	<b>(\$435.799)</b>	<b>(\$467.569)</b>

**MTA METRO-NORTH RAILROAD**  
**July Financial Plan 2007 - 2010**  
**Summary of Major Programmatic Changes Between Financial Plans**  
(\$ in millions)

**NON-REIMBURSABLE and REIMBURSABLE**

	2006	2007	2008	2009	2010
<b>Baseline 2006 February Financial Plan - Operating Cash Income/(Deficit)</b>	<b>(\$330.911)</b>	<b>(\$335.142)</b>	<b>(\$379.527)</b>	<b>(\$411.159)</b>	<b>(\$451.589)</b>
<b><i>Non-Reimbursable Major Changes</i></b>					
<b><i>Revenue</i></b>					
Passenger Revenue - Ridership Growth	2.497	2.168	4.298	8.699	10.673
- Holiday Fare Impact	(2.599)	0.000	0.000	0.000	0.000
Non Passenger Revenue - Rents, Concessions & Utilities	0.656	(2.966)	(5.681)	(0.638)	(1.472)
- Commissary Operations	0.093	0.161	0.208	0.254	0.303
- Interest & Miscellaneous Income	0.587	0.131	0.116	0.100	0.082
Sub-Total Non-Reimbursable Revenue Changes	\$1.234	(\$.506)	(\$1.059)	\$8.415	\$9.586
<b><i>Expenses</i></b>					
M3 CSR - Increase program to entire fleet	1.187	(4.654)	(4.636)	(6.295)	0.000
GCT - Extraordinary Landmark Maintenance	(0.248)	(0.853)	(1.639)	(1.682)	(1.728)
M1 Car Retention (30 car CSR requirement for Yankee Stadium Svc)	0.000	0.000	0.000	(5.440)	0.000
New Haven Shop	0.000	(0.586)	(0.605)	(0.622)	(0.643)
M7 Car Spare Parts	(6.500)	(6.500)	0.000	0.000	0.000
M8 Car Spare Parts	0.000	0.000	0.000	(4.400)	(8.800)
NJT Subsidy Requirements for Renegotiated Contract	(4.176)	(3.059)	(4.360)	(5.655)	(7.096)
Additional WoffH Locomotive Overhaul Funding	(0.233)	(2.120)	(2.983)	(1.400)	0.000
M1 Car Disposal Cost	0.572	(0.790)	(1.114)	0.000	0.000
Equipment Replacement Plan	0.000	(1.705)	(1.354)	0.506	0.515
Genesis Locomotive Overhaul Program	5.560	(0.369)	1.055	0.842	0.615
All Other	5.102	(6.901)	(10.018)	(7.019)	(4.259)
Sub-Total Non-Reimbursable Expense Changes	1.264	(27.536)	(25.653)	(31.165)	(21.396)
<b>Total Non-Reimbursable Major Changes</b>	<b>\$2.498</b>	<b>(\$28.042)</b>	<b>(\$26.712)</b>	<b>(\$22.750)</b>	<b>(\$11.810)</b>
<b><i>Reimbursable Major Changes</i></b>					
<b>Revenue</b>					
Projections for 2007-2010 assume capital project activity levels similar to 2006 MYF	(\$6.672)	(\$20.559)	(\$26.757)	(\$19.734)	(\$18.863)
Sub-Total Reimbursable Revenue Changes					
<b>Expenses</b>					
Projections for 2007-2010 assume capital project activity levels similar to 2006 MYF	6.672	20.559	26.757	19.734	18.863
Sub-Total Reimbursable Expense Changes	\$6.672	\$20.559	\$26.757	\$19.734	\$18.863
<b>Total Reimbursable Major Changes</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Total Accrual Changes</b>	<b>\$2.498</b>	<b>(\$28.042)</b>	<b>(\$26.712)</b>	<b>(\$22.750)</b>	<b>(\$11.810)</b>
<b><i>Cash Adjustment Changes</i></b>					
Operating Capital	(0.962)	0.678	0.995	0.000	0.000
Change in Force Account Receipts	2.907	1.673	0.334	(1.753)	0.198
Deferred Wage Provision	0.584	0.000	0.000	0.000	0.000
Prior Period Payments for Ferry Service Project	3.325	(1.464)	0.000	0.000	0.000
M7 Spare Parts	(4.500)	(2.500)	2.000	0.000	0.000
M8 Spare Parts	0.000	0.000	0.000	(4.400)	(8.800)
All Other	2.112	0.161	(0.584)	1.636	1.729
<b>Total Cash Adjustment Changes</b>	<b>\$3.466</b>	<b>(\$1.452)</b>	<b>\$2.745</b>	<b>(\$4.517)</b>	<b>(\$6.873)</b>
<b>Total Baseline Changes</b>	<b>\$5.964</b>	<b>(\$29.494)</b>	<b>(\$23.967)</b>	<b>(\$27.267)</b>	<b>(\$18.683)</b>
<b>Baseline 2006 July Financial Plan - Operating Cash Income/(Deficit)</b>	<b>(\$324.947)</b>	<b>(\$364.636)</b>	<b>(\$403.494)</b>	<b>(\$438.426)</b>	<b>(\$470.272)</b>
2007 Agency Program to Eliminate the Gap (PEGs)	2.343	2.492	2.558	2.628	2.704
<b>2006 July Financial Plan - Operating Cash Income/(Deficit)</b>	<b>(\$322.604)</b>	<b>(\$362.144)</b>	<b>(\$400.936)</b>	<b>(\$435.798)</b>	<b>(\$467.568)</b>

**MTA METRO-NORTH RAILROAD  
2007 PRELIMINARY BUDGET  
JULY FINANCIAL PLAN 2007-2010**

**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 July Forecast incorporates higher customer growth rates for East of Hudson Service than the February Financial Plan. This increase reflects current general growth trend, which is incorporated into the 2007-2010 ridership base.

The 2006 July Forecast reflects East of Hudson service ridership that is 0.5% higher than the adopted (February Plan) budget, and 2.5% higher than 2005 actual results. In 2007, 2008, 2009 and 2010, ridership is projected to grow 2.1%, 2.1%, 1.9% and 1.4% respectively.

West of Hudson utilization reflects higher customer levels than included in the February Plan. This increase reflects higher than previously projected ridership growth from new service, the operation of the Secaucus transfer and PATH Service in lower Manhattan as well as, the impact of capital program improvements and service expansions through the period.

The 2006 July Forecast reflects West of Hudson ridership that is 5.1%% higher than the adopted (February Plan) budget, and 7.3%% higher than 2005 actual results. In 2007, 2008, 2009 and 2010, ridership is projected to grow 6.3%, 8.3%, 7.0% and 3.9%, respectively.

**MTA Metro-North Railroad**  
**July Financial Plan 2007 - 2010**  
**Ridership/Traffic Volume (Utilization)**  
**(in millions)**

	<b>2005</b>	<b>2006</b>	<b>2007</b>			
	<b>Actuals</b>	<b>Mid-Year</b>	<b>Preliminary</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
		<b>Forecast</b>	<b>Budget</b>			
<b><u>Farebox Revenue</u></b>						
Harlem Line	\$127.640	\$130.924	\$134.629	\$137.777	\$141.493	\$144.074
Hudson Line	88.981	93.672	97.510	100.305	102.982	105.166
New Haven Line	220.300	225.801	230.111	234.035	238.753	241.306
West of Hudson Mail & Ride	0.750	0.800	0.900	0.950	1.000	1.050
<b>Total Farebox Revenue</b>	<b>\$437.671</b>	<b>\$451.197</b>	<b>\$463.150</b>	<b>\$473.067</b>	<b>\$484.228</b>	<b>\$491.596</b>
 <b><u>Ridership</u></b>						
Harlem Line	24.742	25.219	25.759	26.322	26.893	27.324
Hudson Line	14.131	14.680	15.169	15.577	15.918	16.238
New Haven Line	33.878	34.664	35.192	35.798	36.391	36.784
<b>Baseline Total Ridership</b>	<b>72.751</b>	<b>74.563</b>	<b>76.120</b>	<b>77.697</b>	<b>79.202</b>	<b>80.346</b>
 <i>Impact of:</i>						
PEG Program	0	0	0	0	0	0
<b>Total Ridership</b>	<b>72.751</b>	<b>74.563</b>	<b>76.120</b>	<b>77.697</b>	<b>79.202</b>	<b>80.346</b>

**MTA Metro-North Railroad**  
**July Financial Plan 2007 - 2010**  
**Summary of 2007 PEGs**  
(\$ in millions)

Favorable/(Unfavorable)										
2006		2007		2008		2009		2010		
Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	
<b>LIST of PROGRAMS</b>										
Administration:										
Process Review for Productivity Savings	0	\$ .000	0	\$ .250	0	\$ .500	0	\$ 1.000	0	\$ 1.000
IT - Evaluation Equipment & Technology	0	.000	0	.104	0	.107	0	.109	0	.112
PS Implementation Data Processing Impact	0	.600	0	.609	0	.621	0	.631	0	.643
PS Implementation Controller	5	.252	5	.354	5	.364	5	.376	5	.388
Review Payroll Discounts	0	1.491	0	1.529	0	1.573	0	1.621	0	1.673
Sub-Total Administration	5	\$2.343	5	\$2.846	5	\$3.165	5	\$3.737	5	\$3.816
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
<b>Total 2007 PEGs</b>	<b>5</b>	<b>\$2.343</b>	<b>5</b>	<b>\$2.846</b>	<b>5</b>	<b>\$3.165</b>	<b>5</b>	<b>\$3.737</b>	<b>5</b>	<b>\$3.816</b>

**MTA Metro-North Railroad  
July 2007-2010  
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?:

**Other Issues:**

	2006 Mid Year Forecast	2007 Preliminary Budget	2008	2009	2010
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.250	\$0.500	\$1.000	\$1.000
<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					
(Identify Appropriate Indicator)					
<i>List of Other Concerns:</i>					
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-

**MTA Metro-North Railroad  
July 2007-2010  
PEG Financial Impact Worksheet**

**PEG Program Category:** ADMINISTRATION  
**Program:** IT - EVALUATION EQUIPMENT & TECHNOLOGY

<b>Background Details:</b>	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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<b>PEG Description/Implementation Plan</b> The provision is being eliminated for the duration of the plan.	
<b>PEG Implementation Date:</b>	January 2007
<b>When will PEG savings begin?:</b>	
<b>Other Issues:</b>	

	2006 Mid Year Forecast	2007 Preliminary Budget	2008	2009	2010
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.104	\$0.107	\$0.109	\$0.112

*Total Reduction in Positions Required*

*(List Title of Positions)*

Current Vacancies	0	0	0	0	0
<i>(List title of vacant positions)</i>					

*Impact on Operations:*

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 2007- 2010  
PEG Financial Impact Worksheet**

**PEG Category:**

**Administration**

**Program:**

**PeopleSoft Implementation-Data Processing Impact**

Background Details:	PeopleSoft Financial system applications are supported by server technology rather than mainframe computers. Consequently, outside data center vendor support fees can be reduced.		
PEG Description/Implementation Plan:	Reduce Data Center fees by \$600,000 starting in 2006.		
PEG Implementation Date:	1/2006	When will PEG savings begin?: 1/2006	
Other Issues:			

	<b>2006 Mid Year Forecast</b>	<b>2007 Preliminary Budget</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	<b>\$0.600</b>	<b>\$0.609</b>	<b>\$0.621</b>	<b>\$0.631</b>	<b>\$0.643</b>
<i>Total Reduction in Positions Required</i>	0	0	0	0	0
<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>					
<i>List of Other Concerns:</i>					
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-

**MTA Metro-North Railroad  
July Financial Plan 2007- 2010  
PEG Financial Impact Worksheet**

**PEG Category:**

**Administration**

**Program:**

**PeopleSoft Implementation-Controller Savings**

**Background Details:**

Implementation of the PeopleSoft Payroll Module has resulted in administrative efficiencies in the Controllers' Department.

**PEG Description/Implementation Plan:**

Staffing reductions of seven agreement positions will be offset by the addition of two management positions by the end of 2006. This results in a net headcount reduction of five positions.

**PEG Implementation Date:**

**1/2006**

**When will PEG savings begin?: 1/2006**

**Other Issues:**

	2006 Mid-Year Forecast	2007 Preliminary Budget	2008	2009	2010
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.252	\$0.354	\$0.364	\$0.376	\$0.388
<i>Total Reduction in Positions Required</i>	5	5	5	5	5
<i>(List Title of Positions)</i>					
Current Vacancies <i>(List title of vacant positions)</i>	5	5	5	5	5
<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 2007- 2010  
PEG Financial Impact Worksheet**

**PEG Category:**

**Administration**

**Program:**

**Review of Payroll Discounts**

<b>Background Details:</b>	Changes in the nature of Metro North's staffing over the last several years prompted an evaluation of payroll adjustments for step rate discounts, sick pay liability and the fluctuation of positions between operating and capital assignments to ensure that payroll estimates reflect current payment trends.
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<b>PEG Description/Implementation Plan:</b>	Payroll adjustment analysis will result in a reduction of \$1.0 million dollars, excluding fringe, starting in 2006.	
<b>Public Hearings required?</b>		<b>If Yes, when?:</b>
<b>Labor agreement concerns?:</b>	No	
<b>Layoffs Required?:</b>	No	<b>If Yes, when?:</b>
<b>PEG Implementation Date:</b>	1/2006	<b>When will PEG savings begin?: 1/2006</b>
<b>Other Issues:</b>		

	<b>2006 Mid Year Forecast</b>	<b>2007 July Budget</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	<b>\$1.491</b>	<b>\$1.529</b>	<b>\$1.573</b>	<b>\$1.621</b>	<b>\$1.673</b>
<i>Total Reduction in Positions Required</i>	0	0	0	0	0
<i>(List Title of Positions)</i>					
<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)					
<i>List of Other Concerns:</i>					
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-

\*Text Revised August 2006

**MTA METRO-NORTH RAILROAD  
2007 PRELIMINARY BUDGET  
JULY FINANCIAL PLAN 2007-2010**

**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, as well as reflect the seasonally- adjusted staffing requirements for the capital projects.

2006 staffing levels reflect changes in project requirements. The 2007-2010 staffing levels assume a continuation of 2006 project activity levels.

**MTA METRO NORTH RAILROAD**  
**July Financial Plan 2007- 2010**  
**Non-Reimbursable - Reimbursable Positions at End-of-Year**  
**Full-Time Positions and Full Time Equivalents**

<b>FUNCTION/DEPARTMENT</b>	<b>2005 Actuals</b>	<b>2006 Mid-Year Forecast</b>	<b>2007 Preliminary Budget</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Administration</b>						
President	6	6	6	6	6	6
Labor Relations	11	13	13	13	13	13
Safety	14	14	14	14	14	14
Corporate & Media Relations	15	15	15	15	15	15
Legal	15	16	16	16	16	16
Claims Services	19	20	22	22	22	22
Environmental Compliance & Serv	6	6	6	6	6	6
VP Human Resources	3	3	3	3	3	3
Human Resources	45	47	47	47	47	47
Training	29	29	31	31	31	31
Workforce Diversity	4	4	4	4	4	4
VP Planning & Development	3	3	3	3	3	3
Operations Planning	13	13	13	13	13	13
Capital Planning	14	14	14	14	14	14
Business Development & Facilities	12	14	14	14	14	14
Marketing	10	10	10	10	10	10
Industrial Engineering	11	11	11	11	11	11
Executive Vice President	1	1	1	1	1	1
Controller	122	125	125	125	125	125
Information Technology	120	124	128	128	128	128
Budget	14	16	16	16	16	16
Customer Service	66	65	66	67	67	67
Corporate	0	(35)	(45)	(45)	(45)	(45)
<b>Total Administration</b>	<b>553</b>	<b>534</b>	<b>533</b>	<b>534</b>	<b>534</b>	<b>534</b>
<b>Operations</b>						
VP Operations	36	56	56	69	69	69
Operations Services	1,815	1,876	1,879	1,890	1,936	1,943
Metro-North West	30	27	27	27	27	27
<b>Total Operations</b>	<b>1,881</b>	<b>1,959</b>	<b>1,962</b>	<b>1,986</b>	<b>2,032</b>	<b>2,039</b>
<b>Maintenance</b>						
GCT	341	363	374	393	413	413
Maintenance of Equipment	1,256	1,267	1,300	1,300	1,277	1,277
Maintenance of Way	1,505	1,515	1,541	1,545	1,562	1,565
Procurement & Material Management	167	172	171	171	171	171
<b>Total Maintenance</b>	<b>3,269</b>	<b>3,317</b>	<b>3,386</b>	<b>3,409</b>	<b>3,423</b>	<b>3,426</b>
<b>Engineering/Capital</b>						
Project Budget	13	13	13	13	13	13
Construction Management	37	39	39	39	39	39
Engineering & Design	59	62	62	62	62	62
<b>Total Engineering/Capital</b>	<b>109</b>	<b>114</b>	<b>114</b>	<b>114</b>	<b>114</b>	<b>114</b>
<b>Total Baseline Positions</b>	<b>5,812</b>	<b>5,924</b>	<b>5,995</b>	<b>6,043</b>	<b>6,103</b>	<b>6,113</b>
<i>Non-Reimbursable</i>	5,294	5,336	5,407	5,455	5,515	5,525
<i>Reimbursable</i>	518	588	588	588	588	588
<i>Total Full-Time</i>	5,807	5,919	5,990	6,038	6,098	6,108
<i>Total Full-Time-Equivalents</i>	5	5	5	5	5	5
<hr/>						
Impact of:						
2007 Program to Eliminate the Gap	-	5	5	5	5	5
Post 2007 Program to Eliminate the Gap	-	0	0	0	0	0
<b>Total Positions</b>	<b>5,812</b>	<b>5,919</b>	<b>5,990</b>	<b>6,038</b>	<b>6,098</b>	<b>6,108</b>
<i>Non-Reimbursable</i>	5,294	5,331	5,402	5,450	5,510	5,520
<i>Reimbursable</i>	518	588	588	588	588	588
<i>Total Full-Time</i>	5,807	5,914	5,985	6,033	6,093	6,103
<i>Total Full-Time-Equivalents</i>	5	5	5	5	5	5

Revised 2007 PEG headcount, August 2006

**MTA METRO-NORTH RAILROAD**  
**July Financial Plan 2007-2010**  
**Total Full-time Positions and Full-time Equivalents by Function and Occupational Group**  
**Non-Reimbursable and Reimbursable**

FUNCTION/OCCUPATIONAL GROUP		2006 Mid-Year Forecast	2007 Preliminary Budget	2008	2009	2010
<b>Administration</b>						
	Managers/Supervisors	41	41	41	41	41
	Professional, Technical, Clerical	493	492	493	493	493
	Operational Hourlies	0	0	0	0	0
	<b>Total Administration</b>	534	533	534	534	534
<b>Operations</b>						
	Managers/Supervisors	28	28	28	28	28
	Professional, Technical, Clerical	478	478	491	491	491
	Operational Hourlies	1,453	1,456	1,467	1,513	1,520
	<b>Total Operations</b>	1,959	1,962	1,986	2,032	2,039
<b>Maintenance</b>						
	Managers/Supervisors	39	40	40	40	40
	Professional, Technical, Clerical	1,050	1,068	1,095	1,110	1,111
	Operational Hourlies	2,228	2,278	2,274	2,273	2,275
	<b>Total Maintenance</b>	3,317	3,386	3,409	3,423	3,426
<b>Engineering/Capital</b>						
	Managers/Supervisors	27	27	27	27	27
	Professional, Technical, Clerical	87	87	87	87	87
	Operational Hourlies	0	0	0	0	0
	<b>Total Engineering/Capital</b>	114	114	114	114	114
<b>Public Safety</b>						
	Managers/Supervisors	0	0	0	0	0
	Professional, Technical, Clerical	0	0	0	0	0
	Operational Hourlies	0	0	0	0	0
	<b>Total Public Safety</b>	0	0	0	0	0
<b>Total Baseline Positions</b>						
	Managers/Supervisors	135	136	136	136	136
	Professional, Technical, Clerical	2,108	2,125	2,166	2,181	2,182
	Operational Hourlies	3,681	3,734	3,741	3,786	3,795
	<b>Total Baseline Positions</b>	5,924	5,995	6,043	6,103	6,113

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## **MTA Headquarters**

**MTA Headquarters  
2007 Preliminary Budget  
July Financial Plan 2007 – 2010**

**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**

Terrorist activities, corporate financial improprieties, exploding costs for health and welfare and pensions, and an eroding infrastructure are some of the many problems that have plagued the U. S. economy as a whole. To address these issues all major U.S. organizations including the MTA have been challenged with the mandate to strengthen operations and to restore confidence in the way America conducts its business.

The MTA has undergone a remarkable transformation in meeting that challenge. In light of the terrorist attacks in New York and throughout the world the MTA has taken extraordinary measures to enhance safety and security for a system that spans the five boroughs, several upstate counties, Long Island, and Southern Connecticut. Since 2001 it has added over 200 uniformed personnel accompanied by enhanced training and equipment. The 2005-2009 Capital Program builds on prior capital programs with additional investments in security, as well as state of good repair, and expansion projects. Emergency exit bars in subway stations are being installed to allow rapid evacuation if necessary, and a pilot program is testing the use of cameras at various stations. In addition, an Office of Interagency Preparedness has been established to coordinate interagency issues, security, grants and funding from all sources and levels of government.

Significant progress has also been made towards the goal of providing accurate, timely, and transparent financial reporting. In order to enhance public confidence, the Budget process has been revamped and, in addition to the annual budget adopted by the board, the MTA now prepares a Four-Year Financial Plan. This process identifies problems early and allows for timely solutions with input from the public and elected officials. In addition, the MTA now prepares quarterly Financial Statements that are reviewed by private auditors and released to the general public as well as the financial community.

To consolidate and access the data needed to achieve financial transparency MTA Headquarters has invested in an Enterprise Performance Management system for human resource and financial information. Training has been provided to create a more knowledgeable workforce capable of taking advantage of new technologies.

MTA Headquarters has also established an Office of Internal Controls in order to strengthen corporate guidelines and policies and to improve corporate governance.

While the MTA has made significant improvements in its operations it continues to seek opportunities to downsize and maximize efficiencies. One opportunity for savings involves achieving overtime reductions within the MTA Police through increased command management and the analysis of detailed overtime reporting now available through the PeopleSoft system. Another productivity initiative included in the this budget is a program to identify those positions whose functions are no longer needed and can be eliminated through attrition or re-assignment over the next two years. Combined savings from these programs to eliminate the gap have already begun and will reduce expenses by \$0.829 million beginning in 2006 and \$0.834 million in 2007. Thereafter, these programs result in expense reductions of \$2.226 million, \$2.340 million, and \$2.247 million per year in 2008, 2009, and 2010, respectively.

### **2006 Mid-Year Forecast**

The MTA Headquarters Mid-Year Forecast reflects some significant changes from the 2006 Adopted Budget. The Forecast includes a decrease in professional services as a result of transferring ongoing NYCT and B&T security costs into each agency's baseline. In 2006, \$33.111 million of funding originally included in Headquarters, to provide for security reimbursements to the agencies for these continuing programs, now resides within the agencies budgets. As an offset, the Forecast includes \$9.0 million to fund an MTA-wide Shared Services study. This study will promote efficiencies and reduce duplication of efforts primarily in the area of financial management throughout the MTA. Salaries have been increased by \$4.0 million for leave balance accruals to reflect the growth of staff vacation and sick leave balances. Similarly, fringe benefits include an accrual of \$2.5 million for the growth in ongoing liabilities for post employment benefits. Professional services has been increased mainly as a result of increases in the State Public Work Enforcement Fund assessment to reimburse the State Department of Labor for oversight of the prevailing wage law; and for potential additional PeopleSoft maintenance and support for the Treasury/Cash, and Accounts Payables functions, service packs, and upgrades. Maintenance and repairs has also been increased to give effect to negotiated increases in the mid-town building facilities long-term maintenance and building security contracts that expired in 2006.

In addition, certain strategic new needs have been included in the 2006 Mid-Year Forecast to reinforce the strides the MTA has made in promoting transparency. Headquarters will increase headcount by 11 positions, an increase of \$0.508 million, in the areas of Human Resources (6), Treasury (2), and Finance (3). In addition, eight new positions at a 2006 cost of \$0.697 million will be added in the area of Corporate

Compliance to increase oversight and to maintain a high standard of corporate governance. Also, \$0.162 million will be added in 2006 for technology equipment costs. Finally, 6 positions will be internally funded to staff an Office of Preparedness to coordinate interagency security issues, grants, and funding from various levels of government.

## **2007 Preliminary Budget- Baseline**

MTA Headquarters projects a Baseline Net Deficit of \$267.863 million in the 2007 Preliminary Budget before PEGs. The Net Deficit is \$21.506 million below the February Financial Plan of \$289.369 million. Decreases in professional services as a result of transferring ongoing NYCT and B&T security costs into each agency's baseline are offset, in part, by higher re-estimated State Public Work Enforcement Fund assessment costs to reimburse the State Department of Labor for oversight of the prevailing wage law; strategic funding to develop the PeopleSoft Enterprise Internal Controls Enforcer which is designed to automate monitoring and diagnostic capabilities of Internal Controls in order to strengthen the MTA's Corporate Governance oversight; and potential additional PeopleSoft maintenance and support enhancements for additional functions, service packs, and upgrades in order to continue to promote efficiency and transparency. Increased salaries result mainly from higher leave balance accruals to reflect the growth of staff vacation and sick leave balances. Fringe benefits include higher accruals to reflect the growth in ongoing liabilities for post employment benefits. The baseline also assumes headcount levels of 657 employees at MTA Headquarters and 774 employees in Public Safety, totaling 1,431 employees. Included in this baseline budget deficit are a total of \$1.987 million in new needs related to strategic deployment of new and existing personnel within new MTA Police Department facilities. The remaining \$1.757 million is a continuation of new needs from 2006. The below-the-line 2007 PEG and Post-2007 PEG actions are discussed in Gap Closing Measures.

## **2008-2010 Projections**

The baseline Net Deficit for 2008 is \$281.991 million which incorporates \$3.731 million in continuing New Needs over and above the February Financial Plan. The baseline reflects the strategic staff additions at MTA Headquarters increasing from the February Financial Plan of 1,385 employees to 1,431 employees.

The baseline Net Deficit for 2009 increases from 2008 by \$1.964 million to \$283.955 million, and includes \$3.951 million in continuing New Needs from the February Financial Plan. The baseline reflects the strategic staff additions at MTA Headquarters increasing from the February Financial Plan of 1,385 employees to 1,431 employees.

The baseline Net Deficit for 2010 increases over the 2009 baseline by \$11.365 million to \$295.320 million, which includes \$4.169 million in continuing New Needs from the February Financial Plan. The baseline reflects strategic staff additions at MTA Headquarters increasing from the February Financial Plan of 1,385 employees to 1,431 employees.

## **Gap Closing Measures**

### 2007 Programs to Eliminate the Gap

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. However, due to enhanced command oversight of overtime usage, further reductions to the budgeted levels of overtime will be achieved. This category of PEG savings begins in 2006, providing reduced overtime of \$0.829 million and increasing through out the plan period.

### Post-2007 Programs to Eliminate the Gap

As a result of its strategic hires MTA Headquarters will examine its organizational structure to achieve savings in salaries and fringe benefits by reducing 18 positions through attrition. Departments will be required to identify the positions to be eliminated and will be responsible to achieve additional savings through vacancy control and delayed hiring until attrition takes place. The full headcount reduction will take place by 2008. PEG savings are expected to be \$1.330 million in 2008 and increase through out the plan period.

**MTA HEADQUARTERS**  
**July Financial Plan 2007 - 2010**  
**Accrual Statement of Operations by Category**  
(\$ in millions)

<b>NON-REIMBURSABLE</b>						
	<b>2005</b>	<b>2006</b>	<b>2007</b>			
	<b>Actuals</b>	<b>Mid-Year Forecast</b>	<b>Preliminary Budget</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Operating Revenue</b>						
Fare Revenue	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Vehicle Toll Revenue	-	-	-	-	-	-
<u>Other Operating Revenue</u>						
Rental Income	45.443	46.243	46.902	48.108	49.334	50.563
Data Center Billings	0.000	0.000	0.000	0.000	0.000	0.000
Other	2.469	4.169	4.272	4.382	4.493	4.605
Total Other Operating Revenue	47.912	50.412	51.174	52.490	53.827	55.168
Capital and Other Reimbursements	-	-	-	-	-	-
<b>Total Revenue</b>	<b>\$47.912</b>	<b>\$50.412</b>	<b>\$51.174</b>	<b>\$52.490</b>	<b>\$53.827</b>	<b>\$55.168</b>
<b>Operating Expenses</b>						
<u>Labor:</u>						
Payroll	\$104.646	\$116.959	\$117.792	\$121.231	\$124.997	\$129.050
Overtime	11.454	9.792	10.094	10.388	10.707	11.050
Health and Welfare	12.782	19.371	19.886	22.462	25.480	28.904
Pensions	19.145	21.919	22.513	22.844	23.604	24.411
Other Fringe Benefits	14.026	10.107	10.582	11.129	11.703	12.288
Reimbursable Overhead	(33.597)	(43.494)	(45.172)	(46.223)	(47.429)	(48.600)
<b>Total Labor Expenses</b>	<b>\$128.456</b>	<b>\$134.654</b>	<b>\$135.695</b>	<b>\$141.831</b>	<b>\$149.062</b>	<b>\$157.103</b>
<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	-	-	-	-	-	-
Insurance	9.056	11.067	12.148	13.406	14.699	16.167
Claims	-	-	-	-	-	-
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	12.661	15.208	14.354	14.726	14.920	15.297
Professional Service Contracts	75.366	49.854	43.593	45.170	45.401	45.728
Materials & Supplies	1.009	0.995	1.091	1.119	1.148	1.176
<u>Other Business Expenses</u>						
MTA Internal Subsidy	34.719	30.623	32.862	40.574	34.775	35.776
Other	52.646	52.960	54.632	55.910	58.235	59.699
Total Other Business Expenses	87.365	83.583	87.494	96.484	93.010	95.475
<b>Total Non-Labor Expenses</b>	<b>\$185.457</b>	<b>\$160.707</b>	<b>\$158.680</b>	<b>\$170.905</b>	<b>\$169.178</b>	<b>\$173.843</b>
<u>Other Expenses Adjustments:</u>						
Other	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
<b>Total Other Expense Adjustments</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Total Expenses before Depreciation</b>	<b>\$313.913</b>	<b>\$295.361</b>	<b>\$294.375</b>	<b>\$312.736</b>	<b>\$318.240</b>	<b>\$330.946</b>
Depreciation	23.206	25.375	24.662	21.745	19.542	19.542
<b>Total Expenses</b>	<b>\$337.119</b>	<b>\$320.736</b>	<b>\$319.037</b>	<b>\$334.481</b>	<b>\$337.782</b>	<b>\$350.488</b>
<b>Baseline Surplus/(Deficit)</b>	<b>(\$289.207)</b>	<b>(\$270.324)</b>	<b>(\$267.863)</b>	<b>(\$281.991)</b>	<b>(\$283.955)</b>	<b>(\$295.320)</b>
2007 Program to Eliminate the Gap (PEGs)		0.829	0.834	0.896	0.902	0.910
Post 2007 Program to Eliminate the Gap (PEGs)		0.000	0.000	1.330	1.438	1.537
<b>Net Surplus/(Deficit)</b>	<b>(\$289.207)</b>	<b>(\$269.495)</b>	<b>(\$267.029)</b>	<b>(\$279.765)</b>	<b>(\$281.615)</b>	<b>(\$292.873)</b>

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**MTA HEADQUARTERS**  
**July Financial Plan 2007 - 2010**  
**Accrual Statement of Operations by Category**  
(\$ in millions)

<b>NON-REIMBURSABLE / REIMBURSABLE</b>						
	<b>2005</b>	<b>2006</b>	<b>2007</b>			
	<b>Actuals</b>	<b>Mid-Year Forecast</b>	<b>Preliminary Budget</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Revenue</b>						
Fare Revenue	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Vehicle Toll Revenue	-	-	-	-	-	-
<u>Other Operating Revenue</u>						
Rental Income	45.443	46.243	46.902	48.108	49.334	50.563
Data Center Billings	-	-	-	-	-	-
Other	2.469	4.169	4.272	4.382	4.493	4.605
Total Other Operating Revenue	47.912	50.412	51.174	52.490	53.827	55.168
Capital and Other Reimbursements	37.938	47.669	49.307	50.507	51.872	53.218
<b>Total Revenue</b>	<b>\$85.850</b>	<b>\$98.081</b>	<b>\$100.481</b>	<b>\$102.997</b>	<b>\$105.699</b>	<b>\$108.386</b>
<b>Expenses</b>						
<u>Labor:</u>						
Payroll	\$106.115	\$118.481	\$119.465	\$122.953	\$126.772	\$130.881
Overtime	11.454	9.792	10.094	10.388	10.707	11.050
Health and Welfare	12.872	19.584	20.154	22.768	25.827	29.301
Pensions	19.217	22.137	22.745	23.082	23.852	24.669
Other Fringe Benefits	14.393	10.234	10.724	11.279	11.861	12.455
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total Labor expenses</b>	<b>\$164.051</b>	<b>\$180.228</b>	<b>\$183.182</b>	<b>\$190.470</b>	<b>\$199.019</b>	<b>\$208.356</b>
<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	-	-	-	-	-	-
Insurance	9.056	11.067	12.148	13.406	14.699	16.167
Claims	-	-	-	-	-	-
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	12.661	15.208	14.354	14.726	14.920	15.297
Professional Service Contracts	77.650	51.844	45.341	46.964	47.241	47.616
Materials & Supplies	1.009	0.995	1.091	1.119	1.148	1.176
<u>Other Business Expenses</u>						
MTA Internal Subsidy	34.719	30.623	32.862	40.574	34.775	35.776
Other Business Expenses	52.705	53.065	54.704	55.984	58.310	59.776
Total Other Business Expenses	87.424	83.688	87.566	96.558	93.085	95.552
<b>Total Non-Labor expenses</b>	<b>\$187.800</b>	<b>\$162.802</b>	<b>\$160.500</b>	<b>\$172.773</b>	<b>\$171.093</b>	<b>\$175.808</b>
<u>Other Expenses Adjustments:</u>						
Other	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
<b>Total Other Expense Adjustments</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Total Expenses before Depreciation</b>	<b>\$351.851</b>	<b>\$343.030</b>	<b>\$343.682</b>	<b>\$363.243</b>	<b>\$370.112</b>	<b>\$384.164</b>
Depreciation	23.206	25.375	24.662	21.745	19.542	19.542
<b>Total Expenses</b>	<b>\$375.057</b>	<b>\$368.405</b>	<b>\$368.344</b>	<b>\$384.988</b>	<b>\$389.654</b>	<b>\$403.706</b>
<b>Baseline Surplus/(Deficit)</b>	<b>(\$289.207)</b>	<b>(\$270.324)</b>	<b>(\$267.863)</b>	<b>(\$281.991)</b>	<b>(\$283.955)</b>	<b>(\$295.320)</b>
2007 Program to Eliminate the Gap (PEGs)	0.000	0.829	0.834	0.896	0.902	0.910
Post 2007 Program to Eliminate the Gap (PEGs)	0.000	0.000	0.000	1.330	1.438	1.537
<b>Net Surplus/(Deficit)</b>	<b>(\$289.207)</b>	<b>(\$269.495)</b>	<b>(\$267.029)</b>	<b>(\$279.765)</b>	<b>(\$281.615)</b>	<b>(\$292.873)</b>

**MTA HEADQUARTERS**  
**July Financial Plan 2007 - 2010**  
**Cash Receipts & Expenditures**  
(\$ in millions)

<b>CASH RECEIPTS AND EXPENDITURES</b>						
	<b>2005</b>	<b>2006</b>	<b>2007</b>			
	<b>Actuals</b>	<b>Mid-Year Forecast</b>	<b>Preliminary Budget</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Receipts</b>						
Fare Revenue	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Vehicle Toll Revenue	-	-	-	-	-	-
<u>Other Operating Revenue</u>						
Rental Income	42.534	46.243	46.902	48.108	49.334	50.563
Data Center Billings	0.000	0.000	0.000	0.000	0.000	0.000
Other	5.358	4.169	4.272	4.382	4.493	4.605
Total Other Operating Revenue	47.892	50.412	51.174	52.490	53.827	55.168
Capital and Other Reimbursements	38.866	45.236	48.897	50.207	51.531	52.881
<b>Total Receipts</b>	<b>\$86.758</b>	<b>\$95.648</b>	<b>\$100.071</b>	<b>\$102.697</b>	<b>\$105.358</b>	<b>\$108.049</b>
<b>Expenditures</b>						
<u>Labor:</u>						
Payroll	\$114.761	\$115.481	\$116.391	\$119.800	\$123.538	\$127.567
Overtime	11.454	9.792	10.094	10.388	10.707	11.050
Health and Welfare	13.234	19.025	20.107	22.550	25.572	29.012
Pensions	20.002	21.407	22.593	22.998	23.660	24.465
Other Fringe Benefits	9.236	10.581	10.683	11.233	11.812	12.405
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total Labor Expenditures</b>	<b>\$168.687</b>	<b>\$176.286</b>	<b>\$179.868</b>	<b>\$186.969</b>	<b>\$195.289</b>	<b>\$204.499</b>
<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	-	-	-	-	-	-
Insurance	0.677	11.871	13.028	14.374	15.764	17.339
Claims	-	-	-	-	-	-
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	5.843	15.208	14.354	14.726	14.920	15.297
Professional Service Contracts	73.358	45.844	45.341	46.964	47.241	47.616
Materials & Supplies	0.459	0.995	1.091	1.119	1.148	1.176
<u>Other Business Expenses</u>						
MTA Internal Subsidy	33.900	31.094	32.862	40.574	34.775	35.776
Other Business Expenses	102.811	51.473	53.147	54.391	56.649	58.073
Total Other Business Expenses	136.711	82.567	86.009	94.965	91.424	93.849
<b>Total Non-Labor Expenditures</b>	<b>\$217.048</b>	<b>\$156.485</b>	<b>\$159.823</b>	<b>\$172.148</b>	<b>\$170.497</b>	<b>\$175.277</b>
<u>Other Expenditure Adjustments:</u>						
Capital	\$16.336	\$21.518	\$21.339	\$21.339	\$20.800	\$20.800
Unallocated Service Enhancement Policy Action	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total Other Expenditure Adjustments</b>	<b>\$16.336</b>	<b>\$21.518</b>	<b>\$21.339</b>	<b>\$21.339</b>	<b>\$20.800</b>	<b>\$20.800</b>
<b>Total Expenditures</b>	<b>\$402.071</b>	<b>\$354.289</b>	<b>\$361.030</b>	<b>\$380.456</b>	<b>\$386.586</b>	<b>\$400.576</b>
<b>Baseline Cash Deficit</b>	<b>(\$315.313)</b>	<b>(\$258.641)</b>	<b>(\$260.959)</b>	<b>(\$277.759)</b>	<b>(\$281.228)</b>	<b>(\$292.527)</b>
2007 Program to Eliminate the Gap (PEGs)		0.829	0.834	0.896	0.902	0.910
Post-2007 Program to Eliminate the Gap (PEGs)		0.000	0.000	1.330	1.438	1.537
<b>Net Cash Deficit</b>	<b>(\$315.313)</b>	<b>(\$257.812)</b>	<b>(\$260.125)</b>	<b>(\$275.533)</b>	<b>(\$278.888)</b>	<b>(\$290.080)</b>

**MTA HEADQUARTERS**  
**July Financial Plan 2007 - 2010**  
**Cash Conversion (Cash Flow Adjustments)**  
(\$ in millions)

<b>CASH FLOW ADJUSTMENTS</b>						
	<b>2005</b>	<b>2006</b>	<b>2007</b>			
	<b>Actuals</b>	<b>Mid-Year Forecast</b>	<b>Preliminary Budget</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Receipts</b>						
Fare Revenue	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Vehicle Toll Revenue	-	-	-	-	-	-
Other Operating Revenue	(0.020)	0.000	0.000	0.000	0.000	0.000
Capital and Other Reimbursements	0.928	(2.433)	(0.410)	(0.300)	(0.341)	(0.337)
<b>Total Receipts</b>	<b>\$0.908</b>	<b>(\$2.433)</b>	<b>(\$0.410)</b>	<b>(\$0.300)</b>	<b>(\$0.341)</b>	<b>(\$0.337)</b>
<b>Expenditures</b>						
<b><u>Labor:</u></b>						
Payroll	(\$8.646)	\$3.000	\$3.074	\$3.153	\$3.234	\$3.314
Overtime	-	-	-	-	-	-
Health and Welfare	(0.362)	0.559	0.047	0.218	0.255	0.289
Pensions	(0.785)	0.730	0.152	0.084	0.192	0.204
Other Fringe Benefits	5.157	(0.347)	0.041	0.046	0.049	0.050
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total Labor Expenditures</b>	<b>(\$4.636)</b>	<b>\$3.942</b>	<b>\$3.314</b>	<b>\$3.501</b>	<b>\$3.730</b>	<b>\$3.857</b>
<b><u>Non-Labor:</u></b>						
Traction and Propulsion Power	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Fuel for Buses and Trains	-	-	-	-	-	-
Insurance	8.379	(0.804)	(0.880)	(0.968)	(1.065)	(1.172)
Claims	-	-	-	-	-	-
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	6.818	0.000	0.000	0.000	0.000	0.000
Professional Service Contracts	4.292	6.000	0.000	0.000	0.000	0.000
Materials & Supplies	0.550	0.000	0.000	0.000	0.000	0.000
<b><u>Other Business Expenses</u></b>						
MTA Internal Subsidy	0.819	(0.471)	0.000	0.000	0.000	0.000
Other Business Expenses	(50.106)	1.592	1.557	1.593	1.661	1.703
Total Other Business Expenses	(49.287)	1.121	1.557	1.593	1.661	1.703
<b>Total Non-Labor Expenditures</b>	<b>(\$29.248)</b>	<b>\$6.317</b>	<b>\$0.677</b>	<b>\$0.625</b>	<b>\$0.596</b>	<b>\$0.531</b>
<b><u>Other Expenditure Adjustments:</u></b>						
Capital	(\$16.336)	(\$21.518)	(\$21.339)	(\$21.339)	(\$20.800)	(\$20.800)
Unallocated Service Enhancement Policy Action	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total Other Expenditure Adjustments</b>	<b>(\$16.336)</b>	<b>(\$21.518)</b>	<b>(\$21.339)</b>	<b>(\$21.339)</b>	<b>(\$20.800)</b>	<b>(\$20.800)</b>
<b>Total Cash Conversion Adjustments before Depreciation</b>	<b>(\$49.312)</b>	<b>(\$13.692)</b>	<b>(\$17.758)</b>	<b>(\$17.513)</b>	<b>(\$16.815)</b>	<b>(\$16.749)</b>
Depreciation Adjustment	23.206	25.375	24.662	21.745	19.542	19.542
<b>Baseline Total Cash Conversion Adjustments</b>	<b>(\$26.106)</b>	<b>\$11.683</b>	<b>\$6.904</b>	<b>\$4.232</b>	<b>\$2.727</b>	<b>\$2.793</b>
2007 Program to Eliminate the Gap (PEGs)	0.000	0.000	0.000	0.000	0.000	0.000
Post 2007 Program to Eliminate the Gap (PEGs)	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total Cash Conversion Adjustments</b>	<b>(\$26.106)</b>	<b>\$11.683</b>	<b>\$6.904</b>	<b>\$4.232</b>	<b>\$2.727</b>	<b>\$2.793</b>

**MTA Headquarters  
July Financial Plan 2007-2010  
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 2006-2010:

**Receipts:**

Rental Income, Data Center Billings, and Other

- The 2006 July Financial Plan reflects an adjustment in Data Center revenues which are netted against expenses in order to more fully comply with GAAP requirements. All other revenues for 2007, 2008, 2009, and 2010 are inflated by 2.47%, 2.57%, 2.55%, and 2.49%, respectively.

**Expenditures:**

Payroll

- Increases in the July Financial Plan from the February Financial Plan primarily reflect the impact of increasing vacation accruals.
- Thereafter 2007, 2008, 2009, and 2010 are inflated by 2.56%, 2.91%, 3.07%, and 3.20%, respectively.

Overtime

- The July Financial Plan is essentially unchanged from the February Financial Plan.
- 2007-2010 inflation assumptions consistent with payroll rate increase assumptions.

Health and Welfare

- Increases in the July Financial Plan for 2006 result from an increased accrual for growing costs for headquarters' retirees and a projected rise of 9.48% over the February Financial Plan rate due to projected increases in Empire Plan costs for employers. The percentage increase reflected in 2007 is 14.78%, and 10.68% in each year thereafter.

### Pensions

- The July Financial Plan is unchanged for the February Financial Plan for all years.

### Other Fringe Benefits

- 2007-2010 inflation assumptions consistent with payroll rate increase assumptions.

### Insurance

- Decreases in the July Financial Plan reflect most recent estimates of liability premiums.
- Thereafter 2007, 2008, 2009, and 2010 are inflated at approximately 10% annually with some off-setting adjustments.

### Maintenance and Other Operating Contracts

- The July Financial Plan primarily reflects increases in contracts that were renegotiated in 2006 for maintenance and repair work for MTA Headquarters facilities.
- Thereafter 2007, 2008, 2009 and 2010 are inflated by 2.47%, 2.57%, 2.55%, and 2.49%, respectively.

### Professional Service Contracts

- Decreases in professional services result from a transfer of ongoing NYCT and B&T security costs into each agency's baseline in all years of the plan.
- Increases in the July Financial Plan reflect the inclusion of certain re-estimated services as well as one time expenses that were required in 2006.
- Thereafter 2007, 2008, 2009 and 2010 are inflated by 2.47%, 2.57%, 2.55%, and 2.49%, respectively, with adjustments made to reflect the conclusion of some currently contracted services.

### Materials & Supplies

- The July Financial Plan is based on anticipated levels of expenses for MTA Headquarters operations.
- Thereafter 2007, 2008, 2009 and 2010 are inflated by 2.47%, 2.57%, 2.55%, and 2.49%, respectively.

### MTA Internal Subsidy

- All years reflect MTA support requirements for SIRT OA and Long Island Bus based on projected revenue and support shortfalls from state and local governments.

### Other Business Expenses

- Increases in all years of the plan for 2007, 2008, 2009 and 2010 are inflated by 2.47%, 2.57%, 2.55%, and 2.49%, respectively.
- Data Center revenues are now netted against this category of expense.

**Other Expenditure Adjustments:**

Capital Expenditures

- 2006 expenditures remain unchanged from the February Financial Plan at \$21.518 million.
- Capital expenditures in 2007-2008 are \$21.339 million.
- Thereafter, expenditures for 2009-2010 remain constant at \$20.800 million.

**MTA HEADQUARTERS**  
**July Financial Plan 2007 - 2010**  
**Year-to-Year Changes by Category - Accrual Basis**  
(\$ in millions)

**NON-REIMBURSABLE and REIMBURSABLE**

	Favorable/(Unfavorable)								
	2006	2007	Change 2007 - 2006	2008	Change 2008 - 2007	2009	Change 2009 - 2008	2010	Change 2010 - 2009
<b>Revenue</b>									
Farebox Revenue									
Vehicle Toll Revenue									
Other Operating Revenue									
Rental Income	46.243	46.902	0.659	48.108	1.206	49.334	1.226	50.563	1.229
Data Center Billings			0.000		0.000		0.000		0.000
Other	4.169	4.272	0.103	4.382	0.110	4.493	0.111	4.605	0.112
Capital and Other Reimbursements	47.669	49.307	1.638	50.507	1.200	51.872	1.365	53.218	1.346
<b>Total Revenue</b>	<b>\$98.081</b>	<b>\$100.481</b>	<b>\$2.400</b>	<b>\$102.997</b>	<b>\$2.516</b>	<b>\$105.699</b>	<b>\$2.702</b>	<b>\$108.386</b>	<b>\$2.687</b>
<b>Expenses</b>									
Labor:									
Payroll	118.481	\$119.465	(\$0.984)	122.953	(\$3.488)	126.772	(\$3.819)	130.881	(\$4.109)
Overtime	9.792	\$10.094	(0.302)	10.388	(0.294)	10.707	(0.319)	11.050	(0.343)
Health and Welfare	19.584	\$20.154	(0.570)	22.768	(2.614)	25.827	(3.059)	29.301	(3.474)
Pensions	22.137	\$22.745	(0.608)	23.082	(0.337)	23.852	(0.770)	24.669	(0.817)
Other Fringe Benefits	10.234	\$10.724	(0.490)	11.279	(0.555)	11.861	(0.582)	12.455	(0.594)
Reimbursable Overhead			0.000		0.000		0.000		0.000
<b>Total Labor Expenses</b>	<b>\$180.228</b>	<b>\$183.182</b>	<b>(\$2.954)</b>	<b>\$190.470</b>	<b>(\$7.288)</b>	<b>\$199.019</b>	<b>(\$8.549)</b>	<b>\$208.356</b>	<b>(\$9.337)</b>
Non-Labor:									
Traction and Propulsion Power			0.000		0.000		0.000		0.000
Fuel for Buses and Trains									
Insurance	11.067	12.148	(1.081)	13.406	(1.258)	14.699	(1.293)	16.167	(1.468)
Claims									
Paratransit Service Contracts									
Maintenance and Other Operating Contracts	15.208	14.354	0.854	14.726	(0.372)	14.920	(0.194)	15.297	(0.377)
Professional Service Contracts	51.844	45.341	6.503	46.964	(1.623)	47.241	(0.277)	47.616	(0.375)
Materials & Supplies	0.995	1.091	(0.096)	1.119	(0.028)	1.148	(0.029)	1.176	(0.028)
MTA Internal Subsidy	30.623	32.862	(2.239)	40.574	(7.712)	34.775	5.799	35.776	(1.001)
Other Business Expenses	53.065	54.704	(1.639)	55.984	(1.280)	58.310	(2.326)	59.776	(1.466)
<b>Total Non-Labor Expenses</b>	<b>\$162.802</b>	<b>\$160.500</b>	<b>\$2.302</b>	<b>\$172.773</b>	<b>(\$12.273)</b>	<b>\$171.093</b>	<b>\$1.680</b>	<b>\$175.808</b>	<b>(\$4.715)</b>
Other Expenses Adjustments:									
Other			\$0.000		\$0.000		\$0.000		\$0.000
<b>Total Other Expense Adjustments</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Total Expenses before Depreciation</b>	<b>\$343.030</b>	<b>\$343.682</b>	<b>(\$0.652)</b>	<b>\$363.243</b>	<b>(\$19.561)</b>	<b>\$370.112</b>	<b>(\$6.869)</b>	<b>\$384.164</b>	<b>(\$14.052)</b>
Depreciation	25.375	24.662	0.713	21.745	2.917	19.542	2.203	19.542	0.000
<b>Total Expenses</b>	<b>\$368.405</b>	<b>\$368.344</b>	<b>\$0.061</b>	<b>\$384.988</b>	<b>(\$16.644)</b>	<b>\$389.654</b>	<b>(\$4.666)</b>	<b>\$403.706</b>	<b>(\$14.052)</b>
<b>Baseline Net Surplus/(Deficit)</b>	<b>(\$270.324)</b>	<b>(\$267.863)</b>	<b>\$2.461</b>	<b>(\$281.991)</b>	<b>(\$14.128)</b>	<b>(\$283.955)</b>	<b>(\$1.964)</b>	<b>(\$295.320)</b>	<b>(\$11.365)</b>
2007 Program to Eliminate the Gap	0.829	0.834	\$0.005	0.896	\$0.062	0.902	\$0.006	0.910	\$0.008
Post 2007 Program to Eliminate the Gap	0.000	0.000	\$0.000	1.330	\$1.330	1.438	\$0.108	1.537	\$0.099
<b>Net Surplus/(Deficit)</b>	<b>(\$269.495)</b>	<b>(\$267.029)</b>	<b>\$2.466</b>	<b>(\$279.765)</b>	<b>(\$12.736)</b>	<b>(\$281.615)</b>	<b>(\$1.850)</b>	<b>(\$292.873)</b>	<b>(\$11.258)</b>

**MTA HEADQUARTERS**  
**July Financial Plan 2007 - 2010**  
**Year-to-Year Changes by Category - Cash Basis**  
(\$ in millions)

**CASH RECEIPTS & EXPENDITURES**

	Favorable/(Unfavorable)								
	2006	2007	Change 2007 - 2006	2008	Change 2008 - 2007	2009	Change 2009 - 2008	2010	Change 2010 - 2009
<b>Receipts</b>									
Farebox Revenue									
Vehicle Toll Revenue									
Other Operating Revenue									
Rental Income	46.243	46.902	0.659	48.108	1.206	49.334	1.226	50.563	1.229
Data Center Billings	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other	4.169	4.272	0.103	4.382	0.110	4.493	0.111	4.605	0.112
Capital and Other Reimbursements	45.236	48.897	3.661	50.207	1.310	51.531	1.324	52.881	1.350
<b>Total Receipts</b>	<b>\$95.648</b>	<b>\$100.071</b>	<b>\$4.423</b>	<b>\$102.697</b>	<b>\$2.626</b>	<b>\$105.358</b>	<b>\$2.661</b>	<b>\$108.049</b>	<b>\$2.691</b>
<b>Expenditures</b>									
Labor:									
Payroll	\$115.481	\$116.391	(\$0.910)	\$119.800	(\$3.409)	\$123.538	(\$3.739)	\$127.567	(\$4.028)
Overtime	\$9.792	\$10.094	(0.302)	\$10.388	(0.294)	\$10.707	(0.319)	\$11.050	(0.343)
Health and Welfare	\$19.025	\$20.107	(1.082)	\$22.550	(2.444)	\$25.572	(3.022)	\$29.012	(3.439)
Pensions	\$21.407	\$22.593	(1.186)	\$22.998	(0.405)	\$23.660	(0.662)	\$24.465	(0.805)
Other Fringe Benefits	\$10.581	\$10.683	(0.103)	\$11.233	(0.550)	\$11.812	(0.580)	\$12.405	(0.593)
Reimbursable Overhead	\$0.000	\$0.000	0.000	\$0.000	0.000	\$0.000	0.000	\$0.000	0.000
<b>Total Labor Expenditures</b>	<b>\$176.285</b>	<b>\$179.868</b>	<b>(\$3.582)</b>	<b>\$186.969</b>	<b>(\$7.101)</b>	<b>\$195.290</b>	<b>(\$8.321)</b>	<b>\$204.499</b>	<b>(\$9.209)</b>
Non-Labor:									
Traction and Propulsion Power									\$0.000
Fuel for Buses and Trains									0.000
Insurance	11.871	13.028	(1.158)	14.374	(1.346)	15.764	(1.390)	17.339	(1.575)
Claims									0.000
Paratransit Service Contracts									0.000
Maintenance and Other Operating Contracts	15.208	14.354	0.854	14.726	(0.372)	14.920	(0.194)	15.297	(0.377)
Professional Service Contracts	45.844	45.341	0.503	46.964	(1.623)	47.241	(0.277)	47.616	(0.375)
Materials & Supplies	0.995	1.091	(0.096)	1.119	(0.028)	1.148	(0.029)	1.176	(0.028)
MTA Internal Subsidy	31.094	32.862	(1.768)	40.574	(7.712)	34.775	5.799	35.776	(1.001)
Other Business Expenses	51.473	53.147	(1.674)	54.391	(1.244)	56.649	(2.258)	58.073	(1.424)
<b>Total Non-Labor Expenditures</b>	<b>\$156.485</b>	<b>\$159.823</b>	<b>(\$3.339)</b>	<b>\$172.148</b>	<b>(\$12.325)</b>	<b>\$170.497</b>	<b>\$1.651</b>	<b>\$175.278</b>	<b>(\$4.780)</b>
Other Expenditure Adjustments:									
Other	21.518	21.339	\$0.179	21.339	\$0.000	20.800	\$0.539	20.800	\$0.000
<b>Total Other Expenditure Adjustments</b>	<b>\$21.518</b>	<b>\$21.339</b>	<b>\$0.179</b>	<b>\$21.339</b>	<b>\$0.000</b>	<b>\$20.800</b>	<b>\$0.539</b>	<b>\$20.800</b>	<b>\$0.000</b>
<b>Total Expenditures</b>	<b>\$354.288</b>	<b>\$361.030</b>	<b>(\$6.742)</b>	<b>\$380.456</b>	<b>(\$19.426)</b>	<b>\$386.587</b>	<b>(\$6.131)</b>	<b>\$400.576</b>	<b>(\$13.989)</b>
<b>Baseline Net Cash Deficit</b>	<b>(\$258.639)</b>	<b>(\$260.958)</b>	<b>(\$2.319)</b>	<b>(\$277.759)</b>	<b>(\$16.800)</b>	<b>(\$281.229)</b>	<b>(\$3.470)</b>	<b>(\$292.527)</b>	<b>(\$11.298)</b>
2007 Program to Eliminate the Gap	0.829	0.834	\$0.005	0.896	\$0.062	0.902	\$0.006	0.910	\$0.008
Post 2007 Program to Eliminate the Gap	0.000	0.000	\$0.000	1.330	\$1.330	1.438	\$0.108	1.537	\$0.099
<b>Net Cash Deficit</b>	<b>(\$257.810)</b>	<b>(\$260.124)</b>	<b>(\$2.314)</b>	<b>(\$275.533)</b>	<b>(\$16.738)</b>	<b>(\$278.889)</b>	<b>(\$3.464)</b>	<b>(\$290.080)</b>	<b>(\$11.290)</b>

**MTA Headquarters**  
**July Financial Plan 2007-2010**  
**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:

**2006: July Financial Plan vs. February Financial Plan**

The Net Cash Deficit in the 2006 July Financial Plan of \$257.810 million is below the February Plan of \$284.950 million, a decrease of \$27.140 million. Decreases in professional services as a result of transferring ongoing NYCT and B&T security costs into each agency's baseline, and productivity savings, offset, in part, by the unfavorable impact of higher professional services primarily to fund an MTA-wide Shared Services study to promote efficiencies and reduce duplication of efforts primarily in the area of financial management throughout the MTA, as well as other strategic investments in new needs, are the primary reasons for the reduction.

**2007: July Financial Plan vs. February Financial Plan**

The Operating Cash Deficit in the 2006 July Financial Plan of \$260.124 million is below the February Plan of \$286.666 million, a decrease of \$26.542 million. Decreases in professional services as a result of transferring ongoing NYCT and B&T security costs into each agency's baseline, and productivity savings, partially offset by higher salaries and fringe benefits based on the funding for strategic new initiatives are the major reasons for the reduction.

**2008: July Financial Plan vs. February Financial Plan**

The Operating Cash Deficit in the 2006 July Financial Plan of \$275.533 million is below the February Plan of \$301.687 million, a decrease of \$26.154 million. Decreases in professional services as a result of transferring ongoing NYCT and B&T security costs into each agency's baseline, and productivity savings, partially offset by higher salaries and fringe benefits based on the funding for strategic new initiatives are the major reasons for the reduction.

**2009: July Financial Plan vs. February Financial Plan**

The Operating Cash Deficit in the 2006 July Financial Plan of \$278.889 million is below the February Plan of \$313.337 million, a decrease of \$34.448 million. Decreases in professional services as a result of transferring ongoing NYCT and B&T security costs into each agency's baseline, and productivity savings, partially offset by higher salaries and fringe benefits based on the funding for strategic new initiatives are the major reasons for the reduction.

## **2010: July Financial Plan vs. February Financial Plan**

The Operating Cash Deficit in the 2006 July Financial Plan of \$290.080 million is below the February Plan of \$317.049 million, a decrease of \$26.969 million. Decreases in professional services as a result of transferring ongoing NYCT and B&T security costs into each agency's baseline, and productivity savings, partially offset by higher salaries and fringe benefits based on the funding for strategic new initiatives are the major reasons for the reduction.

**MTA HEADQUARTERS**  
**July Financial Plan 2007 - 2010**  
**Changes Between Financial Plans by Generic Categories**  
(\$ in millions)

**NON-REIMBURSABLE**

	2006	2007	2008	2009	2010
<b>Baseline 2006 February Financial Plan - Operating Cash Income/(Deficit)</b>	<b>(\$284.950)</b>	<b>(\$286.666)</b>	<b>(\$301.687)</b>	<b>(\$313.337)</b>	<b>(\$317.049)</b>
<b>Baseline Changes</b>					
<b>Revenue</b>					
Farebox Revenue					
Vehicle Toll Revenue					
Rental Income	\$ .516	(\$ .179)	(\$ .380)	(\$ .625)	(\$ .935)
Data Center Billings	(\$2.753)	(\$2.801)	(\$2.853)	(\$1.963)	(\$2.030)
Other	\$ .001	(\$ .013)	(\$ .028)	(\$ .058)	(\$ .102)
Capital and Other Reimbursement	\$ .000	\$ .000	\$ .000	\$ .000	\$ .000
<b>Total Revenue Changes</b>	<b>(\$2.236)</b>	<b>(\$2.993)</b>	<b>(\$3.261)</b>	<b>(\$2.646)</b>	<b>(\$3.067)</b>
<b>Expenses</b>					
<b>Labor:</b>					
Payroll	(\$4.384)	(\$2.942)	(\$2.955)	(\$2.941)	(\$2.928)
Overtime	\$ .050	(\$ .064)	(\$ .058)	(\$ .070)	(\$ .100)
Health and Welfare	(\$3.986)	(\$2.775)	(\$3.200)	(\$3.777)	(\$4.386)
Pensions	\$ .146	(\$ .128)	(\$ .186)	(\$ .240)	(\$ .307)
Other Fringe Benefits	(\$ .291)	(\$ .314)	(\$ .562)	(\$ .802)	(\$1.016)
Reimbursable Overhead	\$4.716	\$5.375	\$5.279	\$5.239	\$5.074
<b>Total Labor Expense Changes</b>	<b>(\$3.749)</b>	<b>(\$.848)</b>	<b>(\$1.682)</b>	<b>(\$2.591)</b>	<b>(\$3.663)</b>
<b>Non-Labor:</b>					
Traction and Propulsion Power					
Fuel for Buses and Trains					
Insurance	\$ .533	\$ .542	\$ .486	\$ .514	\$ .498
Claims					
Paratransit Service Contracts					
Maintenance and Other Operating Contracts	(\$1.548)	(\$ .357)	(\$ .321)	(\$ .073)	\$ .025
Professional Service Contracts	\$19.449	\$27.988	\$27.168	\$29.300	\$31.617
Materials & Supplies	(\$ .123)	(\$ .356)	(\$ .363)	(\$ .369)	(\$ .373)
MTA Internal Subsidy	\$1.700	(\$ .023)	(\$6.833)	\$ .144	\$ .170
Other Business Expenses	(\$ .951)	(\$2.447)	(\$2.870)	(\$4.263)	(\$4.726)
<b>Total Non-Labor Expense Changes</b>	<b>\$19.060</b>	<b>\$25.347</b>	<b>\$17.267</b>	<b>\$25.253</b>	<b>\$27.211</b>
<b>Total Expense Changes</b>	<b>\$15.311</b>	<b>\$24.501</b>	<b>\$15.585</b>	<b>\$22.662</b>	<b>\$23.548</b>
<b>Cash Adjustment Changes</b>					
Cash Adjustments	8.375	4.202	4.621	4.868	4.041
MTA Service Enhancement Policy Actions	4.863	.000	6.983	7.225	.000
<b>Total Cash Adjustment Changes</b>	<b>\$13.238</b>	<b>\$4.202</b>	<b>\$11.604</b>	<b>\$12.093</b>	<b>\$4.041</b>
<b>Total Baseline Changes</b>	<b>\$26.313</b>	<b>\$25.710</b>	<b>\$23.928</b>	<b>\$32.109</b>	<b>\$24.522</b>
<b>Baseline 2006 July Financial Plan - Operating Cash Income/(Deficit)</b>	<b>(\$258.637)</b>	<b>(\$260.956)</b>	<b>(\$277.759)</b>	<b>(\$281.228)</b>	<b>(\$292.527)</b>

**MTA HEADQUARTERS**  
**July Financial Plan 2007 - 2010**  
**Changes Between Financial Plans by Generic Categories**  
(\$ in millions)

**REIMBURSABLE**

	2006	2007	2008	2009	2010
<b>Baseline 2006 February Financial Plan - Operating Cash Income/(Deficit)</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Baseline Changes</b>					
<b>Revenue</b>					
Farebox Revenue					
Vehicle Toll Revenue					
Rental Income					
Data Center Billings					
Other					
Capital and Other Reimbursement	\$5.295	\$5.835	\$5.756	\$5.731	\$5.585
<b>Total Revenue Changes</b>	<b>\$5.295</b>	<b>\$5.835</b>	<b>\$5.756</b>	<b>\$5.731</b>	<b>\$5.585</b>
<b>Expenses</b>					
<b>Labor:</b>					
Payroll	\$ .017	(\$ .095)	(\$ .098)	(\$ .101)	(\$ .103)
Overtime					
Health and Welfare	\$ .025	(\$ .025)	(\$ .032)	(\$ .038)	(\$ .049)
Pensions	(\$ .016)	(\$ .038)	(\$ .038)	(\$ .042)	(\$ .045)
Other Fringe Benefits	\$ .005	(\$ .005)	(\$ .009)	(\$ .012)	(\$ .016)
Reimbursable Overhead	(\$4.716)	(\$5.375)	(\$5.279)	(\$5.239)	(\$5.074)
<b>Total Labor Expense Changes</b>	<b>(\$4.685)</b>	<b>(\$5.538)</b>	<b>(\$5.456)</b>	<b>(\$5.432)</b>	<b>(\$5.287)</b>
<b>Non-Labor:</b>					
Traction and Propulsion Power					
Fuel for Buses and Trains					
Insurance					
Claims					
Paratransit Service Contracts					
Maintenance and Other Operating Contracts	\$ .002	\$ .002	\$ .002	\$ .002	\$ .002
Professional Services	(\$ .547)	(\$ .268)	(\$ .271)	(\$ .270)	(\$ .268)
Materials & Supplies	\$ .011	\$ .011	\$ .012	\$ .012	\$ .012
MTA Internal Subsidy					
Other Business Expenses	(\$ .076)	(\$ .042)	(\$ .043)	(\$ .043)	(\$ .044)
<b>Total Non-Labor Expense Changes</b>	<b>(\$ .610)</b>	<b>(\$ .297)</b>	<b>(\$ .300)</b>	<b>(\$ .299)</b>	<b>(\$ .298)</b>
<b>Total Expense Changes</b>	<b>(\$5.295)</b>	<b>(\$5.835)</b>	<b>(\$5.756)</b>	<b>(\$5.731)</b>	<b>(\$5.585)</b>
<b>Cash Adjustment Changes</b>					
<b>Total Cash Adjustment Changes</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Total Baseline Changes</b>	<b>(\$0.000)</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Baseline 2006 July Financial Plan - Operating Cash Income/(Deficit)</b>	<b>(\$0.000)</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>

**MTA HEADQUARTERS**  
**July Financial Plan 2007 - 2010**  
**Changes Between Financial Plans by Generic Categories**  
(\$ in millions)

**NON-REIMBURSABLE and  
REIMBURSABLE**

	2006	2007	2008	2009	2010
<b>Baseline 2006 February Financial Plan - Operating Cash Income/(Deficit)</b>	<b>(\$284.950)</b>	<b>(\$286.666)</b>	<b>(\$301.687)</b>	<b>(\$313.337)</b>	<b>(\$317.049)</b>
<b>Baseline Changes</b>					
<b>Revenue</b>					
Farebox Revenue					
Vehicle Toll Revenue					
Rental Income	.516	(.179)	(.380)	(.625)	(.935)
Data Center Billings	(2.753)	(2.801)	(2.853)	(1.963)	(2.030)
Other	.001	(.013)	(.028)	(.058)	(.102)
Capital and Other Reimbursement	5.295	5.835	5.756	5.731	5.585
<b>Total Revenue Changes</b>	<b>\$3.059</b>	<b>\$2.842</b>	<b>\$2.495</b>	<b>\$3.085</b>	<b>\$2.518</b>
<b>Expenses</b>					
<b>Labor:</b>					
Payroll	(\$4.367)	(\$3.037)	(\$3.053)	(\$3.042)	(\$3.031)
Overtime	\$ .050	(\$ .064)	(\$ .058)	(\$ .070)	(\$ .100)
Health and Welfare	(\$3.961)	(\$2.800)	(\$3.232)	(\$3.815)	(\$4.435)
Pensions	\$ .130	(\$ .166)	(\$ .224)	(\$ .282)	(\$ .352)
Other Fringe Benefits	(\$ .286)	(\$ .319)	(\$ .571)	(\$ .814)	(\$1.032)
Reimbursable Overhead	\$ .000	\$ .000	\$ .000	\$ .000	\$ .000
<b>Total Labor Expense Changes</b>	<b>(\$8.434)</b>	<b>(\$6.386)</b>	<b>(\$7.138)</b>	<b>(\$8.023)</b>	<b>(\$8.950)</b>
<b>Non-Labor:</b>					
Traction and Propulsion Power	\$ .000	\$ .000	\$ .000	\$ .000	\$ .000
Fuel for Buses and Trains	\$ .000	\$ .000	\$ .000	\$ .000	\$ .000
Insurance	\$ .533	\$ .542	\$ .486	\$ .514	\$ .498
Claims	\$ .000	\$ .000	\$ .000	\$ .000	\$ .000
Paratransit Service Contracts	\$ .000	\$ .000	\$ .000	\$ .000	\$ .000
Maintenance and Other Operating Contracts	(\$1.546)	(\$ .355)	(\$ .319)	(\$ .071)	\$ .027
Professional Services	\$18.902	\$27.720	\$26.897	\$29.030	\$31.349
Materials & Supplies	(\$ .112)	(\$ .345)	(\$ .351)	(\$ .357)	(\$ .361)
MTA Internal Subsidy	\$1.700	(\$ .023)	(\$6.833)	\$ .144	\$ .170
Other Business Expenses	(\$1.027)	(\$2.489)	(\$2.913)	(\$4.306)	(\$4.770)
<b>Total Non-Labor Expense Changes</b>	<b>\$18.450</b>	<b>\$25.050</b>	<b>\$16.967</b>	<b>\$24.954</b>	<b>\$26.913</b>
<b>Total Expense Changes</b>	<b>\$10.016</b>	<b>\$18.664</b>	<b>\$9.829</b>	<b>\$16.931</b>	<b>\$17.963</b>
<b>Cash Adjustment Changes</b>					
Cash Adjustments	8.375	4.202	4.621	4.868	4.041
MTA Service Enhancement Policy Actions	4.863	.000	6.983	7.225	.000
	.000	.000	.000	.000	.000
<b>Total Cash Adjustment Changes</b>	<b>\$13.238</b>	<b>\$4.202</b>	<b>\$11.604</b>	<b>\$12.093</b>	<b>\$4.041</b>
<b>Total Baseline Changes</b>	<b>\$26.313</b>	<b>\$25.708</b>	<b>\$23.928</b>	<b>\$32.109</b>	<b>\$24.522</b>
<b>Baseline 2006 July Financial Plan - Operating Cash Income/(Deficit)</b>	<b>(\$258.637)</b>	<b>(\$260.958)</b>	<b>(\$277.759)</b>	<b>(\$281.228)</b>	<b>(\$292.527)</b>

**MTA HEADQUARTERS**  
**July Financial Plan 2007 - 2010**  
**Summary of Major Programmatic Changes Between Financial Plans**  
(\$ in millions)

**NON-REIMBURSABLE and REIMBURSABLE**

	2006	2007	2008	2009	2010
<b>Baseline 2006 February Financial Plan - Operating Cash Income/(Deficit)</b>	<b>(\$284.950)</b>	<b>(\$286.666)</b>	<b>(\$301.687)</b>	<b>(\$313.337)</b>	<b>(\$317.049)</b>
<b><i>Non-Reimbursable Major Changes</i></b>					
Revenue					
Data Center Revenue Offset Against Expense	(2.753)	(2.801)	(2.853)	(1.963)	(2.030)
Sub-Total Non-Reimbursable Revenue Changes	(\$2.753)	(\$2.801)	(\$2.853)	(\$1.963)	(\$2.030)
Expenses					
Increase in vacation accrual	(4.000)	(4.099)	(4.204)	(4.311)	(4.419)
Shared Services Study	(9.000)	0.000	0.000	0.000	0.000
Increase Compliance and Oversight	(0.697)	(0.640)	(0.666)	(0.694)	(0.724)
Office of Interagency Preparedness	(0.652)	(0.914)	(0.948)	(0.987)	(1.029)
Increased MTA Police Personnel & Facility Costs	(0.129)	(3.737)	(3.849)	(4.045)	(4.231)
Increased Costs for Studies and updated reports	(0.713)	(0.200)	0.000	0.000	0.000
PeopleSoft Internal Controls Enforcer	0.000	(0.772)	(0.699)	(0.390)	(0.404)
Increased Office and Technology Needs	(0.162)	(0.222)	(0.076)	(0.079)	(0.081)
Increased HQ Administrative needs (primarily strategic staff additions)	(0.508)	(0.895)	(0.934)	(0.974)	(1.018)
Higher Fringe Benefits	(4.117)	(3.285)	(4.027)	(4.911)	(5.819)
Data Center Revenue Offset	2.753	2.801	2.853	1.963	2.030
Transfer of Security Funding to Agencies' Baselines	33.111	35.144	35.158	36.692	38.438
Change in levels of Support for Subsidiaries	1.700	(0.023)	(6.833)	0.144	0.170
Other changes	(1.760)	1.149	(0.598)	(0.431)	(0.403)
Sub-Total Non-Reimbursable Expense Changes	\$15.826	\$24.307	\$15.177	\$21.977	\$22.510
<b>Total Non-Reimbursable Major Changes</b>	<b>\$13.073</b>	<b>\$21.506</b>	<b>\$12.324</b>	<b>\$20.014</b>	<b>\$20.480</b>
<b><i>Reimbursable Major Changes</i></b>					
Revenue					
Increased Expense Recovery	\$5.295	\$5.835	\$5.756	\$5.731	\$5.585
Sub-Total Reimbursable Revenue Changes	\$5.295	\$5.835	\$5.756	\$5.731	\$5.585
Expenses					
Increased Services provided by MTA Real Estate and Risk Mgmt	(\$5.295)	(\$5.835)	(\$5.756)	(\$5.731)	(\$5.585)
Sub-Total Reimbursable Expense Changes	(\$5.295)	(\$5.835)	(\$5.756)	(\$5.731)	(\$5.585)
<b>Total Reimbursable Major Changes</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Total Accrual Changes</b>	<b>\$13.073</b>	<b>\$21.506</b>	<b>\$12.324</b>	<b>\$20.014</b>	<b>\$20.480</b>
<b>Cash Adjustment Changes</b>	<b>\$13.238</b>	<b>\$4.202</b>	<b>\$11.604</b>	<b>\$12.093</b>	<b>\$4.041</b>
<b>Total Cash Adjustment Changes</b>	<b>\$13.238</b>	<b>\$4.202</b>	<b>\$11.604</b>	<b>\$12.093</b>	<b>\$4.041</b>
<b>Total Baseline Changes</b>	<b>\$26.311</b>	<b>\$25.708</b>	<b>\$23.928</b>	<b>\$32.107</b>	<b>\$24.521</b>
<b>Baseline 2006 July Financial Plan - Operating Cash Income/(Deficit)</b>	<b>(\$258.639)</b>	<b>(\$260.958)</b>	<b>(\$277.759)</b>	<b>(\$281.230)</b>	<b>(\$292.528)</b>

**MTA HEADQUARTERS**  
**July Financial Plan 2007-2010**  
**2007 Summary of PEGs**  
**(\$ in millions)**

	Favorable/(Unfavorable)									
	2006		2007							
	Mid-Year Forecast		Preliminary Budget		2008		2009		2010	
	Positions <sup>1</sup>	Dollars	Positions <sup>1</sup>	Dollars	Positions <sup>1</sup>	Dollars	Positions <sup>1</sup>	Dollars	Positions <sup>1</sup>	Dollars
<b>Administration:</b>										
MTA Police Overtime	0	0.829	0	0.834	0	0.896	0	0.902	0	0.910
<b>Sub-Total Administration</b>	<b>0</b>	<b>0.829</b>	<b>0</b>	<b>0.834</b>	<b>0</b>	<b>0.896</b>	<b>0</b>	<b>0.902</b>	<b>0</b>	<b>0.910</b>
 <b>Customer Convenience &amp; Amenities:</b>										
<i>None</i>										
<b>Sub-Total Customer Convenience &amp; Amenities</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.000</b>
 <b>Security:</b>										
<i>None</i>										
<b>Sub-Total Security</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.000</b>
 <b>Maintenance:</b>										
<i>None</i>										
<b>Sub-Total Maintenance</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.000</b>
 <b>Revenue Enhancements:</b>										
<i>None</i>										
<b>Sub-Total Revenue Enhancements</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.000</b>
 <b>Other:</b>										
<i>None</i>										
<b>Sub-Total Other</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.000</b>
 <b>Total 2007 PEGs</b>	<b>0</b>	<b>\$0.829</b>	<b>0</b>	<b>\$0.834</b>	<b>0</b>	<b>\$0.896</b>	<b>0</b>	<b>\$0.902</b>	<b>0</b>	<b>\$0.910</b>

<sup>1</sup> Reflects the impact of amendments on year-end positions.

**MTA HEADQUARTERS**  
**July Financial Plan 2007 - 2010**  
**Program to Eliminate the Gap Worksheet**  
(\$ in millions)

**PEG Program Category:** Administrative  
**Program:** MTA Police Overtime

<b>Background Details:</b>	Additional experience with the Department's move to 12 hour tours, combined with continued Command oversight of overtime usage will allow further reductions to the budgeted levels of overtime for MTA PD.
<b>PEG Description and Implementation Plan:</b>	Reduction in overtime usage.
<b>PEG Implementation Date:</b>	05/30/06 <b>When will PEG savings begin?:</b> 05/30/06

	<b>2006 Mid-Year Forecast</b>	<b>2007 Preliminary Budget</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	<b>\$0.829</b>	<b>\$0.834</b>	<b>\$0.896</b>	<b>\$0.902</b>	<b>\$0.910</b>
<b>Total Reduction in Positions Required</b>	0	0	0	0	0
<i>(List title of positions)</i>					
<i>To Be Determined</i>					

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

*List of Other Concerns:*

**MTA HEADQUARTERS**  
**July Financial Plan 2007 - 2010**  
**PEG Financial Impact Worksheet**  
(\$ in millions)

**PEG Program Category:**

Administrative

**Program:**

MTA Police Overtime

			Favorable/(Unfavorable)		
	<b>2006</b>	<b>2007</b>			
	<b>Mid-Year</b>	<b>Preliminary</b>			
	<b>Forecast</b>	<b>Budget</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<i>Financial Impact (Operating)</i>					
Revenue					
Payroll	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Overtime	0.625	0.625	0.680	0.680	0.680
Pensions	0.153	0.158	0.162	0.167	0.173
Health and Welfare	0.000	0.000	0.000	0.000	0.000
Other Fringe Benefits	<u>0.051</u>	<u>0.052</u>	<u>0.053</u>	<u>0.055</u>	<u>0.057</u>
Total Labor Expenses	\$0.829	\$0.834	\$0.896	\$0.902	\$0.910
Traction and Propulsion Power					
Fuel for Buses and Trains					
Insurance					
Claims					
Paratransit Service Contract					
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
Total Expenses	\$0.829	\$0.834	\$0.896	\$0.902	\$0.910
<i>Net Financial Impact</i>	<i>\$0.829</i>	<i>\$0.834</i>	<i>\$0.896</i>	<i>\$0.902</i>	<i>\$0.910</i>

**MTA HEADQUARTERS**  
**July Financial Plan 2007-2010**  
**Post-2007 Summary of PEGs**  
(\$ in millions)

	Favorable/(Unfavorable)									
	2006		2007		2008		2009		2010	
	Mid-Year Forecast		Preliminary Budget							
	Positions <sup>1</sup>	Dollars	Positions <sup>1</sup>	Dollars	Positions <sup>1</sup>	Dollars	Positions <sup>1</sup>	Dollars	Positions <sup>1</sup>	Dollars
<b>Administration:</b>										
MTA Headquarters Reduction	0	0.000	0	0.000	18	1.330	18	1.439	18	1.538
<b>Sub-Total Administration</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.000</b>	<b>18</b>	<b>1.330</b>	<b>18</b>	<b>1.439</b>	<b>18</b>	<b>1.538</b>
<b>Customer Convenience &amp; Amenities:</b>										
<i>None</i>										
<b>Sub-Total Customer Convenience &amp; Amenities</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.000</b>
<b>Security:</b>										
<i>None</i>										
<b>Sub-Total Security</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.000</b>
<b>Maintenance:</b>										
<i>None</i>										
<b>Sub-Total Maintenance</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.000</b>
<b>Revenue Enhancements:</b>										
<i>None</i>										
<b>Sub-Total Revenue Enhancements</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.000</b>
<b>Other:</b>										
<i>None</i>										
<b>Sub-Total Other</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.000</b>
<b>Total Post-2007 PEGs</b>	<b>0</b>	<b>\$0.000</b>	<b>0</b>	<b>\$0.000</b>	<b>18</b>	<b>\$1.330</b>	<b>18</b>	<b>\$1.439</b>	<b>18</b>	<b>\$1.538</b>

<sup>1</sup> Reflects the impact of amendments on year-end positions.

**MTA HEADQUARTERS**  
**July Financial Plan 2007 - 2010**  
**Program to Eliminate the Gap Worksheet**  
(\$ in millions)

**PEG Program Category:** Administrative

**Program:** Headcount Reduction Program

<b>Background Details:</b>	MTA Headquarters will achieve savings in salaries and fringe benefits by reducing 18 positions through attrition between now and the end of 2008. These reductions will be sought through productivity efficiencies in each department. In order to achieve the target savings through attrition, departments will be required to identify the positions to be eliminated and will be responsible to achieve savings through vacancy control and delayed hiring until the attrition takes place. It is assumed that the full headcount reduction will occur prior to the end of 2008.	
<b>PEG Description and Implementation Plan:</b>	Eliminate 18 positions.	
<b>PEG Implementation Date:</b>	01/01/08	<b>When will PEG savings begin?:</b> 01/01/08

	<b>2006 Mid-Year Forecast</b>	<b>2007 Preliminary Budget</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$1.330</b>	<b>\$1.439</b>	<b>\$1.538</b>
<b>Total Reduction in Positions Required</b>	0	0	18	18	18
<i>(2006 and 2007 revised August 2006)</i>					
<i>(List title of positions)</i>					
<i>To Be Determined</i>					

*Impact on Operations:*

Ridership Per Week (in thousands)

Mean Distance Between Failure

On-Time Performance

Other

(Identify Appropriate Indicator)

*List of Other Concerns:*

**MTA HEADQUARTERS**  
**July Financial Plan 2007 - 2010**  
**PEG Financial Impact Worksheet**  
(\$ in millions)

**PEG Program Category:**

Administrative

**Program:**

Headcount Reduction Program

			Favorable/(Unfavorable)		
	<b>2006</b>	<b>2007</b>			
	<b>Mid-Year</b>	<b>Preliminary</b>			
	<b>Forecast</b>	<b>Budget</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<i>Financial Impact (Operating)</i>					
Revenue					
Payroll	\$0.000	\$0.000	\$0.965	\$1.038	\$1.100
Overtime	0.000	0.000	0.000	0.000	0.000
Pensions	0.000	0.000	0.163	0.191	0.222
Health and Welfare	0.000	0.000	0.119	0.122	0.127
Other Fringe Benefits	<u>0.000</u>	<u>0.000</u>	<u>0.084</u>	<u>0.087</u>	<u>0.090</u>
Total Labor Expenses	\$0.000	\$0.000	\$1.330	\$1.439	\$1.538
Traction and Propulsion Power					
Fuel for Buses and Trains					
Insurance					
Claims					
Paratransit Service Contract					
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
Total Expenses	\$0.000	\$0.000	\$1.330	\$1.439	\$1.538
<i>Net Financial Impact</i>	<i>\$0.000</i>	<i>\$0.000</i>	<i>\$1.330</i>	<i>\$1.439</i>	<i>\$1.538</i>

**MTA Headquarters  
July Financial Plan 2007-2010  
Other Assumptions**

**POSITION TABLE**

A baseline headcount of 1,421 positions is forecasted for 2006, an increase of 36 positions from the February Financial Plan. The level of employees will increase to 1,431 in 2007 and remain constant throughout the plan. Post 2007 PEG savings will result in the reduction of 18 positions at MTA Headquarters.

**MTA HEADQUARTERS**  
**July Financial Plan 2007 - 2010**  
**Total Non-Reimbursable - Reimbursable Positions at End-of-Year**  
**Full-Time Positions and Full-Time Equivalents**

FUNCTION/DEPARTMENT	2005 Actuals	2006 Mid-Year Forecast	2007 Preliminary Budget	2008	2009	2010
<b>Administration</b>						
Executive	5	6	6	6	6	6
Administration	195	224	223	223	223	223
Audit	92	98	98	98	98	98
Budget and Financial Mana	106	127	125	125	125	125
DED Corporate Affiars	44	51	51	51	51	51
Dir. of Communications/Pr	4	4	4	4	4	4
DED General Counsel	68	77	77	77	77	77
Chief of Staff/Senior Pol	6	6	6	6	6	6
Spec. Project Develop/Pla	7	9	9	9	9	9
Labor Relations	31	39	39	39	39	39
PCAC	1	1	1	1	1	1
Safety Programs	0	0	0	0	0	0
Vending Fare Media	6	7	7	7	7	7
Corporate Account	6	11	11	11	11	11
<b>Total Administration</b>	<b>571</b>	<b>660</b>	<b>657</b>	<b>657</b>	<b>657</b>	<b>657</b>
<b>Public Safety</b>	692	761	774	774	774	774
<b>Baseline Total Positions</b>	<b>1,263</b>	<b>1,421</b>	<b>1,431</b>	<b>1,431</b>	<b>1,431</b>	<b>1,431</b>
<i>Non-Reimbursable</i>	1,240	1,385	1,395	1,395	1,395	1,395
<i>Reimbursable</i>	23	36	36	36	36	36
<i>Full-Time</i>	1,263	1,421	1,431	1,431	1,431	1,431
<i>Full-Time Equivalents</i>	-	-	-	-	-	-
<hr/>						
Impact of:						
2007 Program to Eliminate the Gap	-	0	0	0	0	0
Post 2007 Program to Eliminate the Gap	-	0	0	18	18	18
<b>Total Positions</b>	<b>1,263</b>	<b>1,421</b>	<b>1,431</b>	<b>1,413</b>	<b>1,413</b>	<b>1,413</b>
<i>Non-Reimbursable</i>	1,240	1,385	1,395	1,377	1,377	1,377
<i>Reimbursable</i>	23	36	36	36	36	36
<i>Total Full-Time</i>	1,263	1,421	1,431	1,413	1,413	1,413
<i>Total Full-Time Equivalents</i>	-	-	-	-	-	-

**MTA HEADQUARTERS**  
**July Financial Plan 2007-2010**  
**Total Full-time Positions and Full-time Equivalents by Function and Occupational Group**  
**Non-Reimbursable and Reimbursable**

FUNCTION/OCCUPATIONAL GROUP		2006 Mid-Year Forecast	2007 Preliminary Budget	2008	2009	2010
<b>Administration</b>						
	Managers/Supervisors	399	399	399	399	399
	Professional, Technical, Clerical	261	258	258	258	258
	Operational Hourlies	0	0	0	0	0
	<b>Total Administration</b>	660	657	657	657	657
<b>Operations</b>						
	Managers/Supervisors	-	-	-	-	-
	Professional, Technical, Clerical	-	-	-	-	-
	Operational Hourlies	-	-	-	-	-
	<b>Total Operations</b>	-	-	-	-	-
<b>Maintenance</b>						
	Managers/Supervisors	-	-	-	-	-
	Professional, Technical, Clerical	-	-	-	-	-
	Operational Hourlies	-	-	-	-	-
	<b>Total Maintenance</b>	-	-	-	-	-
<b>Engineering/Capital</b>						
	Managers/Supervisors	-	-	-	-	-
	Professional, Technical, Clerical	-	-	-	-	-
	Operational Hourlies	-	-	-	-	-
	<b>Total Engineering/Capital</b>	-	-	-	-	-
<b>Public Safety</b>						
	Managers/Supervisors	32	32	32	32	32
	Professional, Technical, Clerical	54	56	56	56	56
	Operational Hourlies (Uniformed)	675	686	686	686	686
	<b>Total Public Safety</b>	761	774	774	774	774
<b>Total Baseline Positions</b>						
	Managers/Supervisors	431	431	431	431	431
	Professional, Technical, Clerical	315	314	314	314	314
	Operational Hourlies	675	686	686	686	686
	<b>Total Baseline Positions</b>	1,421	1,431	1,431	1,431	1,431
<b>Impact of:</b>						
<b>2007 Program to Eliminate the Gap</b>		-	-	-	-	-
<b>Post 2007 Program to Eliminate the Gap</b>		0	0	18	18	18
<b>Total Positions</b>						
	Managers/Supervisors	431	431	431	431	431
	Professional, Technical, Clerical	315	314	296	296	296
	Operational Hourlies	675	686	686	686	686
	<b>Total Baseline Positions</b>	1,421	1,431	1,413	1,413	1,413

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**First Mutual Transportation Assurance Company**  
**2007 Preliminary Budget**  
**July Financial Plan 2007 - 2010**

**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. This is reflected in the current budget proposal.

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.

Costs for FMTAC are comprised of insurance premiums (credit to Insurance expenses), Claims expenses, and Other Business Expenses. Insurance revenues result in an offset to expenses.

**2006 Mid-Year Forecast**

In the 2006 Mid-Year Forecast, a total of \$7.490 million is projected in Net Surplus compared to \$0.469 million in the 2006 Adopted Budget. This consists of \$8.241 million in higher revenues, partially offset by \$0.751 million in higher expenses. This favorable outcome is primarily due to favorable developments in estimated Claims expense based on actuarial estimates and actual results through April. Favorable All-Urban Consumers Price Index (CPI) projections applied to Revenue and Other Business Expenses also contributed to the positive change to the February Plan. Partially offsetting this favorable development was a reduction in credits to Insurance expenses.

Investment Income is a new budget item in the 2006 Mid-Year Forecast. This item was previously budgeted as part of Other Operating Revenue in the February Plan. The

portion representing Investment Income was taken out of Other Operating Revenue to more accurately reflect activity in actuals. The net impact of this change is zero since it merely represents a re-class of revenue. The change between the July and February Plans in revenue is attributable to favorable CPI projections on Investment Income and Other Operating Revenue.

### **2007 Preliminary Budget – Baseline**

In the 2007 Preliminary Budget, a total of \$3.032 million is projected in Net Surplus. This consists of \$8.371 million in revenues, less \$5.339 million in expenses. The favorable outcome is due primarily to favorable CPI rates applied to revenues. Insurance is based on 2006 estimates with an increase of 10%. Claims are based on actuarial analysis of claims activity on a cash flow basis.

### **2008 – 2010 Projections**

2008 – 2010 projections are representative of 2006 projections with market increases. Investment Income and Other Operating Revenue are estimated to increase over 2006 projections at a rate equal to the CPI. Insurance is estimated to increase over 2006 estimates at a rate of 10% each year. Claims are based on actuarial analysis of projected claims activity and adjustments, whether favorable or unfavorable in required reserves.

**MTA FIRST MUTUAL TRANSPORTATION ASSURANCE COMPANY**  
**July Financial Plan 2007 - 2010**  
**Accrual Statement of Operations by Category**  
(\$ in millions)

<b>Non-Reimbursable</b>						
	<b>2005</b>	<b>2006</b>	<b>2007</b>			
	<b>Actuals</b>	<b>Mid-Year Forecast</b>	<b>Preliminary Budget</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Operating Revenue</b>						
Farebox Revenue	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Toll Revenue	-	-	-	-	-	-
Other Operating Revenue	8.033	7.849	7.973	8.099	8.248	8.391
Investment Income	-	0.392	0.398	0.404	0.412	0.419
Capital and Other Reimbursements	-	-	-	-	-	-
<b>Total Revenue</b>	<b>\$8.033</b>	<b>\$8.241</b>	<b>\$8.371</b>	<b>\$8.503</b>	<b>\$8.660</b>	<b>\$8.810</b>
<b>Operating Expenses</b>						
<b><u>Labor:</u></b>						
Payroll	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Overtime	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	-
Pensions	-	-	-	-	-	-
Other Fringe Benefits	-	-	-	-	-	-
Reimbursable Overhead	-	-	-	-	-	-
<b>Total Labor Expenses</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b><u>Non-Labor:</u></b>						
Traction and Propulsion Power	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Fuel for Buses and Trains	-	-	-	-	-	-
Insurance	(11.943)	(45.369)	(49.906)	(54.896)	(60.386)	(66.425)
Claims	1.566	37.675	46.378	47.545	48.750	50.000
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	-	-	-	-	-	-
Professional Service Contracts	-	-	-	-	-	-
Materials & Supplies	-	-	-	-	-	-
Other Business Expenses	7.998	8.445	8.867	9.311	9.776	10.265
<b>Total Non-Labor Expenses</b>	<b>(\$2.379)</b>	<b>\$0.751</b>	<b>\$5.339</b>	<b>\$1.960</b>	<b>(\$1.860)</b>	<b>(\$6.160)</b>
<b><u>Other Expenses Adjustments:</u></b>						
Other	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
<b>Total Other Expense Adjustments</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Total Expenses before Depreciation</b>	<b>(\$2.379)</b>	<b>\$0.751</b>	<b>\$5.339</b>	<b>\$1.960</b>	<b>(\$1.860)</b>	<b>(\$6.160)</b>
Depreciation	-	-	-	-	-	-
<b>Total Expenses</b>	<b>(\$2.379)</b>	<b>\$0.751</b>	<b>\$5.339</b>	<b>\$1.960</b>	<b>(\$1.860)</b>	<b>(\$6.160)</b>
<b>Net Surplus/(Deficit)</b>	<b>\$10.412</b>	<b>\$7.490</b>	<b>\$3.032</b>	<b>\$6.543</b>	<b>\$10.520</b>	<b>\$14.970</b>

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**MTA FIRST MUTUAL TRANSPORTATION ASSURANCE COMPANY**  
**July Financial Plan 2007 - 2010**  
**Cash Conversion (Cash Flow Adjustments)**  
(\$ in millions)

<b>CASH FLOW ADJUSTMENTS</b>						
	<b>2005</b>	<b>2006</b>	<b>2007</b>			
	<b>Actuals</b>	<b>Mid-Year Forecast</b>	<b>Preliminary Budget</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Receipts</b>						
Farebox Revenue	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Vehicle Toll Revenue	-	-	-	-	-	-
Other Operating Revenue	0.000	0.000	0.000	0.000	0.000	0.000
Investment Income	0.000	0.000	0.000	0.000	0.000	0.000
Capital and Other Reimbursements	-	-	-	-	-	-
<b>Total Receipts</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Expenditures</b>						
<b><u>Labor:</u></b>						
Payroll	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Overtime	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	-
Pensions	-	-	-	-	-	-
Other Fringe Benefits	-	-	-	-	-	-
Reimbursable Overhead	-	-	-	-	-	-
<b>Total Labor Expenditures</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b><u>Non-Labor:</u></b>						
Traction and Propulsion Power	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Fuel for Buses and Trains	-	-	-	-	-	-
Insurance	0.000	0.000	0.000	0.000	0.000	0.000
Claims	0.000	4.360	19.511	19.069	21.289	20.916
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	-	-	-	-	-	-
Professional Service Contracts	-	-	-	-	-	-
Materials & Supplies	-	-	-	-	-	-
Other Business Expenditures	-	-	-	-	-	-
<b>Total Non-Labor Expenditures</b>	<b>\$0.000</b>	<b>\$4.360</b>	<b>\$19.511</b>	<b>\$19.069</b>	<b>\$21.289</b>	<b>\$20.916</b>
<b><u>Other Expenditures Adjustments:</u></b>						
Other	\$10.412	(\$11.850)	(\$22.543)	(\$25.612)	(\$31.809)	(\$35.886)
<b>Total Other Expenditures Adjustments</b>	<b>\$10.412</b>	<b>(\$11.850)</b>	<b>(\$22.543)</b>	<b>(\$25.612)</b>	<b>(\$31.809)</b>	<b>(\$35.886)</b>
<b>Total Cash Conversion Adjustments before Depreciation</b>	<b>\$10.412</b>	<b>(\$7.490)</b>	<b>(\$3.032)</b>	<b>(\$6.543)</b>	<b>(\$10.520)</b>	<b>(\$14.970)</b>
Depreciation Adjustment	-	-	-	-	-	-
<b>Total Cash Conversion Adjustments</b>	<b>\$10.412</b>	<b>(\$7.490)</b>	<b>(\$3.032)</b>	<b>(\$6.543)</b>	<b>(\$10.520)</b>	<b>(\$14.970)</b>

**First Mutual Transportation Assurance Company**  
**July Financial Plan 2007 - 2010**  
**Year-to-Year Changes by Category**  
**Non-Reimbursable**

**Revenue**

**Investment Income**

- 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 2006.

**Expenses**

**Insurance**

- Insurance (premiums) is based on increases in the market as well as increases in the claims expenses and reserve adjustments. Insurance is captured as a credit to Insurance expenses.
- Insurance Premium is estimated to increase 10% each year for 2007 - 2010

**Claims**

- Claims expense is determined by actuarial projection for 2006 – 2010 of the actual claims expense paid and any adjustments either favorable or unfavorable to reserves.

**Other Business Expenses**

- Costs increase 5% for 2006 through 2010 and are representative of general increases for the services provided and expenses not directly related to claims.

**First Mutual Transportation Assurance Company**  
**July Financial Plan 2007 - 2010**  
**Year-to-Year Changes by Category - Accrual Basis**  
(\$ in millions)

**NON-REIMBURSABLE and REIMBURSABLE**

	Favorable/(Unfavorable)								
	2006 Mid-Year Forecast	2007 Preliminary Budget	Change 2007 - 2006	2008	Change 2008 - 2007	2009	Change 2009 - 2008	2010	Change 2010 - 2009
<b>Revenue</b>									
Farebox Revenue	\$0.000	\$0.000	\$0.000	\$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	\$0.000	\$0.000	0.000
Investment Income	\$0.392	\$0.398	\$0.006	\$0.404	\$0.006	\$0.412	\$0.007	\$0.419	0.007
Other Operating Revenue	\$7.849	\$7.973	\$0.124	\$8.099	\$0.126	\$8.248	\$0.149	\$8.391	0.143
Capital and Other Reimbursements	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	0.000
<b>Total Revenue</b>	<b>\$8.241</b>	<b>\$8.371</b>	<b>\$0.130</b>	<b>\$8.504</b>	<b>\$0.132</b>	<b>\$8.660</b>	<b>\$0.156</b>	<b>\$8.810</b>	<b>\$0.150</b>
<b>Expenses</b>									
Labor:									
Payroll	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Overtime	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	0.000
Health and Welfare	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	0.000
Pensions	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	0.000
Other Fringe Benefits	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	0.000
Reimbursable Overhead	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	0.000
<b>Total Labor Expenses</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
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	(\$45.369)	(\$49.906)	(\$4.537)	(\$54.896)	(\$4.991)	(\$60.386)	(\$5.490)	(\$66.425)	\$6.039
Claims	\$37.675	\$46.378	\$8.703	\$47.545	\$1.167	\$48.750	\$1.206	\$50.000	(\$1.249)
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	\$0.000	\$0.000	\$0.000	\$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	\$0.000	\$0.000	\$0.000
Materials & Supplies	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Other Business Expenses	\$8.445	\$8.867	\$0.422	\$9.311	\$0.443	\$9.776	\$0.466	\$10.265	(\$0.489)
<b>Total Non-Labor Expenses</b>	<b>\$0.751</b>	<b>\$5.339</b>	<b>\$4.588</b>	<b>\$1.959</b>	<b>(\$3.381)</b>	<b>(\$1.860)</b>	<b>(\$3.818)</b>	<b>(\$6.160)</b>	<b>\$4.300</b>
Other Expenses Adjustments:									
Other			\$0.000		\$0.000		\$0.000		\$0.000
<b>Total Other Expense Adjustments</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Total Expenses before Depreciation</b>	<b>\$0.751</b>	<b>\$5.339</b>	<b>\$4.588</b>	<b>\$1.959</b>	<b>(\$3.381)</b>	<b>(\$1.860)</b>	<b>(\$3.818)</b>	<b>(\$6.160)</b>	<b>\$4.300</b>
Depreciation			0.000		0.000		0.000		0.000
<b>Total Expenses</b>	<b>\$0.751</b>	<b>\$5.339</b>	<b>\$4.588</b>	<b>\$1.959</b>	<b>(\$3.381)</b>	<b>(\$1.860)</b>	<b>(\$3.818)</b>	<b>(\$6.160)</b>	<b>\$4.300</b>
<b>Baseline Net Surplus/(Deficit)</b>	<b>\$7.490</b>	<b>\$3.032</b>	<b>(\$4.458)</b>	<b>\$6.545</b>	<b>\$3.513</b>	<b>\$10.520</b>	<b>\$3.975</b>	<b>\$14.970</b>	<b>\$4.450</b>
2007 Agency Program to Eliminate the Gap (PEGs)	-	-	-	-	-	-	-	-	-
Post - 2007 Agency Program to Eliminate the Gap (PEGs)	-	-	-	-	-	-	-	-	-
<b>Total PEGs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Surplus/(Deficit)</b>	<b>\$7.490</b>	<b>\$3.032</b>	<b>(\$4.458)</b>	<b>\$6.545</b>	<b>\$3.513</b>	<b>\$10.520</b>	<b>\$3.975</b>	<b>\$14.970</b>	<b>\$4.450</b>

**First Mutual Transportation Assurance Company**  
**July Financial Plan 2007 - 2010**  
**Year-to-Year Changes by Category - Cash Basis**  
(\$ in millions)

**CASH RECEIPTS & EXPENDITURES**

	Favorable/(Unfavorable)								
	2006 Mid-Year Forecast	2007 Preliminary Budget	Change 2007 - 2006	2008	Change 2008 - 2007	2009	Change 2009 - 2008	2010	Change 2010 - 2009
<b><u>Receipts</u></b>									
Farebox Revenue	\$0.000	\$0.000	\$0.000	\$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	\$0.000	\$0.000	0.000
Investment Income	\$0.392	\$0.398	\$0.006	\$0.404	\$0.006	\$0.412	\$0.007	\$0.419	0.007
Other Operating Revenue	\$7.849	\$7.973	\$0.124	\$8.099	\$0.126	\$8.248	\$0.149	\$8.391	0.143
Capital and Other Reimbursements	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	0.000
<b>Total Receipts</b>	<b>\$8.241</b>	<b>\$8.371</b>	<b>\$0.130</b>	<b>\$8.504</b>	<b>\$0.132</b>	<b>\$8.660</b>	<b>\$0.156</b>	<b>\$8.810</b>	<b>\$0.150</b>
<b><u>Expenditures</u></b>									
Labor:									
Payroll	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	0.000
Overtime	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	0.000
Health and Welfare	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	0.000
Pensions	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	0.000
Other Fringe Benefits	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	0.000
Reimbursable Overhead	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	0.000
<b>Total Labor Expenditures</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
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	(\$45.369)	(\$49.906)	(\$4.537)	(\$54.896)	(\$4.991)	(\$60.386)	(\$5.490)	(\$66.425)	(6.039)
Claims	\$33.315	\$26.867	(\$6.448)	\$28.478	\$1.611	\$27.461	(\$1.017)	\$29.084	1.623
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	\$0.000	\$0.000	\$0.000	\$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	\$0.000	\$0.000	0.000
Materials & Supplies	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	0.000
Other Business Expenses	\$8.445	\$8.867	\$0.422	\$9.311	\$0.443	\$9.776	\$0.466	\$10.265	0.489
<b>Total Non-Labor Expenditures</b>	<b>(\$3.609)</b>	<b>(\$14.172)</b>	<b>(\$10.563)</b>	<b>(\$17.108)</b>	<b>(\$2.936)</b>	<b>(\$23.149)</b>	<b>(\$6.041)</b>	<b>(\$27.076)</b>	<b>(\$3.927)</b>
Other Expenditure Adjustments:									
Other - Restricted Cash Adjustment	\$11.850	\$22.543	\$10.693	\$25.612	\$3.069	\$31.809	\$6.197	\$35.886	4.077
<b>Total Other Expenditure Adjustments</b>	<b>\$11.850</b>	<b>\$22.543</b>	<b>\$10.693</b>	<b>\$25.612</b>	<b>\$3.069</b>	<b>\$31.809</b>	<b>\$6.197</b>	<b>\$35.886</b>	<b>\$4.077</b>
<b>Total Expenditures</b>	<b>\$8.241</b>	<b>\$8.371</b>	<b>\$0.130</b>	<b>\$8.504</b>	<b>\$0.133</b>	<b>\$8.660</b>	<b>\$0.156</b>	<b>\$8.810</b>	<b>\$0.150</b>
<b>Baseline Net Cash Deficit</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>(\$0.000)</b>	<b>(\$0.000)</b>	<b>(\$0.000)</b>	<b>(\$0.000)</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
2007 Agency Program to Eliminate the Gap (PEGs)	-	-	-	-	-	-	-	-	-
Post - 2007 Agency Program to Eliminate the Gap (PEGs)	-	-	-	-	-	-	-	-	-
<b>Total PEGs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Cash Deficit</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>(\$0.000)</b>	<b>(\$0.000)</b>	<b>(\$0.000)</b>	<b>(\$0.000)</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>

**First Mutual Transportation Assurance Company**  
**July Financial Plan 2007- 2010**  
**Summary of Changes Between Financial Plans**  
**Non-Reimbursable**

**2006-2010: July Financial Plan vs. February Financial Plan**

**Revenue**

Revenue changes from the February Plan over the 2006 to 2010 period include:

- An increase in the All Urban Consumers Price Index (CPI) from 2.20% for the February Plan to 2.59% for the July Plan.
  - \$0.947 million in 2006
  - \$0.953 million in 2007
  - \$0.948 million in 2008
  - \$0.946 million in 2009
  - \$0.926 million in 2010

**Expense**

Expense changes from the February Plan over the 2006 to 2010 period include:

- A reduction in credits to Insurance expense due to a decrease in estimates based on 2006 estimated premium decreases.
  - (\$2.109) million in 2006
  - (\$2.320) million in 2007
  - (\$2.552) million in 2008
  - (\$2.807) million in 2009
  - (\$3.088) million in 2010
- A reduction in Claims expense based on actuarial estimates and actual results through April.
  - \$7.575 million in 2006
  - \$1.100 million in 2007
  - \$2.311 million in 2008
  - \$3.641 million in 2009
  - \$5.105 million in 2010
- A reduction in Other Business Expenses due to revised estimates based on actual results through April.
  - \$0.608 million in 2006
  - \$0.639 million in 2007
  - \$0.670 million in 2008
  - \$0.704 million in 2009
  - \$0.739 million in 2010

**First Mutual Transportation Assurance Company**  
**July Financial Plan 2007 - 2010**  
**Changes Between Financial Plans by Generic Categories**  
(\$ in millions)

**NON-REIMBURSABLE and  
REIMBURSABLE**

	2006 Mid-Year Forecast	2007 Preliminary Budget	2008	2009	2010
<b>Baseline 2006 February Financial Plan - Operating Cash Income/(Deficit)</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Baseline Changes</b>					
<b>Revenue</b>					
Farebox Revenue	\$ .000	\$ .000	\$ .000	\$ .000	\$ .000
Vehicle Toll Revenue	.000	.000	.000	.000	.000
Investment Income	.392	.398	.404	.412	.419
Other Operating Revenue	.555	.555	.543	.534	.507
<b>Total Revenue Changes</b>	<b>\$ .947</b>	<b>\$ .953</b>	<b>\$ .948</b>	<b>\$ .946</b>	<b>\$ .926</b>
<b>Expenses</b>					
<b>Labor:</b>					
Payroll	\$ .000	\$ .000	\$ .000	\$ .000	\$ .000
Health and Welfare	.000	.000	.000	.000	.000
Pensions	.000	.000	.000	.000	.000
Other Fringe Benefits	.000	.000	.000	.000	.000
Reimbursable Overhead	.000	.000	.000	.000	.000
<b>Total Labor Expense Changes</b>	<b>\$ .000</b>	<b>\$ .000</b>	<b>\$ .000</b>	<b>\$ .000</b>	<b>\$ .000</b>
<b>Non-Labor:</b>					
Traction and Propulsion Power	\$ .000	\$ .000	\$ .000	\$ .000	\$ .000
Fuel for Buses and Trains	.000	.000	.000	.000	.000
Insurance	(2.109)	(2.320)	(2.552)	(2.807)	(3.088)
Claims	7.575	1.100	2.311	3.641	5.105
Paratransit Service Contracts	.000	.000	.000	.000	.000
Maintenance and Other Operating Contracts	.000	.000	.000	.000	.000
Materials & Supplies	.000	.000	.000	.000	.000
Other Business Expenses	.608	.639	.670	.704	.739
<b>Total Non-Labor Expense Changes</b>	<b>\$6.074</b>	<b>(\$ .581)</b>	<b>\$ .429</b>	<b>\$1.538</b>	<b>\$2.756</b>
<b>Total Expense Changes</b>	<b>\$6.074</b>	<b>(\$ .581)</b>	<b>\$ .429</b>	<b>\$1.538</b>	<b>\$2.756</b>
<b>Cash Adjustment Changes</b>					
<b>Revenue:</b>					
Investment Income	.000	.000	.000	.000	.000
Other Operating Revenue	.000	.000	.000	.000	.000
<b>Expenses:</b>					
Insurance	.000	.000	.000	.000	.000
Claims	(18.941)	(3.705)	(5.455)	(3.669)	(5.902)
Other Business Expenses	.000	.000	.000	.000	.000
<b>Total Expense Changes</b>	<b>(18.941)</b>	<b>(3.705)</b>	<b>(5.455)</b>	<b>(3.669)</b>	<b>(5.902)</b>
Restricted Cash Adjustment	11.920	3.333	4.078	1.185	2.220
<b>Total Cash Adjustment Changes</b>	<b>(\$7.021)</b>	<b>(\$0.372)</b>	<b>(\$1.377)</b>	<b>(\$2.484)</b>	<b>(\$3.682)</b>
<b>Total Baseline Changes</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>(\$0.000)</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Baseline 2006 July Financial Plan - Operating Cash Income/(Deficit)</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>(\$0.000)</b>	<b>\$0.000</b>	<b>\$0.000</b>

**First Mutual Transportation Assurance Company**  
**July Financial Plan 2007 - 2010**  
**Summary of Major Programmatic Changes Between Financial Plans**  
(\$ in millions)

fav(unfav)

**NON-REIMBURSABLE and REIMBURSABLE**

	2006 Mid-Year Forecast	2007 Preliminary Budget	2008	2009	2010
<b>Baseline 2006 February Financial Plan - Operating Cash Income/(Deficit)</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b><i>Non-Reimbursable Major Changes</i></b>					
Revenue	\$ .947	\$ .953	\$ .948	\$ .946	\$ .926
Sub-Total Non-Reimbursable Revenue Changes	\$ .947	\$ .953	\$ .948	\$ .946	\$ .926
Expenses	\$6.074	(\$ .581)	\$ .429	\$1.538	\$2.756
Sub-Total Non-Reimbursable Expense Changes	\$6.074	(\$ .581)	\$ .429	\$1.538	\$2.756
<b><i>Total Non-Reimbursable Major Changes</i></b>	<b>\$7.021</b>	<b>\$ .372</b>	<b>\$1.377</b>	<b>\$2.484</b>	<b>\$3.682</b>
<b><i>Reimbursable Major Changes</i></b>					
Revenue					
Sub-Total Reimbursable Revenue Changes					
Expenses					
Sub-Total Reimbursable Expense Changes					
<b><i>Total Reimbursable Major Changes</i></b>	<b>\$ .000</b>	<b>\$ .000</b>	<b>\$ .000</b>	<b>\$ .000</b>	<b>\$ .000</b>
<b><i>Total Accrual Changes</i></b>	<b>\$7.021</b>	<b>\$0.372</b>	<b>\$1.377</b>	<b>\$2.484</b>	<b>\$3.682</b>
<b><i>Cash Adjustment Changes</i></b>					
Total Cash Adjustments	(\$7.021)	(\$0.372)	(\$1.377)	(\$2.484)	(\$3.682)
<b><i>Total Cash Adjustment Changes</i></b>	<b>(\$7.021)</b>	<b>(\$0.372)</b>	<b>(\$1.377)</b>	<b>(\$2.484)</b>	<b>(\$3.682)</b>
<b><i>Total Baseline Changes</i></b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>(\$0.000)</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Baseline 2006 July Financial Plan - Operating Cash Income/(Deficit)</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>(\$0.000)</b>	<b>\$0.000</b>	<b>\$0.000</b>

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**Inspector General  
2007 Preliminary Budget  
July Financial Plan 2007 – 2010**

**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**

Aware of its obligations to enhance the efficiency, effectiveness, safety and quality of MTA agencies operations, while remaining fiscally prudent, the MTA OIG Preliminary 2007 Budget and the years 2008 - 2010 are consistent with the guidelines and growth assumptions that were used by MTA Headquarters.

During 2006, the OIG has exceeded the record pace set last year and plans to deliver over 80 investigative and audit reports to the MTA and its constituent agencies. Among reports, already delivered, the OIG identified a plumbing and heating vendor who engaged in a \$2 million prevailing wage and Disadvantage Business Enterprise fraud. In addition, a recent OIG report clarified the causes and circumstances surrounding a subway flood that crippled the subway system in 2004. The report also made a number of recommendations to ensure that such catastrophic circumstances are handled more appropriately in the future. When implemented this should lessen the negative impact that such storms cause to the NYC subway system in the years to come.

2006 saw the continuation of the work of the Contract Wage Compliance Group. This new OIG initiative was started in 2005 and has already borne fruit. The OIG released seven reports so far in 2006 related to a single debarred vendor who repeatedly engaged in business with MTA agencies without notifying them of their debarment.

**INSPECTOR GENERAL**  
**MULTI-YEAR FINANCIAL PLAN**  
**2007 - 2010**  
(\$ in millions)

Line  
Number

1	<b>REIMBURSABLE</b>						
2		<b>ACTUAL</b>	<b>FORECAST</b>				
3		<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
4	<b>Revenue</b>						
5	Farebox Revenue	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
6	Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000
7	Other Operating Revenue	0.000	0.000	0.000	0.000	0.000	0.000
8	Capital and Other Reimbursements	10.665	12.544	12.944	13.434	13.983	14.590
9	<b>Total Revenue</b>	<b>\$10.665</b>	<b>\$12.544</b>	<b>\$12.944</b>	<b>\$13.434</b>	<b>\$13.983</b>	<b>\$14.590</b>
10							
11	<b>Expenses</b>						
12	<u><b>Labor:</b></u>						
13	Payroll	\$6.354	\$7.076	\$7.181	\$7.390	\$7.617	\$7.861
14	Overtime	0.000	0.000	0.000	0.000	0.000	0.000
15	Health and Welfare	1.019	0.991	1.156	1.315	1.501	1.714
16	Pensions	0.566	0.913	1.005	1.035	1.074	1.116
17	Other Fringe Benefits	0.415	0.587	0.610	0.643	0.678	0.723
18	Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
19	<b>Total Labor Expenses</b>	<b>\$8.354</b>	<b>\$9.567</b>	<b>\$9.953</b>	<b>\$10.383</b>	<b>\$10.869</b>	<b>\$11.414</b>
20							
21	<u><b>Non-Labor:</b></u>						
22	Traction and Propulsion Power	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
23	Fuel for Buses and Trains	0.000	0.000	0.000	0.000	0.000	0.000
24	Insurance	0.012	0.025	0.047	0.048	0.049	0.051
25	Claims	0.000	0.000	0.000	0.000	0.000	0.000
26	Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000
27	Mtce. and Other Operating Contracts	0.095	0.104	0.119	0.122	0.125	0.128
28	Professional Service Contracts	0.078	0.015	0.015	0.015	0.016	0.016
29	Materials & Supplies	0.032	0.026	0.043	0.044	0.045	0.046
30	Other Business Expenses	1.513	2.198	2.158	2.213	2.270	2.326
31	<b>Total Non-Labor Expenses</b>	<b>\$1.730</b>	<b>\$2.368</b>	<b>\$2.382</b>	<b>\$2.442</b>	<b>\$2.505</b>	<b>\$2.567</b>
32							
33	<u><b>Other Expenses Adjustments:</b></u>						
34	Other	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
35	<b>Total Other Expense Adjustments</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
36							
37	<b>Total Expenses Before Depreciation</b>	<b>\$10.084</b>	<b>\$11.935</b>	<b>\$12.335</b>	<b>\$12.825</b>	<b>\$13.374</b>	<b>\$13.981</b>
38							
39	Depreciation	0.575	0.609	0.609	0.609	0.609	0.609
40							
41	<b>Total Expenses</b>	<b>\$10.659</b>	<b>\$12.544</b>	<b>\$12.944</b>	<b>\$13.434</b>	<b>\$13.983</b>	<b>\$14.590</b>
42							
43	<b>Baseline Net Surplus/(Deficit)</b>	<b>\$0.006</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
44							
45	2007 Program to Eliminate the Gap (PEGs)	0.000	0.000	0.000	0.000	0.000	0.000
46							
47	<b>Net Surplus/(Deficit)</b>	<b>\$0.006</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>

**CASH RECEIPTS AND EXPENDITURES**

	ACTUAL	FORECAST				
	2005	2006	2007	2008	2009	2010
<b>Receipts</b>						
Farebox Revenue	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
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	9.937	11.183	11.763	12.253	12.802	13.409
<b>Total Receipts</b>	<b>\$9.937</b>	<b>\$11.183</b>	<b>\$11.763</b>	<b>\$12.253</b>	<b>\$12.802</b>	<b>\$13.409</b>
<b>Expenditures</b>						
<b><u>Labor:</u></b>						
Payroll	\$6.354	\$7.076	\$7.181	\$7.390	\$7.617	\$7.861
Overtime	0.000	0.000	0.000	0.000	0.000	0.000
Health and Welfare	1.019	0.991	1.156	1.315	1.501	1.714
Pensions	0.566	0.913	1.005	1.035	1.074	1.116
Other Fringe Benefits	0.415	0.587	0.610	0.643	0.678	0.723
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total Labor Expenditures</b>	<b>\$8.354</b>	<b>\$9.567</b>	<b>\$9.953</b>	<b>\$10.383</b>	<b>\$10.869</b>	<b>\$11.414</b>
<b><u>Non-Labor:</u></b>						
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	0.012	0.025	0.047	0.048	0.049	0.051
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
Mtce. and Other Operating Contracts	0.095	0.104	0.119	0.122	0.125	0.128
Professional Service Contracts	0.078	0.015	0.015	0.015	0.016	0.016
Materials & Supplies	0.032	0.026	0.043	0.044	0.045	0.046
Other Business Expenditures	1.513	2.198	2.158	2.213	2.270	2.326
<b>Total Non-Labor Expenditures</b>	<b>\$1.730</b>	<b>\$2.368</b>	<b>\$2.382</b>	<b>\$2.442</b>	<b>\$2.505</b>	<b>\$2.567</b>
<b><u>Other Expenditure Adjustments:</u></b>						
Other	(\$0.153)	(\$0.752)	(\$0.572)	(\$0.572)	(\$0.572)	(\$0.572)
<b>Total Other Expenditure Adjustments</b>	<b>(\$0.153)</b>	<b>(\$0.752)</b>	<b>(\$0.572)</b>	<b>(\$0.572)</b>	<b>(\$0.572)</b>	<b>(\$0.572)</b>
<b>Total Expenditures</b>	<b>\$9.931</b>	<b>\$11.183</b>	<b>\$11.763</b>	<b>\$12.253</b>	<b>\$12.802</b>	<b>\$13.409</b>
<b>Net Surplus/(Deficit)</b>	<b>\$0.006</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
2006 Program to Eliminate the Gap (PEGs)	0.000	0.000	0.000	0.000	0.000	0.000
<b>Net Cash Surplus/(Deficit)</b>	<b>\$0.006</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>

**CASH FLOW ADJUSTMENTS**

	ACTUAL	FORECAST				
	2005	2006	2007	2008	2009	2010
<b>Receipts</b>						
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	(0.728)	(1.361)	(1.181)	(1.181)	(1.181)	(1.181)
<b>Total Receipts</b>	<b>(\$0.728)</b>	<b>(\$1.361)</b>	<b>(\$1.181)</b>	<b>(\$1.181)</b>	<b>(\$1.181)</b>	<b>(\$1.181)</b>
<b>Expenditures</b>						
<u><b>Labor:</b></u>						
Payroll	(\$0.000)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Overtime	0.000	0.000	0.000	0.000	0.000	0.000
Health and Welfare	0.000	0.000	0.000	0.000	0.000	0.000
Pensions	0.000	0.000	0.000	0.000	0.000	0.000
Other Fringe Benefits	0.000	0.000	0.000	0.000	0.000	0.000
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total Labor Expenditures</b>	<b>(\$0.000)</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<u><b>Non-Labor:</b></u>						
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
Mtce. 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	0.000	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
<b>Total Non-Labor Expenditures</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<u><b>Other Expenditures Adjustments:</b></u>						
Other	\$0.153	\$0.752	\$0.572	\$0.572	\$0.572	\$0.572
<b>Total Other Expenditures Adjustments</b>	<b>\$0.153</b>	<b>\$0.752</b>	<b>\$0.572</b>	<b>\$0.572</b>	<b>\$0.572</b>	<b>\$0.572</b>
<b>Total Cash Conversion Adjustments before Depreciation</b>	<b>(\$0.575)</b>	<b>(\$0.609)</b>	<b>(\$0.609)</b>	<b>(\$0.609)</b>	<b>(\$0.609)</b>	<b>(\$0.609)</b>
Depreciation Adjustment	0.575	0.609	0.609	0.609	0.609	0.609
<b>Total Cash Conversion Adjustments</b>	<b>(\$0.000)</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>(\$0.000)</b>	<b>\$0.000</b>	<b>\$0.000</b>

## REIMBURSABLE

[illegible]

[illegible]

**MTA INSPECTOR GENERAL**  
**July Financial Plan 2007 - 2010**  
**Summary of Changes Between Financial Plans by Category**  
**(\$ in millions)**

**REIMBURSABLE**

	2006	2007	2008	2009	2010
<b>2006 February Financial Plan - Operating Cash Income/(Deficit)</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Add Back: July Plan Unspecified PEG's</b>					
<b>Baseline 2005 July Financial Plan - Operating Cash Income/(Deficit)</b>					
<b>Baseline:</b>					
<b>Changes</b>					
Revenue					
Capital and Other Reimbursements	\$ 0.818	\$ 0.917	\$ 1.048	\$ 1.188	\$ 1.337
Sub-Total Revenue Changes	\$ 0.818	\$ 0.917	\$ 1.048	\$ 1.188	\$ 1.337
Expenses					
Payroll	\$ (0.263)	\$ (0.271)	\$ (0.305)	\$ (0.326)	\$ (0.337)
Overtime	\$ -	\$ -	\$ -	\$ -	\$ -
Health and Welfare	\$ (0.205)	\$ (0.303)	\$ (0.383)	\$ (0.482)	\$ (0.601)
Pensions	\$ (0.239)	\$ (0.323)	\$ (0.333)	\$ (0.349)	\$ (0.367)
Other Fringe Benefits	\$ (0.110)	\$ (0.123)	\$ (0.142)	\$ (0.161)	\$ (0.188)
Reimbursable Overhead	\$ -	\$ -	\$ -	\$ -	\$ -
Insurance	\$ 0.011	\$ (0.010)	\$ (0.010)	\$ (0.009)	\$ (0.011)
Claims	\$ -	\$ -	\$ -	\$ -	\$ -
Paratransit Service Contracts	\$ -	\$ -	\$ -	\$ -	\$ -
Maintenance and Other					
Operating Contracts	\$ -	\$ (0.012)	\$ (0.012)	\$ (0.012)	\$ (0.011)
Professional Service Contracts	\$ -	\$ 0.000	\$ 0.001	\$ 0.000	\$ 0.001
MTA Internal Subsidy	\$ -	\$ -	\$ -	\$ -	\$ -
Materials & Supplies	\$ -	\$ (0.002)	\$ (0.002)	\$ (0.001)	\$ (0.001)
Other Business Expenses	\$ (0.012)	\$ 0.127	\$ 0.138	\$ 0.152	\$ 0.178
Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -
Sub-Total Expense Changes	\$ (0.818)	\$ (0.917)	\$ (1.048)	\$ (1.188)	\$ (1.337)
Cash Adjustments:					
Revenue					
Expense					
Sub-Total Cash Adjustment Changes	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Baseline Changes</b>	<b>\$ 0.000</b>	<b>\$ 0.000</b>	<b>\$ (0.000)</b>	<b>\$ 0.000</b>	<b>\$ 0.000</b>
Programmatic New Needs					
PEG Program	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Changes</b>	<b>\$ 0.000</b>	<b>\$ 0.000</b>	<b>\$ (0.000)</b>	<b>\$ 0.000</b>	<b>\$ 0.000</b>
<b>2006 July Financial Plan - Operating Cash Income/(Deficit)</b>	<b>\$ 0.000</b>	<b>\$ 0.000</b>	<b>\$ (0.000)</b>	<b>\$ 0.000</b>	<b>\$ 0.000</b>

**MTA INSPECTOR GENERAL**  
**July Financial Plan 2007 - 2010**  
**Total Non-Reimbursable - Reimbursable Positions at End-of-Year**  
**Full-Time Positions and Full Time Equivalents**

<b>FUNCTION/DEPARTMENT</b>	<b>2006 Mid-Year Forecast</b>	<b>2007 Preliminary Budget</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Administration					
<i>Office of Inspector General</i>	93	93	91	91	91
<b><i>Baseline Total Positions</i></b>	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>					
Impact of:					
PEG Program					
<b><i>Total Positions</i></b>	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>					

**New York City Transit**

**MTA New York City Transit  
2007 Preliminary Budget  
July Financial Plan 2007 – 2010**

**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;
- a bus system operating more than 4,400 buses on 207 local and 36 express routes for approximately 119 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 2007 Preliminary Budget and projections for the year 2008-2010 include significant maintenance investments in the subway and bus fleets. These are required to insure fleet and service reliability, and to respond to increased maintenance material costs, which reflect the higher technological content of new cars and buses. Additional maintenance investments are planned for assets being brought on-line by capital projects and security initiatives.

Investments are also required to support bus service changes in the plan period. These include changes based on peak-hour loading guidelines, running time updates, recommendations of the ongoing Staten Island Task Force and depot construction activity. Increased costs are also anticipated for paratransit service, based on increasing annual CPI adjustments for eight primary paratransit carriers, and to support service expansion by two carriers.

A number of unfavorable re-estimates also contribute to increasing MTA NYC Transit's baseline cash deficit. The most significant of these are farebox revenues, energy prices (fuel and electric power) and health & welfare costs.

## **FINANCIAL OVERVIEW (continued)**

The 2007 Preliminary Budget and projections for the year 2008-2010 also include significant organizational and operating efficiencies, which help to partly offset the cost of projected investments and re-estimates. These Programs to Eliminate the GAP (PEGs) serve to further agency goals by optimizing the use of agency resources, as MTA NYC Transit continues to make ongoing and extensive internal efforts to reduce non-critical spending and improve operating efficiencies.

### **2006 Mid-Year Forecast**

MTA NYC Transit's 2006 Mid-Year Forecast includes total expenses before depreciation of \$5,871.2 million, consisting of \$5,064.5 million of non-reimbursable expenses and \$806.7 million of reimbursable expenses. Total revenues are projected to be \$3,814.6 million, of which \$3,007.9 million are operating revenues and \$806.7 million are capital reimbursements. Total baseline full-time and full-time equivalent positions are 47,980 (42,678 non-reimbursable positions and 5,302 reimbursable positions).

The 2006 baseline net cash deficit is projected to worsen by \$124.5 million from the 2006 Adopted Budget. Major unfavorable non-reimbursable changes include:

- The timing of \$61.3 million of transactions originally anticipated to occur in 2005 but deferred/rescheduled to 2006.
- Projected farebox revenue underruns of \$49.5 million due to lower-than-anticipated ridership growth, the January 2006 impact of the 2005 holiday bonus program (not budgeted) and the impact of the February 2006 snowstorm.
- Estimated increased energy (electric power and diesel/heating fuel) prices of \$15.3 million.
- Additional unscheduled overtime requirements of \$12.5 million for vacancy coverage and the impact of the February 2006 snowstorm.
- A projected increase in subway car maintenance material costs of \$9.5 million, based upon additional workscope requirements for the SMS (Scheduled Maintenance System) program and higher material costs for new cars owing to their higher technological content.

Partly offsetting the above unfavorable changes are health & welfare expense underruns of \$18.4 million due to lower rate increases than anticipated in the Adopted Budget.

Also included is a favorable NYCERS pension revaluation adjustment from recently-enacted legislation, which yields a favorable cash impact of \$120.1 million. Per MTA Policy Action, these funds will be deposited in a special fund earmarked GASB (Government Accounting Standards Board). Please refer to the MTA Consolidated section for further details.

Reimbursable expenses are projected to increase by \$11.6 million, due primarily to the rescheduling of material requirements from 2005. This increase is offset by a corresponding revenue reimbursement increase.

## **2006 Mid-Year Forecast (continued)**

Total baseline positions are projected to increase by 213. Primary causes include prior year PEG implementation adjustments resulting in a reinstatement of 77 positions; additional service-related requirements for buses (35 positions); and paratransit-related increases (16 positions) for carrier contract renewals and new carrier procurements and management.

## **Programs to Eliminate the GAP (PEGs): 2006**

The 2006 accelerated effect of the 2007 Programs to Eliminate the GAP, presented below the baseline on the attached financial tables and described below, is projected to yield a deficit reduction of \$15.4 million.

## **2007 Preliminary Budget-Baseline**

MTA NYC Transit's 2007 Preliminary Budget includes total expenses before depreciation of \$6,140.8 million, consisting of \$5,389.2 million of non-reimbursable expenses and \$751.6 million of reimbursable expenses. Total revenues are projected to be \$3,787.9 million, of which \$3,036.3 million are operating revenues and \$751.6 million are capital reimbursements. Total baseline full-time and full-time equivalent positions are 47,593, including 42,514 non-reimbursable positions and 5,079 reimbursable positions.

The 2007 baseline net cash deficit is projected to worsen by \$196.3 million from the February Financial Plan. The increase is driven primarily by unfavorable re-estimates of farebox revenues, energy prices and health & welfare costs; by required cost increases in programs to maintain the subway and bus fleets; by projected increases in bus and paratransit service; and by delays in implementing prior year Programs to Eliminate the Gap (PEGs). Details include:

- \$78.2 million of additional inflation-related costs, primarily due to projected changes in energy prices and health & welfare rates.
- Projected farebox revenue underruns of \$46.7 million due to lower-than-anticipated ridership growth.
- Projected increases in subway car maintenance costs of \$27.4 million, based upon additional SMS program requirements for R142, R142A and R68A cars, and on increased material costs driven in part by the higher technological content of the new car fleet.
- Prior year PEG adjustments resulting in additional costs of \$14.2 million. These adjustments include: not expanding "G" Line One Person Train Operation (OPTO) due to an arbitration decision; delays in implementation of the Automated Train Supervision (ATS) and Communications-Based Train Control (CBTC) systems; a three-month delay in the implementation of bus off-peak seated load guidelines; and a delay in implementing a disease management program.

## **2007 Preliminary Budget-Baseline (continued)**

- An increase in paratransit costs of \$13.9 million, primarily to provide for projected CPI rate increases for eight paratransit carriers and for mobilization and increased fixed costs for two carriers that have agreed to increase their service fleet.
- A projected increase of \$6.2 million for additional bus depot maintenance material requirements driven by the higher maintenance costs needed to support new technology buses.
- \$5.4 million of bus service revisions, based upon peak-hour passenger loading guidelines, route running time updates, and Staten Island Task force recommendations.

Also included is a NYCERS pension revaluation adjustment from recently-enacted legislation, which yields a favorable cash impact of \$26.8 million. Per MTA Policy Action, these funds will be deposited in a special fund earmarked GASB (Government Accounting Standards Board). Please refer to the MTA Consolidated section for further details.

Reimbursable expenses are projected to increase by \$1.6 million. This increase is offset by a corresponding revenue reimbursement increase.

Total baseline positions are projected to increase by 503 due mostly to 169 additional positions to support maintenance requirements, 102 additional direct service positions, and 102 reinstated positions due to prior year PEG implementation adjustments.

## **Programs to Eliminate the GAP (PEGs): 2007**

The 2007 Programs to Eliminate the GAP, presented below the baseline on the attached financial tables and described below, are projected to yield a deficit reduction of \$39.1 million in 2007.

## **2008-2010 Projections**

MTA NYC Transit's projections for 2008-2010 reflect total expenses before depreciation as follows: 2008=\$6,382.4 million, 2009=\$6,649.4 million and 2010=\$6,868.9 million. Non-reimbursable expenses before depreciation are projected as follows: 2008=\$5,616.5, 2009=\$5,882.9 million and 2010=\$6,087.8 million. Reimbursable expenses are projected as follows: 2008=\$765.9 million, 2009=\$766.4 million and 2010=\$781.1 million. Total revenues are projected as follows: 2008=\$3,848.7 million, 2009=\$3,873.9 million and 2010=\$3,913.9 million. Operating revenues are projected as follows: 2008=\$3,082.8 million, 2009=\$3,107.5 million and 2010=\$3,132.7 million. Capital reimbursements are projected as follows: 2008=\$765.9 million, 2009=\$766.4 million and 2010=\$781.1 million. Total full-time and full-time baseline equivalent positions are projected to be 47,686 in 2008, 47,652 in 2009 and 47,321 in 2010. Non-reimbursable positions are projected to be 42,694 in 2008, 42,799 in 2009 and 42,527 in 2010. Reimbursable positions are projected to be 4,992 in 2008, 4,853 in 2009 and 4,794 in 2010.

## 2008-2010 Projections (continued)

Baseline net cash deficits are projected to increase by \$253.2 million in 2008, \$332.1 million in 2009 and \$307.0 million in 2010 relative to the February Financial Plan. Major changes include:

- Projected farebox revenue underruns due to lower-than-anticipated ridership growth: 2008=\$46.9 million, 2009=\$44.1 million, 2010=\$46.3 million.
- Revised inflation forecasts for energy prices (fuel & power) and health & welfare rates: 2008=\$93.8 million, 2009=\$98.1 million, 2010=\$108.0 million.
- Increased NYCERS pension cash expenditures resulting from the 2006 expense revaluation: 2008=\$27.2 million, 2009=\$46.6 million, 2010=\$46.7 million.
- Projected increases in the SMS program of subway car maintenance based upon additional workscope requirements for the new R142 and R142A cars and higher than anticipated material costs driven in part by the cars' higher technological content: 2008=\$15.3 million, 2009=\$43.9 million, 2010=\$22.2 million.
- Installation of alternating current HVAC compressor motors on the R46 fleet to replace direct current motors that have become increasingly unreliable and difficult to maintain: 2008=\$5.0 million, 2009=\$14.1 million, 2010=\$6.4 million.
- Costs to dispose of 1,572 "B" division subway cars which will be replaced by new R160 cars: 2008=\$8.8 million, 2009=\$8.8 million, 2010=\$2.9 million.
- Bus service revisions, based upon peak-hour passenger loading guidelines, route running time updates and depot construction impacts: 2008=\$13.0 million, 2009=\$17.5 million, 2010=\$19.1 million.
- Additional bus shop requirements for scheduled overhauls and upgrades, including workscope and schedule changes: 2008=\$4.1 million, 2009=\$9.5 million, 2010=\$5.9 million.
- Projected increases for bus depot maintenance material requirements, driven by the higher maintenance costs needed to support new technology buses: 2008=\$7.7 million, 2009=\$9.2 million, 2010=\$10.7 million.
- Additional bus repairable unit requirements for radiators, transmissions and turbochargers: 2008=\$4.7 million, 2009=\$4.9 million, 2010=\$5.1 million.
- Projected increases in paratransit costs, primarily to provide for projected CPI rate increases for the eight primary carriers and for increased fixed costs for two carriers that have agreed to increase their service fleet: 2008=\$21.7 million, 2009=\$11.4 million, 2010=\$11.3 million.
- Implementation timing delays of prior-year PEGs: 2008=\$4.5 million, 2009=\$3.7 million, 2010=\$3.7 million.

Reimbursable expenses are projected to increase by \$3.7 million in 2008 and \$0.3 million in 2009, and to decrease by 1.7 million in 2010. These changes are offset by corresponding changes in reimbursements.

## **2008-2010 Projections (continued)**

Total baseline positions are projected to increase by 548 in 2008, 783 in 2009 and 655 in 2010. These increases are due mostly to: 157 positions in 2008, 339 positions in 2009 and 205 positions in 2010 to support additional maintenance requirements; additional service-related requirements of 221 positions in 2008, 281 positions in 2009 and 280 positions in 2010; and reinstated positions due to prior-year PEG implementation adjustments of 47 positions in 2008, 2009 and 2010.

### **Programs to Eliminate the GAP (PEGs): 2008-2010**

The 2007 Programs to Eliminate the GAP, presented below the baseline on the attached financial tables, are described below. PEGs are projected to yield deficit reductions of \$50.0 million in 2008 and \$50.6 million annually in 2009 and 2010. Additionally, the Post-2006 Programs to Eliminate the GAP, carried forward from the February Financial Plan with adjustments for implementation timing, are projected to yield deficit reductions of \$11.4 million in 2008, and \$20.7 million annually in 2009 and 2010.

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

## **GAP CLOSING MEASURES**

### **2007 Programs to Eliminate the Gap (PEGs) and Post-2006 PEGs Carried Forward From the February Financial Plan.**

To help offset the deficit impact of required maintenance program costs and unfavorable re-estimates, MTA NYC Transit has developed programs resulting in significant cost savings and position reductions. These reductions are largely achieved through administrative actions and operating efficiencies, including subway service adjustments during off-peak periods.

### **2006 Mid-Year Forecast**

In 2006, PEG savings are projected at \$15.4 million, including 6 position reductions. Major contributors include:

- The Department of Subways will maintain a 0.5% vacancy rate in its Rolling Stock & Maintenance of Way and Service Delivery divisions, yielding \$4.6 million in savings.
- New York State is expected to remit to NYC Transit \$3.7 million applicable to outstanding and past due Transit Adjudication Bureau (TAB) summons liabilities. The payments are deducted from violators' tax refunds through the New York State-Wide Offset Program.

## **2006 Mid-Year Forecast (continued)**

- A contract renegotiation with the represented employee prescription benefit contractor is expected to result in savings of \$3.4 million.
- A reduction in planned data processing equipment “normal replacement” purchases will save \$1.5 million.
- It is projected that \$1.1 million can be saved by improving identification of currently discarded waste as being recyclable or salable as either scrap or surplus.

## **2007 Preliminary Budget**

PEG savings in 2007 are projected to total \$39.1 million and to save 349 positions. Implementation of the Post-2006 Program savings included in the February Financial Plan – \$2.0 million with a reduction of 159 positions – has been rescheduled to 2008. The 2007 PEG savings primarily include:

- Improved employee availability, averaging a one-day reduction in absences per hourly employee annually, will generate savings of \$7.3 million and 132 positions NYCT-wide.
- The Department of Subways will maintain a 0.5% vacancy rate in its Rolling Stock & Maintenance of Way and Service Delivery divisions, yielding \$5.3 million in savings.
- Additional Workers’ Compensation recoveries, estimated at \$5.2 million, are to be achieved through a program to recover monies paid to injured claimants pursuant to the No-Fault law in connection with accidents where ultimate responsibility lies with a third party.
- Savings of \$5.0 million, including of 120 position reductions, will be achieved by operating subway service at policy headways during off-peak hours (midday, evenings and weekends).
- A contract renegotiation with the represented employee prescription benefit contractor is expected to result in savings of \$4.6 million.
- New York State payments to NYC Transit of \$2.0 million, applicable to outstanding and past due Transit Adjudication Bureau (TAB) summons liabilities, are expected to be deducted from violators’ tax refunds under the New York State-Wide Offset Program.
- A reduction in planned data processing equipment “normal replacement” purchases will save \$1.5 million.
- Bus depot maintenance staff reductions are expected to achieve \$1.3 million in savings and 18 position reductions.
- Rental savings of \$1.2 million is expected to result from the anticipated purchase of the Tiffany warehouse.
- Revenue processing and collection efficiencies will save \$1.1 million, including 10 positions.
- Subways administrative reductions are planned to save \$1.0 million and 10 positions.

## **2007 Preliminary Budget (continued)**

- A reconfiguration of employee work programs in Subways' RTO Division will save 12 positions and \$0.9 million in support activities (e.g., switching, car wash), with no impact on passenger service.

## **2008-2010 Projections**

Post-2007 Program savings, which are achieved through the implementation of One Person Train Operation (OPTO) planned on the "7", "J", "M" and "N" lines, are now projected to be \$11.4 million in 2008 and \$20.7 million each in 2009 and 2010. Position reductions are projected at 313 for each year.

The out-year values of 2007 PEG savings are projected as follows: \$50.0 million in 2008 and \$50.6 million in both 2009 and 2010, with position reductions of 354 in each year. Savings due to 2007 PEGs primarily include:

- For each projection year, \$18.6 million of savings and 120 position reductions will be achieved by operating subway service at policy headways during off-peak hours (midday, evenings and weekends).
- For each projection year, \$7.3 million of savings and 132 position reductions are projected from a one-day improvement in hourly employee availability.
- For each projection year, \$5.2 million of Workers' Compensation recoveries is estimated to be achieved through a program to recover monies paid to injured claimants pursuant to the No-Fault law in connection with accidents where ultimate responsibility lies with a third party.
- A contract renegotiation with the represented employee prescription benefit contractor is expected to result in savings of \$4.6 million each projection year.
- Rental savings of \$3.2 million for each projection year is expected to result from the anticipated purchase of the Tiffany warehouse.
- New York State payments to NYC Transit of \$2.0 million, applicable to outstanding and past due Transit Adjudication Bureau (TAB) summons liabilities, are expected to be deducted from violators' tax refunds under the New York State-wide Offset Program.
- Bus depot maintenance staff reductions are expected to achieve \$1.3 million in savings and 18 position reductions each projection year.
- Revenue processing and collection efficiencies will save \$1.1 million, including 10 positions for each projection year.
- Subways administrative reductions are planned to save \$1.0 million and 10 positions each projection year.
- A reconfiguration of employee work programs in Subways' RTO Division will save 12 positions and \$0.9 million in support activities (e.g., switching, car wash), with no impact on passenger service.

**MTA New York City Transit**  
**July Financial Plan 2007 - 2010**  
**Accrual Statement of Operations by Category**  
**(\$ in millions)**

**NON-REIMBURSABLE**

	<b>2005 Actuals</b>	<b>2006 Mid-Year Forecast</b>	<b>2007 Preliminary Budget</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b><u>Revenue</u></b>						
Farebox Revenue:						
Subway	\$1,856.978	\$1,934.702	\$1,956.085	\$1,977.073	\$1,982.936	\$1,987.816
Bus	\$761.838	\$778.749	\$784.274	\$789.431	\$791.789	\$793.957
Paratransit	\$7.109	\$8.393	\$9.652	\$11.100	\$12.764	\$14.679
Fare Media Liability	\$17.048	\$20.900	\$21.700	\$21.900	\$22.200	\$22.200
<b>Total Farebox Revenue</b>	<b>\$2,642.973</b>	<b>\$2,742.744</b>	<b>\$2,771.711</b>	<b>\$2,799.504</b>	<b>\$2,809.689</b>	<b>\$2,818.652</b>
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	\$66.811	\$71.787	\$65.938	\$76.701	\$88.131	\$101.240
Other	\$94.024	\$89.652	\$94.920	\$102.830	\$105.875	\$109.075
<b>Total Other Operating Revenue</b>	<b>\$264.601</b>	<b>\$265.205</b>	<b>\$264.624</b>	<b>\$283.297</b>	<b>\$297.772</b>	<b>\$314.081</b>
Capital and Other Reimbursements	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total Revenue</b>	<b>\$2,907.574</b>	<b>\$3,007.949</b>	<b>\$3,036.335</b>	<b>\$3,082.801</b>	<b>\$3,107.461</b>	<b>\$3,132.733</b>
<b><u>Expenses</u></b>						
Labor:						
Payroll	2,397.404	2,519.144	2,579.267	2,657.727	2,742.130	2,813.820
Overtime	227.738	215.165	203.376	208.427	216.918	225.202
Total Salaries & Wages	2,625.142	2,734.309	2,782.643	2,866.153	2,959.048	3,039.022
Health and Welfare	557.801	604.642	680.347	756.282	837.524	924.137
Pensions	456.753	515.120	602.578	616.811	615.266	611.045
Other Fringe Benefits	204.490	204.381	211.394	217.473	225.539	231.603
Total Fringe Benefits	1,219.044	1,324.143	1,494.318	1,590.567	1,678.329	1,766.785
Reimbursable Overhead	(148.440)	(162.193)	(157.130)	(159.943)	(157.752)	(160.736)
<b>Total Labor Expenses</b>	<b>\$3,695.746</b>	<b>\$3,896.259</b>	<b>\$4,119.831</b>	<b>\$4,296.777</b>	<b>\$4,479.624</b>	<b>\$4,645.071</b>
Non-Labor:						
Traction and Propulsion Power	137.418	146.730	157.684	157.765	157.812	157.812
Fuel for Buses and Trains	103.174	127.897	137.533	131.604	126.735	128.631
Insurance	29.837	34.963	43.103	48.480	52.579	59.462
Claims	51.616	71.080	73.036	75.044	77.100	79.050
Paratransit Service Contracts	158.177	190.897	228.065	265.885	304.875	355.258
Mtce. and Other Operating Contracts	176.504	186.988	211.649	218.803	230.632	228.017
Professional Service Contracts	89.015	96.675	97.645	101.439	110.564	112.416
Materials & Supplies	240.720	280.179	287.841	287.634	309.786	288.543
Other Business Expenses	33.853	32.832	32.826	33.050	33.241	33.492
<b>Total Non-Labor Expenses</b>	<b>\$1,020.314</b>	<b>\$1,168.241</b>	<b>\$1,269.382</b>	<b>\$1,319.704</b>	<b>\$1,403.324</b>	<b>\$1,442.681</b>
Other Expense Adjustments:						
Other	1.045	0.000	0.000	0.000	0.000	0.000
<b>Total Other Expense Adjustments</b>	<b>\$1.045</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Total Expenses before Depreciation</b>	<b>\$4,717.105</b>	<b>\$5,064.500</b>	<b>\$5,389.213</b>	<b>\$5,616.481</b>	<b>\$5,882.948</b>	<b>\$6,087.752</b>
Depreciation	954.518	1,074.500	1,228.100	1,381.700	1,535.300	1,688.900
<b>Total Expenses</b>	<b>\$5,671.623</b>	<b>\$6,139.000</b>	<b>\$6,617.313</b>	<b>\$6,998.181</b>	<b>\$7,418.248</b>	<b>\$7,776.652</b>
<b>Baseline Net Surplus/(Deficit)</b>	<b>(\$2,764.049)</b>	<b>(\$3,131.051)</b>	<b>(\$3,580.978)</b>	<b>(\$3,915.380)</b>	<b>(\$4,310.787)</b>	<b>(\$4,643.919)</b>
2007 Program to Eliminate the Gap	0.000	15.419	39.114	50.004	50.554	50.554
Post-2006 Program to Eliminate the GAP	0.000	0.000	0.000	11.367	20.688	20.688
<b>Net Surplus/(Deficit)</b>	<b>(\$2,764.049)</b>	<b>(\$3,115.632)</b>	<b>(\$3,541.864)</b>	<b>(\$3,854.009)</b>	<b>(\$4,239.545)</b>	<b>(\$4,572.677)</b>

## REIMBURSABLE

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**MTA New York City Transit**  
**July Financial Plan 2007 - 2010**  
**Accrual Statement of Operations by Category**  
**(\$ in millions)**

**NON-REIMBURSABLE and  
REIMBURSABLE**

**Revenue**

	<b>2005 Actuals</b>	<b>2006 Mid-Year Forecast</b>	<b>2007 Preliminary Budget</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Farebox Revenue:						
Subway	\$1,856.978	\$1,934.702	\$1,956.085	\$1,977.073	\$1,982.936	\$1,987.816
Bus	761.838	778.749	784.274	789.431	791.789	793.957
Paratransit	7.109	8.393	9.652	11.100	12.764	14.679
Fare Media Liability	17.048	20.900	21.700	21.900	22.200	22.200
<b>Total Farebox Revenue</b>	<b>\$2,642.973</b>	<b>\$2,742.744</b>	<b>\$2,771.711</b>	<b>\$2,799.504</b>	<b>\$2,809.689</b>	<b>\$2,818.652</b>
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	66.811	71.787	65.938	76.701	88.131	101.240
Other	94.024	89.652	94.920	102.830	105.875	109.075
Total Other Operating Revenue	264.601	265.205	264.624	283.297	297.772	314.081
Capital and Other Reimbursements	756.998	806.675	751.561	765.894	766.406	781.139
<b>Total Revenue</b>	<b>\$3,664.572</b>	<b>\$3,814.624</b>	<b>\$3,787.896</b>	<b>\$3,848.695</b>	<b>\$3,873.867</b>	<b>\$3,913.872</b>

**Expenses**

Labor:						
Payroll	2,722.870	2,866.668	2,916.852	3,000.345	3,086.199	3,164.034
Overtime	290.163	271.381	258.380	265.098	274.042	284.139
Total Salaries & Wages	3,013.033	3,138.049	3,175.231	3,265.443	3,360.240	3,448.173
Health and Welfare	575.701	626.335	701.287	779.607	863.311	952.650
Pensions	468.330	525.791	618.630	634.279	632.825	628.581
Other Fringe Benefits	284.393	286.452	291.613	298.673	306.234	313.386
Total Fringe Benefits	1,328.424	1,438.578	1,611.531	1,712.559	1,802.370	1,894.616
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total Labor Expenses</b>	<b>\$4,341.457</b>	<b>\$4,576.627</b>	<b>\$4,786.762</b>	<b>\$4,978.002</b>	<b>\$5,162.610</b>	<b>\$5,342.790</b>

Non-Labor:

Traction and Propulsion Power	137.418	146.730	157.684	157.765	157.812	157.812
Fuel for Buses and Trains	103.177	127.897	137.533	131.604	126.735	128.631
Insurance	29.837	34.963	43.103	48.480	52.579	59.462
Claims	52.115	71.080	73.036	75.044	77.100	79.050
Paratransit Service Contracts	158.179	190.897	228.065	265.885	304.875	355.258
Mtce. and Other Operating Contracts	219.204	220.201	240.620	247.774	259.603	256.988
Professional Service Contracts	107.042	114.810	112.690	116.484	125.609	127.461
Materials & Supplies	288.249	352.625	325.941	325.774	346.677	325.435
Other Business Expenses	36.380	35.345	35.339	35.563	35.754	36.005
<b>Total Non-Labor Expenses</b>	<b>\$1,131.601</b>	<b>\$1,294.548</b>	<b>\$1,354.011</b>	<b>\$1,404.373</b>	<b>\$1,486.744</b>	<b>\$1,526.102</b>

Other Expense Adjustments:

Other	1.045	0.000	0.000	0.000	0.000	0.000
<b>Total Other Expense Adjustments</b>	<b>\$1.045</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>

**Total Expenses before**

<b>Depreciation</b>	<b>\$5,474.103</b>	<b>\$5,871.175</b>	<b>\$6,140.773</b>	<b>\$6,382.375</b>	<b>\$6,649.355</b>	<b>\$6,868.891</b>
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Depreciation	954.518	1,074.500	1,228.100	1,381.700	1,535.300	1,688.900
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<b>Total Expenses</b>	<b>\$6,428.621</b>	<b>\$6,945.675</b>	<b>\$7,368.873</b>	<b>\$7,764.075</b>	<b>\$8,184.655</b>	<b>\$8,557.791</b>
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<b>Baseline Net Surplus/(Deficit)</b>	<b>(\$2,764.049)</b>	<b>(\$3,131.051)</b>	<b>(\$3,580.978)</b>	<b>(\$3,915.380)</b>	<b>(\$4,310.787)</b>	<b>(\$4,643.919)</b>
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2007 Program to Eliminate the Gap	0.000	15.419	39.114	50.004	50.554	50.554
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Post-2006 Program to Eliminate the GAP	0.000	0.000	0.000	11.367	20.688	20.688
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<b>Net Surplus/(Deficit)</b>	<b>(\$2,764.049)</b>	<b>(\$3,115.632)</b>	<b>(\$3,541.864)</b>	<b>(\$3,854.009)</b>	<b>(\$4,239.545)</b>	<b>(\$4,572.677)</b>
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**MTA New York City Transit**  
**July Financial Plan 2007 - 2010**  
**Cash Receipts & Expenditures**  
**(\$ in millions)**

	<b>2005 Actuals</b>	<b>2006 Mid-Year Forecast</b>	<b>2007 Preliminary Budget</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b><u>Receipts</u></b>						
Farebox Revenue	\$2,679.300	\$2,740.091	\$2,780.811	\$2,808.304	\$2,815.189	\$2,822.052
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	66.500	68.922	65.815	76.636	88.088	101.185
Other	90.000	125.272	100.320	104.930	107.975	111.175
<b>Total Other Operating Revenue</b>	<b>\$260.300</b>	<b>\$297.960</b>	<b>\$269.901</b>	<b>\$285.332</b>	<b>\$299.829</b>	<b>\$316.126</b>
Capital and Other Reimbursements	751.900	804.548	758.023	757.901	761.292	773.061
<b>Total Receipts</b>	<b>\$3,691.500</b>	<b>\$3,842.599</b>	<b>\$3,808.735</b>	<b>\$3,851.537</b>	<b>\$3,876.310</b>	<b>\$3,911.239</b>
<b><u>Expenditures</u></b>						
Labor:						
Payroll	2,706.237	2,840.446	2,894.060	2,978.026	3,061.290	3,138.238
Overtime	290.163	271.373	257.468	264.272	273.017	283.060
Total Salaries & Wages	2,996.400	3,111.819	3,151.528	3,242.299	3,334.306	3,421.298
Health and Welfare	561.200	638.204	698.855	777.005	860.527	949.671
Pensions	298.900	551.282	573.958	613.457	634.918	630.947
Other Fringe Benefits	267.600	274.861	281.211	288.913	296.863	304.343
Total Fringe Benefits	1,127.700	1,464.347	1,554.025	1,679.375	1,792.308	1,884.961
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total Labor Expenditures</b>	<b>\$4,124.100</b>	<b>\$4,576.166</b>	<b>\$4,705.553</b>	<b>\$4,921.674</b>	<b>\$5,126.615</b>	<b>\$5,306.259</b>
Non-Labor:						
Traction and Propulsion Power	136.000	146.730	157.684	157.765	157.812	157.812
Fuel for Buses and Trains	100.400	129.351	137.533	131.604	126.735	128.631
Insurance	20.300	27.423	41.967	50.642	51.349	58.260
Claims	57.800	57.680	61.677	63.465	65.306	67.201
Paratransit Service Contracts	155.100	186.697	228.065	265.885	304.875	355.258
Mtce. and Other Operating Contracts	222.000	230.739	249.074	256.228	268.057	265.442
Professional Service Contracts	93.800	109.981	108.690	112.484	121.609	123.461
Materials & Supplies	287.800	350.399	323.941	323.774	344.677	323.435
Other Business Expenditures	35.400	35.345	35.339	35.563	35.754	36.005
<b>Total Non-Labor Expenditures</b>	<b>\$1,108.600</b>	<b>\$1,274.345</b>	<b>\$1,343.970</b>	<b>\$1,397.410</b>	<b>\$1,476.174</b>	<b>\$1,515.505</b>
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
<b>Total Other Expenditure Adjustments</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Total Expenditures</b>	<b>\$5,232.700</b>	<b>\$5,850.511</b>	<b>\$6,049.523</b>	<b>\$6,319.084</b>	<b>\$6,602.789</b>	<b>\$6,821.764</b>
<b>Baseline Net Cash Deficit</b>	<b>(\$1,541.200)</b>	<b>(\$2,007.912)</b>	<b>(\$2,240.788)</b>	<b>(\$2,467.547)</b>	<b>(\$2,726.479)</b>	<b>(\$2,910.524)</b>
2007 Program to Eliminate the Gap						
Post-2006 Program to Eliminate the GAP	0.000	15.419	39.114	50.004	50.554	50.554
	0.000	0.000	0.000	11.367	20.688	20.688
<b>Net Cash Deficit</b>	<b>(\$1,541.200)</b>	<b>(\$1,992.493)</b>	<b>(\$2,201.674)</b>	<b>(\$2,406.176)</b>	<b>(\$2,655.237)</b>	<b>(\$2,839.282)</b>

**MTA New York City Transit**  
**July Financial Plan 2007 - 2010**  
**Cash Conversion (Cash Flow Adjustments)**  
(\$ in millions)

	<b>2005 Actuals</b>	<b>2006 Mid-Year Forecast</b>	<b>2007 Preliminary Budget</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b><u>Receipts</u></b>						
Farebox Revenue	36.327	(2.653)	9.100	8.800	5.500	3.400
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	(0.311)	(2.865)	(0.123)	(0.065)	(0.043)	(0.055)
Other	(4.024)	35.620	5.400	2.100	2.100	2.100
<b>Total Other Operating Revenue</b>	<b>(\$4.301)</b>	<b>\$32.755</b>	<b>\$5.277</b>	<b>\$2.035</b>	<b>\$2.057</b>	<b>\$2.045</b>
Capital and Other Reimbursements	(5.098)	(2.127)	6.463	(7.993)	(5.115)	(8.078)
<b>Total Receipt Adjustments</b>	<b>\$26.928</b>	<b>\$27.975</b>	<b>\$20.840</b>	<b>\$2.842</b>	<b>\$2.442</b>	<b>(\$2.633)</b>
<b><u>Expenditures</u></b>						
Labor:						
Payroll	16.633	26.222	22.792	22.318	24.909	25.797
Overtime	0.000	0.008	0.912	0.825	1.025	1.078
Total Salaries & Wages	16.633	26.230	23.703	23.144	25.934	26.875
Health and Welfare	14.501	(11.869)	2.432	2.602	2.784	2.979
Pensions	169.430	(25.490)	44.672	20.822	(2.093)	(2.367)
Other Fringe Benefits	16.793	11.590	10.402	9.760	9.371	9.043
Total Fringe Benefits	200.724	(25.769)	57.506	33.184	10.062	9.655
Reimbursable Overhead						
<b>Total Labor Expenditures</b>	<b>\$217.357</b>	<b>\$0.461</b>	<b>\$81.209</b>	<b>\$56.328</b>	<b>\$35.996</b>	<b>\$36.531</b>
Non-Labor:						
Traction and Propulsion Power	1.418	0.000	0.000	0.000	0.000	0.000
Fuel for Buses and Trains	2.777	(1.454)	0.000	0.000	0.000	0.000
Insurance	9.537	7.540	1.136	(2.162)	1.230	1.202
Claims	(5.685)	13.400	11.359	11.579	11.794	11.849
Paratransit Service Contracts	3.079	4.200	0.000	0.000	0.000	0.000
Mtce. and Other Operating Contracts	(2.796)	(10.538)	(8.454)	(8.454)	(8.454)	(8.454)
Professional Service Contracts	13.242	4.829	4.000	4.000	4.000	4.000
Materials & Supplies	0.449	2.226	2.000	2.000	2.000	2.000
Other Business Expenditures	0.980	0.000	0.000	0.000	0.000	0.000
<b>Total Non-Labor Expenditures</b>	<b>\$23.001</b>	<b>\$20.203</b>	<b>\$10.041</b>	<b>\$6.963</b>	<b>\$10.570</b>	<b>\$10.597</b>
Other Expenditure Adjustments:						
Other	1.045	0.000	0.000	0.000	0.000	0.000
<b>Total Other Expenditure Adjustments</b>	<b>\$1.045</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Total Expenditure Adjustments</b>	<b>\$241.403</b>	<b>\$20.664</b>	<b>\$91.250</b>	<b>\$63.291</b>	<b>\$46.566</b>	<b>\$47.128</b>
<b>Total Cash Conversion Adjustments before Depreciation</b>	<b>\$268.331</b>	<b>\$48.639</b>	<b>\$112.090</b>	<b>\$66.133</b>	<b>\$49.008</b>	<b>\$44.495</b>
Depreciation Adjustment	954.518	1,074.500	1,228.100	1,381.700	1,535.300	1,688.900
<b>Baseline Total Cash Conversion Adj.</b>	<b>\$1,222.849</b>	<b>\$1,123.139</b>	<b>\$1,340.190</b>	<b>\$1,447.833</b>	<b>\$1,584.308</b>	<b>\$1,733.395</b>
2007 Program to Eliminate the Gap	0.000	0.000	0.000	0.000	0.000	0.000
Post-2006 Program to Eliminate the GAP	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total Cash Conversion Adjustments</b>	<b>\$1,222.849</b>	<b>\$1,123.139</b>	<b>\$1,340.190</b>	<b>\$1,447.833</b>	<b>\$1,584.308</b>	<b>\$1,733.395</b>

**MTA New York City Transit  
July Financial Plan 2007-2010  
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 an assumed annual ridership growth rate of 15%, consistent with current ridership growth.

**Other Operating Revenue**

- Annual revenue increases include contractually-capped increases in NYC reimbursements that serve to partially fund the annual growth in paratransit expenses.
- Annual increases in advertising revenues are based upon benefits from a new contract.
- 2007 includes a reduction from a very high 2006 paratransit urban tax revenue projection, which was based upon a very strong 2006 real estate market.

**Capital and Other Reimbursements**

- Accrued reimbursements are projected to decrease by \$55.1 million or 6.8% from 2006 to 2007, due to the anticipated completion of in-house capital construction and security 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.

**TOTAL EXPENSES**

**Payroll**

- 2007-2010 includes primarily CPI-based rate increases as follows: 2007=2.56%, 2008=2.91%, 2009=3.07%, and 2010=3.20%.
- Reimbursable expenses decrease by \$9.9 million from 2006 to 2007, primarily due to the anticipated completion of in-house capital construction and security projects.

**Overtime**

- 2007-2010 payroll wage rate increase assumptions apply.
- The reduction from 2006 to 2007 reflects additional 2006 overtime requirements caused by vacancy coverage and adverse winter weather not anticipated to recur in 2007.

- Reimbursable expenses decrease by \$1.2 million from 2006 to 2007, primarily due to the anticipated completion of in-house capital construction and security projects.

### **Health & Welfare**

- Inflation assumptions are as follows: 2007=14.78%, 2008 through 2010=10.68%.

### **Pension**

- Year-to-year changes are affected by 2006 NYCERS revaluation adjustments from recently-enacted legislation and the MTA Policy Action to deposit in a GASB Fund in 2006 and 2007 cash savings from the revaluation adjustments. Please refer to the MTA Consolidated Section for more information.

### **Other Fringe Benefits**

- Inflation assumptions are consistent with payroll rate increase assumptions.
- Reimbursable expenses decrease \$1.9 million from 2006 to 2007, consistent with reductions in reimbursable payroll and overtime.

### **Traction and Propulsion Power**

- The plan reflects a projected New York Power Authority (NYPA) annual rate increase of 10.2% in 2007, with no additional increases from 2008 to 2010.

### **Fuel for Buses and Trains**

- 2007-2010 inflation/(deflation) assumptions are based upon MTA estimates as follows: 2007=\$2.30 per gallon plus \$0.17 premium, 2008=(5.1)%, 2009=(4.9)% and 2010=No Change.

### **Insurance**

- Inflation assumptions were provided by the MTA.

### **Claims**

- The plan assumes annual inflation rate of 2.5% for 2007 through 2010.

### **Paratransit Service Contracts**

- The primary driver of expense increases is projected annual ridership growth of 15%.
- Cost-per-trip inflation projections reflect carrier contracts, which provide for annual rate increases based on CPI.

### **Maintenance and Other Operating Contracts**

- 2007-2010 inflation assumptions are based upon Global Insight's estimates as follows: 2007=1.58%, 2008=1.84%, 2009=1.73%, and 2010=1.77%.
- Facility power inflation assumptions are based on a projected New York Power Authority (NYPA) rate increase of 10.2% in 2007, with no additional increases from 2008 to 2010.
- Reimbursable expenses decrease by \$4.2 million from 2006 to 2007, primarily due to reduced capital project requirements.

### **Professional Service Contracts**

- 2007-2010 inflation assumptions are based upon Global Insight's estimates as follows: 2007=1.58%, 2008=1.84%, 2009=1.73%, and 2010=1.77%.
- Reimbursable expenses decrease by \$3.1 million from 2006 to 2007, primarily due to reduced capital project requirements.

### **Materials and Supplies**

- 2007-2010 inflation assumptions are based upon Global Insight's estimates as follows: 2007=3.04%, 2008=1.93%, 2009=1.23%, and 2010=0.77%.
- Non-reimbursable expense levels tend to fluctuate year-to-year, due to the timing of subway and bus fleet maintenance programs.
- Reimbursable expenses decrease by \$34.3 million from 2006 to 2007, primarily due to the anticipated completion of in-house capital construction and security projects and the rescheduling of expenses from 2005 to 2006, which will not recur in 2007.

### **Other Business Expenses**

- 2007-2010 inflation assumptions are based upon Global Insight's estimates as follows: 2007=1.58%, 2008=1.84%, 2009=1.73%, and 2010=1.77%.

### **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.
- Annual improvements in paratransit farebox revenue are based on assumed annual ridership growth rate of 15%, consistent with current ridership growth.
- Includes cash adjustments for expired MetroCard values and the timing of counting and depositing of cash, which can cause some fluctuations in cash received from year to year.

### **Other Operating Receipts**

- Annual revenue increases include contractually-capped increases in NYC reimbursements that serve to partially fund the annual growth in paratransit expenses.
- Annual increases in advertising revenues are based upon benefits from a new contract.
- 2007 includes a reduction from a very high level of 2006 paratransit urban tax revenue, which was based upon a very strong 2006 real estate market.
- 2006 includes non-recurring cash receipts representing draw-downs accumulated from prior years of interest income (\$7.8 million) and Transit Adjudication Bureau funds (\$16.3 million).

## **Capital and Other Reimbursements**

- Accrued reimbursements are projected to decrease by \$55.1 million or 6.8% from 2006 to 2007, due to reduced reimbursable expenses .
- 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.
- Cash adjustments are reflected annually to recognize changes in the timing of receipts.

## **TOTAL EXPENDITURES**

### **Payroll**

- 2007-2010 includes CPI wage rate increases as follows: 2007=2.56%, 2008=2.91%, 2009=3.07%, and 2010=3.20%.
- Reimbursable expenses decrease by \$9.9 million from 2006 to 2007, primarily due to the anticipated completion of in-house capital construction and security projects.
- 2006 includes an unfavorable timing of payments from 2005 of \$11.7 million relating to the timing of wage contract settlements and a favorable timing of receipts of \$14.0 million relating to Taylor Law fines levied upon striking workers during the three-day transit strike in December 2005.

### **Overtime**

- 2007-2010 payroll wage rate increase assumptions apply.
- The reduction from 2006 to 2007 is due primarily to additional 2006 overtime requirements caused by vacancy coverage and adverse winter weather not anticipated to recur in 2007.
- Reimbursable expenses decrease by \$1.2 million from 2006 to 2007, primarily due to the anticipated completion of in-house capital construction and security projects.

### **Health & Welfare**

- Inflation assumptions are as follows: 2007=14.78%, 2008 through 2010=10.68%.
- 2006 includes an unfavorable timing of payments from 2005 of \$14.8 million.

### **Pension**

- Year-to-year changes are affected by 2006 NYCERS revaluation adjustments from recently-enacted legislation and the MTA Policy Action to deposit 2006 and 2007 cash savings from the revaluation adjustments in a GASB Fund. Please refer to the MTA Consolidated Section for more information.
- 2006 includes an unfavorable timing of payments from 2005 of \$35.7 million.

### **Other Fringe Benefits**

- Inflation assumptions are consistent with payroll rate increase assumptions.
- Reimbursable expenses decrease by \$1.9 million from 2006 to 2007, consistent with payroll and overtime changes.

### **Traction and Propulsion Power**

- Reflects a projected New York Power Authority (NYPA) annual rate increase of 10.2% in 2007, with no additional increases from 2008 to 2010.

### **Fuel for Buses and Trains**

- 2007-2010 price assumptions are based upon MTA estimates as follows: 2007=\$2.30 per gallon plus \$0.17 premium, 2008=(5.1)% deflation, 2009=(4.9)% deflation and no change in 2010.
- 2006 includes an unfavorable timing of payments from 2005 of \$1.5 million.

### **Insurance**

- Inflation-adjusted assumptions were provided by the MTA.
- 2006 includes an unfavorable timing of payments from 2005 of \$12.8 million.

### **Claims**

- Assumes annual inflation of 2.5% for 2007 through 2010.
- 2006 includes a favorable timing of payments from 2005 of \$3.7 million.

### **Paratransit Service Contracts**

- The primary driver of expense increases is projected annual ridership growth of 15%.
- Cost-per-trip inflation projections reflect carrier contracts, which provide for annual rate increases based on CPI.

### **Maintenance and Other Operating Contracts**

- 2007-2010 inflation assumptions are based upon Global Insight's estimates as follows: 2007=1.58%, 2008=1.84%, 2009=1.73%, and 2010=1.77%.
- Facility power estimates reflect a projected New York Power Authority (NYPA) rate increase of 10.2% in 2007, with no additional increases from 2008 to 2010.
- Reimbursable expenses decrease by \$4.2 million from 2006 to 2007, primarily due to a reduction in capital project requirements.
- 2006 includes an unfavorable timing of payments from 2005 of \$4.6 million.

### **Professional Service Contracts**

- 2007-2010 inflation assumptions are based upon Global Insight's estimates as follows: 2007=1.58%, 2008=1.84%, 2009=1.73%, and 2010=1.77%.
- Reimbursable expenses decrease by \$3.1 million from 2006 to 2007, primarily due to a reduction in capital project requirements.
- 2006 includes an unfavorable timing of payments from 2005 of \$3.7 million.

### **Materials and Supplies**

- 2007-2010 inflation assumptions are based upon Global Insight's estimates as follows: 2007=3.04%, 2008=1.93%, 2009=1.23%, and 2010=0.77%.
- Non-reimbursable expense levels fluctuate from year-to-year, due to the timing of subway and bus fleet maintenance programs.
- Reimbursable expenses decrease by \$34.3 million from 2006 to 2007, primarily due to the anticipated completion of in-house capital construction and security projects and the rescheduling of expenses from 2005 to 2006, which will not recur in 2007.

- 2006 includes an unfavorable timing of payments from 2005 of \$11.8 million.

**Other Business Expenditures**

- 2007-2010 inflation assumptions are based upon Global Insight's estimates as follows: 2007=1.58%, 2008=1.84%, 2009=1.73%, and 2010=1.77%.

**MTA New York City Transit**  
**July Financial Plan 2007 - 2010**  
**Year-to-Year Changes by Category - Accrual Basis**  
**(\$ in millions)**

**NON-REIMBURSABLE**

	Favorable/(Unfavorable)								
	2006	2007	Change 2007-2006	2008	Change 2008-2007	2009	Change 2009-2008	2010	Change 2010-2009
<b>Revenue</b>									
Farebox Revenue:									
Subway	\$1,934.702	\$1,956.085	\$21.383	\$1,977.073	\$20.988	\$1,982.936	\$5.863	\$1,987.816	\$4.880
Bus	778.749	784.274	5.525	789.431	5.157	791.789	2.358	793.957	2.168
Paratransit	8.393	9.652	1.259	11.100	1.448	12.764	1.664	14.679	1.915
Fare Media Liability	20.900	21.700	0.800	21.900	0.200	22.200	0.300	22.200	0.000
<b>Total Farebox Revenue</b>	<b>\$2,742.744</b>	<b>\$2,771.711</b>	<b>\$28.967</b>	<b>\$2,799.504</b>	<b>\$27.793</b>	<b>\$2,809.689</b>	<b>\$10.185</b>	<b>\$2,818.652</b>	<b>\$8.963</b>
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	71.787	65.938	(5.849)	76.701	10.763	88.131	11.430	101.240	13.109
Other	89.652	94.920	5.268	102.830	7.910	105.875	3.045	109.075	3.200
<b>Total Other Operating Revenue</b>	<b>265.205</b>	<b>264.624</b>	<b>(0.581)</b>	<b>283.297</b>	<b>18.673</b>	<b>297.772</b>	<b>14.475</b>	<b>314.081</b>	<b>16.309</b>
Capital and Other Reimbursements	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total Revenue</b>	<b>\$3,007.949</b>	<b>\$3,036.335</b>	<b>\$28.386</b>	<b>\$3,082.801</b>	<b>\$46.466</b>	<b>\$3,107.461</b>	<b>\$24.660</b>	<b>\$3,132.733</b>	<b>\$25.272</b>
<b>Expenses</b>									
Labor:									
Payroll	2,519.144	2,579.267	(60.123)	2,657.727	(78.460)	2,742.130	(84.404)	2,813.820	(71.690)
Overtime	215.165	203.376	11.789	208.427	(5.051)	216.918	(8.491)	225.202	(8.284)
Total Salaries & Wages	2,734.309	2,782.643	(48.334)	2,866.153	(83.511)	2,959.048	(92.895)	3,039.022	(79.974)
Health and Welfare	604.642	680.347	(75.705)	756.282	(75.936)	837.524	(81.242)	924.137	(86.613)
Pensions	515.120	602.578	(87.458)	616.811	(14.233)	615.266	1.545	611.045	4.220
Other Fringe Benefits	204.381	211.394	(7.013)	217.473	(6.080)	225.539	(8.066)	231.603	(6.063)
Total Fringe Benefits	1,324.143	1,494.318	(170.175)	1,590.567	(96.248)	1,678.329	(87.762)	1,766.785	(88.457)
Reimbursable Overhead	(162.193)	(157.130)	(5.063)	(159.943)	2.813	(157.752)	(2.190)	(160.736)	2.983
<b>Total Labor Expenses</b>	<b>\$3,896.259</b>	<b>\$4,119.831</b>	<b>(\$223.572)</b>	<b>\$4,296.777</b>	<b>(\$176.946)</b>	<b>\$4,479.624</b>	<b>(\$182.847)</b>	<b>\$4,645.071</b>	<b>(\$165.447)</b>
Non-Labor:									
Traction and Propulsion Power	146.730	157.684	(10.954)	157.765	(0.081)	157.812	(0.047)	157.812	0.000
Fuel for Buses and Trains	127.897	137.533	(9.636)	131.604	5.929	126.735	4.869	128.631	(1.896)
Insurance	34.963	43.103	(8.140)	48.480	(5.377)	52.579	(4.099)	59.462	(6.883)
Claims	71.080	73.036	(1.956)	75.044	(2.008)	77.100	(2.056)	79.050	(1.950)
Paratransit Service Contracts	190.897	228.065	(37.168)	265.885	(37.820)	304.875	(38.990)	355.258	(50.383)
Mtce. and Other Operating Contracts	186.988	211.649	(24.661)	218.803	(7.154)	230.632	(11.829)	228.017	2.615
Professional Service Contracts	96.675	97.645	(0.970)	101.439	(3.794)	110.564	(9.125)	112.416	(1.852)
Materials & Supplies	280.179	287.841	(7.662)	287.634	0.207	309.786	(22.152)	288.543	21.243
Other Business Expenses	32.832	32.826	0.006	33.050	(0.224)	33.241	(0.191)	33.492	(0.251)
<b>Total Non-Labor Expenses</b>	<b>\$1,168.241</b>	<b>\$1,269.382</b>	<b>(\$101.141)</b>	<b>\$1,319.704</b>	<b>(\$50.322)</b>	<b>\$1,403.324</b>	<b>(\$83.620)</b>	<b>\$1,442.681</b>	<b>(\$39.357)</b>
Other Expense Adjustments:									
Other	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total Other Expense Adjustments</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Total Expenses before Depreciation</b>	<b>\$5,064.500</b>	<b>\$5,389.213</b>	<b>(\$324.713)</b>	<b>\$5,616.481</b>	<b>(\$227.269)</b>	<b>\$5,882.948</b>	<b>(\$266.467)</b>	<b>\$6,087.752</b>	<b>(\$204.804)</b>
Depreciation	1,074.500	1,228.100	(153.600)	1,381.700	(153.600)	1,535.300	(153.600)	1,688.900	(153.600)
<b>Total Expenses</b>	<b>\$6,139.000</b>	<b>\$6,617.313</b>	<b>(\$478.313)</b>	<b>\$6,998.181</b>	<b>(\$380.869)</b>	<b>\$7,418.248</b>	<b>(\$420.067)</b>	<b>\$7,776.652</b>	<b>(\$358.404)</b>
<b>Baseline Net Surplus/(Deficit)</b>	<b>(\$3,131.051)</b>	<b>(\$3,580.978)</b>	<b>(\$449.927)</b>	<b>(\$3,915.380)</b>	<b>(\$334.403)</b>	<b>(\$4,310.787)</b>	<b>(\$395.407)</b>	<b>(\$4,643.919)</b>	<b>(\$333.132)</b>
2007 Program to Eliminate the Gap	15.419	39.114	23.695	50.004	10.890	50.554	0.550	50.554	0.000
Post-2006 Program to Eliminate the GAP	0.000	0.000	0.000	11.367	11.367	20.688	9.321	20.688	0.000
<b>Net Surplus/(Deficit)</b>	<b>(\$3,115.632)</b>	<b>(\$3,541.864)</b>	<b>(\$426.232)</b>	<b>(\$3,854.009)</b>	<b>(\$312.146)</b>	<b>(\$4,239.545)</b>	<b>(\$385.536)</b>	<b>(\$4,572.677)</b>	<b>(\$333.132)</b>

## REIMBURSABLE

[illegible]

**MTA New York City Transit**  
**July Financial Plan 2007 - 2010**  
**Year-to-Year Changes by Category - Accrual Basis**  
**(\$ in millions)**

**NON-REIMBURSABLE and  
REIMBURSABLE**

	Favorable/(Unfavorable)								
	2006	2007	Change 2007-2006	2008	Change 2008-2007	2009	Change 2009-2008	2010	Change 2010-2009
<b>Revenue</b>									
Farebox Revenue:									
Subway	\$1,934.702	\$1,956.085	\$21.383	\$1,977.073	\$20.988	\$1,982.936	\$5.863	\$1,987.816	\$4.880
Bus	778.749	784.274	5.525	789.431	5.157	791.789	2.358	793.957	2.168
Paratransit	8.393	9.652	1.259	11.100	1.448	12.764	1.664	14.679	1.915
Fare Media Liability	20.900	21.700	0.800	21.900	0.200	22.200	0.300	22.200	0.000
<b>Total Farebox Revenue</b>	<b>\$2,742.744</b>	<b>\$2,771.711</b>	<b>\$28.967</b>	<b>\$2,799.504</b>	<b>\$27.793</b>	<b>\$2,809.689</b>	<b>\$10.185</b>	<b>\$2,818.652</b>	<b>\$8.963</b>
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	71.787	65.938	(5.849)	76.701	10.763	88.131	11.430	101.240	13.109
Other	89.652	94.920	5.268	102.830	7.910	105.875	3.045	109.075	3.200
Total Other Operating Revenue	265.205	264.624	(0.581)	283.297	18.673	297.772	14.475	314.081	16.309
Capital and Other Reimbursements	806.675	751.561	(55.114)	765.894	14.333	766.406	0.513	781.139	14.733
<b>Total Revenue</b>	<b>\$3,814.624</b>	<b>\$3,787.896</b>	<b>(\$26.728)</b>	<b>\$3,848.695</b>	<b>\$60.799</b>	<b>\$3,873.867</b>	<b>\$25.173</b>	<b>\$3,913.872</b>	<b>\$40.005</b>
<b>Expenses</b>									
Labor:									
Payroll	2,866.668	2,916.852	(50.184)	3,000.345	(83.493)	3,086.199	(85.854)	3,164.034	(77.836)
Overtime	271.381	258.380	13.001	265.098	(6.718)	274.042	(8.944)	284.139	(10.097)
Total Salaries & Wages	3,138.049	3,175.231	(37.182)	3,265.443	(90.211)	3,360.240	(94.798)	3,448.173	(87.933)
Health and Welfare	626.335	701.287	(74.953)	779.607	(78.320)	863.311	(83.704)	952.650	(89.339)
Pensions	525.791	618.630	(92.839)	634.279	(15.649)	632.825	1.454	628.581	4.245
Other Fringe Benefits	286.452	291.613	(5.162)	298.673	(7.060)	306.234	(7.561)	313.386	(7.152)
Total Fringe Benefits	1,438.578	1,611.531	(172.953)	1,712.559	(101.028)	1,802.370	(89.811)	1,894.616	(92.246)
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total Labor Expenses</b>	<b>\$4,576.627</b>	<b>\$4,786.762</b>	<b>(\$210.135)</b>	<b>\$4,978.002</b>	<b>(\$191.239)</b>	<b>\$5,162.610</b>	<b>(\$184.609)</b>	<b>\$5,342.790</b>	<b>(\$180.179)</b>
Non-Labor:									
Traction and Propulsion Power	146.730	157.684	(10.954)	157.765	(0.081)	157.812	(0.047)	157.812	0.000
Fuel for Buses and Trains	127.897	137.533	(9.636)	131.604	5.929	126.735	4.869	128.631	(1.896)
Insurance	34.963	43.103	(8.140)	48.480	(5.377)	52.579	(4.099)	59.462	(6.883)
Claims	71.080	73.036	(1.956)	75.044	(2.008)	77.100	(2.056)	79.050	(1.950)
Paratransit Service Contracts	190.897	228.065	(37.168)	265.885	(37.820)	304.875	(38.990)	355.258	(50.383)
Mtce. and Other Operating Contracts	220.201	240.620	(20.419)	247.774	(7.154)	259.603	(11.829)	256.988	2.615
Professional Service Contracts	114.810	112.690	2.120	116.484	(3.794)	125.609	(9.125)	127.461	(1.852)
Materials & Supplies	352.625	325.941	26.684	325.774	0.167	346.677	(20.903)	325.435	21.242
Other Business Expenses	35.345	35.339	0.006	35.563	(0.224)	35.754	(0.191)	36.005	(0.251)
<b>Total Non-Labor Expenses</b>	<b>\$1,294.548</b>	<b>\$1,354.011</b>	<b>(\$59.463)</b>	<b>\$1,404.373</b>	<b>(\$50.362)</b>	<b>\$1,486.744</b>	<b>(\$82.371)</b>	<b>\$1,526.102</b>	<b>(\$39.358)</b>
Other Expense Adjustments:									
Other	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total Other Expense Adjustments</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Total Expenses before Depreciation</b>	<b>\$5,871.175</b>	<b>\$6,140.773</b>	<b>(\$269.598)</b>	<b>\$6,382.375</b>	<b>(\$241.601)</b>	<b>\$6,649.355</b>	<b>(\$266.980)</b>	<b>\$6,868.891</b>	<b>(\$219.537)</b>
Depreciation	1,074.500	1,228.100	(153.600)	1,381.700	(153.600)	1,535.300	(153.600)	1,688.900	(153.600)
<b>Total Expenses</b>	<b>\$6,945.675</b>	<b>\$7,368.873</b>	<b>(\$423.198)</b>	<b>\$7,764.075</b>	<b>(\$395.201)</b>	<b>\$8,184.655</b>	<b>(\$420.580)</b>	<b>\$8,557.791</b>	<b>(\$373.137)</b>
<b>Baseline Net Surplus/(Deficit)</b>	<b>(\$3,131.051)</b>	<b>(\$3,580.978)</b>	<b>(\$449.927)</b>	<b>(\$3,915.380)</b>	<b>(\$334.403)</b>	<b>(\$4,310.787)</b>	<b>(\$395.407)</b>	<b>(\$4,643.919)</b>	<b>(\$333.132)</b>
2007 Program to Eliminate the Gap	15.419	39.114	23.695	50.004	10.890	50.554	0.550	50.554	0.000
Post-2006 Program to Eliminate the GAP	0.000	0.000	0.000	11.367	11.367	20.688	9.321	20.688	0.000
<b>Net Surplus/(Deficit)</b>	<b>(\$3,115.632)</b>	<b>(\$3,541.864)</b>	<b>(\$426.232)</b>	<b>(\$3,854.009)</b>	<b>(\$312.146)</b>	<b>(\$4,239.545)</b>	<b>(\$385.536)</b>	<b>(\$4,572.677)</b>	<b>(\$333.132)</b>

**MTA New York City Transit**  
**July Financial Plan 2007 - 2010**  
**Year-to-Year Changes by Category - Cash Basis**  
**(\$ in millions)**

	Favorable/(Unfavorable)								
	2006	2007	Change 2007-2006	2008	Change 2008-2007	2009	Change 2009-2008	2010	Change 2010-2009
<b><u>Receipts</u></b>									
Farebox Revenue	\$2,740.091	\$2,780.811	\$40.720	\$2,808.304	\$27.493	\$2,815.189	\$6.885	\$2,822.052	\$6.863
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	\$68.922	\$65.815	(\$3.107)	\$76.636	\$10.821	\$88.088	\$11.452	\$101.185	\$13.097
Other	\$125.272	\$100.320	(\$24.952)	\$104.930	\$4.610	\$107.975	\$3.045	\$111.175	\$3.200
<b>Total Other Operating Revenue</b>	<b>\$297.960</b>	<b>\$269.901</b>	<b>(\$28.059)</b>	<b>\$285.332</b>	<b>\$15.431</b>	<b>\$299.829</b>	<b>\$14.497</b>	<b>\$316.126</b>	<b>\$16.297</b>
Capital and Other Reimbursements	\$804.548	\$758.023	(\$46.524)	\$757.901	(\$0.123)	\$761.292	\$3.391	\$773.061	\$11.770
<b>Total Receipts</b>	<b>\$3,842.599</b>	<b>\$3,808.735</b>	<b>(\$33.863)</b>	<b>\$3,851.537</b>	<b>\$42.801</b>	<b>\$3,876.310</b>	<b>\$24.773</b>	<b>\$3,911.239</b>	<b>\$34.930</b>
<b><u>Expenditures</u></b>									
Labor:									
Payroll	2,840.446	2,894.060	(53.614)	2,978.026	(83.966)	3,061.290	(83.263)	3,138.238	(76.948)
Overtime	271.373	257.468	13.905	264.272	(6.804)	273.017	(8.744)	283.060	(10.043)
Total Salaries & Wages	3,111.819	3,151.528	(39.709)	3,242.299	(90.771)	3,334.306	(92.007)	3,421.298	(86.992)
Health and Welfare	638.204	698.855	(60.652)	777.005	(78.150)	860.527	(83.522)	949.671	(89.144)
Pensions	551.282	573.958	(22.677)	613.457	(39.498)	634.918	(21.462)	630.947	3.971
Other Fringe Benefits	274.861	281.211	(6.350)	288.913	(7.702)	296.863	(7.950)	304.343	(7.480)
Total Fringe Benefits	1,464.347	1,554.025	(89.678)	1,679.375	(125.350)	1,792.308	(112.933)	1,884.961	(92.653)
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total Labor Expenditures</b>	<b>\$4,576.166</b>	<b>\$4,705.553</b>	<b>(\$129.387)</b>	<b>\$4,921.674</b>	<b>(\$216.121)</b>	<b>\$5,126.615</b>	<b>(\$204.941)</b>	<b>\$5,306.259</b>	<b>(\$179.644)</b>
Non-Labor:									
Traction and Propulsion Power	146.730	157.684	(10.954)	157.765	(0.081)	157.812	(0.047)	157.812	0.000
Fuel for Buses and Trains	129.351	137.533	(8.182)	131.604	5.929	126.735	4.869	128.631	(1.896)
Insurance	27.423	41.967	(14.544)	50.642	(8.675)	51.349	(0.707)	58.260	(6.911)
Claims	57.680	61.677	(3.997)	63.465	(1.788)	65.306	(1.841)	67.201	(1.895)
Paratransit Service Contracts	186.697	228.065	(41.368)	265.885	(37.820)	304.875	(38.990)	355.258	(50.383)
Mtce. and Other Operating Contracts	230.739	249.074	(18.335)	256.228	(7.154)	268.057	(11.829)	265.442	2.615
Professional Service Contracts	109.981	108.690	1.291	112.484	(3.794)	121.609	(9.125)	123.461	(1.852)
Materials & Supplies	350.399	323.941	26.458	323.774	0.167	344.677	(20.903)	323.435	21.242
Other Business Expenditures	35.345	35.339	0.006	35.563	(0.224)	35.754	(0.191)	36.005	(0.251)
<b>Total Non-Labor Expenditures</b>	<b>\$1,274.345</b>	<b>\$1,343.970</b>	<b>(\$69.625)</b>	<b>\$1,397.410</b>	<b>(\$53.440)</b>	<b>\$1,476.174</b>	<b>(\$78.764)</b>	<b>\$1,515.505</b>	<b>(\$39.331)</b>
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
<b>Total Other Expenditure Adjustments</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Total Expenditures</b>	<b>\$5,850.511</b>	<b>\$6,049.523</b>	<b>(\$199.012)</b>	<b>\$6,319.084</b>	<b>(\$269.561)</b>	<b>\$6,602.789</b>	<b>(\$283.705)</b>	<b>\$6,821.764</b>	<b>(\$218.975)</b>
<b>Baseline Net Cash Deficit</b>	<b>(\$2,007.912)</b>	<b>(\$2,240.788)</b>	<b>(\$232.875)</b>	<b>(\$2,467.547)</b>	<b>(\$226.760)</b>	<b>(\$2,726.479)</b>	<b>(\$258.932)</b>	<b>(\$2,910.524)</b>	<b>(\$184.045)</b>
2007 Program to Eliminate the Gap	\$15.419	\$39.114	\$23.695	\$50.004	\$10.890	\$50.554	\$0.550	\$50.554	\$0.000
Post-2006 Program to Eliminate the GAP	\$0.000	\$0.000	\$0.000	\$11.367	\$11.367	\$20.688	\$9.321	\$20.688	\$0.000
<b>Net Cash Deficit</b>	<b>(\$1,992.493)</b>	<b>(\$2,201.674)</b>	<b>(\$209.180)</b>	<b>(\$2,406.176)</b>	<b>(\$204.503)</b>	<b>(\$2,655.237)</b>	<b>(\$249.061)</b>	<b>(\$2,839.282)</b>	<b>(\$184.045)</b>

**MTA New York City Transit**  
**July Financial Plan 2007 - 2010**  
**Year-to-Year Changes by Category - Cash Conversion (Cash Flow Adjustments)**  
**(\$ in millions)**

	Favorable/(Unfavorable)								
	2006	2007	Change 2007-2006	2008	Change 2008-2007	2009	Change 2009-2008	2010	Change 2010-2009
<b><u>Receipts</u></b>									
Farebox Revenue	(\$2.653)	\$9.100	\$11.753	\$8.800	(\$0.300)	\$5.500	(\$3.300)	\$3.400	(\$2.100)
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	(\$2.865)	(\$0.123)	\$2.742	(\$0.065)	\$0.058	(\$0.043)	\$0.022	(\$0.055)	(\$0.012)
Other	\$35.620	\$5.400	(\$30.220)	\$2.100	(\$3.300)	\$2.100	\$0.000	\$2.100	\$0.000
<b>Total Other Operating Revenue</b>	<b>\$32.755</b>	<b>\$5.277</b>	<b>(\$27.478)</b>	<b>\$2.035</b>	<b>(\$3.242)</b>	<b>\$2.057</b>	<b>\$0.022</b>	<b>\$2.045</b>	<b>(\$0.012)</b>
Capital and Other Reimbursements	(\$2.127)	\$6.463	\$8.590	(\$7.993)	(\$14.456)	(\$5.115)	\$2.878	(\$8.078)	(\$2.963)
<b>Total Receipt Adjustments</b>	<b>\$27.975</b>	<b>\$20.840</b>	<b>(\$7.135)</b>	<b>\$2.842</b>	<b>(\$17.998)</b>	<b>\$2.442</b>	<b>(\$0.400)</b>	<b>(\$2.633)</b>	<b>(\$5.075)</b>
<b><u>Expenditures</u></b>									
Labor:									
Payroll	\$26.222	\$22.792	(\$3.430)	\$22.318	(\$0.473)	\$24.909	\$2.591	\$25.797	\$0.888
Overtime	\$0.008	\$0.912	\$0.903	\$0.825	(\$0.086)	\$1.025	\$0.200	\$1.078	\$0.054
Total Salaries & Wages	\$26.230	\$23.703	(\$2.527)	\$23.144	(\$0.559)	\$25.934	\$2.790	\$26.875	\$0.941
Health and Welfare	(\$11.869)	\$2.432	\$14.301	\$2.602	\$0.170	\$2.784	\$0.182	\$2.979	\$0.195
Pensions	(\$25.490)	\$44.672	\$70.162	\$20.822	(\$23.849)	(\$2.093)	(\$22.915)	(\$2.367)	(\$0.274)
Other Fringe Benefits	\$11.590	\$10.402	(\$1.188)	\$9.760	(\$0.642)	\$9.371	(\$0.389)	\$9.043	(\$0.328)
Total Fringe Benefits	(\$25.769)	\$57.506	\$83.275	\$33.184	(\$24.322)	\$10.062	(\$23.122)	\$9.655	(\$0.406)
Reimbursable Overhead	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
<b>Total Labor Expenditures</b>	<b>\$0.461</b>	<b>\$81.209</b>	<b>\$80.748</b>	<b>\$56.328</b>	<b>(\$24.881)</b>	<b>\$35.996</b>	<b>(\$20.332)</b>	<b>\$36.531</b>	<b>\$0.535</b>
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	(\$1.454)	\$0.000	\$1.454	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Insurance	\$7.540	\$1.136	(\$6.404)	(\$2.162)	(\$3.298)	\$1.230	\$3.392	\$1.202	(\$0.028)
Claims	\$13.400	\$11.359	(\$2.041)	\$11.579	\$0.220	\$11.794	\$0.215	\$11.849	\$0.055
Paratransit Service Contracts	\$4.200	\$0.000	(\$4.200)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Mtce. and Other Operating Contracts	(\$10.538)	(\$8.454)	\$2.084	(\$8.454)	\$0.000	(\$8.454)	\$0.000	(\$8.454)	\$0.000
Professional Service Contracts	\$4.829	\$4.000	(\$0.829)	\$4.000	\$0.000	\$4.000	\$0.000	\$4.000	\$0.000
Materials & Supplies	\$2.226	\$2.000	(\$0.226)	\$2.000	\$0.000	\$2.000	\$0.000	\$2.000	\$0.000
Other Business Expenditures	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
<b>Total Non-Labor Expenditures</b>	<b>\$20.203</b>	<b>\$10.041</b>	<b>(\$10.162)</b>	<b>\$6.963</b>	<b>(\$3.078)</b>	<b>\$10.570</b>	<b>\$3.607</b>	<b>\$10.597</b>	<b>\$0.027</b>
Other Expenditure Adjustments:									
Other	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
<b>Total Other Expenditure Adjustments</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Total Expenditure Adjustments</b>	<b>\$20.664</b>	<b>\$91.250</b>	<b>\$70.586</b>	<b>\$63.291</b>	<b>(\$27.959)</b>	<b>\$46.566</b>	<b>(\$16.725)</b>	<b>\$47.128</b>	<b>\$0.562</b>
<b>Total Cash Conversion Adjustments before Depreciation</b>	<b>\$48.639</b>	<b>\$112.090</b>	<b>\$63.451</b>	<b>\$66.133</b>	<b>(\$45.957)</b>	<b>\$49.008</b>	<b>(\$17.125)</b>	<b>\$44.495</b>	<b>(\$4.513)</b>
Depreciation Adjustment	\$1,074.500	\$1,228.100	\$153.600	\$1,381.700	\$153.600	\$1,535.300	\$153.600	\$1,688.900	\$153.600
<b>Baseline Total Cash Conversion Adj.</b>	<b>\$1,123.139</b>	<b>\$1,340.190</b>	<b>\$217.051</b>	<b>\$1,447.833</b>	<b>\$107.643</b>	<b>\$1,584.308</b>	<b>\$136.475</b>	<b>\$1,733.395</b>	<b>\$149.087</b>
2007 Program to Eliminate the Gap	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Post-2006 Program to Eliminate the GAP	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
<b>Total Cash Conversion Adjustments</b>	<b>\$1,123.139</b>	<b>\$1,340.190</b>	<b>\$217.051</b>	<b>\$1,447.833</b>	<b>\$107.643</b>	<b>\$1,584.308</b>	<b>\$136.475</b>	<b>\$1,733.395</b>	<b>\$149.087</b>

**MTA New York City Transit  
July Financial Plan 2007-2010  
Summary of Major Plan-to-Plan Changes**

**2006: July Financial Plan vs. February Financial Plan**

**Revenue Changes**

Revenue changes from the February Financial Plan resulted in a reduction of \$23.4 million. Major changes include:

- Farebox revenue underruns of \$49.5 million due to lower-than-anticipated ridership growth, the January 2006 impact of the 2005 holiday bonus program (not budgeted), and the February snowstorm.
- A capital reimbursement increase of \$11.6 million due to an increase in reimbursable expense.
- Higher estimates of Urban Tax yields based upon a continuing strong local real estate market, resulting in a \$14.4 million projected increase in paratransit reimbursements.

**Expense Changes**

Expense changes from the February Financial Plan result in an increase in expenses of \$54.2 million. Major changes include:

- Expenses increase by \$20.3 million due to the timing of expenses originally anticipated to occur in 2005 but deferred/rescheduled to 2006.
- Increased energy (electric power and diesel/heating fuel) prices increase projected expenses by \$15.3 million.
- Additional unscheduled overtime requirements for vacancy coverage and the impact of the February 2006 snowstorm increase expenses by \$12.5 million.
- Reimbursable expenses increase by \$11.6 million due primarily to the timing of material expenses from year-end 2005 results to 2006.
- Subway car maintenance material costs increase by \$9.5 million due to a combination of workscope increases in the SMS (Scheduled Maintenance System) Program and higher material costs for new cars due to their high technological content.
- Similarly, an increase of \$6.2 million is projected for additional bus depot maintenance material requirements, driven by higher maintenance costs needed to support new technology buses.
- Additional costs of \$6.0 million for prior year PEGs (Programs to Eliminate the Gap) now included in the baseline. These adjustments include: not expanding One Person Train Operation (OPTO) on the "G" Line due to an arbitration decision, and delays in implementing Automated Train Supervision (ATS), Communications-Based Train Control (CBTC), and a Disease Management Program.

## **2006: July Financial Plan vs. February Financial Plan (continued)**

- Recently-enacted legislation has resulted in a favorable NYCERS pension revaluation yielding accrued expense savings of \$149.2 million. The 2006 cash impact of these savings, \$120.1 million, will be deposited as an MTA Policy Action in a special GASB (Government Accounting Standards Board) fund. Please refer to the MTA Consolidated section for further information.

### **Cash Adjustments**

Cash adjustments were unfavorable by \$46.9 million. Major changes include:

- Net unfavorable timing of \$39.4 million of cash transactions originally anticipated to occur in 2005 but deferred/rescheduled to 2006. The net value includes \$59.4 million of unfavorable expenditure timing, primarily pension and health and welfare payments, offset in part by \$20.0 million of favorable operating revenue timing.
- Unfavorable cash timing of \$29.0 million resulting from the NYCERS pension revaluation adjustment enabled by recent legislation. The unfavorable cash timing results from the difference between MTA's fiscal year (January-December) and the City's (July-June). Favorable timing changes ensue in subsequent years.
- A favorable \$19.9 million due to the re-estimate of the timing of insurance expenditures.

## **2007-2010: July Financial Plan vs. February Financial Plan**

### **Revenue Changes**

Revenue changes from the February Financial Plan result in reductions of \$40.5 million in 2007, \$29.9 million in 2008, \$26.6 million in 2009, and \$27.8 million in 2010. Major changes include:

- Farebox revenue reductions of \$46.7 million in 2007, \$46.9 million in 2008, \$44.1 million in 2009 and \$46.3 million in 2010, due to lower projected ridership growth than in the February Plan.
- Advertising revenues are projected to increase by \$5.0 million in 2007, \$12.5 million in 2008, \$15.7 million in 2009, and \$18.5 million in 2010, the result of a new advertising contract.
- Capital reimbursements are projected to increase by \$1.6 million in 2007, \$3.7 million in 2008 and \$0.3 million in 2009, and to decrease by \$1.7 million in 2010, based on reestimates of reimbursable expenses during the same years.

## **2007-2010: July Financial Plan vs. February Financial Plan (continued)**

### **Expense Changes**

Expense changes from the February Financial Plan result in expense increases of \$200.1 million in 2007, \$244.3 million in 2008, \$308.0 million in 2009 and \$282.3 million in 2010. A discussion of major changes follows:

- Revised inflation forecasts for energy prices (fuel and power) and health & welfare rates result in increases of \$78.2 million in 2007, \$93.8 million in 2008, \$98.1 million in 2009, and \$108.0 million in 2010.
- Recently enacted-legislation resulted in a favorable NYCERS pension revaluation in 2006, and increased projected expenses in subsequent years: \$10.3 million in 2007, \$46.7 million in 2008, \$46.5 million in 2009 and \$46.7 million in 2010.
- In 2007, an MTA Policy Action will deposit the 2007 cash savings due to the revaluation, \$26.8 million, into a GASB (Government Accounting Standards Board) fund. Please refer to the MTA Consolidated section for further information.
- Paratransit costs are increasing, primarily due to higher CPI rate increases for the 8 primary carriers, and due to mobilization and fixed costs for two carriers that have agreed to increase their service fleet. Projected increases total \$13.9 million in 2007, \$21.7 million in 2008, \$11.4 million in 2009, and \$11.3 million in 2010.
- Bus service revisions, based upon peak-hour passenger loading guidelines, route running time updates, recommendations of The Staten Island Task Force, and depot construction impacts, yield costs of \$5.4 million in 2007, \$13.0 million in 2008, \$17.5 million in 2009 and \$19.1 million in 2010.
- SMS costs will increase by \$27.4 million in 2007 due to additional workscope requirements on the R142, R142A and R68A cars and higher than anticipated material costs reflecting the increased technological content of the new cars. Similar increases will result in subsequent years: \$15.3 million in 2008, \$43.9 million in 2009, and \$22.2 million in 2010.
- Alternating current HVAC compressor motors are required for the R46 fleet, to replace existing direct current motors, which have become increasingly unreliable and difficult to maintain. Projected costs are \$5.0 million in 2008, \$14.1 million in 2009, and \$6.4 million in 2010.
- Costs to dispose of 1,572 "B" division cars, which will be replaced by new R160 cars are projected to be \$4.5 million in 2007, \$8.8 million in 2008, \$8.8 million in 2009, and \$2.9 million in 2010.
- Additional bus shop maintenance requirements, including scheduling changes for bus overhauls and upgrades, are projected to be \$0.6 million in 2007, \$4.1 million in 2008, \$9.5 million in 2009 and \$5.9 million in 2010.
- Increased bus depot maintenance material requirements are projected, driven by the higher maintenance costs needed to support new technology buses: \$6.2 million in 2007, \$7.7 million in 2008, \$9.2 million in 2009 and \$10.7 million in 2010.

## **2007-2010: July Financial Plan vs. February Financial Plan (continued)**

- Additional bus repairable unit requirements for radiators, transmissions and turbochargers are projected to increase expenses by \$5.0 million in 2007, \$4.7 million in 2008, \$4.9 million in 2009 and \$5.1 million in 2010.
- Prior year PEG adjustments result in additional costs of \$14.2 million in 2007, \$4.5 million in 2008, \$3.7 million in 2009 and \$3.7 million in 2010. These adjustments include: delays in implementing Automated Train Supervision (ATS) and Communications-Based Train Control (CBTC) systems; a three-month delay in the implementation of bus off-peak seated load guidelines; not expanding “G” line One Person Train Operation (OPTO) due to an arbitration decision, and a delay in implementing a Disease Management Program.

### **Cash Adjustments**

Cash adjustments are projected to be favorable by \$44.3 million in 2007, \$21.0 million in 2008, \$2.6 million in 2009 and \$3.0 million in 2010. The major cash adjustments represent favorable NYCERS pension revaluation adjustments of \$37.1 million in 2007 and \$19.5 million in 2008 arising from recently-enacted legislation.

**MTA New York City Transit**  
**July Financial Plan 2007 - 2010**  
**Changes Between Financial Plans by Generic Categories**  
(\$ in millions)

NON-REIMBURSABLE					
	2006	2007	2008	2009	2010
<b>Baseline 2006 February Financial Plan - Cash Deficit</b>	<b>(\$1,885.424)</b>	<b>(\$2,048.876)</b>	<b>(\$2,206.787)</b>	<b>(\$2,388.552)</b>	<b>(\$2,595.027)</b>
<b>Baseline Changes</b>					
<b>Revenue</b>					
Farebox Revenue	(\$49.451)	(\$46.704)	(\$46.897)	(\$44.070)	(\$46.310)
Other Operating Revenue	\$14.414	\$4.560	\$13.270	\$17.103	\$20.252
Capital and Other Reimbursement	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
<b>Total Revenue Changes</b>	<b>(\$35.037)</b>	<b>(\$42.144)</b>	<b>(\$33.627)</b>	<b>(\$26.967)</b>	<b>(\$26.058)</b>
<b>Expenses</b>					
<b>Labor:</b>					
Payroll	(\$22.791)	(\$38.070)	(\$36.397)	(\$58.616)	(\$55.655)
Overtime	(\$16.315)	(\$1.727)	(\$3.020)	(\$5.064)	(\$5.908)
Health and Welfare	\$20.273	(\$4.090)	(\$17.024)	(\$31.337)	(\$43.487)
Pensions	\$28.189	(\$40.692)	(\$50.359)	(\$51.607)	(\$48.498)
Other Fringe Benefits	(\$2.254)	(\$2.717)	(\$2.729)	(\$5.504)	(\$5.534)
Reimbursable Overhead	\$1.109	\$1.168	\$1.783	\$0.641	(\$0.764)
<b>Total Labor Expense Changes</b>	<b>\$8.211</b>	<b>(\$86.127)</b>	<b>(\$107.746)</b>	<b>(\$151.486)</b>	<b>(\$159.846)</b>
<b>Non-Labor:</b>					
Traction and Propulsion Power	(\$5.789)	(\$17.044)	(\$16.427)	(\$13.999)	(\$12.017)
Fuel for Buses and Trains	(\$11.959)	(\$34.193)	(\$34.743)	(\$29.283)	(\$30.289)
Insurance	(\$0.404)	(\$4.089)	(\$6.183)	(\$6.155)	(\$6.512)
Claims	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Paratransit Service Contracts	\$1.432	(\$4.776)	(\$5.586)	(\$0.905)	\$0.244
Maintenance and Other Operating Contracts	\$3.674	(\$16.564)	(\$25.425)	(\$28.260)	(\$21.205)
Professional Service Contracts	(\$7.036)	(\$9.075)	(\$10.080)	(\$16.566)	(\$15.266)
Materials & Supplies	(\$30.217)	(\$26.516)	(\$34.386)	(\$61.132)	(\$39.206)
Other Business Expenses	(\$0.462)	(\$0.051)	\$0.014	\$0.067	\$0.133
<b>Total Non-Labor Expense Changes</b>	<b>(\$50.761)</b>	<b>(\$112.308)</b>	<b>(\$132.816)</b>	<b>(\$156.233)</b>	<b>(\$124.118)</b>
Depreciation	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
<b>Total Expense Changes</b>	<b>(\$42.550)</b>	<b>(\$198.435)</b>	<b>(\$240.562)</b>	<b>(\$307.719)</b>	<b>(\$283.964)</b>
<b>Cash Adjustment Changes</b>					
Revenue	\$23.914	\$3.265	(\$0.016)	(\$0.001)	(\$0.055)
Expense	(\$66.688)	\$38.939	\$21.438	\$1.875	\$2.658
Depreciation	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
<b>Total Cash Adjustment Changes</b>	<b>(\$42.774)</b>	<b>\$42.204</b>	<b>\$21.422</b>	<b>\$1.874</b>	<b>\$2.603</b>
<b>Total Baseline Changes</b>	<b>(\$120.361)</b>	<b>(\$198.374)</b>	<b>(\$252.767)</b>	<b>(\$332.813)</b>	<b>(\$307.420)</b>
<b>Baseline 2006 July Financial Plan - Cash Deficit</b>	<b>(\$2,005.785)</b>	<b>(\$2,247.250)</b>	<b>(\$2,459.554)</b>	<b>(\$2,721.365)</b>	<b>(\$2,902.447)</b>

**MTA New York City Transit**  
**July Financial Plan 2007 - 2010**  
**Changes Between Financial Plans by Generic Categories**  
(\$ in millions)

REIMBURSABLE					
	2006	2007	2008	2009	2010
<b>Baseline 2006 February Financial Plan - Cash Deficit</b>	<b>\$1.991</b>	<b>\$4.399</b>	<b>(\$7.555)</b>	<b>(\$5.815)</b>	<b>(\$8.493)</b>
<b>Baseline Changes</b>					
<b>Revenue</b>					
Farebox Revenue	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Other Operating Revenue	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Capital and Other Reimbursement	\$11.638	\$1.646	\$3.722	\$0.328	(\$1.695)
<b>Total Revenue Changes</b>	<b>\$11.638</b>	<b>\$1.646</b>	<b>\$3.722</b>	<b>\$0.328</b>	<b>(\$1.695)</b>
<b>Expenses</b>					
<b>Labor:</b>					
Payroll	(\$2.668)	(\$1.655)	(\$1.692)	\$0.277	\$2.565
Overtime	(\$0.593)	\$0.137	\$0.022	(\$0.011)	(\$0.012)
Health and Welfare	(\$1.856)	\$0.845	\$0.520	\$0.309	\$0.045
Pensions	\$3.595	(\$1.291)	(\$2.186)	(\$2.206)	(\$2.143)
Other Fringe Benefits	\$1.155	(\$0.458)	(\$0.508)	\$0.039	(\$1.642)
Reimbursable Overhead	(\$1.109)	(\$1.168)	(\$1.783)	(\$0.641)	\$0.764
<b>Total Labor Expense Changes</b>	<b>(\$1.476)</b>	<b>(\$3.590)</b>	<b>(\$5.627)</b>	<b>(\$2.233)</b>	<b>(\$0.422)</b>
<b>Non-Labor:</b>					
Traction and Propulsion Power	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Fuel for Buses and Trains	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Insurance	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Claims	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Paratransit Service Contracts	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Maintenance and Other Operating Contracts	\$2.794	\$0.877	\$0.877	\$0.877	\$0.877
Professional Service Contracts	(\$0.678)	\$1.027	\$1.027	\$1.027	\$1.027
Materials & Supplies	(\$12.278)	\$0.040	\$0.001	\$0.001	\$0.213
Other Business Expenses	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
<b>Total Non-Labor Expense Changes</b>	<b>(\$10.162)</b>	<b>\$1.944</b>	<b>\$1.905</b>	<b>\$1.905</b>	<b>\$2.117</b>
<b>Total Expense Changes</b>	<b>(\$11.638)</b>	<b>(\$1.646)</b>	<b>(\$3.722)</b>	<b>(\$0.328)</b>	<b>\$1.695</b>
<b>Cash Adjustment Changes</b>					
Capital Reimbursement Timing	(\$4.118)	\$2.064	(\$0.438)	\$0.700	\$0.415
<b>Total Cash Adjustment Changes</b>	<b>(\$4.118)</b>	<b>\$2.064</b>	<b>(\$0.438)</b>	<b>\$0.700</b>	<b>\$0.415</b>
<b>Total Baseline Changes</b>	<b>(\$4.118)</b>	<b>\$2.064</b>	<b>(\$0.438)</b>	<b>\$0.700</b>	<b>\$0.415</b>
<b>Baseline 2006 July Financial Plan - Cash Deficit</b>	<b>(\$2.127)</b>	<b>\$6.463</b>	<b>(\$7.993)</b>	<b>(\$5.115)</b>	<b>(\$8.078)</b>

**MTA New York City Transit**  
**July Financial Plan 2007 - 2010**  
**Changes Between Financial Plans by Generic Categories**  
(\$ in millions)

NON-REIMBURSABLE and REIMBURSABLE					
	2006	2007	2008	2009	2010
<b>Baseline 2006 February Financial Plan - Cash Deficit</b>	<b>(\$1,883.433)</b>	<b>(\$2,044.477)</b>	<b>(\$2,214.342)</b>	<b>(\$2,394.367)</b>	<b>(\$2,603.520)</b>
<b>Baseline Changes</b>					
<b>Revenue</b>					
Farebox Revenue	(\$49.451)	(\$46.704)	(\$46.897)	(\$44.070)	(\$46.310)
Other Operating Revenue	\$14.414	\$4.560	\$13.270	\$17.103	\$20.252
Capital and Other Reimbursement	\$11.638	\$1.646	\$3.722	\$0.328	(\$1.695)
<b>Total Revenue Changes</b>	<b>(\$23.399)</b>	<b>(\$40.498)</b>	<b>(\$29.905)</b>	<b>(\$26.639)</b>	<b>(\$27.753)</b>
<b>Expenses</b>					
<b>Labor:</b>					
Payroll	(\$25.459)	(\$39.725)	(\$38.089)	(\$58.340)	(\$53.089)
Overtime	(\$16.908)	(\$1.590)	(\$2.998)	(\$5.075)	(\$5.920)
Health and Welfare	\$18.416	(\$3.244)	(\$16.504)	(\$31.028)	(\$43.443)
Pensions	\$31.785	(\$41.983)	(\$52.545)	(\$53.812)	(\$50.642)
Other Fringe Benefits	(\$1.099)	(\$3.174)	(\$3.237)	(\$5.465)	(\$7.175)
Reimbursable Overhead	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
<b>Total Labor Expense Changes</b>	<b>\$6.735</b>	<b>(\$89.716)</b>	<b>(\$113.373)</b>	<b>(\$153.719)</b>	<b>(\$160.269)</b>
<b>Non-Labor:</b>					
Traction and Propulsion Power	(\$5.789)	(\$17.044)	(\$16.427)	(\$13.999)	(\$12.017)
Fuel for Buses and Trains	(\$11.959)	(\$34.193)	(\$34.743)	(\$29.283)	(\$30.289)
Insurance	(\$0.404)	(\$4.089)	(\$6.183)	(\$6.155)	(\$6.512)
Claims	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Paratransit Service Contracts	\$1.432	(\$4.776)	(\$5.586)	(\$0.905)	\$0.244
Maintenance and Other Operating Contracts	\$6.468	(\$15.687)	(\$24.548)	(\$27.383)	(\$20.328)
Professional Service Contracts	(\$7.714)	(\$8.048)	(\$9.053)	(\$15.539)	(\$14.239)
Materials & Supplies	(\$42.495)	(\$26.476)	(\$34.385)	(\$61.131)	(\$38.993)
Other Business Expenses	(\$0.462)	(\$0.051)	\$0.014	\$0.067	\$0.133
<b>Total Non-Labor Expense Changes</b>	<b>(\$60.923)</b>	<b>(\$110.364)</b>	<b>(\$130.911)</b>	<b>(\$154.328)</b>	<b>(\$122.001)</b>
Depreciation	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
<b>Total Expense Changes</b>	<b>(\$54.188)</b>	<b>(\$200.080)</b>	<b>(\$244.284)</b>	<b>(\$308.048)</b>	<b>(\$282.269)</b>
<b>Cash Adjustment Changes</b>					
Revenue	\$23.914	\$3.265	(\$0.016)	(\$0.001)	(\$0.055)
Expense	(\$66.688)	\$38.939	\$21.438	\$1.875	\$2.658
Capital Reimbursement Timing	(\$4.118)	\$2.064	(\$0.438)	\$0.700	\$0.415
Depreciation	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
<b>Total Cash Adjustment Changes</b>	<b>(\$46.892)</b>	<b>\$44.268</b>	<b>\$20.984</b>	<b>\$2.574</b>	<b>\$3.018</b>
<b>Total Baseline Changes</b>	<b>(\$124.479)</b>	<b>(\$196.311)</b>	<b>(\$253.205)</b>	<b>(\$332.112)</b>	<b>(\$307.004)</b>
<b>Baseline 2006 July Financial Plan - Cash Deficit</b>	<b>(\$2,007.912)</b>	<b>(\$2,240.788)</b>	<b>(\$2,467.547)</b>	<b>(\$2,726.479)</b>	<b>(\$2,910.524)</b>

**MTA New York City Transit**  
**July Financial Plan 2007 - 2010**  
**Summary of Major Changes (Programmatic) Between Financial Plans**  
**(\$ in millions)**

**TOTAL NON-REIMBURSABLE AND REIMBURSABLE**

	2006	2007	2008	2009	2010
<b>2006 February Financial Plan - Operating Cash Income/(Deficit)</b>	<b>(\$1,883.433)</b>	<b>(\$2,044.477)</b>	<b>(\$2,214.342)</b>	<b>(\$2,394.367)</b>	<b>(\$2,603.520)</b>
<b>Baseline Changes:</b>					
Revenue					
Farebox Revenue Re-estimate	(49.451)	(46.704)	(46.897)	(44.070)	(46.310)
Advertising Revenue-Re-estimate	0.000	4.990	12.500	15.730	18.530
Paratransit Urban Tax-Re-estimate	14.374	(0.430)	0.770	1.373	1.722
Capital Reimbursement Revision	11.638	1.646	3.722	0.328	(1.695)
Other Changes	0.040	0.000	0.000	0.000	0.000
Sub-Total Revenue Changes	(\$23.399)	(\$40.498)	(\$29.905)	(\$26.639)	(\$27.753)
Expense					
<u>Inflation-Related Changes:</u>					
Inflation Re-estimate - Energy (Bus Fuel, Electric Power)	(15.271)	(60.189)	(59.107)	(47.945)	(45.200)
Health & Welfare Rates	18.370	(11.006)	(25.595)	(38.195)	(53.080)
Property/Liability Insurance	(0.833)	(4.616)	(4.802)	(4.204)	(4.561)
Other Than Personal Services	0.000	(1.934)	(3.318)	(2.785)	(1.115)
Inflation Related to Changes Below	<u>0.000</u>	<u>(0.423)</u>	<u>(0.992)</u>	<u>(4.991)</u>	<u>(4.019)</u>
Sub-Total Inflation-Related Changes	2.266	(78.168)	(93.814)	(98.120)	(107.975)
2005 Year End Results Timing	(20.258)	0.000	0.000	0.000	0.000
NYCERS Pension Revaluation From Recently-Enacted Legislation	149.152	(10.269)	(46.724)	(46.456)	(46.703)
MTA Designated GASB Fund From Pension Reval.Cash Savings	(120.111)	(26.832)	0.000	0.000	0.000
Subway Service Plan Adjustments	0.000	(0.216)	(1.751)	(4.019)	(4.019)
Bus Service Plan Requirements	(0.714)	(5.357)	(12.972)	(17.522)	(19.123)
Paratransit Additional Costs	(5.107)	(13.867)	(21.664)	(11.424)	(11.271)
Subways Scheduled Maintenance System Revision	(9.500)	(27.392)	(15.263)	(43.923)	(22.203)
R46 Car HVAC Compressor Motor Replacement	0.000	0.000	(4.999)	(14.083)	(6.408)
Subway Car Scrapping Program	0.000	(4.471)	(8.837)	(8.837)	(2.948)
Bus Shop Plan Revision	(2.100)	(0.553)	(4.053)	(9.474)	(5.941)
Bus Depot Repairable Unit Requirements	(5.300)	(5.000)	(4.700)	(4.900)	(5.100)
Bus Depot Maintenance Material Requirements	(6.200)	(6.200)	(7.700)	(9.200)	(10.700)
Safety and Security New Needs	(1.375)	(1.345)	(1.645)	(2.575)	(2.675)
Administrative Requirements	(0.648)	(3.265)	(3.085)	(8.238)	(6.559)
2006 Overtime Re-estimate	(12.528)	0.000	0.000	0.000	0.000
Labor Re-estimates-ATU and Operating Engineers	(3.406)	(5.177)	(6.200)	(6.039)	(5.854)
Grand Avenue Bus Depot and Shop Service Support	0.000	4.230	(2.483)	(2.607)	(2.607)
Charleston Bus Depot Service Support	0.000	0.000	3.464	(1.790)	(1.790)
Changes To Prior Year PEGs-Implementation Timing	(5.962)	(14.228)	(4.489)	(3.673)	(3.673)
Consolidated Maintenance Management System Implementation	0.000	0.000	(2.925)	(3.000)	(3.000)
Subway Station Painting Program	0.000	0.000	0.000	(6.200)	(6.200)
All Other Non-reimbursable Changes	(0.759)	(0.325)	(0.722)	(5.639)	(9.215)
Reimbursable Expense Revision	(11.638)	(1.646)	(3.722)	(0.328)	1.695
Sub-Total Expense Changes	(\$54.188)	(\$200.081)	(\$244.284)	(\$308.047)	(\$282.269)
<b>Cash Adjustments:</b>					
Revenue					
2005 Year End Results Operating Revenue Timing	20.022	0.000	0.000	0.000	0.000
2005 Year End Results-Capital Reimbursement Timing	(1.600)	0.000	0.000	0.000	0.000
Interest Income Re-estimate	6.600	3.300	0.000	0.000	0.000
Paratransit Urban Tax Revenue Timing	(2.705)	(0.035)	(0.016)	(0.001)	(0.055)
Capital Reimbursement Timing	(2.518)	2.064	(0.438)	0.700	0.415
Expense					
2005 Year End Results Expenditure Timing	(59.457)	0.000	0.000	0.000	0.000
NYCERS Pension Revaluation Cash Timing	(29.042)	37.101	19.478	(0.144)	0.000
Insurance Re-estimate-Payment Timing	19.859	1.531	1.738	0.982	1.868
Retroactive Salary & Wage Timing	0.902	0.000	0.000	0.000	0.000
Other Cash Adjustments	1.047	0.307	0.222	1.037	0.790
Sub-Total Cash Adjustment Changes	(\$46.892)	\$44.268	\$20.984	\$2.574	\$3.018
<b>Total Baseline Changes</b>	<b>(\$124.479)</b>	<b>(\$196.311)</b>	<b>(\$253.205)</b>	<b>(\$332.112)</b>	<b>(\$307.004)</b>
<b>2006 July Financial Plan - Operating Cash Income/(Deficit)</b>	<b>(\$2,007.912)</b>	<b>(\$2,240.788)</b>	<b>(\$2,467.547)</b>	<b>(\$2,726.479)</b>	<b>(\$2,910.524)</b>

**MTA New York City Transit  
July Financial Plan 2007-2010  
Summary of Major Plan-to-Plan Changes**

**Ridership (Utilization)**

Relative to the February Financial Plan, baseline ridership decreases by 21.455 million in 2006, 21.864 million in 2007, 22.120 million in 2008, 19.944 million in 2009 and 21.676 in 2010, primarily due to lower ridership growth than anticipated in the February Plan.

**MTA New York City Transit**  
**July Financial Plan 2007 - 2010**  
**Ridership/Traffic Volume (Utilization)**  
**(in millions)**

	<b>2005 Actuals</b>	<b>2006 Mid-Year Forecast</b>	<b>2007 Preliminary Budget</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Subway	1,449.109	1,487.754	1,503.186	1,518.617	1,522.928	1,526.516
Bus	736.493	744.522	747.914	751.979	754.020	755.896
Paratransit	4.663	5.296	6.091	7.005	8.055	9.264
<b>Baseline Total Ridership</b>	<b>2,190.265</b>	<b>2,237.572</b>	<b>2,257.191</b>	<b>2,277.601</b>	<b>2,285.003</b>	<b>2,291.676</b>
Impact of: PEG Program	0.000	0.000	(0.287)	(1.077)	(1.077)	(1.077)
<b>Total Ridership</b>	<b>2,190.265</b>	<b>2,237.572</b>	<b>2,256.904</b>	<b>2,276.524</b>	<b>2,283.926</b>	<b>2,290.599</b>

**MTA New York City Transit**  
**July Financial Plan 2007 - 2010**  
**Summary of PEGs**  
**(\$ in millions)**

	Favorable/(Unfavorable)									
	2006		2007		2008		2009		2010	
	Positions <sup>1</sup>	Dollars	Positions <sup>1</sup>	Dollars	Positions <sup>1</sup>	Dollars	Positions <sup>1</sup>	Dollars	Positions <sup>1</sup>	Dollars
<b>LIST of PROGRAMS</b>										
Administration:										
Asset Recovery Increase	(2)	\$1.074	(2)	\$0.379	(2)	\$0.479	(2)	\$1.029	(2)	\$1.029
Corporate Communications Admin Reduction				\$0.175	2	\$0.294	2	\$0.294	2	\$0.294
EMD/Electrical Managerial/Supervisory Efficiencies			3	\$0.345	3	\$0.345	3	\$0.345	3	\$0.345
Health & Welfare Mgmt - Drug Cost Reduction		\$3.438		\$4.602		\$4.602		\$4.602		\$4.602
Operations Planning Position Reductions			2	\$0.208	2	\$0.208	2	\$0.208	2	\$0.208
PC Normal Replacement Reduction		\$1.500		\$1.500						
Subways Administrative Reductions			10	\$0.978	10	\$0.978	10	\$0.978	10	\$0.978
TAB Revenue Collection - StateWide Offset Program		\$3.735		\$1.960		\$1.960		\$1.960		\$1.960
Workers' Compensation Recoveries		\$0.800		\$5.170		\$5.170		\$5.170		\$5.170
Sub-Total Administration	(2)	\$10.547	13	\$15.317	15	\$14.036	15	\$14.586	15	\$14.586
Customer Convenience & Amenities:										
Reduce Bus Map Printing				\$0.107		\$0.107		\$0.107		\$0.107
Reduce Hours at Part-Time Booths					25	\$1.563	25	\$1.563	25	\$1.563
Reduce Telephone Info-Line Hours			1	\$0.098	3	\$0.294	3	\$0.294	3	\$0.294
Sub-Total Customer Convenience & Amenities		\$0.000	1	\$0.205	28	\$1.964	28	\$1.964	28	\$1.964
Direct Service:										
Subway Off-Peak Policy Headways			120	\$4.961	120	\$18.625	120	\$18.625	120	\$18.625
Sub-Total Service		\$0.000	120	\$4.961	120	\$18.625	120	\$18.625	120	\$18.625

**MTA New York City Transit**  
**July Financial Plan 2007 - 2010**  
**Summary of PEGs**  
**(\$ in millions)**

Favorable/(Unfavorable)									
2006		2007		2008		2009		2010	
Positions <sup>1</sup>	Dollars	Positions <sup>1</sup>	Dollars	Positions <sup>1</sup>	Dollars	Positions <sup>1</sup>	Dollars	Positions <sup>1</sup>	Dollars
<b>LIST of PROGRAMS</b>									
Service Support:									
Improve Availability by 1 day - Service Divisions		89	\$4.879	89	\$4.879	89	\$4.879	89	\$4.879
Reduce RTO Non-Road Positions		12	\$0.907	12	\$0.907	12	\$0.907	12	\$0.907
Revenue Processing and Collections Efficiencies	8	\$0.230	10	\$1.101	10	\$1.101	10	\$1.101	10
Subways Service Delivery Vacancy Savings		\$1.535	\$1.680						
Sub-Total Service Support	8	\$1.765	111	\$8.567	111	\$6.887	111	\$6.887	111
Maintenance:									
AFC Back Office Tool Repair Savings		1	\$0.084	1	\$0.084	1	\$0.084	1	\$0.084
CCTV Preventive Maintenance Interval Extension		7	\$0.553	7	\$0.553	7	\$0.553	7	\$0.553
Central Electronics Shop Delivery Staff Reduction		2	\$0.158	2	\$0.158	2	\$0.158	2	\$0.158
Depot Maintenance Staff Reduction		18	\$1.338	18	\$1.338	18	\$1.338	18	\$1.338
Electronics Mtce Div Materials/Supplies Reduction			\$0.250		\$0.250		\$0.250		\$0.250
Improve Availability by 1 day - Mtce/Other Divisions		43	\$2.377	43	\$2.377	43	\$2.377	43	\$2.377
Keene Equipment Maintenance Coverage		1	\$0.078	1	\$0.078	1	\$0.078	1	\$0.078
MVM SMS Cycle Savings		2	\$0.158	2	\$0.158	2	\$0.158	2	\$0.158
Substation Preventive Maintenance Interval Extension		4	\$0.275	4	\$0.275	4	\$0.275	4	\$0.275
Subways MOW/Rolling Stock Vacancy Savings			\$3.582						
Tiffany Warehouse Rent Savings			\$1.211		\$3.221		\$3.221		\$3.221
Sub-Total Maintenance		\$3.107	78	\$10.064	78	\$8.492	78	\$8.492	78
Revenue Enhancements:									
Sub-Total Revenue Enhancements		0.000	0.000		0.000		0.000		0.000

**MTA New York City Transit**  
**July Financial Plan 2007 - 2010**  
**Summary of PEGs**  
**(\$ in millions)**

	Favorable/(Unfavorable)									
	2006		2007		2008		2009		2010	
	Positions <sup>1</sup>	Dollars	Positions <sup>1</sup>	Dollars	Positions <sup>1</sup>	Dollars	Positions <sup>1</sup>	Dollars	Positions <sup>1</sup>	Dollars
<b>LIST of PROGRAMS</b>										
Other:										
Sub-Total Other		\$0.000		\$0.000		\$0.000		\$0.000		\$0.000
<b>Total PEGs</b>	<b>6</b>	<b>\$15.419</b>	<b>323</b>	<b>\$39.114</b>	<b>352</b>	<b>\$50.004</b>	<b>352</b>	<b>\$50.554</b>	<b>352</b>	<b>\$50.554</b>

<sup>1</sup> Reflects the impact of amendments on year-end positions. Excludes Full-Time Equivalents (FTE's).

**MTA New York City Transit**  
**July Financial Plan 2007 - 2010**  
**Program to Eliminate the Gap Worksheet**  
(\$ in millions)

**PEG Category:**

Administration

**Program:**

Asset Recovery Increase

**Background Details:**

The objective of this initiative is to increase the ability to identify additional items currently dumped as waste that could be recycled, sold as scrap, or sold as surplus.

**PEG Description/Implementation Plan:**

Two additional positions will be added to the Asset Recovery efforts starting in July 2006. The investment in these positions is expected to increase revenue from surplus sales and scrap.

	2006 Forecast	2007 Proposed Budget	2008	2009	2010
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$1.074	\$0.379	\$0.479	\$1.029	\$1.029
<b>Total Reduction in Positions Required</b>	(2)	(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 2007 - 2010  
Program to Eliminate the Gap Worksheet  
(\$ in millions)**

**PEG Category:**

Administration

**Program:**

Corporate Communications Administrative Reductions

**Background Details:**

(1) Reduce newspaper advertising of service diversions, (2) MetroCard Claims Savings, and (3) OTPS savings.

**PEG Description/Implementation Plan:**

(1) Marketing will continue to use in-system advertising and the MTA/NYCT website to provide customers with service diversion information. (2) With the introduction of technological improvements in the MetroCard claims process, two full-time PTE positions can be eliminated in 2008. (3) A savings of \$20,000 in DP Material and a savings of \$10,000 in Specialized Equipment can be achieved starting in 2007.

	2006 Forecast	2007 Proposed Budget	2008	2009	2010
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.175	\$0.294	\$0.294	\$0.294
 <b>Total Reduction in Positions Required</b>	 0	 0	 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 2007 - 2010  
Program to Eliminate the Gap Worksheet  
(\$ in millions)**

**PEG Category:**

Administration

**Program:**

EMD/Electrical Managerial/Supervisory Efficiencies

**Background Details:**

This proposal eliminates 1 superintendent and 1 Level II supervisor in Electrical Maintenance, and 1 superintendent in the Electronics Maintenance Network Operations Unit, effective January 1, 2007.

**PEG Description/Implementation Plan:**

This proposal provides for managerial and supervisory efficiency through increased span of control. One manager and one superintendent will be eliminated from the Capital Cable Operations group and the coordination of logistics, GO's, etc., will be absorbed by existing staff. In addition, one superintendent position in Network Operations will be eliminated.

	2006 Forecast	2007 Proposed Budget	2008	2009	2010
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.345	\$0.345	\$0.345	\$0.345
 <b>Total Reduction in Positions Required</b>	 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 2007 - 2010  
Program to Eliminate the Gap Worksheet  
(\$ in millions)**

**PEG Category:**

Administration

**Program:**

Health & Welfare Management - Drug Cost Reduction

**Background Details:**

Negotiations will be initiated with PharmaCare, the prescription benefit manager that provides drug coverage to represented employees, to reduce costs to NYCT.

**PEG Description/Implementation Plan:**

Negotiations will focus on increasing NYCT's current discount off brand and generic drugs and to reduce drug dispensing fees.

	2006 Forecast	2007 Proposed Budget	2008	2009	2010
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$3.438	\$4.602	\$4.602	\$4.602	\$4.602
<b>Total Reduction in Positions Required</b>	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 2007 - 2010  
Program to Eliminate the Gap Worksheet  
(\$ in millions)**

**PEG Category:**

Administration

**Program:**

Operations Planning Position Reductions

**Background Details:**

A two position reduction is being taken in Operations Planning based on anticipated vacancies.

**PEG Description/Implementation Plan:**

Process/Productivity improvements in Operations Analysis and Bus Service Planning will reduce staffing requirements by one head in each unit. These positions will not be rehired.

	<b>2006 Forecast</b>	<b>2007 Proposed Budget</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	<b>\$0.000</b>	<b>\$0.208</b>	<b>\$0.208</b>	<b>\$0.208</b>	<b>\$0.208</b>
<b>Total Reduction in Positions Required</b>	<b>0</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
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 2007 - 2010  
Program to Eliminate the Gap Worksheet  
(\$ in millions)**

**PEG Category:**

Administration

**Program:**

PC Normal Replacement Reduction

**Background Details:**

Reduce the budget allocation in 2006 and 2007 for normal replacement of data processing equipment.

**PEG Description/Implementation Plan:**

Due to data processing equipment purchased through various employee relocations, normal replacement can be reduced in the near-term by \$1.5M each in 2006 and 2007.

	<b>2006 Forecast</b>	<b>2007 Proposed Budget</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	<b>\$1.500</b>	<b>\$1.500</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Total Reduction in Positions Required</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
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 2007 - 2010  
Program to Eliminate the Gap Worksheet  
(\$ in millions)**

**PEG Category:**

Administration

**Program:**

Subways Administrative Reduction

**Background Details:**

As part of an ongoing effort to streamline administrative operations, the Department of Subways will eliminate an additional 10 administrative positions from various divisions.

**PEG Description/Implementation Plan:**

Beginning January 2007 the Department of Subways will eliminate administrative jobs in the following divisions: Operations Support - 2 positions, Rapid Transit Operations - 2 positions, Maintenance of Way - 4 positions, and Stations - 2 positions.

	<b>2006 Forecast</b>	<b>2007 Proposed Budget</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	<b>\$0.000</b>	<b>\$0.978</b>	<b>\$0.978</b>	<b>\$0.978</b>	<b>\$0.978</b>
<b>Total Reduction in Positions Required</b>	<b>0</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>
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 2007 - 2010  
Program to Eliminate the Gap Worksheet  
(\$ in millions)**

**PEG Category:**

Administration

**Program:**

TAB Revenue Collection - StateWide Offset Program

**Background Details:**

The Transit Adjudication Bureau began utilizing a state law enacted in the 1990's named "State-Wide Offset Program" which allows agencies to recover monies due (in NYCT's case, for unpaid TAB summonses) from state tax refunds payable to individuals against whom there are judgments.

**PEG Description/Implementation Plan:**

Continued expansion of collections under this law. The year 2005 included recoveries for the years 2002-2004 and 1994 and 1995 and revenues increased from \$7.1 million to \$9.2 million. In 2006 the years 1996 and 1997 will be added. Through April 2006, \$4 million has been collected.

	2006 Forecast	2007 Proposed Budget	2008	2009	2010
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$3.735	\$1.960	\$1.960	\$1.960	\$1.960
<b>Total Reduction in Positions Required</b>	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 2007 - 2010  
Program to Eliminate the Gap Worksheet  
(\$ in millions)**

**PEG Category:**

Administration

**Program:**

Workers' Compensation Recoveries

**Background Details:**

Workers Compensation Recoveries (Loss Transfers/3rd Parties and NYS 15-8 Fund), and Reduction in Drug Costs

**PEG Description/Implementation Plan:**

Loss Transfer Recoveries is a program to recover monies paid to injured claimants pursuant to the No-Fault law in connection with accidents where ultimate responsibility lies with a third party. The 15-8 Recoveries is a Workers Compensation law that allows insurers and self-insured employers to seek the recovery of a portion of their statutory workers compensation and medical payments in situations where the employees' injuries are partially attributable to other pre-existing medical conditions. These conditions are known as "second injury" or "15-8". The Prescription Drug program in Workers Compensation provides prescription drugs for the treatment of claimants. This program seeks a reduction in the retail costs submitted by the pharmaceutical provider to an amount equal to the published Average Wholesale Price.

	2006 Forecast	2007 Proposed Budget	2008	2009	2010
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.800	\$5.170	\$5.170	\$5.170	\$5.170
<b>Total Reduction in Positions Required</b>	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 2007 - 2010  
Program to Eliminate the Gap Worksheet  
(\$ in millions)**

**PEG Category:** Customer Convenience and Amenities

**Program:** Reduce Bus Map Printing

**Background Details:** Eliminate one planned "pocket " bus map printing annually.

**PEG Description/Implementation Plan:** This proposal is to reduce the number of scheduled annual print runs per borough by one (with the exception of Staten Island). The revised schedule would have the Manhattan map printed three times a year. The maps for the Bronx, Brooklyn and Queens would be printed twice a year. The printing of the Staten Island borough map would remain at twice a year.

	<b>2006 Forecast</b>	<b>2007 Proposed Budget</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	<b>\$0.000</b>	<b>\$0.107</b>	<b>\$0.107</b>	<b>\$0.107</b>	<b>\$0.107</b>
 <b>Total Reduction in Positions Required</b>	 <b>0</b>	 <b>0</b>	 <b>0</b>	 <b>0</b>	 <b>0</b>
 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 2007 - 2010  
Program to Eliminate the Gap Worksheet  
(\$ in millions)**

**PEG Category:** Customer Convenience and Amenities

**Program:** Reduce Hours at Part-Time Booths

<b>Background Details:</b>	In 2005 the Division of Stations began implementation of the Station Customer Assistance Program (SCAP) at 158 control areas. This program assigns the Station Agents outside of the booths and shifts their job from selling fare media to providing enhanced customer service.
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<b>PEG Description/Implementation Plan:</b>	This proposal will identify, between now and 2008, twenty five (25) station agent positions to be eliminated from various part-time booths during low volume periods, at locations automated as part of the Station Customer Assistance Program (SCAP). The locations will continue to be available to customers on a 24 x 7 basis, and all stations will retain 24 x 7 Station Agent coverage at their full-time booth(s).
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	<b>2006 Forecast</b>	<b>2007 Proposed Budget</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.000	\$1.563	\$1.563	\$1.563
 <b>Total Reduction in Positions Required</b>	 0	 0	 25	 25	 25
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 2007 - 2010  
Program to Eliminate the Gap Worksheet  
(\$ in millions)**

**PEG Category:** Customer Convenience and Amenities

**Program:** Reduce Telephone Info-Line Hours

<b>Background Details:</b>	In 2007, reduce MetroCard line operating hours, and reduce agent assisted Travel Information Center (TIC) telephone line operating hours in 2008.
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<b>PEG Description/Implementation Plan:</b>	In 2007, Customer Service will reduce the daily operating hours of the MetroCard Line by one hour to 7 am to 10 pm. In 2008, the daily operating hours will be reduced by one hour to 7 am to 9 pm. Customers will have the option of using the automated MetroCard information system. The agent assisted Travel Information Center (TIC) phone line is currently staffed from 6:00 am to 10:00 pm seven days a week. In 2008, agent assisted hours will be reduced to 7:00 am to 9:00 pm. By then, customers will have the option to obtain travel information on line by using NYC Transit's Trip Planner web-based travel itinerary service available on <a href="http://www.mta.info">www.mta.info</a> or by using the self-service voice enabled Travel Itinerary application in both English and Spanish. In 2008, both the MetroCard Line and the Travel Information Center (TIC) phone line will be staffed the same number of hours.
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	<b>2006 Forecast</b>	<b>2007 Proposed Budget</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	<b>\$0.000</b>	<b>\$0.098</b>	<b>\$0.294</b>	<b>\$0.294</b>	<b>\$0.294</b>
<b>Total Reduction in Positions Required</b>	<b>0</b>	<b>1</b>	<b>3</b>	<b>3</b>	<b>3</b>
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 2007 - 2010  
Program to Eliminate the Gap Worksheet  
(\$ in millions)**

**PEG Category:**

Direct Service

**Program:**

Subway Off-Peak Policy Headways

**Background Details:**

This proposal is to operate subway service at policy headways during off-peak hours. The change will increase midday headways on 10 of 23 lines by 1-4 minutes, relative to current schedules. Midday service on all other lines and shuttles will remain unchanged. The change during late evenings and nights will increase headways on nine subway lines, generally in the 2-5 minute range. On weekends, the change will affect only Subdivision B service (lettered subway lines), as policy headways are currently in effect throughout Subdivision A (number lines) on weekends. Most Subdivision B lines will experience headway increases of 2-4 minutes during peak weekend periods. The resulting off-peak headways would be every 10 minutes middays and evenings, every 12-20 minutes late evenings and nights, every 10 minutes Saturdays, and every 12 minutes Sundays.

**PEG Description/Implementation Plan:**

Approximate implementation dates: June 1, 2007 for Subdivision "A" and December 1, 2007 for Subdivision "B." MTA Board approval will be required to relax off-peak loading guidelines, which currently call for a seated load at the peak load point.

	<b>2006 Forecast</b>	<b>2007 Proposed Budget</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	<b>\$0.000</b>	<b>\$4.961</b>	<b>\$18.625</b>	<b>\$18.625</b>	<b>\$18.625</b>
 <b>Total Reduction in Positions Required</b>	 <b>0</b>	 <b>120</b>	 <b>120</b>	 <b>120</b>	 <b>120</b>
Current Vacancies					
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)		(0.011)	(0.026)	(0.026)	(0.026)
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

**MTA New York City Transit  
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Program to Eliminate the Gap Worksheet  
(\$ in millions)**

**PEG Category:**

Service Support

**Program:**

Improve Availability by 1 Day - Service Divisions

**Background Details:**

This program anticipates savings resulting from a one-day improvement in annual employee availability for service-related positions.

**PEG Description/Implementation Plan:**

This initiative will be implemented in conjunction with a New Need that establishes an Employee Availability Unit to work with operating departments and monitor employees with the worst time and attendance records. A one-day availability increase is projected for service-related positions. Since service and other similar fixed-post titles are formally budgeted based on employee availability, availability improvements will translate directly into reduced position requirements for absence coverage.

	2006 Forecast	2007 Proposed Budget	2008	2009	2010
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$4.879	\$4.879	\$4.879	\$4.879
<b>Total Reduction in Positions Required</b>	0	89	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  
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Program to Eliminate the Gap Worksheet  
(\$ in millions)**

**PEG Category:**

Service Support

**Program:**

Reduce RTO Non-Road Positions

**Background Details:**

Reconfiguration of the work program to make more efficient use of Work As Assigned (WAA) time allows for efficiencies. This proposal allows for hourly efficiencies in Coney Island Yard Car Wash jobs, switching jobs in Subdivision "B", and shop transfer switching jobs in Subdivision "C".

**PEG Description/Implementation Plan:**

Through work program efficiencies, RTO will eliminate five car wash jobs and four switching jobs in Subdivision "B", as well as eliminate three switching jobs in Subdivision "C" used to transfer trains to and from various maintenance shops.

	2006 Forecast	2007 Proposed Budget	2008	2009	2010
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.907	\$0.907	\$0.907	\$0.907
<b>Total Reduction in Positions Required</b>	<b>0</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>
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 2007 - 2010  
Program to Eliminate the Gap Worksheet  
(\$ in millions)**

**PEG Category:**

Service Support

**Program:**

Revenue Processing and Collections Efficiencies

**Background Details:**

Reduce subway collections positions due to efficiencies at the new Consolidated Revenue Facility, reduce coin processing positions due to decreased coin revenue from depot collections, and reduce processing positions due to elimination of TransitChek vouchers. Also includes savings in fare media purchases due to unit price reductions.

**PEG Description/Implementation Plan:**

Reduction of five Collecting Agent (TA) positions can be realized effective 7/1/06 due to rerouting and efficiencies in subway collections as a result of relocation to the new Consolidated Revenue Facility. Reduction of one Cashier position can be realized effective 7/1/06 due to decreased volumes of coin revenue from depot collections. Reduction of two Cashier positions can be realized following the discontinued acceptance of TransitChek paper vouchers, scheduled for 12/31/06. Projected fare media savings reflects a decrease in the average unit price for MetroCard stock due to a larger number of qualified vendors and the addition of a domestic supplier.

	2006 Forecast	2007 Proposed Budget	2008	2009	2010
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.230	\$1.101	\$1.101	\$1.101	\$1.101
<b>Total Reduction in Positions Required</b>	<b>8</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>
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 2007 - 2010  
Program to Eliminate the Gap Worksheet  
(\$ in millions)**

**PEG Category:**

Service Support

**Program:**

Subways Service Delivery Vacancy Savings

**Background Details:**

The Department of Subways will maintain a vacancy level of 0.5% in 2006 and 2007 in the Service Delivery divisions as follows: Operations Support - 1 position; Rapid Transit Operations (RTO) - 5 positions; and Stations - 15 positions. These positions have not been removed from the budgeted quota.

**PEG Description/Implementation Plan:**

This proposal is to maintain base pay and fringe benefits vacancy savings associated with 21 positions in 2006 and 2007.

	2006 Forecast	2007 Proposed Budget	2008	2009	2010
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$1.535	\$1.680	\$0.000	\$0.000	\$0.000
 <b>Total Reduction in Positions Required</b>	 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  
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Program to Eliminate the Gap Worksheet  
(\$ in millions)**

**PEG Category:**

Maintenance

**Program:**

AFC Back Office Tool Repair Savings

**Background Details:**

Transfer AFC back office small tool repairs to Bus Electronics Maintenance.

**PEG Description/Implementation Plan:**

AFC back office small tool repairs will be transferred from AFC to Bus Electronics Maintenance's machine shop, which will eliminate a Professional and Technical position.

	2006 Forecast	2007 Proposed Budget	2008	2009	2010
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.084	\$0.084	\$0.084	\$0.084
<b>Total Reduction in Positions Required</b>	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 2007 - 2010  
Program to Eliminate the Gap Worksheet  
(\$ in millions)**

**PEG Category:**

Maintenance

**Program:**

CCTV Preventive Maintenance Interval Extensions

**Background Details:**

Extend preventive maintenance interval for CCTV equipment.

**PEG Description/Implementation Plan:**

Through extension of the preventive maintenance (PM) intervals for CCTV equipment, 7 EEM hourly positions can be eliminated from the budget. Specifically, the PM cycle for 756 platform edge cameras and 26 crowd control cameras will be extended from one to two months. The impact of the new PM cycle on equipment reliability will be monitored.

	<b>2006 Forecast</b>	<b>2007 Proposed Budget</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	<b>\$0.000</b>	<b>\$0.553</b>	<b>\$0.553</b>	<b>\$0.553</b>	<b>\$0.553</b>
<b>Total Reduction in Positions Required</b>	<b>0</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>
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 2007 - 2010  
Program to Eliminate the Gap Worksheet  
(\$ in millions)**

**PEG Category:**

Maintenance

**Program:**

Central Electronics Shop Delivery Staff Reduction

**Background Details:**

Eliminate 2 CES positions assigned to PM shift pick-up & delivery.

**PEG Description/Implementation Plan:**

Based on an audit recommendation, elimination of the pick-up and delivery of electronics during the CES PM shift will allow for a reduction of 2 Electronic Specialist positions. Pick-up and delivery functions will continue during the day.

	<b>2006 Forecast</b>	<b>2007 Proposed Budget</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	<b>\$0.000</b>	<b>\$0.158</b>	<b>\$0.158</b>	<b>\$0.158</b>	<b>\$0.158</b>
<b>Total Reduction in Positions Required</b>	<b>0</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
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 2007 - 2010  
Program to Eliminate the Gap Worksheet  
(\$ in millions)**

**PEG Category:**

Maintenance

**Program:**

Depot Maintenance Staff Reduction

**Background Details:**

This program reduces one bus maintainer position from each of the 18 depots, about a 1.5% reduction from the current base of 1,214 bus maintainers.

**PEG Description/Implementation Plan:**

Ongoing material and unit usage initiatives are expected to lead to efficiencies and reduced labor requirements. Under these initiatives, life cycle and economic analyses (including sourcing options) are being developed for critical units and material consumables, which should extend unit life and consumable replacement intervals; in doing so, labor requirements are expected to be reduced. The initiatives will minimize future increases in material requirements as well. This reduction will have no impact on maintenance or safety.

	<b>2006 Forecast</b>	<b>2007 Proposed Budget</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	<b>\$0.000</b>	<b>\$1.338</b>	<b>\$1.338</b>	<b>\$1.338</b>	<b>\$1.338</b>
 <b>Total Reduction in Positions Required</b>	 <b>0</b>	 <b>18</b>	 <b>18</b>	 <b>18</b>	 <b>18</b>
 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 2007 - 2010  
Program to Eliminate the Gap Worksheet  
(\$ in millions)**

**PEG Category:**

Maintenance

**Program:**

Electronics Maintenance Division Materials and Supplies Reduction

**Background Details:**

Reduce the budget for maintenance material by \$250K annually.

**PEG Description/Implementation Plan:**

The \$250K annual maintenance materials savings can be achieved in Bus Electronics Maintenance and Network Operations.

	2006 Forecast	2007 Proposed Budget	2008	2009	2010
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.250	\$0.250	\$0.250	\$0.250
<b>Total Reduction in Positions Required</b>	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 2007 - 2010  
Program to Eliminate the Gap Worksheet  
(\$ in millions)**

**PEG Category:**

Maintenance

**Program:**

Improve Availability by 1 Day - Mtce/Other Divisions

**Background Details:**

This program anticipates savings resulting from a one-day improvement in annual employee availability for non-service positions, primarily maintenance-related.

**PEG Description/Implementation Plan:**

This initiative will be implemented in conjunction with a New Need that establishes an Employee Availability Unit to work with operating departments and monitor employees with the worst time and attendance records. A one-day availability increase is projected for non-service-related titles, which will translate into greater productivity and allow for position reductions.

	2006 Forecast	2007 Proposed Budget	2008	2009	2010
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$2.377	\$2.377	\$2.377	\$2.377
<b>Total Reduction in Positions Required</b>	<b>0</b>	<b>43</b>	<b>43</b>	<b>43</b>	<b>43</b>
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 2007 - 2010  
Program to Eliminate the Gap Worksheet  
(\$ in millions)**

**PEG Category:**

Maintenance

**Program:**

Keene Equipment Maintenance Coverage

**Background Details:**

Reduce Keene equipment maintenance coverage.

**PEG Description/Implementation Plan:**

Currently, Coin Retrieval Technicians provide weekend corrective maintenance coverage for all depot Keene revenue extraction machines from 4 pm to midnight. Bus service schedules are reduced during weekends, thereby requiring less Keene equipment service during that tour.

	2006 Forecast	2007 Proposed Budget	2008	2009	2010
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.078	\$0.078	\$0.078	\$0.078
<b>Total Reduction in Positions Required</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
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 2007 - 2010  
Program to Eliminate the Gap Worksheet  
(\$ in millions)**

**PEG Category:**

Maintenance

**Program:**

MetroCard Vending Machine SMS Cycle Savings

**Background Details:**

Extend the MetroCard Vending Machine Scheduled Maintenance System component overhaul cycle.

**PEG Description/Implementation Plan:**

Twelve hourly positions were added to the budget in 2005 to establish an SMS program for high-maintenance MVM modules (Bill Handling Units, Farecard Transport Systems and Ticket Processing Units). This proposal extends the SMS cycle by about 20%, enabling the elimination of 2 of 10 Electronic Equipment Maintainer (EEM) shop positions. The 2006 SMS program goal is to overhaul 110 units per month. This proposal will reduce production to 92 overhauls per month.

	2006 Forecast	2007 Proposed Budget	2008	2009	2010
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.158	\$0.158	\$0.158	\$0.158
<b>Total Reduction in Positions Required</b>	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 2007 - 2010  
Program to Eliminate the Gap Worksheet  
(\$ in millions)**

**PEG Category:**

Maintenance

**Program:**

Substation Preventative Maintenance Interval Extension

**Background Details:**

MOW Electrical Engineering evaluated the current substation preventive maintenance inspection cycle of approximately 2 times per week. During each inspection visit, a team of 1 maintainer and 1 helper performs various equipment tests and completes minor repairs. Routine maintenance includes change-out of rectifier filters, wiping off steel dust from bus insulators and electrical equipment and clearing floor drains. Of the 215 substations in the system, 22 substations built after 1995 have significant protective devices installed that allow the preventive maintenance interval to be extended from 3 to 90 days.

**PEG Description/Implementation Plan:**

Extension of the preventative maintenance intervals at 22 substations from 3 to 90 days allows for a reduction of 4 hourly positions: 2 maintainers and 2 helpers.

	2006 Forecast	2007 Proposed Budget	2008	2009	2010
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$0.275	\$0.275	\$0.275	\$0.275
<b>Total Reduction in Positions Required</b>	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 2007 - 2010  
Program to Eliminate the Gap Worksheet  
(\$ in millions)**

**PEG Category:**

Maintenance

**Program:**

Subways MOW/Rolling Stock Vacancy Savings

**Background Details:**

The Department of Subways will maintain a vacancy level of 0.5% in 2006 and 2007 in the Rolling Stock & Maintenance of Way divisions as follows: Division of Car Equipment - 26 positions (23 positions in 2006); Infrastructure - 6 positions; Track - 9 positions; Electrical - 4 positions; and the Electronic Maintenance Division - 6 positions. These positions have not been removed from budgeted year-end quota.

**PEG Description/Implementation Plan:**

This proposal is to maintain base pay and fringe benefit savings associated with 48 positions in 2006 and 51 positions in 2007.

	2006 Forecast	2007 Proposed Budget	2008	2009	2010
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$3.107	\$3.582	\$0.000	\$0.000	\$0.000
<b>Total Reduction in Positions Required</b>	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 2007 - 2010  
Program to Eliminate the Gap Worksheet  
(\$ in millions)**

**PEG Category:**

Maintenance

**Program:**

Tiffany Warehouse Rent Savings

**Background Details:**

Rental savings due to the anticipated purchase of the Tiffany Street Warehouse.

**PEG Description/Implementation Plan:**

Anticipated saving of rental expense for the Central Warehouse II at Tiffany, due to the purchase of the property.

	2006 Forecast	2007 Proposed Budget	2008	2009	2010
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	\$0.000	\$1.211	\$3.221	\$3.221	\$3.221
<b>Total Reduction in Positions Required</b>	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 2007 - 2010**  
**Summary of Post-2007 PEGs**  
**(\$ in millions)**

Favorable/(Unfavorable)									
2006		2007		2008		2009		2010	
Positions <sup>1</sup>	Dollars	Positions <sup>1</sup>	Dollars	Positions <sup>1</sup>	Dollars	Positions <sup>1</sup>	Dollars	Positions <sup>1</sup>	Dollars
<b>LIST of PROGRAMS</b>									
OPTO #7 Line - Spring 08				89	\$3.921	89	\$5.882	89	\$5.882
OPTO J Line - Spring 2008				70	\$3.084	70	\$4.627	70	\$4.627
OPTO M Line - Weekdays, Spring 2008				44	\$1.938	44	\$2.908	44	\$2.908
OPTO N Line - Fall 08				110	\$2.424	110	\$7.271	110	\$7.271
<b>Total Post-2007 PEGs</b>	<b>\$0.000</b>		<b>\$0.000</b>	<b>313</b>	<b>\$11.367</b>	<b>313</b>	<b>\$20.688</b>	<b>313</b>	<b>\$20.688</b>

<sup>1</sup> Reflects the impact of amendments on year-end positions. Excludes Full-Time Equivalents (FTE's).

**MTA New York City Transit**  
**July Financial Plan 2007 - 2010**  
**Program to Eliminate the Gap Worksheet**  
(\$ in millions)

**PEG Category:** Service Support  
**Program:** OPTO #7 Line - May 08

<b>Background Details:</b>	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. This PEG was previously scheduled to begin in December 2007 and is now delayed until May 2008.

<b>PEG Description/Implementation Plan:</b>	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 May 2008, contingent upon equipment availability and CCTV installation along the Flushing corridor.
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	<b>2006 Forecast</b>	<b>2007 Proposed Budget</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$3.921</b>	<b>\$5.882</b>	<b>\$5.882</b>
<b>Total Reduction in Positions Required</b>	<b>0</b>	<b>0</b>	<b>89</b>	<b>89</b>	<b>89</b>
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 2007 - 2010  
Program to Eliminate the Gap Worksheet  
(\$ in millions)**

**PEG Category:** Service Support  
**Program:** OPTO J Line - Spring 08

<b>Background Details:</b>	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. This PEG was previously scheduled to begin in September 2007, but is now projected for May 2008.

<b>PEG Description/Implementation Plan:</b>	Reduction of 70 Conductor positions on the J Line through the implementation of full-time One Person Train Operation. Scheduled implementation on May 1, 2008 dependent on availability of R160 cars.

	<b>2006 Forecast</b>	<b>2007 Proposed Budget</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$3.084</b>	<b>\$4.627</b>	<b>\$4.627</b>
<b>Total Reduction in Positions Required</b>	<b>0</b>	<b>0</b>	<b>70</b>	<b>70</b>	<b>70</b>
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 2007 - 2010**  
**Program to Eliminate the Gap Worksheet**  
(\$ in millions)

**PEG Category:** Service Support  
**Program:** OPTO M Line - Weekdays, Spring 2008

<b>Background Details:</b>	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.

<b>PEG Description/Implementation Plan:</b>	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.
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	<b>2006 Forecast</b>	<b>2007 Proposed Budget</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$1.938</b>	<b>\$2.908</b>	<b>\$2.908</b>
 <b>Total Reduction in Positions Required</b>	 <b>0</b>	 <b>0</b>	 <b>44</b>	 <b>44</b>	 <b>44</b>
 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 2007 - 2010**  
**Program to Eliminate the Gap Worksheet**  
(\$ in millions)

**PEG Category:** Service Support  
**Program:** OPTO N Line - Fall 08

<b>Background Details:</b>	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.

<b>PEG Description/Implementation Plan:</b>	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.
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	<b>2006 Forecast</b>	<b>2007 Proposed Budget</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<i>Financial Impact (Operating)</i>					
Net Savings (in millions)	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$2.424</b>	<b>\$7.271</b>	<b>\$7.271</b>
 <b>Total Reduction in Positions Required</b>	<b>0</b>	<b>0</b>	<b>110</b>	<b>110</b>	<b>110</b>
 Current Vacancies					
<i>Impact on Operations:</i>					
Ridership Per Week (in thousands)					
Mean Distance Between Failure					
On-Time Performance					
Other (Identify Appropriate Indicator):					

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**MTA New York City Transit  
July Financial Plan 2007-2010  
Summary of Major Plan-to-Plan Changes**

**POSITIONS**

**Total Non-reimbursable and Reimbursable Baseline Positions**

**2006: July Financial Plan vs. February Financial Plan**

Total baseline positions are projected to increase by 213 and include prior-year PEG implementation adjustments resulting in a reinstatement of 77 positions, 35 additional positions in Buses for September service requirements, and 16 positions to support increased Paratransit procurement activity and to manage new Paratransit regional carriers.

**2007-2010: July Financial Plan vs. February Financial Plan**

Total baseline positions are projected to increase by 503 in 2007, 548 in 2008, 783 in 2009 and 655 in 2010. These increases include: 169 positions in 2007, 157 positions in 2008, 339 positions in 2009 and 205 positions in 2010 to support additional maintenance requirements; additional service-related requirements of 102 positions in 2007, 221 positions in 2008, 281 positions in 2009 and 280 positions in 2010; and reinstated positions due to prior-year PEG implementation adjustments, which total 102 positions in 2007 and 47 positions in 2008, 2009 and 2010.

**MTA New York City Transit**  
**July Financial Plan 2007-2011**  
**Total Full-time Positions and Full-time Equivalents by Function and Occupational Group**  
**Non-Reimbursable and Reimbursable**

FUNCTION/OCCUPATIONAL GROUP	2006		Mid- 2007 Preliminary		2008	2009	2010
	2005 Actuals	Year Forecast		Budget			
Administration							
Managers/Supervisors	760	816	819	816	815	813	
Professional, Technical, Clerical	1,464	1,438	1,425	1,425	1,441	1,441	
Operational Hourlies	33	33	33	33	33	33	
Total Administration	2,257	2,287	2,277	2,274	2,289	2,287	
Operations							
Managers/Supervisors	2,494	2,510	2,505	2,506	2,491	2,489	
Professional, Technical, Clerical	393	403	412	410	409	407	
Operational Hourlies	19,824	20,091	19,792	19,814	19,808	19,782	
Total Operations	22,711	23,004	22,709	22,730	22,708	22,678	
Maintenance							
Managers/Supervisors	3,629	3,681	3,654	3,658	3,651	3,623	
Professional, Technical, Clerical	1,157	1,205	1,169	1,158	1,139	1,128	
Operational Hourlies	15,238	15,708	15,723	15,807	15,800	15,541	
Total Maintenance	20,024	20,594	20,546	20,623	20,590	20,292	
Engineering/Capital							
Managers/Supervisors	331	344	344	344	344	344	
Professional, Technical, Clerical	1,154	1,173	1,173	1,173	1,173	1,173	
Operational Hourlies	2	2	2	2	2	2	
Total Engineering/Capital	1,487	1,519	1,519	1,519	1,519	1,519	
Public Safety							
Managers/Supervisors	108	103	92	91	88	87	
Professional, Technical, Clerical	81	79	63	62	61	61	
Operational Hourlies	404	394	387	387	397	397	
Total Public Safety	593	576	542	540	546	545	
Total NYCT							
Managers/Supervisors	7,322	7,454	7,414	7,415	7,389	7,356	
Professional, Technical, Clerical	4,249	4,298	4,242	4,228	4,223	4,210	
Operational Hourlies	35,501	36,228	35,937	36,043	36,040	35,755	
Total NYCT	47,072	47,980	47,593	47,686	47,652	47,321	
Baseline Total Positions	47,072	47,980	47,593	47,686	47,652	47,321	
Non-Reimbursable	41,770	42,678	42,514	42,694	42,799	42,527	
Reimbursable	5,302	5,302	5,079	4,992	4,853	4,794	
Total Full-Time	46,841	47,767	47,310	47,440	47,439	47,117	
Total Full-Time Equivalents	231	213	283	246	213	204	
Impact of:							
2007 Program to Eliminate the Gap		(6)	(349)	(354)	(354)	(354)	
Post - 2006 Programs to Eliminate the Gap			-	(313)	(313)	(313)	
Total Positions	47,072	47,974	47,244	47,019	46,985	46,654	
Non-Reimbursable	41,770	42,672	42,165	42,027	42,132	41,860	
Reimbursable	5,302	5,302	5,079	4,992	4,853	4,794	
Total Full-Time	46,841	47,761	46,962	46,775	46,774	46,452	
Total Full-Time Equivalents	231	213	282	244	211	202	

**MTA NEW YORK CITY TRANSIT**  
**July Financial Plan 2007-2011**  
**TOTAL FULL-TIME POSITIONS and FULL-TIME EQUIVALENTS by FUNCTION and DEPARTMENT**  
**NON-REIMBURSABLE and REIMBURSABLE**

	2005 Actuals	2006 Year Forecast	2007 Preliminary Budget	2008	2009	2010
<b>Administration</b>						
Office of the EVP	20	28	27	26	26	24
Human Resources	484	487	482	482	482	482
Office of Management and Budget	33	34	34	34	34	34
Technology & Information Services	535	523	521	521	536	536
Materiel	263	265	264	264	264	264
Controller	236	235	235	235	235	235
Office of the President	5	5	5	5	5	5
Law	288	301	301	301	301	301
Corporate Communications	291	298	297	297	297	297
Non-Departmental	-	5	5	5	5	5
Labor Relations	102	106	106	104	104	104
<b>Total Administration</b>	<b>2,257</b>	<b>2,287</b>	<b>2,277</b>	<b>2,274</b>	<b>2,289</b>	<b>2,287</b>
<b>Operations</b>						
Subways Service Delivery	11,293	11,468	11,470	11,434	11,426	11,405
Buses	10,496	10,526	10,143	10,240	10,260	10,260
Paratransit	105	122	127	134	133	133
Operations Planning	394	409	490	443	410	401
Revenue Control	423	479	479	479	479	479
<b>Total Operations</b>	<b>22,711</b>	<b>23,004</b>	<b>22,709</b>	<b>22,730</b>	<b>22,708</b>	<b>22,678</b>
<b>Maintenance</b>						
Subways Service Delivery	2,700	2,870	2,898	2,888	2,823	2,835
Maintenance of Way & Rolling Stock	12,722	13,066	13,029	12,934	12,995	12,751
Buses	3,834	3,880	3,840	3,997	3,968	3,902
Revenue Control	131	133	133	133	133	133
Supply Logistics	550	555	555	580	580	580
System Safety	87	90	91	91	91	91
<b>Total Maintenance</b>	<b>20,024</b>	<b>20,594</b>	<b>20,546</b>	<b>20,623</b>	<b>20,590</b>	<b>20,292</b>
<b>Engineering/Capital</b>						
Capital Program Management	1,487	1,519	1,519	1,519	1,519	1,519
<b>Total Engineering/Capital</b>	<b>1,487</b>	<b>1,519</b>	<b>1,519</b>	<b>1,519</b>	<b>1,519</b>	<b>1,519</b>
<b>Public Safety</b>						
Subways Senior VP	593	576	542	540	546	545
<b>Total Public Safety</b>	<b>593</b>	<b>576</b>	<b>542</b>	<b>540</b>	<b>546</b>	<b>545</b>
<b>Baseline Total Positions</b>	<b>47,072</b>	<b>47,980</b>	<b>47,593</b>	<b>47,686</b>	<b>47,652</b>	<b>47,321</b>
Non-Reimbursable	41,770	42,678	42,514	42,694	42,799	42,527
Reimbursable	5,302	5,302	5,079	4,992	4,853	4,794
<b>Total Full-Time</b>	<b>46,841</b>	<b>47,767</b>	<b>47,310</b>	<b>47,440</b>	<b>47,439</b>	<b>47,117</b>
<b>Total Full-Time Equivalents</b>	<b>231</b>	<b>213</b>	<b>283</b>	<b>246</b>	<b>213</b>	<b>204</b>
Impact of:						
2007 Program to Eliminate the Gap	-	(6)	(349)	(354)	(354)	(354)
Post 2006 Program to Eliminate the Gap	-	-	-	(313)	(313)	(313)
<b>Total Positions</b>	<b>47,072</b>	<b>47,974</b>	<b>47,244</b>	<b>47,019</b>	<b>46,985</b>	<b>46,654</b>
Non-Reimbursable	41,770	42,672	42,165	42,027	42,132	41,860
Reimbursable	5,302	5,302	5,079	4,992	4,853	4,794
<b>Total Full-Time</b>	<b>46,841</b>	<b>47,761</b>	<b>46,962</b>	<b>46,775</b>	<b>46,774</b>	<b>46,452</b>
<b>Total Full-Time Equivalents</b>	<b>231</b>	<b>213</b>	<b>282</b>	<b>244</b>	<b>211</b>	<b>202</b>

# **Staten Island Railway**

**MTA Staten Island Railway  
2007 Preliminary Budget  
July Financial Plan 2007 - 2010**

**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 heavy rail system operating 64 subway cars over 28.6 route miles and 14.3 miles of mainline track, serving 22 stations located on the south shore of Staten Island.

The 2007 Preliminary Budget and projections for the years 2008-2010 provide sufficient funding to maintain current service levels as well as to maintain MTA's commitment to safety and security. This is accomplished primarily through implementation of operational efficiencies that optimize the utilization of resources to achieve agency goals. Performance indicators including mean distance between failures and on time performance remain within targeted levels.

**2006 Mid-Year Forecast**

MTA Staten Island Railway's 2006 Mid-Year Forecast reflects total expenses before depreciation of \$28.168 million including \$26.886 million of non-reimbursable expenses and \$1.282 million of reimbursable expenses. Total revenues are projected to be \$6.813 million, of which \$5.531 million are operating revenues and \$1.282 million represent capital reimbursements. Total full-time positions are 281, including 275 non-reimbursable positions and 6 reimbursable positions. The above information excludes the effects of Programs to Eliminate the GAP (PEGs), which are presented separately in the attached financial tables.

Included in the July forecast for 2006 are unfavorable timing adjustments of \$0.102 million arising from 2005 year-end results and \$0.166 million of expenses related to the tear-down and evaluation of two R-44 subway cars in order to determine what additional fleet maintenance requirements will be necessary to maintain the safety and reliability of the 64-car fleet until anticipated replacement in 2014.

Major assumptions and reconciliations are discussed later in this section.

**2007-2010 Projections**

MTA Staten Island Railway's projections for 2007-2010 reflect total expenses before depreciation as follows: 2007=\$29.579 million, 2008=\$37.659 million, 2009=\$31.907 million, and 2010=\$33.088 million. Non-reimbursable expenses before depreciation are projected as follows: 2007=\$28.227 million, 2008=\$36.236 million, 2009=\$30.435 million, and 2010=\$31.541 million. Reimbursable expenses are projected as follows:

2007=\$1.352 million, 2008=\$1.423 million, 2009=\$1.472 million and 2010=\$1.547 million. Total revenues are projected as follows: 2007=\$6.924 million, 2008=\$7.335 million, 2009=\$7.395 million and 2010=\$7.476 million. Operating revenues are projected as follows: 2007=\$5.572 million, 2008=\$5.912 million, 2009=\$5.923 million and 2010=\$5.929 million. Capital reimbursements are projected as follows: 2007=\$1.352 million, 2008=\$1.423 million, 2009=\$1.472 million and 2010=\$1.547 million. Total full-time positions are projected to be 283 for each year 2007 through 2010. Non-reimbursable positions are projected to be 280 for each year 2007 through 2010. Reimbursable positions are projected to be 3 in each year 2007 through 2010. The above information excludes the effects of Programs to Eliminate the GAP, which are presented separately in the attached financial tables.

Included in the 2008 projection is an estimated \$7.0 million of fleet maintenance expenses that will be required to maintain the safety and reliability of the 64-car fleet until anticipated replacement in 2014.

The February Financial Plan included a PEG to implement One-Person Train Operations (OPTO), which was based upon an anticipated fleet replacement with OPTO-capable subway cars. Since fleet replacement has been rescheduled to 2014, OPTO cannot be implemented at this time.

Additionally, a proposed February Financial Plan PEG to implement a fleet reduction of twelve cars also cannot be undertaken at this time, as it has been determined that these cars will be needed for equipment float during the required 2008 fleet maintenance work and to support Staten Island Ferry schedule enhancements and off-peak subway car requirements. The effect of not implementing these two PEGs is lost savings of: \$0.2 million in 2007; \$1.2 million in 2008; \$2.3 million in 2009 and \$2.4 million in 2010.

A February Financial Plan baseline implementation to establish fare collection at the Tompkinsville Station is now planned for 1/1/08, which represents a one year delay and a loss of an estimated \$0.300 million of farebox revenue in 2007. This delay is due to additional time requirements for design and facility/equipment installations.

Major assumptions and reconciliations are discussed later in this section.

## **GAP CLOSING MEASURES**

### **2007 Program to Eliminate the Gap (PEG) Action**

The Authority implemented a new cab signal system in 2005. This new system, including the installation of 17 wayside relay buildings, required significantly higher electrical power requirements. This PEG reconfigures this system and results in an estimated reduction in power consumption of \$0.300 million for each year beginning in 2006. Positions are not affected by this operating efficiency.

**MTA Staten Island Railway**  
**July Financial Plan 2007 - 2010**  
**Accrual Statement of Operations by Category**  
**(\$ in millions)**

**NON-REIMBURSABLE**

	<b>2005 Actuals</b>	<b>2006 Mid-Year Forecast</b>	<b>2007 Preliminary Budget</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b><u>Revenue</u></b>						
Farebox Revenue	\$3.256	\$3.527	\$3.568	\$3.908	\$3.919	\$3.925
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	1.716	2.004	2.004	2.004	2.004	2.004
Capital and Other Reimbursements	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total Revenue</b>	<b>\$4.972</b>	<b>\$5.531</b>	<b>\$5.572</b>	<b>\$5.912</b>	<b>\$5.923</b>	<b>\$5.929</b>
<b><u>Expenses</u></b>						
Labor:						
Payroll	\$14.647	\$14.276	\$14.862	\$15.324	\$15.822	\$16.328
Overtime	1.558	0.698	0.717	0.740	0.764	0.789
Health and Welfare	2.596	2.843	3.262	3.610	3.996	4.423
Pensions	2.133	1.718	1.777	1.721	1.951	1.951
Other Fringe Benefits	1.309	1.264	1.312	1.350	1.394	1.439
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total Labor Expenses</b>	<b>\$22.243</b>	<b>\$20.799</b>	<b>\$21.930</b>	<b>\$22.745</b>	<b>\$23.927</b>	<b>\$24.930</b>
Non-Labor:						
Traction and Propulsion Power	\$1.843	\$1.846	\$2.024	\$2.024	\$2.024	\$2.024
Fuel for Buses and Trains	0.000	0.000	0.000	0.000	0.000	0.000
Insurance	0.168	0.339	0.371	0.496	0.449	0.493
Claims	0.228	0.236	0.242	0.248	0.255	0.261
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other						
Operating Contracts	1.837	2.406	2.363	9.400	2.436	2.472
Professional Service Contracts	0.331	0.321	0.329	0.337	0.346	0.354
Materials & Supplies	0.677	0.934	0.963	0.981	0.993	1.001
Other Business Expenses	0.009	0.005	0.005	0.005	0.005	0.006
<b>Total Non-Labor Expenses</b>	<b>\$5.093</b>	<b>\$6.087</b>	<b>\$6.297</b>	<b>\$13.491</b>	<b>\$6.508</b>	<b>\$6.611</b>
Other Expenses Adjustments:						
Other	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total Other Expense Adjustments</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Total Expenses before Depreciation</b>	<b>\$27.336</b>	<b>\$26.886</b>	<b>\$28.227</b>	<b>\$36.236</b>	<b>\$30.435</b>	<b>\$31.541</b>
Depreciation	7.074	10.337	10.337	10.337	10.337	10.337
<b>Total Expenses</b>	<b>\$34.410</b>	<b>\$37.223</b>	<b>\$38.564</b>	<b>\$46.573</b>	<b>\$40.772</b>	<b>\$41.878</b>
<b>Baseline Net Surplus/(Deficit)</b>	<b>(\$29.438)</b>	<b>(\$31.692)</b>	<b>(\$32.992)</b>	<b>(\$40.661)</b>	<b>(\$34.849)</b>	<b>(\$35.949)</b>
2007 PEG Program	0	0.300	0.300	0.300	0.300	0.300
<b>Net Surplus/(Deficit)</b>	<b>(\$29.438)</b>	<b>(\$31.392)</b>	<b>(\$32.692)</b>	<b>(\$40.361)</b>	<b>(\$34.549)</b>	<b>(\$35.649)</b>

## REIMBURSABLE

[illegible]

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

**NON-REIMBURSABLE and  
REIMBURSABLE**

	<b>2005 Actuals</b>	<b>2006 Mid-Year Forecast</b>	<b>2007 Preliminary Budget</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Revenue</b>						
Farebox Revenue	\$3.256	\$3.527	\$3.568	\$3.908	\$3.919	\$3.925
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	1.716	2.004	2.004	2.004	2.004	2.004
Capital and Other Reimbursements	1.195	1.282	1.352	1.423	1.472	1.547
<b>Total Revenue</b>	<b>\$6.167</b>	<b>\$6.813</b>	<b>\$6.924</b>	<b>\$7.335</b>	<b>\$7.395</b>	<b>\$7.476</b>
<b>Expenses</b>						
Labor:						
Payroll	\$15.052	\$14.538	\$15.131	\$15.601	\$16.088	\$16.603
Overtime	1.913	1.294	1.330	1.371	1.415	1.461
Health and Welfare	2.854	3.125	3.586	3.969	4.393	4.863
Pensions	2.204	1.795	1.856	1.808	2.038	2.038
Other Fringe Benefits	1.363	1.329	1.379	1.419	1.465	1.512
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total Labor Expenses</b>	<b>\$23.386</b>	<b>\$22.081</b>	<b>\$23.282</b>	<b>\$24.168</b>	<b>\$25.399</b>	<b>\$26.477</b>
Non-Labor:						
Traction and Propulsion Power	\$1.843	\$1.846	\$2.024	\$2.024	\$2.024	\$2.024
Fuel for Buses and Trains	0.000	0.000	0.000	0.000	0.000	0.000
Insurance	0.168	0.339	0.371	0.496	0.449	0.493
Claims	0.228	0.236	0.242	0.248	0.255	0.261
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other						
Operating Contracts	1.837	2.406	2.363	9.400	2.436	2.472
Professional Service Contracts	0.331	0.321	0.329	0.337	0.346	0.354
Materials & Supplies	0.729	0.934	0.963	0.981	0.993	1.001
Other Business Expenses	0.009	0.005	0.005	0.005	0.005	0.006
<b>Total Non-Labor Expenses</b>	<b>\$5.145</b>	<b>\$6.087</b>	<b>\$6.297</b>	<b>\$13.491</b>	<b>\$6.508</b>	<b>\$6.611</b>
Other Expenses Adjustments:						
Other	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total Other Expense Adjustments</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Total Expenses before Depreciation</b>	<b>\$28.531</b>	<b>\$28.168</b>	<b>\$29.579</b>	<b>\$37.659</b>	<b>\$31.907</b>	<b>\$33.088</b>
Depreciation	7.074	10.337	10.337	10.337	10.337	10.337
<b>Total Expenses</b>	<b>\$35.605</b>	<b>\$38.505</b>	<b>\$39.916</b>	<b>\$47.996</b>	<b>\$42.244</b>	<b>\$43.425</b>
<b>Baseline Net Surplus/(Deficit)</b>	<b>(\$29.438)</b>	<b>(\$31.692)</b>	<b>(\$32.992)</b>	<b>(\$40.661)</b>	<b>(\$34.849)</b>	<b>(\$35.949)</b>
2007 PEG Program	0.000	0.300	0.300	0.300	0.300	0.300
<b>Net Surplus/(Deficit)</b>	<b>(\$29.438)</b>	<b>(\$31.392)</b>	<b>(\$32.692)</b>	<b>(\$40.361)</b>	<b>(\$34.549)</b>	<b>(\$35.649)</b>

**MTA Staten Island Railway**  
**July Financial Plan 2007 - 2010**  
**Cash Receipts & Expenditures**  
(\$ in millions)

	<b>2005 Actuals</b>	<b>2006 Mid-Year Forecast</b>	<b>2007 Preliminary Budget</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b><u>Receipts</u></b>						
Farebox Revenue	\$3.199	\$3.527	\$3.568	\$3.908	\$3.919	\$3.925
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	1.788	2.004	2.004	2.004	2.004	2.004
Capital and Other Reimbursements	1.278	1.276	1.345	1.423	1.472	1.547
<b>Total Receipts</b>	<b>\$6.265</b>	<b>\$6.807</b>	<b>\$6.917</b>	<b>\$7.335</b>	<b>\$7.395</b>	<b>\$7.476</b>
<b><u>Expenditures</u></b>						
Labor:						
Payroll	\$14.844	\$14.538	\$15.131	\$15.601	\$16.088	\$16.603
Overtime	1.929	1.294	1.330	1.371	1.415	1.461
Health and Welfare	2.991	3.125	3.586	3.969	4.393	4.863
Pensions	1.824	1.795	1.856	1.808	2.038	2.038
Other Fringe Benefits	1.739	1.329	1.379	1.419	1.465	1.512
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total Labor Expenditures</b>	<b>\$23.327</b>	<b>\$22.081</b>	<b>\$23.282</b>	<b>\$24.168</b>	<b>\$25.399</b>	<b>\$26.477</b>
Non-Labor:						
Traction and Propulsion Power	\$1.843	\$1.846	\$2.024	\$2.024	\$2.024	\$2.024
Fuel for Buses and Trains	0.000	0.000	0.000	0.000	0.000	0.000
Insurance	0.231	0.339	0.371	0.496	0.449	0.493
Claims	0.210	0.236	0.242	0.248	0.255	0.261
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	1.563	2.406	2.363	9.400	2.436	2.472
Professional Service Contracts	0.155	0.321	0.329	0.337	0.346	0.354
Materials & Supplies	0.753	0.934	0.963	0.981	0.993	1.001
Other Business Expenses	0.005	0.005	0.005	0.005	0.005	0.006
<b>Total Non-Labor Expenditures</b>	<b>\$4.760</b>	<b>\$6.087</b>	<b>\$6.297</b>	<b>\$13.491</b>	<b>\$6.508</b>	<b>\$6.611</b>
Other Expenditure Adjustments:						
Other	0.209	0.000	0.000	0.000	0.000	0.000
<b>Total Other Expenditure Adjustments</b>	<b>\$0.209</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Total Expenditures</b>	<b>\$28.296</b>	<b>\$28.168</b>	<b>\$29.579</b>	<b>\$37.659</b>	<b>\$31.907</b>	<b>\$33.088</b>
<b>Baseline Net Cash Deficit</b>	<b>(22.031)</b>	<b>(21.361)</b>	<b>(22.662)</b>	<b>(30.324)</b>	<b>(24.512)</b>	<b>(25.612)</b>
2007 PEG Program	0.000	0.300	0.300	0.300	0.300	0.300
<b>Net Cash Deficit</b>	<b>(22.031)</b>	<b>(21.061)</b>	<b>(22.362)</b>	<b>(30.024)</b>	<b>(24.212)</b>	<b>(25.312)</b>

**MTA Staten Island Railway**  
**July Financial Plan 2007 - 2010**  
**Cash Conversion (Cash Flow Adjustments)**  
**(\$ in millions)**

	<b>2005 Actuals</b>	<b>2006 Mid-Year Forecast</b>	<b>2007 Preliminary Budget</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b><u>Receipts</u></b>						
Farebox Revenue	(\$0.057)	\$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	0.072	0.000	0.000	0.000	0.000	0.000
Capital and Other Reimbursements	0.083	(0.006)	(0.007)	0.000	0.000	0.000
<b>Total Receipt Adjustments</b>	<b>\$0.098</b>	<b>(\$0.006)</b>	<b>(\$0.007)</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b><u>Expenditures</u></b>						
Labor:						
Payroll	\$0.208	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Overtime	(0.016)	0.000	0.000	0.000	0.000	0.000
Health and Welfare	(0.137)	0.000	0.000	0.000	0.000	0.000
Pensions	0.380	0.000	0.000	0.000	0.000	0.000
Other Fringe Benefits	(0.376)	0.000	0.000	0.000	0.000	0.000
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total Labor Expenditures</b>	<b>\$0.059</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
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	(0.063)	0.000	0.000	0.000	0.000	0.000
Claims	0.018	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	0.274	0.000	0.000	0.000	0.000	0.000
Professional Service Contracts	0.176	0.000	0.000	0.000	0.000	0.000
Materials & Supplies	(0.024)	0.000	0.000	0.000	0.000	0.000
Other Business Expenditures	0.004	0.000	0.000	0.000	0.000	0.000
<b>Total Non-Labor Expenditures</b>	<b>\$0.385</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
Other Expenditure Adjustments:						
Other	(0.209)	0.000	0.000	0.000	0.000	0.000
<b>Total Other Expenditure Adjustments</b>	<b>(\$0.209)</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Total Cash Conversion Adjustments before Depreciation</b>	<b>\$0.333</b>	<b>(\$0.006)</b>	<b>(\$0.007)</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Depreciation Adjustment</b>	<b>7.074</b>	<b>10.337</b>	<b>10.337</b>	<b>10.337</b>	<b>10.337</b>	<b>10.337</b>
<b>Baseline Total Cash Conversion Adjustments</b>	<b>\$7.407</b>	<b>\$10.331</b>	<b>\$10.330</b>	<b>\$10.337</b>	<b>\$10.337</b>	<b>\$10.337</b>
2007 PEG Program	-	-	-	-	-	-
<b>Total Cash Conversion Adjustments</b>	<b>\$7.407</b>	<b>\$10.331</b>	<b>\$10.330</b>	<b>\$10.337</b>	<b>\$10.337</b>	<b>\$10.337</b>

**MTA Staten Island Railway  
July Financial Plan 2007-2010  
Year-Over-Year Changes by Category-Baseline Narrative**

**TOTAL REVENUES**

**Farebox Revenue**

- Farebox revenue improvements of: 2007=\$.041 million (1.2%), 2008=\$0.340 million (9.5%), 2009=\$.011 million (0.3%), and 2010=\$.006 million (0.2%) were due to projected increases in ridership, which are based primarily upon projected growth in NYC employment. The increase in 2008 over 2007 includes \$0.300 million relating to implementation of fare collection at the Tompkinsville Station.

**Other Operating Revenue**

- No changes.

**Capital and Other Reimbursements**

- Annual increases are projected from 2007 through 2010 to provide for reimbursement consistent with projected inflationary increases in labor expenses.

**TOTAL EXPENSES**

**Payroll**

- Includes projected CPI rate increases as follows: 2007=2.56%, 2008=2.91%, 2009=3.07%, and 2010=3.20%.

**Overtime**

- 2007-2010 payroll wage rate increase assumptions apply.

**Health & Welfare**

- Increases represent projected rate increases as follows: 2007=14.78%, 2008=10.68%, 2009=10.68%, and 2010=10.68%.

**Pension**

- Increases are consistent with February 2006 Plan assumptions.

**Other Fringe Benefits**

- Inflation assumptions are consistent with payroll rate increase assumptions.

**Traction and Propulsion Power**

- Reflects a projected New York Power Authority (NYPA) annual rate increase of 10.2% in 2007, with no additional increases from 2008 through 2010.

**Insurance**

- 2007-2010 assumptions provided by MTA.

**Claims**

- 2007-2010 inflation assumptions are based upon Global Insight's estimates as follows: 2007=2.47%, 2008=2.57%, 2009=2.55%, and 2010=2.49%.

**Maintenance and Other Operating Contracts**

- 2007-2010 inflation assumptions are based upon Global Insight's estimates as follows: 2007=2.47%, 2008=2.57%, 2009=2.55%, and 2010=2.49%.
- Reflects projected New York Power Authority (NYPA) annual rate increase of 10.2% in 2007 for facility power, with no additional increases from 2008 through 2010.
- 2008 includes an estimated \$7.0 million of one-time fleet maintenance expenses to maintain the safety and reliability of the 64-car fleet until anticipated replacement in 2014.

**Professional Service Contracts**

- 2007-2010 inflation assumptions are based upon Global Insight's estimates as follows: 2007=2.47%, 2008=2.57%, 2009=2.55%, and 2010=2.49%.

**Materials and Supplies**

- 2007-2010 inflation assumptions are based upon Global Insight's estimates as follows: 2007=3.04%, 2008=1.93%, 2009=1.23%, and 2010=0.77%.

**Other Business Expenses**

- 2007-2010 inflation assumptions are based upon Global Insight's estimates as follows: 2007=2.47%, 2008=2.57%, 2009=2.55%, and 2010=2.49%.

**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: 2007=\$.041 million (1.2%), 2008=\$0.340 million (9.5%), 2009=\$.011 million (0.3%), and 2010=\$.006 million (0.2%) were due to projected increases in ridership, which are based primarily upon projected growth in NYC employment. The increase in 2008 over 2007 includes \$0.300 million relating to implementation of fare collection at the Tompkinsville Station.

**Other Operating Receipts**

- No changes.

## **Capital and Other Reimbursements**

- Annual increases are projected from 2007 through 2010 to provide for reimbursement consistent with projected inflationary increases in labor expenses.

## **TOTAL EXPENDITURES**

### **Payroll**

- Includes projected CPI rate increases as follows: 2007=2.56%, 2008=2.91%, 2009=3.07%, and 2010=3.20%.

### **Overtime**

- 2007-2010 payroll wage rate increase assumptions apply.

### **Health & Welfare**

- Increases represent projected rate increases as follows: 2007=14.78%, 2008=10.68%, 2009=10.68%, and 2010=10.68%.

### **Pension**

- Increases are consistent with February 2006 Plan assumptions.

### **Other Fringe Benefits**

- Inflation assumptions are consistent with payroll rate increase assumptions.

### **Traction and Propulsion Power**

- Reflects a projected New York Power Authority (NYPA) annual rate increase of 10.2% in 2007, with no additional increases from 2008 through 2010.

### **Insurance**

- 2007-2010 assumptions provided by MTA.

### **Claims**

- 2007-2010 inflation assumptions are based upon Global Insight's estimates as follows: 2007=2.47%, 2008=2.57%, 2009=2.55%, and 2010=2.49%.

### **Maintenance and Other Operating Contracts**

- 2007-2010 inflation assumptions are based upon Global Insight's estimates as follows: 2007=2.47%, 2008=2.57%, 2009=2.55%, and 2010=2.49%.
- Reflects a projected New York Power Authority (NYPA) annual rate increase of 10.2% in 2007 for facility power, with no additional increases from 2008 through 2010.
- 2008 includes an estimated \$7.0 million of fleet maintenance expenses to maintain the safety and reliability of the 64-car fleet until anticipated replacement in 2014.

**Professional Service Contracts**

- 2007-2010 inflation assumptions are based upon Global Insight's estimates as follows: 2007=2.47%, 2008=2.57%, 2009=2.55%, and 2010=2.49%.

**Materials and Supplies**

- 2007-2010 inflation assumptions are based upon Global Insight's estimates as follows: 2007=3.04%, 2008=1.93%, 2009=1.23%, and 2010=0.77%.

**Other Business Expenses**

- 2007-2010 inflation assumptions are based upon Global Insight's estimates as follows: 2007=2.47%, 2008=2.57%, 2009=2.55%, and 2010=2.49%.

**MTA Staten Island Railway**  
**July Financial Plan 2007 - 2010**  
**Year-to-Year Changes by Category - Accrual Basis**  
**(\$ in millions)**

**NON-REIMBURSABLE and  
REIMBURSABLE**

	Favorable/(Unfavorable)								
	2006	2007	Change 2007 - 2006	2008	Change 2008 - 2007	2009	Change 2009 - 2008	2010	Change 2010 - 2009
<b>Revenue</b>									
Farebox Revenue	\$3.527	\$3.568	\$0.041	\$3.908	\$0.340	\$3.919	\$0.011	\$3.925	\$0.006
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	2.004	2.004	0.000	2.004	0.000	2.004	0.000	2.004	0.000
Capital and Other Reimbursements	1.282	1.352	0.070	1.423	0.071	1.472	0.049	1.547	0.075
<b>Total Revenue</b>	<b>\$6.813</b>	<b>\$6.924</b>	<b>\$0.111</b>	<b>\$7.335</b>	<b>\$0.411</b>	<b>\$7.395</b>	<b>\$0.060</b>	<b>\$7.476</b>	<b>\$0.081</b>
<b>Expenses</b>									
Labor:									
Payroll	\$14.538	\$15.131	(\$0.593)	\$15.601	(\$0.470)	\$16.088	(\$0.487)	\$16.603	(\$0.515)
Overtime	1.294	1.330	(0.036)	1.371	(0.041)	1.415	(0.044)	1.461	(0.046)
Health and Welfare	3.125	3.586	(0.461)	3.969	(0.383)	4.393	(0.424)	4.863	(0.470)
Pensions	1.795	1.856	(0.061)	1.808	0.048	2.038	(0.230)	2.038	0.000
Other Fringe Benefits	1.329	1.379	(0.050)	1.419	(0.040)	1.465	(0.046)	1.512	(0.047)
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total Labor Expenses</b>	<b>\$22.081</b>	<b>\$23.282</b>	<b>(\$1.201)</b>	<b>\$24.168</b>	<b>(\$0.886)</b>	<b>\$25.399</b>	<b>(\$1.231)</b>	<b>\$26.477</b>	<b>(\$1.078)</b>
Non-Labor:									
Traction and Propulsion Power	\$1.846	\$2.024	(\$0.178)	\$2.024	\$0.000	\$2.024	\$0.000	\$2.024	\$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	0.339	0.371	(0.032)	0.496	(0.125)	0.449	0.047	0.493	(0.044)
Claims	0.236	0.242	(0.006)	0.248	(0.006)	0.255	(0.007)	0.261	(0.006)
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other	2.406	2.363	0.043	9.400	(7.037)	2.436	6.964	2.472	(0.036)
Professional Service Contracts	0.321	0.329	(0.008)	0.337	(0.008)	0.346	(0.009)	0.354	(0.008)
Materials & Supplies	0.934	0.963	(0.029)	0.981	(0.018)	0.993	(0.012)	1.001	(0.008)
Other Business Expenses	0.005	0.005	0.000	0.005	0.000	0.005	0.000	0.006	(0.001)
<b>Total Non-Labor Expenses</b>	<b>\$6.087</b>	<b>\$6.297</b>	<b>(\$0.210)</b>	<b>\$13.491</b>	<b>(\$7.194)</b>	<b>\$6.508</b>	<b>\$6.983</b>	<b>\$6.611</b>	<b>(\$0.103)</b>
Other Expenses Adjustments:									
Other	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total Other Expenditure Adjustments</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Total Expenses before Depreciation</b>	<b>\$28.168</b>	<b>\$29.579</b>	<b>(\$1.411)</b>	<b>\$37.659</b>	<b>(\$8.080)</b>	<b>\$31.907</b>	<b>\$5.752</b>	<b>\$33.088</b>	<b>(\$1.181)</b>
Depreciation	10.337	10.337	0.000	10.337	0.000	10.337	0.000	10.337	0.000
<b>Total Expenses</b>	<b>\$38.505</b>	<b>\$39.916</b>	<b>(\$1.411)</b>	<b>\$47.996</b>	<b>(\$8.080)</b>	<b>\$42.244</b>	<b>\$5.752</b>	<b>\$43.425</b>	<b>(\$1.181)</b>
<b>Baseline Net Surplus/(Deficit)</b>	<b>(\$31.692)</b>	<b>(\$32.992)</b>	<b>(\$1.300)</b>	<b>(\$40.661)</b>	<b>(\$7.669)</b>	<b>(\$34.849)</b>	<b>\$5.812</b>	<b>(\$35.949)</b>	<b>(\$1.100)</b>
2007 PEG Program									
	0.300	0.300	0.000	0.300	0.000	0.300	0.000	0.300	0.000
<b>Net Surplus/(Deficit)</b>	<b>(\$31.392)</b>	<b>(\$32.692)</b>	<b>(\$1.300)</b>	<b>(\$40.361)</b>	<b>(\$7.669)</b>	<b>(\$34.549)</b>	<b>\$5.812</b>	<b>(\$35.649)</b>	<b>(\$1.100)</b>

**MTA Staten Island Railway**  
**July Financial Plan 2007 - 2010**  
**Year-to-Year Changes by Category - Cash Basis**  
**(\$ in millions)**

	Favorable/(Unfavorable)								
	2006	2007	Change 2007 - 2006	2008	Change 2008 - 2007	2009	Change 2009 - 2008	2010	Change 2010 - 2009
<b>Cash Receipts &amp; Expenditures</b>									
<b><u>Receipts</u></b>									
Farebox Revenue	\$3.527	\$3.568	\$0.041	\$3.908	\$0.340	\$3.919	\$0.011	\$3.925	\$0.006
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	2.004	2.004	0.000	2.004	0.000	2.004	0.000	2.004	0.000
Capital and Other Reimbursements	1.276	1.345	0.069	1.423	0.078	1.472	0.049	1.547	0.075
<b>Total Receipts</b>	<b>\$6.807</b>	<b>\$6.917</b>	<b>\$0.110</b>	<b>\$7.335</b>	<b>\$0.418</b>	<b>\$7.395</b>	<b>\$0.060</b>	<b>\$7.476</b>	<b>\$0.081</b>
<b><u>Expenditures</u></b>									
Labor:									
Payroll	\$14.538	\$15.131	(\$0.593)	\$15.601	(\$0.470)	\$16.088	(\$0.487)	\$16.603	(\$0.515)
Overtime	1.294	1.330	(0.036)	1.371	(0.041)	1.415	(0.044)	1.461	(0.046)
Health and Welfare	3.125	3.586	(0.461)	3.969	(0.383)	4.393	(0.424)	4.863	(0.470)
Pensions	1.795	1.856	(0.061)	1.808	0.048	2.038	(0.230)	2.038	0.000
Other Fringe Benefits	1.329	1.379	(0.050)	1.419	(0.040)	1.465	(0.046)	1.512	(0.047)
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total Labor Expenditures</b>	<b>\$22.081</b>	<b>\$23.282</b>	<b>(\$1.201)</b>	<b>\$24.168</b>	<b>(\$0.886)</b>	<b>\$25.399</b>	<b>(\$1.231)</b>	<b>\$26.477</b>	<b>(\$1.078)</b>
Non-Labor:									
Traction and Propulsion Power	\$1.846	\$2.024	(\$0.178)	\$2.024	\$0.000	\$2.024	\$0.000	\$2.024	\$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	0.339	0.371	(0.032)	0.496	(0.125)	0.449	0.047	0.493	(0.044)
Claims	0.236	0.242	(0.006)	0.248	(0.006)	0.255	(0.007)	0.261	(0.006)
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	2.406	2.363	0.043	9.400	(7.037)	2.436	6.964	2.472	(0.036)
Professional Service Contracts	0.321	0.329	(0.008)	0.337	(0.008)	0.346	(0.009)	0.354	(0.008)
Materials & Supplies	0.934	0.963	(0.029)	0.981	(0.018)	0.993	(0.012)	1.001	(0.008)
Other Business Expenses	0.005	0.005	0.000	0.005	0.000	0.005	0.000	0.006	(0.001)
<b>Total Non-Labor Expenditures</b>	<b>\$6.087</b>	<b>\$6.297</b>	<b>(\$0.210)</b>	<b>\$13.491</b>	<b>(\$7.194)</b>	<b>\$6.508</b>	<b>\$6.983</b>	<b>\$6.611</b>	<b>(\$0.103)</b>
Other Expenditure Adjustments:									
Other	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total Other Expenditure Adjustments</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Total Expenditures</b>	<b>\$28.168</b>	<b>\$29.579</b>	<b>(\$1.411)</b>	<b>\$37.659</b>	<b>(\$8.080)</b>	<b>\$31.907</b>	<b>\$5.752</b>	<b>\$33.088</b>	<b>(\$1.181)</b>
<b>Baseline Net Cash Deficit</b>	<b>(\$21.361)</b>	<b>(\$22.662)</b>	<b>(\$1.301)</b>	<b>(\$30.324)</b>	<b>(\$7.662)</b>	<b>(\$24.512)</b>	<b>\$5.812</b>	<b>(\$25.612)</b>	<b>(\$1.100)</b>
2007 PEG Program									
	0.300	0.300	0.000	0.300	0.000	0.300	0.000	0.300	0.000
<b>Net Cash Deficit</b>	<b>(\$21.061)</b>	<b>(\$22.362)</b>	<b>(\$1.301)</b>	<b>(\$30.024)</b>	<b>(\$7.662)</b>	<b>(\$24.212)</b>	<b>\$5.812</b>	<b>(\$25.312)</b>	<b>(\$1.100)</b>

**MTA Staten Island Railway  
July Financial Plan 2007-2010  
Summary of Plan to Plan Changes-Baseline Narrative**

**2006: July Financial Plan vs. February Financial Plan**

**Revenue Re-estimates**

- Farebox revenue is projected to increase by \$0.185 to reflect ridership growth resulting from the December 2005 transit strike.

**Expense Re-estimates**

- Maintenance and Other Operating Contracts expense is projected to increase by \$0.166 million representing the estimated cost of tear-down and evaluation of two (2) R-44 cars to determine fleet maintenance requirements to be performed in 2008.
- A re-estimate of Traction Power requirements results in a projected expense increase of \$0.100 million.
- Vacancy savings are estimated to reduce labor expenses by \$0.214 million.
- The timing of year-end 2005 results increases 2006 expenses by \$0.102 million.
- Inflation-related changes result in an expense reduction of \$0.052 million.

**2007-2010: July Financial Plan vs. February Financial Plan**

**Revenue Re-estimates**

- Ridership growth resulting from the December 2005 transit strike is projected to increase farebox revenue as follows: 2007=\$0.186 million; 2008=\$0.190 million; 2009=\$0.194 million and 2010=\$0.191 million.
- Farebox revenue is projected to decrease in 2007 by \$0.300 million, due to the one year delay in implementation of fare collection at the Tompkinsville Station.

**Expense Re-estimates**

- Maintenance and Other Operating Contracts expense is projected to increase by \$7.000 million in 2008 due to the estimated cost of required maintenance of the 64-car fleet to maintain its reliability and safety until anticipated replacement in 2014.
- A re-estimate of traction power requirements resulted in a projected expense increase of \$0.100 million for each year.
- The remaining changes in non-reimbursable expenses are primarily due to changes in inflation-related assumptions.

**Positions**

- Baseline positions have not changed from the February Financial Plan.
- PEG position reductions presented in the February Financial Plan will not be achieved as the One-Person Train Operation (OPTO) and Fleet Reduction PEGs will not be implemented at this time.

**Ridership (Utilization)**

- Increases in ridership from the February Financial Plan are due to additional ridership resulting from the December, 2005 transit strike.
- A ridership decrease in 2007 relative to the February Financial Plan is due to a one year delay in implementing fare collection at the Tompkinsville Station.

**MTA STATEN ISLAND RAILWAY**  
**July Financial Plan 2007 - 2010**  
**Changes Between Financial Plans by Generic Categories**  
(\$ in millions)

**NON-REIMBURSABLE**

	2006	2007	2008	2009	2010
<b>Baseline 2006 February Financial Plan - Operating Cash Income/(Deficit)</b>	<b>(\$21.437)</b>	<b>(\$21.934)</b>	<b>(\$22.733)</b>	<b>(\$23.962)</b>	<b>(\$24.971)</b>
<b>Baseline Changes</b>					
<b>Revenue</b>					
Farebox Revenue	\$0.185	(\$0.114)	\$0.190	\$0.194	\$0.191
Other Operating Revenue	0.000	0.000	0.000	0.000	0.000
Capital and Other Reimbursement	0.000	0.000	0.000	0.000	0.000
<b>Total Revenue Changes</b>	<b>\$0.185</b>	<b>(\$0.114)</b>	<b>\$0.190</b>	<b>\$0.194</b>	<b>\$0.191</b>
<b>Expenses</b>					
<b>Labor:</b>					
Payroll	\$0.193	\$0.000	\$0.000	\$0.000	(\$0.007)
Health and Welfare	0.113	(0.034)	(0.085)	(0.146)	(0.219)
Pensions	0.000	0.000	0.000	0.000	0.000
Other Fringe Benefits	0.014	0.000	0.000	0.000	(0.020)
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000
<b>Total Labor Expense Changes</b>	<b>\$0.320</b>	<b>(\$0.034)</b>	<b>(\$0.085)</b>	<b>(\$0.146)</b>	<b>(\$0.246)</b>
<b>Non-Labor:</b>					
Traction and Propulsion Power	(\$0.100)	(\$0.283)	(\$0.275)	(\$0.247)	(\$0.223)
Fuel for Buses and Trains	0.000	0.000	0.000	0.000	0.000
Insurance	(0.157)	(0.170)	(0.274)	(0.205)	(0.223)
Claims	(0.001)	(0.003)	(0.004)	(0.006)	(0.005)
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	(0.174)	(0.116)	(7.128)	(0.121)	(0.116)
Professional Service Contracts	(0.002)	(0.004)	(0.006)	(0.008)	(0.009)
Materials & Supplies	0.005	(0.004)	(0.009)	(0.011)	(0.010)
Other Business Expenses	0.000	0.000	0.000	0.000	0.000
<b>Total Non-Labor Expense Changes</b>	<b>(\$0.429)</b>	<b>(\$0.580)</b>	<b>(\$7.696)</b>	<b>(\$0.598)</b>	<b>(\$0.586)</b>
<b>Total Expense Changes</b>	<b>(\$0.109)</b>	<b>(\$0.614)</b>	<b>(\$7.781)</b>	<b>(\$0.744)</b>	<b>(\$0.832)</b>
<b>Cash Adjustment Changes</b>					
<b>Total Cash Adjustment Changes</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Total Baseline Changes</b>	<b>\$0.076</b>	<b>(\$0.728)</b>	<b>(\$7.591)</b>	<b>(\$0.550)</b>	<b>(\$0.641)</b>
<b>Baseline 2006 July Financial Plan - Operating Cash Income/(Deficit)</b>	<b>(\$21.361)</b>	<b>(\$22.662)</b>	<b>(\$30.324)</b>	<b>(\$24.512)</b>	<b>(\$25.612)</b>
2007 PEG Program	0.300	0.300	0.300	0.300	0.300
<b>Net Cash Deficit</b>	<b>(\$21.061)</b>	<b>(\$22.362)</b>	<b>(\$30.024)</b>	<b>(\$24.212)</b>	<b>(\$25.312)</b>

**MTA STATEN ISLAND RAILWAY**  
**July Financial Plan 2007 - 2010**  
**Changes Between Financial Plans by Generic Categories**  
(\$ in millions)

**REIMBURSABLE**

	2006	2007	2008	2009	2010
<b>Baseline 2006 February Financial Plan - Operating Cash Income/(Deficit)</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Baseline Changes</b>					
<b>Revenue</b>					
Farebox Revenue	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Other Operating Revenue	0.000	0.000	0.000	0.000	0.000
Capital and Other Reimbursement	0.228	0.265	0.294	0.326	0.340
<b>Total Revenue Changes</b>	<b>\$0.228</b>	<b>\$0.265</b>	<b>\$0.294</b>	<b>\$0.326</b>	<b>\$0.340</b>
<b>Expenses</b>					
<b>Labor:</b>					
Payroll	0.000	0.000	0.000	0.000	0.021
Health and Welfare	(0.228)	(0.265)	(0.294)	(0.326)	(0.361)
Pensions	0.000	0.000	0.000	0.000	0.000
Other Fringe Benefits	0.000	0.000	0.000	0.000	0.000
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000
<b>Total Labor Expense Changes</b>	<b>(\$0.228)</b>	<b>(\$0.265)</b>	<b>(\$0.294)</b>	<b>(\$0.326)</b>	<b>(\$0.340)</b>
<b>Non-Labor:</b>					
Traction and Propulsion Power	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Fuel for Buses and Trains	0.000	0.000	0.000	0.000	0.000
Insurance	0.000	0.000	0.000	0.000	0.000
Claims	0.000	0.000	0.000	0.000	0.000
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	0.000	0.000	0.000	0.000	0.000
Professional Service Contracts	0.000	0.000	0.000	0.000	0.000
Materials & Supplies	0.000	0.000	0.000	0.000	0.000
Other Business Expenses	0.000	0.000	0.000	0.000	0.000
<b>Total Non-Labor Expense Changes</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Total Expense Changes</b>	<b>(\$0.228)</b>	<b>(\$0.265)</b>	<b>(\$0.294)</b>	<b>(\$0.326)</b>	<b>(\$0.340)</b>
<b>Cash Adjustment Changes</b>					
<b>Total Cash Adjustment Changes</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Total Baseline Changes</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Baseline 2006 July Financial Plan - Operating Cash Income/(Deficit)</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
2007 PEG Program	-	-	-	-	-
<b>Net Cash Deficit</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>

**MTA STATEN ISLAND RAILWAY**  
**July Financial Plan 2007 - 2010**  
**Changes Between Financial Plans by Generic Categories**  
(\$ in millions)

**NON-REIMBURSABLE and REIMBURSABLE**

	2006	2007	2008	2009	2010
<b>Baseline 2006 February Financial Plan - Operating Cash Income/(Deficit)</b>	<b>(\$21.437)</b>	<b>(\$21.934)</b>	<b>(\$22.733)</b>	<b>(\$23.962)</b>	<b>(\$24.971)</b>
<b>Baseline Changes</b>					
<b>Revenue</b>					
Farebox Revenue	\$ .185	(\$ .114)	\$ .190	\$ .194	\$ .191
Other Operating Revenue	.000	.000	.000	.000	.000
Capital and Other Reimbursement	.228	.265	.294	.326	.340
<b>Total Revenue Changes</b>	<b>\$ .413</b>	<b>\$ .151</b>	<b>\$ .484</b>	<b>\$ .520</b>	<b>\$ .531</b>
<b>Expenses</b>					
<b>Labor:</b>					
Payroll	\$ .193	\$ .000	\$ .000	\$ .000	\$ .014
Health and Welfare	(.115)	(.299)	(.379)	(.472)	(.580)
Pensions	.000	.000	.000	.000	.000
Other Fringe Benefits	.014	.000	.000	.000	(.020)
Reimbursable Overhead	.000	.000	.000	.000	.000
<b>Total Labor Expense Changes</b>	<b>\$ .092</b>	<b>(\$ .299)</b>	<b>(\$ .379)</b>	<b>(\$ .472)</b>	<b>(\$ .586)</b>
<b>Non-Labor:</b>					
Traction and Propulsion Power	(\$ .100)	(\$ .283)	(\$ .275)	(\$ .247)	(\$ .223)
Fuel for Buses and Trains	.000	.000	.000	.000	.000
Insurance	(.157)	(.170)	(.274)	(.205)	(.223)
Claims	(.001)	(.003)	(.004)	(.006)	(.005)
Paratransit Service Contracts	.000	.000	.000	.000	.000
Maintenance and Other Operating Contracts	(.174)	(.116)	(7.128)	(.121)	(.116)
Professional Service Contracts	(.002)	(.004)	(.006)	(.008)	(.009)
Materials & Supplies	.005	(.004)	(.009)	(.011)	(.010)
Other Business Expenses	.000	.000	.000	.000	.000
<b>Total Non-Labor Expense Changes</b>	<b>(\$ .429)</b>	<b>(\$ .580)</b>	<b>(\$7.696)</b>	<b>(\$ .598)</b>	<b>(\$ .586)</b>
<b>Total Expense Changes</b>	<b>(\$ .337)</b>	<b>(\$ .879)</b>	<b>(\$8.075)</b>	<b>(\$1.070)</b>	<b>(\$1.172)</b>
<b>Cash Adjustment Changes</b>					
<b>Total Cash Adjustment Changes</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Total Baseline Changes</b>	<b>\$0.076</b>	<b>(\$0.728)</b>	<b>(\$7.591)</b>	<b>(\$0.550)</b>	<b>(\$0.641)</b>
<b>Baseline 2006 July Financial Plan - Operating Cash Income/(Deficit)</b>	<b>(\$21.361)</b>	<b>(\$22.662)</b>	<b>(\$30.324)</b>	<b>(\$24.512)</b>	<b>(\$25.612)</b>
2007 PEG Program	\$0.300	\$0.300	\$0.300	\$0.300	\$0.300
<b>Net Cash Deficit</b>	<b>(\$21.061)</b>	<b>(\$22.362)</b>	<b>(\$30.024)</b>	<b>(\$24.212)</b>	<b>(\$25.312)</b>

**MTA STATEN ISLAND RAILWAY**  
**July Financial Plan 2007 - 2010**  
**Summary of Major Programmatic Changes Between Financial Plans**  
(\$ in millions)

**NON-REIMBURSABLE and REIMBURSABLE**

	2006	2007	2008	2009	2010
<b>Baseline 2006 February Financial Plan - Operating Cash Income/(Deficit)</b>	<b>(\$21.437)</b>	<b>(\$21.934)</b>	<b>(\$22.733)</b>	<b>(\$23.962)</b>	<b>(\$24.971)</b>
<b><i>Non-Reimbursable Major Changes</i></b>					
Revenue					
Fare Revenue Re-estimate Resulting From December 2005 Transit Strike	\$0.185	\$0.186	\$0.190	\$0.194	\$0.191
One Year Delay-Implementation of Fare Collection at Tompkinsville Station	0.000	(0.300)	0.000	0.000	0.000
Sub-Total Non-Reimbursable Revenue Changes	\$ .185	(\$ .114)	\$ .190	\$ .194	\$ .191
Expenses					
Estimated Costs To Tear-Down/Assess Two R-44 Cars To Determine Fleet Maintenance Requirements To Be Performed in 2008	(0.166)	0.000	0.000	0.000	0.000
Estimated Fleet Maintenance Requirements	0.000	0.000	(7.000)	0.000	0.000
Year End 2005 Results Timing	(0.102)	0.000	0.000	0.000	0.000
Additional Traction Power Requirements	(0.100)	(0.100)	(0.100)	(0.100)	(0.100)
Vacancy Savings	0.214	0.000	0.000	0.000	0.000
Inflationary Expense Increases	0.045	(0.514)	(0.681)	(0.644)	(0.732)
Sub-Total Non-Reimbursable Expense Changes	(\$ .109)	(\$ .614)	(\$7.781)	(\$ .744)	(\$ .832)
<b><i>Total Non-Reimbursable Major Changes</i></b>	<b>\$ .076</b>	<b>(\$ .728)</b>	<b>(\$7.591)</b>	<b>(\$ .550)</b>	<b>(\$ .641)</b>
<b><i>Reimbursable Major Changes</i></b>					
Revenue	0.228	0.265	0.294	0.326	0.340
Sub-Total Reimbursable Revenue Changes	\$0.228	\$0.265	\$0.294	\$0.326	\$0.340
Expenses	(0.228)	(0.265)	(0.294)	(0.326)	(0.340)
Sub-Total Reimbursable Expense Changes	(\$0.228)	(\$0.265)	(\$0.294)	(\$0.326)	(\$0.340)
<b><i>Total Reimbursable Major Changes</i></b>	<b>\$ .000</b>	<b>\$ .000</b>	<b>\$ .000</b>	<b>\$ .000</b>	<b>\$ .000</b>
<b><i>Total Accrual Changes</i></b>	<b>\$0.076</b>	<b>(\$0.728)</b>	<b>(\$7.591)</b>	<b>(\$0.550)</b>	<b>(\$0.641)</b>
<b><i>Cash Adjustment Changes</i></b>					
<b><i>Total Cash Adjustment Changes</i></b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b><i>Total Baseline Changes</i></b>	<b>\$0.076</b>	<b>(\$0.728)</b>	<b>(\$7.591)</b>	<b>(\$0.550)</b>	<b>(\$0.641)</b>
<b>2007 PEG Program</b>	<b>\$0.300</b>	<b>\$0.300</b>	<b>\$0.300</b>	<b>\$0.300</b>	<b>\$0.300</b>
<b>2006 July Financial Plan - Operating Cash Income/(Deficit)</b>	<b>(\$21.061)</b>	<b>(\$22.362)</b>	<b>(\$30.024)</b>	<b>(\$24.212)</b>	<b>(\$25.312)</b>

**MTA Staten Island Railway  
July Financial Plan 2007 - 2010  
Ridership/Traffic Volume (Utilization)  
(in millions)**

	<b>2005 Actuals</b>	<b>2006 Mid-Year Forecast</b>	<b>2007 Preliminary Budget</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Baseline Total Ridership</b>	3.459	3.701	3.734	4.024	4.034	4.039
<i>Impact of:</i> 2007 PEG Program	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total Ridership</b>	3.459	3.701	3.734	4.024	4.034	4.039

**MTA Staten Island Railway**  
**July Financial Plan 2007 - 2010**  
**Summary of PEGs**  
**(\$ in millions)**

	Favorable/(Unfavorable)									
	2006		2007		2008		2009		2010	
	Positions <sup>1</sup>	Dollars	Positions <sup>1</sup>	Dollars	Positions <sup>1</sup>	Dollars	Positions <sup>1</sup>	Dollars	Positions <sup>1</sup>	Dollars
<b>LIST of PROGRAMS</b>										
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:										
Reconfigured Signal System-reduced power consumption	0	0.300	0	0.300	0	0.300	0	0.300	0	0.300
Sub-Total Service	0	\$ .300	0	\$ .300	0	\$ .300	0	\$ .300	0	\$ .300
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
<b>Total PEGs</b>	<b>0</b>	<b>\$ .300</b>	<b>0</b>	<b>\$ .300</b>	<b>0</b>	<b>\$ .300</b>	<b>0</b>	<b>\$ .300</b>	<b>0</b>	<b>\$ .300</b>

<sup>1</sup> Reflects the impact of amendments on year-end positions.

**MTA Staten Island Railway  
July Financial Plan 2007 - 2010  
PEG Worksheet**

**PEG Category:** Service

**Program:** Reconfigured Signal System-Reduced Power Consumption

<b>Background Details:</b>	The Authority implemented a new cab signal system in 2005. This new system includes the installation of 17 wayside relay buildings which requires additional electrical power. The reconfigured system projected to reduce power consumption.
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<b>PEG Description and Implementation Plan:</b>	Reconfigured Signal System projected to reduce power consumption.
<b>PEG Implementation Date:</b> 1/1/06	<b>When will PEG savings begin?:</b> 1/1/06

	2005	2006	2007	2008	2009	2010
<i>Financial Impact (Operating)</i>						
Net Savings (in millions)	\$0.000	\$0.300	\$0.300	\$0.300	\$0.300	\$0.300
<i>Total Reduction in Positions Required</i>	0	0	0	0	0	0
Current Level of Vacancies	0	0	0	0	0	0

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

Other  
(Identify Appropriate Indicator)

*List of Other Concerns:*

**MTA Staten Island Railway**  
**July Financial Plan 2007 - 2010**  
**Non-Reimbursable - Reimbursable Positions at End-of-Year**  
**Full-Time Positions and Full Time Equivalents**

<b>FUNCTION/DEPARTMENT</b>	<b>2006 Mid-Year Forecast</b>	<b>2007 Preliminary Budget</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Administration</b>					
Executive	11	11	11	11	11
General Office	13	13	13	13	13
Purchasing/Stores	7	7	7	7	7
<b>Total Administration</b>	<b>31</b>	<b>31</b>	<b>31</b>	<b>31</b>	<b>31</b>
<b>Operations</b>					
Transportation	94	94	94	94	94
<b>Total Operations</b>	<b>94</b>	<b>94</b>	<b>94</b>	<b>94</b>	<b>94</b>
<b>Maintenance</b>					
Mechanical	35	37	37	37	37
Car and Station Cleaning	20	20	20	20	20
Power/Signals	28	28	28	28	28
Maintenance of Way	49	49	49	49	49
Bridge and Buildings	22	22	22	22	22
Material Handling	2	2	2	2	2
<b>Total Maintenance</b>	<b>156</b>	<b>158</b>	<b>158</b>	<b>158</b>	<b>158</b>
<b>Engineering/Capital</b>					
None	0	0	0	0	0
<b>Public Safety</b>					
None	0	0	0	0	0
<b>Baseline Total Positions</b>	<b>281</b>	<b>283</b>	<b>283</b>	<b>283</b>	<b>283</b>
<i>Non-Reimbursable</i>	278	280	280	280	280
<i>Reimbursable</i>	3	3	3	3	3
<i>Total Full-Time</i>	281	283	283	283	283
<i>Total Full-Time-Equivalents</i>	0	0	0	0	0
Impact of:					
2007 Prog. to Elim. the Gap	0	0	0	0	0
<b>Total Positions</b>	<b>281</b>	<b>283</b>	<b>283</b>	<b>283</b>	<b>283</b>
<i>Non-Reimbursable</i>	278	280	280	280	280
<i>Reimbursable</i>	3	3	3	3	3
<i>Total Full-Time</i>	281	283	283	283	283

**MTA Staten Island Railway**  
**July Financial Plan 2007 - 2010**  
**Total Full-Time Positions and Full-time Equivalents by Function and Occupational Group**  
**Non-Reimbursable and Reimbursable**

<b>FUNCTION/OCCUPATIONAL GROUP</b>	<b>2006 Mid-Year Forecast</b>	<b>2007 Preliminary Budget</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Administration</b>					
Managers/Supervisors	14	14	14	14	14
Professional, Technical, Clerical	17	17	17	17	17
Operational Hourlies	-				
<b>Total Administration</b>	<b>31</b>	<b>31</b>	<b>31</b>	<b>31</b>	<b>31</b>
<b>Operations</b>					
Managers/Supervisors	7	7	7	7	7
Professional, Technical, Clerical	4	4	4	4	4
Operational Hourlies	83	83	83	83	83
<b>Total Operations</b>	<b>94</b>	<b>94</b>	<b>94</b>	<b>94</b>	<b>94</b>
<b>Maintenance</b>					
Managers/Supervisors	11	11	11	11	11
Professional, Technical, Clerical	3	3	3	3	3
Operational Hourlies	142	144	144	144	144
<b>Total Maintenance</b>	<b>156</b>	<b>158</b>	<b>158</b>	<b>158</b>	<b>158</b>
<b>Engineering/Capital</b>					
Managers/Supervisors					
Professional, Technical, Clerical					
Operational Hourlies					
<b>Total Engineering/Capital</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Public Safety</b>					
Managers/Supervisors					
Professional, Technical, Clerical					
Operational Hourlies					
<b>Total Public Safety</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>					
Managers/Supervisors	32	32	32	32	32
Professional, Technical, Clerical	24	24	24	24	24
Operational Hourlies	225	227	227	227	227
<b>Total</b>	<b>281</b>	<b>283</b>	<b>283</b>	<b>283</b>	<b>283</b>

**MTA Bus Company**

**MTA Bus Company  
2007 Preliminary Budget  
July Financial Plan 2007-2010**

**Mission Statement**

The MTA Bus Company (MTABC) is committed to providing a safe, reliable, convenient and efficient bus service throughout the boroughs of Queens, Bronx, Brooklyn and Manhattan, and parts of Yonkers and Western Nassau County.

**Agency Overview**

In September 2004, the MTA created the MTA Bus Company as a subsidiary of the authority in order to effectuate an agreement with the City of New York to consolidate the operations of seven private bus companies. The agreement was implemented as a result of the mutual desire of the MTA and the City of New York to improve the quality and efficiency of bus service formerly provided by private bus operations pursuant to franchises granted by the City. The agreement, which was approved by the MTA Board, provided for the City to pay MTABC the difference between the actual cost of operation of the bus routes and all revenues and subsidies received by MTABC and allocable to the operation of the bus routes. Thus, the current costs of MTABC operations are 100% reimbursable by the City.

The merger of the seven private bus companies into MTABC began on January 3, 2005 with the transfer of operations of the former Liberty Lines Express, Inc. The merger was completed on February 20, 2006 as Triboro Coach Corporation became the seventh and final private bus company to join the operations of the MTABC. When the mergers were completed, MTABC was operating 1,234 buses serving 400,000 riders daily. MTABC operates 47 local routes servicing the Bronx, Brooklyn and Queens, and 42 premium fare express routes between Manhattan and the Bronx, Brooklyn and Queens.

MTABC is committed to aggressively upgrading the overall service delivery of its bus operations through the replacement of an aged bus fleet, the institution of new maintenance practices and the establishment of a routinized service monitoring and adjustment program to facilitate positive service revisions within the transportation market.

During 2005 and 2006, MTABC introduced 317 new express buses into service, and an additional 158 express buses have been approved for purchase. When delivery of the 158 buses is completed in the first half of 2007, a total of 76% of

the express fleet will have been replaced since the mergers into MTABC commenced. In addition, the delivery of 284 new hybrid electric buses for local service will begin in late 2006. An option to purchase an additional 105 new hybrid electric buses is planned for the fourth quarter of 2006. When the new bus deliveries are completed, a total of 864 new buses or 70% of the fleet will have been replaced. The infusion of new buses into the MTABC fleet, in conjunction with the introduction of comprehensive maintenance programs designed to improve the reliability of the older buses inherited from the mergers, has allowed MTABC the opportunity to directly address a number of other critical areas: environmental initiatives, safety, security and skills training, the introduction of a centralized road operations unit to ensure consistent delivery of transportation services throughout MTABC depots, facility upgrades and improvements, service/route improvements and the development of a centralized administrative structure that relies on the foundation of a new information systems network. As a new subsidiary of the MTA, MTABC has been able to successfully partner and utilize the established services of other agencies within the MTA to provide technical expertise in numerous areas, including bus and electronics maintenance, voice and data networks, labor relations, human resources and medical services, to achieve its objectives.

### **Financial Overview**

The 2007 Operating Budget proposal represents development of the first comprehensive budget for MTABC. In February 2006, when the last of the seven private bus companies was merged to MTA Bus, the total MTABC incumbent head count was just over 3,000 employees. In the past, the private companies did not prepare any formal annual budgets for headcount or non-personnel expenses. As a result of the uncertainty of the timing and inevitability of the mergers, the private companies delayed almost all hiring of critical transportation and maintenance positions for a period of one to two years. Therefore, by February 2006 when MTA Bus had integrated all seven companies, the vacancy levels in key operating titles (bus operator, mechanic and bus maintenance supervisor exceeded 200 positions. In addition, key staff performing important support activities did not join MTABC upon merger, opting to remain managing the other assets of their private employers. This further exacerbated MTABC's ability to streamline and organize key functions. Through a shared services arrangement, MTABC has begun the process of filling these critical operating vacancies in order to provide additional service and improve the maintenance reliability of the bus fleet.

The 2007 MTABC operating budget reflects the necessity of restoring headcount to baseline pre-merger levels and restructuring non-operating positions to better reflect the mandated business requirements of a public sector agency. Specific operational and maintenance goals for 2007 are being developed as

performance indicators of the individual depots are merged to reflect MTABC - wide data and statistics.

### **2007 Preliminary Budget – Baseline**

In 2007, the first full year all seven private bus companies will be integrated into MTABC, the Bus Company's main objectives will be to focus on continued reliability improvements to the bus fleet, successfully introduce new buses into the fleet, address the condition and security of its facilities, enhance the quality and attractiveness of bus service, and upgrade the skills of its existing employees while introducing additional professional expertise into its operations. MTABC's 2007 Preliminary Budget includes total expenses before depreciation of \$375.6 million. Total revenues are projected to be \$134.9 million. Total baseline full-time positions are 3,310 (3,302 non-reimbursable and 8 reimbursable).

The major components of the 2007 MTABC Preliminary Budget are summarized as follows:

- Aggressive management action to fill critical operating vacancies in the bus operation (over 120 vacancies), mechanic (30), bus maintenance supervisor (30), and depot management (approximately 25).
- The reorganization of support activities and existing staff to address the need to perform many critical functions not previously handled prior to the establishment of MTABC: environmental, safety and code compliance, engineering, operations planning, budgets, labor relations, human resources, and security. Positions left vacant from the management of the former companies that did not join MTABC will be utilized to fill these gaps.
- A substantial reduction (38%) in the reliance and utilization of unscheduled overtime to meet service and maintenance levels.
- The continued centralization of a Road Operations unit to standardize the practices and monitoring of bus service within the MTABC service area.
- The establishment of a centralized Command Center to improve overall service coordination and monitor bus operations.
- Centralized control and accountability over material distribution and inventory activities.

- Expansion of popular service and information programs, in conjunction with improved schedule adjustments, to enhance the rider's transportation experience.
- The establishment of an engineering staff to manage the facilities projects funded through the MTABC's Capital Budget.

These assumptions will be monitored and revised accordingly as the MTABC organization structure, goals and processes are finalized and it is determined that MTABC resources are sufficient to meet MTA service standards and the expectations of the letter agreement with the City of New York.

### **Non-Labor**

OTPS expenses have increased in 2007 by \$17.1 million over 2006 levels due to several key factors:

- Estimated payout for bus accident claims (\$3.0 million) – introduction of new bus models into fleet and a relatively high percentage of new bus operators.
- Fuel Costs (\$4.3 million) – price increases and expanded service levels.
- Security Contracts (\$0.8 million) – expansion of security guard coverage at all depots.
- Facility Maintenance and Environmental Remediation (\$2.3 million) – repairs of fuel tanks, depot abatements and rebuilds, asphalt and roof repairs, lift removal and emergency electrical/plumbing work.
- Additional materials to support enhanced bus maintenance levels (\$2.7 million)
- Phase-in of information systems projects for timekeeping, payroll, financial, fleet and facility maintenance applications (\$4.0 million)

### **2008 – 2010 Projections**

The current 2008-2010 projections reflect no change in the number of quota positions from the baseline 2007 Preliminary Budget proposal. Salary and wage

projections reflect labor assumptions contained in the February 2006 financial plan of 2.56% in 2007, 2.91% in 2008, 3.07% in 2009 and 3.2% in 2010. Health and welfare expenses were increased at an annual rate of 10.68% for the 2008-2010 period in accordance with New York State Department of Civil Service guidance.

In 2008, the projected payout for bus accident claims increases by \$2.5 million over 2007 due to the increase in new buses placed in service. All other OTPS expense assumptions for the 2008-2010 period remain the same as 2007 levels with adjustments for inflation of 1.84% in 2008, 1.73% in 2009 and 1.77% in 2010 in accordance with Global Insight's CPI-U forecast.

Fuel expenses for 2007 assume the continuation in elevated prices, and costs assume wholesale price reductions of 5.1% in 2008 compared to 2007, and 4.9% in 2009 compared to 2008. 2010 assumes no change from 2009 fuel price levels.

Farebox revenue is projected to increase by 0.9% in 2007 over 2006 estimates, and increases of 1.2% in 2008, 0.3% in 2009 and 0.6% in 2010 over prior year revenue levels are forecasted. Ridership levels on local bus routes are projected to continue the gains experienced in 2006, while we project that express bus ridership levels will stabilize at current levels after the fall-off resulting from the post-merger fare increase. 2006 revenue improvements are attributable to MTABC initiatives to consistently meet service levels, provide enhanced service through selective route adjustments and the increased reliability of bus fareboxes.

**MTA BUS COMPANY**  
**July Financial Plan 2007 - 2010**  
**Accrual Statement of Operations by Category**  
(\$ in millions)

<b>Non-Reimbursable</b>		<b>2006</b>	<b>2007</b>			
		<b>Mid-Year</b>	<b>Preliminary</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
		<b>Forecast</b>				
<b>Operating Revenue</b>						
Farebox Revenue		\$129.938	\$131.107	\$132.733	\$133.184	\$134.036
Toll Revenue		-	-	-	-	-
Other Operating Revenue		3.591	3.780	3.780	3.780	3.780
Capital and Other Reimbursements		-	-	-	-	-
<b>Total Revenue</b>		<b>\$133.529</b>	<b>\$134.887</b>	<b>\$136.513</b>	<b>\$136.964</b>	<b>\$137.816</b>
<b>Operating Expenses</b>						
<b><u>Labor:</u></b>						
Payroll		\$164.924	\$184.186	\$189.546	\$195.365	\$201.617
Overtime		29.014	18.019	18.543	19.113	19.724
Health and Welfare		22.000	32.289	35.738	39.555	43.779
Pensions		11.336	11.771	12.207	12.582	12.984
Other Fringe Benefits		13.488	15.620	15.989	16.480	17.008
Reimbursable Overhead		-	(0.539)	(0.526)	(0.526)	(0.526)
<b>Total Labor Expenses</b>		<b>\$240.762</b>	<b>\$261.347</b>	<b>\$271.497</b>	<b>\$282.568</b>	<b>\$294.586</b>
<b><u>Non-Labor:</u></b>						
Traction and Propulsion Power		\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Fuel for Buses and Trains		24.989	29.314	28.278	27.031	27.192
Insurance		14.197	14.356	15.791	17.370	19.107
Claims		2.500	5.500	8.001	8.001	8.001
Paratransit Service Contracts		-	-	-	-	-
Maintenance and Other Operating Contracts		27.114	23.944	24.560	25.186	25.813
Professional Service Contracts		2.750	7.093	7.276	7.461	7.647
Materials & Supplies		25.464	33.943	34.816	35.703	36.592
Other Business Expenses		0.150	0.150	0.154	0.158	0.162
<b>Total Non-Labor Expenses</b>		<b>\$97.164</b>	<b>\$114.301</b>	<b>\$118.874</b>	<b>\$120.910</b>	<b>\$124.515</b>
<b><u>Other Expenses Adjustments:</u></b>						
Other		\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
<b>Total Other Expense Adjustments</b>		<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Total Expenses before Depreciation</b>		<b>\$337.926</b>	<b>\$375.647</b>	<b>\$390.372</b>	<b>\$403.478</b>	<b>\$419.100</b>
Depreciation		13.750	30.075	36.290	38.830	41.548
<b>Total Expenses</b>		<b>\$351.676</b>	<b>\$405.722</b>	<b>\$426.662</b>	<b>\$442.308</b>	<b>\$460.649</b>
<b>Baseline Surplus/(Deficit)</b>		<b>(\$218.147)</b>	<b>(\$270.835)</b>	<b>(\$290.149)</b>	<b>(\$305.344)</b>	<b>(\$322.832)</b>
2007 Program to Eliminate the Gap (PEGs)		0.000	0.000	0.000	0.000	0.000
Post 2007 Program to Eliminate the Gap (PEGs)		-	-	-	-	-
<b>Net Surplus/(Deficit)</b>		<b>(\$218.147)</b>	<b>(\$270.835)</b>	<b>(\$290.149)</b>	<b>(\$305.344)</b>	<b>(\$322.832)</b>

**MTA BUS COMPANY**  
**July Financial Plan 2007 - 2010**  
**Accrual Statement of Operations by Category**  
(\$ in millions)

<b>REIMBURSABLE</b>	<b>2006 Mid-Year Forecast</b>	<b>2007 Preliminary</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Revenue</b>					
Farebox Revenue	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Toll Revenue	-	-	-	-	-
Other Operating Revenue	-	-	-	-	-
Capital and Other Reimbursements	0.600	23.201	23.494	31.084	22.510
<b>Total Revenue</b>	<b>\$0.600</b>	<b>\$23.201</b>	<b>\$23.494</b>	<b>\$31.084</b>	<b>\$22.510</b>
<b>Expenses</b>					
<b><u>Labor:</u></b>					
Payroll	\$0.000	\$0.741	\$0.741	\$0.741	\$0.741
Overtime	0.000	0.000	0.000	0.000	0.000
Health and Welfare	0.000	0.000	0.000	0.000	0.000
Pensions	0.000	0.000	0.000	0.000	0.000
Other Fringe Benefits	0.000	0.221	0.221	0.221	0.221
Reimbursable Overhead	-	0.539	0.539	0.539	0.539
<b>Total Labor Expenses</b>	<b>\$0.000</b>	<b>\$1.501</b>	<b>\$1.501</b>	<b>\$1.501</b>	<b>\$1.501</b>
<b><u>Non-Labor:</u></b>					
Traction and Propulsion Power	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Fuel for Buses and Trains	-	-	-	-	-
Insurance	-	-	-	-	-
Claims	-	-	-	-	-
Paratransit Service Contracts	-	-	-	-	-
Maintenance and Other Operating Contracts	0.600	14.500	15.793	25.883	17.300
Professional Service Contracts	-	5.000	4.000	1.500	1.500
Materials & Supplies	-	2.200	2.200	2.200	2.200
Other Business Expenses	-	-	-	-	-
<b>Total Non-Labor Expenses</b>	<b>\$0.600</b>	<b>\$21.700</b>	<b>\$21.993</b>	<b>\$29.583</b>	<b>\$21.000</b>
<b><u>Other Expenses Adjustments:</u></b>					
Other	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
<b>Total Other Expense Adjustments</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Total Expenses before Depreciation</b>	<b>\$0.600</b>	<b>\$23.201</b>	<b>\$23.494</b>	<b>\$31.084</b>	<b>\$22.501</b>
Depreciation	-	-	-	-	-
<b>Total Expenses</b>	<b>\$0.600</b>	<b>\$23.201</b>	<b>\$23.494</b>	<b>\$31.084</b>	<b>\$22.501</b>
<b>Net Surplus/(Deficit)</b>	<b>(\$0.000)</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.009</b>

**MTA BUS COMPANY**  
**July Financial Plan 2007 - 2010**  
**Accrual Statement of Operations by Category**  
(\$ in millions)

<b>NON-REIMBURSABLE / REIMBURSABLE</b>		<b>2006</b>	<b>2007</b>			
		<b>Mid-Year</b>	<b>Preliminary</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
		<b>Forecast</b>				
<b>Revenue</b>						
Farebox Revenue		\$129.938	\$131.107	\$132.733	\$133.184	\$134.036
Toll Revenue		-	-	-	-	-
Other Operating Revenue		3.591	3.780	3.780	3.780	3.780
Capital and Other Reimbursements		0.600	23.201	23.494	31.084	22.510
<b>Total Revenue</b>		<b>\$134.129</b>	<b>\$158.088</b>	<b>\$160.007</b>	<b>\$168.048</b>	<b>\$160.326</b>
<b>Expenses</b>						
<b><u>Labor:</u></b>						
Payroll		\$164.924	\$184.928	\$190.287	\$196.106	\$202.358
Overtime		29.014	18.019	18.543	19.113	19.724
Health and Welfare		22.000	32.289	35.738	39.555	43.779
Pensions		11.336	11.771	12.207	12.582	12.984
Other Fringe Benefits		13.488	15.841	16.210	16.701	17.228
Reimbursable Overhead		-	-	0.013	0.013	0.013
<b>Total Labor Expenses</b>		<b>\$240.762</b>	<b>\$262.848</b>	<b>\$272.998</b>	<b>\$284.069</b>	<b>\$296.087</b>
<b><u>Non-Labor:</u></b>						
Traction and Propulsion Power		\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Fuel for Buses and Trains		24.989	29.314	28.278	27.031	27.192
Insurance		14.197	14.356	15.791	17.370	19.107
Claims		2.500	5.500	8.001	8.001	8.001
Paratransit Service Contracts		-	-	-	-	-
Maintenance and Other Operating Contracts		27.714	38.444	40.353	51.069	43.113
Professional Service Contracts		2.750	12.093	11.276	8.961	9.147
Materials & Supplies		25.464	36.143	37.016	37.903	38.792
Other Business Expenses		0.150	0.150	0.154	0.158	0.162
<b>Total Non-Labor Expenses</b>		<b>\$97.764</b>	<b>\$136.001</b>	<b>\$140.867</b>	<b>\$150.493</b>	<b>\$145.515</b>
<b><u>Other Expenses Adjustments:</u></b>						
Other		\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
<b>Total Other Expense Adjustments</b>		<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Total Expenses before Depreciation</b>		<b>\$338.526</b>	<b>\$398.848</b>	<b>\$413.865</b>	<b>\$434.562</b>	<b>\$441.601</b>
Depreciation		13.750	30.075	36.290	38.830	41.548
<b>Total Expenses</b>		<b>\$352.276</b>	<b>\$428.923</b>	<b>\$450.155</b>	<b>\$473.392</b>	<b>\$483.150</b>
<b>Baseline Surplus/(Deficit)</b>		<b>(\$218.147)</b>	<b>(\$270.835)</b>	<b>(\$290.149)</b>	<b>(\$305.344)</b>	<b>(\$322.823)</b>
2007 Program to Eliminate the Gap (PEGs)		0.000	0.000	0.000	0.000	0.000
Post 2007 Program to Eliminate the Gap (PEGs)		-	-	-	-	-
<b>Net Surplus/(Deficit)</b>		<b>(\$218.147)</b>	<b>(\$270.835)</b>	<b>(\$290.149)</b>	<b>(\$305.344)</b>	<b>(\$322.823)</b>

**MTA BUS COMPANY**  
**July Financial Plan 2007 - 2010**  
**Cash Receipts & Expenditures**  
(\$ in millions)

<b>CASH RECEIPTS AND EXPENDITURES</b>					
	<b>2006 Mid-Year Forecast</b>	<b>2007 Preliminary</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Receipts</b>					
Farebox Revenue	\$129.938	\$131.107	\$132.733	\$133.184	\$134.036
Vehicle Toll Revenue	-	-	-	-	-
Other Operating Revenue	3.591	3.780	3.780	3.780	3.780
Capital and Other Reimbursements	0.600	23.201	23.494	31.084	22.510
<b>Total Receipts</b>	<b>\$134.129</b>	<b>\$158.088</b>	<b>\$160.007</b>	<b>\$168.048</b>	<b>\$160.326</b>
<b>Expenditures</b>					
<b><u>Labor:</u></b>					
Payroll	\$164.924	\$184.928	\$190.287	\$196.106	\$202.358
Overtime	29.014	18.019	18.543	19.113	19.724
Health and Welfare	22.000	32.289	35.738	39.555	43.779
Pensions	11.336	11.771	12.207	12.582	12.984
Other Fringe Benefits	13.488	15.841	16.210	16.701	17.228
Reimbursable Overhead	-	-	0.013	0.013	0.013
<b>Total Labor Expenditures</b>	<b>\$240.762</b>	<b>\$262.848</b>	<b>\$272.998</b>	<b>\$284.069</b>	<b>\$296.087</b>
<b><u>Non-Labor:</u></b>					
Traction and Propulsion Power	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Fuel for Buses and Trains	24.989	29.314	28.278	27.031	27.192
Insurance	14.197	14.356	15.791	17.370	19.107
Claims	2.500	5.500	8.001	8.001	8.001
Paratransit Service Contracts	-	-	-	-	-
Maintenance and Other Operating Contracts	27.714	38.444	40.353	51.069	43.113
Professional Service Contracts	2.750	12.093	11.276	8.961	9.147
Materials & Supplies	25.464	36.143	37.016	37.903	38.792
Other Business Expenses	0.150	0.150	0.154	0.158	0.162
<b>Total Non-Labor Expenditures</b>	<b>\$97.764</b>	<b>\$136.001</b>	<b>\$140.867</b>	<b>\$150.493</b>	<b>\$145.515</b>
<b><u>Other Expenditure Adjustments:</u></b>					
Other	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
<b>Total Other Expenditure Adjustments</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Total Expenditures</b>	<b>\$338.526</b>	<b>\$398.848</b>	<b>\$413.865</b>	<b>\$434.562</b>	<b>\$441.601</b>
<b>Baseline Cash Deficit</b>	<b>(\$204.397)</b>	<b>(\$240.760)</b>	<b>(\$253.859)</b>	<b>(\$266.514)</b>	<b>(\$281.275)</b>
2007 Program to Eliminate the Gap (PEGs)	0.000	0.000	0.000	0.000	0.000
Post 2007 Program to Eliminate the Gap (PEGs)	-	-	-	-	-
<b>Net Cash Deficit</b>	<b>(\$204.397)</b>	<b>(\$240.760)</b>	<b>(\$253.859)</b>	<b>(\$266.514)</b>	<b>(\$281.275)</b>

**MTA BUS COMPANY**  
**July Financial Plan 2007 - 2010**  
**Cash Conversion (Cash Flow Adjustments)**  
(\$ in millions)

<b>CASH FLOW ADJUSTMENTS</b>					
	<b>2006</b>	<b>2007</b>			
	<b>Mid-Year</b>	<b>Preliminary</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
	<b>Forecast</b>				
<b>Receipts</b>					
Farebox Revenue	\$0.000	\$0.000	\$0.000	(\$0.000)	\$0.000
Vehicle Toll Revenue	-	-	-	-	-
Other Operating Revenue	-	(0.000)	(0.000)	(0.000)	(0.000)
Capital and Other Reimbursements	0.000	(0.000)	(0.000)	(0.000)	(0.000)
<b>Total Receipts</b>	<b>\$0.000</b>	<b>(\$0.000)</b>	<b>(\$0.000)</b>	<b>(\$0.000)</b>	<b>(\$0.000)</b>
<b>Expenditures</b>					
<b><u>Labor:</u></b>					
Payroll	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Overtime	-	-	-	-	-
Health and Welfare	-	-	-	-	-
Pensions	-	-	-	-	-
Other Fringe Benefits	-	(0.000)	(0.000)	-	-
Reimbursable Overhead	-	-	0.000	0.000	0.000
<b>Total Labor Expenditures</b>	<b>\$0.000</b>	<b>(\$0.000)</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b><u>Non-Labor:</u></b>					
Traction and Propulsion Power	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Fuel for Buses and Trains	-	-	-	-	-
Insurance	-	-	-	-	-
Claims	-	-	-	-	-
Paratransit Service Contracts	-	-	-	-	-
Maintenance and Other Operating Contracts	-	-	-	-	-
Professional Service Contracts	-	-	-	-	-
Materials & Supplies	-	-	-	-	-
Other Business Expenditures	-	-	-	-	-
<b>Total Non-Labor Expenditures</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b><u>Other Expenditures Adjustments:</u></b>					
Other	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
<b>Total Other Expenditures Adjustments</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Total Cash Conversion Adjustments before Depreciation</b>	<b>\$0.000</b>	<b>(\$0.000)</b>	<b>(\$0.000)</b>	<b>(\$0.000)</b>	<b>(\$0.000)</b>
Depreciation Adjustment	13.750	30.075	36.290	38.830	41.548
<b>Baseline Total Cash Conversion Adjustments</b>	<b>\$13.750</b>	<b>\$30.075</b>	<b>\$36.290</b>	<b>\$38.830</b>	<b>\$41.548</b>
2007 Program to Eliminate the Gap (PEGs)	0.000	0.000	0.000	0.000	0.000
Post 2007 Program to Eliminate the Gap (PEGs)	-	-	-	-	-
<b>Total Cash Conversion Adjustments</b>	<b>\$13.750</b>	<b>\$30.075</b>	<b>\$36.290</b>	<b>\$38.830</b>	<b>\$41.548</b>

**MTA BUS COMPANY**  
**July Financial Plan 2007 - 2010**  
**Non-Reimbursable - Reimbursable Positions at End-of-Year**  
**Full-Time Positions and Full Time Equivalents**

<b>FUNCTION/DEPARTMENT</b>	<b>2006 Mid-Year Forecast</b>	<b>2007 Preliminary Budget</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Administration</b>					
Office of the EVP	2	2	2	2	2
Human Resources	3	3	3	3	3
Office of Management and Budget	6	6	6	6	6
Technology & Information Services	12	12	12	12	12
Materiel	22	22	22	22	22
Controller	47	47	47	47	47
Office of the President	2	2	2	2	2
System Safety Administration	3	3	3	3	3
Law	17	17	17	17	17
Corporate Communications	7	7	7	7	7
Labor Relations	2	2	2	2	2
<b>Total Administration</b>	<b>123</b>	<b>123</b>	<b>123</b>	<b>123</b>	<b>123</b>
<b>Operations</b>					
Buses	2,127	2,127	2,127	2,127	2,127
Operations Planning	11	11	11	11	11
Revenue Control	7	7	7	7	7
<b>Total Operations</b>	<b>2,145</b>	<b>2,145</b>	<b>2,145</b>	<b>2,145</b>	<b>2,145</b>
<b>Maintenance</b>					
Buses	951	951	951	951	951
Supply Logistics	64	64	64	64	64
<b>Total Maintenance</b>	<b>1,015</b>	<b>1,015</b>	<b>1,015</b>	<b>1,015</b>	<b>1,015</b>
<b>Engineering/Capital</b>					
Capital Program Management	19	19	19	19	19
<b>Public Safety</b>					
Office of the Senior Vice President	8	8	8	8	8
<b>Total Baseline Positions</b>	<b>3,310</b>	<b>3,310</b>	<b>3,310</b>	<b>3,310</b>	<b>3,310</b>
Non-Reimbursable	3,302	3,302	3,302	3,302	3,302
Reimbursable	8	8	8	8	8
Total Full-Time	3,310	3,310	3,310	3,310	3,310
Total Full-Time Equivalents	-	-	-	-	-
<hr/>					
Impact of:					
2007 Program to Eliminate the Gap	0	0	0	0	0
Post 2007 Program to Eliminate the Gap	0	0	0	0	0
<b>Total Positions</b>	<b>3,310</b>	<b>3,310</b>	<b>3,310</b>	<b>3,310</b>	<b>3,310</b>
Non-Reimbursable	3,302	3,302	3,302	3,302	3,302
Reimbursable	8	8	8	8	8
Total Full-Time	3,310	3,310	3,310	3,310	3,310
Total Full-Time Equivalents	-	-	-	-	-

**MTA BUS COMPANY**  
**July Financial Plan 2007-2010**  
**Total Full-Time Positions and Full-time Equivalents by Function and Occupational Group**  
**Non-Reimbursable and Reimbursable**

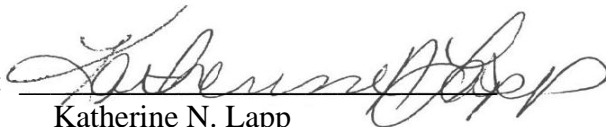
FUNCTION/OCCUPATIONAL GROUP	2006	2007	2008	2009	2010
	Mid-Year Forecast	Preliminary Budget			
<b>Administration</b>					
Managers/Supervisors	37	37	37	37	37
Professional, Technical, Clerical	86	86	86	86	86
Operational Hourlies	0	0	0	0	0
<b>Total Administration</b>	<b>123</b>	<b>123</b>	<b>123</b>	<b>123</b>	<b>123</b>
<b>Operations</b>					
Managers/Supervisors	271	271	271	271	271
Professional, Technical, Clerical	51	51	51	51	51
Operational Hourlies	1,823	1,823	1,823	1,823	1,823
<b>Total Operations</b>	<b>2,145</b>	<b>2,145</b>	<b>2,145</b>	<b>2,145</b>	<b>2,145</b>
<b>Maintenance</b>					
Managers/Supervisors	150	150	150	150	150
Professional, Technical, Clerical	18	18	18	18	18
Operational Hourlies	847	847	847	847	847
<b>Total Maintenance</b>	<b>1,015</b>	<b>1,015</b>	<b>1,015</b>	<b>1,015</b>	<b>1,015</b>
<b>Engineering/Capital</b>					
Managers/Supervisors	14	14	14	14	14
Professional, Technical, Clerical	5	5	5	5	5
Operational Hourlies	0	0	0	0	0
<b>Total Engineering/Capital</b>	<b>19</b>	<b>19</b>	<b>19</b>	<b>19</b>	<b>19</b>
<b>Public Safety</b>					
Managers/Supervisors	4	4	4	4	4
Professional, Technical, Clerical	0	0	0	0	0
Operational Hourlies	4	4	4	4	4
<b>Total Public Safety</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>
<b>Total Baseline Positions</b>					
Managers/Supervisors	476	476	476	476	476
Professional, Technical, Clerical	160	160	160	160	160
Operational Hourlies	2,674	2,674	2,674	2,674	2,674
<b>Total Baseline Positions</b>	<b>3,310</b>	<b>3,310</b>	<b>3,310</b>	<b>3,310</b>	<b>3,310</b>

## **IX. 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 21, 2006