

# 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 \$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 (\$1.37 billion) and 2010 (\$1.48 billion). 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 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.

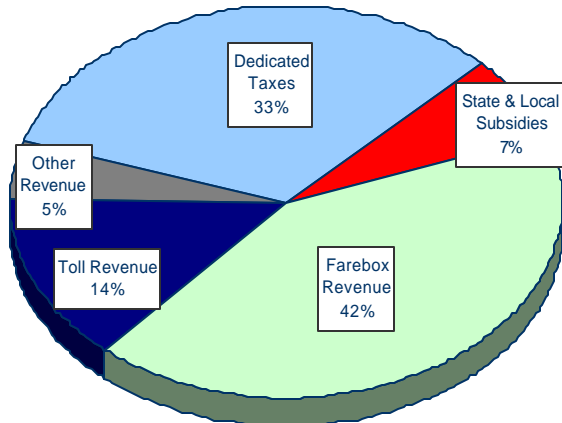
As we move toward 2007 and the looming multi-year billion dollar gaps in 2008, 2009 and 2010, the Board's continued fiscal discipline and leadership will be just as important to ensure this system operates efficiently, effectively and safely for our customers and our workers.

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\*

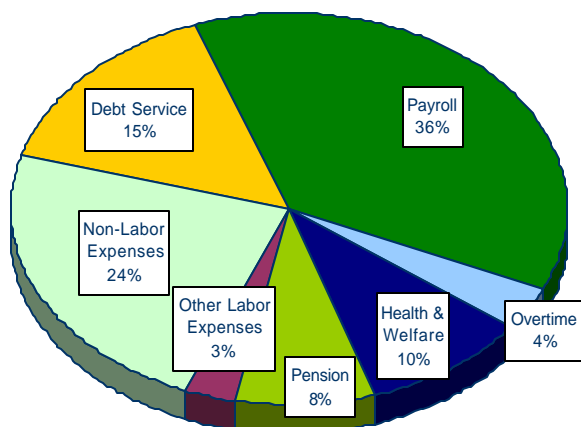
**Where  
the  
Dollars  
Come  
From...**



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>

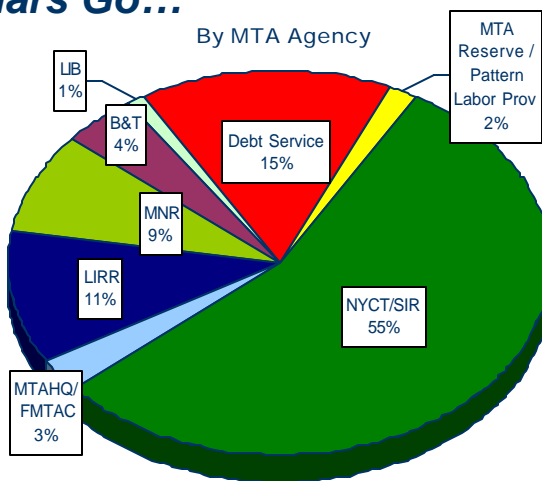
## Where the Dollars Go...

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

### MTA Consolidated Statement Of Operations By Category - Excluding MTA Bus Company

(\$ in millions)

Line Number		2005 Actual	2006 Mid-Year Forecast	2007 Preliminary Budget	2008	2009	2010
7	<b>Non-Reimbursable</b>						
8							
9							
10	<b>Operating Revenue</b>						
11	Farebox Revenue	\$3,565	\$3,686	\$3,735	\$3,780	\$3,809	\$3,832
12	Toll Revenue	1,205	1,234	1,236	1,242	1,241	1,241
13	Other Revenue	410	417	405	423	445	462
14	Capital and Other Reimbursements	26	0	0	0	0	0
15	<b>Total Operating Revenue</b>	<b>\$5,206</b>	<b>\$5,337</b>	<b>\$5,376</b>	<b>\$5,445</b>	<b>\$5,495</b>	<b>\$5,535</b>
16							
17	<b>Operating Expense</b>						
18	<b>Labor Expenses:</b>						
19	Payroll	\$3,362	\$3,536	\$3,631	\$3,748	\$3,871	\$3,980
20	Overtime	385	375	357	365	379	393
21	Health & Welfare	769	845	960	1,071	1,193	1,322
22	Pensions	642	711	796	811	810	807
23	Other-Fringe Benefits	386	384	402	416	432	444
24	Pattern Labor Provision	0	13	83	112	113	113
25	Reimbursable Overhead	(240)	(269)	(276)	(280)	(280)	(287)
26	<b>Sub-total Labor Expenses</b>	<b>\$5,304</b>	<b>\$5,594</b>	<b>\$5,953</b>	<b>\$6,242</b>	<b>\$6,516</b>	<b>\$6,772</b>
27							
28	<b>Non-Labor Expenses:</b>						
29	Traction and Propulsion Power	253	275	298	300	305	309
30	Fuel for Buses and Trains	138	169	183	175	168	170
31	Insurance	62	39	46	53	57	65
32	Claims	90	139	153	156	160	163
33	Paratransit Service Contracts	158	191	228	266	305	355
34	Maintenance and Other Operating Contracts	453	514	556	561	580	586
35	Professional Service Contracts	216	207	209	215	225	229
36	Materials & Supplies	388	434	480	516	554	549
37	Other Business Expenses	156	144	151	163	162	166
38	<b>Sub-total Non-Labor Expenses</b>	<b>\$1,916</b>	<b>\$2,112</b>	<b>\$2,303</b>	<b>\$2,405</b>	<b>\$2,515</b>	<b>\$2,592</b>
39							
40	<b>Other Expense Adjustments:</b>						
41	Other	(\$11)	(\$5)	(\$7)	(\$14)	(\$8)	(\$8)
42	General Reserve	0	31	75	75	75	75
43	<b>Sub-total Other Expense Adjustments</b>	<b>(\$11)</b>	<b>\$26</b>	<b>\$68</b>	<b>\$61</b>	<b>\$67</b>	<b>\$67</b>
44							
45	<b>Total Operating Expense Before Depreciation</b>	<b>\$7,209</b>	<b>\$7,733</b>	<b>\$8,324</b>	<b>\$8,708</b>	<b>\$9,099</b>	<b>\$9,431</b>
46							
47	Depreciation	\$1,469	\$1,631	\$1,811	\$1,961	\$2,140	\$2,312
48							
49	<b>Total Operating Expense</b>	<b>\$8,678</b>	<b>\$9,364</b>	<b>\$10,135</b>	<b>\$10,670</b>	<b>\$11,238</b>	<b>\$11,744</b>
50							
51	<b>Net Operating Deficit Before Subsidies and Debt Service</b>	<b>(\$3,472)</b>	<b>(\$4,027)</b>	<b>(\$4,760)</b>	<b>(\$5,225)</b>	<b>(\$5,743)</b>	<b>(\$6,208)</b>
52							
53	Dedicated Taxes and State/Local Subsidies	\$3,422	\$3,689	\$3,506	\$3,542	\$3,574	\$3,609
54							
55	Debt Service (excludes Service Contract Bonds)	(1,018)	(1,332)	(1,460)	(1,594)	(1,750)	(1,898)
56							
57	<b>Net Deficit After Subsidies and Debt Service</b>	<b>(\$1,067)</b>	<b>(\$1,670)</b>	<b>(\$2,714)</b>	<b>(\$3,277)</b>	<b>(\$3,919)</b>	<b>(\$4,497)</b>
58							
59	Conversion to Cash Basis: Depreciation	\$1,469	\$1,631	\$1,811	\$1,961	\$2,140	\$2,312
60	Conversion to Cash Basis: All Other	273	(21)	71	18	(2)	39
61	Net Cash Balance from Previous Year	507	1,182	1,121	290	0	0
62							
63	<b>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>

# 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	<b><i>The following contributions are accounted for in the above Baseline Labor Expenses:</i></b>						
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

### MTA Consolidated Accrued Statement of Operations By Agency - Excluding MTA Bus Company

(\$ in millions)

Line Number	Non-Reimbursable	2005	2006	2007			
		Actual	Mid-Year Forecast	Preliminary Budget	2008	2009	2010
8							
9	<b><u>Total Operating Revenue</u></b>						
10	New York City Transit	\$2,908	\$3,008	\$3,036	\$3,083	\$3,107	\$3,133
11	Bridges and Tunnels	1,254	1,249	1,243	1,250	1,248	1,248
12	Metro-North Railroad	470	485	493	501	518	526
13	Long Island Rail Road	469	487	495	502	510	516
14	MTA Headquarters	48	50	51	52	54	55
15	Long Island Bus	44	43	43	42	42	42
16	Staten Island Railway	5	6	6	6	6	6
17	First Mutual Transportation Assurance Company	8	8	8	9	9	9
18	Capital Construction Company	0	0	0	0	0	0
19	<b>Total</b>	<b>\$5,206</b>	<b>\$5,337</b>	<b>\$5,376</b>	<b>\$5,445</b>	<b>\$5,495</b>	<b>\$5,535</b>
20							
21	<b><u>Total Operating Expenses before Depreciation</u></b> <sup>1</sup>						
22	New York City Transit	\$4,716	\$5,065	\$5,389	\$5,616	\$5,883	\$6,088
23	Bridges and Tunnels	344	381	402	406	429	470
24	Metro-North Railroad	751	794	855	894	948	980
25	Long Island Rail Road	962	1,017	1,077	1,142	1,182	1,223
26	MTA Headquarters	314	295	294	313	318	331
27	Long Island Bus	108	115	121	126	129	134
28	Staten Island Railway	27	27	28	36	30	32
29	First Mutual Transportation Assurance Company	(2)	1	5	2	(2)	(6)
30	Capital Construction Company	0	0	0	0	0	0
31	Other	(11)	26	68	61	67	67
32	<b>Total</b>	<b>\$7,209</b>	<b>\$7,720</b>	<b>\$8,241</b>	<b>\$8,596</b>	<b>\$8,986</b>	<b>\$9,319</b>
33							
34	<b><u>Depreciation</u></b>						
35	New York City Transit	\$955	\$1,075	\$1,228	\$1,382	\$1,535	\$1,689
36	Bridges and Tunnels	50	50	57	61	67	70
37	Metro-North Railroad	187	195	200	207	214	214
38	Long Island Rail Road	247	275	292	279	294	309
39	MTA Headquarters	23	25	25	22	20	20
40	Long Island Bus	0	0	0	0	0	0
41	Staten Island Railway	7	10	10	10	10	10
42	First Mutual Transportation Assurance Company	0	0	0	0	0	0
43	Capital Construction Company	0	0	0	0	0	0
44	<b>Total</b>	<b>\$1,469</b>	<b>\$1,631</b>	<b>\$1,811</b>	<b>\$1,961</b>	<b>\$2,140</b>	<b>\$2,312</b>
45							
46	<b><u>Net Operating Income/(Deficit)</u></b>						
47	New York City Transit	(\$2,763)	(\$3,131)	(\$3,581)	(\$3,915)	(\$4,311)	(\$4,644)
48	Bridges and Tunnels	860	818	784	782	752	708
49	Metro-North Railroad	(468)	(504)	(561)	(600)	(644)	(668)
50	Long Island Rail Road	(740)	(805)	(873)	(919)	(966)	(1,016)
51	MTA Headquarters	(289)	(270)	(268)	(282)	(284)	(295)
52	Long Island Bus	(64)	(72)	(79)	(83)	(87)	(92)
53	Staten Island Railway	(29)	(32)	(33)	(41)	(35)	(36)
54	First Mutual Transportation Assurance Company	10	7	3	7	11	15
55	Capital Construction Company	0	0	0	0	0	0
56	Other	11	(26)	(68)	(61)	(67)	(67)
57	<b>Total</b>	<b>(\$3,472)</b>	<b>(\$4,015)</b>	<b>(\$4,676)</b>	<b>(\$5,113)</b>	<b>(\$5,630)</b>	<b>(\$6,096)</b>
58							
59	Pattern Labor Provision	0	(13)	(83)	(112)	(113)	(113)
60							
61	<b>Total</b>	<b>(\$3,472)</b>	<b>(\$4,027)</b>	<b>(\$4,760)</b>	<b>(\$5,225)</b>	<b>(\$5,743)</b>	<b>(\$6,208)</b>

Note: <sup>1</sup> Excludes Debt Service

# METROPOLITAN TRANSPORTATION AUTHORITY

## July Financial Plan 2007 - 2010

### MTA Consolidated Cash Receipts and Expenditures - Excluding MTA Bus Company

(\$ in millions)

Line Number	CASH RECEIPTS AND EXPENDITURES	2005 Actual	2006 Mid-Year Forecast	2007 Preliminary Budget	2008	2009	2010
9							
10							
11	<b>Receipts</b>						
12	Farebox Revenue	\$3,638	\$3,718	\$3,780	\$3,824	\$3,851	\$3,871
13	Other Operating Revenue	396	463	423	438	456	474
14	Capital and Other Reimbursements	1,109	1,192	1,187	1,197	1,198	1,217
15	<b>Total Receipts</b>	<b>\$5,144</b>	<b>\$5,374</b>	<b>\$5,389</b>	<b>\$5,459</b>	<b>\$5,505</b>	<b>\$5,562</b>
16							
17	<b>Expenditures</b>						
18	<u><b>Labor:</b></u>						
19	Payroll	\$3,647	\$3,857	\$3,937	\$4,062	\$4,173	\$4,283
20	Overtime	444	429	409	419	433	449
21	Health and Welfare	767	870	971	1,083	1,204	1,334
22	Pensions	464	735	781	820	843	843
23	Other Fringe Benefits	449	469	484	501	515	529
24	Pattern Labor Provision	0	13	83	112	113	113
25	Reimbursable Overhead	0	0	0	0	0	0
26	<b>Total Labor Expenditures</b>	<b>\$5,772</b>	<b>\$6,373</b>	<b>\$6,666</b>	<b>\$6,995</b>	<b>\$7,280</b>	<b>\$7,550</b>
27							
28	<u><b>Non-Labor:</b></u>						
29	Traction and Propulsion Power	\$242	\$285	\$298	\$300	\$305	\$309
30	Fuel for Buses and Trains	134	170	182	175	168	170
31	Insurance	46	34	44	54	53	60
32	Claims	83	125	125	122	123	127
33	Paratransit Service Contracts	155	187	228	266	305	355
34	Maintenance and Other Operating Contracts	407	448	462	479	487	489
35	Professional Service Contracts	208	206	209	215	223	227
36	Materials & Supplies	492	564	578	615	648	619
37	Other Business Expenditures	207	155	161	173	173	176
38	<b>Total Non-Labor Expenditures</b>	<b>\$1,974</b>	<b>\$2,173</b>	<b>\$2,288</b>	<b>\$2,399</b>	<b>\$2,484</b>	<b>\$2,532</b>
39							
40	<u><b>Other Expenditure Adjustments:</b></u>						
41	Other	\$57	\$53	\$71	\$75	\$81	\$85
42	General Reserve	0	31	75	75	75	75
43	<b>Total Other Expenditure Adjustments</b>	<b>\$57</b>	<b>\$84</b>	<b>\$146</b>	<b>\$150</b>	<b>\$156</b>	<b>\$160</b>
44							
45	<b>Total Expenditures</b>	<b>\$7,803</b>	<b>\$8,631</b>	<b>\$9,101</b>	<b>\$9,545</b>	<b>\$9,920</b>	<b>\$10,242</b>
46							
47	<b>Net Cash Deficit Before Subsidies and Debt Service</b>	<b>(\$2,659)</b>	<b>(\$3,257)</b>	<b>(\$3,711)</b>	<b>(\$4,085)</b>	<b>(\$4,416)</b>	<b>(\$4,680)</b>
48							
49	Dedicated Taxes and State/Local Subsidies	\$3,960	\$4,073	\$3,872	\$3,901	\$3,887	\$3,918
50							
51	Debt Service (excludes Service Contract Bonds)	(626)	(877)	(992)	(1,113)	(1,252)	(1,384)
52							
53	Net Cash Balance from Previous Year	507	1,182	1,121	290	0	0
54							
55	<b>Baseline Net Cash Surplus/(Deficit)</b>	<b>\$1,182</b>	<b>\$1,121</b>	<b>\$290</b>	<b>(\$1,008)</b>	<b>(\$1,781)</b>	<b>(\$2,146)</b>



# METROPOLITAN TRANSPORTATION AUTHORITY

## July Financial Plan 2007 - 2010

### MTA Consolidated Cash Statement of Operations By Agency - Excluding MTA Bus Company

(\$ in millions)

Line Number		2005	2006 Mid-Year	2007 Preliminary			
		<u>Actual</u>	<u>Forecast</u>	<u>Budget</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
8							
9	<b><u>Total Receipts</u></b>						
10	New York City Transit	\$3,692	\$3,843	\$3,809	\$3,852	\$3,876	\$3,911
11	Metro-North Railroad	652	662	661	672	685	688
12	Long Island Rail Road	638	689	727	738	741	755
13	MTA Headquarters	87	96	100	103	105	108
14	Long Island Bus	49	48	48	48	48	48
15	Staten Island Railway	6	7	7	7	7	7
16	Capital Construction Company	13	21	29	31	32	36
17	First Mutual Transportation Assurance Company	8	8	8	9	9	9
18	<b>Total</b>	<b>\$5,144</b>	<b>\$5,374</b>	<b>\$5,389</b>	<b>\$5,459</b>	<b>\$5,505</b>	<b>\$5,562</b>
19							
20	<b><u>Total Expenditures</u></b>						
21	New York City Transit	\$5,233	\$5,851	\$6,050	\$6,319	\$6,603	\$6,822
22	Metro-North Railroad	924	987	1,026	1,076	1,125	1,159
23	Long Island Rail Road	1,085	1,221	1,313	1,374	1,408	1,455
24	MTA Headquarters	402	354	361	380	387	401
25	Long Island Bus	114	120	126	131	137	140
26	Staten Island Railway	28	28	30	38	32	33
27	Capital Construction Company	13	21	29	31	32	36
28	First Mutual Transportation Assurance Company	8	8	8	9	9	9
29	Other	(4)	28	74	75	75	75
30	<b>Total</b>	<b>\$7,803</b>	<b>\$8,618</b>	<b>\$9,017</b>	<b>\$9,433</b>	<b>\$9,807</b>	<b>\$10,129</b>
31							
32	<b><u>Net Operating Surplus/(Deficit)</u></b>						
33	New York City Transit	(1,541)	(2,008)	(2,241)	(2,468)	(2,726)	(2,911)
34	Metro-North Railroad	(272)	(325)	(365)	(404)	(440)	(471)
35	Long Island Rail Road	(448)	(532)	(586)	(636)	(667)	(701)
36	MTA Headquarters	(315)	(259)	(261)	(278)	(281)	(293)
37	Long Island Bus	(65)	(71)	(78)	(83)	(89)	(92)
38	Staten Island Railway	(22)	(21)	(23)	(30)	(25)	(26)
39	Capital Construction Company	0	0	0	0	0	0
40	First Mutual Transportation Assurance Company	0	0	0	0	0	0
41	Other	4	(28)	(74)	(75)	(75)	(75)
42	<b>Total</b>	<b>(\$2,659)</b>	<b>(\$3,244)</b>	<b>(\$3,628)</b>	<b>(\$3,974)</b>	<b>(\$4,303)</b>	<b>(\$4,567)</b>
43							
44	Pattern Labor Provision	0	(13)	(83)	(112)	(113)	(113)
45							
46	<b>Total</b>	<b>(\$2,659)</b>	<b>(\$3,257)</b>	<b>(\$3,711)</b>	<b>(\$4,085)</b>	<b>(\$4,416)</b>	<b>(\$4,680)</b>

**Metropolitan Transportation Authority**  
**July Financial Plan 2007 - 2010**  
**MTA Consolidated July Financial Plan Compared with February Financial Plan**  
**Cash Reconciliation**  
(\$ in millions)

	Favorable/(Unfavorable)				
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>February Plan Baseline Net Cash Surplus/(Deficit)</b>	<b>\$625</b>	<b>(\$32)</b>	<b>(\$1,099)</b>	<b>(\$1,501)</b>	<b>(\$1,965)</b>
<b><u>Changes to February Plan</u></b>					
<b>Agency Baseline Changes:</b>	<b>(137)</b>	<b>(370)</b>	<b>(452)</b>	<b>(533)</b>	<b>(530)</b>
<u>Farebox/Toll Revenue:</u>	<u>(53)</u>	<u>(48)</u>	<u>(47)</u>	<u>(42)</u>	<u>(47)</u>
New York City Transit	(50)	(47)	(47)	(44)	(46)
Metro-North Railroad	(0)	2	4	9	11
Bridges & Tunnels	(4)	(4)	(5)	(8)	(12)
Other Agencies	1	1	1	1	1
<u>Expenses:</u>	<u>(84)</u>	<u>(322)</u>	<u>(406)</u>	<u>(491)</u>	<u>(483)</u>
Pattern Labor Provision	(13)	(83)	(112)	(113)	(113)
Energy	(20)	(69)	(66)	(54)	(53)
Health & Welfare	16	(23)	(42)	(66)	(87)
Pensions	26	(41)	(51)	(52)	(48)
2005/2006 PEG Re-Forecast	(15)	(31)	(19)	(18)	(18)
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>Subsidies:</b>	<b>455</b>	<b>168</b>	<b>210</b>	<b>185</b>	<b>252</b>
Real Estate (Gross), excl. Paratransit / City DOT Bus	427	89	108	116	121
Real Estate Adjustments	(17)	(27)	(21)	(20)	(18)
MMTOA	35	91	114	80	135
Investment Income	10	7	(6)	(10)	(13)
Nassau Subsidy	0	3	8	12	13
Other State and Local	(1)	4	8	8	14
<b>General Reserve</b>	<b>44</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Debt Service</b>	<b>8</b>	<b>25</b>	<b>37</b>	<b>66</b>	<b>93</b>
<b>Other</b>	<b>7</b>	<b>2</b>	<b>7</b>	<b>2</b>	<b>4</b>
Net Cash Balance from Previous Year	120	496	290	0	0
<b>Total Changes</b>	<b>\$496</b>	<b>\$322</b>	<b>\$91</b>	<b>(\$280)</b>	<b>(\$181)</b>
<b>July Plan Baseline Net Cash Surplus/(Deficit)</b>	<b>\$1,121</b>	<b>\$290</b>	<b>(\$1,008)</b>	<b>(\$1,781)</b>	<b>(\$2,146)</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**  
**Summary of Total Budgeted Debt Service**  
(\$ in millions)

Line Number		ACTUAL	FORECAST				
		2005	2006	2007	2008	2009	2010
9	<b><u>New York City Transit:</u></b>						
10							
11	Budgeted Gross Debt Service for Existing Transportation Revenue Bonds	\$241.229	\$351.871	\$348.812	\$348.722	\$348.705	\$348.525
12	Debt Service on Additional Transportation Revenue Bonds Supporting Approved Capital Programs	0.000	19.838	56.410	120.584	198.876	284.362
13	2 Broadway Certificates of Participation - NYCT Share	25.586	16.774	19.943	21.882	21.888	21.894
14	2 Broadway Certificates of Participation - Additional NYCT Share of MTA Lease Portion	0.000	0.000	0.000	0.000	0.000	0.000
15	Transportation Resolution Commercial Paper	11.216	4.396	5.036	5.036	5.036	5.036
16	Budgeted Gross Debt Service for Existing Dedicated Tax Fund Bonds	163.645	181.388	193.324	193.417	193.563	193.406
17	<u>Debt Service on Additional Dedicated Tax Fund Bonds Supporting Approved Capital Programs</u>	<u>0.000</u>	<u>0.761</u>	<u>18.669</u>	<u>39.907</u>	<u>65.813</u>	<u>94.099</u>
18	<i>Sub-Total MTA Paid Debt Service</i>	\$441.676	\$575.027	\$642.195	\$729.548	\$833.882	\$947.322
19							
20	Budgeted Gross Debt Service for Existing TBTA (B&T) General Revenue Bonds	\$123.839	\$140.857	\$142.555	\$142.486	\$142.517	\$142.553
21	<u>Budgeted Gross Debt Service for Existing TBTA (B&amp;T) Subordinate Revenue Bonds</u>	<u>71.823</u>	<u>84.969</u>	<u>85.658</u>	<u>85.751</u>	<u>85.695</u>	<u>85.656</u>
22	<i>Sub-Total B&amp;T Paid Debt Service</i>	\$195.662	\$225.826	\$228.212	\$228.237	\$228.211	\$228.209
23							
24	<b>Total NYCT Debt Service</b>	<b>\$637.338</b>	<b>\$800.853</b>	<b>\$870.407</b>	<b>\$957.784</b>	<b>\$1,062.093</b>	<b>\$1,175.531</b>
25							
26	<b><u>Commuter Railroads:</u></b>						
27							
28	Budgeted Gross Debt Service for Existing Transportation Revenue Bonds	\$145.172	\$238.720	\$252.705	\$252.639	\$252.627	\$252.496
29	Debt Service on Additional Transportation Revenue Bonds Supporting Approved Capital Programs	0.000	20.334	43.325	69.312	99.377	117.222
30	Transportation Resolution Commercial Paper	7.005	4.511	5.169	5.169	5.169	5.169
31	Budgeted Gross Debt Service for Existing Dedicated Tax Fund Bonds	32.386	35.172	36.972	36.990	37.018	36.988
32	<u>Debt Service on Additional Dedicated Tax Fund Bonds Supporting Approved Capital Programs</u>	<u>0.000</u>	<u>0.815</u>	<u>14.339</u>	<u>22.939</u>	<u>29.219</u>	<u>31.454</u>
33	<i>Sub-Total MTA Paid Debt Service</i>	\$184.563	\$299.553	\$352.510	\$387.049	\$423.409	\$443.329
34							
35	Budgeted Gross Debt Service for Existing TBTA (B&T) General Revenue Bonds	\$55.430	\$63.048	\$63.807	\$63.776	\$63.790	\$63.807
36	<u>Budgeted Gross Debt Service for Existing TBTA (B&amp;T) Subordinate Revenue Bonds</u>	<u>31.556</u>	<u>37.332</u>	<u>37.634</u>	<u>37.675</u>	<u>37.651</u>	<u>37.634</u>
37	<i>Sub-Total B&amp;T Paid Debt Service</i>	\$86.986	\$100.379	\$101.442	\$101.452	\$101.441	\$101.440
38							
39	<b>Total CRR Debt Service</b>	<b>\$271.549</b>	<b>\$399.932</b>	<b>\$453.952</b>	<b>\$488.500</b>	<b>\$524.850</b>	<b>\$544.769</b>
40							
41	<b><u>Bridges and Tunnels:</u></b>						
42							
43	Budgeted Gross Debt Service for Existing TBTA (B&T) General Revenue Bonds	\$71.956	\$95.203	\$102.622	\$102.573	\$102.595	\$102.621
44	Budgeted Gross Debt Service for Existing TBTA (B&T) Subordinate Revenue Bonds	28.371	33.564	33.836	33.873	33.851	33.836
45	Debt Service on Additional TBTA (B&T) General Revenue Bonds Supporting Approved Capital Programs	0.000	0.000	4.464	17.660	34.964	51.129
46	2 Broadway Certificates of Participation - TBTA Share	8.431	2.372	2.820	3.094	3.095	3.096
47							
48	<b>Total B&amp;T Debt Service</b>	<b>\$108.759</b>	<b>\$131.139</b>	<b>\$143.743</b>	<b>\$157.200</b>	<b>\$174.505</b>	<b>\$190.682</b>

**Metropolitan Transportation Authority**  
**July Financial Plan 2007 - 2010**  
**Summary of Total Budgeted Debt Service**  
(\$ in millions)

Line Number		ACTUAL	FORECAST				
		2005	2006	2007	2008	2009	2010
49							
50	<b><u>MTA Bus:</u></b>						
51							
52	Budgeted Gross Debt Service for Existing Transportation Revenue Bonds	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
53	Debt Service on Additional Transportation Revenue Bonds Supporting Approved Capital Programs	0.000	0.000	0.000	0.000	0.000	0.000
54	Transportation Resolution Commercial Paper	0.000	5.665	6.490	6.490	6.490	6.490
55							
56	<b>Total MTA Bus Debt Service</b>	<b>\$0.000</b>	<b>\$5.665</b>	<b>\$6.490</b>	<b>\$6.490</b>	<b>\$6.490</b>	<b>\$6.490</b>
57							
58	<b>Total MTA HQ Debt Service for 2 Broadway Certificates of Participation</b>	<b>\$0.000</b>	<b>\$2.301</b>	<b>\$2.736</b>	<b>\$3.002</b>	<b>\$3.003</b>	<b>\$3.004</b>
59							
60	<b><u>MTA Total:</u></b>						
61							
62	Budgeted Gross Debt Service for Existing Transportation Revenue Bonds	\$386.401	\$590.591	\$601.517	\$601.361	\$601.331	\$601.021
63	Budgeted Gross Debt Service for Existing Dedicated Tax Fund Bonds	196.031	216.560	230.296	230.407	230.582	230.394
64	Budgeted Gross Debt Service for Existing TBTA (B&T) General Revenue Bonds	251.226	299.108	308.984	308.835	308.901	308.980
65	Budgeted Gross Debt Service for Existing TBTA (B&T) Subordinate Revenue Bonds	131.750	155.864	157.128	157.300	157.197	157.126
66	2 Broadway Certificates of Participation	34.017	21.448	25.500	27.979	27.986	27.994
67	Transportation Resolution Commercial Paper	18.221	14.572	16.695	16.695	16.695	16.695
68	Debt Service on Additional Transportation Revenue Bonds Supporting Approved Capital Programs	0.000	40.171	99.735	189.896	298.254	401.584
69	Debt Service on Additional Dedicated Tax Fund Bonds Supporting Approved Capital Programs	0.000	1.576	33.008	62.845	95.032	125.553
70	Debt Service on Additional TBTA (B&T) General Revenue Bonds Supporting Approved Capital Programs	0.000	0.000	4.464	17.660	34.964	51.129
71							
72	<b>Total Debt Service</b>	<b>\$1,017.645</b>	<b>\$1,339.890</b>	<b>\$1,477.328</b>	<b>\$1,612.977</b>	<b>\$1,770.942</b>	<b>\$1,920.476</b>
73							
74	<b><u>MTA Investment Income by Resolution</u></b>						
75							
76	Investment Income from Transportation Debt Service Fund	\$0.000	(\$4.850)	(\$8.380)	(\$9.456)	(\$10.750)	(\$11.981)
77	Investment Income from Dedicated Tax Fund Debt Service Fund	0.000	(0.909)	(\$3.146)	(\$3.504)	(\$3.891)	(\$4.254)
78	Investment Income from TBTA (B&T) General Revenue Debt Service Fund	0.000	(1.364)	(\$3.746)	(\$3.902)	(\$4.109)	(\$4.303)
79	Investment Income from TBTA (B&T) Subordinate Revenue Debt Service Fund	0.000	(0.744)	(1.878)	(1.880)	(1.878)	(1.878)
80	Investment Income from 2 Broadway Certificates of Participation Debt Service Fund	0.000	0.000	0.000	0.000	0.000	0.000
81							
82	<b>Total MTA Wide Investment Income</b>	<b>\$0.000</b>	<b>(\$7.867)</b>	<b>(\$17.150)</b>	<b>(\$18.741)</b>	<b>(\$20.629)</b>	<b>(\$22.416)</b>
83							
84	<b><u>MTA Wide Net Total</u></b>						
85							
86	Net Transportation Revenue Bonds Debt Service	\$386.401	\$625.912	\$692.872	\$781.801	\$888.835	\$990.624
87	Transportation Resolution Commercial Paper	18.221	14.572	16.695	16.695	16.695	16.695
88	Net Dedicated Tax Fund Bonds Debt Service	196.031	217.227	260.158	289.748	321.723	351.693
89	Net TBTA (B&T) General Revenue Bonds Debt Service	251.226	297.744	309.703	322.593	339.757	355.806
90	Net TBTA (B&T) Subordinate Revenue Bonds Debt Service	131.750	155.120	155.250	155.420	155.318	155.248
91	Net 2 Broadway Certificates of Participation Debt Service	34.017	21.448	25.500	27.979	27.986	27.994
92							
93	<b>Total MTA Wide Net Debt Service</b>	<b>\$1,017.645</b>	<b>\$1,332.023</b>	<b>\$1,460.178</b>	<b>\$1,594.236</b>	<b>\$1,750.313</b>	<b>\$1,898.060</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</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>
	<b><u>July Plan</u></b>	<b><u>Forecast</u></b>	<b><u>Forecast</u></b>	<b><u>Forecast</u></b>	<b><u>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</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>
	<b><u>July Plan</u></b>	<b><u>Forecast</u></b>	<b><u>Forecast</u></b>	<b><u>Forecast</u></b>	<b><u>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.



# MTA Consolidated Utilization

## Plan-to-Plan Comparison

Baseline Before Gap-Closing Actions (in millions)

July Financial Plan 2007-2010					
	Mid-Year Forecast				
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Traffic</b>					
Bridges & Tunnels	300.1	301.0	303.2	303.4	303.9
<b>Ridership</b>					
Long Island Bus <sup>1</sup>	31.5	31.7	31.8	32.0	32.1
Long Island Rail Road	80.4	82.1	83.3	84.6	85.6
Metro-North Railroad <sup>2</sup>	74.6	76.1	77.7	79.2	80.3
New York City Transit <sup>1, 3</sup>	2,232.3	2,251.1	2,270.6	2,276.9	2,282.4
Staten Island Railway	3.7	3.7	4.0	4.0	4.0
<i>Total Ridership</i>	<i>2,422.5</i>	<i>2,444.7</i>	<i>2,467.5</i>	<i>2,476.8</i>	<i>2,484.6</i>
MTA Bus Company <sup>5</sup>	94.1	94.9	96.1	96.4	97.0

February Financial Plan 2006-2009 <sup>4</sup>					
	Adopted Budget				
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Traffic</b>					
Bridges & Tunnels	301.4	302.3	304.7	305.6	307.2
<b>Ridership</b>					
Long Island Bus <sup>1</sup>	30.8	30.9	31.1	31.1	31.3
Long Island Rail Road	80.4	81.9	83.1	84.5	85.6
Metro-North Railroad <sup>2</sup>	74.2	75.7	77.0	77.8	78.7
New York City Transit <sup>1, 3</sup>	2,253.6	2,272.8	2,292.5	2,296.7	2,303.9
Staten Island Railway	3.5	3.8	3.8	3.8	3.9
<i>Total Ridership</i>	<i>2,442.6</i>	<i>2,465.1</i>	<i>2,487.5</i>	<i>2,494.0</i>	<i>2,503.3</i>

Plan-to-Plan Changes: Favorable / (Unfavorable)					
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Traffic</b>					
Bridges & Tunnels	(1.4)	(1.3)	(1.5)	(2.2)	(3.3)
<b>Ridership</b>					
Long Island Bus <sup>1</sup>	0.7	0.7	0.7	0.9	0.9
Long Island Rail Road	0.0	0.1	0.3	0.1	0.0
Metro-North Railroad <sup>2</sup>	0.3	0.4	0.7	1.4	1.6
New York City Transit <sup>1, 3</sup>	(21.3)	(21.7)	(21.9)	(19.7)	(21.4)
Staten Island Railway	0.2	(0.1)	0.2	0.2	0.2
<i>Total Ridership</i>	<i>(20.1)</i>	<i>(20.5)</i>	<i>(20.0)</i>	<i>(17.2)</i>	<i>(18.7)</i>

<sup>1</sup> Excludes Paratransit Operations.

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

<sup>3</sup> Excludes Fare Media Liability.

<sup>4</sup> February Plan baseline includes the impact of 2006 PEGs and Service Enhancements

<sup>5</sup> MTA Bus Company financial reporting begins with the 2007 Preliminary Budget.

# MTA Consolidated Utilization

## Plan-to-Plan Comparison

Baseline Before Gap-Closing Actions (in millions)

July Financial Plan 2007-2010					
	Mid-Year Forecast				
	2006	2007	2008	2009	2010
<b>Toll Revenue</b>					
Bridges & Tunnels	\$1,234.0	\$1,235.6	\$1,242.4	\$1,241.2	\$1,241.1
<b>Fare Revenue</b>					
Long Island Bus <sup>1</sup>	\$38.3	\$38.5	\$38.7	\$38.9	\$39.1
Long Island Rail Road	448.8	457.1	463.4	471.7	477.6
Metro-North Railroad <sup>2</sup>	451.2	463.2	473.1	484.2	491.6
New York City Transit <sup>1, 3</sup>	2,713.5	2,740.4	2,766.5	2,774.7	2,781.8
Staten Island Railway	3.5	3.6	3.9	3.9	3.9
<i>Total Farebox Revenue</i>	<i>\$3,655.2</i>	<i>\$3,702.7</i>	<i>\$3,745.6</i>	<i>\$3,773.5</i>	<i>\$3,793.9</i>
MTA Bus Company <sup>5</sup>	\$129.9	\$131.1	\$132.7	\$133.2	\$134.0

February Financial Plan 2006-2009 <sup>4</sup>					
	Adopted Budget				
	2006	2007	2008	2009	2010
<b>Toll Revenue</b>					
Bridges & Tunnels	\$1,238.3	\$1,239.6	\$1,247.4	\$1,249.1	\$1,253.3
<b>Fare Revenue</b>					
Long Island Bus <sup>1</sup>	\$37.4	\$37.6	\$37.8	\$38.0	\$38.2
Long Island Rail Road	448.8	457.1	463.4	471.7	477.6
Metro-North Railroad <sup>2</sup>	451.3	461.0	468.8	475.5	480.9
New York City Transit <sup>1, 3</sup>	2,762.9	2,787.1	2,813.4	2,818.8	2,828.1
Staten Island Railway	\$3.3	\$3.7	\$3.7	3.7	3.7
<i>Total Farebox Revenue</i>	<i>\$3,703.7</i>	<i>\$3,746.5</i>	<i>\$3,787.1</i>	<i>\$3,807.8</i>	<i>\$3,828.5</i>

Plan-to-Plan Changes: Favorable / (Unfavorable)					
	2006	2007	2008	2009	2010
<b>Toll Revenue</b>					
Bridges & Tunnels	(\$4.3)	(\$4.0)	(\$5.0)	(\$7.9)	(\$12.2)
<b>Fare Revenue</b>					
Long Island Bus <sup>1</sup>	\$0.9	\$0.9	\$0.9	\$0.9	\$0.9
Long Island Rail Road	0.0	0.0	0.0	0.0	(0.0)
Metro-North Railroad <sup>2</sup>	(0.1)	2.2	4.3	8.7	10.7
New York City Transit <sup>1, 3</sup>	(49.5)	(46.7)	(46.9)	(44.1)	(46.3)
Staten Island Railway	0.2	(0.1)	0.2	0.2	0.2
<i>Total Farebox Revenue</i>	<i>(\$48.5)</i>	<i>(\$43.8)</i>	<i>(\$41.5)</i>	<i>(\$34.3)</i>	<i>(\$34.6)</i>

<sup>1</sup> Excludes Paratransit Operations.

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

<sup>3</sup> Excludes Fare Media Liability.

<sup>4</sup> February Plan baseline includes the impact of 2006 PEGs and Service Enhancements

<sup>5</sup> MTA Bus Company financial reporting begins with the 2007 Preliminary Budget.

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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.

**MTA Consolidated Subsidies**  
**July Financial Plan 2007 - 2010**  
**Accrual Basis**  
(\$ in millions)

	2005 Actual	2006 Mid-Year Forecast	2007 Preliminary Budget	2008	2009	2010
<b><u>Subsidies</u></b>						
<b><i>Dedicated Taxes</i></b>						
Metro. Mass Transp. Oper. Asst. (MMTOA)	\$982.1	\$1,311.1	\$1,406.2	\$1,394.0	\$1,395.3	\$1,449.8
Petroleum Business Tax (PBT) Receipts	561.2	594.2	615.6	621.5	624.1	574.2
Mortgage Recording Tax (MRT)	743.5	663.2	529.6	525.9	513.8	520.0
MRT Transfer to Suburban Counties	(43.1)	(43.2)	(41.0)	(35.5)	(34.6)	(31.3)
Use of MRT Balances	0.0	10.0	10.0	10.0	10.0	0.0
Interest	0.0	0.3	0.0	0.0	0.0	0.0
Urban Tax	557.4	543.1	348.6	382.0	399.7	411.9
Investment Income	14.8	22.8	22.7	10.9	10.9	10.9
	<b>\$2,816.0</b>	<b>\$3,101.5</b>	<b>\$2,891.7</b>	<b>\$2,908.8</b>	<b>\$2,919.2</b>	<b>\$2,935.5</b>
<b><i>State and Local Subsidies</i></b>						
State Operating Assistance	\$190.9	\$190.9	\$190.9	\$190.9	\$190.9	\$190.9
Local Operating Assistance	187.9	187.9	187.9	187.9	187.9	187.9
Nassau County Subsidy	10.5	10.5	13.5	18.2	22.6	23.3
CDOT Subsidy	43.7	51.8	62.5	72.3	86.7	100.7
Station Maintenance	133.7	136.4	139.9	143.4	147.0	150.9
AMTAP	39.4	20.0	20.0	20.0	20.0	20.0
	<b>\$606.2</b>	<b>\$597.5</b>	<b>\$614.6</b>	<b>\$632.7</b>	<b>\$655.2</b>	<b>\$673.6</b>
Commuter Operating Capital Transfer - MNR M-7	\$0.0	(\$10.0)	\$0.0	\$0.0	\$0.0	\$0.0
<b>Sub-total Dedicated Taxes &amp; State and Local Subsidies</b>	<b>\$3,422.1</b>	<b>\$3,689.1</b>	<b>\$3,506.4</b>	<b>\$3,541.5</b>	<b>\$3,574.4</b>	<b>\$3,609.2</b>
City Subsidy for MTA Bus	\$0.0	\$204.4	\$244.6	\$259.5	\$272.4	\$287.1
<b>Total Dedicated Taxes &amp; State and Local Subsidies</b>	<b>\$3,422.1</b>	<b>\$3,893.4</b>	<b>\$3,751.0</b>	<b>\$3,801.0</b>	<b>\$3,846.8</b>	<b>\$3,896.2</b>
<b><i>Inter-agency Subsidy Transactions</i></b>						
B&T Operating Surplus Transfer	\$451.7	\$387.2	\$346.9	\$335.5	\$293.8	\$236.4
MTA Subsidy to Subsidiaries	34.7	30.2	32.9	40.6	34.8	35.8
	<b>\$486.4</b>	<b>\$417.4</b>	<b>\$379.8</b>	<b>\$376.0</b>	<b>\$328.6</b>	<b>\$272.2</b>
<b>GROSS SUBSIDIES (excluding City Subsidy to MTA Bus)</b>	<b>\$3,908.5</b>	<b>\$4,106.4</b>	<b>\$3,886.1</b>	<b>\$3,917.6</b>	<b>\$3,903.0</b>	<b>\$3,881.3</b>
<b>GROSS SUBSIDIES (including City Subsidy to MTA Bus)</b>	<b>\$3,908.5</b>	<b>\$4,310.8</b>	<b>\$4,130.8</b>	<b>\$4,177.0</b>	<b>\$4,175.3</b>	<b>\$4,168.4</b>

**MTA Consolidated Subsidies**  
**July Financial Plan 2007 -2010**  
**Summary of Changes Between July Plan and February Plan**  
**Accrual Basis**  
(\$ in millions)

	2005	2006	2007	2008	2009	2010
<b><u>Subsidies</u></b>						
<b><i>Dedicated Taxes</i></b>						
Metro. Mass Transp. Oper. Asst. (MMTOA)	(1.5)	37.2	87.9	112.2	80.0	134.9
Petroleum Business Tax (PBT) Receipts	8.7	(21.8)	(15.3)	(12.4)	(12.3)	(60.2)
Mortgage Recording Tax (MRT)	18.0	240.3	95.9	95.4	95.4	97.3
MRT Transfer to Suburban Counties	(5.3)	(15.7)	(25.1)	(19.2)	(18.3)	(15.5)
Use of MRT Balances	(59.9)	0.0	0.0	0.0	0.0	0.0
Reimburse Agency Security Costs	22.9	14.5	14.5	14.5	14.5	14.5
Interest	(0.6)	0.3	0.0	0.0	0.0	0.0
Real Estate Stabilization Reserve	0.0	0.0	0.0	0.0	0.0	0.0
Urban Tax	53.5	215.6	(6.5)	11.5	20.6	25.8
Investment Income	8.5	10.2	7.2	(6.1)	(10.4)	(13.2)
	<b>\$44.4</b>	<b>\$480.6</b>	<b>\$158.6</b>	<b>\$195.9</b>	<b>\$169.5</b>	<b>\$183.5</b>
<b><i>State and Local Subsidies</i></b>						
State Operating Assistance	0.0	0.0	0.0	0.0	0.0	0.0
Local Operating Assistance	0.0	0.0	0.0	0.0	0.0	0.0
Nassau County Subsidy	0.0	0.0	3.0	7.7	12.1	12.8
CDOT Subsidy - Effect of Fare Increase & PEGs	(8.4)	(0.3)	0.4	1.6	2.9	5.4
Station Maintenance	0.6	(0.2)	(0.6)	(1.3)	(2.3)	(2.9)
AMTAP	0.5	20.0	20.0	20.0	20.0	20.0
	<b>(\$7.3)</b>	<b>\$19.5</b>	<b>\$22.8</b>	<b>\$28.0</b>	<b>\$32.7</b>	<b>\$35.3</b>
Commuter Operating Capital Transfer - MNR M-7	0.0	0.0	0.0	0.0	0.0	0.0
<b>Sub-total Dedicated Taxes &amp; State and Local Subsidies</b>	<b>\$37.1</b>	<b>\$500.1</b>	<b>\$181.4</b>	<b>\$223.9</b>	<b>\$202.2</b>	<b>\$218.9</b>
City Subsidy for MTA Bus	0.0	204.4	244.6	259.5	272.4	287.1
<b>Total Dedicated Taxes &amp; State and Local Subsidies</b>	<b>\$37.1</b>	<b>\$704.5</b>	<b>\$426.1</b>	<b>\$483.4</b>	<b>\$474.6</b>	<b>\$505.9</b>
<b><i>Inter-agency Subsidy Transactions</i></b>						
B&T Operating Surplus Transfer	(32.1)	(26.9)	(42.4)	(36.0)	(47.4)	(70.5)
MTA Subsidy to Subsidiaries	3.2	(2.2)	0.0	6.8	(0.1)	(0.2)
	<b>(\$28.9)</b>	<b>(\$29.1)</b>	<b>(\$42.4)</b>	<b>(\$29.1)</b>	<b>(\$47.5)</b>	<b>(\$70.7)</b>
<b>GROSS SUBSIDIES (excluding City Subsidy to MTA Bus)</b>	<b>\$8.2</b>	<b>\$471.0</b>	<b>\$139.0</b>	<b>\$194.8</b>	<b>\$154.7</b>	<b>\$148.2</b>

# MTA Consolidated Subsidies

July Financial Plan 2007 - 2010

Cash Basis

(\$ in millions)

	2005 Actual	2006 Mid-Year Forecast	2007 Preliminary Budget	2008	2009	2010
<b>Subsidies</b>						
<b><i>Dedicated Taxes</i></b>						
Metro. Mass Transp. Oper. Asst. (MMTOA)	\$983.0	\$1,311.1	\$1,409.2	\$1,395.3	\$1,395.3	\$1,449.8
Petroleum Business Tax (PBT) Receipts	556.8	593.6	615.1	621.3	623.9	626.4
Mortgage Recording Tax (MRT)	731.3	675.3	529.8	527.1	513.3	519.1
MRT Transfer to Suburban Counties	(37.8)	(43.2)	(41.0)	(35.5)	(34.6)	(31.3)
Use of MRT Balances	59.9	10.0	10.0	10.0	10.0	0.0
Reimburse Agency Security Costs	(22.9)	(16.5)	(16.5)	(16.5)	(16.5)	(16.5)
Interest	1.6	0.3	0.0	0.0	0.0	0.0
Urban Tax	551.5	500.1	346.8	381.0	399.1	411.1
Investment Income	14.8	22.8	22.7	10.9	10.9	10.9
	<b>\$2,838.1</b>	<b>\$3,053.6</b>	<b>\$2,876.1</b>	<b>\$2,893.6</b>	<b>\$2,901.4</b>	<b>\$2,969.5</b>
<b><i>State and Local Subsidies</i></b>						
State Operating Assistance	\$190.9	\$190.9	\$190.9	\$190.9	\$190.9	\$190.9
Local Operating Assistance (18-b)	187.9	187.9	187.9	187.9	187.9	187.9
Nassau County Subsidy (includes 18-b local match)	10.5	10.5	13.5	18.2	22.6	23.3
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>\$609.2</b>	<b>\$595.0</b>	<b>\$612.0</b>	<b>\$630.0</b>	<b>\$652.5</b>	<b>\$670.7</b>
Commuter Operating Capital Transfer - MNR M-7	\$0.0	(\$10.0)	\$0.0	\$0.0	\$0.0	\$0.0
<b>Sub-total Dedicated Taxes &amp; State and Local Subsidies</b>	<b>\$3,447.4</b>	<b>\$3,638.7</b>	<b>\$3,488.1</b>	<b>\$3,523.6</b>	<b>\$3,553.9</b>	<b>\$3,640.2</b>
City Subsidy for MTA Bus	\$0.0	\$204.4	\$244.6	\$259.5	\$272.4	\$287.1
<b>Total Dedicated Taxes &amp; State and Local Subsidies</b>	<b>\$3,447.4</b>	<b>\$3,843.1</b>	<b>\$3,732.8</b>	<b>\$3,783.1</b>	<b>\$3,826.2</b>	<b>\$3,927.3</b>
<b><i>Inter-agency Subsidy Transactions</i></b>						
B&T Operating Surplus Transfer	\$477.3	\$403.4	\$350.9	\$336.6	\$298.0	\$242.1
MTA Subsidy to Subsidiaries	33.9	\$31.1	32.9	40.6	34.8	35.8
	<b>\$511.2</b>	<b>\$434.5</b>	<b>\$383.8</b>	<b>\$377.2</b>	<b>\$332.7</b>	<b>\$277.9</b>
<b>GROSS SUBSIDIES (excluding City Subsidy to MTA Bus)</b>	<b>\$3,958.5</b>	<b>\$4,073.1</b>	<b>\$3,871.9</b>	<b>\$3,900.8</b>	<b>\$3,886.6</b>	<b>\$3,918.1</b>
<b>GROSS SUBSIDIES (including City Subsidy to MTA Bus)</b>	<b>\$3,958.5</b>	<b>\$4,277.5</b>	<b>\$4,116.5</b>	<b>\$4,160.3</b>	<b>\$4,159.0</b>	<b>\$4,205.2</b>



**MTA Consolidated Subsidies**  
**July Financial Plan 2007 - 2010**  
**Summary of Changes Between July Plan and February Plan**  
**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>						
Metro. Mass Transp. Oper. Asst. (MMTOA)	0.0	35.5	90.9	113.5	80.0	134.9
Petroleum Business Tax (PBT) Receipts	9.2	(21.0)	(15.6)	(12.4)	(12.6)	(7.9)
Mortgage Recording Tax (MRT)	5.8	252.4	96.1	96.5	95.0	96.4
MRT Transfer to Suburban Counties	0.0	(15.7)	(25.1)	(19.2)	(18.3)	(15.5)
Use of MRT Balances	0.0	0.0	0.0	0.0	0.0	0.0
Reimburse Agency Security Costs	0.0	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)
Interest	1.0	0.3	0.0	0.0	0.0	0.0
Real Estate Stabilization Reserve	0.0	0.0	0.0	0.0	0.0	0.0
Urban Tax	31.3	175.0	(7.0)	11.3	20.6	25.0
Investment Income	8.5	10.2	7.2	(6.1)	(10.4)	(13.2)
	<b>\$55.9</b>	<b>\$434.7</b>	<b>\$144.6</b>	<b>\$181.7</b>	<b>\$152.1</b>	<b>\$217.5</b>
<b><i>State and Local Subsidies</i></b>						
State Operating Assistance	0.0	0.0	0.0	0.0	0.0	0.0
Local Operating Assistance (18-b)	(0.5)	0.0	0.0	0.0	0.0	0.0
Nassau County Subsidy (includes 18-b local match)	0.0	0.0	3.0	7.7	12.1	12.8
CDOT Subsidy - Effect of Fare Increase & PEGs	(1.8)	0.2	0.1	0.9	1.8	4.5
Station Maintenance	(0.2)	(0.1)	(0.2)	(0.7)	(1.5)	(2.5)
AMTAP	0.5	20.0	20.0	20.0	20.0	20.0
	<b>(\$2.0)</b>	<b>\$20.1</b>	<b>\$22.9</b>	<b>\$27.9</b>	<b>\$32.5</b>	<b>\$34.7</b>
Commuter Operating Capital Transfer - MNR M-7	0.0	0.0	0.0	0.0	0.0	0.0
<b>Sub-total Dedicated Taxes &amp; State and Local Subsidies</b>	<b>\$53.9</b>	<b>\$454.7</b>	<b>\$167.5</b>	<b>\$209.6</b>	<b>\$184.6</b>	<b>\$252.3</b>
City Subsidy for MTA Bus	0.0	204.4	244.6	259.5	272.4	287.1
<b>Total Dedicated Taxes &amp; State and Local Subsidies</b>	<b>\$53.9</b>	<b>\$659.1</b>	<b>\$412.2</b>	<b>\$469.0</b>	<b>\$457.0</b>	<b>\$539.3</b>
<b><i>Inter-agency Subsidy Transactions</i></b>						
B&T Operating Surplus Transfer	(38.5)	(17.5)	(40.6)	(36.3)	(45.9)	(67.9)
MTA Subsidy to Subsidiaries	2.4	(1.2)	0.0	6.8	(0.1)	(0.2)
	<b>(\$36.1)</b>	<b>(\$18.7)</b>	<b>(\$40.6)</b>	<b>(\$29.5)</b>	<b>(\$46.1)</b>	<b>(\$68.1)</b>
<b>GROSS SUBSIDIES (excluding City Subsidy to MTA Bus)</b>	<b>\$17.8</b>	<b>\$436.0</b>	<b>\$127.0</b>	<b>\$180.1</b>	<b>\$138.5</b>	<b>\$184.2</b>

## **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%

**MMTOA STATE DEDICATED TAXES**  
**July Financial Plan 2007 - 2010**  
**Tax Yield Distribution 2005 - 2010**  
(\$ in millions)

Line		ACTUAL	FORECAST				
Number		2005	2006	2007	2008	2009	2010
9	<b><u>Forecast of MMTOA Gross Receipts (SFY):</u></b>						
10							
11	Sales Tax	\$608.8	\$700.2	\$730.8	\$756.4	\$785.5	\$820.3
12	PBT	143.1	148.9	154.0	154.5	155.3	155.8
13	Corporate Franchise	73.4	68.1	68.1	68.1	68.1	68.1
14	Corporate Surcharge	638.1	729.0	733.4	753.0	771.9	796.4
15	Investment Income	0.0	0.0	0.0	0.0	0.0	0.0
16							
17	<b>Total Gross Receipts Available for Allocation</b>	<b>\$1,463.4</b>	<b>\$1,646.2</b>	<b>\$1,686.3</b>	<b>\$1,732.0</b>	<b>\$1,780.8</b>	<b>\$1,840.6</b>
18							
19	<b><u>Allocation of Total Gross Receipts to DownState:</u></b>						
20							
21	Total Gross Receipts	\$1,463.4	\$1,646.2	\$1,686.3	\$1,732.0	\$1,780.8	\$1,840.6
22	Less: Upstate Share of PBT	(64.4)	(67.0)	(69.3)	(69.5)	(69.9)	(70.1)
23	Upstate Percent Share of Investment Income	4.40%	4.07%	4.11%	4.02%	3.92%	3.81%
24	Less: Upstate Share of Investment Income	0.1	0.0	0.0	0.0	0.0	0.0
25							
26	<b>Total Net DownState Share Available for Allocation</b>	<b>\$1,399.1</b>	<b>\$1,579.2</b>	<b>\$1,617.0</b>	<b>\$1,662.5</b>	<b>\$1,710.9</b>	<b>\$1,770.5</b>
27	Less: 18-B Adjustment	(182.5)	(182.5)	(182.5)	(182.5)	(182.5)	(182.5)
28	<b>Adjusted Total Net DownState Share for Allocation</b>	<b>\$1,216.6</b>	<b>\$1,396.7</b>	<b>\$1,434.5</b>	<b>\$1,480.0</b>	<b>\$1,528.4</b>	<b>\$1,588.0</b>
29							
30	<b><u>Allocation of Total Net DownState Share to NYCT/SIR:</u></b>						
31							
32	NYCT/SIR Share	62.51%	59.41%	61.12%	61.12%	61.12%	61.12%
33	From Total Net DownState Share	\$874.6	\$987.9	\$988.4	\$1,016.2	\$1,045.8	\$1,082.2
34	Less: 18-B Adjustment	(152.0)	(152.0)	(152.0)	(152.0)	(152.0)	(152.0)
35	Adjusted Total Net DownState Share	\$722.6	\$835.9	\$836.3	\$864.2	\$893.7	\$930.2
36	From Carryover	(105.6)	0.0	66.7	29.7	0.0	0.0
37							
38	<b>Total NYCT/SIR Share of Net DownState Share</b>	<b>\$617.0</b>	<b>\$835.9</b>	<b>\$903.1</b>	<b>\$893.8</b>	<b>\$893.7</b>	<b>\$930.2</b>
39	Total SIR Share	1.9	2.5	2.7	2.7	2.7	2.8
40	<b>Total NYCT Share of Net DownState Share</b>	<b>\$615.1</b>	<b>\$833.4</b>	<b>\$900.4</b>	<b>\$891.1</b>	<b>\$891.1</b>	<b>\$927.4</b>
41							
42	<b><u>Allocation of Total Net DownState Share to MTA:</u></b>						
43							
44	MTA Share	27.91%	27.15%	27.71%	27.71%	27.71%	27.71%
45	From Total Net DownState Share	\$390.5	\$451.5	\$448.1	\$460.7	\$474.1	\$490.6
46	Less: 18-B Adjustment	(18.1)	(18.1)	(18.1)	(18.1)	(18.1)	(18.1)
47	Adjusted Total Net DownState Share	\$372.3	\$433.3	\$429.9	\$442.5	\$456.0	\$472.5
48	From Carryover	(42.7)	0.0	30.3	13.4	0.0	0.0
49							
50	<b>Total MTA Share of Net DownState Share</b>	<b>\$329.7</b>	<b>\$433.3</b>	<b>\$460.2</b>	<b>\$456.0</b>	<b>\$456.0</b>	<b>\$472.5</b>
51							
52							
53	<b><u>Allocation of Total Net DownState Share to LIB:</u></b>						
54							
55	LI Bus Share	2.77%	2.63%	2.77%	2.77%	2.77%	2.77%
56	From Total Net DownState Share	\$38.8	\$43.8	\$44.8	\$46.1	\$47.4	\$49.0
57	Less: Used for 18-B/other	(1.8)	(1.8)	(1.8)	(1.8)	(1.8)	(1.8)
58	Adjusted Total Net DownState Share	\$36.9	\$41.9	\$43.0	\$44.2	\$45.6	\$47.2
59	From Carryover	(0.6)	0.0	3.0	1.3	0.0	0.0
60							
61	<b>Total LIB Share of Net DownState Share</b>	<b>\$36.3</b>	<b>\$41.9</b>	<b>\$46.0</b>	<b>\$45.6</b>	<b>\$45.6</b>	<b>\$47.2</b>

## **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 \$574.2 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	\$490.7
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>83.5</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>\$574.2</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.

Summary of Mortgage Recording Tax Projections  
 July Financial Plan 2007 - 2010  
 Tax Yield Distribution 2005 - 2010  
 (\$ in millions)

Line Number		ACTUAL	FORECAST				
		2005	2006	2007	2008	2009	2010
9	<b>MORTGAGE RECORDING TAX #261-1</b>						
10							
11							
12	<b><u>Receipts Available for Transfer to NYCT and CRs:</u></b>						
13							
14	Total Gross Receipts	\$433.7	\$421.3	\$331.3	\$331.7	\$325.9	\$330.7
15	Carryover	15.1	0.0	0.0	0.0	0.0	0.0
16	Less: MTAHQ Operating Deficit	(280.8)	(271.2)	(268.6)	(282.1)	(283.4)	(294.2)
17							
18	<b>Net Receipts Available for Transfer</b>	<b>\$168.0</b>	<b>\$150.1</b>	<b>\$62.7</b>	<b>\$49.7</b>	<b>\$42.5</b>	<b>\$36.4</b>
19							
20	<b><u>Allocation of Net Receipts to NYCT/SIR Account:</u></b>						
21							
22	Opening Balance	\$15.8	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
23	NYCT/SIR Share	55%	55%	55%	55%	55%	55%
24	From Current Year Net Receipts	92.4	82.5	34.5	27.3	23.4	20.0
25	Interest	0.7	0.1	0.0	0.0	0.0	0.0
26	Carryover	0.0	0.0	0.0	0.0	0.0	0.0
27	Transfers from MRT-2	0.0	0.0	0.0	0.0	0.0	0.0
28							
29	<b>Total NYCT/SIR Net Cash Share</b>	<b>\$108.8</b>	<b>\$82.7</b>	<b>\$34.5</b>	<b>\$27.3</b>	<b>\$23.4</b>	<b>\$20.0</b>
30	Total SIR Net Cash Share	0.0	0.3	0.1	0.1	0.1	0.1
31	<b>Total NYCT Net Cash Share</b>	<b>\$108.8</b>	<b>\$82.4</b>	<b>\$34.4</b>	<b>\$27.2</b>	<b>\$23.3</b>	<b>\$20.0</b>
32							
33	<b><u>Allocation of Net Receipts to Commuter Railroad Account:</u></b>						
34							
35	Opening Balance - CR/SHF	\$27.4	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
36	Commuter Railroad Share	45%	45%	45%	45%	45%	45%
37	From Net Receipts	75.6	67.5	28.2	22.3	19.1	16.4
38	Less: B&T Special Debt Service	0.0	0.0	0.0	0.0	0.0	0.0
39	Interest	0.9	0.2	0.0	0.0	0.0	0.0
40	Carryover	0.0	0.0	0.0	0.0	0.0	0.0
41	Less: Suburban Highway Fund	(20.0)	(20.0)	(20.0)	(20.0)	(19.1)	(16.4)
42	Transfers from MRT-2	0.0	0.0	0.0	0.0	0.0	0.0
43							
44	<b>Total Commuter Railroad Net Cash Share</b>	<b>\$83.9</b>	<b>\$47.7</b>	<b>\$8.2</b>	<b>\$2.3</b>	<b>\$0.0</b>	<b>\$0.0</b>
45							
46							
47	<b>MORTGAGE RECORDING TAX #261-2</b>						
48							
49	<b><u>Receipts Available</u></b>						
50							
51	Total Receipts to Corporate Account	\$297.7	\$254.0	\$198.5	\$195.3	\$187.4	\$188.4
52	Opening Fund Balance (starting in 1998)	41.6	40.0	30.0	20.0	10.0	0.0
53	Transfer (to)/from Agency Operating Accounts	(22.9)	(16.5)	(16.5)	(16.5)	(16.5)	(16.5)
54	Reserve for Following Year/Cash Flow Provision	(40.0)	(30.0)	(20.0)	(10.0)	0.0	0.0
55	General Reserve	0.0	(31.3)	(75.0)	(75.0)	(75.0)	(75.0)
56	Real Estate Tax Stabilization Account	0.0	0.0	0.0	0.0	0.0	0.0
57	Investment Income	1.3	0.0	0.0	0.0	0.0	0.0
58							
59	<b>Total Receipts Available for Transfer</b>	<b>\$277.7</b>	<b>\$216.3</b>	<b>\$117.0</b>	<b>\$113.8</b>	<b>\$105.9</b>	<b>\$96.9</b>
60							
61	<b><u>Use of Total Receipts:</u></b>						
62							
63	DORF Opening Balance	\$4.5	\$4.5	\$4.5	\$4.5	\$4.5	\$4.5
64	Less: Transfer to MTA DORF Account	(22.3)	(27.6)	(25.5)	(20.0)	(19.9)	(19.4)
65	Less: Transfer to MTAHQ Funds	0.0	0.0	0.0	0.0	0.0	0.0
66							
67	<b>Net Receipts Available</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>

## **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)

	2005	2006	2007	2008	2009	2010
<b><u>Subsidies</u></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

**MTA BRIDGES & TUNNELS**  
**SURPLUS TRANSFER**  
**2007 -2010**  
(\$ in millions)

NON-REIMBURSABLE							
	ACTUAL	FORECAST					
	2005	2006	2007	2008	2009	2010	
<b><u>Deductions from Net Operating Income:</u></b>							
Investment Income	\$5.358	\$3.498	\$3.476	\$3.338	\$3.484	\$3.542	
Total Debt Service	435.887	455.236	467.774	481.107	498.170	514.150	
Construction Reserve and Capital Reimbursement Funds	15.326	13.193	13.417	13.667	13.953	14.261	
Capital Projects	7.327	12.491	12.703	12.940	13.210	13.502	
Gain on Escrow (2003 Only)	-	-	-	-	-	-	
<b>Total Deductions from Net Operating Income</b>	<b>\$463.898</b>	<b>\$484.418</b>	<b>\$497.370</b>	<b>\$511.052</b>	<b>\$528.816</b>	<b>\$545.455</b>	
<b>Net Income Available for Transfer to MTA and NYCT</b>	<b>\$451.706</b>	<b>\$387.206</b>	<b>\$346.893</b>	<b>\$335.467</b>	<b>\$293.783</b>	<b>\$236.378</b>	
<b><u>Distribution of Funds to MTA:</u></b>							
Investment Income in Current Year	\$5.358	\$3.498	\$3.476	\$3.338	\$3.484	\$3.542	
Accrued Current Year Allocation	271.720	244.036	224.068	218.342	197.466	168.738	
<b>Total Accrued Amount Distributed to MTA</b>	<b>\$277.078</b>	<b>\$247.534</b>	<b>\$227.544</b>	<b>\$221.680</b>	<b>\$200.949</b>	<b>\$172.280</b>	
<b><u>Distribution of Funds to NYCT:</u></b>							
First \$24 million of Surplus reserved for NYCT	\$24.000	\$24.000	\$24.000	\$24.000	\$24.000	\$24.000	
Additional Accrued Current Year Allocation	155.986	119.171	98.825	93.126	72.317	43.640	
<b>Total Accrued Amount Distributed to NYCT</b>	<b>\$179.986</b>	<b>\$143.171</b>	<b>\$122.825</b>	<b>\$117.126</b>	<b>\$96.317</b>	<b>\$67.640</b>	
<b><u>Actual Cash Transfer to MTA and NYCT:</u></b>							
From Current Year Surplus	\$288.307	\$255.109	\$226.064	\$218.914	\$199.553	\$171.611	
Investment Income in Prior Year	1.368	5.358	3.498	3.476	3.338	3.484	
<b>Total Cash Amount Distributed to MTA</b>	<b>\$289.675</b>	<b>\$260.467</b>	<b>\$229.562</b>	<b>\$222.390</b>	<b>\$202.891</b>	<b>\$175.095</b>	
<b>Total Cash Amount Distributed to NYCT</b>	<b>\$188.977</b>	<b>\$148.256</b>	<b>\$124.860</b>	<b>\$117.696</b>	<b>\$98.398</b>	<b>\$70.508</b>	



	ACTUAL	FORECAST				
	2005	2006	2007	2008	2009	2010
<b><u>Debt Service Detail by Agency:</u></b>						
B&T Own Purpose DS + Total BICs DS	\$109.373	\$130.545	\$142.095	\$155.499	\$172.736	\$188.848
NYCT Transportation DS + MRT Second Resolution DS	221.124	224.778	225.461	225.412	225.292	225.200
MTA Transportation DS + MRT Second Resolution DS	105.390	99.914	100.218	100.196	100.142	100.102
<b>Total Debt Service by Agency</b>	<b>\$435.887</b>	<b>\$455.236</b>	<b>\$467.774</b>	<b>\$481.107</b>	<b>\$498.170</b>	<b>\$514.150</b>

**Total Accrued Amount for Transfer to MTA and NYCT:**

Total Adjusted Net Income Available for Transfer	\$887.593	\$842.443	\$814.667	\$816.575	\$791.953	\$750.529
Less: B&T Total Debt Service	(109.373)	(130.545)	(142.095)	(155.499)	(172.736)	(188.848)
Less: first \$24 million reserved for NYCT	(24.000)	(24.000)	(24.000)	(24.000)	(24.000)	(24.000)
<b>Remainder of Total Accrued Amount for Transfer</b>	<b>\$754.220</b>	<b>\$687.898</b>	<b>\$648.572</b>	<b>\$637.075</b>	<b>\$595.217</b>	<b>\$537.680</b>

**Calculation of Actual Cash Transfer to MTA:**

<b><u>Distribution of Remainder to MTA</u></b>						
Fifty Percent of Total Accrued Amount for Transfer	\$377.110	\$343.949	\$324.286	\$318.538	\$297.608	\$268.840
Less: MTA Total Debt Service	(105.390)	(99.914)	(100.218)	(100.196)	(100.142)	(100.102)
<b>MTA's Accrued Current Year Allocation</b>	<b>\$271.720</b>	<b>\$244.036</b>	<b>\$224.068</b>	<b>\$218.342</b>	<b>\$197.466</b>	<b>\$168.738</b>
<b><u>Cash Conversion of MTA's Accrued Amount</u></b>						
Current Year Amount	\$236.243	\$219.632	\$201.661	\$196.508	\$177.719	\$151.865
Balance of Prior Year	52.064	35.477	24.404	22.407	21.834	19.747
<b>Cash Transfer to MTA</b>	<b>\$288.307</b>	<b>\$255.109</b>	<b>\$226.064</b>	<b>\$218.914</b>	<b>\$199.553</b>	<b>\$171.611</b>

**Calculation of Actual Cash Transfer to NYCT:**

<b><u>Distribution of Remainder to NYCT</u></b>						
Fifty Percent of Total Accrued Amount for Transfer	\$377.110	\$343.949	\$324.286	\$318.538	\$297.608	\$268.840
Less: NYCT Total Debt Service	(221.124)	(224.778)	(225.461)	(225.412)	(225.292)	(225.200)
Plus: first \$24 million reserved for NYCT	24.000	24.000	24.000	24.000	24.000	24.000
<b>NYCT's Accrued Current Year Allocation</b>	<b>\$179.986</b>	<b>\$143.171</b>	<b>\$122.825</b>	<b>\$117.126</b>	<b>\$96.317</b>	<b>\$67.640</b>
<b><u>Cash Conversion of NYCT's Accrued Amount</u></b>						
Current Year Amount	\$160.583	\$128.854	\$110.543	\$105.413	\$86.685	\$60.876
Balance of Prior Year	28.394	19.402	14.317	12.283	11.713	9.632
<b>Cash Transfer to NYCT</b>	<b>\$188.977</b>	<b>\$148.256</b>	<b>\$124.860</b>	<b>\$117.696</b>	<b>\$98.398</b>	<b>\$70.508</b>

**B & T Charged Debt Service Detail by Type:**

<b><u>Project Debt Service</u></b>						
B & T Own Purpose Debt Service	\$109.373	\$130.545	\$142.095	\$155.499	\$172.736	\$188.848
NYCT Transportation Project Debt Service	221.124	224.778	225.461	225.412	225.292	225.200
MTA Transportation Project Debt Service	105.390	99.914	100.218	100.196	100.142	100.102
<b>Total Project Debt Service</b>	<b>\$435.887</b>	<b>\$455.236</b>	<b>\$467.774</b>	<b>\$481.107</b>	<b>\$498.170</b>	<b>\$514.150</b>

**SUMMARY**  
**MTA LONG ISLAND BUS**  
**MULTI-YEAR FINANCIAL PLAN**  
**2007 - 2010**  
(\$ in millions)

Line  
Number

	ACTUAL	FORECAST				
	2005	2006	2007	2008	2009	2010
<b><u>Revenue Summary:</u></b>						
Farebox Revenue	\$39.1	\$39.4	\$39.6	\$39.8	\$40.0	\$40.2
Other Revenue	5.3	3.7	3.2	2.5	2.5	2.2
State/Local Subsidies	49.4	55.4	59.4	65.4	71.1	73.5
<b>Total Revenue Before MTA Subsidy</b>	<b>\$93.8</b>	<b>\$98.4</b>	<b>\$102.2</b>	<b>\$107.7</b>	<b>\$113.5</b>	<b>\$115.8</b>
<b><u>Non-Reimbursable Expense Summary:</u></b>						
Labor Expenses	\$84.0	\$88.4	\$92.4	\$96.1	\$100.2	\$104.7
Non-Labor Expenses	24.2	26.3	29.0	29.5	29.0	29.8
Depreciation	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Non-Reimbursable Expenses</b>	<b>\$108.2</b>	<b>\$114.6</b>	<b>\$121.4</b>	<b>\$125.6</b>	<b>\$129.3</b>	<b>\$134.4</b>
<b>Total Net Revenue</b>	<b>(\$14.4)</b>	<b>(\$16.2)</b>	<b>(\$19.2)</b>	<b>(\$17.9)</b>	<b>(\$15.7)</b>	<b>(\$18.6)</b>
<b><u>Cash Adjustment Summary:</u></b>						
Operating Cash Adjustments	(\$1.3)	\$0.2	\$0.5	\$0.6	(\$2.4)	\$0.5
Subsidy Cash Adjustments	0.4	0.5	3.0	1.3	0.0	0.0
<b>Total Cash Adjustment</b>	<b>(\$0.9)</b>	<b>\$0.7</b>	<b>\$3.6</b>	<b>\$1.9</b>	<b>(\$2.4)</b>	<b>\$0.5</b>
<b>Gross Cash Balance</b>	<b>(\$15.3)</b>	<b>(\$15.5)</b>	<b>(\$15.7)</b>	<b>(\$16.0)</b>	<b>(\$18.1)</b>	<b>(\$18.1)</b>
MTA Internal Subsidy	14.0	14.0	14.0	14.0	14.0	14.0
<b>Net Cash Balance from Previous Year</b>	<b>\$3.7</b>	<b>\$2.4</b>	<b>\$0.9</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>
<b>Baseline Net Cash Surplus/(Deficit)</b>	<b>\$2.4</b>	<b>\$0.9</b>	<b>(\$0.8)</b>	<b>(\$2.0)</b>	<b>(\$4.1)</b>	<b>(\$4.1)</b>
<b><u>GAP CLOSING ACTIONS:</u></b>						
2007 Program to Eliminate the Gap		0.0	0.1	0.1	0.1	0.1
2007 Increased Fare and Toll Yields		0.0	0.7	1.9	1.9	2.0
2009 Increased Fare and Toll Yields		0.0	0.0	0.0	2.0	2.1
Net Cash Balance from Previous Year (Gap Actions only)		0.0	0.0	0.0	0.0	0.0
<b>Adjusted Net Cash Balance</b>	<b>\$2.4</b>	<b>\$0.9</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>

**SUMMARY**  
**MTA STATEN ISLAND RAILWAY**  
**MULTI-YEAR FINANCIAL PLAN**  
**2007 - 2010**  
(\$ in millions)

Line Number		ACTUAL	FORECAST				
		2005	2006	2007	2008	2009	2010
9							
10	<b><u>Revenue Summary:</u></b>						
11							
12	Farebox Revenue	\$3.3	\$3.5	\$3.6	\$3.9	\$3.9	\$3.9
13	Other Revenue	1.7	2.0	2.0	2.0	2.0	2.0
14	State/City Subsidies	2.9	3.7	3.8	3.7	3.7	3.8
15							
16	<b>Total Revenue Before MTA Subsidy</b>	<b>\$7.9</b>	<b>\$9.3</b>	<b>\$9.4</b>	<b>\$9.7</b>	<b>\$9.7</b>	<b>\$9.8</b>
17							
18	<b><u>Non-Reimbursable Expense Summary:</u></b>						
19							
20	Labor Expenses	\$22.2	\$20.8	\$21.9	\$22.7	\$23.9	\$24.9
21	Non-Labor Expenses	5.1	6.1	6.3	13.5	6.5	6.6
22	Depreciation	7.1	10.3	10.3	10.3	10.3	10.3
23							
24	<b>Total Non-Reimbursable Expenses</b>	<b>\$34.4</b>	<b>\$37.2</b>	<b>\$38.6</b>	<b>\$46.6</b>	<b>\$40.8</b>	<b>\$41.9</b>
25							
26							
27	<b>Total Net Revenue</b>	<b>(\$26.5)</b>	<b>(\$27.9)</b>	<b>(\$29.2)</b>	<b>(\$36.9)</b>	<b>(\$31.1)</b>	<b>(\$32.1)</b>
28							
29	<b><u>Cash Adjustment Summary:</u></b>						
30							
31	Operating Cash Adjustments	\$7.4	\$10.3	\$10.3	\$10.3	\$10.3	\$10.3
32	Subsidy Cash Adjustments	0.0	0.0	0.0	0.0	0.0	0.0
33							
34	<b>Total Cash Adjustment</b>	<b>\$7.4</b>	<b>\$10.3</b>	<b>\$10.3</b>	<b>\$10.3</b>	<b>\$10.3</b>	<b>\$10.3</b>
35							
36	<b>Gross Cash Balance</b>	<b>(\$19.1)</b>	<b>(\$17.6)</b>	<b>(\$18.9)</b>	<b>(\$26.6)</b>	<b>(\$20.8)</b>	<b>(\$21.8)</b>
37							
38	MTA Internal Subsidy before PEGs	19.9	16.6	18.9	26.6	20.8	21.8
39							
40	<b>Net Cash Balance from Previous Year</b>	<b>\$0.2</b>	<b>\$1.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>
41							
42							
43	<b>Baseline Net Cash Surplus/(Deficit)</b>	<b>\$1.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>
44							
45	2007 Agency Program to Eliminate the Gap	0.0	0.3	0.3	0.3	0.3	0.3
45	Post-2007 Agency Program to Eliminate the Gap	0.0	0.0	0.0	0.0	0.0	0.0
46							
47	<b>Net Cash Surplus/(Deficit)</b>	<b>\$1.0</b>	<b>\$0.3</b>	<b>\$0.3</b>	<b>\$0.3</b>	<b>\$0.3</b>	<b>\$0.3</b>

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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).

Debt Service Forecast (\$ in millions)			
Year	February Plan Debt Service	July Plan Debt Service	Difference Favorable/(Unfavorable)
2006	1,340.1	1,332.0	8.1
2007	1,485.4	1,460.2	25.2
2008	1,631.1	1,594.2	36.9
2009	1,816.5	1,750.3	66.2
2010	<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.



**Metropolitan Transportation Authority**  
**July Financial Plan 2007 - 2010**  
**Summary of Total Budgeted Debt Service**  
(\$ in millions)

Line Number		ACTUAL	FORECAST				
		2005	2006	2007	2008	2009	2010
9	<b><u>New York City Transit:</u></b>						
10							
11	Budgeted Gross Debt Service for Existing Transportation Revenue Bonds	\$241.229	\$351.871	\$348.812	\$348.722	\$348.705	\$348.525
12	Debt Service on Additional Transportation Revenue Bonds Supporting Approved Capital Programs	0.000	19.838	56.410	120.584	198.876	284.362
13	2 Broadway Certificates of Participation - NYCT Share	25.586	16.774	19.943	21.882	21.888	21.894
14	2 Broadway Certificates of Participation - Additional NYCT Share of MTA Lease Portion	0.000	0.000	0.000	0.000	0.000	0.000
15	Transportation Resolution Commercial Paper	11.216	4.396	5.036	5.036	5.036	5.036
16	Budgeted Gross Debt Service for Existing Dedicated Tax Fund Bonds	163.645	181.388	193.324	193.417	193.563	193.406
17	<u>Debt Service on Additional Dedicated Tax Fund Bonds Supporting Approved Capital Programs</u>	<u>0.000</u>	<u>0.761</u>	<u>18.669</u>	<u>39.907</u>	<u>65.813</u>	<u>94.099</u>
18	<i>Sub-Total MTA Paid Debt Service</i>	\$441.676	\$575.027	\$642.195	\$729.548	\$833.882	\$947.322
19							
20	Budgeted Gross Debt Service for Existing TBTA (B&T) General Revenue Bonds	\$123.839	\$140.857	\$142.555	\$142.486	\$142.517	\$142.553
21	<u>Budgeted Gross Debt Service for Existing TBTA (B&amp;T) Subordinate Revenue Bonds</u>	<u>71.823</u>	<u>84.969</u>	<u>85.658</u>	<u>85.751</u>	<u>85.695</u>	<u>85.656</u>
22	<i>Sub-Total B&amp;T Paid Debt Service</i>	\$195.662	\$225.826	\$228.212	\$228.237	\$228.211	\$228.209
23							
24	<b>Total NYCT Debt Service</b>	<b>\$637.338</b>	<b>\$800.853</b>	<b>\$870.407</b>	<b>\$957.784</b>	<b>\$1,062.093</b>	<b>\$1,175.531</b>
25							
26	<b><u>Commuter Railroads:</u></b>						
27							
28	Budgeted Gross Debt Service for Existing Transportation Revenue Bonds	\$145.172	\$238.720	\$252.705	\$252.639	\$252.627	\$252.496
29	Debt Service on Additional Transportation Revenue Bonds Supporting Approved Capital Programs	0.000	20.334	43.325	69.312	99.377	117.222
30	Transportation Resolution Commercial Paper	7.005	4.511	5.169	5.169	5.169	5.169
31	Budgeted Gross Debt Service for Existing Dedicated Tax Fund Bonds	32.386	35.172	36.972	36.990	37.018	36.988
32	<u>Debt Service on Additional Dedicated Tax Fund Bonds Supporting Approved Capital Programs</u>	<u>0.000</u>	<u>0.815</u>	<u>14.339</u>	<u>22.939</u>	<u>29.219</u>	<u>31.454</u>
33	<i>Sub-Total MTA Paid Debt Service</i>	\$184.563	\$299.553	\$352.510	\$387.049	\$423.409	\$443.329
34							
35	Budgeted Gross Debt Service for Existing TBTA (B&T) General Revenue Bonds	\$55.430	\$63.048	\$63.807	\$63.776	\$63.790	\$63.807
36	<u>Budgeted Gross Debt Service for Existing TBTA (B&amp;T) Subordinate Revenue Bonds</u>	<u>31.556</u>	<u>37.332</u>	<u>37.634</u>	<u>37.675</u>	<u>37.651</u>	<u>37.634</u>
37	<i>Sub-Total B&amp;T Paid Debt Service</i>	\$86.986	\$100.379	\$101.442	\$101.452	\$101.441	\$101.440
38							
39	<b>Total CRR Debt Service</b>	<b>\$271.549</b>	<b>\$399.932</b>	<b>\$453.952</b>	<b>\$488.500</b>	<b>\$524.850</b>	<b>\$544.769</b>
40							
41	<b><u>Bridges and Tunnels:</u></b>						
42							
43	Budgeted Gross Debt Service for Existing TBTA (B&T) General Revenue Bonds	\$71.956	\$95.203	\$102.622	\$102.573	\$102.595	\$102.621
44	Budgeted Gross Debt Service for Existing TBTA (B&T) Subordinate Revenue Bonds	28.371	33.564	33.836	33.873	33.851	33.836
45	Debt Service on Additional TBTA (B&T) General Revenue Bonds Supporting Approved Capital Programs	0.000	0.000	4.464	17.660	34.964	51.129
46	2 Broadway Certificates of Participation - TBTA Share	8.431	2.372	2.820	3.094	3.095	3.096
47							
48	<b>Total B&amp;T Debt Service</b>	<b>\$108.759</b>	<b>\$131.139</b>	<b>\$143.743</b>	<b>\$157.200</b>	<b>\$174.505</b>	<b>\$190.682</b>

**Metropolitan Transportation Authority**  
**July Financial Plan 2007 - 2010**  
**Summary of Total Budgeted Debt Service**  
(\$ in millions)

Line Number		ACTUAL	FORECAST				
		2005	2006	2007	2008	2009	2010
49							
50	<b><u>MTA Bus:</u></b>						
51							
52	Budgeted Gross Debt Service for Existing Transportation Revenue Bonds	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
53	Debt Service on Additional Transportation Revenue Bonds Supporting Approved Capital Programs	0.000	0.000	0.000	0.000	0.000	0.000
54	Transportation Resolution Commercial Paper	0.000	5.665	6.490	6.490	6.490	6.490
55							
56	<b>Total MTA Bus Debt Service</b>	<b>\$0.000</b>	<b>\$5.665</b>	<b>\$6.490</b>	<b>\$6.490</b>	<b>\$6.490</b>	<b>\$6.490</b>
57							
58	<b>Total MTA HQ Debt Service for 2 Broadway Certificates of Participation</b>	<b>\$0.000</b>	<b>\$2.301</b>	<b>\$2.736</b>	<b>\$3.002</b>	<b>\$3.003</b>	<b>\$3.004</b>
59							
60	<b><u>MTA Total:</u></b>						
61							
62	Budgeted Gross Debt Service for Existing Transportation Revenue Bonds	\$386.401	\$590.591	\$601.517	\$601.361	\$601.331	\$601.021
63	Budgeted Gross Debt Service for Existing Dedicated Tax Fund Bonds	196.031	216.560	230.296	230.407	230.582	230.394
64	Budgeted Gross Debt Service for Existing TBTA (B&T) General Revenue Bonds	251.226	299.108	308.984	308.835	308.901	308.980
65	Budgeted Gross Debt Service for Existing TBTA (B&T) Subordinate Revenue Bonds	131.750	155.864	157.128	157.300	157.197	157.126
66	2 Broadway Certificates of Participation	34.017	21.448	25.500	27.979	27.986	27.994
67	Transportation Resolution Commercial Paper	18.221	14.572	16.695	16.695	16.695	16.695
68	Debt Service on Additional Transportation Revenue Bonds Supporting Approved Capital Programs	0.000	40.171	99.735	189.896	298.254	401.584
69	Debt Service on Additional Dedicated Tax Fund Bonds Supporting Approved Capital Programs	0.000	1.576	33.008	62.845	95.032	125.553
70	Debt Service on Additional TBTA (B&T) General Revenue Bonds Supporting Approved Capital Programs	0.000	0.000	4.464	17.660	34.964	51.129
71							
72	<b>Total Debt Service</b>	<b>\$1,017.645</b>	<b>\$1,339.890</b>	<b>\$1,477.328</b>	<b>\$1,612.977</b>	<b>\$1,770.942</b>	<b>\$1,920.476</b>
73							
74	<b><u>MTA Investment Income by Resolution</u></b>						
75							
76	Investment Income from Transportation Debt Service Fund	\$0.000	(\$4.850)	(\$8.380)	(\$9.456)	(\$10.750)	(\$11.981)
77	Investment Income from Dedicated Tax Fund Debt Service Fund	0.000	(0.909)	(\$3.146)	(\$3.504)	(\$3.891)	(\$4.254)
78	Investment Income from TBTA (B&T) General Revenue Debt Service Fund	0.000	(1.364)	(\$3.746)	(\$3.902)	(\$4.109)	(\$4.303)
79	Investment Income from TBTA (B&T) Subordinate Revenue Debt Service Fund	0.000	(0.744)	(1.878)	(1.880)	(1.878)	(1.878)
80	Investment Income from 2 Broadway Certificates of Participation Debt Service Fund	0.000	0.000	0.000	0.000	0.000	0.000
81							
82	<b>Total MTA Wide Investment Income</b>	<b>\$0.000</b>	<b>(\$7.867)</b>	<b>(\$17.150)</b>	<b>(\$18.741)</b>	<b>(\$20.629)</b>	<b>(\$22.416)</b>
83							
84	<b><u>MTA Wide Net Total</u></b>						
85							
86	Net Transportation Revenue Bonds Debt Service	\$386.401	\$625.912	\$692.872	\$781.801	\$888.835	\$990.624
87	Transportation Resolution Commercial Paper	18.221	14.572	16.695	16.695	16.695	16.695
88	Net Dedicated Tax Fund Bonds Debt Service	196.031	217.227	260.158	289.748	321.723	351.693
89	Net TBTA (B&T) General Revenue Bonds Debt Service	251.226	297.744	309.703	322.593	339.757	355.806
90	Net TBTA (B&T) Subordinate Revenue Bonds Debt Service	131.750	155.120	155.250	155.420	155.318	155.248
91	Net 2 Broadway Certificates of Participation Debt Service	34.017	21.448	25.500	27.979	27.986	27.994
92							
93	<b>Total MTA Wide Net Debt Service</b>	<b>\$1,017.645</b>	<b>\$1,332.023</b>	<b>\$1,460.178</b>	<b>\$1,594.236</b>	<b>\$1,750.313</b>	<b>\$1,898.060</b>

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## **Debt Service Affordability Statement**

# MTA 2007 - 2010 Financial Plan

## Debt Affordability Statement

\$ in millions

Forecasted Debt Service and Borrowing Schedule		Notes	2005	2006	2007	2008	2009	2010
Combined MTA/TBTA Forecasted Debt Service Schedule		1, 2, 3	983.6	1,310.6	1,434.7	1,566.3	1,722.3	1,870.1
Forecasted New Money Bonds Issued		4	2,200.0	2,245.0	1,989.1	2,329.0	2,756.6	2,052.2

Forecasted Debt Service by Credit		Notes	2005	2006	2007	2008	2009	2010
Transportation Revenue Bonds								
Pledged Revenues	5		\$7,310.4	\$7,871.7	\$7,624.8	\$7,671.6	\$7,681.2	\$7,720.2
Debt Service	9, 10		404.6	640.5	709.6	798.5	905.5	1,007.3
Debt Service as a % of Pledged Revenues			6%	8%	9%	10%	12%	13%
Dedicated Tax Fund Bonds								
Pledged Revenues	6		\$556.8	\$593.6	\$615.1	\$621.3	\$623.9	\$626.4
Debt Service	10		196.0	217.2	260.2	289.7	321.7	351.7
Debt Service as a % of Pledged Revenues			35%	37%	42%	47%	52%	56%
Triborough Bridge and Tunnel Authority General Revenue Bonds								
Pledged Revenues	7		\$915.6	\$871.6	\$844.3	\$846.5	\$822.6	\$781.8
Debt Service	10		251.2	297.7	309.7	322.6	339.8	355.8
Debt Service as a % of Total Pledged Revenues			27%	34%	37%	38%	41%	46%
Triborough Bridge and Tunnel Authority Subordinate Revenue Bonds								
Pledged Revenues	8		\$664.4	\$573.9	\$534.6	\$523.9	\$482.8	\$426.0
Debt Service	10		131.7	155.1	155.3	155.4	155.3	155.2
Debt Service as a % of Total Pledged Revenues			20%	27%	29%	30%	32%	36%

Cumulative Debt Service (Excluding State Service Contract Bonds)		Notes	2005	2006	2007	2008	2009	2010
Total Debt Service		1, 2, 3	\$983.6	\$1,310.6	\$1,434.7	\$1,566.3	\$1,722.3	\$1,870.1
Operating Revenues and Subsidies			8,628.2	9,025.6	8,881.9	8,986.5	9,069.8	9,144.6
Total Debt Service as a % of Operating Revenues and Subsidies			11%	15%	16%	17%	19%	20%
Fare and Toll Revenues			4,770.2	4,919.6	4,970.7	5,022.1	5,050.7	5,073.0
Total Debt Service as a % of Fare and Toll Revenue			21%	27%	29%	31%	34%	37%
Non-reimbursable expenses			8,677.8	9,363.6	10,135.2	10,669.5	11,238.2	11,743.5
Total Debt Service as % of Non-reimbursable expenses			11%	14%	14%	15%	15%	16%

## **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.

**Metropolitan Transportation Authority (including Triborough Bridge and Tunnel Authority)**  
**Total Budgeted Annual Debt Service**  
**All Issuance to June 2006 (\$ in millions)**

Fiscal Year	Transportation Revenue Resolution			Dedicated Tax Fund Resolution			TBTA General Revenue Resolution			TBTA Subordinate Resolution			MTA and TBTA Debt Service		
	Existing DS	Additional DS	Combined	Existing DS	Additional DS	Combined	Existing DS	Additional DS	Combined	Existing DS	Additional DS	Combined	Existing DS	Additional DS	Combined
2006	605.2	40.2	645.3	216.6	1.6	218.1	299.1	-	299.1	155.9	-	155.9	1,276.7	41.7	1,318.4
2007	620.5	99.7	720.2	230.3	33.0	263.3	309.0	4.5	313.4	157.1	-	157.1	1,316.9	137.2	1,454.1
2008	620.3	189.9	810.2	230.4	62.8	293.3	308.8	17.7	326.5	157.3	-	157.3	1,316.8	270.4	1,587.2
2009	620.3	298.3	918.5	230.6	95.0	325.6	308.9	35.0	343.9	157.2	-	157.2	1,317.0	428.2	1,745.2
2010	620.0	401.6	1,021.6	230.4	125.6	355.9	309.0	51.1	360.1	157.1	-	157.1	1,316.5	578.3	1,894.7
2011	630.7	479.3	1,110.0	230.7	151.3	381.9	307.9	64.4	372.3	157.3	-	157.3	1,326.5	695.0	2,021.5
2012	631.6	532.6	1,164.1	230.4	168.9	399.3	307.7	74.1	381.8	157.7	-	157.7	1,327.3	775.6	2,102.9
2013	632.4	550.7	1,183.1	232.4	174.9	407.3	308.6	78.0	386.6	157.1	-	157.1	1,330.4	803.6	2,134.0
2014	631.9	550.7	1,182.6	230.5	174.9	405.4	307.6	78.0	385.6	157.1	-	157.1	1,327.0	803.6	2,130.6
2015	633.0	550.7	1,183.7	230.8	174.9	405.7	307.7	78.0	385.7	157.4	-	157.4	1,328.8	803.6	2,132.4
2016	632.2	550.7	1,182.9	230.8	174.9	405.7	307.3	78.0	385.3	157.2	-	157.2	1,327.6	803.6	2,131.2
2017	631.1	550.7	1,181.8	231.2	174.9	406.1	307.8	78.0	385.8	160.9	-	160.9	1,331.1	803.6	2,134.7
2018	631.6	550.7	1,182.3	234.0	174.9	408.9	307.5	78.0	385.5	159.7	-	159.7	1,332.9	803.6	2,136.5
2019	632.8	550.7	1,183.5	230.5	174.9	405.4	307.4	78.0	385.4	157.4	-	157.4	1,328.1	803.6	2,131.7
2020	631.7	550.7	1,182.4	232.8	174.9	407.7	307.8	78.0	385.8	157.1	-	157.1	1,329.4	803.6	2,133.0
2021	631.8	550.7	1,182.5	232.2	174.9	407.1	304.9	78.0	382.9	157.6	-	157.6	1,326.6	803.6	2,130.2
2022	630.6	550.7	1,181.3	229.4	174.9	404.3	307.6	78.0	385.6	157.5	-	157.5	1,325.0	803.6	2,128.6
2023	640.3	550.7	1,191.0	232.5	174.9	407.4	303.4	78.0	381.4	157.3	-	157.3	1,333.5	803.6	2,137.1
2024	640.4	550.7	1,191.1	232.4	174.9	407.3	307.6	78.0	385.6	157.7	-	157.7	1,338.1	803.6	2,141.7
2025	639.5	550.7	1,190.2	232.6	174.9	407.5	307.4	78.0	385.5	157.0	-	157.0	1,336.6	803.6	2,140.2
2026	638.7	550.7	1,189.4	232.7	174.9	407.5	306.1	78.0	384.1	157.3	-	157.3	1,334.8	803.6	2,138.4
2027	640.7	550.7	1,191.4	232.5	174.9	407.4	305.9	78.0	383.9	157.4	-	157.4	1,336.6	803.6	2,140.2
2028	640.8	550.7	1,191.5	232.8	174.9	407.7	307.6	78.0	385.6	157.5	-	157.5	1,338.7	803.6	2,142.3
2029	641.0	550.7	1,191.7	232.7	174.9	407.6	305.6	78.0	383.7	157.4	-	157.4	1,336.7	803.6	2,140.3
2030	641.0	550.7	1,191.7	232.7	174.9	407.6	307.7	78.0	385.7	157.4	-	157.4	1,338.7	803.6	2,142.3
2031	638.3	550.7	1,189.0	231.4	174.9	406.3	330.0	78.0	408.0	155.0	-	155.0	1,354.7	803.6	2,158.3
2032	541.5	550.7	1,092.2	213.3	174.9	388.2	248.1	78.0	326.1	122.9	-	122.9	1,125.7	803.6	1,929.3
2033	236.7	550.7	787.4	82.8	174.9	257.7	21.8	78.0	99.8	14.6	-	14.6	355.9	803.6	1,159.5
2034	232.0	550.7	782.7	41.7	174.9	216.6	21.8	78.0	99.9	12.2	-	12.2	307.7	803.6	1,111.4
2035	184.2	550.7	734.9	19.3	174.9	194.2	18.8	78.0	96.8	-	-	-	222.3	803.6	1,025.9
2036	29.8	510.5	540.4	-	173.3	173.3	-	78.0	78.0	-	-	-	29.8	761.9	791.7
2037	29.8	451.0	480.8	-	141.9	141.9	-	73.5	73.5	-	-	-	29.8	666.4	696.2
2038	29.8	360.8	390.6	-	112.0	112.0	-	60.4	60.4	-	-	-	29.8	533.2	563.0
2039	29.8	252.5	282.3	-	79.9	79.9	-	43.0	43.0	-	-	-	29.8	375.4	405.2
2040	29.8	149.1	178.9	-	49.3	49.3	-	26.9	26.9	-	-	-	29.8	225.3	255.2
2041	-	71.4	71.4	-	23.6	23.6	-	13.6	13.6	-	-	-	-	108.6	108.6
2042	-	18.1	18.1	-	6.0	6.0	-	3.9	3.9	-	-	-	-	28.0	28.0
2043	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2044	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2045	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

**Notes:**

Does not include debt service for State Service Contract Bonds and Convention Center Bonds, which is paid by NY State. Also excludes COPS lease payments.  
Includes interest budgeted for Transportation Revenue Commercial Paper and debt service on bonds that will defease the CP in 2011.  
Forecasted Investment Income is not included above.

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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 \$23 million lower in 2007 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

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 Non-Reimbursable - Reimbursable Positions**  
**Full-Time Positions and Full Time Equivalents by Function and Agency**  
(Excludes MTA BUS COMPANY)

Function	2005 Actuals	2006 Mid-Year Forecast	2007	2008	2009	2010
<b>Baseline Total Positions</b>	<b>63,472</b>	<b>65,175</b>	<b>64,979</b>	<b>65,148</b>	<b>65,162</b>	<b>64,841</b>
NYC Transit	47,072	47,980	47,593	47,686	47,652	47,321
Long Island Rail Road	6,119	6,499	6,547	6,575	6,563	6,563
Metro-North Railroad	5,812	5,924	5,995	6,043	6,103	6,113
Bridges & Tunnels	1,770	1,822	1,828	1,828	1,828	1,828
Headquarters	1,263	1,421	1,431	1,431	1,431	1,431
Long Island Bus	1,115	1,152	1,152	1,152	1,152	1,152
Staten Island Railway	270	281	283	283	283	283
Capital Construction Company	51	96	150	150	150	150
<b>Non-Reimbursable</b>	<b>56,847</b>	<b>58,469</b>	<b>58,457</b>	<b>58,653</b>	<b>58,820</b>	<b>58,558</b>
NYC Transit	41,770	42,678	42,514	42,694	42,799	42,527
Long Island Rail Road	5,452	5,785	5,794	5,762	5,764	5,764
Metro-North Railroad	5,294	5,336	5,407	5,455	5,515	5,525
Bridges & Tunnels	1,725	1,773	1,779	1,779	1,779	1,779
Headquarters	1,240	1,385	1,395	1,395	1,395	1,395
Long Island Bus	1,102	1,138	1,138	1,138	1,138	1,138
Staten Island Railway	264	278	280	280	280	280
Capital Construction Company	0	96	150	150	150	150
<b>Reimbursable</b>	<b>6,625</b>	<b>6,706</b>	<b>6,522</b>	<b>6,495</b>	<b>6,342</b>	<b>6,283</b>
NYC Transit	5,302	5,302	5,079	4,992	4,853	4,794
Long Island Rail Road	667	714	753	813	799	799
Metro-North Railroad	518	588	588	588	588	588
Bridges & Tunnels	45	49	49	49	49	49
Headquarters	23	36	36	36	36	36
Long Island Bus	13	14	14	14	14	14
Staten Island Railway	6	3	3	3	3	3
Capital Construction Company	51	0	0	0	0	0
<b>Total Full-Time</b>	<b>63,129</b>	<b>64,848</b>	<b>64,582</b>	<b>64,788</b>	<b>64,835</b>	<b>64,523</b>
NYC Transit	46,841	47,767	47,310	47,440	47,439	47,117
Long Island Rail Road	6,119	6,499	6,547	6,575	6,563	6,563
Metro-North Railroad	5,807	5,919	5,990	6,038	6,098	6,108
Bridges & Tunnels	1,770	1,822	1,828	1,828	1,828	1,828
Headquarters	1,263	1,421	1,431	1,431	1,431	1,431
Long Island Bus	1,008	1,043	1,043	1,043	1,043	1,043
Staten Island Railway	270	281	283	283	283	283
Capital Construction Company	51	96	150	150	150	150
<b>Total Full-Time-Equivalents</b>	<b>343</b>	<b>327</b>	<b>397</b>	<b>360</b>	<b>327</b>	<b>318</b>
NYC Transit	231	213	283	246	213	204
Long Island Rail Road	0	0	0	0	0	0
Metro-North Railroad	5	5	5	5	5	5
Bridges & Tunnels	0	0	0	0	0	0
Headquarters	0	0	0	0	0	0
Long Island Bus	107	109	109	109	109	109
Staten Island Railway	0	0	0	0	0	0
Capital Construction Company	0	0	0	0	0	0

**METROPOLITAN TRANSPORTATION AUTHORITY**  
**July Financial Plan 2007 - 2010**  
**Baseline Total Non-Reimbursable - Reimbursable Positions**  
**Full-Time Positions and Full Time Equivalents by Function and Agency**  
(Excludes MTA BUS COMPANY)

<b>Function</b>	<b>2005 Actuals</b>	<b>2006 Mid-Year Forecast</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b><i>Administration</i></b>	<b>4,254</b>	<b>4,445</b>	<b>4,452</b>	<b>4,448</b>	<b>4,463</b>	<b>4,460</b>
NYC Transit	2,257	2,287	2,277	2,274	2,289	2,287
Long Island Rail Road	601	662	661	659	659	658
Metro-North Railroad	553	534	533	534	534	534
Bridges & Tunnels	137	146	146	146	146	146
Headquarters	571	660	657	657	657	657
Long Island Bus	90	95	95	95	95	95
Staten Island Railway	29	31	31	31	31	31
Capital Construction Company	16	30	52	52	52	52
<b><i>Operations</i></b>	<b>28,201</b>	<b>28,690</b>	<b>28,380</b>	<b>28,425</b>	<b>28,449</b>	<b>28,426</b>
NYC Transit	22,711	23,004	22,709	22,730	22,708	22,678
Long Island Rail Road	1,985	2,058	2,040	2,040	2,040	2,040
Metro-North Railroad	1,881	1,959	1,962	1,986	2,032	2,039
Bridges & Tunnels	774	798	798	798	798	798
Headquarters	0	0	0	0	0	0
Long Island Bus	757	777	777	777	777	777
Staten Island Railway	93	94	94	94	94	94
Capital Construction Company	0	0	0	0	0	0
<b><i>Maintenance</i></b>	<b>27,526</b>	<b>28,405</b>	<b>28,493</b>	<b>28,625</b>	<b>28,606</b>	<b>28,311</b>
NYC Transit	20,024	20,594	20,546	20,623	20,590	20,292
Long Island Rail Road	3,443	3,686	3,751	3,783	3,783	3,783
Metro-North Railroad	3,269	3,317	3,386	3,409	3,423	3,426
Bridges & Tunnels	391	391	391	391	391	391
Headquarters	0	0	0	0	0	0
Long Island Bus	251	261	261	261	261	261
Staten Island Railway	148	156	158	158	158	158
Capital Construction Company	0	0	0	0	0	0
<b><i>Engineering/Capital</i></b>	<b>1,908</b>	<b>1,998</b>	<b>2,032</b>	<b>2,030</b>	<b>2,018</b>	<b>2,019</b>
NYC Transit	1,487	1,519	1,519	1,519	1,519	1,519
Long Island Rail Road	90	93	95	93	81	82
Metro-North Railroad	109	114	114	114	114	114
Bridges & Tunnels	173	190	190	190	190	190
Headquarters	0	0	0	0	0	0
Long Island Bus	14	16	16	16	16	16
Staten Island Railway	0	0	0	0	0	0
Capital Construction Company	35	66	98	98	98	98
<b><i>Public Safety</i></b>	<b>1,583</b>	<b>1,637</b>	<b>1,622</b>	<b>1,620</b>	<b>1,626</b>	<b>1,625</b>
NYC Transit	593	576	542	540	546	545
Long Island Rail Road	0	0	0	0	0	0
Metro-North Railroad	0	0	0	0	0	0
Bridges & Tunnels	295	297	303	303	303	303
Headquarters	692	761	774	774	774	774
Long Island Bus	3	3	3	3	3	3
Staten Island Railway	0	0	0	0	0	0
Capital Construction Company	0	0	0	0	0	0

**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	29,640	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	66,163	65,162	64,841

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