

MTA 2007 Final Proposed Budget November Financial Plan 2007 – 2010



November 2006



Metropolitan Transportation Authority

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I. Introduction

I. Introduction

This report contains the 2007 Final Proposed Budget and November Financial Plan for 2007-2010, as well as data for the 2005 actuals and an updated November Forecast for 2006. Current reporting of MTA Consolidated budget and actual includes the following agencies: Bridges and Tunnels, Capital Construction Company, Long Island Bus, Long Island Rail Road, Metro-North Railroad, MTA Headquarters (including First Mutual Transportation Assurance Company – FMTAC, and the MTA Inspector General), New York City Transit Authority and Staten Island Railway. Unless otherwise noted, the MTA consolidated tables presented in this report reflect the financials for these agencies.

Like the July report, this report provides a four-year financial plan and updated budget for MTA Bus Company (MTABC), which as of February 2006 assumed responsibility for the operations of seven private bus operators pursuant to franchises granted by the City. (Details are in Section VIII, Agency Financial Plans.)

The consolidated data in Sections II through V, similar to the July Plan, do not incorporate MTA Bus Company. Instead, a separate section was created for the MTA Consolidated Statement of Operations and Positions (Headcount) tables that do include MTABC; this is contained in Section VI of this report. In addition, Sections III, Major Assumptions 2007-2010 Projections, and Section IV, Gap Closing Programs and Other Policy Actions, reference related information pertaining to MTABC. At this stage of the transitioning of MTA Bus Company into the Consolidated MTA Plan, the MTABC's financials are still not fully incorporated into the Plan. We expect that this will be accomplished by the February 2007 Plan.

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Memorandum



Metropolitan Transportation Authority

State of New York

Date November 29, 2006

To Chairman Peter S. Kalikow and MTA Board Members

From Katherine N. Lapp 

Re **2007 Final Proposed Budget and the Four-Year Financial Plan for 2007-2010**

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

As has been reported over the last months, 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 continued to perform well despite reports of a slow down in the real estate market. In fact, the City in its financial plan update released earlier this month increased its projections for these tax revenues for the current year and the subsequent years in its financial plan. Underlying the City's reforecast is an increase this year based on actual experience and an assumption that future declines will be less steep than previously forecast, notably in tax revenue derived from commercial transactions.

Using actual MTA receipts through October and incorporating the City's current methodology, the November Plan still projects that these revenues will decline in 2007 compared with this year, but less so than the forecast contained in the July Plan. The resulting baseline forecast now reflects additional real estate tax receipts of \$176 million in 2006 and approximately \$200 million annually in 2007 through 2010, which totals just over \$1 billion over the life of the financial plan. This significant positive change affecting our financial outlook is offset by the elimination of some key assumptions contained in previous Plans, specifically fare/toll increases and service adjustments.

The July Plan projected 5% increases in farebox and toll revenue yields for both 2007 and 2009. These alternate year fare/toll increases were included, consistent with earlier financial plans, as a means to offset normal inflationary expense growth in our operating budget, and to assist in addressing projected out-year deficits. This Plan, at the direction of the MTA Chairman, does not include those actions, which cumulatively over the plan period were expected to yield additional revenues of \$1.3 billion, and instead presents a financial picture

that excludes any projection of fare/toll increase. Moreover, in response to public comments and direction from the Board, the November Plan does not include bus and subway off-peak service adjustments that had been included in the July Plan's gap-closing measures beginning in 2007. These measures were expected to yield savings of \$175 million between 2007 and 2010.

Since the July Plan, there have been other developments, mainly based on recent economic trends, which have resulted in revenue and expense re-estimates. Fuel prices have recently dropped, and we have adjusted fuel costs accordingly. However, our traction and propulsion power providers have indicated that rate increases over the next several years will be higher than we previously expected. Thus, net energy costs in 2006 will be \$3 million lower than we projected, but \$7 million higher in 2007, growing to an increase of \$57 million in 2010. In addition, we are awaiting completion of recent pension valuations by our independent actuary. Preliminary indications are that pension costs will increase by approximately \$40 million annually as a result of changing demographics and projected overtime usage. On the positive side, recent rate projections by major health care providers, are lower than was forecasted in July, resulting in savings of \$28 million in 2007 and growing to \$49 million by 2010. Based on recent ridership trends and projected employment levels, farebox revenues are now forecast to increase over the July Plan, but are still significantly less than the levels projected in the February Plan.

In view of the above, I am proposing that \$142 million of \$378 million of the increased real estate revenue for 2006 and 2007 be used to (1) offset the \$78 million of lost revenue expected in 2007 from the previously proposed September 2007 fare/toll increase; (2) offset the \$22 million savings in 2007 that would have been generated by service adjustments in off-peak bus and subway service; and (3) cover the net increases in 2006 and 2007 in baseline Agency budgets including increased energy, actuarial pensions and other net changes to the July Plan.

With regard to the remaining \$236 million in real estate revenues, the Plan proposes the following uses:

\$25 million for Security Training

- Last year, the MTA engaged Kroll Associates to review the safety/security training curriculum utilized by NYCT, Metro-North and LIRR for its operating personnel. Kroll recently provided recommendations for enhancements to existing training modules. In view thereof, it is proposed that \$25 million be set aside over the next four years (\$6.2 million annually, beginning in 2007) to offset the costs associated with providing enhanced training to designated operating personnel. In order to ensure consistency in this training and to coordinate efforts to determine content and delivery of the

training, the MTA Director of Interagency Preparedness will chair a task force comprised of training and security representatives of the Operating Agencies, which will develop training modules, prepare schedules for training sessions and coordinate the training among the agencies.

\$50 million for Capital Security

- The July Plan had earmarked \$100 million for additional security initiatives from the 2006 cash balance. These include new programs such as installation of intercoms in 75' subway cars as well as currently identified initiatives in the Capital Program. As part of the November Plan, I am recommending that an additional \$50 million be set aside for emerging Capital Program security contingencies, including an upgrade of MTA police radios.

\$81 million for Downsizing Costs

- While the forecast for 2007 has improved, the budget deficits for 2008 through 2010, as discussed in more detail below, are significant. It is clear that the MTA will need to embark on an aggressive strategy to become more efficient while reducing head count and expenses. We are already assessing options for implementing a shared service model in the areas of finance, human resources and information technology, across the MTA and its operating agencies, and our consultants have indicated that savings will be phased in over several years, but should yield significant headcount reductions. In addition, like the July Plan, we continue to include savings that would result from statutory changes to enable a reorganization of the MTA that would reconfigure the existing agencies. Together, shared services and the reorganization are estimated to yield savings of \$11 million in 2008, \$41 million in 2009 and \$55 million in 2010. However, MTA will need to incur costs to achieve the resultant downsizing of the workforce. The November Plan therefore includes \$81 million to be set aside in 2007 to cover the costs associated with the anticipated workforce reductions.

\$80 million for GASB Fund

- We continue to assume that recent non-recurring NYCERS pension savings and anticipated employee health & welfare contributions will be deposited in a special Government Accounting Standards Board (GASB) fund to account for post-retirement liabilities of "Other Than Pension Benefits" (OTPB) in compliance with new standards requiring governmental agencies to account for these liabilities in their financial statements. The July Plan assumed that \$535 million would be set aside in this fund by the end of 2010. Using the same methodology as July to calculate GASB costs, the November Plan's contribution to GASB would total \$497 million. Although an

assessment by our independent auditors has not yet been completed to determine what the full extent of MTA's liabilities for OTPB will be, this amount is well short of the likely exposure. I am, therefore, recommending that an additional \$80 million be set aside in the GASB fund, bringing the total GASB contribution to \$577 million.

The real estate tax improvements noted above represent yields generated by our base revenue forecast. As has been reported, the biggest commercial real estate deal in history occurred this month – the sale of Peter Stuyvesant Town and Peter Cooper Village. Pending unforeseen complications, this transaction is expected to generate \$52 million in property transfer revenue for NYCT. I am recommending that this one-shot revenue windfall be used to fund NYCT station painting. The proposal would provide operating budget funding during the plan period at an estimated cost of \$8.8 million annually that would grow with inflation. Over a ten-year period, 350 stations would be painted through the operating budget program, with the remaining 118 stations (about 12 per year) funded through the Capital Program. The estimated \$52 million from this sale would be enough to fund approximately 200 of the 350 stations included in the operating budget program during the plan period.

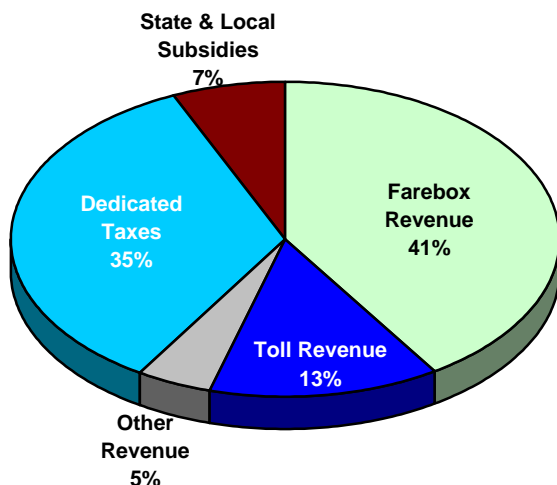
The July Plan, including the 2006 carryover surplus of \$711 million, forecasted a \$36 million closing cash balance in 2007. The November Plan reflects positive closing cash balances, including recommended policy and gap closing actions, of \$938 million in 2006 and \$272 million in 2007. The 2008 gap has dropped \$100 million from the July Plan to \$805 million, still a substantial challenge that will need to be addressed next spring so that a balanced Preliminary 2008 Budget can be presented to the Board in July 2007. Moreover, the outyear gaps have worsened since July, notably due to the absence of the 2007 and 2009 fare/toll increases, to \$1,465 million in 2009 (an increase of \$329 million) and \$1,793 million (an increase of \$305 million) in 2010.

Clearly challenges are ahead for the MTA to identify methods to reduce expenditures to address looming deficits while meeting ridership demands and maintaining fares/tolls at affordable levels. The next twelve-month period will be critical for the MTA as it moves closer to 2008.

II. MTA Consolidated 2006-2010 Financial Plan

MTA 2007 Final Proposed Budget Excluding MTA Bus Company Baseline Before Gap Closing and Policy Actions

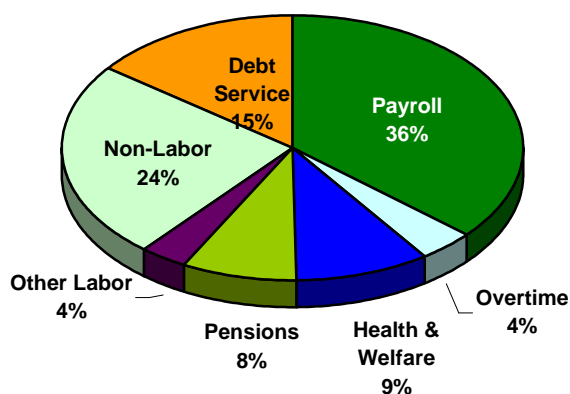
Where the Dollars Come From ...



By Revenue Source (\$ in millions)	
Farebox Revenue	\$3,749
Toll Revenue	1,237
Other Revenue	418
Dedicated Taxes	3,154
State & Local Subsidies	614
Total	\$9,173

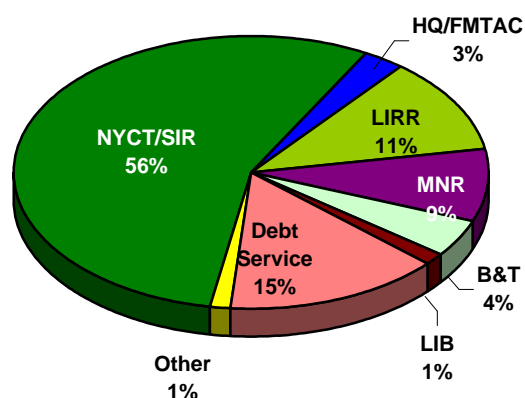
Where the Dollars Go ...

By Expense Category



By Expense Category (\$ in millions)	
Payroll	\$3,586
Overtime	363
Health & Welfare	932
Pensions	788
Other Labor	350
Non-Labor	2,353
Debt Service	1,458
Total	\$9,828
<i>Expenses exclude depreciation.</i>	

By MTA Agency



By MTA Agency (\$ in millions)	
NYCT/SIR	\$5,427
HQ/FMTAC	278
LIRR	1,109
MNR	860
B&T	438
LIB	122
Debt Service	1,458
Other	136
Total	\$9,828
<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 (\$3,115 million) and depreciation ((\$1,691) million). This results in a baseline year-end cash surplus of \$769 million.

Excludes certain below-the-line policy and gap-closing actions which change the year-end cash balance from a \$769 million cash surplus to a \$272 million cash surplus.

METROPOLITAN TRANSPORTATION AUTHORITY

November Financial Plan 2007 - 2010

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

(\$ in millions)

Line

No.

7	Non-Reimbursable		2006	2007			
8		2005	November	Final Proposed			
9		Actual	Forecast	Budget	2008	2009	2010
10	<u>Operating Revenue</u>						
11	Farebox Revenue	\$3,565	\$3,694	\$3,749	\$3,801	\$3,835	\$3,861
12	Toll Revenue	1,205	1,235	1,237	1,240	1,236	1,235
13	Other Revenue	410	428	418	438	461	481
14	Capital and Other Reimbursements	26	0	0	0	0	0
15	Total Operating Revenue	\$5,206	\$5,357	\$5,405	\$5,479	\$5,532	\$5,576
16							
17	<u>Operating Expense</u>						
18	Labor Expenses:						
19	Payroll	\$3,362	\$3,477	\$3,586	\$3,717	\$3,823	\$3,917
20	Overtime	385	398	363	370	384	398
21	Health & Welfare	769	845	932	1,035	1,149	1,274
22	Pensions	642	576	788	825	823	823
23	Other-Fringe Benefits	386	393	402	419	435	446
24	Pattern Labor Provision	0	13	76	104	104	104
25	Contribution to GASB Fund	0	249	90	71	79	87
26	Reimbursable Overhead	(240)	(277)	(288)	(286)	(285)	(290)
27	Sub-total Labor Expenses	\$5,304	\$5,673	\$5,948	\$6,255	\$6,512	\$6,759
28							
29	Non-Labor Expenses:						
30	Traction and Propulsion Power	253	274	309	314	338	359
31	Fuel for Buses and Trains	138	167	179	178	175	177
32	Insurance	62	36	38	43	46	53
33	Claims	90	138	153	156	160	164
34	Paratransit Service Contracts	158	190	228	266	305	355
35	Maintenance and Other Operating Contracts	453	509	555	560	582	592
36	Professional Service Contracts	216	191	225	223	232	235
37	Materials & Supplies	388	423	515	514	548	548
38	Other Business Expenses	156	152	152	162	161	164
39	Sub-total Non-Labor Expenses	\$1,916	\$2,080	\$2,353	\$2,416	\$2,547	\$2,648
40							
41	Other Expense Adjustments:						
42	Other	(\$11)	(\$9)	(\$6)	(\$14)	(\$8)	(\$8)
43	General Reserve	0	0	75	75	75	75
44	Sub-total Other Expense Adjustments	(\$11)	(\$9)	\$69	\$61	\$67	\$67
45							
46	Total Operating Expense Before Depreciation	\$7,209	\$7,745	\$8,370	\$8,732	\$9,127	\$9,473
47							
48	Depreciation	\$1,469	\$1,581	\$1,691	\$1,754	\$1,848	\$1,939
49							
50	Total Operating Expense	\$8,678	\$9,325	\$10,061	\$10,486	\$10,975	\$11,413
51							
52	Net Operating Deficit Before Subsidies and Debt Service	(\$3,472)	(\$3,969)	(\$4,657)	(\$5,007)	(\$5,443)	(\$5,836)
53							
54	Dedicated Taxes and State/Local Subsidies	\$3,422	\$3,862	\$3,768	\$3,693	\$3,779	\$3,884
55	Debt Service (excludes Service Contract Bonds)	(1,018)	(1,321)	(1,458)	(1,600)	(1,751)	(1,886)
56							
57	Net Deficit After Subsidies and Debt Service	(\$1,067)	(\$1,427)	(\$2,347)	(\$2,914)	(\$3,415)	(\$3,837)
58							
59	Conversion to Cash Basis: Depreciation	\$1,469	\$1,581	\$1,691	\$1,754	\$1,848	\$1,939
60	Conversion to Cash Basis: All Other	273	34	56	40	19	10
61	Net Cash Balance from Previous Year	507	1,182	1,369	769	0	0
62							
63	Baseline Net Cash Balance	\$1,182	\$1,369	\$769	(\$351)	(\$1,547)	(\$1,888)

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November Financial Plan 2007 - 2010

Gap Closing and Policy Actions

(\$ in millions)

Line

No.

	2006	2007			
	November	Final Proposed			
	Forecast	Budget	2008	2009	2010
5	November Baseline Net Cash Balance	\$1,369	\$769	(\$351)	(\$1,547)
					(\$1,888)
7	<u>POLICY ACTIONS:</u>				
8	Pension Liability Reduction	0	0	0	0
9	2004 Real Estate Tax Stabilization Account	200	0	0	0
10	Capital Security	(150)	0	0	0
11	Enhanced Security Training	0	(6)	(6)	(6)
12	2005 Holiday Fare Program	50	0	0	0
13	Downsizing Costs	0	(81)	0	0
14	Stuyvesant/Cooper Village Sale	52	0	0	0
15	NYCT Station Painting	0	(9)	(9)	(9)
16	Anti-Graffiti Campaign	0	(6)	(3)	(5)
17	Service Marketing Campaign	0	(5)	0	0
18	Sub-Total	152	(106)	(19)	(20)
19					(21)
20	<u>GAP CLOSING:</u>				
21	2007 Agency Program to Eliminate the Gap	18	40	37	39
22	Post-2007 Agency Program to Eliminate the Gap	0	0	13	22
23	Shared Services / Reorganization	0	0	11	41
24	Sub-Total	18	40	61	102
25					116
26	Adjusted Net Cash Balance from Previous Year	(600)	(431)	(497)	0
27					0
28	Net Cash Surplus/(Deficit)	\$938	\$272	(\$805)	(\$1,465)
					(\$1,793)

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November Financial Plan 2007 - 2010

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

(\$ in millions)

Line Number	Non-Reimbursable	2005 Actual	2006 November Forecast	2007 Final Proposed Budget	2008	2009	2010
8							
9	<u>Total Operating Revenue</u>						
10	New York City Transit	\$2,908	\$3,016	\$3,055	\$3,110	\$3,140	\$3,170
11	Bridges and Tunnels	1,254	1,252	1,244	1,248	1,244	1,243
12	Metro-North Railroad	470	486	495	503	521	529
13	Long Island Rail Road	469	495	502	509	517	523
14	MTA Headquarters	48	51	51	52	53	54
15	Long Island Bus	44	43	43	43	43	43
16	Staten Island Railway	5	6	6	6	6	6
17	First Mutual Transportation Assurance Company	8	8	9	9	9	9
18	Capital Construction Company	0	0	0	0	0	0
19	Total	\$5,206	\$5,357	\$5,405	\$5,479	\$5,532	\$5,576
20							
21	<u>Total Operating Expenses before Depreciation</u> ¹						
22	New York City Transit	\$4,716	\$5,059	\$5,398	\$5,655	\$5,928	\$6,147
23	Bridges and Tunnels	344	376	411	409	431	470
24	Metro-North Railroad	751	795	860	897	952	985
25	Long Island Rail Road	962	1,005	1,109	1,147	1,188	1,235
26	MTA Headquarters	314	280	306	312	314	325
27	Long Island Bus	108	117	120	125	129	134
28	Staten Island Railway	27	27	28	36	31	32
29	First Mutual Transportation Assurance Company	(2)	1	6	2	(2)	(6)
30	Capital Construction Company	0	0	0	0	0	0
31	Other	(11)	(9)	55	45	50	48
32	Total	\$7,209	\$7,652	\$8,294	\$8,628	\$9,022	\$9,370
33							
34	<u>Depreciation</u>						
35	New York City Transit	\$955	\$1,015	\$1,086	\$1,152	\$1,222	\$1,292
36	Bridges and Tunnels	50	50	57	61	67	72
37	Metro-North Railroad	187	207	222	229	236	236
38	Long Island Rail Road	247	275	292	279	294	309
39	MTA Headquarters	23	26	25	22	20	20
40	Long Island Bus	0	0	0	0	0	0
41	Staten Island Railway	7	7	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	Total	\$1,469	\$1,581	\$1,691	\$1,754	\$1,848	\$1,939
45							
46	<u>Net Operating Income/(Deficit)</u>						
47	New York City Transit	(\$2,763)	(\$3,059)	(\$3,429)	(\$3,697)	(\$4,010)	(\$4,269)
48	Bridges and Tunnels	860	825	776	777	746	701
49	Metro-North Railroad	(468)	(516)	(588)	(623)	(668)	(692)
50	Long Island Rail Road	(740)	(786)	(899)	(918)	(965)	(1,022)
51	MTA Headquarters	(289)	(254)	(279)	(282)	(281)	(290)
52	Long Island Bus	(64)	(73)	(77)	(82)	(86)	(91)
53	Staten Island Railway	(29)	(29)	(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	9	(55)	(45)	(50)	(48)
57	Total	(\$3,472)	(\$3,876)	(\$4,580)	(\$4,903)	(\$5,338)	(\$5,732)
58							
59	Pattern Labor Provision	0	(13)	(76)	(104)	(104)	(104)
60	Additional Contribution to GASB Fund	0	(80)	0	0	0	0
61							
62	Total	(\$3,472)	(\$3,969)	(\$4,657)	(\$5,007)	(\$5,443)	(\$5,836)

Note: ¹ Excludes Debt Service

METROPOLITAN TRANSPORTATION AUTHORITY

November Financial Plan 2007 - 2010

MTA Consolidated Cash Receipts and Expenditures - Excluding MTA Bus Company

(\$ in millions)

Line Number	CASH RECEIPTS AND EXPENDITURES	2005	2006	2007			
		Actual	November Forecast	Final Proposed Budget	2008	2009	2010
9							
10							
11	Receipts						
12	Farebox Revenue	\$3,638	\$3,732	\$3,795	\$3,846	\$3,877	\$3,901
13	Other Operating Revenue	396	439	460	451	474	493
14	Capital and Other Reimbursements	1,109	1,169	1,270	1,248	1,235	1,247
15	Total Receipts	\$5,144	\$5,340	\$5,525	\$5,545	\$5,586	\$5,641
16							
17	Expenditures						
18	<u>Labor:</u>						
19	Payroll	\$3,647	\$3,735	\$3,951	\$4,033	\$4,125	\$4,218
20	Overtime	444	459	420	426	439	456
21	Health and Welfare	767	865	942	1,046	1,161	1,286
22	Pensions	464	598	780	842	863	863
23	Other Fringe Benefits	449	466	498	507	520	533
24	Pattern Labor Provision	0	13	76	104	104	104
25	Contribution to GASB Fund	0	249	90	71	79	87
26	Reimbursable Overhead	0	0	0	0	0	0
27	Total Labor Expenditures	\$5,772	\$6,384	\$6,758	\$7,030	\$7,292	\$7,547
28							
29	<u>Non-Labor:</u>						
30	Traction and Propulsion Power	\$242	\$283	\$309	\$314	\$338	\$359
31	Fuel for Buses and Trains	134	169	179	177	175	177
32	Insurance	46	30	38	44	41	46
33	Claims	83	130	117	121	122	125
34	Paratransit Service Contracts	155	186	228	266	305	355
35	Maintenance and Other Operating Contracts	407	450	481	485	498	499
36	Professional Service Contracts	208	192	235	229	235	237
37	Materials & Supplies	492	544	628	624	648	629
38	Other Business Expenditures	207	157	162	173	171	175
39	Total Non-Labor Expenditures	\$1,974	\$2,141	\$2,376	\$2,433	\$2,533	\$2,603
40							
41	<u>Other Expenditure Adjustments:</u>						
42	Other	\$57	\$53	\$72	\$75	\$81	\$85
43	General Reserve	0	0	75	75	75	75
44	Total Other Expenditure Adjustments	\$57	\$53	\$147	\$150	\$156	\$160
45							
46	Total Expenditures	\$7,803	\$8,579	\$9,281	\$9,613	\$9,982	\$10,310
47							
48	Net Cash Deficit Before Subsidies and Debt Service	(\$2,659)	(\$3,239)	(\$3,756)	(\$4,068)	(\$4,396)	(\$4,669)
49							
50	Dedicated Taxes and State/Local Subsidies	\$3,960	\$4,294	\$4,147	\$4,068	\$4,101	\$4,150
51							
52	Debt Service (excludes Service Contract Bonds)	(626)	(868)	(991)	(1,120)	(1,252)	(1,370)
53							
54	Net Cash Balance from Previous Year	507	1,182	1,369	769	0	0
55							
56	Baseline Net Cash Surplus/(Deficit)	\$1,182	\$1,369	\$769	(\$351)	(\$1,547)	(\$1,888)

METROPOLITAN TRANSPORTATION AUTHORITY

November Financial Plan 2007 - 2010

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

(\$ in millions)

Line Number		2005	2006 November	2007 Final Proposed			
		<u>Actual</u>	<u>Forecast</u>	<u>Budget</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
8							
9	<u>Total Receipts</u>						
10	New York City Transit	\$3,692	\$3,814	\$3,898	\$3,909	\$3,924	\$3,959
11	Metro-North Railroad	652	659	707	694	716	722
12	Long Island Rail Road	638	687	721	740	741	753
13	MTA Headquarters	87	96	101	103	104	106
14	Long Island Bus	49	48	49	48	49	49
15	Staten Island Railway	6	7	7	8	8	8
16	Capital Construction Company	13	21	34	34	35	36
17	First Mutual Transportation Assurance Company	8	8	9	9	9	9
18	Total	\$5,144	\$5,340	\$5,525	\$5,545	\$5,586	\$5,641
19							
20	<u>Total Expenditures</u>						
21	New York City Transit	\$5,233	\$5,829	\$6,125	\$6,379	\$6,659	\$6,890
22	Metro-North Railroad	924	928	1,135	1,105	1,161	1,193
23	Long Island Rail Road	1,085	1,212	1,311	1,377	1,407	1,459
24	MTA Headquarters	402	343	375	378	380	391
25	Long Island Bus	114	121	125	130	137	139
26	Staten Island Railway	28	28	30	38	32	34
27	Capital Construction Company	13	21	34	34	35	36
28	First Mutual Transportation Assurance Company	8	8	9	9	9	9
29	Other	(4)	(3)	61	59	58	56
30	Total	\$7,803	\$8,486	\$9,205	\$9,509	\$9,878	\$10,206
31							
32	<u>Net Operating Surplus/(Deficit)</u>						
33	New York City Transit	(1,541)	(2,015)	(2,227)	(2,470)	(2,735)	(2,930)
34	Metro-North Railroad	(272)	(268)	(429)	(411)	(445)	(471)
35	Long Island Rail Road	(448)	(525)	(591)	(637)	(666)	(707)
36	MTA Headquarters	(315)	(247)	(274)	(275)	(276)	(285)
37	Long Island Bus	(65)	(72)	(77)	(81)	(87)	(90)
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	3	(61)	(59)	(58)	(56)
42	Total	(\$2,659)	(\$3,146)	(\$3,680)	(\$3,964)	(\$4,292)	(\$4,565)
43							
44	Pattern Labor Provision	0	(13)	(76)	(104)	(104)	(104)
45	Additional Contribution to GASB Fund	0	(80)	0	0	0	0
46	Total	(\$2,659)	(\$3,239)	(\$3,756)	(\$4,068)	(\$4,396)	(\$4,669)

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

	Favorable/(Unfavorable)				
	2006	2007	2008	2009	2010
July Plan Baseline Net Cash Surplus/(Deficit)	\$1,121	\$290	(\$1,008)	(\$1,781)	(\$2,146)
<u>Changes to July Plan</u>					
Agency Baseline Changes:	(13)	(45)	17	20	11
<u>Revenue:</u>	<u>20</u>	<u>29</u>	<u>34</u>	<u>37</u>	<u>41</u>
Farebox	8	14	22	25	29
Toll	1	1	(3)	(5)	(6)
Other Revenue	11	13	16	17	18
<u>Expenses:</u>	<u>(33)</u>	<u>(58)</u>	<u>19</u>	<u>14</u>	<u>2</u>
Health & Welfare	(0)	28	36	43	49
Pensions	10	(18)	(14)	(13)	(16)
Additional GASB Contribution	(80)	0	0	0	0
Energy	3	(7)	(17)	(41)	(57)
Maintenance Investments / Re-Estimates	(5)	(14)	(5)	7	4
Baseline Re-Estimates / Cash Adjustments	39	(47)	20	18	22
2005/2006 Peg Program Re-Estimates	(1)	(16)	(36)	(31)	(32)
<u>Subsidies:</u>	<u>221</u>	<u>275</u>	<u>167</u>	<u>214</u>	<u>232</u>
Real Estate (Gross), excl. Paratransit / City DOT Bus	176	201	214	233	249
Real Estate Adjustments	8	(3)	(2)	(2)	(5)
MMTOA	(0)	109	(22)	8	15
PBT	22	(18)	(7)	(3)	(3)
Investment Income	3	(13)	(2)	(2)	(2)
Nassau Subsidy/LIB MMTOA	(0)	2	(10)	(12)	(12)
Other	12	(2)	(4)	(7)	(9)
General Reserve	31	0	0	0	0
Debt Service	8	2	(7)	(0)	14
Net Cash Balance from Previous Year	0	247	479	0	0
Total Changes	\$247	\$479	\$657	\$234	\$258
November Plan Baseline Net Cash Surplus/(Deficit)	\$1,369	\$769	(\$351)	(\$1,547)	(\$1,888)
<u>POLICY ACTIONS:</u>					
Pension Liability Reduction	0	0	0	0	0
2004 Real Estate Tax Stabilization Account	200	0	0	0	0
Capital Security	(150)	0	0	0	0
Enhanced Security Training	0	(6)	(6)	(6)	(6)
2005 Holiday Fare Program	50	0	0	0	0
Downsizing Costs	0	(81)	0	0	0
Stuyvesant/Cooper Village Sale	52	0	0	0	0
NYCT Station Painting	0	(9)	(9)	(9)	(9)
Anti-Graffiti Campaign	0	(6)	(3)	(5)	(6)
Service Marketing Campaign	0	(5)	0	0	0
Sub-Total	152	(106)	(19)	(20)	(21)
<u>GAP CLOSING:</u>					
2007 Agency Program to Eliminate the Gap	18	40	37	39	39
Post 2007 Agency Program to Eliminate the Gap	0	0	13	22	22
Shared Services / Reorganization	0	0	11	41	55
Sub-Total	18	40	61	102	116
Adjusted Net Cash Balance from Previous Year	(600)	(431)	(497)	0	0
Net Cash Surplus/(Deficit)	\$938	\$272	(\$805)	(\$1,465)	(\$1,793)

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

	Favorable/(Unfavorable)				
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
July Plan Net Cash Surplus/(Deficit)	\$711	\$36	(\$905)	(\$1,137)	(\$1,488)
<u>Changes to July Plan</u>					
Baseline	\$247	\$479	\$657	\$234	\$258
Policy Actions	(19)	(138)	(57)	(57)	(57)
Gap Closing	(1)	(84)	(258)	(505)	(506)
<i>Total Policy and Gap Closing Actions</i>	(21)	(222)	(315)	(563)	(563)
Adjusted Net Cash Balance from Previous Year	0	(21)	(243)	0	0
Total Changes	\$227	\$236	\$100	(\$329)	(\$305)
November Plan Net Cash Surplus/(Deficit)	\$938	\$272	(\$805)	(\$1,465)	(\$1,793)

Policy and Gap Closing Action Notes:

As first proposed in July, all of the cash pension savings for NYCT and B&T in 2006 and 2007 attributable to a NYCERS revaluation are being deposited in a special Government Accounting Standards Board (GASB) fund to account for post-retirement liabilities of "Other Than Pension Benefits" (OTPB). In addition, anticipated employee contributions for Health & Welfare are assumed to also be deposited in GASB. In the November Plan, however, this funding is now recognized within the baseline as a discrete line item. The net effect of these transactions are zero because these costs are totally offset by reductions in Pension and Payroll. A new item in the November Plan is the deposit of an additional \$80 million into the GASB fund. These funds are available from excess real estate tax monies generated in 2006 and 2007.

The 2006 Adopted Budget assumed that \$450 million would be used to reduce future pension liabilities. The \$450 million, along with approximately \$15 million in accumulated interest, has been transferred into the MaBSTOA Pension Plan and into the MTA Defined Benefit Plan. As a result, Pension earnings that were captured below the line as a Policy Action in the July Plan are now being captured within the baseline as reduced Pension costs and will serve to offset future Pension costs.

The Executive Director proposed in July that \$100 million be set aside for additional security initiatives from the 2006 cash balance. These include new programs such as installation of intercoms in 75' subway cars as well as currently identified initiatives in the capital program. As part of the November Plan, an additional \$50 million, available from additional real estate tax revenues, is being set aside for Capital Program contingencies including an upgrade of MTA Police Radios. In addition, \$6 million annually has been set aside in 2007-2010 for enhanced security training for operating employees, which is consistent with recent recommendations made by Kroll Associates.

The NYCT Station Painting program would target an average of 35 stations annually at an estimated cost of \$8.8 million annually that would grow with inflation. Over the ten-year period, 350 stations would be painted through the operating budget program, with the remaining 118 stations (about 12 per year) done as part of the Capital Program. The estimated \$52 million derived from the Stuyvesant Town/Peter Cooper Village sale would be enough to fund approximately 200 of the 350 stations.

The value of the 2007 PEG Program has been reduced from the level projected in the July Plan primarily because of the elimination of a proposed NYCT PEG that would have reduced subway service in the off-peak. The value of that proposed PEG was \$5 million in 2007 and approximately \$19 million in the years 2008 and beyond.

In 2005 the MTA had a consultant review the feasibility of implementing a shared services organization (SSO) for finance, human resources and information technology, across the MTA and its operating agencies. In 2006, the MTA Board authorized additional consultant studies to assess options for implementing shared services. Based on consultant assessments of potential savings, the November Plan assumes that implementation of this strategy will begin to yield saving of \$6 million in 2008, \$16 million in 2009 and \$30 million in 2010. Costs of \$81 million are included in 2007 to cover anticipated downsizing expenses over the next few years. It is expected that it will take several years for the benefits derived from a shared services model, i.e., savings, to cover the implementation expenses.

The February and July Plans included 5% increases in farebox and toll revenue yields for both 2007 and 2009. This Plan does not include those actions and instead presents a financial picture that excludes any type of fare increase. The 2007 Fare/Toll increase was expected to yield \$78 million in 2007 and approximately \$240 million in each of the out-years, while the 2009 increase was expected to yield an additional \$247 million in 2009 and \$255 million in 2010.

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

	2005	2006	2007			
	<u>Actual</u>	<u>November</u>	<u>Final Proposed</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<i>Dedicated Taxes</i>						
New York City Transit	\$1,749	\$2,081	\$2,025	\$1,997	\$2,057	\$2,125
Commuter Railroads	512	620	607	560	568	585
Long Island Bus	36	42	51	44	46	48
Staten Island Railway	2	3	3	3	3	3
MTA Headquarters	541	517	396	395	386	388
General Reserve	0	0	75	75	75	75
	\$2,838	\$3,262	\$3,157	\$3,073	\$3,135	\$3,224
<i>State and Local Subsidies</i>						
New York City Transit	\$316	\$316	\$316	\$316	\$316	\$316
Commuter Railroads	278	264	282	292	309	325
Long Island Bus	13	13	13	13	13	13
Staten Island Railway	1	1	1	1	1	1
Commuter Operating Capital Transfer - MNR M-7 Acceleration	0	(10)	0	0	0	0
	\$609	\$585	\$613	\$623	\$639	\$656
Total Dedicated Taxes & State and Local Subsidies	\$3,447	\$3,847	\$3,769	\$3,695	\$3,774	\$3,880

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

Line Number		ACTUAL	FORECAST				
		2005	2006	2007	2008	2009	2010
9	<u>New York City Transit:</u>						
10							
11	Budgeted Gross Debt Service for Existing Transportation Revenue Bonds	\$241.229	\$345.478	\$342.286	\$342.199	\$342.184	\$342.015
12	Debt Service on Additional Transportation Revenue Bonds Supporting Approved Capital Programs	0.000	0.832	37.450	98.549	168.569	243.054
13	2 Broadway Certificates of Participation - NYCT Share	25.586	16.783	19.943	21.882	21.888	21.894
15	Transportation Resolution Commercial Paper	11.216	5.755	8.228	8.228	8.228	8.228
16	Budgeted Gross Debt Service for Existing Dedicated Tax Fund Bonds	163.645	180.275	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>3.691</u>	<u>31.247</u>	<u>51.484</u>	<u>74.675</u>	<u>99.342</u>
18	Sub-Total MTA Paid Debt Service	\$441.676	\$552.815	\$632.477	\$715.759	\$809.107	\$907.938
19							
20	Budgeted Gross Debt Service for Existing TBTA (B&T) General Revenue Bonds	\$123.839	\$140.167	\$142.555	\$142.486	\$142.517	\$142.553
21	<u>Budgeted Gross Debt Service for Existing TBTA (B&T) Subordinate Revenue Bonds</u>	<u>71.823</u>	<u>84.062</u>	<u>85.658</u>	<u>85.751</u>	<u>85.695</u>	<u>85.656</u>
22	Sub-Total B&T Paid Debt Service	\$195.662	\$224.229	\$228.212	\$228.237	\$228.211	\$228.209
23							
24	Total NYCT Debt Service	\$637.338	\$777.044	\$860.689	\$943.996	\$1,037.318	\$1,136.147
25							
26	<u>Commuter Railroads:</u>						
27							
28	Budgeted Gross Debt Service for Existing Transportation Revenue Bonds	\$145.172	\$273.351	\$285.406	\$285.334	\$285.321	\$285.180
29	Debt Service on Additional Transportation Revenue Bonds Supporting Approved Capital Programs	0.000	0.000	16.706	48.497	80.949	98.316
30	Transportation Resolution Commercial Paper	7.005	4.505	9.388	9.388	9.388	9.388
31	Budgeted Gross Debt Service for Existing Dedicated Tax Fund Bonds	32.386	35.112	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>0.651</u>	<u>9.442</u>	<u>19.972</u>	<u>27.964</u>	<u>30.960</u>
33	Sub-Total MTA Paid Debt Service	\$184.563	\$313.620	\$357.914	\$400.181	\$440.641	\$460.831
34							
35	Budgeted Gross Debt Service for Existing TBTA (B&T) General Revenue Bonds	\$55.430	\$62.738	\$63.807	\$63.776	\$63.790	\$63.807
36	<u>Budgeted Gross Debt Service for Existing TBTA (B&T) Subordinate Revenue Bonds</u>	<u>31.556</u>	<u>36.933</u>	<u>37.634</u>	<u>37.675</u>	<u>37.651</u>	<u>37.634</u>
37	Sub-Total B&T Paid Debt Service	\$86.986	\$99.672	\$101.442	\$101.452	\$101.441	\$101.440
38							
39	Total CRR Debt Service	\$271.549	\$413.292	\$459.356	\$501.633	\$542.081	\$562.271
40							
41	<u>Bridges and Tunnels:</u>						
42							
43	Budgeted Gross Debt Service for Existing TBTA (B&T) General Revenue Bonds	\$71.956	\$93.482	\$102.622	\$102.573	\$102.595	\$102.621
44	Budgeted Gross Debt Service for Existing TBTA (B&T) Subordinate Revenue Bonds	28.371	33.206	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	3.852	16.942	35.372	52.943
46	2 Broadway Certificates of Participation - TBTA Share	8.431	2.373	2.820	3.094	3.095	3.096
47							
48	Total B&T Debt Service	\$108.759	\$129.062	\$143.131	\$156.482	\$174.913	\$192.496

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

Line Number		ACTUAL	FORECAST				
		2005	2006	2007	2008	2009	2010
49							
50	<u>MTA Bus:</u>						
51							
52	Budgeted Gross Debt Service for Existing Transportation Revenue Bonds	\$0.000	\$0.937	\$3.568	\$3.568	\$3.567	\$3.566
53	Debt Service on Additional Transportation Revenue Bonds Supporting Approved Capital Programs	0.000	0.000	4.599	9.353	9.509	9.509
54	Transportation Resolution Commercial Paper	0.000	0.556	1.329	1.329	1.329	1.329
55							
56	Total MTA Bus Debt Service	\$0.000	\$1.493	\$9.497	\$14.250	\$14.405	\$14.404
57							
58	Total MTA HQ Debt Service for 2 Broadway Certificates of Participation	\$0.000	\$2.303	\$2.736	\$3.002	\$3.003	\$3.004
59							
60	<u>MTA Total:</u>						
61							
62	Budgeted Gross Debt Service for Existing Transportation Revenue Bonds	\$386.401	\$619.767	\$631.260	\$631.100	\$631.072	\$630.760
63	Budgeted Gross Debt Service for Existing Dedicated Tax Fund Bonds	196.031	215.387	230.296	230.407	230.582	230.394
64	Budgeted Gross Debt Service for Existing TBTA (B&T) General Revenue Bonds	251.226	296.387	308.984	308.835	308.901	308.980
65	Budgeted Gross Debt Service for Existing TBTA (B&T) Subordinate Revenue Bonds	131.750	154.202	157.128	157.300	157.197	157.126
66	2 Broadway Certificates of Participation	34.017	21.459	25.500	27.979	27.986	27.994
67	Transportation Resolution Commercial Paper	18.221	10.816	18.945	18.945	18.945	18.945
68	Debt Service on Additional Transportation Revenue Bonds Supporting Approved Capital Programs	0.000	0.832	58.754	156.400	259.027	350.878
69	Debt Service on Additional Dedicated Tax Fund Bonds Supporting Approved Capital Programs	0.000	4.343	40.689	71.457	102.639	130.302
70	Debt Service on Additional TBTA (B&T) General Revenue Bonds Supporting Approved Capital Programs	0.000	0.000	3.852	16.942	35.372	52.943
71							
72	Total Debt Service	\$1,017.645	\$1,323.193	\$1,475.409	\$1,619.364	\$1,771.720	\$1,908.322
73							
74	<u>MTA Investment Income by Resolution</u>						
75							
76	Investment Income from Transportation Debt Service Fund	\$0.000	(\$1.743)	(\$8.435)	(\$9.627)	(\$10.881)	(\$12.001)
77	Investment Income from Dedicated Tax Fund Debt Service Fund	0.000	(0.147)	(\$3.313)	(\$3.690)	(\$4.074)	(\$4.410)
78	Investment Income from TBTA (B&T) General Revenue Debt Service Fund	0.000	(0.333)	(\$3.824)	(\$3.983)	(\$4.209)	(\$4.425)
79	Investment Income from TBTA (B&T) Subordinate Revenue Debt Service Fund	0.000	(0.187)	(1.921)	(1.923)	(1.922)	(1.921)
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	Total MTA Wide Investment Income	\$0.000	(\$2.411)	(\$17.494)	(\$19.223)	(\$21.086)	(\$22.755)
83							
84	<u>MTA Wide Net Total</u>						
85							
86	Net Transportation Revenue Bonds Debt Service	\$386.401	\$618.856	\$681.579	\$777.873	\$879.218	\$969.638
87	Transportation Resolution Commercial Paper	18.221	10.816	18.945	18.945	18.945	18.945
88	Net Dedicated Tax Fund Bonds Debt Service	196.031	219.583	267.672	298.173	329.147	356.286
89	Net TBTA (B&T) General Revenue Bonds Debt Service	251.226	296.054	309.012	321.794	340.064	357.499
90	Net TBTA (B&T) Subordinate Revenue Bonds Debt Service	131.750	154.016	155.207	155.377	155.275	155.205
91	Net 2 Broadway Certificates of Participation Debt Service	34.017	21.459	25.500	27.979	27.986	27.994
92							
93	Total MTA Wide Net Debt Service	\$1,017.645	\$1,320.783	\$1,457.915	\$1,600.141	\$1,750.635	\$1,885.566

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**METROPOLITAN TRANSPORTATION AUTHORITY
NOVEMBER FINANCIAL PLAN 2007-2010
FAREBOX RECOVERY AND FAREBOX OPERATING RATIOS
ANNUAL BUDGET and FORECASTS**

FAREBOX RECOVERY RATIOS

	<u>2006 November Plan</u>	<u>2007 Forecast</u>	<u>2008 Forecast</u>	<u>2009 Forecast</u>	<u>2010 Forecast</u>
New York City Transit	42.1%	39.7%	38.1%	36.3%	35.1%
Staten Island Railway	14.0%	12.5%	11.6%	13.2%	12.8%
Long Island Rail Road	30.8%	28.6%	28.3%	27.5%	27.0%
Metro-North Railroad	39.6%	37.3%	36.2%	35.0%	35.1%
Long Island Bus	<u>32.8%</u>	<u>31.6%</u>	<u>30.7%</u>	<u>29.9%</u>	<u>29.0%</u>
MTA Total Agency Average	39.8%	37.5%	36.1%	34.6%	33.7%

FAREBOX OPERATING RATIOS

	<u>2006 November Plan</u>	<u>2007 Forecast</u>	<u>2008 Forecast</u>	<u>2009 Forecast</u>	<u>2010 Forecast</u>
New York City Transit	56.3%	53.4%	51.6%	49.5%	47.9%
Staten Island Railway	18.4%	17.6%	15.3%	18.1%	17.4%
Long Island Rail Road	45.0%	41.5%	40.8%	40.1%	39.0%
Metro-North Railroad	56.4%	53.6%	52.3%	50.5%	49.6%
Long Island Bus	<u>33.8%</u>	<u>32.6%</u>	<u>31.6%</u>	<u>30.8%</u>	<u>29.8%</u>
MTA Total Agency Average	54.2%	51.2%	49.6%	47.8%	46.4%

Note:

Does not include 2007 PEGs

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

In September 2004, MTA Bus Company (MTABC) was created 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 and 2006 are transitional years for MTABC, MTA consolidated utilization as defined in this section does not include MTABC ridership and farebox revenue. However, utilization for MTABC is discussed throughout each portion of this Utilization section.

The methodology used in the July Financial Plan to convert MTABC ridership forecasts into farebox revenue projections did not take into consideration free trips on Bonus MetroCards (six trips for the price of five trips). This omission caused an over-estimate of farebox revenue, although the extent of the over-estimate cannot be ascertained from the methodology employed in the July Plan. As a result of this omission, plan-to-plan MTABC farebox revenue changes show declines despite ridership increases.

2006 Ridership, Traffic and Revenue

The 2006 November Forecast for MTA consolidated ridership is projected to total 2,426.5 million passengers, while crossings at Bridges and Tunnels (B&T) facilities are projected to total 300.0 million vehicular crossings. MTA consolidated farebox revenue for the 2006 November Forecast is estimated to be \$3,663.6 million, and toll revenue is estimated to be \$1,234.9 million. The 2006 November Forecasts are based on actual results through September 2006 for New York City Transit (NYCT), Metro-North Railroad (MNR), MTABC and B&T, and through August 2006 for Long Island Rail Road (LIRR), Staten Island Railway (SIR) and Long Island Bus (LIB).

The 2006 November Forecast for MTA consolidated ridership is projected to increase by 53.4 million trips – a 2.2% increase – over 2005 MTA consolidated ridership. MTA ridership for the 2006 November Forecast is expected to increase on all MTA operations from 2005 ridership levels, while the 2006 November Forecast for traffic at B&T facilities is expected to decline by 0.4 million crossings, a 0.1% decrease, over the 2005 traffic level. The 2006 November Forecast for farebox revenue is projected to increase by \$123.5 million, a 3.5% increase, and is projected to be higher for each MTA agency. B&T toll revenue is expected to be \$30.0 million greater than 2005 toll revenue, a 2.5% 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 September, preliminary employment figures show that the number of jobs in New York City has increased by 56,900 jobs, a 1.6% increase, over the number of jobs during the first nine months of 2005. Additionally, the fare increases in March 2005 had a dampening effect on ridership levels during 2005, and that impact has lessened over

time. B&T vehicular crossings have also been positively affected by employment growth, but that improvement has been offset by the impact high gasoline prices have had on discretionary travel levels. Farebox and toll revenue improvements reflect year-to-year ridership and traffic changes as well as the impact from the March 2005 fare and toll increases, which are fully annualized for 2006.

MTA consolidated ridership for the 2006 November Forecast is expected to surpass the 2006 Mid-Year Forecast projection by 4.0 million trips, a 0.2% increase. The gain in New York City employment is the primary driver for the modest ridership growth over the Mid-Year Forecast level, with year-over-year employment growth through September slightly stronger than it was through May (1.6% vs. 1.4%), when the 2006 Mid-Year Forecast was prepared.

NYCT, LIRR and MNR are projecting ridership increases in 2006 relative to the 2006 Mid-Year Forecast, while SIR ridership is projected to fall short of the 2006 Mid-Year Forecast by 13 thousand trips and LIB expects no change in ridership. At NYCT, ridership is estimated to increase by 2.7 million trips, a 0.1% increase, relative to the Mid-Year Forecast. At B&T facilities, the November Forecast projects 0.1 million fewer vehicular crossings, a decrease of less than 0.1%, over the Mid-Year Forecast. MTABC ridership, not included in MTA consolidated ridership, is projected to increase by 3.1 million trips, a 3.3% increase over the Mid-Year Forecast.

MTA consolidated farebox revenue in the 2006 November Forecast is projected to increase by \$8.4 million from the 2006 Mid-Year Forecast, a 0.2% increase, with all MTA Agencies projecting farebox revenue over the Mid-Year Forecast. NYCT is projecting a \$2.6 million, or 0.1%, increase in farebox revenue, while LIRR is projecting a \$5.2 million, or 1.2%, increase. Farebox revenue forecasts are expected to exceed the Mid-Year Forecast at MNR by \$0.4 million (0.1%), at LIB by \$0.2 million (0.5%) and at SIR by \$7 thousand (0.2%). The 2006 November Forecast for B&T toll revenue is projected to increase \$0.9 million, or 0.1%, from the Mid-Year Forecast. The MTABC farebox revenue projection in the November Forecast, which is not included in the MTA consolidated farebox revenue, is \$3.9 million less than the Mid-Year Forecast.

NYCT's November Forecast estimates for ridership and farebox revenue are greater than projections in the Mid-Year Forecast. Subway ridership is revised upward by 3.4 million trips, a 0.2% increase, while Bus ridership has been revised downward by 0.7 million trips, a decline of less than 0.1%. Subway farebox revenue is expected to surpass the Mid-Year Forecast by \$3.2 million, a 0.2% increase, and Bus farebox revenue is projected to fall short of the Mid-Year Forecast by \$0.6 million, or 0.1%. These changes reflect higher ridership levels and a slightly higher unlimited-ride pass average fare than assumed in the Mid-Year Forecast. The higher average fare is expected to increase farebox revenue by \$2.7 million over the Mid-Year Forecast. Student ridership is greater than originally projected, and is now expected to exceed the Mid-Year Forecast by 3.0 million passengers. Non-student ridership is expected to fall short of the Mid-Year Forecast by 0.4 million passengers, resulting in a \$0.2 million reduction in farebox revenue relative to the Mid-Year Forecast.

LIRR's 2006 November Forecast reflects the impact the improvement in the regional economy, particularly growth in employment. MNR's 2006 November Forecast reflects improving ridership trends since the development of the Mid-Year Forecast. The 2006 November Forecast for SIR reflects current ridership trends, which are slightly below levels assumed in the Mid-Year Forecast; farebox revenue is slightly higher than the Mid-Year Forecast as the result of a slightly higher average fare. The improvement in LIB farebox revenue projections reflect ridership levels consistent with the Mid-Year Forecast along with the average fare per passenger slightly higher than assumed in the Mid-Year Forecast.

B&T vehicle crossings are slightly lower than the Mid-Year Forecast traffic level, with commercial vehicle traffic showing improvement while passenger vehicle traffic is down, primarily due to less than ideal summer weather and continued high fuel prices. With commercial vehicle tolls higher than passenger vehicle tolls, these traffic changes result in higher toll revenues compared with the Mid-Year Forecast.

2007 Ridership, Traffic and Revenue

The MTA consolidated ridership forecast for the Final Proposed Budget is 2,457.1 million passengers, while crossings at B&T facilities are projected to total 301.0 million vehicular crossings. MTA consolidated farebox revenue for 2007 Final Proposed Budget is estimated to be \$3,717.0 million, and toll revenue is estimated to be \$1,236.9 million.

MTA ridership and traffic for the 2007 Final Proposed Budget are expected to increase on all MTA operations from the 2006 Mid-Year Forecast levels, with the exception of SIR which expects a decrease of 9 thousand trips resulting from the re-estimate of 2006 ridership. With the exception of MNR, 2007 Final Proposed Budget fare and toll revenue projections are higher than those in the Mid-Year Forecast. At MNR, fare revenue is expected to increase for its East-of-Hudson operations; the decline is due to a reduction in assumed revenue from West-of-Hudson Mail-n-Ride sales, which are included in MNR farebox revenue. The 2007 Final Proposed Budget for MTA consolidated ridership is projected to increase by 30.6 million trips – a 1.3% increase – over the 2006 November Forecast for MTA consolidated ridership, while the 2007 forecast for B&T traffic is expected to increase by 1.0 million crossings, a 0.3% increase, over the 2006 Mid-Year Forecast traffic level. MTABC ridership is expected to increase 2.0 million, or 2.1%, over the ridership level in the 2006 November Forecast. MTA consolidated farebox revenue for 2007 is expected to surpass the 2006 November Forecast by \$53.3 million, up 1.5%, while B&T toll revenue is projected to surpass the 2006 November Forecast by \$2.0 million, a 0.2% year-over-year improvement. MTABC farebox revenue is projected to grow from the 2006 November Forecast by \$2.6 million, a 2.1% increase.

MTA consolidated ridership for the 2007 Final Proposed Budget is expected to surpass the 2007 Preliminary Budget projection by 12.4 million trips, an increase of 0.5%. At B&T facilities, the 2007 Final Proposed Budget reflects an increase of 0.1 million additional vehicular crossings, an increase of less than 0.1%. MTA consolidated farebox revenue in the 2007 Final Proposed Budget is projected to improve by \$14.3 million

from the 2007 Preliminary Budget, a 0.4% increase, while B&T toll revenue for 2007 is now projected to increase \$1.3 million, or 0.1%, over the 2007 Preliminary Budget.

NYCT's forecasts for ridership and farebox revenue are higher than projections in the 2007 Preliminary Budget, reflecting increases in student ridership (7.4 million trips) and projected increases in New York City employment levels (2.7 million trips; \$3.5 million) compared with employment assumptions in the 2007 Preliminary Budget. The NYCT ridership forecast in 2007 Proposed Budget also assumes that the implementation of the 100% Off-Peak Bus Guidelines will not take place, as was assumed in the 2007 Preliminary Budget. Cancellation of the 100% Off-Peak Bus Guidelines change is expected to increase Bus ridership by 7.4 million trips with farebox revenue increasing \$3.2 million. Additionally, lower non-student ridership in 2006 will trend through to 2007 resulting in a base ridership reduction of 0.4 million trips and \$0.2 million from the 2007 Preliminary Budget, and a revision to the forecasting methodology concerning calendarization of ridership trends lowers the ridership projection by 1.8 million trips and farebox revenue by \$2.4 million.

Increases in LIRR and MNR ridership, compared with the 2007 Preliminary Budget, are attributable to continued trends in ridership. Revenue for LIRR and MNR also increase as a result of the ridership increases, but MNR's overall farebox revenue is slightly below the farebox revenue assumption in the Preliminary Budget as the result of a reduction in the assumed revenue from West-of-Hudson Mail-n-Ride sales, which are included in farebox revenue. LIB ridership is unchanged from the Preliminary Budget, but farebox revenue is revised upward to reflect a slightly higher average fare. SIR ridership is slightly below the Preliminary Budget estimate, reflecting a continuing trend from 2006 ridership, although the assumed increase in New York City employment slightly offsets the trend. Farebox revenue for SIR is slightly greater than the projection in the Preliminary Budget due to higher average fare.

The B&T vehicle crossings estimate is unchanged from the Preliminary Budget, but a higher average toll – primarily from increased commercial traffic and slightly lower passenger vehicle traffic – results in higher toll revenue relative to the Preliminary Budget.

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 increase over the 2007 Final Proposed Budget levels. Year-to-year consolidated ridership is projected to reach 2,489.5 million passengers, up 1.3%, while year-to-year farebox revenue is estimated to reach \$3,767.1 million, an increase of 1.3%. Year-to-year B&T vehicle crossings are projected to be 302.2 million, a 0.4% annual increase, and toll revenue is estimated to increase to \$1,239.6 million, up 0.2%. MTABC ridership is expected to be 101.0 million trips, up 1.9% from the 2007 estimate, while MTABC farebox revenue is projected to reach \$131.0 million, an increase of 1.9% 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 2,519.7 million in 2010, increasing by 0.6% in 2009 and by 0.6% in 2010. Vehicular crossings at B&T facilities are projected to reach 302.0 million in 2010, decreasing 0.1% in 2009 and increasing 0.1% in 2010. Consolidated farebox revenue is expected to reach \$3,823.0 million in 2010, up 0.8% in 2009 and 0.6% in 2010 while B&T toll revenue is projected to reach \$1,234.7 million by 2010, down 0.3% in 2009 and down 0.1% in 2010. MTABC ridership is expected to reach 103.0 million by 2010, up 1.0% in 2009 and up 1.0% in 2010; MTABC farebox revenue is projected to be \$133.6 million in 2010, increasing 1.0% in 2009 and 1.0% in 2010.

Changes in ridership, traffic, farebox revenue and toll revenue, from the July Financial Plan to the November Financial Plan are, for the most part attributable to continued trends resulting from changes in utilization during 2006. Besides these impacts, NYCT ridership and farebox revenue show additional improvement from the July Financial Plan due to a slightly stronger improvement in New York City employment levels. SIR ridership and farebox revenue is improved over the July Financial Plan due to an assumed further increase in recorded ridership once the installation of the Tompkinsville train station's fare collection system is completed in January 2008. B&T traffic volume and toll revenue, on the other hand, is lower relative to the July Financial Plan. B&T traffic tends to be adversely impacted when suburban employment levels grow faster than New York City employment levels, and relative to the employment assumptions in the July Financial Plan, the November Financial Plan assumes suburban employment growth improves to a greater degree than New York City employment growth.

MTA Consolidated Utilization

Plan-to-Plan Comparison

Baseline Before Gap-Closing Actions (in millions)

November Financial Plan 2007-2010					
	2006 November Forecast	Final Proposed Budget	2008	2009	2010
Traffic					
Bridges & Tunnels	300.0	301.0	302.2	301.8	302.0
Ridership					
Long Island Bus ¹	31.5	31.7	31.8	32.0	32.1
Long Island Rail Road	81.4	83.0	84.3	85.5	86.6
Metro-North Railroad ²	75.0	76.5	78.1	79.6	80.7
New York City Transit ^{1, 3}	2,234.9	2,262.2	2,291.2	2,304.1	2,316.1
Staten Island Railway	3.7	3.7	4.2	4.2	4.2
<i>Total Ridership</i>	<i>2,426.5</i>	<i>2,457.1</i>	<i>2,489.5</i>	<i>2,505.4</i>	<i>2,519.7</i>
MTA Bus Company	97.1	99.2	101.0	102.0	103.0

July Financial Plan 2007-2010					
	2006 November Forecast	2007 Preliminary Budget	2008	2009	2010
Traffic					
Bridges & Tunnels	300.1	301.0	303.2	303.4	303.9
Ridership					
Long Island Bus ¹	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 ²	74.6	76.1	77.7	79.2	80.3
New York City Transit ^{1, 3}	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	94.1	94.9	96.1	96.4	97.0

Plan-to-Plan Changes: Favorable / (Unfavorable)					
	2006	2007	2008	2009	2010
Traffic					
Bridges & Tunnels	(0.1)	0.0	(1.0)	(1.5)	(1.9)
Ridership					
Long Island Bus ¹	0.0	0.0	0.0	0.0	0.0
Long Island Rail Road	0.9	0.9	1.0	0.9	0.9
Metro-North Railroad ²	0.4	0.3	0.4	0.4	0.4
New York City Transit ^{1, 3}	2.7	11.1	20.6	27.2	33.7
Staten Island Railway	(0.0)	(0.0)	0.2	0.2	0.2
<i>Total Ridership</i>	<i>4.0</i>	<i>12.4</i>	<i>22.0</i>	<i>28.6</i>	<i>35.1</i>
MTA Bus Company	3.1	4.3	4.9	5.6	5.9

¹ Excludes Paratransit Operations.

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

³ Excludes Fare Media Liability.

MTA Consolidated Utilization

Plan-to-Plan Comparison

Baseline Before Gap-Closing Actions (in millions)

November Financial Plan 2007-2010					
	2006 November Forecast	Final Proposed Budget	2008	2009	2010
Toll Revenue					
Bridges & Tunnels	\$1,234.9	\$1,236.9	\$1,239.6	\$1,236.1	\$1,234.7
Fare Revenue					
Long Island Bus ¹	\$38.5	\$38.7	\$38.9	\$39.1	\$39.3
Long Island Rail Road	453.9	462.5	469.0	477.0	483.0
Metro-North Railroad ²	451.6	463.1	473.1	484.3	491.6
New York City Transit ^{1, 3}	2,716.0	2,749.1	2,782.0	2,794.1	2,804.8
Staten Island Railway	3.5	3.6	4.2	4.2	4.2
<i>Total Farebox Revenue</i>	<i>\$3,663.6</i>	<i>\$3,717.0</i>	<i>\$3,767.1</i>	<i>\$3,798.6</i>	<i>\$3,823.0</i>
MTA Bus Company	\$126.0	\$128.6	\$131.0	\$132.3	\$133.6

July Financial Plan 2007-2010					
	2006 November Forecast	2007 Preliminary Budget	2008	2009	2010
Toll Revenue					
Bridges & Tunnels	\$1,234.0	\$1,235.6	\$1,242.4	\$1,241.2	\$1,241.1
Fare Revenue					
Long Island Bus ¹	\$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 ²	451.2	463.2	473.1	484.2	491.6
New York City Transit ^{1, 3}	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	\$129.9	\$131.1	\$132.7	\$133.2	\$134.0

Plan-to-Plan Changes: Favorable / (Unfavorable)					
	2006	2007	2008	2009	2010
Toll Revenue					
Bridges & Tunnels	\$0.9	\$1.3	(\$2.9)	(\$5.1)	(\$6.4)
Fare Revenue					
Long Island Bus ¹	\$0.2	\$0.2	\$0.2	\$0.2	\$0.2
Long Island Rail Road	5.2	5.4	5.5	5.3	5.5
Metro-North Railroad ²	0.4	(0.0)	0.0	0.0	0.0
New York City Transit ^{1, 3}	2.6	8.7	15.5	19.4	23.0
Staten Island Railway	0.0	0.0	0.3	0.3	0.3
<i>Total Farebox Revenue</i>	<i>\$8.4</i>	<i>\$14.3</i>	<i>\$21.5</i>	<i>\$25.2</i>	<i>\$29.0</i>
MTA Bus Company	(\$3.9)	(\$2.5)	(\$1.7)	(\$0.9)	(\$0.5)

¹ Excludes Paratransit Operations.

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

³ Excludes Fare Media Liability.

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Subsidies

SUBSIDIES - Major Assumptions

Overview

The following pages contain accrual and cash summary tables for the subsidies and dedicated taxes. Following these are additional tables detailing the changes between the November Plan and the July Plan. Detailed narratives describing each subsidy, forecast methodologies and explanations of changes since the July 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 November Forecast total \$3.847 billion, on a cash basis, which is \$208 million higher than the 2006 Mid-Year Forecast (July Plan). This is due largely to substantial increases in the real estate forecast, as well as additional PBT. The 2006 November Forecast reflects increases in the gross real estate tax forecasts of \$177 million and an additional \$22 million in PBT receipts.

During the period 2007 to 2010, the November Financial Plan projects that overall Dedicated Taxes & State and Local Subsidies will increase over the levels projected in the July Plan by \$281 million in 2007, \$172 million in 2008, \$221 million in 2009 and \$239 million in 2010. These increases are largely due to changes in real estate forecasts. MMTOA taxes increased \$113 million in 2007 over the July Plan level due to significant increases in estimated Corporate Surcharge revenue in State Fiscal Year '07. Much of the improvement is considered non-recurring audit-related revenue. The November Plan assumes appropriation of these funds in 2007. In 2008, MMTOA is projected to be \$24 million below the July Plan level. In 2009 and 2010, MMTOA is projected to be \$9 million and \$15 million more than the July Plan estimates. The overall improvements in the years 2007 through 2010 have been partially offset by lower PBT receipts than forecasted in the July Plan, which were adjusted to reflect the State's latest forecast.

The subsidy tables in this section 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
November Financial Plan 2007 - 2010
Accrual Basis
(\$ in millions)

	2005 Actual	2006 November Forecast	2007 Final Proposed Budget	2008	2009	2010
<u>Subsidies</u>						
<i>Dedicated Taxes</i>						
Metro. Mass Transp. Oper. Asst. (MMTOA)	\$982.1	\$1,315.2	\$1,513.8	\$1,371.3	\$1,403.8	\$1,465.1
Petroleum Business Tax (PBT) Receipts	561.2	614.6	598.5	614.8	620.7	623.3
Mortgage Recording Tax (MRT)	743.5	728.3	581.9	564.3	552.0	559.4
MRT Transfer to Suburban Counties	(43.1)	(37.8)	(43.2)	(43.6)	(37.6)	(36.9)
Use of MRT Balances	0.0	10.0	10.0	10.0	10.0	0.0
Carryover Balances	0.0	0.0	0.0	0.0	0.0	0.0
Reimburse Agency Security Costs	0.0	(16.5)	(16.5)	(16.5)	(16.5)	(16.5)
Interest	0.0	7.3	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	557.4	618.2	499.8	559.4	595.7	622.7
Investment Income	14.8	25.5	9.2	9.2	9.3	9.3
	\$2,816.0	\$3,264.8	\$3,153.7	\$3,069.0	\$3,137.4	\$3,226.4
<i>State and Local Subsidies</i>						
State Operating Assistance	\$190.9	\$190.9	\$190.9	\$190.9	\$190.9	\$190.9
Local Operating Assistance	187.9	187.9	187.9	187.9	187.9	187.9
Nassau County Subsidy	10.5	10.5	10.5	10.5	10.5	10.5
CDOT Subsidy	43.7	50.4	64.5	72.3	86.8	100.7
Station Maintenance	133.7	137.9	140.6	142.8	145.3	148.0
AMTAP	39.4	20.0	20.0	20.0	20.0	20.0
	\$606.2	\$597.6	\$614.4	\$624.3	\$641.4	\$658.1
Commuter Operating Capital Transfer - MNR M-7	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Sub-total Dedicated Taxes & State and Local Subsidies	\$3,422.1	\$3,862.4	\$3,768.1	\$3,693.3	\$3,778.8	\$3,884.5
City Subsidy for MTA Bus	\$0.0	\$204.7	\$254.6	\$264.2	\$276.0	\$289.7
Total Dedicated Taxes & State and Local Subsidies	\$3,422.1	\$4,067.1	\$4,022.6	\$3,957.5	\$4,054.9	\$4,174.2
<i>Inter-agency Subsidy Transactions</i>						
B&T Operating Surplus Transfer	\$451.7	\$401.3	\$338.7	\$331.7	\$287.2	\$229.0
MTA Subsidy to Subsidiaries	34.7	30.5	32.8	40.5	34.9	36.1
	\$486.4	\$431.8	\$371.5	\$372.2	\$322.1	\$265.1
GROSS SUBSIDIES (excluding City Subsidy to MTA Bus)	\$3,908.5	\$4,294.2	\$4,139.6	\$4,065.5	\$4,100.9	\$4,149.6
GROSS SUBSIDIES (including City Subsidy to MTA Bus)	\$3,908.5	\$4,498.9	\$4,394.1	\$4,329.6	\$4,377.0	\$4,439.3

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

	2005	2006	2007	2008	2009	2010
<u>Subsidies</u>						
<i>Dedicated Taxes</i>						
Metro. Mass Transp. Oper. Asst. (MMTOA)	0.0	4.1	107.6	(22.7)	8.5	15.2
Petroleum Business Tax (PBT) Receipts ¹	0.0	20.4	(17.1)	(6.8)	(3.5)	(3.3)
Mortgage Recording Tax (MRT)	0.0	65.1	52.3	38.4	38.2	39.4
MRT Transfer to Suburban Counties	0.0	5.4	(2.1)	(8.0)	(3.0)	(5.6)
Use of MRT Balances	0.0	0.0	0.0	0.0	0.0	0.0
Reimburse Agency Security Costs	0.0	(16.5)	(16.5)	(16.5)	(16.5)	(16.5)
Interest	0.0	7.0	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	0.0	75.1	151.2	177.4	196.0	210.8
Investment Income	0.0	2.7	(13.5)	(1.6)	(1.6)	(1.5)
	\$0.0	\$153.2	\$261.9	\$160.2	\$218.2	\$238.5
<i>State and Local Subsidies</i>						
State Operating Assistance	0.0	0.0	0.0	0.0	0.0	0.0
Local Operating Assistance	0.0	0.0	0.0	0.0	0.0	0.0
Nassau County Subsidy	0.0	0.0	(3.0)	(7.7)	(12.1)	(12.8)
CDOT Subsidy - Effect of Fare Increase & PEGs	0.0	(1.4)	2.1	(0.0)	0.1	0.0
Station Maintenance	0.0	1.5	0.7	(0.7)	(1.7)	(2.8)
AMTAP	0.0	0.0	0.0	0.0	0.0	0.0
	\$0.0	\$0.1	(\$0.2)	(\$8.4)	(\$13.7)	(\$15.6)
Commuter Operating Capital Transfer - MNR M-7	0.0	10.0	0.0	0.0	0.0	0.0
Sub-total Dedicated Taxes & State and Local Subsidies	\$0.0	\$163.3	\$261.7	\$151.8	\$204.4	\$222.9
City Subsidy for MTA Bus	0.0	0.3	9.9	4.7	3.7	2.6
Total Dedicated Taxes & State and Local Subsidies	\$0.0	\$163.7	\$271.6	\$156.5	\$208.1	\$225.5
<i>Inter-agency Subsidy Transactions</i>						
B&T Operating Surplus Transfer	0.0	14.1	(8.2)	(3.8)	(6.6)	(7.4)
MTA Subsidy to Subsidiaries	0.0	0.4	(0.1)	(0.1)	0.1	0.3
	\$0.0	\$14.4	(\$8.3)	(\$3.9)	(\$6.5)	(\$7.1)
GROSS SUBSIDIES (excluding City Subsidy to MTA Bus)	\$0.0	\$177.8	\$253.4	\$147.9	\$198.0	\$215.8
GROSS SUBSIDIES (including City Subsidy to MTA Bus)	\$0.0	\$178.1	\$263.4	\$152.6	\$201.7	\$218.4

¹ The PBT receipt for 2010 was corrected and posted on the MTA Website on August 28, 2006. This comparison is made with the corrected figure.

MTA Consolidated Subsidies
November Financial Plan 2007 - 2010
Cash Basis
(\$ in millions)

	2005	2006	2007			
	Actual	November Forecast	Final Proposed Budget	2008	2009	2010
Subsidies						
<i>Dedicated Taxes</i>						
Metro. Mass Transp. Oper. Asst. (MMTOA)	\$983.0	\$1,311.0	\$1,522.4	\$1,371.3	\$1,403.8	\$1,465.1
Petroleum Business Tax (PBT) Receipts	556.8	615.5	597.1	614.2	620.5	623.1
Mortgage Recording Tax (MRT)	731.3	741.7	583.4	565.5	551.4	558.6
MRT Transfer to Suburban Counties	(37.8)	(43.2)	(43.6)	(37.6)	(36.9)	(36.4)
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	8.0	0.0	0.0	0.0	0.0
Urban Tax	551.5	610.2	494.7	556.3	593.5	620.5
Investment Income	14.8	25.5	9.2	9.2	9.3	9.3
	\$2,838.1	\$3,262.2	\$3,156.8	\$3,072.5	\$3,135.0	\$3,223.6
<i>State and Local Subsidies</i>						
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	10.5	10.5	10.5	10.5
CDOT Subsidy	50.3	50.4	64.5	72.3	86.8	100.7
Station Maintenance	130.2	135.0	138.9	141.1	143.3	145.9
AMTAP	39.4	20.0	20.0	20.0	20.0	20.0
	\$609.2	\$594.7	\$612.7	\$622.7	\$639.4	\$655.9
Commuter Operating Capital Transfer - MNR M-7	\$0.0	(\$10.0)	\$0.0	\$0.0	\$0.0	\$0.0
Sub-total Dedicated Taxes & State and Local Subsidies	\$3,447.4	\$3,846.9	\$3,769.5	\$3,695.2	\$3,774.5	\$3,879.6
City Subsidy for MTA Bus	\$0.0	\$204.7	\$254.6	\$264.2	\$276.0	\$289.7
Total Dedicated Taxes & State and Local Subsidies	\$3,447.4	\$4,051.6	\$4,024.1	\$3,959.4	\$4,050.5	\$4,169.3
<i>Inter-agency Subsidy Transactions</i>						
B&T Operating Surplus Transfer	\$477.3	\$416.0	\$345.0	\$332.4	\$291.6	\$234.8
MTA Subsidy to Subsidiaries	33.9	31.0	32.8	40.5	34.9	36.1
	\$511.2	\$447.0	\$377.7	\$372.9	\$326.5	\$270.9
GROSS SUBSIDIES (excluding City Subsidy to MTA Bus)	\$3,958.5	\$4,293.9	\$4,147.2	\$4,068.1	\$4,101.0	\$4,150.5
GROSS SUBSIDIES (including City Subsidy to MTA Bus)	\$3,958.5	\$4,498.7	\$4,401.8	\$4,332.3	\$4,377.1	\$4,440.2

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

<u>Subsidies</u>	2005	2006	2007	2008	2009	2010
<i>Dedicated Taxes</i>						
Metro. Mass Transp. Oper. Asst. (MMTOA)	0.0	(0.1)	113.2	(24.1)	8.5	15.2
Petroleum Business Tax (PBT) Receipts	0.0	21.9	(18.0)	(7.1)	(3.5)	(3.3)
Mortgage Recording Tax (MRT)	0.0	66.4	53.6	38.4	38.1	39.5
MRT Transfer to Suburban Counties	0.0	0.0	(2.5)	(2.0)	(2.3)	(5.0)
Use of MRT Balances	0.0	0.0	0.0	0.0	0.0	0.0
Reimburse Agency Security Costs	0.0	0.0	0.0	0.0	0.0	0.0
Interest	0.0	7.7	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	0.0	110.1	147.9	175.3	194.4	209.4
Investment Income	0.0	2.7	(13.5)	(1.6)	(1.6)	(1.5)
	\$0.0	\$208.6	\$280.7	\$178.9	\$233.6	\$254.1
<i>State and Local Subsidies</i>						
State Operating Assistance	0.0	0.0	0.0	0.0	0.0	0.0
Local Operating Assistance (18-b)	0.0	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	0.0	(1.4)	2.1	(0.0)	0.1	0.0
Station Maintenance	0.0	1.1	1.7	0.4	(1.0)	(2.0)
AMTAP	0.0	0.0	0.0	0.0	0.0	0.0
	\$0.0	(\$0.4)	\$0.7	(\$7.3)	(\$13.0)	(\$14.7)
Commuter Operating Capital Transfer - MNR M-7	0.0	0.0	0.0	0.0	0.0	0.0
Sub-total Dedicated Taxes & State and Local Subsidies	\$0.0	\$208.2	\$281.4	\$171.6	\$220.6	\$239.4
City Subsidy for MTA Bus	0.0	0.3	9.9	4.7	3.7	2.6
Total Dedicated Taxes & State and Local Subsidies	\$0.0	\$208.6	\$291.3	\$176.3	\$224.3	\$242.0
<i>Inter-agency Subsidy Transactions</i>						
B&T Operating Surplus Transfer	0.0	12.7	(6.0)	(4.2)	(6.3)	(7.3)
MTA Subsidy to Subsidiaries	0.0	(0.1)	(0.1)	(0.1)	0.1	0.3
	\$0.0	\$12.6	(\$6.1)	(\$4.3)	(\$6.2)	(\$7.0)
GROSS SUBSIDIES (excluding City Subsidy to MTA Bus)	\$0.0	\$220.8	\$275.3	\$167.3	\$214.4	\$232.4

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 \$1,799 million, of which \$1,738 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%. A portion was also allotted to Long Island Bus, city private buses funded by New York City and other downstate transportation properties. In 2006, there are no changes from the July Plan to the shares of the MTA total that goes to NYCT/SIR, the Commuter Railroads and Long Island Bus. 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. MMTOA funds for the city private buses continue to be paid directly to New York City, which totally reimburses MTA for those bus lines run by the MTA Bus Company.

2006 November Forecast

The 2006 November MMTOA Forecast reflects the enacted State Budget appropriation for MTA of \$1,311.1 million, which did not change from the July Plan level. Of this total estimated MMTOA cash receipts, \$835.9 million is earmarked for NYCT/SIR, \$433.3 million for the commuter railroads, and \$41.9 million for Long Island Bus. Since the July Plan, however, receipts for the MMTOA taxes collected by New York State have been revised. Based on the State Budget's (DOB) Mid-Year Financial Plan Update, State FY 2006/2007 gross receipts in the MMTOA account are now forecast to be \$152.8 million higher than the receipts contained in the State's Enacted Budget. The increase reflects mostly higher Corporate Surcharge, much of which is due to the State's tax audits on various corporate contributors to the taxes that resulted in reassessment of tax liabilities, as well as higher Sales Tax revenues, partially offset by lower PBT. A large portion of the increase in the Corporate Surcharge is attributable to "one-shots" due to the additional revenues generated from the

State's tax audits, as well as increased activities in the current year, and is not expected to recur at the same rate.

In 2006, the State will fund \$182.5 million in 18-b obligations from MMTOA, which is the same level as the July Plan.

In 2006, the percentage allocation of MTA's share of Downstate MMTOA is derived from the actual amounts appropriated by the State and has not changed from the July allocations.

The State has committed to seeking an 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, and are not included in MTA's Financial Plan since the funds are expected to be earmarked for capital activities.

2007 Final Proposed Budget

For 2007, total MTA MMTOA is estimated to be \$1,522.4 million, an increase of \$113.2 million over the July Plan estimate. Of this total, \$977.5 million is earmarked for NYCT and SIR, and \$494.3 million for the commuter railroads. In addition, \$50.6 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. Similar to the July Plan, the November Plan assigns the full \$100.0 million to 2007, to be paid from the unappropriated balance in the MMTOA account. In addition, the 2007 forecast includes a carry-over of \$141.5 million, which represents additional collections in SFY 2006-07, consistent with the updated NYS 2006 Mid-Year Budget Forecast, but not appropriated in 2006. The total carry-over in 2007 reflects the following allotments: \$160.9 million to NYCT/SIR, \$73.4 million to the commuter railroads and \$7.3 million to LIB. An additional \$1.3 million is allotted to LIB in 2007. This represents the carry-over that was forecasted in the July Plan as a 2008 receipt, and is now being moved to 2007 in the November Plan.

Compared with the July Plan, the 2007 base MMTOA levels for MTA reflects a decrease of \$29.7 million, primarily from reforecast of base MMTOA taxes to better reflect NYS Budget's latest projections. The reforecast was driven mostly by decreased levels for Corporate Surcharge and PBT in 2007, partially offset by increased Sales Taxes.

The November Plan assumes that in 2007, the State's funding of its 18-b

obligations will remain at the 2006 level of \$182.5, which is the same as the July Plan level and consistent with the recently enacted State Budget. The November Plan retains the July 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 November forecast of the individual MMTOA taxes assumes the following tax growth rates from the 2006 level:

Sales Tax	4.3%
Petroleum Business Tax	4.9%
Corporate Franchise Tax	0.0%
Corporate Tax Surcharge	(21.1%)

The large negative change in the Corporate Surcharge growth rate reflects the substantial non-recurring bump in collections in 2006 discussed in the 2006 Forecast section above. Moreover, the State's Mid-Year Forecast projects that the national economy will continue to lose momentum, and growth is expected to return to the economy's long-term trend rate by the second half of 2007.

2008 - 2010

In 2008, the forecast for MMTOA cash receipts is below the July Plan levels by \$24.1 million. The decrease from the July Plan level primarily reflects lower Corporate Surcharge and PBT, partially offset by higher Sales Tax collections, based on State Budget's updated predictions. In 2009 and 2010, the forecasts for MMTOA cash receipts increased above the July Plan levels by \$8.5 million and \$15.2 million respectively.

In 2008, the forecast includes an additional \$47.2 million in unappropriated MMTOA funds from prior years available for downstate transportation properties. Of this amount, \$43.1 million, or 91.3%, 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%. The share allotted to LIB in the July Plan of \$1.3 million was reassigned to 2007 and reflected in LIB's 2007 carry-over. The balance is for other downstate transportation.

The 2008 through 2010 forecasts assume the following tax growth rates, which are consistent with the State's Mid-Year Forecast:

	2008	2009	2010
Sales Tax	3.7%	3.9%	4.1%
Petroleum Business Tax	4.5%	0.3%	0.7%
Corporate Franchise Tax	0.0%	0.0%	0.0%
Corporate Tax Surcharge	3.1%	7.2%	4.4%

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

	2006					
	2005	November				
	Actual	Forecast	2007	2008	2009	2010
<u>Forecast of MMTOA Gross Receipts (\$FY):</u>						
Sales Tax	\$608.8	\$708.8	\$739.0	\$766.6	\$796.8	\$829.1
PBT	143.1	136.2	142.9	149.3	149.8	150.9
Corporate Franchise	73.4	68.0	68.0	68.0	68.0	68.0
Corporate Surcharge	638.1	886.0	699.0	721.0	773.0	807.0
Investment Income	0.0	0.0	0.0	0.0	0.0	0.0
Total Gross Receipts Available for Allocation	\$1,463.4	\$1,799.0	\$1,648.9	\$1,704.9	\$1,787.6	\$1,855.0

Allocation of Total Gross Receipts to DownState:

Total Gross Receipts	\$1,463.4	\$1,799.0	\$1,648.9	\$1,704.9	\$1,787.6	\$1,855.0
Less: Upstate Share of PBT	(64.4)	(61.3)	(64.3)	(67.2)	(67.4)	(67.9)
Upstate Percent Share of Investment Income	4.40%	3.41%	3.90%	3.94%	3.77%	3.66%
Less: Upstate Share of Investment Income	0.1	0.0	0.0	0.0	0.0	0.0
Total Net DownState Share Available for Allocation	\$1,399.1	\$1,737.7	\$1,584.6	\$1,637.7	\$1,720.2	\$1,787.1
Less: 18-B Adjustment	(182.5)	(182.5)	(182.5)	(182.5)	(182.5)	(182.5)
Adjusted Total Net DownState Share for Allocation	\$1,216.6	\$1,555.2	\$1,402.1	\$1,455.2	\$1,537.7	\$1,604.6

Allocation of Total Net DownState Share to NYCT/SIR:

NYCT/SIR Share	62.51%	59.41%	61.12%	61.12%	61.12%	61.12%
From Total Net DownState Share	\$874.6	\$1,082.0	\$968.6	\$1,001.0	\$1,051.4	\$1,092.3
Less: 18-B Adjustment	(152.0)	(152.0)	(152.0)	(152.0)	(152.0)	(152.0)
Adjusted Total Net DownState Share	\$722.6	\$930.0	\$816.5	\$849.0	\$899.4	\$940.3
From Carryover	(105.6)	(94.2)	160.9	29.7	0.0	0.0
Total NYCT/SIR Share of Net DownState Share	\$617.0	\$835.9	\$977.5	\$878.6	\$899.4	\$940.3
Total SIR Share	1.9	2.5	2.9	2.6	2.7	2.8
Total NYCT Share of Net DownState Share	\$615.1	\$833.4	\$974.5	\$876.0	\$896.7	\$937.5

Allocation of Total Net DownState Share to MTA:

MTA Share	27.91%	27.15%	27.71%	27.71%	27.71%	27.71%
From Total Net DownState Share	\$390.5	\$494.5	\$439.1	\$453.8	\$476.7	\$495.2
Less: 18-B Adjustment	(18.1)	(18.1)	(18.1)	(18.1)	(18.1)	(18.1)
Adjusted Total Net DownState Share	\$372.3	\$476.4	\$421.0	\$435.7	\$458.5	\$477.1
From Carryover	(42.7)	(43.1)	73.4	13.4	0.0	0.0
Total MTA Share of Net DownState Share	\$329.7	\$433.3	\$494.3	\$449.1	\$458.5	\$477.1

Allocation of Total Net DownState Share to LIB:

LI Bus Share	2.77%	2.63%	2.77%	2.77%	2.77%	2.77%
From Total Net DownState Share	\$38.8	\$47.9	\$43.9	\$45.4	\$47.6	\$49.5
Less: Used for 18-B/other	(1.8)	(1.8)	(1.8)	(1.8)	(1.8)	(1.8)
Adjusted Total Net DownState Share	\$36.9	\$46.1	\$42.1	\$43.5	\$45.8	\$47.7
From Carryover	(0.6)	(4.2)	8.6	0.0	0.0	0.0
Total LIB Share of Net DownState Share	\$36.3	\$41.9	\$50.6	\$43.5	\$45.8	\$47.7

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 November Forecast

The 2006 November Forecast for PBT is based on actual results through November.

The 2006 MTA PBT Receipts, on a cash basis, are estimated at \$615.5 million, an increase of \$21.9 million compared with the July Plan forecast. The change reflects the actual collections as of November 2006 year-to-date. Of the MTA allocation, 85% or \$526.0 million is earmarked for New York City Transit and 15%, or \$89.5 million, for the Commuter Railroads.

On an accrual basis, PBT estimates for 2006 are \$614.6 million, which is \$20.4 million higher than the July 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 \$597.1 million; \$18.0 million lower than the July Plan estimate. This change reflects the updated PBT estimates in New York State Budget's Mid-Year forecast. In the November Plan, the estimate of PBT receipts for 2007 declined by 3.0% when compared with 2006. This is contrary to the July Plan forecast which reflected positive growth from 2006 to 2007 of 3.6%. This change was due to higher PBT estimates for 2006 in the November Plan, based on year-to-date actual collections, and a subsequent drop in the PBT level in 2007 compared to the July Plan estimate, to reflect NYS' updated mid-year forecast.

The downward trend in PBT in the State's Mid-Year Forecast for SFY 2007-08 is driven primarily by a decline in the petroleum business tax and motor fuel tax components. There was no change in the motor vehicle tax component.

On an accrual basis, PBT is estimated at \$598.5, a decrease of \$17.1 million from the July Plan level.

2008 - 2010

For 2008 through 2010, PBT cash estimates are \$614.2 million, \$620.5 million and \$623.1 million respectively. The cash estimates are \$7.1 million, \$3.5 million and \$3.3 million lower than forecasted in the July Plan in each of the respective years. The estimates are consistent with the State's Mid-Year Forecasts.

In the November Plan, estimates of PBT receipts increased over the prior year by 2.9%, 1.0% and 0.4% for each of the years 2008, 2009 and 2010. When compared to the July Plan, however, the estimates of PBT receipts decreased by \$7.1 million or 1.1% in 2008, \$3.4 million or 0.5% in 2009, and \$3.3 million or 0.5% in 2010. The reforecast of PBT receipts from the July Plan levels reflects updated New York State forecast that has PBT trending downwards. The State's reforecast is driven primarily by lower petroleum business tax receipts and motor fuel taxes.

On an accrual basis, PBT estimates for 2008 through 2010 are \$614.8 million, \$620.71 million and \$623.3 million respectively.

PETROLEUM BUSINESS TAX PROJECTIONS

November Financial Plan 2007 - 2010

Tax Yield Distribution 2005 -2010

(\$ in millions)

	ACTUAL	FORECAST				
	2005	2006	2007	2008	2009	2010
Total Net PBT Collections Available for Distribution	\$1,637.5	\$1,810.3	\$1,756.2	\$1,806.6	\$1,824.9	\$1,832.6

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%
Share Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Amount of Total Net Collections Available for the MTA:

MTA Total	\$556.8	\$615.5	\$597.1	\$614.2	\$620.5	\$623.1
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Accrued

NYCT/SIR Share of MTA Total	\$477.0	\$525.4	\$511.5	\$525.4	\$530.4	\$532.7
Commuter Railroad Share of MTA Total	<u>84.2</u>	<u>89.1</u>	<u>87.0</u>	<u>89.4</u>	<u>90.2</u>	<u>90.6</u>
MTA Total of Net Collections	\$561.2	\$614.6	\$598.5	\$614.8	\$620.7	\$623.3

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, 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. This rate was increased from one-quarter of one percent in June 2005. Receipts from MRT-1 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 NYCT, its subsidiaries, and Staten Island Railway (SIR). Moneys in the Commuter Railroad Account are required to be first used to pay up to \$20 million to the State Suburban Transportation Fund each year. In the event the transfer to the Suburban Fund 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 Suburban Fund, the balance in the Commuter Railroad Account is required to be used to pay commuter railroad operating and capital costs, excluding SIR costs.

MRT-2 is a tax imposed on the institutional lender. It consists of one-quarter of one percent (1/4%) of certain recorded mortgages secured by real estate improved, or to be improved, that consists of structures containing one to six dwelling units in the MTA'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 purpose of paying operating and capital costs, including debt service and debt service reserve requirements, if any, incurred for the benefit of MTA, NYCT and their respective subsidiaries.

Each year, MTA is required to transfer an annual amount of \$5.0 million, made in equal quarterly installments, from the Corporate Transportation Account to the MTA's Dutchess, Orange and Rockland Fund (DORF); \$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 the Corporate Transportation Account to DORF 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 for the remainder of 2006 – November and December – are based on recent year-over-year trends, while 2007 tax receipts are based on tax

receipt trends currently projected by the City of New York in its November 2006 Financial Plan. For 2008 through 2010, Mortgage Recording Tax estimates are based on sixteen individual forecasting 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 receipts are a function of the ten-year U.S. Treasury Note rate and the population of the particular jurisdiction.

2006 November Forecast

The 2006 November Forecast consists of actual receipts through October; forecasts for November and December reflect recent trends in MRT receipts. To forecast November and December, the year-over-year trend from September-October 2005 to September-October 2006 was applied to the November 2005 and December 2005 receipts for New York City and for each suburban county.

For 2006, MRT-1 gross receipts on a cash basis are estimated at \$457.7 million, an increase of \$24.0 million, or 5.5%, over the 2005 level and an increase of \$36.4 million, or 8.6%, over the 2006 Mid-Year Forecast level. Of the total, \$254.7 is expected to be applied to the MTA Headquarters operating deficit in 2006. MRT-1 distribution to NYCT and SIR is estimated at \$111.7 million, and \$71.4 million is estimated to be distributed to the commuter railroads. MRT-2 gross receipts on a cash basis are estimated at \$284.0 million, a decrease of \$13.6 million, or 4.6%, over the prior year and an increase of \$30.0 million, or 11.8%, over the 2006 Mid-Year Forecast level. Overall, combined MRT is projected to be \$741.7 million, an increase of \$10.4 million, or 1.4%, over 2005 MRT receipts, and increase by \$66.4 million, or 9.8%, over the MRT estimate in the 2006 Mid-Year Forecast.

The slowdown in annual growth reflects the impact higher mortgage interest rates have had on residential real estate activity. Over the past twenty-nine months, the Federal Reserve Board of Governors has increased the Federal Funds Rate by 25 basis points on each of seventeen occasions, raising the rate from 1.0% to its current level of 5.25%. Despite these numerous increases, mortgage interest rate increases have only recently begun soften the residential real estate market, with prices moderating and the inventory of available housing significantly increasing.

The Mid-Year Forecast resulted in 2006 MRT receipts being lower than 2005 receipts, based on the assumption that higher interest rates would have a prominent effect on activity. Instead, receipts have only recently begun to exhibit pronounced declines relative to the previous year's receipts. When adjusted for the 20% tax rate increase that went into effect during 2005, 2006 year-to-date receipts through October are 2.8% less than 2005 receipts through October; however, while year-over-year receipts were up 3.3% through April, since May year-over-year receipts have declined 6.5%. Recent monthly year-over-year relationships have shown even steeper declines. The Mid-Year Forecast had assumed significantly steeper declines than those actually experienced.

2007 Final Proposed Budget

The recent slowdown in residential real estate activity in the MTA region has resulted in smaller increases in new house and existing house sale prices, as well as significantly increasing the average length of time properties are listed for sale. Including the 2006 Year-End Forecast, MRT receipts have increased for eleven consecutive years and have doubled since 2002. With no reason to expect mortgage interest rates to return anywhere near their forty-year record lows in 2004, and mortgage activity expected to continue at the slower pace experienced over the past few months, overall MRT receipts are projected to decline in 2007 from the record 2006 level.

The 2007 MRT-1 and MRT-2 forecasts for New York City and the suburban counties are based on projected changes in residential mortgage recording tax receipts in the City of New York's November 2006 Financial Plan, which assumes New York City residential MRT receipts will decline 12% during City Fiscal Year 2007, and decline an additional 23% during City Fiscal Year 2008. The application of these rates to the MTA results in projected 2007 MRT-1 receipts of \$361.5 million, a decline of \$96.2 million, or 21.0%, from the 2006 November Forecast and MRT-2 revenue of \$221.9 million, a decline of \$62.1 million, or 21.9%, from the 2006 November Forecast. Overall, MRT is projected to decline by \$158.3 million from 2006 to 2007, a 21.3% year-over-year reduction, to \$583.4 million.

The estimate of 2007 MRT receipts for the November Plan is \$53.6 million, or 10.1%, greater than estimate in the July Plan. MRT-1 receipts are expected to be \$30.2 million, or 9.1%, greater than the July Plan while MRT-2 receipts are estimated to exceed the July Plan by \$23.4 million, or 11.8%.

2008-2010

MRT projections in the Financial Plan for 2008 through 2010 are based on a series of time-series models. Forecasts of MRT receipts are based on 10-year U.S. Treasury Note rate projections and county-level population forecasts. During the forecast period, the 10-Year U.S. Treasury Note rate is expected to increase to 5.29% in 2008, 5.60% in 2009 and 5.65% in 2010. Population growth estimates range from 0.2% to 0.3% per year for New York City, are 0.2% to 0.3% per year for the Nassau/Suffolk area, are 0.1% per year for Westchester, range from 1.1% to 1.4% per year for Putnam, are 0.6% per year for Dutchess, are 0.3% per year for Rockland and range from 0.7% to 0.8% per year for Orange.

Over the Financial Plan period, MRT-1 receipts are projected to be \$353.9 million in 2008, \$347.9 million in 2009 and \$353.2 million in 2010. MRT-2 receipts are projected to be \$211.6 million in 2008, \$203.5 million in 2009 and \$205.3 million in 2010. Total MRT receipts are forecast to be \$565.5 million in 2008, \$551.4 million in 2009 and \$558.6 million in 2010. Total MRT receipts are \$38.4 million, \$38.1 million and \$39.5 million higher than the July Plan projections in each of the years 2008, 2009 and 2010, respectively. These changes from the July Plan are due to a smaller than anticipated near-term downturn in the residential real estate market coupled with less of an impact from higher interest rates.

Additional Assumptions

MTA's general reserve is funded by MRT-2. Similar to the July Plan, the November Plan Forecast reallocates \$40.0 million in unspent General Reserve earmarked for 2005 into equal installments in 2006 through 2009, with \$10 million added to each year. The November Forecast maintains the July Plan's general reserve level of \$75 million annually beginning in 2007. For 2006, the general reserve is eliminated (July Plan included \$31.3 million).

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 capitally 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 no change from the July Plan forecast.

The MRT-2 allocations in the July Plan, as was the case with the November 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
November Financial Plan 2007 - 2010
Tax Yield Distribution 2005 - 2010
(\$ in millions)

	ACTUAL	FORECAST				
	2005	2006	2007	2008	2009	2010
MORTGAGE RECORDING TAX #261-1						

Receipts Available for Transfer to NYCT and CRs:

Total Gross Receipts	\$433.7	\$457.7	\$361.5	\$353.9	\$347.9	\$353.2
Carryover	15.1	0.0	0.0	0.0	0.0	0.0
Less: MTAHQ Operating Deficit	(280.8)	(254.7)	(279.4)	(282.0)	(281.2)	(290.1)
Net Receipts Available for Transfer	\$168.0	\$203.0	\$82.1	\$71.9	\$66.7	\$63.1

Allocation of Net Receipts to NYCT/SIR Account:

Opening Balance	\$15.8	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
NYCT/SIR Share	55%	55%	55%	55%	55%	55%
From Current Year Net Receipts	92.4	111.7	45.1	39.5	36.7	34.7
Interest	0.7	0.0	0.0	0.0	0.0	0.0
Carryover	0.0	0.0	0.0	0.0	0.0	0.0
Transfers from MRT-2	0.0	0.0	0.0	0.0	0.0	0.0
Total NYCT/SIR Net Cash Share	\$108.8	\$111.7	\$45.1	\$39.5	\$36.7	\$34.7
Total SIR Net Cash Share	0.0	0.3	0.1	0.1	0.1	0.1
Total NYCT Net Cash Share	\$108.8	\$111.4	\$45.0	\$39.4	\$36.6	\$34.6

Allocation of Net Receipts to Commuter Railroad Account:

Opening Balance - CR/SHF	\$27.4	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Commuter Railroad Share	45%	45%	45%	45%	45%	45%
From Net Receipts	75.6	91.4	36.9	32.3	30.0	28.4
Interest	0.9	0.1	0.0	0.0	0.0	0.0
Carryover	0.0	0.0	0.0	0.0	0.0	0.0
Less: Suburban Highway Fund	(20.0)	(20.0)	(20.0)	(20.0)	(20.0)	(20.0)
Transfers from MRT-2	0.0	0.0	0.0	0.0	0.0	0.0
Total Commuter Railroad Net Cash Share	\$83.9	\$71.4	\$16.9	\$12.3	\$10.0	\$8.4

MORTGAGE RECORDING TAX #261-2

Receipts Available

Total Receipts to Corporate Account	\$297.7	\$284.0	\$221.9	\$211.6	\$203.5	\$205.3
Opening Fund Balance (starting in 1998)	41.6	40.0	30.0	20.0	10.0	0.0
Transfer (to)/from Agency Operating Accounts	(22.9)	(16.5)	(16.5)	(16.5)	(16.5)	(16.5)
Reserve for Following Year/Cash Flow Provision	(40.0)	(30.0)	(20.0)	(10.0)	0.0	0.0
General Reserve	0.0	0.0	(75.0)	(75.0)	(75.0)	(75.0)
Real Estate Tax Stabilization Account	0.0	0.0	0.0	0.0	0.0	0.0
Investment Income	1.3	7.9	0.0	0.0	0.0	0.0
Total Receipts Available for Transfer	\$277.7	\$285.4	\$140.4	\$130.1	\$122.0	\$113.8

Use of Total Receipts:

DORF Opening Balance	\$4.5	\$4.5	\$4.5	\$4.5	\$4.5	\$4.5
Less: Transfer to MTA DORF Account	(22.3)	(27.6)	(28.0)	(22.0)	(21.4)	(20.8)
Less: Transfer to MTAHQ Funds	0.0	0.0	0.0	0.0	0.0	0.0
Net Receipts Available	\$259.9	\$262.2	\$116.9	\$112.5	\$105.1	\$97.5

URBAN TAXES

Urban Taxes consist of two separate taxes applied to certain commercial real property transactions and commercial mortgage recordings within New York City: a Mortgage Recording Tax (MRT) is imposed on mortgages exceeding \$500,000 on New York City commercial properties; and, a Real Property Transfer Tax (RPTT) imposed on the transfer of New York City commercial real properties valued over \$500,000. Tax receipts are available only for transit purposes in New York City, with 90% of the receipts earmarked for New York City Transit (NYCT) general operations, 6% used for the partial reimbursement of NYCT Paratransit costs, and the remaining 4% earmarked as subsidy for the New York City private buses. The City is currently utilizing these funds to reimburse MTA Bus expenses.

Forecast Methodology

Urban Tax receipts for the remainder of 2006 – November and December – are based on recent year-over-year trends, while 2007 tax receipts are based on tax receipt trends currently projected by the City of New York in its November 2006 Financial Plan. For 2008 through 2010, Urban Tax estimates are based on two forecasting models, one for the MRT and one for the RPTT. In these models, which are time-service regression models with a log-log specification, tax receipts are a function of the ninety-day U.S. Treasury Bill rate and New York City private-sector employment.

2006 November Forecast

The 2006 November Forecast consists of actual receipts through October; forecasts for November and December reflect recent trends in MRT and RPTT receipts. To forecast November and December, the year-over-year trend from September-October 2005 to September-October 2006 was applied to the November 2005 and December 2005 receipts for both MRT and RPTT. To reflect preliminary November 2006 RPTT and MRT receipts, the 2006 November Forecast has been adjusted upwards by \$20 million for RPTT and by \$10 million for MRT.

For 2006, Urban Tax receipts on a cash basis are estimated at \$610.2 million, an increase of \$58.8 million, or 10.7%, over the 2005 level and an increase of \$110.1 million, or 22.0%, over the 2006 Mid-Year Forecast level. Compared with 2005 receipts, the RPTT component in the November 2006 Forecast is projected to increase 14.0% while the MRT component is projected to increase 4.5%.

Over the past twenty-nine months, the Federal Reserve Board of Governors has increased the Federal Funds Rate by 25 basis points on each of seventeen occasions, raising the rate from 1.0% to its current level of 5.25%. Despite these numerous increases, interest rate increases have only recently begun to soften the level of commercial real estate transactions dependent on mortgages for financing property acquisitions. Overall, however, office space and multiple-unit residential structures

remain an attractive vehicle for investment purposes, and this is reflected by the continued growth in the RPTT component of the Urban Tax.

The Mid-Year Forecast, which had 2006 Urban Tax receipts lower than 2005 receipts, assumed a pronounced impact from higher interest rates. Instead, receipts have only recently begun to exhibit declines relative to the previous year's receipts. 2006 year-to-date receipts through October are 9.7% greater than 2005 receipts through October; however, while year-over-year receipts were up 42.3% through April, since May year-over-year receipts have declined 3.5%. Recent monthly year-over-year relationships have shown even steeper declines. The Mid-Year Forecast had assumed significantly steeper declines than those actually experienced.

These projected 2006 Urban Tax receipts *do not* include RPTT receipts resulting from the Metropolitan Life Insurance Company's recently completed sale of Stuyvesant Town and Peter Cooper Village to an investment group headed by Tishman Speyer for \$5.4 billion. This transaction is expected to result in additional net RPTT receipts to NYCT (including the portion designated for Paratransit reimbursement) of \$52 million. This additional RPTT revenue is further discussed in the Proposed Policy Actions section of this financial plan.

2007 Final Proposed Budget

The slowdown in recent commercial activity is expected to continue into 2007, and the projected Urban Tax receipts in the 2007 Proposed Budget reflect this trend. Including the 2006 Year-End Forecast, Urban Tax receipts have increased for six consecutive years and have more than tripled since 2002. Despite the projected decline, Urban Tax receipts for the 2007 Proposed Budget are expected to be the third highest since the tax was first collected 25 years ago, and is only surpassed by 2005 and 2006 receipts.

The 2007 MRT and RPTT components of the Urban Tax forecast are based on projected changes in commercial mortgage recording tax receipts and commercial real property transfer tax receipts in the City of New York's November 2006 Financial Plan. The City's November 2006 Financial Plan estimates New York City commercial MRT receipts will increase 5.0% during City Fiscal Year 2007 before declining 22% during City Fiscal Year 2008; the City November 2006 Financial Plan further estimates that NYC commercial RPTT receipts will decline 13% during City Fiscal Year 2007, and decline an additional 14.7% during City Fiscal Year 2008. The application of these rates to the MTA forecast results in projected 2007 Urban Tax receipts of \$494.7 million, a decline of \$115.5 million, or 18.9%, from the 2006 Year-End Forecast.

The estimate of 2007 Urban Tax receipts for the November Plan is \$147.9 million, or 42.6%, greater than estimate in the July Plan.

2008 - 2010

Urban Tax projections in the Financial Plan for 2008 through 2010 are based on individual time-series models for the MRT and RPTT components. Forecasts for the taxes are based on 3-month U.S. Treasury Bill rate projections and New York City private-sector employment forecasts. During the forecast period, the 3-month U.S. Treasury Bill rate is expected to increase to 4.66% in 2008, 4.80% in 2009 and 4.84% in 2010. New York City private-sector employment growth estimates are expected to increase by 0.99% in 2008, 0.87% in 2009 and 0.54% in 2010.

Over the Financial Plan period, Urban Tax receipts are projected to be \$556.3 million in 2008, \$593.5 million in 2009 and \$620.5 million in 2010. Total Urban Tax receipts are \$175.3 million, \$194.4 million and \$209.4 million higher than the July Plan projections in each of the years 2008, 2009 and 2010, respectively. These changes from the July Plan are due to a stronger than anticipated demand for commercial real estate in New York City.

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 in 2006 for Commuter rolling stock.

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 are intended to meet payment obligations for 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.

2006 November Forecast

In the 2006 November Forecast, State and Local cash subsidy receipts are estimated at \$594.7, a slight decrease of \$0.4 million when compared to the July Plan level. This change was primarily due to a reforecast of CDOT's subsidy payments to Metro-North, offset by positive changes in station maintenance. State and Local 18-b Operating Assistance to MTA has not changed in the past several years.

2007 - 2010

In 2007, State and Local subsidy is \$0.7 million above the July Plan level, due to increased CDOT and Station Maintenance subsidy, offset by lower Nassau County subsidy to Long Island Bus. In 2008, 2009, and 2010, State and Local subsidy estimates are \$7.3 million, \$13.0 million, and \$14.7 million lower than the July Plan levels, respectively. The changes primarily represent lower Nassau County subsidy to Long Island Bus than was assumed in the July Plan. The November Plan estimates Nassau County aid to Long Island bus at the pre-July Plan level of \$10.5 million annually. 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 November Forecast, total estimated MTA subsidy payment to its subsidiaries on a cash basis is \$31.0 million, a reduction of \$0.1 million from the July Plan Forecast. Staten Island Railroad's (SIR) share is \$16.5 million; Long Island Bus' (LIB) share is \$14.5 million (which includes \$0.5 million 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 \$32.8 million.

For each of the years 2008 through 2010, MTA subsidy to its subsidiaries is \$40.5 million, \$34.9 million and \$36.1 million respectively. The Long Island Bus portion is \$14.0 million in each of these years.

MTA New York City Transit Subsidy Allocation
2005-2010
Cash Basis
(\$ in millions)

<u>Subsidies</u>	2005	2006	2007	2008	2009	2010
<i>Dedicated Taxes</i>						
Metropolitan Mass Transportation Operating Assist. (MMTOA)	615.1	833.4	974.5	876.0	896.7	937.5
Petroleum Business Tax (PBT) Receipts	473.2	526.0	510.3	524.9	530.3	532.5
Mortgage Recording Tax (MRT)	108.8	111.4	45.0	39.4	36.6	34.6
Urban Tax	551.5	610.2	494.7	556.3	593.5	620.5
	\$1,748.6	\$2,080.9	\$2,024.5	\$1,996.7	\$2,057.0	\$2,125.1
<i>State and Local Subsidies</i>						
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
	\$316.4	\$316.4	\$316.4	\$316.4	\$316.4	\$316.4
Total Dedicated Taxes & State and Local Subsidies	\$2,065.0	\$2,397.3	\$2,340.9	\$2,313.0	\$2,373.4	\$2,441.4
<i>Inter-agency Subsidy Transactions</i>						
Bridges and Tunnels Operating Surplus Transfer	189.0	154.8	121.9	115.6	95.3	66.9
MTA Subsidy to Subsidiaries	0.0	0.0	0.0	0.0	0.0	0.0
	\$189.0	\$154.8	\$121.9	\$115.6	\$95.3	\$66.9
GROSS SUBSIDIES	\$2,254.0	\$2,552.1	\$2,462.8	\$2,428.6	\$2,468.7	\$2,508.3

MTA Commuter Railroad Subsidy Allocation
2005-2010
Cash Basis
(\$ in millions)

	2005	2006	2007	2008	2009	2010
<u>Subsidies</u>						
<i>Dedicated Taxes</i>						
Metropolitan Mass Transportation Operating Assistance (MMTOA)	329.7	433.3	494.3	449.1	458.5	477.1
Petroleum Business Tax (PBT) Receipts	83.5	89.5	86.8	89.3	90.2	90.6
Mortgage Recording Tax (MRT)	83.9	71.4	16.9	12.3	10.0	8.4
Investment Income	14.8	25.5	9.2	9.2	9.3	9.3
	\$511.9	\$619.7	\$607.3	\$560.0	\$568.1	\$585.4
<i>State and Local Subsidies</i>						
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	50.4	64.5	72.3	86.8	100.7
Station Maintenance	130.2	135.0	138.9	141.1	143.3	145.9
AMTAP	39.4	20.0	20.0	20.0	20.0	20.0
	\$278.4	\$263.9	\$281.9	\$291.9	\$308.6	\$325.1
Commuter Operating Capital Transfer - MNR M-7 Acceleration	\$0.0	(\$10.0)	\$0.0	\$0.0	\$0.0	\$0.0
Total Dedicated Taxes & State and Local Subsidies	\$790.3	\$873.5	\$889.2	\$851.9	\$876.7	\$910.5
<i>Inter-agency Subsidy Transactions</i>						
Bridges and Tunnels Operating Surplus Transfer	288.3	261.2	223.0	216.8	196.4	167.9
GROSS SUBSIDIES	\$1,078.6	\$1,134.7	\$1,112.2	\$1,068.7	\$1,073.1	\$1,078.5

MTA Long Island Bus Subsidy Allocation
2005-2010
Cash Basis
(\$ in millions)

	2005	2006	2007	2008	2009	2010
<u>Subsidies</u>						
<i>Dedicated Taxes</i>						
MMTOA Allocation	36.3	41.9	50.6	43.5	45.8	47.7
	36.3	41.9	50.6	43.5	45.8	47.7
<i>State and Local Subsidies</i>						
State Operating Assistance	3.0	3.0	3.0	3.0	3.0	3.0
Nassau County Subsidy	10.5	10.5	10.5	10.5	10.5	10.5
	13.5	13.5	13.5	13.5	13.5	13.5
Total Dedicated Taxes & State and Local Subsidies	49.8	55.4	64.1	57.0	59.3	61.1
<i>Inter-agency Subsidy Transactions</i>						
MTA Subsidy to Subsidiaries	14.0	14.5	14.0	14.0	14.0	14.0
GROSS SUBSIDIES	\$63.8	\$69.8	\$78.1	\$71.0	\$73.3	\$75.1

MTA Staten Island Railway Subsidy Allocation
2005-2010
Cash Basis
(\$ in millions)

	2005	2006	2007	2008	2009	2010
<u>Subsidies</u>						
<i>Dedicated Taxes</i>						
Metropolitan Mass Transportation Operating Assistance (MMTOA)	1.9	2.5	2.9	2.6	2.7	2.8
Mortgage Recording Tax (MRT)	0.0	0.3	0.1	0.1	0.1	0.1
	\$1.9	\$2.9	\$3.1	\$2.8	\$2.8	\$2.9
<i>State and Local Subsidies</i>						
State Operating Assistance	0.5	0.5	0.5	0.5	0.5	0.5
Local Operating Assistance	0.5	0.5	0.5	0.5	0.5	0.5
	\$1.0	\$1.0	\$1.0	\$1.0	\$1.0	\$1.0
Total Dedicated Taxes & State and Local Subsidies	\$2.9	\$3.8	\$4.1	\$3.7	\$3.8	\$3.9
<i>Inter-agency Subsidy Transactions</i>						
MTA Subsidy to Subsidiaries	19.9	16.5	18.8	26.5	20.9	22.1
GROSS SUBSIDIES	\$22.8	\$20.4	\$22.8	\$30.2	\$24.7	\$26.0

MTA Headquarters Subsidy Allocation
2005-2010
Cash Basis
(\$ in millions)

	2005	2006	2007	2008	2009	2010
<u>Subsidies</u>						
<u>Dedicated Taxes</u>						
<u>Mortgage Recording Tax-1</u>						
Net Receipts After Agency Transfers	241.0	274.6	299.4	302.0	301.2	310.1
<u>Adjustments</u>						
Diversion of MRT to Suburban Counties	(20.0)	(20.0)	(20.0)	(20.0)	(20.0)	(20.0)
Carryover/Opening Balances/Interest	59.8	0.1	0.0	0.0	0.0	0.0
<i>Total Adjustments</i>	39.8	(19.9)	(20.0)	(20.0)	(20.0)	(20.0)
Net Funding of MTA Headquarters	\$280.8	\$254.7	\$279.4	\$282.0	\$281.2	\$290.1
<u>Mortgage Recording Tax - 2</u>						
Net Receipts	299.3	294.0	231.9	221.6	213.5	205.3
<u>Adjustments</u>						
Funding of General Reserve	0.0	0.0	(75.0)	(75.0)	(75.0)	(75.0)
Diversion of MRT to Suburban Counties	(17.8)	(23.2)	(23.6)	(17.6)	(16.9)	(16.4)
Carryover/Opening Balances/Interest	1.3	7.9	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)	(31.8)	(115.1)	(109.1)	(108.4)	(107.9)
Unallocated MRT-2 Receipts	\$259.9	\$262.2	\$116.9	\$112.5	\$105.1	\$97.5

MTA Bus Company Subsidy Allocation
2005-2010
Cash Basis
(\$ in millions)

	2005	2006	2007	2008	2009	2010
<u>Subsidies</u>						
City Subsidy to MTA Bus Company	0.0	204.7	254.6	264.2	276.0	289.7

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

NON-REIMBURSABLE							
	ACTUAL	FORECAST					
	2005	2006	2007	2008	2009	2010	
<u>Deductions from Net Operating Income:</u>							
Investment Income	\$5.358	\$7.336	\$4.731	\$4.400	\$4.532	\$4.570	
Total Debt Service	435.887	452.442	467.040	480.265	498.434	515.800	
Construction Reserve and Capital Reimbursement Funds	15.326	13.193	13.417	13.667	13.953	14.261	
Capital Projects	7.327	8.691	13.703	12.940	13.210	13.502	
Gain on Escrow (2003 Only)	-	-	-	-	-	-	
Total Deductions from Net Operating Income	\$463.898	\$481.662	\$498.891	\$511.272	\$530.129	\$548.133	
Net Income Available for Transfer to MTA and NYCT	\$451.706	\$401.262	\$338.714	\$331.689	\$287.174	\$229.002	
<u>Distribution of Funds to MTA:</u>							
Investment Income in Current Year	\$5.358	\$7.336	\$4.731	\$4.400	\$4.532	\$4.570	
Accrued Current Year Allocation	271.720	250.838	219.961	216.436	194.142	165.028	
Total Accrued Amount Distributed to MTA	\$277.078	\$258.174	\$224.692	\$220.836	\$198.674	\$169.598	
<u>Distribution of Funds to NYCT:</u>							
First \$24 million of Surplus reserved for NYCT	\$24.000	\$24.000	\$24.000	\$24.000	\$24.000	\$24.000	
Additional Accrued Current Year Allocation	155.986	126.425	94.753	91.253	69.032	39.974	
Total Accrued Amount Distributed to NYCT	\$179.986	\$150.425	\$118.753	\$115.253	\$93.032	\$63.974	
<u>Actual Cash Transfer to MTA and NYCT:</u>							
From Current Year Surplus	\$288.307	\$261.231	\$223.049	\$216.788	\$196.372	\$167.940	
Investment Income in Prior Year	1.368	5.358	7.336	4.731	4.400	4.532	
Total Cash Amount Distributed to MTA	\$289.675	\$266.589	\$230.385	\$221.519	\$200.772	\$172.472	
Total Cash Amount Distributed to NYCT	\$188.977	\$154.785	\$121.920	\$115.603	\$95.254	\$66.880	

	ACTUAL	FORECAST				
	2005	2006	2007	2008	2009	2010
<u>Debt Service Detail by Agency:</u>						
B&T Own Purpose DS + Total BICs DS	\$109.373	\$128.916	\$141.447	\$154.746	\$173.101	\$190.613
NYCT Transportation DS + MRT Second Resolution DS	221.124	223.970	225.401	225.351	225.222	225.121
MTA Transportation DS + MRT Second Resolution DS	105.390	99.557	100.192	100.169	100.111	100.066
Total Debt Service by Agency	\$435.887	\$452.442	\$467.040	\$480.265	\$498.434	\$515.800

Total Accrued Amount for Transfer to MTA and NYCT:

Total Adjusted Net Income Available for Transfer	\$887.593	\$853.705	\$805.754	\$811.954	\$785.608	\$744.802
Less: B&T Total Debt Service	(109.373)	(128.916)	(141.447)	(154.746)	(173.101)	(190.613)
Less: first \$24 million reserved for NYCT	(24.000)	(24.000)	(24.000)	(24.000)	(24.000)	(24.000)
Remainder of Total Accrued Amount for Transfer	\$754.220	\$700.789	\$640.306	\$633.209	\$588.507	\$530.189

Calculation of Actual Cash Transfer to MTA:

<u>Distribution of Remainder to MTA</u>						
Fifty Percent of Total Accrued Amount for Transfer	\$377.110	\$350.394	\$320.153	\$316.604	\$294.254	\$265.095
Less: MTA Total Debt Service	(105.390)	(99.557)	(100.192)	(100.169)	(100.111)	(100.066)
MTA's Accrued Current Year Allocation	\$271.720	\$250.838	\$219.961	\$216.436	\$194.142	\$165.028
<u>Cash Conversion of MTA's Accrued Amount</u>						
Current Year Amount	\$236.243	\$225.754	\$197.965	\$194.792	\$174.728	\$148.525
Balance of Prior Year	52.064	35.477	25.084	21.996	21.644	19.414
Cash Transfer to MTA	\$288.307	\$261.231	\$223.049	\$216.788	\$196.372	\$167.940

Calculation of Actual Cash Transfer to NYCT:

<u>Distribution of Remainder to NYCT</u>						
Fifty Percent of Total Accrued Amount for Transfer	\$377.110	\$350.394	\$320.153	\$316.604	\$294.254	\$265.095
Less: NYCT Total Debt Service	(221.124)	(223.970)	(225.401)	(225.351)	(225.222)	(225.121)
Plus: first \$24 million reserved for NYCT	24.000	24.000	24.000	24.000	24.000	24.000
NYCT's Accrued Current Year Allocation	\$179.986	\$150.425	\$118.753	\$115.253	\$93.032	\$63.974
<u>Cash Conversion of NYCT's Accrued Amount</u>						
Current Year Amount	\$160.583	\$135.382	\$106.877	\$103.728	\$83.729	\$57.576
Balance of Prior Year	28.394	19.402	15.042	11.875	11.525	9.303
Cash Transfer to NYCT	\$188.977	\$154.785	\$121.920	\$115.603	\$95.254	\$66.880

B & T Charged Debt Service Detail by Type:

<u>Project Debt Service</u>						
B & T Own Purpose Debt Service	\$109.373	\$128.916	\$141.447	\$154.746	\$173.101	\$190.613
NYCT Transportation Project Debt Service	221.124	223.970	225.401	225.351	225.222	225.121
MTA Transportation Project Debt Service	105.390	99.557	100.192	100.169	100.111	100.066
Total Projected Debt Service	\$435.887	\$452.442	\$467.040	\$480.265	\$498.434	\$515.800

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

Line
Number

	ACTUAL	FORECAST				
	2005	2006	2007	2008	2009	2010
<u>Revenue Summary:</u>						
Farebox Revenue	\$39.1	\$39.6	\$39.8	\$40.0	\$40.2	\$40.4
Other Revenue	5.3	3.7	3.2	2.5	2.5	2.2
State/Local Subsidies	49.4	59.6	55.5	57.0	59.3	61.1
Total Revenue Before MTA Subsidy	\$93.8	\$102.8	\$98.5	\$99.5	\$101.9	\$103.7
<u>Non-Reimbursable Expense Summary:</u>						
Labor Expenses	\$84.0	\$89.4	\$93.2	\$97.1	\$101.1	\$105.5
Non-Labor Expenses	24.2	27.6	28.7	29.3	29.4	29.9
Depreciation	0.0	0.0	0.0	0.0	0.0	0.0
Total Non-Reimbursable Expenses	\$108.2	\$117.0	\$121.9	\$126.4	\$130.6	\$135.5
Total Net Revenue	(\$14.4)	(\$14.2)	(\$23.4)	(\$26.9)	(\$28.7)	(\$31.8)
<u>Cash Adjustment Summary:</u>						
Operating Cash Adjustments	(\$1.3)	\$1.0	\$0.8	\$0.6	(\$1.4)	\$0.9
Subsidy Cash Adjustments	0.4	(3.7)	8.6	0.0	0.0	0.0
Total Cash Adjustment	(\$0.9)	(\$2.7)	\$9.4	\$0.6	(\$1.4)	\$0.9
Gross Cash Balance	(\$15.3)	(\$16.9)	(\$14.0)	(\$26.4)	(\$30.1)	(\$30.9)
MTA Internal Subsidy	14.0	14.0	14.0	14.0	14.0	14.0
Net Cash Balance from Previous Year	\$3.7	\$2.4	\$0.0	\$0.0	\$0.0	\$0.0
Baseline Net Cash Surplus/(Deficit)	\$2.4	(\$0.5)	(\$0.0)	(\$12.4)	(\$16.1)	(\$16.9)
<u>GAP CLOSING ACTIONS:</u>						
2007 Program to Eliminate the Gap	0.0	0.0	0.1	0.1	0.1	0.1
Net Cash Balance from Previous Year (Gap Actions only)	0.0	0.0	0.0	0.1	0.0	0.0
Adjusted Net Cash Balance	\$2.4	(\$0.5)	\$0.1	(\$12.2)	(\$16.0)	(\$16.8)

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	<u>Revenue Summary:</u>						
11							
12	Farebox Revenue	\$3.3	\$3.5	\$3.6	\$4.2	\$4.2	\$4.2
13	Other Revenue	1.7	2.0	2.0	2.0	2.0	2.0
14	State/City Subsidies	2.9	3.8	4.1	3.7	3.8	3.9
15							
16	Total Revenue Before MTA Subsidy	\$7.9	\$9.4	\$9.6	\$9.9	\$10.0	\$10.1
17							
18	<u>Non-Reimbursable Expense Summary:</u>						
19							
20	Labor Expenses	\$22.2	\$20.7	\$21.9	\$22.7	\$23.9	\$24.9
21	Non-Labor Expenses	5.1	6.2	6.5	13.7	7.0	7.2
22	Depreciation	7.1	7.3	10.3	10.3	10.3	10.3
23							
24	Total Non-Reimbursable Expenses	\$34.4	\$34.2	\$38.7	\$46.7	\$41.2	\$42.5
25							
26							
27	Total Net Revenue	(\$26.5)	(\$24.9)	(\$29.1)	(\$36.8)	(\$31.3)	(\$32.4)
28							
29	<u>Cash Adjustment Summary:</u>						
30							
31	Operating Cash Adjustments	\$7.4	\$7.3	\$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	Total Cash Adjustment	\$7.4	\$7.3	\$10.3	\$10.3	\$10.3	\$10.3
35							
36	Gross Cash Balance	(\$19.1)	(\$17.5)	(\$18.8)	(\$26.5)	(\$20.9)	(\$22.1)
37							
38	MTA Internal Subsidy before PEGs	19.9	16.5	18.8	26.5	20.9	22.1
39							
40	Net Cash Balance from Previous Year	\$0.2	\$1.0	\$0.0	\$0.0	\$0.0	\$0.0
41							
42							
43	Baseline Net Cash Surplus/(Deficit)	\$1.0	\$0.0	(\$0.0)	\$0.0	\$0.0	\$0.0
44							
45	2007 Agency Program to Eliminate the Gap	0.0	0.3	0.3	0.3	0.3	0.3
46	Post-2007 Agency Program to Eliminate the Gap	0.0	0.0	0.0	0.0	0.0	0.0
47							
48	Net Cash Surplus/(Deficit)	\$1.0	\$0.3	\$0.3	\$0.3	\$0.3	\$0.3

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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 July 2006 Preliminary Financial Plan with recently revised estimates for this November 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	July Plan Debt Service	November Plan Debt Service	Difference Favorable/(Unfavorable)
2006	1,332.0	1,320.8	11.2
2007	1,460.2	1,457.9	2.3
2008	1,594.2	1,600.1	(5.9)
2009	1,750.3	1,750.6	(0.3)
2010	<u>1,898.1</u>	<u>1,885.6</u>	<u>12.5</u>
Total:	\$8,034.8	\$8,015.0	\$19.8

The favorable variance of \$19.8 million reflected on an \$8 billion plus budget in this November 2006 Plan represents a non-material variance of about 0.2%. For all of the years in the Financial Plan the change in forecast is below 1% each year.

The largest contributor to the 2006 variance is the timing of new money bond issues this year. Consequently, no significant change is forecasted for the remainder of the Financial Plan.

Other minor variations are caused by changes in expected capital program expenditures.

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

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)	597	2,230	2,445	2,553	1,925
Assumed Fixed-Rates					
Transportation Revenue Bonds	4.44%	4.49%	4.57%	4.64%	4.69%
Dedicated Tax Fund Bonds	4.37%	4.42%	4.50%	4.56%	4.62%
Triborough Bridge & Tunnel Authority	4.37%	4.42%	4.50%	4.56%	4.62%
Assumed Variable Rates	4.00%	4.00%	4.00%	4.00%	4.00%
Weighted Average Interest Rates **					
Transportation Revenue Bonds	4.33%	4.36%	4.43%	4.48%	4.52%
Dedicated Tax Fund Bonds	4.28%	4.31%	4.37%	4.42%	4.46%
Triborough Bridge & Tunnel Authority	4.28%	4.31%	4.37%	4.42%	4.46%

* Forecasted borrowing for remainder of 2006. MTA issuance to date in 2006 is \$1,275 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 October 6, 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
November Financial Plan 2007 - 2010
Summary of Total Budgeted Debt Service
(\$ in millions)

Line Number		ACTUAL	FORECAST				
		2005	2006	2007	2008	2009	2010
9	<u>New York City Transit:</u>						
10							
11	Budgeted Gross Debt Service for Existing Transportation Revenue Bonds	\$241.229	\$345.478	\$342.286	\$342.199	\$342.184	\$342.015
12	Debt Service on Additional Transportation Revenue Bonds Supporting Approved Capital Programs	0.000	0.832	37.450	98.549	168.569	243.054
13	2 Broadway Certificates of Participation - NYCT Share	25.586	16.783	19.943	21.882	21.888	21.894
15	Transportation Resolution Commercial Paper	11.216	5.755	8.228	8.228	8.228	8.228
16	Budgeted Gross Debt Service for Existing Dedicated Tax Fund Bonds	163.645	180.275	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>3.691</u>	<u>31.247</u>	<u>51.484</u>	<u>74.675</u>	<u>99.342</u>
18	Sub-Total MTA Paid Debt Service	\$441.676	\$552.815	\$632.477	\$715.759	\$809.107	\$907.938
19							
20	Budgeted Gross Debt Service for Existing TBTA (B&T) General Revenue Bonds	\$123.839	\$140.167	\$142.555	\$142.486	\$142.517	\$142.553
21	<u>Budgeted Gross Debt Service for Existing TBTA (B&T) Subordinate Revenue Bonds</u>	<u>71.823</u>	<u>84.062</u>	<u>85.658</u>	<u>85.751</u>	<u>85.695</u>	<u>85.656</u>
22	Sub-Total B&T Paid Debt Service	\$195.662	\$224.229	\$228.212	\$228.237	\$228.211	\$228.209
23							
24	Total NYCT Debt Service	\$637.338	\$777.044	\$860.689	\$943.996	\$1,037.318	\$1,136.147
25							
26	<u>Commuter Railroads:</u>						
27							
28	Budgeted Gross Debt Service for Existing Transportation Revenue Bonds	\$145.172	\$273.351	\$285.406	\$285.334	\$285.321	\$285.180
29	Debt Service on Additional Transportation Revenue Bonds Supporting Approved Capital Programs	0.000	0.000	16.706	48.497	80.949	98.316
30	Transportation Resolution Commercial Paper	7.005	4.505	9.388	9.388	9.388	9.388
31	Budgeted Gross Debt Service for Existing Dedicated Tax Fund Bonds	32.386	35.112	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>0.651</u>	<u>9.442</u>	<u>19.972</u>	<u>27.964</u>	<u>30.960</u>
33	Sub-Total MTA Paid Debt Service	\$184.563	\$313.620	\$357.914	\$400.181	\$440.641	\$460.831
34							
35	Budgeted Gross Debt Service for Existing TBTA (B&T) General Revenue Bonds	\$55.430	\$62.738	\$63.807	\$63.776	\$63.790	\$63.807
36	<u>Budgeted Gross Debt Service for Existing TBTA (B&T) Subordinate Revenue Bonds</u>	<u>31.556</u>	<u>36.933</u>	<u>37.634</u>	<u>37.675</u>	<u>37.651</u>	<u>37.634</u>
37	Sub-Total B&T Paid Debt Service	\$86.986	\$99.672	\$101.442	\$101.452	\$101.441	\$101.440
38							
39	Total CRR Debt Service	\$271.549	\$413.292	\$459.356	\$501.633	\$542.081	\$562.271
40							
41	<u>Bridges and Tunnels:</u>						
42							
43	Budgeted Gross Debt Service for Existing TBTA (B&T) General Revenue Bonds	\$71.956	\$93.482	\$102.622	\$102.573	\$102.595	\$102.621
44	Budgeted Gross Debt Service for Existing TBTA (B&T) Subordinate Revenue Bonds	28.371	33.206	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	3.852	16.942	35.372	52.943
46	2 Broadway Certificates of Participation - TBTA Share	8.431	2.373	2.820	3.094	3.095	3.096
47							
48	Total B&T Debt Service	\$108.759	\$129.062	\$143.131	\$156.482	\$174.913	\$192.496

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

Line Number		ACTUAL	FORECAST				
		2005	2006	2007	2008	2009	2010
49							
50	<u>MTA Bus:</u>						
51							
52	Budgeted Gross Debt Service for Existing Transportation Revenue Bonds	\$0.000	\$0.937	\$3.568	\$3.568	\$3.567	\$3.566
53	Debt Service on Additional Transportation Revenue Bonds Supporting Approved Capital Programs	0.000	0.000	4.599	9.353	9.509	9.509
54	Transportation Resolution Commercial Paper	0.000	0.556	1.329	1.329	1.329	1.329
55							
56	Total MTA Bus Debt Service	\$0.000	\$1.493	\$9.497	\$14.250	\$14.405	\$14.404
57							
58	Total MTA HQ Debt Service for 2 Broadway Certificates of Participation	\$0.000	\$2.303	\$2.736	\$3.002	\$3.003	\$3.004
59							
60	<u>MTA Total:</u>						
61							
62	Budgeted Gross Debt Service for Existing Transportation Revenue Bonds	\$386.401	\$619.767	\$631.260	\$631.100	\$631.072	\$630.760
63	Budgeted Gross Debt Service for Existing Dedicated Tax Fund Bonds	196.031	215.387	230.296	230.407	230.582	230.394
64	Budgeted Gross Debt Service for Existing TBTA (B&T) General Revenue Bonds	251.226	296.387	308.984	308.835	308.901	308.980
65	Budgeted Gross Debt Service for Existing TBTA (B&T) Subordinate Revenue Bonds	131.750	154.202	157.128	157.300	157.197	157.126
66	2 Broadway Certificates of Participation	34.017	21.459	25.500	27.979	27.986	27.994
67	Transportation Resolution Commercial Paper	18.221	10.816	18.945	18.945	18.945	18.945
68	Debt Service on Additional Transportation Revenue Bonds Supporting Approved Capital Programs	0.000	0.832	58.754	156.400	259.027	350.878
69	Debt Service on Additional Dedicated Tax Fund Bonds Supporting Approved Capital Programs	0.000	4.343	40.689	71.457	102.639	130.302
70	Debt Service on Additional TBTA (B&T) General Revenue Bonds Supporting Approved Capital Programs	0.000	0.000	3.852	16.942	35.372	52.943
71							
72	Total Debt Service	\$1,017.645	\$1,323.193	\$1,475.409	\$1,619.364	\$1,771.720	\$1,908.322
73							
74	<u>MTA Investment Income by Resolution</u>						
75							
76	Investment Income from Transportation Debt Service Fund	\$0.000	(\$1.743)	(\$8.435)	(\$9.627)	(\$10.881)	(\$12.001)
77	Investment Income from Dedicated Tax Fund Debt Service Fund	0.000	(0.147)	(\$3.313)	(\$3.690)	(\$4.074)	(\$4.410)
78	Investment Income from TBTA (B&T) General Revenue Debt Service Fund	0.000	(0.333)	(\$3.824)	(\$3.983)	(\$4.209)	(\$4.425)
79	Investment Income from TBTA (B&T) Subordinate Revenue Debt Service Fund	0.000	(0.187)	(1.921)	(1.923)	(1.922)	(1.921)
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	Total MTA Wide Investment Income	\$0.000	(\$2.411)	(\$17.494)	(\$19.223)	(\$21.086)	(\$22.755)
83							
84	<u>MTA Wide Net Total</u>						
85							
86	Net Transportation Revenue Bonds Debt Service	\$386.401	\$618.856	\$681.579	\$777.873	\$879.218	\$969.638
87	Transportation Resolution Commercial Paper	18.221	10.816	18.945	18.945	18.945	18.945
88	Net Dedicated Tax Fund Bonds Debt Service	196.031	219.583	267.672	298.173	329.147	356.286
89	Net TBTA (B&T) General Revenue Bonds Debt Service	251.226	296.054	309.012	321.794	340.064	357.499
90	Net TBTA (B&T) Subordinate Revenue Bonds Debt Service	131.750	154.016	155.207	155.377	155.275	155.205
91	Net 2 Broadway Certificates of Participation Debt Service	34.017	21.459	25.500	27.979	27.986	27.994
92							
93	Total MTA Wide Net Debt Service	\$1,017.645	\$1,320.783	\$1,457.915	\$1,600.141	\$1,750.635	\$1,885.566

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	1,299.3	1,432.4	1,572.2	1,722.6	1,857.6
Forecasted New Money Bonds Issued	4	2,200	2,072	2,230	2,445	2,553	1,925

Forecasted Debt Service by Credit	Notes	2005	2006	2007	2008	2009	2010
Transportation Revenue Bonds							
Pledged Revenues	5	\$7,050.5	\$7,912.1	\$7,826.3	\$7,770.1	\$7,849.1	\$7,924.0
Debt Service	9, 10	404.6	629.7	700.5	796.8	898.2	988.6
Debt Service as a % of Pledged Revenues		6%	8%	9%	10%	11%	12%
Dedicated Tax Fund Bonds							
Pledged Revenues	6	\$556.8	\$615.5	\$597.1	\$614.2	\$620.5	\$623.1
Debt Service	10	196.0	219.6	267.7	298.2	329.1	356.3
Debt Service as a % of Pledged Revenues		35%	36%	45%	49%	53%	57%
Triborough Bridge and Tunnel Authority General Revenue Bonds							
Pledged Revenues	7	\$915.6	\$882.9	\$837.6	\$843.0	\$817.3	\$777.1
Debt Service	10	251.2	296.1	309.0	321.8	340.1	357.5
Debt Service as a % of Total Pledged Revenues		27%	34%	37%	38%	42%	46%
Triborough Bridge and Tunnel Authority Subordinate Revenue Bonds							
Pledged Revenues	8	\$664.4	\$586.9	\$528.6	\$521.2	\$477.2	\$419.6
Debt Service	10	131.7	154.0	155.2	155.4	155.3	155.2
Debt Service as a % of Total Pledged Revenues		20%	26%	29%	30%	33%	37%

Cumulative Debt Service (Excluding State Service Contract Bonds)	Notes	2005	2006	2007	2008	2009	2010
Total Debt Service		\$983.6	\$1,299.3	\$1,432.4	\$1,572.2	\$1,722.6	\$1,857.6
Operating Revenues and Subsidies		8,628.2	9,218.9	9,172.6	9,172.5	9,311.0	9,460.9
Total Debt Service as a % of Operating Revenues and Subsidies		11%	14%	16%	17%	19%	20%
Fare and Toll Revenues		4,770.2	4,928.9	4,986.3	5,040.7	5,070.8	5,095.6
Total Debt Service as a % of Fare and Toll Revenue		21%	26%	29%	31%	34%	36%
Non-reimbursable expenses		8,677.8	9,325.5	10,061.4	10,486.2	10,975.0	11,412.7
Total Debt Service as % of Non-reimbursable expenses		11%	14%	14%	15%	16%	16%

Notes

- 1** Unhedged tax-exempt variable rate debt reflect actuals through September 2006 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 \$1.475 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 2007 and post-2007 PEGs.

Metropolitan Transportation Authority (including Triborough Bridge and Tunnel Authority)

Total Budgeted Annual Debt Service

All Issuance to September 2006 (\$ in millions)

Fiscal Year	Transportation Revenue Resolution			Dedicated Tax Fund Resolution			TBTA General Revenue Resolution			TBTA Subordinate Resolution			MTA and TBTA Debt Service		
	Additional			Additional			Additional			Additional			Additional		
	Existing DS	DS	Combined	Existing DS	DS	Combined	Existing DS	DS	Combined	Existing DS	DS	Combined	Existing DS	DS	Combined
2006	630.6	0.8	631.4	215.4	4.3	219.7	296.4	-	296.4	154.2	-	154.2	1,296.6	5.2	1,301.7
2007	650.2	58.8	709.0	230.3	40.7	271.0	309.0	3.9	312.8	157.1	-	157.1	1,346.6	103.3	1,449.9
2008	650.0	156.4	806.4	230.4	71.5	301.9	308.8	16.9	325.8	157.3	-	157.3	1,346.6	244.8	1,591.4
2009	650.0	259.0	909.0	230.6	102.6	333.2	308.9	35.4	344.3	157.2	-	157.2	1,346.7	397.0	1,743.7
2010	649.7	350.9	1,000.6	230.4	130.3	360.7	309.0	52.9	361.9	157.1	-	157.1	1,346.2	534.1	1,880.3
2011	659.9	421.9	1,081.8	230.7	153.8	384.5	307.9	67.5	375.3	157.3	-	157.3	1,355.7	643.2	1,998.8
2012	660.7	476.0	1,136.7	230.4	171.7	402.2	307.7	77.7	385.4	157.7	-	157.7	1,356.5	725.4	2,081.9
2013	661.5	497.2	1,158.7	232.4	178.7	411.1	308.6	83.0	391.6	157.1	-	157.1	1,359.6	759.0	2,118.5
2014	661.0	497.2	1,158.2	230.5	178.7	409.2	307.6	84.3	391.9	157.1	-	157.1	1,356.2	760.2	2,116.4
2015	662.1	497.2	1,159.3	230.8	178.7	409.5	307.7	84.3	392.0	157.4	-	157.4	1,357.9	760.2	2,118.2
2016	661.4	497.2	1,158.5	230.8	178.7	409.6	307.3	84.3	391.6	157.2	-	157.2	1,356.7	760.2	2,116.9
2017	660.3	497.2	1,157.5	231.2	178.7	410.0	307.8	84.3	392.1	160.9	-	160.9	1,360.3	760.2	2,120.5
2018	660.8	497.2	1,158.0	234.0	178.7	412.8	307.5	84.3	391.8	159.7	-	159.7	1,362.1	760.2	2,122.3
2019	661.9	497.2	1,159.1	230.5	178.7	409.3	307.4	84.3	391.7	157.4	-	157.4	1,357.2	760.2	2,117.4
2020	660.8	497.2	1,158.0	232.8	178.7	411.5	307.8	84.3	392.1	157.1	-	157.1	1,358.5	760.2	2,118.7
2021	661.0	497.2	1,158.2	232.2	178.7	411.0	304.9	84.3	389.2	157.6	-	157.6	1,355.7	760.2	2,116.0
2022	659.7	497.2	1,156.9	229.4	178.7	408.1	307.6	84.3	391.9	157.5	-	157.5	1,354.2	760.2	2,114.4
2023	669.4	497.2	1,166.6	232.5	178.7	411.3	303.4	84.3	387.7	157.3	-	157.3	1,362.7	760.2	2,122.9
2024	669.5	497.2	1,166.7	232.4	178.7	411.2	307.6	84.3	391.9	157.7	-	157.7	1,367.3	760.2	2,127.5
2025	668.7	497.2	1,165.8	232.6	178.7	411.3	307.4	84.3	391.7	157.0	-	157.0	1,365.7	760.2	2,125.9
2026	667.9	497.2	1,165.0	232.7	178.7	411.4	306.1	84.3	390.4	157.3	-	157.3	1,363.9	760.2	2,124.2
2027	669.8	497.2	1,167.0	232.5	178.7	411.3	305.9	84.3	390.2	157.4	-	157.4	1,365.7	760.2	2,125.9
2028	670.0	497.2	1,167.1	232.8	178.7	411.5	307.6	84.3	391.9	157.5	-	157.5	1,367.9	760.2	2,128.1
2029	670.1	497.2	1,167.3	232.7	178.7	411.5	305.6	84.3	389.9	157.4	-	157.4	1,365.8	760.2	2,126.1
2030	670.1	497.2	1,167.3	232.7	178.7	411.4	307.7	84.3	392.0	157.4	-	157.4	1,367.9	760.2	2,128.1
2031	667.4	497.2	1,164.6	231.4	178.7	410.1	330.0	84.3	414.3	155.0	-	155.0	1,383.9	760.2	2,144.1
2032	570.6	497.2	1,067.8	213.3	178.7	392.1	248.1	84.3	332.4	122.9	-	122.9	1,154.9	760.2	1,915.1
2033	265.9	497.2	763.0	82.8	178.7	261.5	21.8	84.3	106.1	14.6	-	14.6	385.1	760.2	1,145.3
2034	261.2	497.2	758.4	41.7	178.7	220.5	21.8	84.3	106.1	12.2	-	12.2	336.9	760.2	1,097.1
2035	209.7	497.2	706.8	19.3	178.7	198.1	18.8	84.3	103.1	-	-	-	247.7	760.2	1,007.9
2036	29.2	496.3	525.6	-	174.4	174.4	-	84.3	84.3	-	-	-	29.2	755.0	784.3
2037	29.2	438.4	467.6	-	138.1	138.1	-	80.4	80.4	-	-	-	29.2	656.9	686.1
2038	29.2	340.8	370.0	-	107.3	107.3	-	67.4	67.4	-	-	-	29.2	515.4	544.6
2039	29.2	238.1	267.4	-	76.1	76.1	-	48.9	48.9	-	-	-	29.2	363.2	392.4
2040	29.2	146.3	175.5	-	48.4	48.4	-	31.4	31.4	-	-	-	29.2	226.1	255.3
2041	-	75.3	75.3	-	24.9	24.9	-	16.8	16.8	-	-	-	-	117.0	117.0
2042	-	21.2	21.2	-	7.0	7.0	-	6.6	6.6	-	-	-	-	34.8	34.8
2043	-	-	-	-	-	-	-	1.3	1.3	-	-	-	-	1.3	1.3
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

This section describes those assumptions associated with the Baseline Plan. The November 2006 Final Proposed Budget and Financial Plan is an update of the July Financial Plan. The following summarizes net accrual and cash forecasts contained in the November Plan contributing to MTA consolidated annual closing cash balances.

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 were captured in the baseline through favorable expense re-estimates that include Medicare Part D reimbursements, training re-estimates, and lower E-ZPass tag costs.

For the November Plan, Agencies were instructed to maintain spending levels contained in the July Plan. The exceptions were uncontrollable cost increases and expense increases resulting from changes to the inflation forecast. The savings that were generated in the July Plan are also a part of the November Plan.

The 2007 Final Proposed Budget will continue to fund those maintenance needs that were addressed as new needs in the July Plan. 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 still fund 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. In its July Plan, Metro-North increased the scope of its Critical Systems Replacement (CSR) program that will require additional inventory for its M7 and M8 car fleet. In addition, it invested 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. These programs are included in this Plan as well. Consistent with the July Plan, 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 November Plan includes NYCT service enhancements proposed in July. For the Buses, improvements include changes based on peak-hour loading guidelines, running time updates, recommendations of the ongoing Staten Island Task Force and depot construction activity. On the Subway side, peak service will be increased on the

“L” line and the “G” line will be extended to Church Avenue. The 2007 Final Proposed Budget also includes the higher Paratransit costs that were identified in July. These increases were based both 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 that were first identified in July 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.

The July Plan also included increases to the baseline as a result of uncontrollable costs (Energy, Health & Welfare, Pensions and Paratransit) 2005/2006 PEG re-estimates, and reduced Farebox/Toll revenue. In the November Plan, these underlying assumptions still hold true; however, there are some significant changes to these assumptions. The following table details the major changes in the Agency Baseline Forecasts between the February and July Plans:

MTA CONSOLIDATED
SUMMARY OF BASELINE RE-ESTIMATES
NOVEMBER CHANGES FROM JULY PLAN

Favorable/(Unfavorable)
(\$ in millions)

	2006	2007	2008	2009	2010
Farebox/Toll Revenue	\$9.3	\$15.6	\$18.6	\$20.1	\$22.6
Health & Welfare	(0.2)	27.8	36.0	43.4	48.6
Pensions (Excluding NYCERS Savings)	10.1	(18.2)	(14.3)	(13.3)	(15.9)
Additional GASB Contribution	(80.0)	-	-	-	-
Energy	3.2	(7.2)	(17.2)	(41.2)	(57.0)
Maintenance Investments/Re-Estimates	(4.8)	(14.0)	(5.1)	6.8	4.0
Baseline Re-Estimates/Cash Adjustments	49.9	(33.4)	35.7	34.9	40.9
Subtotal	(\$12.6)	(\$29.2)	\$53.7	\$50.7	\$43.2
2005/2006 PEG Program Re-Estimates	(\$0.5)	(\$16.0)	(\$36.3)	(\$31.1)	(\$31.9)
Net Change	(13.1)	(45.3)	17.4	19.6	11.3

Note: Differences Due To Rounding

Farebox Revenue is improved from the July Plan, offsetting some of the revenue reduction captured in July. In the July Plan, lower-than-planned regional employment growth resulted in a reduction in projected Farebox revenue at NYCT. Also, the July

Plan assumed that higher gasoline prices were a primary reason for lower toll traffic estimates. The November Plan recognizes some short-term improvement in toll revenue based on lower gasoline prices and recent trends; however, the change in the economic variables of inflation and employment has resulted in a slower rate of growth than was projected in the July Plan. As a result, toll revenue is expected to decrease from the July Plan in 2008 and thereafter.

Health & Welfare costs are significantly reduced from the July Plan primarily due a reduction in the 2007 inflation assumption. The 14.7% inflation assumption for 2007 used in the July Plan has been reduced to approximately 10% in the November Plan based on a change in forecasting methodology for the HIP and GHI plans and more current Empire Plan information. A more detailed description of this change can be found later in this section under Health & Welfare.

In the November Plan, Pension costs are expected to increase MTA-wide based on recent actuarial valuations that have not yet been finalized. A \$40 million annual reserve has been placed in the MTAHQ Plan awaiting final resolution. It is expected that these additional costs will be distributed to the Agencies in the February 2007 Financial Plan. Offsetting this increase, is a reduction in Pension costs that result from moving Pension earnings (that were captured in the July Plan as a Policy Action) into the baseline.

As first proposed in July, all of the cash pension savings for NYCT and B&T in 2006 and 2007 attributable to a NYCERS revaluation are being deposited in a special Government Accounting Standards Board (GASB) fund. In addition, anticipated employee contributions for Health & Welfare are assumed to also be deposited in GASB. In the November Plan, however, this funding is now recognized within the baseline as a discrete line item. The net effect of these transactions is zero and is not reflected in the Summary of Baseline Re-estimates because these costs are totally offset by reductions in Pension and Payroll.

A new item in the November Plan is the deposit of an additional \$80 million into the GASB fund. These funds are available from excess real estate tax monies generated in 2006 and 2007. More detailed information on the GASB contribution, the pension liability reduction and the shift of pension earnings from the Policy Actions to the Baseline can be found in the GASB and Pensions Section of this report.

The November Plan captures re-estimates of 2005 and 2006 PEG Programs that were included in the July Financial Plan, including 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). In addition, the November Plan incorporates the restoration of off-peak NYCT Bus service that was a proposed reduction (a 2005 PEG that was included in the July Baseline) in previous plans.

The July Plan included a significant increase in Energy costs from the February Plan due to higher costs for fuel and electric power. The current forecast anticipates lower

fuel prices in 2006 and 2007 based on a reduction in the forward price for diesel fuel. Costs increase in 2008-2010 because the July Plan still anticipated price decreases, while the current Plan anticipates a slight price increase. Based on new information from our suppliers of electricity, rates increase further in the November Plan, which will increase the costs for Traction and Propulsion Power, especially in the out-years of the Plan.

The November Plan includes resources to fund maintenance investments In addition to those that were included in the July Plan and described earlier. Metro-North is including a provision to replace defective concrete ties in accordance with the agreement reached between the MTA and the manufacturer. The LIRR is investing in materials in support of its Life Cycle Maintenance Program. A re-estimate of this program, however, will result in lower costs in the out-years. NYCT maintenance costs will increase due to a revision to its car scrapping plan and an increase in the level of bus inspections. B&T Bridge Painting costs will increase in 2006 but decline in 2009 and 2010.

A re-forecast of the 2005 and 2006 PEG Programs will result in an increase to the baseline deficit when compared with July. The primary driver of this change is the restoration of the Bus Off-Peak Guidelines PEG, which is resulting in an increase of \$15 million in 2007 and approximately \$30 million in the years 2008 and beyond.

Baseline re-estimates are favorable in 2006 and unfavorable in 2007 due to a \$47 million timing change for Metro-North retroactive wage payments. Exclusive of that change, Baseline Re-estimates would be favorable in each year of the Plan. NYCT is impacted by favorable pay rate adjustments and increased tax collections designated for paratransit. Favorable station and concession revenue is anticipated at the LIRR and Metro-North. B&T has included higher investment income and lower costs for E-ZPass tags and the E-ZPass Customer Service Center. Partially offsetting these savings are higher costs for Other Fringe Benefits at NYCT, the impact of lower capital reimbursements at the LIRR and the implementation of new financial software at the LIRR.

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 November Forecast

In its 2006 November Forecast, the MTA projects a Net Operating Deficit Before Subsidies and Debt Service of \$3,969 million, \$58 million better than the Mid-Year Forecast. Total Operating Revenue was \$20 million better and total Operating Expenses were \$38 million better.

Revenue

Farebox Revenue is expected to increase by \$8 million over the Mid-Year Forecast, with all MTA Agencies projecting increases. Increasing ridership, due in part to increases in NYC employment, are driving the increase. B&T Toll Revenue is \$1 million favorable due to increases in commercial vehicle traffic. Other Revenue is \$11 million favorable due to higher Paratransit Urban Taxes, higher investment income, and higher concession and parking revenue.

Expenses

The elimination of the General Reserve reduced expenses by \$31 million when compared with the Mid-Year Forecast. Depreciation re-estimates resulted in a \$50 million non-cash reduction to expenses. Professional Services are expected to be \$17 million lower due to a re-allocation of Shared Services costs between 2006 and 2007 and other timing adjustments. Material & Supplies expenses are expected to be \$10 million lower also due to timing. Payroll expenses (exclusive of the GASB offset) are expected to be \$15 million lower due primarily to vacancies. Vacancies are primarily responsible for overtime costs increasing by \$23 million. The November Plan includes the deposit of an additional \$80 million into the GASB fund.

2007 Final Proposed Budget

MTA's Final Proposed Baseline Budget projects a Net Operating Deficit before Subsidies and Debt Service of \$4,657 million in 2007.

Revenue

Total Operating Revenue of \$5,405 million in 2007 is \$48 million higher than the 2006 November Forecast due to higher Farebox and Toll Revenue. When compared with the 2007 July Plan, it is \$29 million higher due to increases in Farebox Revenue and Other Revenue.

Expenses

Total Operating Expenses of \$10,061 million are \$736 million higher than the 2006 November Forecast due to contractual wage increases, inflation (especially Health & Welfare and Energy), higher Depreciation costs and increases in maintenance requirements and paratransit usage. When compared with the July Plan, Total Operating Expenses are \$74 million favorable; however, \$120 million is the result of lower Depreciation. Excluding Depreciation, expenses would be \$46 million higher. Higher costs for electricity and higher material expenses in support of maintenance requirements are increasing expenses. In addition, the November Plan recognizes timing changes between 2006 and 2007 that were not anticipated in the July Plan. Partially offsetting these increase are reduced Health & Welfare costs stemming from a reduction in the assumed inflation rate.

2008 – 2010 Forecast

Year-over-year increases are primarily the result of inflation and wage increases. Farebox Revenue will increase modestly based on assumed ridership growth. The November Forecast includes increases to the July baseline in Farebox Revenue and Other Revenue. Expenses are increasing compared with the July Plan primarily in Pension expenses and electricity costs.

The following pages provide a more detailed description of the assumptions used in formulating the 2007 Final Proposed Budget and the forecasts for the years 2008 – 2010.

OTHER REVENUE

Other Revenue growth from 2006 through 2010 (from \$428 million in 2006 to \$481 million in 2010, or 12% over the period) was influenced by a number of different factors including investment income, government reimbursements, fees and contractual and inflationary increases.

NYCT's year-to-year increases include contractually-capped increases in NYC reimbursements that serve to partially fund Paratransit expenses. LIRR's Other Revenues are higher in 2006 than 2007 due to percentage of retail rent (percentage of tenant gross receipts) at Penn Station and one-time miscellaneous revenue (scrap and real estate sales). The LIRR's year-to-year growth is primarily due to contractual and inflationary increases. For MNR, decreases in 2007 and 2008 from 2006 are primarily due to lower net retail GCT tenant revenues reflecting the impact of investment in GCT restoration projects (East Restrooms and Vanderbilt Hall) and the withdrawal of outside buildings from the GCT steam distribution network. Revenues increase in 2009 as restoration work on Vanderbilt Hall is completed. MNR incorporates the initiation of higher West-of-Hudson Parking fees and contractually based increases in GCT tenant fees and advertising revenues in 2007-2010. B&T Other Operating 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.

MTA Consolidated Other Revenue is forecasted to be \$11 million or 2.6% higher in 2006 than the July Plan. NYCT Paratransit Reimbursement is \$5 million higher than the July Plan due to higher urban taxes. The LIRR is \$2.6 million higher than the July Plan due to higher rentals, station privileges and miscellaneous income. MNR is \$1 million higher than the July Plan due to higher parking and concession revenues. B&T is \$1 million higher than the July Plan due to higher net income from the Battery Parking Garage and higher E-Z Pass Plus (for use at the airports) fees.

MTA Bus Company's Other Revenue is slightly less than \$4 million in each year from 2006-2010.

CONTRIBUTION TO GASB FUND

This Government Accounting Standard Board (GASB) 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, New York 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. For the

MTA, this was first proposed in the July Financial Plan; however, the numbers are now being captured as a discrete line in the baseline. The July Plan assumed that \$535 million would be set aside in this fund by the end of 2010. Using the same methodology as July to calculate GASB costs, the November Plan's contribution to GASB would total \$497 million.

Similar to July, the November Plan is proposing that MTA set aside pension savings estimated to result from a recent legislative action that authorized a revaluation of City NYCERs costs; these pension savings, which are non-recurring, are generated by NYCT and B&T and are estimated to be \$125 million in 2006 and \$27 million in 2007. This is being captured under this line item with the offset being a reduction to consolidated Pension expenses.

Also in the July Plan, MTA included a proposal to deposit into this fund over the 2006-2010 Plan period, Health & Welfare contributions by represented employees as anticipated in pattern labor settlements MTA-wide. The estimated funds from this are now \$44 million in 2006, \$63 million in 2007, \$71 million in 2008, \$79 million in 2009 and \$87 million in 2010.¹ In the July Plan, it was assumed that these contributions were captured as part of pattern labor settlement costs contained in both Payroll and the Pattern Labor Settlement lines. In November, with the creation of a discrete GASB line-item, the funds identified as being generated by represented employee H&W contributions noted above are subtracted from the Payroll line and allotted to the GASB line.

In the November Plan, it is assumed that a portion of additional revenues generated by increased real-estate-related tax activity will also be deposited in GASB at the end of 2006; this amount is \$80 million.

The total cumulative value of the proposed GASB Fund in the November Plan is \$577 million: \$249 million in 2006, \$90 million in 2007, \$71 million in 2008, \$79 million in 2009 and \$87 million in 2010.¹

PAYROLL

Payroll expenses from 2007 through 2010 are influenced by a number of different factors including position levels, Global Insight inflation assumptions and capital project activity. For represented employees, Agencies used the same inflators from the July Plan (2.56% in 2007; 2.91% in 2008; 3.07% in 2009; and 3.20% in 2010). In addition, consistent with the July Plan, a pattern wage provision on an MTA-wide basis is included as a separate line item and is described later in this section. Growth of 3.00% annually was assumed for non-represented personnel in 2007 and 2008 with regional CPI growth assumed for 2009 (1.53%) and 2010 (1.84%). The non-represented rates

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

are higher than those used in the July Plan for both 2007 (2.56%) and 2008 (2.91%), but lower in 2009 (3.07%) and 2010 (3.20%).

The proposal to support a Government Accounting Standards Board (GASB) fund and establish a distinct GASB fund line in the November Financial Plan will result in reductions in Payroll from the July Plan. The reductions for 2006 to 2010 are \$44 million, \$63 million, \$71 million \$79 million and \$87 million, respectively.

In the July Plan, the Health & Welfare contribution component of the GASB contribution was reflected as a cost in the payroll line. In the November Plan, these contributions are now captured in a discrete "GASB" line in the MTA consolidated budget. Individual agency budgets continue to reflect these costs in their payroll lines.

2006 November Forecast

MTA consolidated payroll expenses of \$3,477 million are forecasted to be \$59 million lower than the 2006 July Plan. Aside from the reductions resulting from the GASB funding, Payroll expenses are expected to decrease by \$15 million. NYCT's expenses decrease by \$12 million due to vacancies and re-estimated payroll for certain hourly employees such as Conductor, Cleaner, Track-worker, Station Agent and Bus Operator. The LIRR's payroll expenses decrease by \$3 million due mostly to higher vacancies.

2007 Final Proposed Budget

MTA consolidated payroll expenses of \$3,586 million for 2007 are forecasted to be \$109 million more than 2006. This increase is primarily caused by labor rate increases and the impact of over 500 additional Non-Reimbursable positions, primarily at NYCT. One of the major reasons for the increase is the restoration of the "100% Off-Peak Seated Load" on buses, which was a 2006 PEG program, scheduled to commence in 2007 in the July Plan (see Positions narrative). This program has been rescinded in the November Plan.

Payroll expenses for 2007 are forecasted to be \$45 million lower than the July Plan. Aside from the reductions resulting from the GASB funding, Payroll expenses increase nearly \$20 million. Of this increase, \$17 million is due to NYCT's position increases, primarily driven by the restoration of 431 Non-Reimbursable positions that would have been saved from the implementation of bus off-peak seated load guidelines. MNR's payroll increases by over \$1 million due to increased positions associated with the additional scope of the Concrete Tie Replacement.

2008 – 2010

MTA consolidated payroll expenses are \$3,717 million in 2008, \$3,823 million in 2009 and \$3,917 million in 2010. These increase annually from 2007 to 2010 by \$131 million,

\$106 million and \$94 million. The increases from 2007 through 2010 primarily reflect rate increases.

Payroll expenses decrease from the July Plan by \$31 million in 2008, \$48 million in 2009 and \$63 million in 2010. Aside from the reductions resulting from the GASB funding, Payroll expenses increase for 2008, 2009 and 2010. Payroll increases at NYCT are \$36 million in 2008, \$31 million in 2009 and \$27 million in 2010. These increases are driven by the restoration of Non-Reimbursable positions that would have been saved from the implementation of bus off-peak seated load guidelines and are partially offset by decreases caused by re-estimates of pay rates, resulting in about \$8 million per year in savings from 2008 to 2010. The LIRR's payroll expenses increase from the July Plan by approximately \$3 million each year due primarily to additional positions for New Needs and changes in the Life Cycle Maintenance Program for the M7 fleet. MNR's Payroll expenses remain unchanged in 2008 and decrease by \$1 million in 2009 and \$2 million in 2010 mainly due to favorable changes to non-represented wage increases.

The November Plan includes MTA Bus expenses for Payroll. These expenses are \$156 million in 2006, \$184 million in 2007, \$190 million in 2008, and \$195 million in 2009 and \$202 million in 2010. 2006 Payroll expenses are \$9 million lower than the July Plan due to greater than anticipated attrition and hiring delays. 2007 to 2010 Payroll expenses did not change.

PATTERN LABOR PROVISION

The Agency submissions are consistent with the provisions of the July 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 include various changes in work rules are unique to individual agency contracts and result in slight differences between Agencies.

OVERTIME

Agencies use the same inflators from the July Plan (2.56% in 2007; 2.91% in 2008; 3.07% in 2009; and 3.20% in 2010). In addition, a pattern wage provision on an MTA-wide basis is included as a separate line item and is described later in this section.

2006 November Forecast

MTA consolidated overtime expenses of \$398 million are forecasted to be \$23 million more than the 2006 Mid-Year Forecast. Of this increase, \$21 million is due to higher overtime at NYCT caused mostly by bus operator overtime coverage requirements and vacancy coverage (station agents and cleaners, signal maintainers, property protection agents and supervisors).

2007 Final Proposed Budget

MTA consolidated overtime expenses of \$363 million are \$35 million less than 2006. The reduction is mainly due to the assumption that NYCT's 2006 increase for vacancy coverage and inclement winter weather will not recur in 2007 to the extent needed in 2006. Partially offsetting this reduction are inflationary wage rate increases.

Overtime expenses are forecasted to be \$6 million higher than the July Plan. NYCT's overtime increases \$4 million from the July Plan due to an increase in positions and higher vacancy coverage. The LIRR's \$3 million increase over the July Plan is due to changes in Capital Program activity.

2008 – 2010

MTA consolidated overtime expenses are \$370 million, \$384 million and \$399 million from 2008 through 2010. These annual increases are primarily caused by wage rate increases.

Overtime expenses increase approximately \$5 million each year from the July Plan. NYCT represents the bulk of the increase with higher Overtime expenses of approximately \$5 million each year mainly caused by higher vacancy coverage.

The November Plan includes MTA Bus expenses for Overtime. These expenses are \$30 million in 2006, \$18 million in 2007, \$19 million in 2008, \$19 million in 2009 and \$20 million in 2010. 2006 Overtime expenses are \$0.6 million higher than the July Plan due to vacancies. 2007 to 2010 Payroll expenses did not change.

HEALTH & WELFARE

In the November Plan, year-to-year increases are primarily driven by inflators and changes in headcount levels. Subsequent to instructions being provided to the Agencies, information was made available making it likely that Empire Plan premiums in 2007 would be lower than the initial projection of 14.7%. As a result, the Financial Plan has been adjusted downward to reflect a 10% increase in 2007 that will result in

reductions in the out-years as well. This is captured in the MTA Consolidated total, but not within each Agency's section. After the actual Empire Plan rate is established, a subsequent Financial Plan will allocate these savings to the appropriate Agency Plans.

In addition to the change in Empire Plan assumptions, other year-to-year inflation assumptions for Health and Welfare were revised from the July Plan. This was the result of changes made in calculating rates at NYCT and MTA Bus Company (MTABC). Since most eligible employees belong to one of three healthcare plans: Empire Plan, HIP or GHI, new inflators would be determined by anticipated rate changes for each of these plans. In the November Plan, NYCT inflation assumptions for Empire Plan participants remained the same as in the July Plan, 14.7% in 2007 (reduction taken in consolidated-MTA statements only) and 10.7% in 2008 through 2010. Inflation assumptions used for HIP participants are 8.7% through June 30, 2007 (the actual rate) followed by projections developed by Mercer, a healthcare consultant, of 10.0% for July 1, 2007 through June 30, 2008, and 10.7% in the remaining out-years. Inflation assumptions for GHI participants are based on Mercer projections of 10.0% in 2007 followed by 10.7% in 2008 through 2010. These same rate changes were also applied to MTABC. All other Agencies' year-to-year inflation assumptions remain the same as in the July Plan, 14.7% in 2007 and 10.7% in 2008 through 2010.

Compared with the July Plan, MTA Consolidated Health and Welfare is forecasted to be \$0.2 million higher in 2006, \$28 million lower in 2007, \$36 million lower in 2008, \$43 million lower in 2009, and \$49 million lower in 2010. The favorable expense reductions from July are primarily due to lower projected growth rates at NYCT and adjustments made by MNR to base costs for 2007-2010 to correct a calculation error captured in the July Plan. MNR had additional Health & Welfare expense reductions based on lower projected premiums.

As in July, the November Financial Plan includes expenses for the MTA Bus Company. MTABC expenses were \$24 million in 2006, \$31 million in 2007, \$35 million in 2008, \$38 million in 2009 and \$43 million in 2010. Compared to July, MTABC expenses were higher in 2006, due to higher estimated costs of health plans used by represented employees, and lower in 2007 through 2010 due to lower projected growth rates.

PENSIONS

In the November Plan, Pension costs are expected to increase MTA-wide based on recent actuarial valuations that have not yet been finalized. The increases are primarily related to changing demographic factors and overtime impacts. A \$40 million annual provision, beginning in 2007, has been placed in the MTAHQ Plan awaiting final resolution. It is expected that these additional costs will be allocated to Agency Budgets in the February 2007 Financial Plan.

The 2006 Adopted Budget assumed that \$450 million would be used to reduce future pension liabilities. The \$450 million, along with approximately \$15 million in

accumulated interest, has been transferred (virtually all of it on September 28th) into the MaBSTOA Pension Plan and into the MTA Defined Benefit Plan. As a result, Pension earnings that were captured below the line as a Policy Action in the July Plan are now being captured within the baseline as reduced Pension costs and will serve to offset future Pension costs. The MaBSTOA portion is being captured within the NYCT financial plan and the MTA Defined Benefit Plan is being captured in MTAHQ, which will be distributed between MTAHQ, MNR and the LIRR in the February 2007 Financial Plan.

Like the July Plan, the November Plan assumes that NYCERS pension revaluation savings from recently-enacted New York State legislation will be transferred into the GASB fund in 2006 and 2007. The 2006 cash deposit is \$125 million (\$120 million for NYCT and \$5 million for B&T). In 2007 an additional \$27 million is forecast to be deposited into the GASB fund for NYCT. 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. This adjustment to Pension costs is being done on an MTA consolidated basis and not within the NYCT or B&T financial projections.

In the July Plan, the pension component of the GASB contribution was reflected as a pension cost in the pension line. In the November Plan, these contributions are now captured in a discrete "GASB" line in the MTA consolidated budget. Note that NYCT and B&T proposed budgets continue to reflect these costs in their pension lines.

Accrual Assumptions

Non-Reimbursable accrued pension expense increase from 2006 to 2007 by \$212 million. This increase partly reflects the large decrease in the Pension line in 2006 of \$125 million due to the NYCERS revaluation. The increase also reflects the continued amortization of the losses in the equities that resulted from the bear market of 2000 to 2002 resulting in much larger contributions in 2007. The NYCERS increase is consistent with the certification by the Chief Actuary of the New York City Pension Plans. Also contributing to the 2007 increase is the impact of the \$40 million Pension provision that is partially offset by the increase in Pension earnings that is now captured in the baseline.

Metro-North Railroad's Pension costs for 2006 reflect estimated funding requirements for the Defined Benefit Plan (covering management staff and agreement staff that joined the Plan in 2004) and the Defined Contribution Plan (for all other agreement staff). The 2007-2010 pension costs assume a labor agreement that will result in the transfer of the remaining represented Metro-North employees in the Defined Contribution Plan to the MTA Defined Benefit Plan as of January, 2007. The additional expense for Metro-North

is approximately \$10 million per year beginning in 2007. Future actuarial valuations are expected to reflect more accurate estimates of the pension liabilities on behalf of these employees.

The annual 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 2005 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).

MTA Consolidated Pensions November Financial Plan (\$ in millions)					
	2006	2007	2008	2009	2010
Accrual					
Non-Reimbursable	\$576	\$788	\$825	\$823	\$823
Reimbursable	33	42	45	45	46
Total Accrual	609	829	870	868	869
Cash	\$598	\$780	\$842	\$863	\$863

MTA Consolidated Pensions Changes November Financial Plan vs. July Financial Plan Favorable / (Unfavorable) (\$ in millions)					
	2006	2007	2008	2009	2010
Accrual					
Non-Reimbursable	\$135	\$8	(\$14)	(\$13)	(\$16)
Reimbursable	0	3	0	2	3
Contribution to GASB Fund	(125)	(27)	0	0	0
Total Accrual	10	(16)	(14)	(11)	(13)
Cash	\$138	\$2	(\$22)	(\$20)	(\$20)

The November Plan includes MTA Bus expenses for Pensions. These expenses are \$10 million in 2006, \$12 million in 2007, \$12 million in 2008, and \$13 million in 2009 and \$13 million in 2010.

TRACTION AND PROPULSION POWER

MTA continues to take most of its electric power from NYPA. The 2005 Long-term Agreement with NYPA includes a provision for the customers to select a variable cost option including hedges for gas and electric supply. Those hedges have been completed (approximately 75% of the total requirement has been hedged) and the cost of service for 2007 has been revised. For NYPA, there will be an additional 4.7% increase over the July Plan 2007 forecast. At the end of 2007, based on the actual costs, NYPA will adjust costs to its customers; however, based on the hedge strategy, it is anticipated that there will be price protection.

Both LIPA and CL&P had significant “fuel cost adjustments” in 2006 that raised rates by approximately 20% over the 2005 rates. LIPA announced that it does not expect to raise rates in 2007. However, CL&P has recently proposed a further increase for 2007, and that is now reflected as a 10% increase over the 2007 July Plan.

Con Edison is responsible for delivery of energy in New York City and Westchester. It is anticipated that Con Edison will raise rates, beginning in 2008 through 2010, at 5% per year. For years 2008 through 2010, NYPA, LIPA and CL&P are also forecast to raise rates 5% annually.

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

The impact on consolidated MTA costs for Traction and Propulsion Power are increases of \$11 million, \$14 million, \$34 million and \$50 million in 2007 through 2010, respectively, compared with the July Plan.

FUEL FOR BUSES AND TRAINS

In the July Plan, prices for 2007 were forecast based on a 12 month average New York Harbor spot price for diesel fuel. However those forward prices have gone down since July. MTA now assumes an average wholesale price per gallon for 2007 of \$2.15, a reduction of approximately 6.5% from the July Plan.

For years 2008 and 2009, diesel prices are anticipated to decrease by 2% and 2.5% per year. Thereafter, MTA forecasts no change in price. CNG gas prices are also estimated to decrease by 3% in 2008 and 2.5% in 2009, with no forecasted change in price thereafter.

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

The impact of consolidated MTA costs for Fuel and Buses and Train reflects a decrease of \$4 million in 2007, but increases in years 2008-2010. The increases are \$3 million in 2008 and \$7 million in 2009 and 2010.

The November Plan includes MTA Bus expenses for Fuel for Buses and Trains. MTA Bus expenses for Fuel for Buses and Trains are \$24 million in 2006, \$29 million in 2007, \$29 million in 2008, and \$28 million in 2009 and 2010.

INSURANCE

Year-to-year increases in Insurance expenses primarily are driven by a 10% per annum market-rate increase based on an assessment of market conditions made by MTA's Risk Management Department. In 2008, the additional 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.

For years 2007-2010, Insurance expenses are favorable compared to the July Plan. In 2006, MTAHQ includes the removal of \$8 million (which grows with inflation in subsequent years) originally set aside as a provision for potential premium increases in 2006. Agency budgets reflect the current premium payments, thus eliminating the need for the provision in MTAHQ. Partially offsetting this expense removal is an expense adjustment for litigation and insurance reserves of \$5 million in 2006. LI Bus's forecast includes an adjustment to include past-due premiums for participation in the All-Agency Excess Liability Insurance Program (Excess).

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

CLAIMS

Claims expenses increase in each year of the Plan. The 2006 November Forecast is primarily based on actual results through July 2006. Thereafter, years 2007-2010 are based on inflation assumptions and historical performance.

On a year-to-year basis, NYCT's forecast includes an annual inflation rate of 2.5% in each year of the Plan.

On a plan-to-plan basis, LI Bus increased its level of reserves due to the number of current open cases. MTA-wide changes from the July Plan are primarily due to changes in inflation assumptions.

The November Financial Plan includes MTA Bus Claims expenses. MTA Bus expenses for Claims are \$2 million in 2006, \$6 million in 2007, and \$8 million in years 2008-2010. On a year-to-year basis, MTA Bus includes higher payouts due to a future re-estimate of likely claims costs. Thereafter, a stabilized level of accident claims is forecasted.

PARATRANSIT SERVICE CONTRACTS

Expenses increase from \$190 million in 2006 to \$355 million in 2010 or 87% over the period. The annual percentage increase per year is 20% in 2007, 17% in 2008, 15% in 2009 and 16% in 2010. The primary driver of these expense increases is projected annual ridership growth of 15% (which is consistent with the February and July Plans) and cost-per-trip inflation projections based upon current carrier contracts, which include CPI assumptions.

In 2006, expenses decreased slightly (0.6%) from July to November mostly due to estimated underruns in eligibility and vehicle maintenance costs. From 2007 to 2010, forecasted expenses remained unchanged between July and November.

MAINTENANCE AND OTHER OPERATING CONTRACTS

Expenses for Maintenance and Other Operating Contracts are impacted by programmatic changes, contractual increases and inflation assumptions provided by Global Insight.

For non-rolling stock energy costs, NYCT includes New York Power Authority (NYPA) rate increases of 4.7%, 9.5% and 5.0% in years 2007, 2009, and 2010, respectively, for supply costs above the July Plan. In 2008, an increase of 5.0% is forecasted over the July Plan for the delivery of energy costs only, which is provided by Con Edison.

In addition to inflationary increases, 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. Included in 2007 are increased costs for the following: the replacement of concrete ties, Extraordinary Landmark Maintenance in Grand Central Terminal, security for outlying facilities, and higher occupancy costs required for the new Running Repair Shop in New Haven. Partially offsetting these increases are decreases in car disposal costs and West-of-Hudson subsidies due to the elimination of a prior period charge related to the new contract that was included in 2006. West-of-Hudson subsidy payments increase in 2008-2010 due to contract cost escalations and increases in service. Costs in 2008 include a provision for office space renovations and lower costs for Grand Central Terminal electricity due to the withdrawal of outside buildings from the power grid.

The LIRR forecast includes a shift of expenses in the Concrete Tie Replacement Program from 2006 to 2007, the decommissioning of the M-1 fleet, contract renewal increases, and higher utility costs, partially offset by the completion of M-1 decommissioning. Years 2008-2010 reflect only spot replacements in the Concrete Tie Replacement Program and the elimination of the M-1 fleet, as well as inflationary increases.

B&T's expenses are higher in 2007 than 2006 primarily due to a delay in the award of the new contract for the operation of the E-ZPass Customer Service Center, which was originally planned for 2006, additional bridge painting requirements, and higher energy costs. 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 a new E-ZPass tag replacement program.

SIR's expenses reflect the NYPA rate increase of 4.7% in 2007, 10% in 2009 and 5.0% in 2010 for supply costs above the July Plan. This impacts its non-rolling stock energy costs. 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 maintenance costs associated with extended lifecycle of

Paratransit vehicles. MTAHQ expenses primarily reflect inflationary increases, as well as increases in contracts that were negotiated in 2006 for maintenance and repair work for MTAHQ facilities.

On a plan-to-plan basis, major changes in Maintenance and Other Operating Contracts for all MTA Agencies are primarily the result of changes in inflationary assumptions and expense re-estimates resulting from changes in the cost and timing of planned activities.

Compared to the July Plan, NYCT expenses are unfavorable in 2006 primarily due to the additional NYPA rate increase and expense re-estimates.

MNR's expenses are favorable in 2006, but unfavorable in years 2007-2010, primarily increased costs for the Concrete Tie Replacement Program and changes in CPI-U assumptions. The LIRR is slightly favorable compared to the July Plan in 2006, but unfavorable in years 2007-2010 due to expense re-estimates, such as the shift of expenses for the Concrete Tie Replacement Program from 2006 to 2007, and changes in inflationary assumptions.

Compared to the July Plan, B&T is favorable in 2006, but unfavorable in 2007, primarily due to the timing of start-up costs for the new E-ZPass Customer Service Center.

MTAHQ's forecast includes changes in inflationary assumptions and a number of expense re-estimates, including higher Health and Welfare Retiree payments in 2006, a timing switch in expenses for Shared Services from 2006 to 2007, additional litigation reserves related to insurance expenses, and increased Police fuel costs.

LI Bus changes from the July Plan include costs for a maintenance contract to support the Automatic Vehicle Locator system in 2006 and 2007, higher utilities, and changes in CPI-U.

The November Plan includes MTA Bus expenses for Maintenance and Other Operating Contracts. MTA Bus expenses for Maintenance and Other Operating Contracts are \$29 million in 2006, \$22 million in years 2007-2009, and \$23 million in 2010. MTA Bus plan-to-plan changes include increased levels of emergency facility maintenance work performed at the depots as well as changes in inflationary assumptions.

PROFESSIONAL SERVICE CONTRACTS

Increases in 2006-2010 are inflated primarily by MTA Regional CPI-U forecasts provided by Global Insight. MTA Consolidated Professional Service Contracts are forecasted to be \$34 million higher in 2007 than 2006. NYCT is \$15 million higher largely due to the timing of expenses (such as relocation costs). MTAHQ had an increase of \$10 million in expenses primarily due to a re-allocation of funding for Shared Services expenses. The LIRR had an increase of \$4 million in expenses primarily due

to PeopleSoft Human Resource and payroll systems implementation as well as an increase in advertising expenses. B&T expenses are \$3 million higher mostly due to a re-estimate of general engineering services, bond insurance fees, legal services, training services, and CPI-U increases. Professional Service Contracts are forecasted to be higher in 2008-2010 than 2007. MNR's expenses increased in 2009 by \$2 million mainly due to the restoration of a 2005 reduction for MTA Police service charges for the New Haven line.

MTA Consolidated Professional Service Contracts are forecasted to be \$17 million lower in 2006 than the July Plan. MTAHQ is \$8 million lower than the July Plan mostly due to a re-allocation of Shared Services costs to 2007-2008. NYCT is \$8 million lower than the July Plan due to the timing of expenses rolled over from 2006 to 2007.

MTA Consolidated expenses increase over the July Plan by \$16 million in 2007. MTAHQ's expenses increase over the July Plan by \$9 million primarily due to a re-allocation of funding for Shared Services expenses. NYCT's expenses increase over the July Plan by \$6 million predominately due to the timing of expenses. MTA Consolidated expenses increase over the July Plan by \$8 million in 2008, \$7 million in 2009, and \$6 million in 2010.

MTA Bus Company expenses were \$4 million in 2006, \$15 million in 2007, and \$16 million in 2008-2010. Compared with the July Plan, expenses were \$1 million higher in 2006, \$8 million higher in 2007, \$9 million higher in 2008-2009, and \$8 million higher in 2010. These increases are due to the use of new CPI's in the November Plan.

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 expense increases \$92 million or 21.7% between 2006 and 2007 due to significant increases in maintenance requirements. The LIRR reflects an increase of \$46 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 size. NYCT's expenses are projected to increase by \$35 million in 2007 from 2006, primarily due to the timing of subway and bus fleet maintenance programs. MNR expenses increase in 2007 from 2006 by \$7 million primarily due to the expanding maintenance program on the M3 car fleet. B&T expenses increase \$2 million in 2007 from 2006 primarily due to E-ZPass tag purchases.

MTA Consolidated Materials and Supplies increase by \$34 million in 2009 from 2008. NYCT expenses increase by \$24 million predominately due to the timing of subway and bus fleet maintenance programs. MNR expenses increase by \$6 million largely due to cost provisions for the expanding maintenance program on the M3 car fleet. B&T

expenses increase by \$3 million due to the need to undertake a new E-ZPass tag replacement program. On a Consolidated basis, expenses remain unchanged in 2010 from 2009.

MTA Consolidated Materials and Supplies are forecasted to be \$10 million lower in 2006 than the July Plan. In 2006 NYCT is \$10 million lower than the July Plan primarily due to a shift in the timing of expenses to 2007. For 2007, Consolidated Materials and Supplies are \$35 million higher than the July Plan; for each year in 2008-2010, they are lower.

Significant increases from the July Plan in 2007 result from NYCT's additional requirements for subway car maintenance (including major overhauls), bus maintenance and materials. MNR expenses increased from the July Plan due to cost provisions for the expanding maintenance program on the M3 car fleet and the anticipated acquisition of M-8 cars. The LIRR's expenses increase in 2007 then decrease in 2008-2010 primarily due to the implementation of the Life Cycle Maintenance plan for its growing M-7 fleet.

The November Financial Plan now includes expenses for the MTA Bus Company. MTA Bus Company expenses are projected to be \$29 million in 2006, \$33 million each in 2007-2008, \$34 million in 2009 and \$35 million in 2010.

OTHER BUSINESS EXPENSES

Other Business Expenses are forecasted to be unchanged in 2007 from 2006. Changes from year-to-year in 2008-2010 are largely due to inflationary increases based on Global Insight's estimates, and 2008 and 2009 also include provisions for maintenance initiatives at MNR.

MTA Consolidated Other Business Expenses are forecasted to be \$8 million higher in 2006 than in the July Plan. This is largely due to a \$5 million write-off in 2006 by MNR for defective concrete ties. There are favorable decreases projected for 2008-2010.

MTA Bus Company expenses were \$3 million in 2006 and \$0.2 million in each year from 2007-2010.

STATUS OF THE 2006 PEGs

As reflected on the chart below, the February Plan included within its baseline, 2006 Program to Eliminate the Gap (PEG) savings of \$42 million and 143 positions in 2006, growing to \$51 million and 147 positions in 2010. In the July Plan the value of these PEGs was slightly reduced by \$3 million and 5 positions in 2006 and 2007, and \$2 million and 5 positions in each year from 2008 through 2010. NYCT saw PEG savings reduced in 2006 by \$2 million and 5 positions due to delays in implementing the

“Disease Management Program” (-\$1.4 million) and the “Grand Concourse Master Tower Savings” initiative (-\$.2 million and 5 positions). The LIRR saw PEG savings reduced in 2006 due to delays in implementing the “M7 – 45 to 90 Day Inspection” PEG (-\$.5 million) until July, 2006, and elimination of the “Additional Parking Fees” PEG (-\$.6 million).

Re-estimates included in the November Plan resulted in a slight reduction of \$0.5 million and 13 positions to the 2006 value of the PEGs due to the LIRR delaying the implementation of the “M7 – 45 to 90 Day Inspection” PEG (-\$0.5 million) until 2007.

METROPOLITAN TRANSPORTATION AUTHORITY November Financial Plan 2007 - 2010 Summary of Re-Estimates to 2006 PEG Program (\$ in millions)						
	February Plan		July Plan		November Plan	
	Positions	Dollars	Positions	Dollars	Positions	Dollars
2006	143	\$42	138	\$39	125	\$38
2007	146	\$44	141	\$41	141	\$41
2008	147	\$47	142	\$45	142	\$45
2009	147	\$50	142	\$48	142	\$48
2010	147	\$51	142	\$49	142	\$49

In addition to the 2006 PEG Program re-estimates listed above, the November Financial Plan included a significant re-estimate to the 2005 PEG program. This re-estimate involved the elimination of the “100% Off-Peak Seated Load/Guideline Based Adjustment” PEG (included in the baseline). As a result of this, PEG savings were reduced by 431 positions and \$15 million in 2007, 440 positions and \$30 million in 2008, 441 positions and \$32 million in 2009, and 441 positions and \$33 million in 2010.

Positions (Headcount)

METROPOLITAN TRANSPORTATION AUTHORITY
November 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 November Forecast	2007 Final Proposed Budget	2008	2009	2010
Baseline Total Positions	63,483	65,186	65,749	65,680	65,670	65,306
NYC Transit	47,072	48,001	48,292	48,093	48,035	47,642
Long Island Rail Road	6,119	6,476	6,557	6,619	6,606	6,605
Metro-North Railroad	5,812	5,930	6,057	6,125	6,186	6,216
Bridges & Tunnels	1,770	1,822	1,828	1,828	1,828	1,828
Headquarters	1,263	1,423	1,433	1,433	1,433	1,433
Long Island Bus	1,115	1,157	1,149	1,149	1,149	1,149
Staten Island Railway	281	281	283	283	283	283
Capital Construction Company	51	96	150	150	150	150
Non-Reimbursable	56,858	58,409	58,918	59,045	59,233	58,949
NYC Transit	41,770	42,689	43,035	43,100	43,226	42,912
Long Island Rail Road	5,452	5,788	5,837	5,831	5,832	5,832
Metro-North Railroad	5,294	5,351	5,455	5,523	5,584	5,614
Bridges & Tunnels	1,725	1,773	1,779	1,779	1,779	1,779
Headquarters	1,240	1,387	1,397	1,397	1,397	1,397
Long Island Bus	1,102	1,143	1,135	1,135	1,135	1,135
Staten Island Railway	275	278	280	280	280	280
Capital Construction Company	0	0	0	0	0	0
Reimbursable	6,625	6,777	6,831	6,635	6,437	6,357
NYC Transit	5,302	5,312	5,257	4,993	4,809	4,730
Long Island Rail Road	667	688	720	788	774	773
Metro-North Railroad	518	579	602	602	602	602
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	96	150	150	150	150
Total Full-Time	63,140	64,859	65,422	65,360	65,350	64,987
NYC Transit	46,841	47,788	48,079	47,887	47,829	47,437
Long Island Rail Road	6,119	6,476	6,557	6,619	6,606	6,605
Metro-North Railroad	5,807	5,925	6,052	6,120	6,181	6,211
Bridges & Tunnels	1,770	1,822	1,828	1,828	1,828	1,828
Headquarters	1,263	1,423	1,433	1,433	1,433	1,433
Long Island Bus	1,008	1,048	1,040	1,040	1,040	1,040
Staten Island Railway	281	281	283	283	283	283
Capital Construction Company	51	96	150	150	150	150
Total Full-Time-Equivalents	343	327	327	320	320	319
NYC Transit	231	213	213	206	206	205
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
November 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 November Forecast	2007 Final Proposed Budget	2008	2009	2010
<i>Administration</i>	4,256	4,451	4,485	4,477	4,490	4,487
NYC Transit	2,257	2,291	2,291	2,283	2,296	2,294
Long Island Rail Road	601	656	666	665	665	664
Metro-North Railroad	553	533	538	539	539	539
Bridges & Tunnels	137	146	146	146	146	146
Headquarters	571	668	665	665	665	665
Long Island Bus	90	96	96	96	96	96
Staten Island Railway	31	31	31	31	31	31
Capital Construction Company	16	30	52	52	52	52
<i>Operations</i>	28,205	28,705	28,930	28,810	28,858	28,874
NYC Transit	22,711	23,018	23,235	23,088	23,089	23,078
Long Island Rail Road	1,985	2,045	2,040	2,040	2,040	2,040
Metro-North Railroad	1,881	1,969	1,990	2,017	2,064	2,091
Bridges & Tunnels	774	798	798	798	798	798
Headquarters	0	0	0	0	0	0
Long Island Bus	757	781	773	773	773	773
Staten Island Railway	97	94	94	94	94	94
Capital Construction Company	0	0	0	0	0	0
<i>Maintenance</i>	27,531	28,409	28,677	28,739	28,675	28,299
NYC Transit	20,024	20,597	20,690	20,648	20,570	20,191
Long Island Rail Road	3,443	3,690	3,762	3,826	3,826	3,826
Metro-North Railroad	3,269	3,314	3,415	3,455	3,469	3,472
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	153	156	158	158	158	158
Capital Construction Company	0	0	0	0	0	0
<i>Engineering/Capital</i>	1,908	1,990	2,011	2,010	1,997	1,997
NYC Transit	1,487	1,519	1,504	1,504	1,504	1,504
Long Island Rail Road	90	85	89	88	75	75
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
<i>Public Safety</i>	1,583	1,631	1,646	1,644	1,650	1,649
NYC Transit	593	576	572	570	576	575
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	755	768	768	768	768
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
November 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 November Forecast	2007 Final Proposed Budget	2008	2009	2010
Administration						
	Managers/Supervisors	1,690	1,647	1,639	1,636	1,634
	Professional, Technical, Clerical	2,723	2,795	2,795	2,811	2,810
	Operational Hourlies	38	43	43	43	43
	Total Administration	4,451	4,485	4,477	4,490	4,487
Operations						
	Managers/Supervisors	2,913	2,960	2,946	2,919	2,917
	Professional, Technical, Clerical	1,163	1,173	1,178	1,175	1,175
	Operational Hourlies	24,629	24,797	24,686	24,764	24,782
	Total Operations	28,705	28,930	28,810	28,858	28,874
Maintenance						
	Managers/Supervisors	4,438	4,573	4,537	4,528	4,480
	Professional, Technical, Clerical	2,602	2,622	2,603	2,574	2,555
	Operational Hourlies	21,369	21,482	21,599	21,573	21,264
	Total Maintenance	28,409	28,677	28,739	28,675	28,299
Engineering/Capital						
	Managers/Supervisors	486	489	486	477	477
	Professional, Technical, Clerical	1,502	1,520	1,522	1,518	1,518
	Operational Hourlies	2	2	2	2	2
	Total Engineering/Capital	1,990	2,011	2,010	1,997	1,997
Public Safety						
	Managers/Supervisors	144	145	144	141	140
	Professional, Technical, Clerical	159	166	165	164	164
	Operational Hourlies	1,328	1,335	1,335	1,345	1,345
	Total Public Safety	1,631	1,646	1,644	1,650	1,649
MTA Consolidated						
	Managers/Supervisors	9,671	9,814	9,752	9,701	9,648
	Professional, Technical, Clerical	8,149	8,276	8,263	8,242	8,222
	Operational Hourlies	47,366	47,659	47,665	47,727	47,436
	Total MTA Consolidated	65,186	65,749	65,680	65,670	65,306

POSITIONS (Headcount)

Year-to-Year (2007 vs 2006)

The MTA consolidated 2007 baseline reflects positions of 65,749, which are 563 more than 2006. Non-Reimbursable positions increase by 509 and Reimbursable positions increase by 54. Positions increase by a net 291 at NYCT, 127 at MNR, 81 at the LIRR, 54 at MTA CC, 10 at MTA HQ, 6 at B&T and 2 at SIR, while positions decrease by 8 at Long Island Bus. The bulk of the increase over the 2006 November Forecast is made up of position increases in Maintenance (+268) and Operations (+225).

NYCT's increase is made up of increases of 346 Non-Reimbursable positions and decreases of 55 Reimbursable positions. Positions increased in Operations (+217) and Maintenance (+93), and decreased in Engineering (-15) and Public Safety (-4). Position increases reflect changes to PEGs and New Needs in the baseline such as the restoration of the "100% Off-Peak Seated Load" PEG, as well as re-estimates of New Needs including "Reefing/Car Scrapping" and "Bus Service Re-Estimates." Position reductions in Engineering and Public Safety reflect the anticipated completion of in-house capital construction and security projects as well as PEG reductions already in the baseline.

MNR's increase is made up of 104 Non-Reimbursable positions and 23 Reimbursable positions. Positions increase in Maintenance (+101), Operations (+21) and Administration (+5). 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 49 Non-Reimbursable and 32 Reimbursable positions. Positions increase in Maintenance (+72), Administration (+10) and Engineering (+4), and decrease in Operations (-5). Non-Reimbursable position increases are largely within the Maintenance of Equipment Department and consist mainly of training positions. Reimbursable position increases are primarily associated with the 2007 Track Program.

MTA CC's increase of 54 Reimbursable positions is made up of 32 positions in Engineering and 22 in Administration. Position increases are related to implementation of various projects such as East Side Access, the Second Avenue Subway, Lower Manhattan, No. 7 Line and the system-wide security program.

Year-to-Year (2008 – 2010)

Total forecasted position levels decrease by 443 from the end of 2007 to the end of 2010. Positions decrease by 69 in 2008, 10 in 2009 and 364 in 2010. Agencies with the largest position changes at the end of the three-year period are NYCT with a reduction of 650, MNR with an increase of 159 and the LIRR with an increase of 48.

NYCT's decrease is made up of reductions of 527 Reimbursable and 123 Non-Reimbursable positions. The large reduction in positions is due primarily to in-house Capital Construction and Security projects ending in 2006 and 2007. Positions decrease in Maintenance (-499) and Operations (-157) and increase in Administration (+3) and Public Safety (+3).

MNR's increase is made up entirely of 159 Non-Reimbursable positions. Positions increase in Operations (+101), Maintenance (+57) and Administration (+1). Position increases are due to maintenance requirements in support of new security systems, GCT renovations, various infrastructure and facility upgrades funded by the capital program, and the addition of car cleaning personnel and quality control staff.

LIRR's increase is made up of increases of 53 Reimbursable positions and reductions of 5 Non-Reimbursable positions. Position increases are mainly due to the implementation of the Life Cycle Maintenance Program.

Function	2006	2007	Change 2007-2006	2008	Change 2008-2007	2009	Change 2009-2008	2010	Change 2010-2009
Baseline Total Positions	65,186	65,749	(563)	65,680	69	65,670	10	65,306	364
NYC Transit	48,001	48,292	(291)	48,093	199	48,035	58	47,642	393
Long Island Rail Road	6,476	6,557	(81)	6,619	(62)	6,606	13	6,605	1
Metro-North Railroad	5,930	6,057	(127)	6,125	(68)	6,186	(61)	6,216	(30)
Bridges & Tunnels	1,822	1,828	(6)	1,828	0	1,828	0	1,828	0
Headquarters	1,423	1,433	(10)	1,433	0	1,433	0	1,433	0
Long Island Bus	1,157	1,149	8	1,149	0	1,149	0	1,149	0
Staten Island Railway	281	283	(2)	283	0	283	0	283	0
Capital Construction Company	96	150	(54)	150	0	150	0	150	0
Non-Reimbursable	58,409	58,918	(509)	59,045	(127)	59,233	(188)	58,949	284
NYC Transit	42,689	43,035	(346)	43,100	(65)	43,226	(126)	42,912	314
Long Island Rail Road	5,788	5,837	(49)	5,831	6	5,832	(1)	5,832	0
Metro-North Railroad	5,351	5,455	(104)	5,523	(68)	5,584	(61)	5,614	(30)
Bridges & Tunnels	1,773	1,779	(6)	1,779	0	1,779	0	1,779	0
Headquarters	1,387	1,397	(10)	1,397	0	1,397	0	1,397	0
Long Island Bus	1,143	1,135	8	1,135	0	1,135	0	1,135	0
Staten Island Railway	278	280	(2)	280	0	280	0	280	0
Capital Construction Company	0	0	0	0	0	0	0	0	0
Reimbursable	6,777	6,831	(54)	6,635	196	6,437	198	6,357	80
NYC Transit	5,312	5,257	55	4,993	264	4,809	184	4,730	79
Long Island Rail Road	688	720	(32)	788	(68)	774	14	773	1
Metro-North Railroad	579	602	(23)	602	0	602	0	602	0
Bridges & Tunnels	49	49	0	49	0	49	0	49	0
Headquarters	36	36	0	36	0	36	0	36	0
Long Island Bus	14	14	0	14	0	14	0	14	0
Staten Island Railway	3	3	0	3	0	3	0	3	0
Capital Construction Company	96	150	(54)	150	0	150	0	150	0
Total Full-Time	64,859	65,422	(563)	65,360	62	65,350	10	64,987	363
NYC Transit	47,788	48,079	(291)	47,887	192	47,829	58	47,437	392
Long Island Rail Road	6,476	6,557	(81)	6,619	(62)	6,606	13	6,605	1
Metro-North Railroad	5,925	6,052	(127)	6,120	(68)	6,181	(61)	6,211	(30)
Bridges & Tunnels	1,822	1,828	(6)	1,828	0	1,828	0	1,828	0
Headquarters	1,423	1,433	(10)	1,433	0	1,433	0	1,433	0
Long Island Bus	1,048	1,040	8	1,040	0	1,040	0	1,040	0
Staten Island Railway	281	283	(2)	283	0	283	0	283	0
Capital Construction Company	96	150	(54)	150	0	150	0	150	0
Total Full-Time-Equivalents	327	327	0	320	7	320	0	319	1
NYC Transit	213	213	0	206	7	206	0	205	1
Long Island Rail Road	0	0	0	0	0	0	0	0	0
Metro-North Railroad	5	5	0	5	0	5	0	5	0
Bridges & Tunnels	0	0	0	0	0	0	0	0	0
Headquarters	0	0	0	0	0	0	0	0	0
Long Island Bus	109	109	0	109	0	109	0	109	0
Staten Island Railway	0	0	0	0	0	0	0	0	0
Capital Construction Company	0	0	0	0	0</				

Metropolitan Transportation Authority
November Financial Plan 2007 - 2010
Year to Year Changes for Positions by Function and Occupational Group
Baseline Total Full-time Positions and Full-time Equivalents
(Excludes MTA BUS COMPANY)

FUNCTION/OCCUPATIONAL GROUP	2006	2007	Change 2007-2006	2008	Change 2008-2007	2009	Change 2009-2008	2010	Change 2010-2009
Administration									
Managers/Supervisors	1,690	1,647	43	1,639	8	1,636	3	1,634	2
Professional, Technical, Clerical	2,723	2,795	(72)	2,795	-	2,811	(16)	2,810	1
Operational Hourlies	38	43	(5)	43	-	43	-	43	-
Total Administration	4,451	4,485	(34)	4,477	8	4,490	(13)	4,487	3
Operations									
Managers/Supervisors	2,913	2,960	(47)	2,946	14	2,919	27	2,917	2
Professional, Technical, Clerical	1,163	1,173	(10)	1,178	(5)	1,175	3	1,175	-
Operational Hourlies	24,629	24,797	(168)	24,686	111	24,764	(78)	24,782	(18)
Total Operations	28,705	28,930	(225)	28,810	120	28,858	(48)	28,874	(16)
Maintenance									
Managers/Supervisors	4,438	4,573	(135)	4,537	36	4,528	9	4,480	48
Professional, Technical, Clerical	2,602	2,622	(20)	2,603	19	2,574	29	2,555	19
Operational Hourlies	21,369	21,482	(113)	21,599	(117)	21,573	26	21,264	309
Total Maintenance	28,409	28,677	(268)	28,739	(62)	28,675	64	28,299	376
Engineering/Capital									
Managers/Supervisors	486	489	(3)	486	3	477	9	477	-
Professional, Technical, Clerical	1,502	1,520	(18)	1,522	(2)	1,518	4	1,518	-
Operational Hourlies	2	2	0	2	-	2	-	2	-
Total Engineering/Capital	1,990	2,011	(21)	2,010	1	1,997	13	1,997	-
Public Safety									
Managers/Supervisors	144	145	(1)	144	1	141	3	140	1
Professional, Technical, Clerical	159	166	(7)	165	1	164	1	164	-
Operational Hourlies	1,328	1,335	(7)	1,335	-	1,345	(10)	1,345	-
Total Public Safety	1,631	1,646	(15)	1,644	2	1,650	(6)	1,649	1
MTA Consolidated									
Managers/Supervisors	9,671	9,814	(143)	9,752	62	9,701	51	9,648	53
Professional, Technical, Clerical	8,149	8,276	(127)	8,263	13	8,242	21	8,222	20
Operational Hourlies	47,366	47,659	(293)	47,665	(6)	47,727	(62)	47,436	291
Total MTA Consolidated	65,186	65,749	(563)	65,680	69	65,670	10	65,306	364

POSITIONS (Headcount)

Plan-to-Plan (2006)

MTA Consolidated baseline positions of 65,186 are 11 higher than the July Mid-Year Forecast. Non-Reimbursable positions are forecast to increase by 36 and Reimbursable positions to decrease by 25. Total positions increase by 21 at NYCT, 6 at MNR, 5 at LIB and 2 at MTA HQ, while positions decrease by 23 at the LIRR. Position increases in Operations (+15), Administration (+6) and Maintenance (+4), are partially offset by reductions in Engineering (-8) and Public Safety (-6).

NYCT's increase is made up of an increase of 11 Non-Reimbursable positions and 10 Reimbursable positions. Position increases in Operations (+14) and Maintenance (+3) result primarily from Bus Service re-estimates which add 11 positions.

MNR's increase is made up an increase of 15 Non-Reimbursable positions and a decrease of 9 Reimbursable positions. Positions increase in Operations (+10) and decrease in Maintenance (-3) and Administration (-1). Changes in Non-Reimbursable and Reimbursable positions reflect changes in project requirements resulting from program deferrals, eliminations or re-estimates.

LIB's positions increase in Operations (+4) and Administration (+1). Increased service levels result in the need for four additional Bus Operators, while one Safety Specialist is needed to analyze, implement and monitor various safety initiatives.

LIRR's decrease is made up of a decrease of 26 Reimbursable positions and an increase of 3 Non-Reimbursable positions. Positions decrease in Operations (-13), Engineering (-8) and Administration (-6), and increase in Maintenance (+4). Reimbursable position reductions are based on re-estimates of planned project activity for the balance of the year.

Plan-to-Plan (2007)

Baseline positions are increasing by 770 compared with the July Plan. Non-Reimbursable positions increase by 611 and Reimbursable positions increase by 159. Positions increase by 699 at NYCT, 62 at MNR, 10 at the LIRR and 2 at MTA HQ, while decreasing by 3 at LIB .

NYCT's increase is made up of an increase of 521 Non-Reimbursable positions and 178 Reimbursable positions. Positions increase in Operations (+526), Maintenance (+144), Public Safety (+30) and Administration (+14), and decrease in Engineering (-15). Position increases are primarily due to restoration of positions for the "100% Off-Peak Seated Load" PEG (+431), as well as additional induction training float (+77) and positions for capital project support (+178).

MNR's increase is made up of an increase of 48 Non-Reimbursable positions and 14 Reimbursable positions. Positions increase in Maintenance (+29), Operations (+28) and Administration (+5). Non-Reimbursable position increases result mainly from the addition of personnel to support service plan revisions, and a change in the allocation of positions between the Non-Reimbursable and Reimbursable budgets. Reimbursable position increases are primarily due to re-estimates of support requirements for capital projects.

LIRR's increase is made up of an increase of 43 Non-Reimbursable positions and a decrease of 33 Reimbursable positions. Positions increase in Maintenance (+11) and Administration (+5) and decrease in Engineering (-6). Non-Reimbursable position increases are largely within the Maintenance of Equipment Department and consist mainly of training positions. Reimbursable position reductions are based on historical performance and re-estimates of planned project activity.

Plan-to-Plan (2008 – 2010)

When compared with the Mid-Year Forecast, positions are higher in each of the out-years: by 532 in 2008, 508 in 2009, and 465 in 2010. Positions increase in 2008 at NYCT (+407), MNR (+82), the LIRR (+44) and MTA HQ (+2), while decreasing at LIB (-3). NYCT's increase primarily reflects changes to PEGs and New Needs in the baseline such as the restoration of the "100% Off-Peak Seated Load" PEG, as well as re-estimates of New Needs including "Reefing/Car Scrapping" and "Bus Service Re-Estimates."

The MTA Bus Company Plan, which is not included in the consolidated figures above, has total baseline positions of 3,318 in each of the years 2007 through 2011. This represents an increase of 8 positions over the July Mid-Year Forecast in each of the Financial Plan years.

METROPOLITAN TRANSPORTATION AUTHORITY
November Financial Plan 2007 - 2010
Baseline Change Between Plans 2006 Mid-Year Forecast vs. 2006 November Financial Plan
Total Non-Reimbursable - Reimbursable Positions
Full-Time Positions and Full Time Equivalents by Function and Agency
(Excludes MTA BUS COMPANY)

Function	Favorable/(Unfavorable) Variance				
	2006	2007	2008	2009	2010
Baseline Total Positions	(11)	(770)	(532)	(508)	(465)
NYC Transit	(21)	(699)	(407)	(383)	(321)
Long Island Rail Road	23	(10)	(44)	(43)	(42)
Metro-North Railroad	(6)	(62)	(82)	(83)	(103)
Bridges & Tunnels	0	0	0	0	0
Headquarters	(2)	(2)	(2)	(2)	(2)
Long Island Bus	(5)	3	3	3	3
Staten Island Railway	0	0	0	0	0
Capital Construction Company	0	0	0	0	0
Non-Reimbursable	(36)	(611)	(542)	(563)	(541)
NYC Transit	(11)	(521)	(406)	(427)	(385)
Long Island Rail Road	(3)	(43)	(69)	(68)	(68)
Metro-North Railroad	(15)	(48)	(68)	(69)	(89)
Bridges & Tunnels	0	0	0	0	0
Headquarters	(2)	(2)	(2)	(2)	(2)
Long Island Bus	(5)	3	3	3	3
Staten Island Railway	0	0	0	0	0
Capital Construction Company	0	0	0	0	0
Reimbursable	25	(159)	10	55	76
NYC Transit	(10)	(178)	(1)	44	64
Long Island Rail Road	26	33	25	25	26
Metro-North Railroad	9	(14)	(14)	(14)	(14)
Bridges & Tunnels	0	0	0	0	0
Headquarters	0	0	0	0	0
Long Island Bus	0	0	0	0	0
Staten Island Railway	0	0	0	0	0
Capital Construction Company	0	0	0	0	0
Total Full-Time	(11)	(840)	(572)	(515)	(464)
NYC Transit	(21)	(769)	(447)	(390)	(320)
Long Island Rail Road	23	(10)	(44)	(43)	(42)
Metro-North Railroad	(6)	(62)	(82)	(83)	(103)
Bridges & Tunnels	(0)	(0)	(0)	(0)	(0)
Headquarters	(2)	(2)	(2)	(2)	(2)
Long Island Bus	(5)	3	3	3	3
Staten Island Railway	0	0	0	0	0
Capital Construction Company	(0)	(0)	(0)	(0)	(0)
Total Full-Time-Equivalents	0	70	40	7	(1)
NYC Transit	0	70	40	7	(1)
Long Island Rail Road	0	0	0	0	0
Metro-North Railroad	0	0	0	0	0
Bridges & Tunnels	0	0	0	0	0
Headquarters	0	0	0	0	0
Long Island Bus	0	0	0	0	0
Staten Island Railway	0	0	0	0	0
Capital Construction Company	0	0	0	0	0

METROPOLITAN TRANSPORTATION AUTHORITY
November Financial Plan 2007 - 2010
Baseline Change Between Plans 2006 Mid-Year Forecast vs. 2006 November Financial Plan
Total Non-Reimbursable - Reimbursable Positions
Full-Time Positions and Full Time Equivalents by Function and Agency
(Excludes MTA BUS COMPANY)

	Favorable/(Unfavorable) Variance				
Function	2006	2007	2008	2009	2010
<i>Administration</i>	(6)	(33)	(29)	(27)	(27)
NYC Transit	(4)	(14)	(9)	(7)	(7)
Long Island Rail Road	6	(5)	(6)	(6)	(6)
Metro-North Railroad	1	(5)	(5)	(5)	(5)
Bridges & Tunnels	0	0	0	0	0
Headquarters	(8)	(8)	(8)	(8)	(8)
Long Island Bus	(1)	(1)	(1)	(1)	(1)
Staten Island Railway	0	0	0	0	0
Capital Construction Company	0	0	0	0	0
<i>Operations</i>	(15)	(550)	(385)	(409)	(448)
NYC Transit	(14)	(526)	(358)	(381)	(400)
Long Island Rail Road	13	0	0	0	0
Metro-North Railroad	(10)	(28)	(31)	(32)	(52)
Bridges & Tunnels	0	0	0	0	0
Headquarters	0	0	0	0	0
Long Island Bus	(4)	4	4	4	4
Staten Island Railway	0	0	0	0	0
Capital Construction Company	0	0	0	0	0
<i>Maintenance</i>	(4)	(184)	(114)	(69)	12
NYC Transit	(3)	(144)	(25)	20	101
Long Island Rail Road	(4)	(11)	(43)	(43)	(43)
Metro-North Railroad	3	(29)	(46)	(46)	(46)
Bridges & Tunnels	0	0	0	0	0
Headquarters	0	0	0	0	0
Long Island Bus	0	0	0	0	0
Staten Island Railway	0	0	0	0	0
Capital Construction Company	0	0	0	0	0
<i>Engineering/Capital</i>	8	21	20	21	22
NYC Transit	0	15	15	15	15
Long Island Rail Road	8	6	5	6	7
Metro-North Railroad	0	0	0	0	0
Bridges & Tunnels	0	0	0	0	0
Headquarters	0	0	0	0	0
Long Island Bus	0	0	0	0	0
Staten Island Railway	0	0	0	0	0
Capital Construction Company	0	0	0	0	0
<i>Public Safety</i>	6	(24)	(24)	(24)	(24)
NYC Transit	0	(30)	(30)	(30)	(30)
Long Island Rail Road	0	0	0	0	0
Metro-North Railroad	0	0	0	0	0
Bridges & Tunnels	0	0	0	0	0
Headquarters	6	6	6	6	6
Long Island Bus	0	0	0	0	0
Staten Island Railway	0	0	0	0	0
Capital Construction Company	0	0	0	0	0

**Metropolitan Transportation Authority
November Financial Plan 2007 - 2010**

**Baseline Change Between Plans 2006 Mid-Year Forecast vs. 2006 November Financial Plan
Baseline Total Full-time Positions and Full-time Equivalents by Function and Occupational Group**
(Excludes MTA BUS COMPANY)

Favorable/(Unfavorable) Variance					
FUNCTION/OCCUPATIONAL GROUP	2006	2007	2008	2009	2010
Administration					
Managers/Supervisors	(47)	3	7	8	8
Professional, Technical, Clerical	46	(26)	(26)	(25)	(25)
Operational Hourlies	(5)	(10)	(10)	(10)	(10)
Total Administration	(6)	(33)	(29)	(27)	(27)
Operations					
Managers/Supervisors	(0)	(44)	(29)	(17)	(17)
Professional, Technical, Clerical	3	(1)	5	7	5
Operational Hourlies	(18)	(505)	(361)	(399)	(436)
Total Operations	(15)	(550)	(385)	(409)	(448)
Maintenance					
Managers/Supervisors	(4)	(88)	(47)	(45)	(25)
Professional, Technical, Clerical	(1)	(39)	(9)	16	25
Operational Hourlies	1	(57)	(58)	(40)	12
Total Maintenance	(4)	(184)	(114)	(69)	12
Engineering/Capital					
Managers/Supervisors	8	5	4	4	5
Professional, Technical, Clerical	(0)	16	16	17	17
Operational Hourlies	(0)	0	0	0	0
Total Engineering/Capital	8	21	20	21	22
Public Safety					
Managers/Supervisors	3	(8)	(8)	(8)	(8)
Professional, Technical, Clerical	3	(13)	(13)	(13)	(13)
Operational Hourlies	0	(3)	(3)	(3)	(3)
Total Public Safety	6	(24)	(24)	(24)	(24)
MTA Consolidated					
Managers/Supervisors	(40)	(132)	(73)	(58)	(37)
Professional, Technical, Clerical	51	(63)	(27)	2	9
Operational Hourlies	(22)	(575)	(432)	(452)	(437)
Total MTA Consolidated	(11)	(770)	(532)	(508)	(465)

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