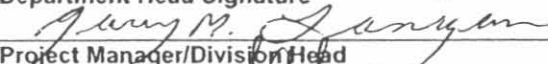
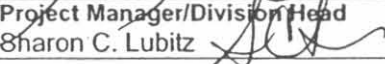


IX. Appendix




Staff Summary

Page 1 of 5

Subject MTA Consolidated 2007 Budget
Department Budgets & Financial Mgt.
Department Head Name Gary M. Lanigan
Department Head Signature 
Project Manager/Division Head Sharon C. Lubitz 

Date December 5, 2006
Vendor Name
Contract Number
Contract Manager Name
Table of Contents Ref #

Board Action					
Order	To	Date	Approval	Info	Other
1	Finance Comm.	12/11	X		
2	Board	12/13	X		

Internal Approvals			
Order	Approval	Order	Approval
3	Executive Director 		Civil Rights
	Chief of Staff	2	Legal 
1	Budgets & Fin. Mgt. 		Administration
	Procurement		Other

Purpose:

To secure MTA Board adoption of MTA's Consolidated and Agencies' 2006 November Forecast and 2007 Final Proposed Budget (November Plan), pursuant to the Board approved budget process. This includes approval of Policy Actions and Agencies' 2007 Program to Eliminate the Gap (PEGs) reflected in the November Plan. The proposal assumes that fares and tolls will remain at current levels.

Discussion:

Summary of Financial Projections

In accordance with Board policy, the Executive Director submitted a final proposed budget for 2007 to the Board in November. This plan reflected \$227 million of net improvements to the 2006 estimates and \$236 million of net improvements to the 2007 estimates that had been released last summer. Most of the improvements were due to increased real-estate-related tax receipts. Excluding the expected receipts from the sale of Stuyvesant Town/Peter Cooper Village (the plan assumes \$52 million will be generated from the sale), the real-estate tax projections in the November Plan reflected increases of \$176 million and \$201 million, respectively, in 2006 and 2007 compared with the July Plan -- a total of \$378 million (rounded to the nearest million).

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 fuel costs were adjusted accordingly. However, beginning in 2007, power costs are projected to be higher than the July Plan, more than offsetting the fuel savings. In addition, pending completion of recent pension valuations by the independent actuary, a reserve is included in the MTAHQ budget of \$40 million annually beginning in 2007 to cover expected pension increases stemming from changing demographics and overtime. These funds will be allocated to Agency budgets upon completion of the actuarial valuations. On the positive side, recent projections by major health care providers are lower than was forecasted in July; some of these savings are included in the MTA's Consolidated Financial Plan, and are slated to be incorporated in the agency budgets in the February 2007 Financial Plan. Also, 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. Pension projections include the estimated interest savings stemming from the investment of \$450 million in 2006 to reduce pension liabilities. The MaBSTOA portion of the resulting reductions in pension costs is captured within the NYCT financial plan and the MTA Defined Benefit Plan portion is captured in the MTA HQ plan, which will be distributed between MTAHQ, MNR and the LIRR in the February 2007 Financial Plan.

As set forth in the Executive Director's letter to the Board on November 29, the 2006 estimate and the 2006 proposed budget designates that increased real estate revenue projected in those two years be used to fund specific policy actions:

- \$142 million in 2006 and 2007 are 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 increase in 2006 and 2007 in baseline Agency budgets including energy, pensions and other net changes to the July Plan.

- \$6.2 million annually beginning in 2007 (\$25 million over four years) to cover the costs associated with providing enhanced security training to designated operating personnel. In order to ensure consistency in the training and to coordinate efforts to determine content and delivery of 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 which will be added to the \$100 million for additional security initiatives earmarked from the 2006 cash balance in the July Plan. The total of \$150 million will be used to support new programs such as installation of intercoms in 75' subway cars and currently identified initiatives in the Capital Program, including emerging contingencies such as the upgrade of MTA police radios.
- \$81 million for downsizing costs to be set aside in 2007. As outlined in the November Plan, MTA will need to embark on an aggressive strategy to become more efficient while reducing headcount and expenses. Together, the developing shared services model and statutory changes to enable a reorganization of the MTA, are estimated to yield savings beginning in 2008. However, MTA will need to incur costs to achieve the resultant downsizing of the workforce.
- \$80 million in GASB contributions in 2006. The plan assumes that recent non-recurring NYCERS pension savings and anticipated employee health & welfare contributions from pattern labor settlements will be deposited in a special Government Accounting Standards Board (GASB) account to help fund post-retirement liabilities of "Other Than Pension Benefits" (OTPB). A new standard requiring governmental agencies to estimate these liabilities in their financial statements becomes effective in 2007. The November Plan assumes that the GASB contributions from the operating budget, including the aforementioned \$80 million, will be \$249 million in 2006 and \$90 million in 2007. During the life of the current Financial Plan, the expected GASB contribution is expected to be \$577 million. (Including MTA Bus in these figures, the GASB contribution increases to \$594 million.) The GASB contributions are shown on a discrete line of the MTA Consolidated Financial Plan. Although the Agency budgets do not show the GASB contributions on a discrete line, the monies associated with the non-recurring NYCERS pension savings and anticipated employee health & welfare contributions are incorporated into Agency expense budgets. The February Plan will reflect these payments in a discrete line in each Agency budget. The \$80 million additional contribution is to be funded by the 2004 Real Estate Tax Stabilization Account.

The Plan includes additional Policy and Gap-Closing Actions as follows:

- 2004 Real Estate Tax Stabilization Account (\$200 million) – these funds were set aside from the 2004 cash surplus to cover potential shortfalls in real estate tax revenues. As these funds were not needed for this purpose, the 2006 estimate assumes that these funds will be reprogrammed in December 2006, with \$80 million being used to fund GASB and the remainder reflected in the 2006 carryover balance for agency use in 2007.
- Anti-Graffiti Campaign – it is proposed that \$5.2 million be allocated in NYCT's budget in 2007 to begin a scratch-free window replacement program utilizing four-ply Mylar on the R142, R142A and R143 programs. It is assumed that the costs for this program will be \$3.4 million in 2008, \$5.0 million in 2009 and \$5.7 million in 2010. These funds are currently captured in the MTA Consolidated Plan; it is proposed that the program be incorporated into NYCT's budget in the February 2007 Financial Plan.
- Station Painting Program – As outlined in the November Plan, it is proposed that \$8.8 million annually, beginning in 2007, be included in NYCT's budget to support an operating budget painting program which would target an average of 35 stations annually. These funds are currently captured in the MTA Consolidated Plan; it is proposed that the program be incorporated into NYCT's budget in the February 2007 Financial Plan. The funding for this program stems from the \$52 million generated by the Real Property Transfer Tax receipts from the sale of Stuyvesant Town and Peter Cooper Village. These funds are expected to be received in December 2006 and will be deposited in NYCT's subsidy account.
- Service Marketing Plan – Consistent with the July Plan, it is proposed that \$5 million be spent in 2007 to support a marketing campaign that would target specific Commuter Railroad and NYCT services in order to increase usage.

These funds, to be allocated by the Executive Director, would be used for designated routes/services that have the potential to be better utilized and therefore make use of current capacity,

- Agency budgets include savings (currently reflected below the baseline) associated with the 2007 Program to Eliminate the Gap (PEG) of \$18 million in 2006 and \$40 million in 2007. The total value of these savings has been reduced since the July Plan to reflect the off-peak service reduction restorations. The outyear values of the 2007 Agency PEGs are approximately \$39 million annually. The Financial Plan for 2008 through 2010, presented as information only, reflects proposed Agency Post-2007 PEGs of \$13 million in 2008, growing to \$22 million annually thereafter. Also included for information are the estimated value of the savings expected to be generated by the shared services initiative and a reorganization of the MTA: \$11 million in 2008; \$41 million in 2009 and \$55 million in 2010.

Note that the Plan reflects that the funds set aside for the \$50 million 2005 Holiday Program were returned to the Agencies as reimbursement for 2005 and 2006 costs in the spring of 2006.

The Consolidated Plan provides for a \$75 million General Reserve annually beginning in 2007, consistent with recent Financial Plans. The unspent 2006 General Reserve is released and reflected in the 2006 closing cash balance.

In summary, the MTA Consolidated Plan reflects a closing cash balance in 2006 of \$938 million, which will be carried over to support 2007. The 2007 Final Proposed Budget ends with a closing cash balance of \$272 million, which will be carried over to support 2008. The outyears of the Plan contain substantial gaps: \$805 million in 2008, \$1,465 million in 2009 and \$1,793 million in 2010. The 2008 gap will need to be addressed next spring so that a balanced Preliminary 2008 Budget can be presented to the Board in July 2007.

Note that the MTA Consolidated budget currently excludes MTA Bus. As per the letter agreement with the City of New York, dated December 8, 2004, which was approved by the Board, the City agreed to pay MTA Bus the difference between the actual operating costs of the city bus routes and all revenues received for such route operations. Thus, the current costs of MTA Bus operations are 100% reimbursable by the City. Beginning in 2007, MTA Bus will be incorporated into the MTA Financial Plan and monthly reporting. To that end, a line-item annual budget for MTA Bus is included for Board approval. In addition, an MTA Consolidated Financial Plan that includes MTA Bus is also attached to this staff summary.

Recommendation:

It is recommended that the Board:

- Adopt the 2007 Budget as summarized in the attached MTA Consolidated Statement of Operations by Category, including approving the 2006 November Plan projections, and 2006 and 2007 policy and gap closing actions.
- Adopt Agency 2007 Budgets, including approving the 2006 November Plan projections, and 2006 and 2007 gap closing actions.
- Authorize adjustment of Agency 2007 Budgets, including the 2006 November Plan projections, in the February 2007 Plan to reflect allocation of the \$40 million pension reserve in the MTAHQ Budget; allocation of the Defined Benefit Plan interest earnings associated with the 2006 investment to reduce pension liabilities, which is currently reflected in the MTAHQ budget; and distribution of health & welfare savings associated with lower rates included in the MTA Consolidated Plan. Agency Budgets will also be adjusted to reflect the GASB contributions on a discrete line in the budget.
- Authorize increases to NYCT's Budget to reflect the 2007 Station Painting and Anti-Graffiti Programs.
- Authorize inclusion of MTA Bus in the MTA Consolidated Financial Plan beginning in 2007.
- Authorize technical adjustments to Agency Budgets of a non-material nature in the February Financial Plan.
- Authorize adjustment of Agency 2007 budgets to reflect labor settlements approved from time to time by the Board
- Approve budget and cash management actions below:

Use of All-Agency Security Pool

The 2006 MTA Headquarters (MTAHQ) Operating Budget authorizes the use of \$17 million and the 2007 MTAHQ Budget authorizes the use of \$17 million for certain MTA-wide security-related projects. Actual payments for these projects may occur in the fiscal year subsequent to the year of authorization. In order to implement this program, and to provide for these cross-fiscal-year expenses, the Board hereby authorizes the deposit in the Mortgage Recording Tax #2 (MRT-2)

Corporate Purposes Account of such amounts from MRT-2 receipts (moneys that by statute are allocable at the Board's discretion); and the payment, subject to the approval of the Executive Director or her designee, from such MRT-2 Corporate Account, of reimbursements of Agency expenses (including MTAHQ expenses) for the security-related projects contemplated in the 2006 and 2007 budget lines for such purposes.

Advance of Bridges and Tunnels Operating Surplus

As has been done on previous occasions, the Board should authorize Bridges and Tunnels to advance to MTA and NYC Transit, to the extent funds are available therefor, all or a part of the estimated operating surplus for the year 2007, when and as directed by the Executive Director or her designee.

General Reserve

The 2007 budget's expenditures include an MTA-wide \$75 million General Reserve, which is not allocated among the MTA Agencies. The Executive Director should be authorized to allocate the General Reserve in order to cover contingencies as may become necessary. This will assure the continued operations of MTA Headquarters and the operating agencies. Such expenditures shall be funded from MTA Corporate Account (MRT -2) monies.

Inter-Agency Loans

The Board should authorize the Executive Director or her designee, acting under Section 1266 (6-a) of the Public Authorities Law, to enter into inter-agency loan agreements among the Metropolitan Transportation Authority and its affiliates and subsidiaries. This authorization would allow the temporary movement of funds among agencies to meet cash flow requirements for operating or capital purposes resulting from a mismatch between the receipt of subsidies and other monies and cash flow needs. The statute requires that any loans be repaid no later than the end of the next succeeding calendar year.

Advance of MTA (Mortgage Recording Tax #2) Corporate Account Monies

Unlike all other forms of intergovernmental aid, these subsidy moneys, by statute, can be allocated at the Board's discretion. It is recommended that the Board continue the practice that it has adopted in the past and authorize that these funds be used to support the MTA Police, the All-Agency Security Pool (see above), other MTA Headquarters operations and to temporarily help stabilize cash-flow requirements. As in the past, the advance of such funds to the MTA and its affiliates and subsidiaries to stabilize cash-flow requirements may be made, provided that such advances are repaid prior to the end of the fiscal year in which made.

In addition, the Board should authorize that Corporate Account monies fund some of the Policy Actions described in this staff summary above. The Treasurer is hereby authorized to establish discrete accounts drawn from the Corporate Account monies in 2007 as follows: \$6.2 million for Enhanced Training; \$5 million for the Service Marketing program and \$81 million for the anticipated downsizing costs. These funds are to be disbursed by the Executive Director or her designee for the purposes described earlier in this staff summary. MRT-2 Corporate Account monies not needed to fund MTA Police, the All-Agency Security Pool, other MTA Headquarters operations, the MTA General Reserve, the policy actions set forth in this paragraph, or temporarily help stabilize cash-flow requirements, will be retained in the Corporate Account and any excess will be carried over to the subsequent year. Note that the Financial Plan assumes that the excess estimated Corporate Account funds are retained as part of the 2006 and 2007 carryovers in the 2006 and 2007 closing cash balances. Proposals for allocation of these funds will be included in subsequent Financial Plans and presented to the Board for action before allocation.

Use of Stabilization Reserve: Provision for Prompt Payment of Contractual Obligations

In 1996, the Board approved the establishment of a Stabilization Reserve, to be held by the MTA Treasurer (the "Treasurer"), to stabilize MTA Agencies' cash flow requirements. The fund consists of two accounts, the MTA New York City Transit Account (the "Transit Account") and the MTA Commuter Railroad Account (the "Commuter Railroad Account"). The Board should authorize the use of any balances in such accounts, plus any amounts authorized below to be transferred to such accounts, to meet the cash flow requirements of MTA New York City Transit and the MTA Commuter Railroads. MTA New York City Transit is hereby authorized to pay to the Treasurer for deposit in the Transit Account such amounts as it deems necessary to accomplish the purpose thereof, consistent with the 2006 November Plan and the 2007 budget; and the Treasurer, subject to the approval of the Executive Director or her designee, is hereby authorized to pay into the Commuter Railroad Account, such amounts as are deemed necessary to accomplish the purpose thereof, consistent with the 2006 November Plan and the 2007 budget. The Treasurer, upon request of MTA New York City Transit, shall pay to NYCT such amounts as are necessary to meet cash flow requirements of NYCT and

as authorized by the MTA Executive Director or her designee, shall transfer from the Commuter Railroad Account such amounts as are necessary to meet the cash flow requirements of MTA Commuter Railroads.

Establish \$150 million Capital Security Account

The Treasurer is hereby authorized to establish a Capital Security Account by December 31, 2006. These funds will be used to support Capital Program security contingencies, such as an upgrade of MTA police radios, as well as fund installation of intercoms in 75' subway cars. The Board authorizes the Executive Director or her designee to assign use of these funds. The funds for this account will be drawn from the Stabilization Reserve, with 70% (\$105 million) of the \$150 million drawn from the MTA New York City Transit Account (the "Transit Account") and 30% (\$45 million) of the \$150 million drawn from the MTA Commuter Railroad Account (the "Commuter Railroad Account").

Real Estate Tax Stabilization Account

As part of the 2005 Adopted Budget, the MTA Treasurer was authorized to establish a Real Estate Tax Stabilization Account in 2004 funded by \$200 million of MTA Corporate Account (MRT-2) monies. The primary purpose of this account was to cover any shortfalls that may materialize in real estate tax revenues. There are currently no outstanding loans from this account. It is recommended that \$80 million of these funds be transferred to a special GASB Account, as detailed below. The remaining \$120 million, plus any interest earnings, will be distributed to the Stabilization Reserves, with 70% allocated to the MTA New York City Transit Account (the "Transit Account") and 30% to the MTA Commuter Railroad Account (the "Commuter Railroad Account"). These allocations are consistent with the 2005 plan to use the monies in the event real estate tax revenues stabilized. Once the transfers are completed before December 31, 2006, the Treasurer will close the Real Estate Tax Stabilization Account.

Government Accounting Standards Board (GASB) Contributions

The 2006 estimate includes \$249 million to be set aside to help fund the OTPB liabilities and the 2007 budget includes \$90 million to help fund these liabilities. It is intended that these monies will be placed in a trust or other appropriate funding vehicle to be established in 2007. Pending determination of the appropriate vehicle, the Treasurer is authorized to establish a GASB Account, with Agency contributions retained in discrete sub-accounts, by December 31, 2006. The first \$80 million of the \$249 million will be funded from the elimination of the MRT-2 Real Estate Stabilization Account, as described above, and held in an account to be established called the MRT-2 GASB Account until the trust or other appropriate funding vehicle is established. The remaining \$169 million from estimated NYCERS savings and withholding of health and welfare contributions as defined in pattern labor settlements contained in Agency 2006 November Plan estimates will also be transferred from Agency Operating Accounts to the GASB Account. Moreover, \$3 million of MTA Bus' estimated 2006 GASB contribution stemming from the employee health & welfare contribution portion of pattern labor settlements will be transferred into the GASB Account. The 2007 budget allocation for GASB (\$90 million) is currently expected to be made by December 31, 2007.

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)

METROPOLITAN TRANSPORTATION AUTHORITY

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)
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
26	Adjusted Net Cash Balance from Previous Year	(600)	(431)	(497)	0
28	Net Cash Surplus/(Deficit)	\$938	\$272	(\$805)	(\$1,465)
					(\$1,793)

METROPOLITAN TRANSPORTATION AUTHORITY

November Financial Plan 2007 - 2010

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

(\$ in millions)

Line Number		2005 Actual	2006 November Forecast	2007 Final Proposed Budget	2008	2009	2010
7	Non-Reimbursable						
8							
9							
10	Operating Revenue						
11	Farebox Revenue	\$3,565	\$3,820	\$3,878	\$3,932	\$3,967	\$3,994
12	Toll Revenue	1,205	1,235	1,237	1,240	1,236	1,235
13	Other Revenue	410	431	422	442	465	485
14	Capital and Other Reimbursements	26	0	0	0	0	0
15	Total Operating Revenue	\$5,206	\$5,486	\$5,537	\$5,614	\$5,668	\$5,714
16							
17	Operating Expense						
18	Labor Expenses:						
19	Payroll	\$3,362	\$3,630	\$3,766	\$3,903	\$4,014	\$4,114
20	Overtime	385	427	381	388	403	418
21	Health & Welfare	769	868	963	1,070	1,188	1,316
22	Pensions	642	586	800	837	836	836
23	Other-Fringe Benefits	386	407	417	435	451	463
24	Pattern Labor Provision	0	14	80	109	110	109
25	Contribution to GASB Fund	0	252	93	75	83	91
26	Reimbursable Overhead	(240)	(277)	(289)	(287)	(286)	(291)
27	Sub-total Labor Expenses	\$5,304	\$5,907	\$6,212	\$6,530	\$6,799	\$7,057
28							
29	Non-Labor Expenses:						
30	Traction and Propulsion Power	253	274	309	314	338	359
31	Fuel for Buses and Trains	138	191	207	206	203	205
32	Insurance	62	50	52	59	64	72
33	Claims	90	140	158	164	168	172
34	Paratransit Service Contracts	158	190	228	266	305	355
35	Maintenance and Other Operating Contracts	453	538	577	582	604	615
36	Professional Service Contracts	216	194	240	239	248	251
37	Materials & Supplies	388	453	548	547	582	583
38	Other Business Expenses	156	155	152	162	161	164
39	Sub-total Non-Labor Expenses	\$1,916	\$2,186	\$2,472	\$2,540	\$2,673	\$2,776
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	\$8,084	\$8,753	\$9,131	\$9,539	\$9,901
47							
48	Depreciation	\$1,469	\$1,594	\$1,721	\$1,790	\$1,887	\$1,981
49							
50	Total Operating Expense	\$8,678	\$9,679	\$10,474	\$10,922	\$11,426	\$11,881
51							
52	Net Operating Deficit Before Subsidies and Debt Service	(\$3,472)	(\$4,193)	(\$4,937)	(\$5,307)	(\$5,758)	(\$6,168)
53							
54	Dedicated Taxes and State/Local Subsidies	\$3,422	\$4,067	\$4,023	\$3,957	\$4,055	\$4,174
55							
56	Debt Service (excludes Service Contract Bonds)	(1,018)	(1,321)	(1,458)	(1,600)	(1,751)	(1,886)
57							
58	Net Deficit After Subsidies and Debt Service	(\$1,067)	(\$1,446)	(\$2,372)	(\$2,950)	(\$3,453)	(\$3,879)
59							
60	Conversion to Cash Basis: Depreciation	\$1,469	\$1,594	\$1,721	\$1,790	\$1,887	\$1,981
61	Conversion to Cash Basis: All Other	273	39	51	40	19	10
62	Net Cash Balance from Previous Year	507	1,182	1,369	769	0	0
63							
64	Baseline Net Cash Balance	\$1,182	\$1,369	\$769	(\$351)	(\$1,547)	(\$1,888)

METROPOLITAN TRANSPORTATION AUTHORITY

November Financial Plan 2007 - 2010

Gap Closing and Policy Actions

(\$ in millions)

Line

No.

	2005	2006	2007			
	Actual	November Forecast	Final Proposed Budget	2008	2009	2010
November Baseline Net Cash Balance	\$1,182	\$1,369	\$769	(\$351)	(\$1,547)	(\$1,888)
<u>POLICY ACTIONS:</u>						
Pension Liability Reduction	(450)	0	0	0	0	0
2004 Real Estate Tax Stabilization Account	0	200	0	0	0	0
Capital Security	(100)	(150)	0	0	0	0
Enhanced Security Training	0	0	(6)	(6)	(6)	(6)
2005 Holiday Fare Program	(50)	50	0	0	0	0
Downsizing Costs	0	0	(81)	0	0	0
Stuyvesant/Cooper Village Sale	0	52	0	0	0	0
NYCT Station Painting	0	0	(9)	(9)	(9)	(9)
Anti-Graffiti Campaign	0	0	(6)	(3)	(5)	(6)
Service Marketing Campaign	0	0	(5)	0	0	0
Sub-Total	(600)	152	(106)	(19)	(20)	(21)
<u>GAP CLOSING:</u>						
2007 Agency Program to Eliminate the Gap	0	18	40	37	39	39
Post 2007 Agency Program to Eliminate the Gap	0	0	0	13	22	22
Shared Services / Reorganization	0	0	0	11	41	55
Sub-Total	0	18	40	61	102	116
Adjusted Net Cash Balance from Previous Year	0	(600)	(431)	(497)	0	0
Net Cash Surplus/(Deficit)	\$582	\$938	\$272	(\$805)	(\$1,465)	(\$1,793)

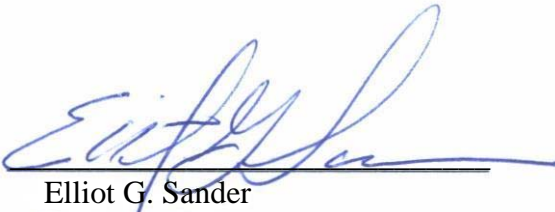
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**Certification of the Executive Director
of the
Metropolitan Transportation Authority
in accordance with Section 202.3(l)
of the
State Comptroller's Regulations**

I, Elliot G. Sander, Executive Director of the Metropolitan Transportation Authority ("MTA"), hereby certify, to the best of my knowledge and belief after reasonable inquiry, including certifications from senior management at the MTA agencies, that the attached budget and financial plan is based on reasonable assumptions and methods of estimation and that the requirements of Section 202.3 and 202.4 of the Regulations referenced above have been satisfied.

Metropolitan Transportation Authority

By:



Elliot G. Sander
Executive Director

Dated: February 20, 2007

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