

# **MTA**

# **2007 Adopted Budget**

## **February Financial Plan**

## **2007–2010**



**February 2007**



**Metropolitan Transportation Authority**

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# **I. Introduction**

## **Introduction**

This document includes the 2007 Adopted Budget approved by the Board in December and the 2007-2010 Financial Plan. The purpose of the February Plan is to fully incorporate those Board-approved actions on a detailed basis into the Agency Budgets and forecasts. Approved Policy and Gap Closing actions that were presented below-the-Baseline are now incorporated into the Baseline. Also, adjustments that were included on a consolidated basis only, are now properly allocated to the Agencies. The process also gives the Agencies the chance to make minor technical adjustments to their Budgets and forecasts which will result in improved reporting. These adjustments are very minor and result in virtually no change to the bottom line. Unlike the July and November Plans, the February Plan does not include any new proposals; nor is it a preview of any document that will require Board action.

This document contains schedules detailing the 12-month allocation of the 2007 Adopted Budget. These monthly allocations of the budget will be compared with monthly actuals and monthly variances will be analyzed and reported to the Board committees.

This report contains detailed Agency information regarding budgeted positions and scheduled 2007 PEG programs. The post-2007 PEGs along with projected savings from Shared Services and any Reorganizations, remain as gap-closing proposals below the line. As the 2008 budget process proceeds, these proposals and associated Agency targeted spending levels will be reassessed. The preliminary 2008 Budget is scheduled for presentation to the Board at the July 2007 meeting. The Final Proposed Budget for 2008 will be presented to the Board in November and adopted in December 2007. This process provides enough time so that public and elected officials can comment on the proposals before the Board action in December.

The February Plan closing cash balances have been revised slightly from the December Plan, mainly as a result of minor technical adjustments. The closing cash balance has been increased by a net \$3 million in 2006 and \$2 million in 2007. The projected cash deficit will decrease by \$6 million in 2008 and \$11 million in both 2009 and 2010.

The incorporation of the 2007 PEGs, technical adjustments and Policy Actions into the baseline reduced positions by 110 in 2007, 123 in 2008 and 116 in 2009 and 2010. Most of this reduction is attributable to PEGs, with position reductions of 228 in 2007 and 230 in each of the years 2008 thru 2010. Ninety-three positions were added at NYCT, reflecting a technical change for operational coverage requirements related to the recognition of Martin Luther King, Jr. Day as a holiday for TWU members. This was part of the TWU arbitration decision in December of 2006. Also reflected in NYCT's Financial Plan are 25 positions for the anti-scratchitti campaign. These positions were previously captured below-the-line as a Policy Action.

## **BASELINE CHANGES**

Pattern Labor Provision – A provision for pattern labor was included in the November Plan, on an MTA-consolidated basis only. For the February Plan, Agencies revised their personnel services expenses to reflect the pattern settlement within their own financial projections. These Agency-specific forecasts resulted in costs that were modestly higher than the preliminary estimates included in the November Plan by \$4 million in 2006, \$7 million in 2007, \$5 million in 2008, \$7 million in 2009, and \$9 million in 2010.

Health & Welfare – In the November Plan, Agencies included a 14.7% projected rate increase in 2007 for the Empire Plan based on preliminary information. Subsequent to those instructions, MTA received information making it likely that these premiums would be lower, and as a result MTA adjusted this increase down to 10% based on an estimate at that time. This adjustment was made only in the consolidated totals (Agency submissions continued to reflect the higher inflator). The actual Empire rate increase for 2007 will be lower still (7.9%) which is now reflected in the February Plan. Future year rates are not changing from the November submission (10.7%), but lower costs in 2007 lower the base and result in cost reductions in the out-years.

GASB Account – The MTA Board approved the November Plan proposal to deposit into this account over the 2006-2010 Plan-period, Health & Welfare contributions by represented employees as anticipated in pattern labor settlements MTA-wide. In addition, contributions from NYCERS pension savings and \$80 million generated by increased real estate-related tax activity are being deposited into the account. A change in the estimate of H&W contributions and various technical changes in procedure are described within Agency Baseline Assumptions.

Other Agency Technical Adjustments – These adjustments are relatively minor and for the most part only involve changes between accounts with no impact on the bottom line. NYCT is recognizing a Board-approved tariff change allowing customers a free transfer between Westchester County Buses and NYCT buses and trains. This results in a revenue reduction of \$2 million in 2007, and \$3 million in the years 2008 and beyond. In addition, NYCT is recognizing \$3 million in additional Paratransit Urban Tax revenue reflecting the inclusion of the sale of Stuyvesant Town and Peter Cooper Village, which was reflected as a Policy Action in the November Plan. Lower-than-anticipated railroad retirement tax rates will lower costs for the Long Island Rail Road and Metro-North. Each Agency section provides a detailed reconciliation of their technical changes.

NYCT-Specific Adjustments – In the February Plan, NYCT has incorporated those items relating to them that were included below-the-line as Policy Actions in the November Plan. Specifically, they added the Station Painting and Anti-Graffiti Campaign costs into their Plan.

Policy Actions Funded by Subsidies - Changes since December reflect technical adjustments for policy actions that were previously handled below-the-line. These are now incorporated in the Subsidy baseline projections in the February Plan. Costs for the Service Marketing Campaign (\$5 million), Enhanced Security Training (\$6 million)

and anticipated downsizing costs associated with future headcount reductions (\$81 million) are funded from the 2007 MRT-2 collections. Other below-the-line policy actions are now included in baseline subsidy accounts in 2005 and 2006: capital security (\$100 million in 2005 and \$150 million in 2006); the 2005 Holiday Program (\$50 million set aside in 2005 and then restored to agency accounts in 2006 to cover expenses in the agency baseline); and the Pension Liability Reduction (\$450 million set aside in 2005 from MRT-2 and agency subsidy accounts).

The February Plan transfers \$200 million to the Baseline subsidy accounts from the 2004 Real Estate Stabilization account. The staff summary approved by the Board in December of 2006 authorized that \$80 million of these funds would be deposited in the GASB account and the remainder plus accumulated interest deposited in the NYCT and Commuter Railroad subsidy accounts.

## **GAP CLOSING**

2007 Agency Program to Eliminate the Gap - The distribution of the 2007 PEGs into the baseline resulted in changes to each Agency's financials, but had virtually no effect on MTA Consolidated cash. Each Agency's section contains PEG Summaries of the 2007 and Post-2007 PEG Programs.

Post-2007 Agency Program to Eliminate the Gap – These actions are described later in the report and are still captured below-the-line.

Shared Services/Reorganization - These proposals are described later in the report and are still captured below-the-line, as they do not commence until 2008.

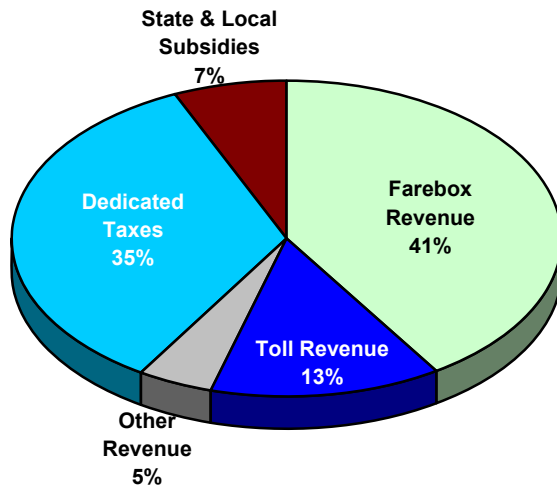
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## **II. MTA Consolidated 2007-2010 Financial Plan**

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

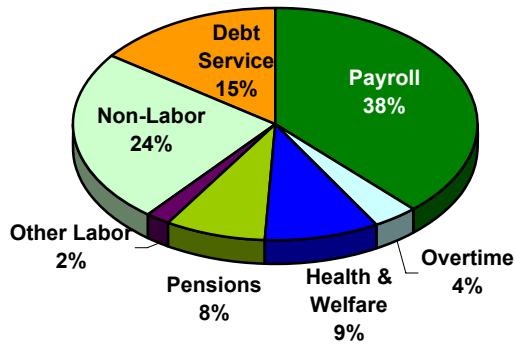
## Where the Dollars Come From ...



By Revenue Source (\$ in millions)	
Farebox Revenue	\$3,747
Toll Revenue	1,237
Other Revenue	419
Dedicated Taxes	3,150
State & Local Subsidies	614
<b>Total</b>	<b>\$9,168</b>

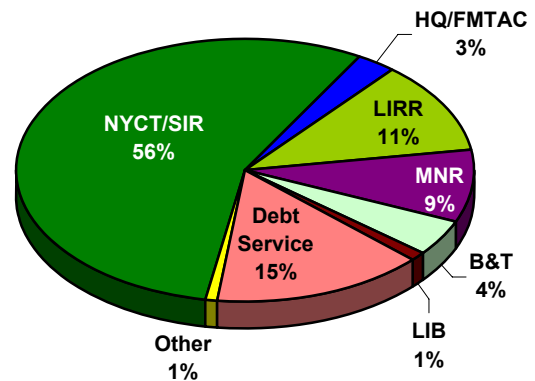
## Where the Dollars Go ...

### By Expense Category



By Expense Category (\$ in millions)	
Payroll	\$3,688
Overtime	365
Health & Welfare	888
Pensions	790
Other Labor	168
Non-Labor	2,358
Debt Service	1,457
<b>Total</b>	<b>\$9,715</b>
<i>Expenses exclude depreciation.</i>	

### By MTA Agency



By MTA Agency (\$ in millions)	
NYCT/SIR	\$5,400
HQ/FMTAC	273
LIRR	1,097
MNR	854
B&T	437
LIB	121
Debt Service	1,457
Other	75
<b>Total</b>	<b>\$9,715</b>
<i>Expenses exclude depreciation.</i>	

The net difference between revenues and expenses is offset through the use of prior year cash balances and cash flow timing adjustments (\$2,507 million) and depreciation (-\$1,691 million). This results in a baseline year-end cash surplus of \$270 million.

# METROPOLITAN TRANSPORTATION AUTHORITY

## February Financial Plan 2007 - 2010

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

(\$ in millions)

Line No.						
7		<b>Non-Reimbursable</b>				
8			<b>2005</b>	<b>2006</b>	<b>2007</b>	
9			<b>Actual</b>	<b>Final Estimate</b>	<b>Adopted Budget</b>	
10	<b>Operating Revenue</b>					<b>2008 2009 2010</b>
11	Farebox Revenue	\$3,565	\$3,694	\$3,747	\$3,798	\$3,832 \$3,858
12	Toll Revenue	1,205	1,235	1,237	1,240	1,236 1,235
13	Other Revenue	410	435	419	440	462 482
14	Capital and Other Reimbursements	26	0	0	0	0 0
15	<b>Total Operating Revenue</b>	<b>\$5,206</b>	<b>\$5,364</b>	<b>\$5,404</b>	<b>\$5,477</b>	<b>\$5,530 \$5,575</b>
16						
17	<b>Operating Expense</b>					
18	<b>Labor Expenses:</b>					
19	Payroll	\$3,362	\$3,523	\$3,688	\$3,850	\$3,965 \$4,066
20	Overtime	385	397	365	374	388 403
21	Health & Welfare	769	817	888	986	1,094 1,216
22	Pensions	642	576	790	828	827 826
23	Other-Fringe Benefits	386	390	391	409	425 436
24	Reimbursable Overhead	(240)	(277)	(290)	(289)	(288) (293)
25	<b>Sub-total Labor Expenses</b>	<b>\$5,304</b>	<b>\$5,426</b>	<b>\$5,832</b>	<b>\$6,158</b>	<b>\$6,410 \$6,654</b>
26						
27	<b>Non-Labor Expenses:</b>					
28	Traction and Propulsion Power	253	274	309	314	338 359
29	Fuel for Buses and Trains	138	167	179	178	175 177
30	Insurance	62	36	38	43	46 53
31	Claims	90	138	153	156	160 164
32	Paratransit Service Contracts	158	190	230	267	306 357
33	Maintenance and Other Operating Contracts	453	508	565	569	590 601
34	Professional Service Contracts	216	190	219	217	226 229
35	Materials & Supplies	388	422	510	507	543 543
36	Other Business Expenses	156	153	156	166	165 168
37	<b>Sub-total Non-Labor Expenses</b>	<b>\$1,916</b>	<b>\$2,077</b>	<b>\$2,358</b>	<b>\$2,419</b>	<b>\$2,549 \$2,651</b>
38						
39	<b>Other Expense Adjustments:</b>					
40	Other	(\$11)	(\$2)	(\$7)	(\$16)	(\$9) (\$9)
41	General Reserve	0	0	75	75	75 75
42	<b>Sub-total Other Expense Adjustments</b>	<b>(\$11)</b>	<b>(\$2)</b>	<b>\$68</b>	<b>\$59</b>	<b>\$66 \$66</b>
43						
44	<b>Total Operating Expense Before Depreciation</b>	<b>\$7,209</b>	<b>\$7,501</b>	<b>\$8,257</b>	<b>\$8,636</b>	<b>\$9,025 \$9,370</b>
45						
46	Depreciation	\$1,469	\$1,581	\$1,691	\$1,754	\$1,848 \$1,939
47						
48	<b>Total Operating Expense</b>	<b>\$8,678</b>	<b>\$9,081</b>	<b>\$9,948</b>	<b>\$10,390</b>	<b>\$10,873 \$11,309</b>
49						
50	<b>Net Operating Deficit Before Subsidies and Debt Service</b>	<b>(\$3,472)</b>	<b>(\$3,718)</b>	<b>(\$4,545)</b>	<b>(\$4,912)</b>	<b>(\$5,343) (\$5,734)</b>
51						
52	Dedicated Taxes and State/Local Subsidies	\$3,909	\$4,342	\$4,065	\$3,994	\$4,029 \$4,077
53	Less: Interagency Subsidy and Surplus Transfers	(486)	(432)	(375)	(378)	(328) (272)
54						
52	Dedicated Taxes and State/Local Subsidies	\$3,422	\$3,911	\$3,765	\$3,690	\$3,775 \$3,881
53	Debt Service (excludes Service Contract Bonds)	(1,018)	(1,321)	(1,457)	(1,598)	(1,749) (1,884)
54						
55	<b>Net Deficit After Subsidies and Debt Service</b>	<b>(\$1,067)</b>	<b>(\$1,128)</b>	<b>(\$2,238)</b>	<b>(\$2,820)</b>	<b>(\$3,317) (\$3,737)</b>
56						
57	Conversion to Cash Basis: Depreciation	\$1,469	\$1,581	\$1,691	\$1,754	\$1,848 \$1,939
58	Conversion to Cash Basis: GASB Account	0	(234)	(82)	(60)	(64) (66)
59	Conversion to Cash Basis: All Other	(327)	141	(43)	34	14 5
60	Net Cash Balance from Previous Year	507	582	941	270	0 0
61						
62	<b>Baseline Net Cash Balance</b>	<b>\$582</b>	<b>\$941</b>	<b>\$270</b>	<b>(\$823)</b>	<b>(\$1,518) (\$1,860)</b>
63						
64	<b>GAP CLOSING:</b>					
65	Post 2007 Agency Program to Eliminate the Gap	0	0	0	13	22 22
66	Shared Services / Reorganization	0	0	0	11	41 55
67						
68	<b>Net Cash Surplus/(Deficit)</b>	<b>\$582</b>	<b>\$941</b>	<b>\$270</b>	<b>(\$799)</b>	<b>(\$1,455) (\$1,782)</b>

# METROPOLITAN TRANSPORTATION AUTHORITY

## February 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 Final Estimate	2007 Adopted Budget	2008	2009	2010
8							
9	<b><u>Total Operating Revenue</u></b>						
10	New York City Transit	\$2,908	\$3,023	\$3,055	\$3,109	\$3,139	\$3,169
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	501	508	516	522
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	<b>Total</b>	<b>\$5,206</b>	<b>\$5,364</b>	<b>\$5,404</b>	<b>\$5,477</b>	<b>\$5,530</b>	<b>\$5,575</b>
20							
21	<b><u>Total Operating Expenses before Depreciation</u></b> <sup>1</sup>						
22	New York City Transit	\$4,716	\$4,911	\$5,372	\$5,668	\$5,941	\$6,158
23	Bridges and Tunnels	344	370	408	405	427	465
24	Metro-North Railroad	751	794	854	894	947	979
25	Long Island Rail Road	962	1,005	1,097	1,136	1,174	1,220
26	MTA Headquarters	314	278	304	310	312	322
27	Long Island Bus	108	117	121	126	130	135
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)	(2)	68	59	66	66
32	<b>Total</b>	<b>\$7,209</b>	<b>\$7,501</b>	<b>\$8,257</b>	<b>\$8,636</b>	<b>\$9,025</b>	<b>\$9,370</b>
33							
34	<b><u>Depreciation</u></b>						
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	<b>Total</b>	<b>\$1,469</b>	<b>\$1,581</b>	<b>\$1,691</b>	<b>\$1,754</b>	<b>\$1,848</b>	<b>\$1,939</b>
45							
46	<b><u>Net Operating Income/(Deficit)</u></b>						
47	New York City Transit	(\$2,763)	(\$2,903)	(\$3,403)	(\$3,710)	(\$4,023)	(\$4,281)
48	Bridges and Tunnels	860	832	780	782	751	706
49	Metro-North Railroad	(468)	(515)	(581)	(620)	(663)	(686)
50	Long Island Rail Road	(740)	(786)	(888)	(907)	(952)	(1,007)
51	MTA Headquarters	(289)	(253)	(277)	(280)	(279)	(287)
52	Long Island Bus	(64)	(73)	(78)	(83)	(87)	(92)
53	Staten Island Railway	(29)	(28)	(33)	(40)	(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	2	(68)	(59)	(66)	(66)
57	<b>Total</b>	<b>(\$3,472)</b>	<b>(\$3,718)</b>	<b>(\$4,545)</b>	<b>(\$4,912)</b>	<b>(\$5,343)</b>	<b>(\$5,734)</b>

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

# METROPOLITAN TRANSPORTATION AUTHORITY

## February 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	Final Estimate	Adopted Budget	2008	2009	2010
9							
10							
11	<b>Receipts</b>						
12	Farebox Revenue	\$3,638	\$3,732	\$3,792	\$3,843	\$3,874	\$3,898
13	Other Operating Revenue	396	446	464	454	477	497
14	Capital and Other Reimbursements	1,109	1,169	1,274	1,257	1,245	1,258
15	<b>Total Receipts</b>	<b>\$5,144</b>	<b>\$5,348</b>	<b>\$5,530</b>	<b>\$5,554</b>	<b>\$5,597</b>	<b>\$5,653</b>
16							
17	<b>Expenditures</b>						
18	<u><b>Labor:</b></u>						
19	Payroll	\$3,647	\$3,781	\$4,049	\$4,163	\$4,267	\$4,366
20	Overtime	444	458	423	431	445	461
21	Health and Welfare	767	830	914	1,005	1,115	1,238
22	Pensions	464	602	782	846	867	867
23	Other Fringe Benefits	449	464	490	500	512	525
24	Pattern Labor Provision	0	0	0	0	0	0
25	Contribution to GASB Fund	0	234	82	60	64	66
26	Reimbursable Overhead	0	0	0	0	0	0
27	<b>Total Labor Expenditures</b>	<b>\$5,772</b>	<b>\$6,370</b>	<b>\$6,740</b>	<b>\$7,005</b>	<b>\$7,270</b>	<b>\$7,525</b>
28							
29	<u><b>Non-Labor:</b></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	230	267	306	357
35	Maintenance and Other Operating Contracts	407	449	476	492	504	505
36	Professional Service Contracts	208	192	245	226	232	234
37	Materials & Supplies	492	543	621	619	642	624
38	Other Business Expenditures	207	157	166	177	176	179
39	<b>Total Non-Labor Expenditures</b>	<b>\$1,974</b>	<b>\$2,138</b>	<b>\$2,381</b>	<b>\$2,438</b>	<b>\$2,536</b>	<b>\$2,606</b>
40							
41	<u><b>Other Expenditure Adjustments:</b></u>						
42	Other	\$57	\$53	\$72	\$75	\$81	\$85
43	General Reserve	0	0	75	75	75	75
44	<b>Total Other Expenditure Adjustments</b>	<b>\$57</b>	<b>\$53</b>	<b>\$147</b>	<b>\$150</b>	<b>\$156</b>	<b>\$160</b>
45							
46	<b>Total Expenditures</b>	<b>\$7,803</b>	<b>\$8,562</b>	<b>\$9,268</b>	<b>\$9,593</b>	<b>\$9,962</b>	<b>\$10,292</b>
47							
48	<b>Net Cash Deficit Before Subsidies and Debt Service</b>	<b>(\$2,659)</b>	<b>(\$3,214)</b>	<b>(\$3,738)</b>	<b>(\$4,039)</b>	<b>(\$4,365)</b>	<b>(\$4,639)</b>
49							
50	Dedicated Taxes and State/Local Subsidies	\$3,360	\$4,442	\$4,055	\$4,065	\$4,098	\$4,147
51							
52	Debt Service (excludes Service Contract Bonds)	(626)	(868)	(989)	(1,118)	(1,250)	(1,368)
53							
54	Net Cash Balance from Previous Year	507	582	941	270	0	0
55							
56	<b>Baseline Net Cash Surplus/(Deficit)</b>	<b>\$582</b>	<b>\$941</b>	<b>\$270</b>	<b>(\$823)</b>	<b>(\$1,518)</b>	<b>(\$1,860)</b>

# METROPOLITAN TRANSPORTATION AUTHORITY

## February Financial Plan 2007 - 2010

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

(\$ in millions)

Line Number		2005	2006 Final	2007 Adopted			
		Actual	Estimate	Budget	2008	2009	2010
8							
9	<b><u>Total Receipts</u></b>						
10	New York City Transit	\$3,692	\$3,821	\$3,902	\$3,916	\$3,932	\$3,968
11	Metro-North Railroad	652	659	706	693	716	721
12	Long Island Rail Road	638	687	723	744	745	756
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	<b>Total</b>	<b>\$5,144</b>	<b>\$5,348</b>	<b>\$5,530</b>	<b>\$5,554</b>	<b>\$5,597</b>	<b>\$5,653</b>
19							
20	<b><u>Total Expenditures</u></b>						
21	New York City Transit	\$5,233	\$5,826	\$6,179	\$6,445	\$6,727	\$6,958
22	Metro-North Railroad	924	927	1,133	1,107	1,162	1,193
23	Long Island Rail Road	1,085	1,212	1,309	1,378	1,405	1,457
24	MTA Headquarters	402	342	374	377	379	390
25	Long Island Bus	114	121	126	131	138	140
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)	75	75	75	75
30	<b>Total</b>	<b>\$7,803</b>	<b>\$8,482</b>	<b>\$9,268</b>	<b>\$9,593</b>	<b>\$9,962</b>	<b>\$10,292</b>
31							
32	<b><u>Net Operating Surplus/(Deficit)</u></b>						
33	New York City Transit	(1,541)	(2,006)	(2,276)	(2,529)	(2,795)	(2,990)
34	Metro-North Railroad	(272)	(267)	(427)	(414)	(446)	(471)
35	Long Island Rail Road	(448)	(525)	(586)	(634)	(661)	(701)
36	MTA Headquarters	(315)	(246)	(273)	(275)	(275)	(283)
37	Long Island Bus	(65)	(73)	(78)	(83)	(89)	(91)
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	(75)	(75)	(75)	(75)
42	<b>Total</b>	<b>(\$2,659)</b>	<b>(\$3,134)</b>	<b>(\$3,738)</b>	<b>(\$4,039)</b>	<b>(\$4,365)</b>	<b>(\$4,639)</b>
43							
44	Additional Contribution to GASB Fund	0	(80)	0	0	0	0
45							
46	<b>Total</b>	<b>(\$2,659)</b>	<b>(\$3,214)</b>	<b>(\$3,738)</b>	<b>(\$4,039)</b>	<b>(\$4,365)</b>	<b>(\$4,639)</b>

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

	Favorable/(Unfavorable)				
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>December Plan Net Cash Surplus/(Deficit)</b>	<b>\$938</b>	<b>\$272</b>	<b>(\$805)</b>	<b>(\$1,465)</b>	<b>(\$1,793)</b>
<b>Technical Changes:</b>					
Pattern Labor Provision	3	(14)	(5)	(7)	(9)
Health & Welfare - Inflation	0	6	8	11	13
Other Agency Adjustments					
New York City Transit	3	(2)	(2)	(2)	(2)
Long Island Rail Road	0	2	2	3	4
Metro-North Railroad	0	1	1	1	1
MTA Headquarters	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Sub-Total</b>	<b>4</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>3</b>
Subsidies					
Bridges & Tunnels (excluding debt service)	0	2	2	3	3
CDOT	(0)	0	1	0	(0)
Other	<u>(0)</u>	<u>(0)</u>	<u>(0)</u>	<u>(0)</u>	<u>(0)</u>
<b>Sub-Total</b>	<b>(0)</b>	<b>1</b>	<b>3</b>	<b>3</b>	<b>3</b>
Debt Service	0	0	2	2	2
Other	(3)	1	(0)	(0)	(1)
<b>Total Technical Changes</b>	<b>3</b>	<b>(5)</b>	<b>8</b>	<b>11</b>	<b>11</b>
Adjusted Net Cash Balance from Previous Year	0	3	(2)	0	0
<b>February Plan Net Cash Surplus/(Deficit)</b>	<b>\$941</b>	<b>\$270</b>	<b>(\$799)</b>	<b>(\$1,455)</b>	<b>(\$1,782)</b>

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

**FAREBOX RECOVERY RATIOS**

	<b>2006 Final <u>Estimate</u></b>	<b>2007 Adopted <u>Budget</u></b>	<b>2008 <u>Forecast</u></b>	<b>2009 <u>Forecast</u></b>	<b>2010 <u>Forecast</u></b>
New York City Transit	43.1%	40.7%	38.9%	37.1%	35.6%
Staten Island Railway	14.1%	12.6%	11.6%	13.3%	12.9%
Long Island Rail Road	30.8%	29.7%	29.4%	28.7%	27.9%
Metro-North Railroad	39.6%	38.7%	37.5%	36.4%	36.0%
Long Island Bus	<u>32.8%</u>	<u>31.8%</u>	<u>30.8%</u>	<u>30.1%</u>	<u>29.1%</u>
<b>MTA Total Agency Average</b>	<b>39.8%</b>	<b>38.5%</b>	<b>37.1%</b>	<b>35.6%</b>	<b>34.4%</b>

**FAREBOX OPERATING RATIOS**

	<b>2006 Final <u>Estimate</u></b>	<b>2007 Adopted <u>Budget</u></b>	<b>2008 <u>Forecast</u></b>	<b>2009 <u>Forecast</u></b>	<b>2010 <u>Forecast</u></b>
New York City Transit	58.0%	53.6%	51.4%	49.3%	47.8%
Staten Island Railway	18.6%	17.8%	15.4%	18.3%	17.6%
Long Island Rail Road	45.0%	42.0%	41.2%	40.6%	39.5%
Metro-North Railroad	56.5%	54.0%	52.4%	50.8%	50.0%
Long Island Bus	<u>33.9%</u>	<u>32.8%</u>	<u>31.8%</u>	<u>31.0%</u>	<u>30.0%</u>
<b>MTA Total Agency Average</b>	<b>54.2%</b>	<b>51.5%</b>	<b>49.6%</b>	<b>47.8%</b>	<b>46.5%</b>

**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 2006-2010 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 merging MTABC into MTA consolidation is still in transition, 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.

### **Agency Technical Adjustments to Utilization**

The February Financial Plan utilization levels reflect technical adjustments for New York City Transit and for Long Island Rail Road. The adjustment for NYCT reflects a free transfer policy between NYCT and the Westchester County Bee Line bus service scheduled to commence on April 1, 2007; this was approved by the MTA Board in January 2007. For 2007, this policy is expected to reduce NYCT farebox revenue by \$2.3 million and increase ridership by 0.5 million, and in subsequent years farebox revenue is projected to be reduced by \$3.0 million while ridership increases by 0.7 million.

The technical adjustment for LIRR reflects a 2007 PEG that has been rolled into the baseline projects. On LIRR, customers who do not have tickets or cash to pay, but express a willingness to subsequently pay, are issued a form that they use to mail their fare to LIRR. In the past, collection of these fares was based solely on an honor system, but LIRR will now be making a more concerted effort to collect these fares, which they believe should add \$0.15 million in farebox revenue per year.

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

The 2006 Final Estimate 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 Final Estimate is estimated to be \$3,663.6 million, and toll revenue is estimated to be \$1,234.9 million.

MTA consolidated ridership for the 2006 Final Estimate is unchanged from the 2006 November Forecast projection; MTABC ridership, not included in MTA consolidated ridership, is also unchanged from the November Forecast. 2006 Final Estimate projections for MTA consolidated farebox revenue, B&T toll revenue and MTABC farebox revenue are all unchanged from the 2006 November Forecast.

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

The MTA consolidated ridership forecast for the 2007 Adopted Budget is 2,457.6 million passengers, while crossings at B&T facilities are projected to total 301.0 million vehicular crossings. MTA consolidated farebox revenue for the 2007 Adopted Budget is estimated to be \$3,714.8 million, and toll revenue is estimated to be \$1,236.9 million.

The 2007 Adopted Budget for MTA consolidated ridership is projected to increase by 31.1 million trips – a 1.3% increase – over the 2006 Final Estimate 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 Final Estimate traffic level. MTABC ridership is expected to increase 2.0 million, or 2.1%, over the ridership level in the 2006 Final Estimate. MTA consolidated farebox revenue for 2007 is expected to surpass the 2006 Final Estimate by \$53.0 million, up 1.1%, while B&T toll revenue is projected to surpass the 2006 Final Estimate by \$2.0 million, a 0.2% year-over-year improvement. MTABC farebox revenue is projected to grow from the 2006 Final Estimate by \$2.6 million, a 2.1% increase.

MTA consolidated ridership for the 2007 Adopted Budget is projected to surpass the 2007 Final Proposed Budget projection by 0.5 million trips, an increase of 0.02%, while crossings at B&T facilities are projected to remain unchanged. MTA consolidated farebox revenue in the 2007 Adopted Budget is projected to decline by \$2.3 million from the 2007 Final Proposed Budget, a 0.1% decrease, while B&T toll revenue for 2007 is projected to be unchanged from the 2007 Final Proposed Budget.

Two technical adjustments, one for NYCT and the other for LIRR, were made to the February Plan, affecting 2007 through 2010.

NYCT utilization is being adjusted to reflect a new joint transfer agreement between NYCT and Westchester County's Bee Line bus service. Effective April 1, 2007, Westchester County buses will begin accepting MetroCards, with fares matching the NYCT fare structure. Additionally, customers of NYCT and Westchester County's bus service will be able to transfer between the two transit systems without paying extra, subject to the normal, existing transfer regulations. While the full year impact on NYCT utilization is projected to increase ridership by 0.7 million trips with a related farebox revenue decline of \$3.00 million, the 2007 partial year impact is expected to be a ridership increase of 0.51 million trips and a farebox revenue decline of \$2.3 million.

The utilization adjustment for LIRR reflects the impact of a 2007 PEG that is now incorporated into the baseline utilization projection. LIRR will be making a more concerted effort to collect farebox revenue from customers who board trains without tickets or cash to pay for their fare but promise to subsequently mail the fare to the railroad. This PEG is expected to have no impact on ridership, but is projected to result in an additional \$0.15 million in farebox revenue each year.

## **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 Adopted Budget levels. Year-to-year consolidated ridership is projected to reach 2,490.2 million passengers, up 1.3%, while year-to-year farebox revenue is estimated to reach \$3,764.2 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 2,520.4 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 \$3,820.1 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.

The February Financial Plan's NYCT and LIRR technical adjustments result in modest plan to plan changes each year. NYCT annual farebox revenue is \$3.0 million lower, while ridership is 0.7 million higher, due to the impact of free transfers between NYCT and Westchester County's bus service. LIRR farebox revenue is \$0.2 million greater plan to plan for each year due to the aforementioned revenue collection PEG.

# MTA Consolidated Utilization

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

### Including the Impact of 2007 PEGs <sup>1</sup>

		Financial Plan 2007-2010				
		<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Fare Revenue</b>						
Long Island Bus <sup>2</sup>	- Baseline	\$38.5	\$38.7	\$38.9	\$39.1	\$39.3
Long Island Rail Road	- Baseline	\$453.9	\$462.5	\$469.0	\$477.0	\$483.0
	- 2007 PEGs <sup>5</sup>	0.0	0.2	0.2	0.2	0.2
		<u>\$453.9</u>	<u>\$462.6</u>	<u>\$469.1</u>	<u>\$477.1</u>	<u>\$483.2</u>
Metro-North Railroad <sup>3</sup>	- Baseline	\$451.6	\$463.1	\$473.1	\$484.3	\$491.6
New York City Transit <sup>2, 4</sup>	- Baseline	\$2,716.0	\$2,746.8	\$2,779.0	\$2,791.1	\$2,801.8
Staten Island Railway	- Baseline	\$3.5	\$3.6	\$4.2	\$4.2	\$4.2
<b>Total Farebox Revenue</b>	- Baseline	<b>\$3,663.6</b>	<b>\$3,714.7</b>	<b>\$3,764.1</b>	<b>\$3,795.6</b>	<b>\$3,820.0</b>
<b>(excl. MTA Bus Co.)</b>	- 2007 PEGs	0.0	0.2	0.2	0.2	0.2
		<u>\$3,663.6</u>	<u>\$3,714.8</u>	<u>\$3,764.2</u>	<u>\$3,795.8</u>	<u>\$3,820.1</u>
<b>Toll Revenue</b>						
Bridges & Tunnels	- Baseline	\$1,234.9	\$1,236.9	\$1,239.6	\$1,236.1	\$1,234.7
<b>TOTAL FARE &amp; TOLL REVENUE (excl. MTA Bus Co.)</b>						
	- Baseline	<b>\$4,898.5</b>	<b>\$4,951.5</b>	<b>\$5,003.7</b>	<b>\$5,031.7</b>	<b>\$5,054.7</b>
	- 2007 PEGs	0.0	0.2	0.2	0.2	0.2
		<u>\$4,898.5</u>	<u>\$4,951.7</u>	<u>\$5,003.8</u>	<u>\$5,031.9</u>	<u>\$5,054.8</u>
<b>MTA Bus Company Farebox Revenue</b>						
	- Baseline	\$126.0	\$128.6	\$131.0	\$132.3	\$133.6

<sup>1</sup> Excludes Post-2007 PEG impacts.

<sup>2</sup> Excludes Paratransit Operations.

<sup>3</sup> Metro-North Railroad ridership and farebox revenue figures are for East-of-Hudson service (Hudson, Harlem and New Haven Lines) only.

<sup>4</sup> Excludes Fare Media Liability.

<sup>5</sup> LIRR is the only MTA agency with a 2007 PEG, which affects revenue through improved collection procedures.

# MTA Consolidated Utilization

## Baseline MTA Agency Ridership and Traffic Projections, in millions

### Including the Impact of 2007 PEGs <sup>1</sup>

		Financial Plan 2007-2010				
		<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Ridership</b>						
Long Island Bus <sup>2</sup>	- Baseline	31.5	31.7	31.8	32.0	32.1
Long Island Rail Road	- Baseline	81.4	83.0	84.3	85.5	86.6
	- 2007 PEGs <sup>5</sup>	0.0	0.0	0.0	0.0	0.0
		<b>81.4</b>	<b>83.0</b>	<b>84.3</b>	<b>85.5</b>	<b>86.6</b>
Metro-North Railroad <sup>3</sup>	- Baseline	75.0	76.5	78.1	79.6	80.7
New York City Transit <sup>2,4</sup>	- Baseline	2,234.9	2,262.7	2,291.8	2,304.8	2,316.7
Staten Island Railway	- Baseline	3.7	3.7	4.2	4.2	4.2
<b>Total Ridership</b>	- Baseline	<b>2,426.5</b>	<b>2,457.6</b>	<b>2,490.2</b>	<b>2,506.1</b>	<b>2,520.4</b>
<b>(excl. MTA Bus Co.)</b>	- 2007 PEGs	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
		<b>2,426.5</b>	<b>2,457.6</b>	<b>2,490.2</b>	<b>2,506.1</b>	<b>2,520.4</b>
<b>Traffic</b>						
Bridges & Tunnels	- Baseline	300.0	301.0	302.2	301.8	302.0
<b>MTA Bus Company Ridership</b>						
	- Baseline	97.1	99.2	101.0	102.0	103.0

<sup>1</sup> Excludes Post-2007 PEG impacts.

<sup>2</sup> Excludes Paratransit Operations.

<sup>3</sup> Metro-North Railroad ridership and farebox revenue figures are for East-of-Hudson service (Hudson, Harlem and New Haven Lines) only.

<sup>4</sup> Excludes Fare Media Liability.

<sup>5</sup> LIRR is the only MTA agency with a 2007 PEG, which affects revenue through improved collection procedures.



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# **Subsidies**

## **SUBSIDIES - Major Assumptions**

The following pages contain accrual and cash summary tables for the subsidies and dedicated taxes. Detailed narratives describing each subsidy, forecast methodologies and explanations of changes 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 the report.

Changes since December reflect technical adjustments for policy actions that were previously handled below the line. These have been incorporated in the Subsidy baseline projections in the February Plan. Costs for the Service Marketing Campaign (\$5 million), Enhanced Security Training (\$6 million) and anticipated downsizing costs associated with future headcount reductions (\$81 million) are funded from the 2007 MRT-2 collections. Other below-the line policy actions are now included in baseline subsidy accounts in 2005 and 2006: capital security (\$100 million in 2005 and \$150 million in 2006); the 2005 Holiday Program (\$50 million set aside in 2005 and then restored to agency accounts in 2006 to cover expenses in the agency baseline); and the Pension Liability Reduction (\$450 million set aside in 2005 from MRT-2 and agency subsidy accounts).

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

	2005 Actual	2006 Final Estimate	2007 Adopted Budget	2008	2009	2010
<b><u>Subsidies</u></b>						
<b><i>Dedicated Taxes</i></b>						
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
Other		(0.0)	(3.6)	(3.6)	(3.6)	(3.6)
Real Estate Stabilization Reserve	0.0	0.0	0.0	0.0	0.0	0.0
Urban Tax	557.4	666.8	499.8	559.4	595.7	622.7
Investment Income	14.8	25.5	9.2	9.2	9.3	9.3
	<b>\$2,816.0</b>	<b>\$3,313.3</b>	<b>\$3,150.1</b>	<b>\$3,065.4</b>	<b>\$3,133.8</b>	<b>\$3,222.8</b>
<b><i>State and Local Subsidies</i></b>						
State Operating Assistance	\$190.9	\$190.9	\$190.9	\$190.9	\$190.9	\$190.9
Local Operating Assistance	187.9	187.9	187.9	187.9	187.9	187.9
Nassau County Subsidy	10.5	10.5	10.5	10.5	10.5	10.5
CDOT Subsidy	43.7	50.2	64.5	72.9	87.0	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
	<b>\$606.2</b>	<b>\$597.4</b>	<b>\$614.4</b>	<b>\$624.9</b>	<b>\$641.6</b>	<b>\$658.1</b>
Commuter Operating Capital Transfer - MNR M-7	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
<b>Sub-total Dedicated Taxes &amp; State and Local Subsidies</b>	<b>\$3,422.1</b>	<b>\$3,910.7</b>	<b>\$3,764.5</b>	<b>\$3,690.3</b>	<b>\$3,775.4</b>	<b>\$3,880.9</b>
City Subsidy for MTA Bus	\$0.0	\$206.5	\$257.1	\$265.3	\$275.7	\$289.3
<b>Total Dedicated Taxes &amp; State and Local Subsidies</b>	<b>\$3,422.1</b>	<b>\$4,117.2</b>	<b>\$4,021.6</b>	<b>\$3,955.6</b>	<b>\$4,051.1</b>	<b>\$4,170.2</b>
<b><i>Inter-agency Subsidy Transactions</i></b>						
B&T Operating Surplus Transfer	\$451.7	\$401.4	\$339.1	\$334.2	\$290.0	\$232.1
MTA Subsidy to Subsidiaries	34.7	30.2	32.5	40.4	34.8	35.9
	<b>\$486.4</b>	<b>\$431.7</b>	<b>\$371.6</b>	<b>\$374.6</b>	<b>\$324.7</b>	<b>\$268.0</b>
<b>GROSS SUBSIDIES (excluding City Subsidy to MTA Bus)</b>	<b>\$3,908.5</b>	<b>\$4,342.4</b>	<b>\$4,136.2</b>	<b>\$4,065.0</b>	<b>\$4,100.2</b>	<b>\$4,148.8</b>
<b>GROSS SUBSIDIES (including City Subsidy to MTA Bus)</b>	<b>\$3,908.5</b>	<b>\$4,548.9</b>	<b>\$4,393.2</b>	<b>\$4,330.2</b>	<b>\$4,375.9</b>	<b>\$4,438.2</b>

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

	2005 Actual	2006 Final Estimate	2007 Adopted Budget	2008	2009	2010
<b><u>Subsidies</u></b>						
<b><u>Dedicated Taxes</u></b>						
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	61.2	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)
Downsizing	0.0	0.0	(81.0)	0.0	0.0	0.0
Enhanced Security Training	0.0	0.0	(6.2)	(6.2)	(6.2)	(6.2)
Service Marketing Campaign	0.0	0.0	(5.0)	0.0	0.0	0.0
Interest	1.6	8.0	0.0	0.0	0.0	0.0
Urban Tax	551.5	658.8	494.7	556.3	593.5	620.5
Investment Income	<u>14.8</u>	<u>25.5</u>	<u>9.2</u>	<u>9.2</u>	<u>9.3</u>	<u>9.3</u>
	<b>\$2,839.4</b>	<b>\$3,310.8</b>	<b>\$3,064.6</b>	<b>\$3,066.3</b>	<b>\$3,128.8</b>	<b>\$3,217.4</b>
<b><u>State and Local Subsidies</u></b>						
State Operating Assistance	\$190.9	\$190.9	\$190.9	\$190.9	\$190.9	\$190.9
Local Operating Assistance (18-b)	187.9	187.9	187.9	187.9	187.9	187.9
Nassau County Subsidy (includes 18-b local match)	10.5	10.5	10.5	10.5	10.5	10.5
CDOT Subsidy	50.3	50.2	64.5	72.9	87.0	100.7
Station Maintenance	130.2	135.0	138.9	141.1	143.3	145.9
AMTAP	<u>39.4</u>	<u>20.0</u>	<u>20.0</u>	<u>20.0</u>	<u>20.0</u>	<u>20.0</u>
	<b>\$609.2</b>	<b>\$594.4</b>	<b>\$612.7</b>	<b>\$623.3</b>	<b>\$639.6</b>	<b>\$655.9</b>
<b><u>Other Subsidy Adjustments</u></b>						
Commuter Operating Capital Transfer - MNR M-7	\$0.0	(\$10.0)	\$0.0	\$0.0	\$0.0	\$0.0
Capital Security	(100.0)	(150.0)	0.0	0.0	0.0	0.0
2005 Holiday Fare Program	(50.0)	50.0	0.0	0.0	0.0	0.0
Pension Liability Reduction <sup>1</sup>	(450.0)	0.0	0.0	0.0	0.0	0.0
2004 Real Estate Tax Stabilization Account	<u>0.0</u>	<u>200.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
	<b>(\$600.0)</b>	<b>\$100.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>
<b>Sub-total Dedicated Taxes &amp; State and Local Subsidies</b>	<b>\$2,848.6</b>	<b>\$3,995.2</b>	<b>\$3,677.3</b>	<b>\$3,689.6</b>	<b>\$3,768.5</b>	<b>\$3,873.4</b>
City Subsidy for MTA Bus	\$0.0	\$206.5	\$257.1	\$265.3	\$275.7	\$289.3
<b>Total Dedicated Taxes &amp; State and Local Subsidies</b>	<b>\$2,848.6</b>	<b>\$4,201.7</b>	<b>\$3,934.4</b>	<b>\$3,954.9</b>	<b>\$4,044.2</b>	<b>\$4,162.7</b>
<b><u>Inter-agency Subsidy Transactions</u></b>						
B&T Operating Surplus Transfer	\$477.3	\$416.2	\$345.3	\$334.7	\$294.4	\$237.9
MTA Subsidy to Subsidiaries	<u>33.9</u>	<u>30.7</u>	<u>32.5</u>	<u>40.4</u>	<u>34.8</u>	<u>35.9</u>
	<b>\$511.2</b>	<b>\$446.9</b>	<b>\$377.9</b>	<b>\$375.1</b>	<b>\$329.2</b>	<b>\$273.8</b>
<b>GROSS SUBSIDIES (excluding City Subsidy to MTA Bus)</b>	<b>\$3,359.8</b>	<b>\$4,442.1</b>	<b>\$4,055.2</b>	<b>\$4,064.7</b>	<b>\$4,097.6</b>	<b>\$4,147.1</b>
<b>GROSS SUBSIDIES (including City Subsidy to MTA Bus)</b>	<b>\$3,359.8</b>	<b>\$4,648.6</b>	<b>\$4,312.2</b>	<b>\$4,330.0</b>	<b>\$4,373.3</b>	<b>\$4,436.5</b>

<sup>1</sup>Pension Reality Reduction of \$450 million was funded from subsidy balances in 2005 and transferred to pension plans in 2006.

## **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.

The 2006 Final Estimate for MMTOA was based on total statewide MMTOA tax estimates of \$1,799 million, an increase of \$336 million over the 2005 levels. The Estimate assumes \$1,738 million is allotted for Downstate transit properties, of which \$182.5 million is earmarked to fund the State's 18-b obligations. The remainder, which is consistent with the State's enacted FY2006/2007 Budget, is payable to New York City Transit for the benefit of NYCT and SIR, representing 59.4%, and to MTA for the benefit of Long Island Rail Road and Metro-North Railroad, representing 27.2%. Long Island Bus, city private buses and other downstate transportation properties also receive a portion of the MMTOA funds.

### **2006 Final Estimate**

The 2006 Final Estimate forecasts MMTOA cash receipts of \$1,269.2 million for NYCT, SIR and the Commuter Railroads, a \$322.5 million increase over the 2005 levels. In addition, \$41.9 million is allocated to Long Island Bus, which shows an increase of \$5.6 million over the 2005 level. These forecasts reflect the NY State Enacted Budget appropriation for MTA's MMTOA allotment.

Total downstate collections reflect year-to-date results through September. Based on the State Budget's (DOB) Mid-Year Financial Plan Update, State FY 2006/2007 gross receipts in the MMTOA account are higher than earlier forecasts due to higher Corporate Surcharge and Sales Tax revenues, which according to the State is largely attributable to additional revenues generated from the State's tax audits on various corporate contributors that resulted in reassessment of tax liabilities, as well as higher Sales Tax revenues. A large portion of the increase in Corporate Surcharge is attributable to "one-shot" adjustments and is not expected to recur at the same rate. This overall favorable change is partially offset by lower PBT receipts.

The Final Estimate thus assumes an additional \$152.8 million in State MMTOA taxes to be generated during SFY 2006-07, which were not included in the enacted State budget for the current year but are intended to be appropriated in SFY 2007-08 according to the assumptions for MTA financing developed by

DOB.

The November Plan noted that 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. These funds reflect MMTOA monies available in the downstate MMTOA account, but not yet appropriated, and not included as part of the MTA's Financial Plan since the funds are expected to be earmarked for capital activities. Subsequently, the Governor's 2007-2008 Executive Budget includes sufficient money to fund the \$35 million allotted for the South Ferry project.

### **2007 Adopted Budget**

For 2007, total MTA MMTOA is estimated to be \$1,522 million, an increase of \$211.4 million over the 2006 Final Estimate. Of this total, \$977.5 million is earmarked for NYCT and SIR, and \$494.3 million for the commuter railroads. These amounts assume an additional \$137.3 million available from taxes collected in SFY 2006-07. In addition, \$50.6 million is allocated for Long Island Bus. The 2007 estimate reflects MTA's assumption that \$100.0 million in State MMTOA taxes that were generated in SFY 2005-06, but not appropriated in that year, but intended for future use according to the assumptions for MTA financing, would be appropriated in 2007.

The Plan assumes that in 2007, the State's funding of its 18-b obligation will remain at the 2006 level of \$182.5 million. In addition, it assumes that the percentage allocations of MMTOA's downstate share that comes to the MTA will represent 61.1% for NYCT/SIR and 27.7% for the Commuter Railroads, to reflect pre-2004 levels.

The 2007 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 FY 2006-2007 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, MTA cash forecast is \$151.1 million below the prior year's level, primarily reflecting lower Corporate Surcharge and PBT, partially offset by higher Sales Tax collections, based on State Budget predictions. In 2009 and 2010, the forecast is \$32.5 million and \$61.4 million above the prior year's level, respectively.

Additionally, 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 is earmarked for the MTA to reflect the MTA's share of the downstate allotment.

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

	<b>2008</b>	<b>2009</b>	<b>2010</b>
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**  
**February Financial Plan 2007 - 2010**  
**Tax Yield Distribution 2005 - 2010**  
(\$ in millions)

ACTUAL	FORECAST				
<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>

**Forecast of MMTOA Gross Receipts (\$FY):**

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
<b>Total Gross Receipts Available for Allocation</b>	<b>\$1,463.4</b>	<b>\$1,799.0</b>	<b>\$1,648.9</b>	<b>\$1,704.9</b>	<b>\$1,787.6</b>	<b>\$1,855.0</b>

**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
<b>Total Net DownState Share Available for Allocation</b>	<b>\$1,399.1</b>	<b>\$1,737.7</b>	<b>\$1,584.6</b>	<b>\$1,637.7</b>	<b>\$1,720.2</b>	<b>\$1,787.1</b>
Less: 18-B Adjustment	(182.5)	(182.5)	(182.5)	(182.5)	(182.5)	(182.5)
<b>Adjusted Total Net DownState Share for Allocation</b>	<b>\$1,216.6</b>	<b>\$1,555.2</b>	<b>\$1,402.1</b>	<b>\$1,455.2</b>	<b>\$1,537.7</b>	<b>\$1,604.6</b>

**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
<b>Total NYCT/SIR Share of Net DownState Share</b>	<b>\$617.0</b>	<b>\$835.9</b>	<b>\$977.5</b>	<b>\$878.6</b>	<b>\$899.4</b>	<b>\$940.3</b>
Total SIR Share	1.9	2.5	2.9	2.6	2.7	2.8
<b>Total NYCT Share of Net DownState Share</b>	<b>\$615.1</b>	<b>\$833.4</b>	<b>\$974.5</b>	<b>\$876.0</b>	<b>\$896.7</b>	<b>\$937.5</b>

**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
<b>Total MTA Share of Net DownState Share</b>	<b>\$329.7</b>	<b>\$433.3</b>	<b>\$494.3</b>	<b>\$449.1</b>	<b>\$458.5</b>	<b>\$477.1</b>

**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
<b>Total LIB Share of Net DownState Share</b>	<b>\$36.3</b>	<b>\$41.9</b>	<b>\$50.6</b>	<b>\$43.5</b>	<b>\$45.8</b>	<b>\$47.7</b>

## **PETROLEUM BUSINESS TAXES (PBT) (Trust Fund Taxes)**

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

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

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

### **2006 Final Estimate**

The 2006 Final Estimate, on a cash basis, forecasts MTA PBT Receipts of \$615.5 million, an increase of \$58.7 million over the prior year. Of the total PBT allocation, \$526.0 million is earmarked for New York City Transit and \$89.5 million, for the Commuter Railroads.

On an accrual basis, PBT estimates for 2006 are \$614.6 million, which is \$53.4 million above the 2005 level. The accrual estimate is based on a one-month lag in the booking and collections of PBT proceeds.

### **2007 Adopted Budget**

For 2007, PBT cash is estimated to be \$597.1 million, or \$18.4 million lower than the 2006 level, which reflects the updated PBT estimates in State Budget's (DOB) Mid-Year Forecast. The 2007 forecast reflects a decline in the PBT receipts of 3.0% from the 2006 level, which was due to higher PBT estimates for 2006 based on November year-to-date actual collections, and a subsequent drop in the 2007 PBT levels to reflect NYS updated Mid-Year Forecasts.

The downward trend in PBT in the State's Mid-Year Update for SFY 2007-08 is driven primarily by decline in the petroleum business tax and motor fuel tax components of PBT. The motor vehicle tax component did not change.

On an accrual basis, PBT is estimated at \$598.5 million, a decrease of \$16.1 million from the prior year's level.

### **2008 - 2010**

For 2008 through 2010, PBT cash estimates are \$614.2 million, \$620.5 million and \$623.1 respectively. The 2008 through 2010 forecasts inflate the previous year's level by 2.9%, 1.0% and 0.4% respectively.

On an accrual basis, PBT estimates for 2008 through 2010 are \$614.8 million, \$620.7 million and \$623.3 million respectively.

**PETROLEUM BUSINESS TAX PROJECTIONS**

**February Financial Plan 2007 - 2010**

**Tax Yield Distribution 2005 -2010**

(\$ in millions)

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

**Distribution Shares:**

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

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

<b>MTA Total</b>	<b>\$556.8</b>	<b>\$615.5</b>	<b>\$597.1</b>	<b>\$614.2</b>	<b>\$620.5</b>	<b>\$623.1</b>
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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>
<b>MTA Total of Net Collections</b>	<b>\$561.2</b>	<b>\$614.6</b>	<b>\$598.5</b>	<b>\$614.8</b>	<b>\$620.7</b>	<b>\$623.3</b>

**Cash**

NYCT/SIR Share of MTA Total	\$473.2	\$526.0	\$510.3	\$524.9	\$530.3	\$532.5
Commuter Railroad Share of MTA Total	<u>83.5</u>	<u>89.5</u>	<u>86.8</u>	<u>89.3</u>	<u>90.2</u>	<u>90.6</u>
<b>MTA Total of Net Collections</b>	<b>\$556.8</b>	<b>\$615.5</b>	<b>\$597.1</b>	<b>\$614.2</b>	<b>\$620.5</b>	<b>\$623.1</b>

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

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

MRT-1 is imposed on the borrower for recorded mortgages of real property, 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.

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 (MRT-1, excluding recent rate increases plus MRT-2) 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 reflect actuals through October; projections for November and December are based on recent year-over-year trends, while 2007 tax receipts are based on tax receipt trends 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.

## **Technical Adjustments**

There are no technical adjustments made to the MRT-1 and MRT-2 gross revenue forecasts contained in the November 2006 Financial Plan. As discussed later in this section, technical adjustments to MRT were made to allocations of these revenues in the February Plan as authorized by Board action in December 2006.

## **2006 Final Estimate**

The 2006 Final Estimate 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 unchanged from the November Forecast level. Of the total, \$253.3 is expected to be applied to the MTA Headquarters operating deficit in 2006. MRT-1 distribution to NYCT and SIR is estimated at \$112.5 million, and \$72.1 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 also unchanged from the November 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, unchanged from the November Forecast.

The slowdown in annual growth reflects the impact higher mortgage interest rates have had on residential real estate activity. Over the past twenty-five month period from June 2004 through June 2006, the Federal Reserve Board of Governors 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 only recently began to soften the residential real estate market, with prices moderating and the inventory of available housing significantly increasing.

## **2007 Adopted 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 Final Estimate, 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 Final Estimate and MRT-2 revenue of \$221.9 million, a decline of \$62.1 million, or 21.9%, from the 2006 Final Estimate. 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. These estimates of 2007 MRT receipts are unchanged from the November Financial Plan.

## **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. MRT-1 and MRT-2 receipts are unchanged from the November Financial Plan projections.

## **Additional Assumptions**

MTA's general reserve is funded by MRT-2 and earmarked before the transfer to NYCT and Commuter Railroads subsidy accounts. In the February Financial Plan \$40 million in unspent General Reserve earmarked for 2005 is reallocated in equal installments in

2006 through 2009, with \$10 million reflected in each year. The February Plan maintains the general reserve level of \$75 million annually beginning in 2007.

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

**Technical Adjustments:** The MRT-2 allocations in the November Plan reflected the baseline assumptions before implementation of certain policy actions. The February Plan has been adjusted to reflect implementation of these policy actions and their subsequent inclusion into the baseline. It also reflects the impact of these funds on agency transfers. The MTA Board approved in December 2006 numerous policy actions and cash transactions, which authorized the MTA Treasurer to set aside previously undistributed MRT-2 Funds for the following:

*Downsizing* – The February Plan includes \$81.0 million of MRT-2 funds in 2007 to cover downsizing. It is expected that major cost reductions that will be generated by consolidating MTA functions through the “Shared Services” or “Reorganization” initiatives will result in substantial reductions in MTA headcount. Consultant studies, approved by the MTA Board are currently on-going to examine and recommend implementation for a shared services model. Since it is unlikely that the savings could be achieved solely through attrition, the Plan sets aside the expected one-time separation costs, which are likely to take place over the next few years.

*Enhanced Security Training* – Based on the recommendations of Kroll Associates, the security consulting firm that the MTA engaged to review the safety/security training curriculum utilized by NYCT, Metro-North and LIRR for its operating personnel, an amount of \$25.0 million has been set aside from MRT-2 funds in the February Plan (\$6.2 million in equal annual installments beginning in 2007) for enhancements to existing training modules.

*Service Marketing Campaign* – The February Plan proposed that \$5.0 million be spent in 2007, funded from MRT-2, to support a marketing campaign that would target 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.

*Pension Liability Reduction* – As reflected in the 2006 Adopted Budget, \$450.0 million was set aside at the end of 2005 to reduce pension liabilities. These pension earnings that were captured below-the-line as a Policy Action in the November Plan are now being captured within the baseline. The actual deposits into employee pension funds were made in September of 2006, including approximately \$15.0 million in accumulated interest earned in short-term instruments pending deposit into the pension funds. Of the total set aside, \$259.9 million reflects previously undistributed MRT-2 funds. The



remaining amounts to fund the Pension were secured from NYCT's and the Commuter Railroads' subsidy stabilization funds in the amount of \$95.1 million from each.

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

	ACTUAL	FORECAST				
	2005	2006	2007	2008	2009	2010
<b>MORTGAGE RECORDING TAX #261-1</b>						

**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)	(253.3)	(277.5)	(280.3)	(279.0)	(287.4)
<b>Net Receipts Available for Transfer</b>	<b>\$168.0</b>	<b>\$204.4</b>	<b>\$84.0</b>	<b>\$73.6</b>	<b>\$68.9</b>	<b>\$65.8</b>

**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	112.4	46.2	40.5	37.9	36.2
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
<b>Total NYCT/SIR Net Cash Share</b>	<b>\$108.8</b>	<b>\$112.5</b>	<b>\$46.2</b>	<b>\$40.5</b>	<b>\$37.9</b>	<b>\$36.2</b>
Total SIR Net Cash Share	0.0	0.3	0.1	0.1	0.1	0.1
<b>Total NYCT Net Cash Share</b>	<b>\$108.8</b>	<b>\$112.1</b>	<b>\$46.1</b>	<b>\$40.4</b>	<b>\$37.8</b>	<b>\$36.1</b>

**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	92.0	37.8	33.1	31.0	29.6
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
<b>Total Commuter Railroad Net Cash Share</b>	<b>\$83.9</b>	<b>\$72.1</b>	<b>\$17.8</b>	<b>\$13.1</b>	<b>\$11.0</b>	<b>\$9.6</b>

**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
All Agency Security Pool	(22.9)	(16.5)	(16.5)	(16.5)	(16.5)	(16.5)
Downsizing	0.0	0.0	(81.0)	0.0	0.0	0.0
Enhanced Security Training	0.0	0.0	(6.2)	(6.2)	(6.2)	(6.2)
Service Marketing Campaign	0.0	0.0	(5.0)	0.0	0.0	0.0
Pension Liability Reduction	(259.9)	0.0	0.0	0.0	0.0	0.0
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)
Investment Income	1.3	7.9	0.0	0.0	0.0	0.0
<b>Total Receipts Available for Transfer</b>	<b>\$17.8</b>	<b>\$285.4</b>	<b>\$48.2</b>	<b>\$123.9</b>	<b>\$115.8</b>	<b>\$107.6</b>

**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
<b>Net Receipts Available</b>	<b>(\$0.0)</b>	<b>\$262.2</b>	<b>\$24.7</b>	<b>\$106.3</b>	<b>\$98.9</b>	<b>\$91.3</b>

## **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 2006 reflect year-to-date actuals through October, November and December 2006 were projected using recent year-over-year trends. For 2007, tax receipts are based on tax receipt trends 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.

### **Technical Adjustments**

In the February Financial Plan, the 2006 Final Estimate reflects RPTT receipts received in December 2006 from the Metropolitan Life Insurance Company's \$5.4 billion sale of Stuyvesant Town and Peter Cooper Village to an investment group headed by Tishman Speyer. This transaction resulted in additional net RPTT receipts to MTA of \$51.8 million, with \$48.6 million going to NYCT subsidy receipts and \$3.2 million designated for NYCT Paratransit reimbursement. In the 2006 November Forecast, the tax receipts from the sale of Stuyvesant Town and Peter Cooper Village were listed "below-the-line" as a Policy Action, with the funds earmarked for NYCT Subway station painting; the tax receipts from this transaction are now incorporated into the baseline projections along with the expenses associated with the painting program.

### **2006 Final Estimate**

The 2006 Final Estimate 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 Final Estimate was adjusted upwards by \$20 million for RPTT

and by \$10 million for MRT. Additionally, the estimate reflects \$48.6 million in RPTT receipts from the Stuyvesant Town/Peter Cooper Village transaction.

For 2006, Urban Tax receipts on a cash basis are estimated at \$658.8 million, an increase of \$107.4 million, or 19.5%, over the 2005 level and an increase of \$48.6 million, or 8.0%, over the 2006 November Forecast level. Compared with 2005 receipts, the RPTT component in the 2006 Final Estimate is projected to increase 27.7% while the MRT component is projected to increase 4.5%.

Over the twenty-five month period from June 2004 through June 2006, the Federal Reserve Board of Governors 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 only recently began 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.

### **2007 Adopted 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 Final Estimate, Urban Tax receipts have increased for six consecutive years and have more than tripled since 2002. Despite the projected decline, Urban Tax receipts for 2007 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 estimated that New York City commercial MRT receipts would increase 5.0% during City Fiscal Year 2007 before declining 22% during City Fiscal Year 2008; the City November 2006 Financial Plan further estimated that NYC commercial RPTT receipts would 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 \$164.1 million, or 24.9%, from the 2006 year-end forecast. Approximately 30% of this decline is attributable to the RPTT receipts from the Stuyvesant Town and Peter Cooper Village sale that was finalized in December 2006, which added \$48.6 million to the 2006 Urban Tax level.

The estimate of Urban Tax receipts for the 2007 Adopted Budget is unchanged from the 2007 Final Proposed Budget in the November 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, unchanged from the projections in the November Financial Plan.

## **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 for Commuter rolling stock made in 2006.

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

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

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

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

The current costs of the MTA Bus' operations are 100% reimbursable by the City of New York. Under agreement with the MTA, the City of New York agreed to pay MTA Bus the difference between the actual operating costs of the City bus routes and all revenue received for operations from 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 Final Estimate**

In the 2006 Final Estimate, State and Local cash subsidy receipts are estimated at \$594.4 million, a decrease of \$14.8 million from the 2005 level. This change was primarily due to lower AMTAP receipts for the commuter railroads than in the prior year, as well as slight changes to CDOT subsidies due to a reforecast, offset by positive changes in station maintenance.

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

### **2007 Final Proposed Budget**

In 2007, State and Local subsidy, on a cash basis, is estimated at \$612.7 million, an increase of \$18.3 million over the 2006 level. The change is primarily due to increased levels of CDOT and station maintenance subsidies, most the result of technical adjustments for Connecticut Department of Transportation subsidy to Metro-North.

### **2008 - 2010**

In 2008, 2009 and 2010, State and Local subsidy estimates are \$10.6 million, \$16.3 million and \$16.3 million above the prior years' level, respectively. The changes primarily represent reforecast of CDOT and Station Maintenance. In each of the years 2008, 2009 and 2010, technical adjustments to CDOT subsidies resulted in CDOT levels that were \$8.3 million, \$14.1 million and \$13.7 million above the prior year's level, respectively.

## **MTA SUBSIDY TO SUBSIDIARIES**

In the 2006 Final Estimate, total estimated MTA subsidy payment to its subsidiaries on a cash basis is \$30.7 million. Staten Island Railroad's (SIR) share is \$16.2 million; Long Island Bus' (LIB) share is \$14.5 million. Long Island Bus' share 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 for MTA subsidy payment to LIB and SIR on a cash basis is \$32.5 million.

For each of the years 2008 through 2010, MTA subsidy to its subsidiaries is \$40.4 million, \$34.8 million and \$35.9 million respectively. The Long Island Bus portion remains at \$14.0 million in each year.



## SUBSIDY AND OTHER TECHNICAL ADJUSTMENTS

The November Plan included several below-the-line policy actions in 2005, 2006 and 2007, which are now programmed into the baseline. In addition to those previously discussed as adjustments to MRT, other policy actions now merged into the baseline include: distribution of the \$200 million Real Estate Stabilization Account generated from the 2004 surplus; funding of pension liability reductions; funding for capital security initiatives; and funding of the 2005 Holiday Fare Program. Consistent with the MTA Board's adoption of the MTA Consolidated 2007 Budget including approval of Policy Actions, the MTA Treasurer was authorized to set aside previously undistributed funds; the February Plan has incorporated the funds as follows:

*Capital Security Initiative* – The February Plan's subsidy baseline for 2005 actuals incorporates a \$100 million adjustment for capital security programs that was set aside from NYCT and Commuter Railroad subsidy stabilization accounts in that year. All but some \$6 million has been transferred to the capital program and agency budgets and used to fund short-term security projects such as the installation of closed circuit television cameras and emergency exit buttons in subway stations and the hardening of GCT and Penn Station.

The February Plan for 2006 also incorporates into the subsidy baseline, a \$150 million adjustment to the NYCT and Commuter Railroad subsidy stabilization accounts to fund additional security initiatives. These initiatives will be identified and assigned in 2007 and include new programs such as installation of intercoms in 75' subway cars, currently identified initiatives in the capital program, and Capital Program contingencies for projects including upgrades to MTA Police radios.

*2005 Holiday Program* – The February Plan adjusts the 2005 actual subsidies to reflect the \$50 million set aside from the NYCT and Commuter Railroad subsidy stabilization accounts to fund this program. Agency baseline in the February Plan for 2005 and 2006 include the costs incurred for this Program, which stemmed from the use of MetroCards and commuter rail free tickets that continued to be valid through early 2006. The \$50 million that was set aside in 2005 was released and reprogrammed back to the subsidy stabilization accounts in 2006.

*Pension Liability Reduction* – As reflected in the 2006 Adopted Budget, \$450 million was set aside at the end of 2005 to reduce pension liabilities. The actual deposits into employee pension funds were made in September of 2006, including approximately \$15 million in accumulated interest earned in short-term instruments pending deposit into the pension funds. Of the total set aside in 2005, \$259.9 million was funded from the MRT-2 account and discussed earlier in the *MRT Section*. The February Plan reflects the actual transaction which set

aside \$190.1 million from NYCT's and the Commuter Railroads Stabilization accounts in equal amounts.

*Real Estate Tax Stabilization Account* – As part of the 2005 Adopted Budget, the MTAHQ Treasurer was authorized to set aside \$200 million from the 2004 cash surplus in a Real Estate Stabilization Account to cover potential shortfalls in real estate tax revenues. As these funds were not needed for that purpose, the Board-approved staff summary in December 2006 authorized uses for these monies, plus any accumulated interest. Consistent with the staff summary, the February Plan reflects allocation of \$80 million to a special GASB account. The remaining \$120 million plus any interest earned was distributed to the NYCT and Commuter Railroad subsidy stabilization accounts at the end of 2006, with 70% allocated to the MTA New York City Transit Account and 30% to the MTA Commuter Railroad Account.

**Commuter Operating Capital Transfer** – The February Plan, like the November Plan, incorporates the adjustment for the M-7 option for Metro-North Railroad. In January 2004, the MTA Board authorized the exercise of an 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 New York City Transit Subsidy Allocation**  
**2006-2010**  
**Cash Basis**  
(\$ in millions)

<b><u>Subsidies</u></b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b><i>Dedicated Taxes</i></b>					
Metropolitan Mass Transportation Operating Assist. (MMTOA)	833.4	974.5	876.0	896.7	937.5
Petroleum Business Tax (PBT) Receipts	526.0	510.3	524.9	530.3	532.5
Mortgage Recording Tax (MRT)	112.1	46.1	40.4	37.8	36.1
Urban Tax	658.8	494.7	556.3	593.5	620.5
	<b>\$2,130.2</b>	<b>\$2,025.6</b>	<b>\$1,997.6</b>	<b>\$2,058.2</b>	<b>\$2,126.5</b>
<b><i>State and Local Subsidies</i></b>					
State Operating Assistance	158.2	158.2	158.2	158.2	158.2
Local Operating Assistance	158.2	158.2	158.2	158.2	158.2
	<b>\$316.4</b>	<b>\$316.4</b>	<b>\$316.4</b>	<b>\$316.4</b>	<b>\$316.4</b>
Capital Security	(105.0)	0.0	0.0	0.0	0.0
2005 Holiday Fare Program	35.0	0.0	0.0	0.0	0.0
Pension Liability Reduction <sup>1</sup>	0.0	0.0	0.0	0.0	0.0
2004 Real Estate Tax Stabilization Account	84.0	0.0	0.0	0.0	0.0
	<b>\$14.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>
<b>Total Dedicated Taxes &amp; State and Local Subsidies</b>	<b>\$2,460.6</b>	<b>\$2,342.0</b>	<b>\$2,314.0</b>	<b>\$2,374.6</b>	<b>\$2,442.9</b>
<b><i>Inter-agency Subsidy Transactions</i></b>					
Bridges and Tunnels Operating Surplus Transfer	154.9	121.9	116.7	96.6	68.4
MTA Subsidy to Subsidiaries	0.0	0.0	0.0	0.0	0.0
	<b>\$154.9</b>	<b>\$121.9</b>	<b>\$116.7</b>	<b>\$96.6</b>	<b>\$68.4</b>
<b>GROSS SUBSIDIES</b>	<b>\$2,615.5</b>	<b>\$2,463.9</b>	<b>\$2,430.7</b>	<b>\$2,471.2</b>	<b>\$2,511.3</b>

<sup>1</sup>\$95.1 million was funded from NYCT subsidy balances for pension liability reduction in 2005.

**MTA Commuter Railroad Subsidy Allocation**  
**2006-2010**  
**Cash Basis**  
(\$ in millions)

	2006	2007	2008	2009	2010
<b><u>Subsidies</u></b>					
<b><i>Dedicated Taxes</i></b>					
Metropolitan Mass Transportation Operating Assistance (MMTOA)	433.3	494.3	449.1	458.5	477.1
Petroleum Business Tax (PBT) Receipts	89.5	86.8	89.3	90.2	90.6
Mortgage Recording Tax (MRT)	72.1	17.8	13.1	11.0	9.6
Investment Income	25.5	9.2	9.2	9.3	9.3
	<b>\$620.3</b>	<b>\$608.1</b>	<b>\$560.8</b>	<b>\$569.0</b>	<b>\$586.6</b>
<b><i>State and Local Subsidies</i></b>					
State Operating Assistance	29.3	29.3	29.3	29.3	29.3
Local Operating Assistance	29.3	29.3	29.3	29.3	29.3
CDOT Subsidy	50.2	64.5	72.9	87.0	100.7
Station Maintenance	135.0	138.9	141.1	143.3	145.9
AMTAP	20.0	20.0	20.0	20.0	20.0
	<b>\$263.6</b>	<b>\$281.9</b>	<b>\$292.5</b>	<b>\$308.8</b>	<b>\$325.1</b>
<b><i>Other Subsidy Adjustments</i></b>					
Commuter Operating Capital Transfer - MNR M-7 Acceleration	(\$10.0)	\$0.0	\$0.0	\$0.0	\$0.0
Capital Security	(45.0)	0.0	0.0	0.0	0.0
2005 Holiday Fare Program	15.0	0.0	0.0	0.0	0.0
Pension Liability Reduction <sup>1</sup>	0.0	0.0	0.0	0.0	0.0
2004 Real Estate Tax Stabilization Account	116.0	0.0	0.0	0.0	0.0
	<b>\$76.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>
<b>Total Dedicated Taxes &amp; State and Local Subsidies</b>	<b>\$959.9</b>	<b>\$890.1</b>	<b>\$853.3</b>	<b>\$877.8</b>	<b>\$911.7</b>
<b><i>Inter-agency Subsidy Transactions</i></b>					
Bridges and Tunnels Operating Surplus Transfer	261.3	223.4	218.0	197.8	169.5
<b>GROSS SUBSIDIES</b>	<b>\$1,221.2</b>	<b>\$1,113.5</b>	<b>\$1,071.3</b>	<b>\$1,075.6</b>	<b>\$1,081.2</b>

<sup>1</sup>\$95.1 million was funded from NYCT subsidy balances for pension liability reduction in 2005.

**MTA Long Island Bus Subsidy Allocation**  
**2006-2010**  
**Cash Basis**  
(\$ in millions)

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

**MTA Staten Island Railway Subsidy Allocation**  
**2006-2010**  
**Cash Basis**  
(\$ in millions)

	2006	2007	2008	2009	2010
<b><u>Subsidies</u></b>					
<b><i>Dedicated Taxes</i></b>					
Metropolitan Mass Transportation Operating Assistance (MMTOA)	2.5	2.9	2.6	2.7	2.8
Mortgage Recording Tax (MRT)	0.3	0.1	0.1	0.1	0.1
	<b>\$2.9</b>	<b>\$3.1</b>	<b>\$2.8</b>	<b>\$2.8</b>	<b>\$2.9</b>
<b><i>State and Local Subsidies</i></b>					
State Operating Assistance	0.5	0.5	0.5	0.5	0.5
Local Operating Assistance	0.5	0.5	0.5	0.5	0.5
	<b>\$1.0</b>	<b>\$1.0</b>	<b>\$1.0</b>	<b>\$1.0</b>	<b>\$1.0</b>
<b>Total Dedicated Taxes &amp; State and Local Subsidies</b>	<b>\$3.8</b>	<b>\$4.1</b>	<b>\$3.7</b>	<b>\$3.8</b>	<b>\$3.9</b>
<b><i>Inter-agency Subsidy Transactions</i></b>					
MTA Subsidy to Subsidiaries	16.2	18.5	26.4	20.8	21.9
<b>GROSS SUBSIDIES</b>	<b>\$20.1</b>	<b>\$22.6</b>	<b>\$30.1</b>	<b>\$24.6</b>	<b>\$25.8</b>

**MTA Headquarters Subsidy Allocation**  
**2006-2010**  
**Cash Basis**  
**(\$ in millions)**

<b><u>Subsidies</u></b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b><i>Dedicated Taxes</i></b>					
<u>Mortgage Recording Tax-1</u>					
Net Receipts After Agency Transfers	273.2	297.5	300.3	299.0	307.4
<u>Adjustments</u>					
Diversion of MRT to Suburban Counties	(20.0)	(20.0)	(20.0)	(20.0)	(20.0)
Carryover/Opening Balances/Interest	0.1	0.0	0.0	0.0	0.0
<i>Total Adjustments</i>	<i>(19.9)</i>	<i>(20.0)</i>	<i>(20.0)</i>	<i>(20.0)</i>	<i>(20.0)</i>
<b>Net Funding of MTA Headquarters</b>	<b>\$253.3</b>	<b>\$277.5</b>	<b>\$280.3</b>	<b>\$279.0</b>	<b>\$287.4</b>
<u>Mortgage Recording Tax - 2</u>					
Net Receipts	294.0	231.9	221.6	213.5	205.3
<u>Adjustments</u>					
Funding of General Reserve	0.0	(75.0)	(75.0)	(75.0)	(75.0)
Diversion of MRT to Suburban Counties	(23.2)	(23.6)	(17.6)	(16.9)	(16.4)
Carryover/Opening Balances/Interest	7.9	0.0	0.0	0.0	0.0
Agency Security Costs from MRT	(16.5)	(16.5)	(16.5)	(16.5)	(16.5)
Downsizing	0.0	(81.0)	0.0	0.0	0.0
Enhanced Security Training	0.0	(6.2)	(6.2)	(6.2)	(6.2)
Service Marketing Campaign	0.0	(5.0)	0.0	0.0	0.0
Pension Liability Reduction <sup>1</sup>	0.0	0.0	0.0	0.0	0.0
<i>Total Adjustments</i>	<i>(31.8)</i>	<i>(207.3)</i>	<i>(115.3)</i>	<i>(114.6)</i>	<i>(114.1)</i>
<b>Unallocated MRT-2 Receipts</b>	<b>\$262.2</b>	<b>\$24.7</b>	<b>\$106.3</b>	<b>\$98.9</b>	<b>\$91.3</b>

<sup>1</sup>\$259.5 million for pension liability reduction was funded from MRT-2 receipts in 2005.

**MTA Bus Company Subsidy Allocation**  
**2006-2010**  
**Cash Basis**  
(\$ in millions)

<b><u>Subsidies</u></b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
City Subsidy to MTA Bus Company	206.5	257.1	265.3	275.7	289.3



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

NON-REIMBURSABLE	FORECAST				
	2006	2007	2008	2009	2010

**Deductions from Net Operating Income:**

Investment Income	\$7.336	\$4.731	\$4.400	\$4.532	\$4.570
Total Debt Service	452.442	468.254	480.265	498.434	515.800
Construction Reserve and Capital Reimbursement Funds	13.193	13.417	13.667	13.953	14.261
Capital Projects	8.691	13.703	12.940	13.210	13.502
GASB Reserve	6.044	1.620	1.814	2.016	2.244
<b>Total Deductions from Net Operating Income</b>	<b>\$487.706</b>	<b>\$501.725</b>	<b>\$513.086</b>	<b>\$532.145</b>	<b>\$550.376</b>
<b>Net Income Available for Transfer to MTA and NYCT</b>	<b>\$401.438</b>	<b>\$339.101</b>	<b>\$334.224</b>	<b>\$289.959</b>	<b>\$232.063</b>

**Distribution of Funds to MTA:**

Investment Income in Current Year	\$7.336	\$4.731	\$4.400	\$4.532	\$4.570
Accrued Current Year Allocation	250.926	220.334	217.703	195.535	166.559
<b>Total Accrued Amount Distributed to MTA</b>	<b>\$258.262</b>	<b>\$225.065</b>	<b>\$222.103</b>	<b>\$200.067</b>	<b>\$171.129</b>

**Distribution of Funds to NYCT:**

First \$24 million of Surplus reserved for NYCT	\$24.000	\$24.000	\$24.000	\$24.000	\$24.000
Additional Accrued Current Year Allocation	126.513	94.767	92.521	70.424	41.505
<b>Total Accrued Amount Distributed to NYCT</b>	<b>\$150.513</b>	<b>\$118.767</b>	<b>\$116.521</b>	<b>\$94.424</b>	<b>\$65.505</b>

**Actual Cash Transfer to MTA and NYCT:**

From Current Year Surplus	\$261.310	\$223.393	\$217.966	\$197.752	\$169.456
Investment Income in Prior Year	5.358	7.336	4.731	4.400	4.532
<b>Total Cash Amount Distributed to MTA</b>	<b>\$266.668</b>	<b>\$230.729</b>	<b>\$222.697</b>	<b>\$202.152</b>	<b>\$173.988</b>
<b>Total Cash Amount Distributed to NYCT</b>	<b>\$154.864</b>	<b>\$121.942</b>	<b>\$116.746</b>	<b>\$96.634</b>	<b>\$68.396</b>

FORECAST				
2006	2007	2008	2009	2010

**Debt Service Detail by Agency:**

B&T Own Purpose DS + Total BICs DS	\$128.916	\$141.740	\$154.746	\$173.101	\$190.613
NYCT Transportation DS + MRT Second Resolution DS	223.970	226.040	225.351	225.222	225.121
MTA Transportation DS + MRT Second Resolution DS	99.557	100.474	100.169	100.111	100.066
<b>Total Debt Service by Agency</b>	<b>\$452.442</b>	<b>\$468.254</b>	<b>\$480.265</b>	<b>\$498.434</b>	<b>\$515.800</b>

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

Total Adjusted Net Income Available for Transfer	\$853.881	\$807.355	\$814.489	\$788.393	\$747.863
Less: B&T Total Debt Service	(128.916)	(141.740)	(154.746)	(173.101)	(190.613)
Less: first \$24 million reserved for NYCT	(24.000)	(24.000)	(24.000)	(24.000)	(24.000)

<b>Remainder of Total Accrued Amount for Transfer</b>	<b>\$700.965</b>	<b>\$641.616</b>	<b>\$635.744</b>	<b>\$591.292</b>	<b>\$533.250</b>
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**Calculation of Actual Cash Transfer to MTA:**

<b>Distribution of Remainder to MTA</b>					
Fifty Percent of Total Accrued Amount for Transfer	\$350.482	\$320.808	\$317.872	\$295.646	\$266.625
Less: MTA Total Debt Service	(99.557)	(100.474)	(100.169)	(100.111)	(100.066)

<b>MTA's Accrued Current Year Allocation</b>	<b>\$250.926</b>	<b>\$220.334</b>	<b>\$217.703</b>	<b>\$195.535</b>	<b>\$166.559</b>
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<b>Cash Conversion of MTA's Accrued Amount</b>					
Current Year Amount	\$225.833	\$198.301	\$195.933	\$175.981	\$149.903
Balance of Prior Year	35.477	25.093	22.033	21.770	19.553

<b>Cash Transfer to MTA</b>	<b>\$261.310</b>	<b>\$223.393</b>	<b>\$217.966</b>	<b>\$197.752</b>	<b>\$169.456</b>
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**Calculation of Actual Cash Transfer to NYCT:**

<b>Distribution of Remainder to NYCT</b>					
Fifty Percent of Total Accrued Amount for Transfer	\$350.482	\$320.808	\$317.872	\$295.646	\$266.625
Less: NYCT Total Debt Service	(223.970)	(226.040)	(225.351)	(225.222)	(225.121)
Plus: first \$24 million reserved for NYCT	24.000	24.000	24.000	24.000	24.000

<b>NYCT's Accrued Current Year Allocation</b>	<b>\$150.513</b>	<b>\$118.767</b>	<b>\$116.521</b>	<b>\$94.424</b>	<b>\$65.505</b>
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<b>Cash Conversion of NYCT's Accrued Amount</b>					
Current Year Amount	\$135.461	\$106.891	\$104.869	\$84.982	\$58.954
Balance of Prior Year	19.402	15.051	11.877	11.652	9.442

<b>Cash Transfer to NYCT</b>	<b>\$154.864</b>	<b>\$121.942</b>	<b>\$116.746</b>	<b>\$96.634</b>	<b>\$68.396</b>
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**B & T Charged Debt Service Detail by Type:**

<b>Project Debt Service</b>					
B & T Own Purpose Debt Service	\$128.916	\$141.740	\$154.746	\$173.101	\$190.613
NYCT Transportation Project Debt Service	223.970	226.040	225.351	225.222	225.121
MTA Transportation Project Debt Service	99.557	100.474	100.169	100.111	100.066
<b>Total Projected Debt Service</b>	<b>\$452.442</b>	<b>\$468.254</b>	<b>\$480.265</b>	<b>\$498.434</b>	<b>\$515.800</b>

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

Line  
Number

		FORECAST				
		2006	2007	2008	2009	2010
10	<u>Revenue Summary:</u>					
11						
12	Farebox Revenue	\$39.6	\$39.8	\$40.0	\$40.2	\$40.4
13	Other Revenue	3.7	3.2	2.5	2.5	2.2
14	State/Local Subsidies	59.6	55.5	57.0	59.3	61.1
15						
16	<b>Total Revenue Before MTA Subsidy</b>	<b>\$102.8</b>	<b>\$98.5</b>	<b>\$99.5</b>	<b>\$101.9</b>	<b>\$103.7</b>
17						
18	<u>Non-Reimbursable Expense Summary:</u>					
19						
20	Labor Expenses	\$89.1	\$92.4	\$96.3	\$100.3	\$104.7
21	Non-Labor Expenses	27.6	28.7	29.3	29.4	29.9
22	Depreciation	0.0	0.0	0.0	0.0	0.0
23						
24	<b>Total Non-Reimbursable Expenses</b>	<b>\$116.7</b>	<b>\$121.1</b>	<b>\$125.6</b>	<b>\$129.7</b>	<b>\$134.6</b>
25						
26	<b>Total Net Revenue</b>	<b>(\$13.9)</b>	<b>(\$22.6)</b>	<b>(\$26.1)</b>	<b>(\$27.8)</b>	<b>(\$30.9)</b>
27						
28	<u>Cash Adjustment Summary:</u>					
29						
30	Operating Cash Adjustments	\$0.7	\$0.5	\$0.3	(\$1.7)	\$0.5
31	Subsidy Cash Adjustments	(3.7)	8.6	0.0	0.0	0.0
32						
33	<b>Total Cash Adjustment</b>	<b>(\$3.0)</b>	<b>\$9.1</b>	<b>\$0.3</b>	<b>(\$1.7)</b>	<b>\$0.5</b>
34						
35	<b>Gross Cash Balance</b>	<b>(\$16.9)</b>	<b>(\$13.5)</b>	<b>(\$25.9)</b>	<b>(\$29.5)</b>	<b>(\$30.4)</b>
36						
37	MTA Internal Subsidy	14.0	14.0	14.0	14.0	14.0
38						
39	<b>Net Cash Balance from Previous Year</b>	<b>\$2.4</b>	<b>\$0.0</b>	<b>\$0.5</b>	<b>\$0.0</b>	<b>\$0.0</b>
40						
41	<b>Net Cash Balance</b>	<b>(\$0.5)</b>	<b>\$0.5</b>	<b>(\$11.4)</b>	<b>(\$15.5)</b>	<b>(\$16.4)</b>

LI Bus Summary

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

Line		FORECAST				
Number		2006	2007	2008	2009	2010
9						
10	<b><u>Revenue Summary:</u></b>					
11						
12	Farebox Revenue	\$3.5	\$3.6	\$4.2	\$4.2	\$4.2
13	Other Revenue	2.0	2.0	2.0	2.0	2.0
14	State/City Subsidies	3.8	4.1	3.7	3.8	3.9
15						
16	<b>Total Revenue Before MTA Subsidy</b>	<b>\$9.4</b>	<b>\$9.6</b>	<b>\$9.9</b>	<b>\$10.0</b>	<b>\$10.1</b>
17						
18	<b><u>Non-Reimbursable Expense Summary:</u></b>					
19						
20	Labor Expenses	\$20.7	\$21.8	\$22.7	\$23.8	\$24.8
21	Non-Labor Expenses	5.9	6.2	13.4	6.7	6.9
22	Depreciation	7.3	10.3	10.3	10.3	10.3
23						
24	<b>Total Non-Reimbursable Expenses</b>	<b>\$33.9</b>	<b>\$38.3</b>	<b>\$46.4</b>	<b>\$40.8</b>	<b>\$42.1</b>
25						
26						
27	<b>Total Net Revenue</b>	<b>(\$24.6)</b>	<b>(\$28.7)</b>	<b>(\$36.5)</b>	<b>(\$30.9)</b>	<b>(\$32.0)</b>
28						
29	<b><u>Cash Adjustment Summary:</u></b>					
30						
31	Operating Cash Adjustments	\$7.3	\$10.1	\$10.1	\$10.1	\$10.1
32	Subsidy Cash Adjustments	0.0	0.0	0.0	(0.0)	(0.0)
33						
34	<b>Total Cash Adjustment</b>	<b>\$7.3</b>	<b>\$10.1</b>	<b>\$10.1</b>	<b>\$10.1</b>	<b>\$10.1</b>
35						
36	<b>Gross Cash Balance</b>	<b>(\$17.2)</b>	<b>(\$18.5)</b>	<b>(\$26.4)</b>	<b>(\$20.8)</b>	<b>(\$21.9)</b>
37						
38	MTA Internal Subsidy before PEGs	16.2	18.5	26.4	20.8	21.9
39						
40	<b>Net Cash Balance from Previous Year</b>	<b>\$1.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>
41						
42	<b>Net Cash Surplus/(Deficit)</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>(\$0.0)</b>

SIR Summary

## **Debt Service**

## Debt Service in the Financial Plan

The following table reflects debt service projections for 2007 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 November 2006 Financial Plan with newly revised estimates for this February 2007 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	November Plan Debt Service	February Plan Debt Service	Difference Favorable/(Unfavorable)
2007	1,457.9	1,457.5	0.4
2008	1,600.1	1,598.4	1.7
2009	1,750.6	1,748.9	1.7
2010	<u>1,885.6</u>	<u>1,883.8</u>	<u>1.8</u>
Total:	<b>\$6,694.2</b>	<b>\$6,688.6</b>	<b>\$5.6</b>

The above minor technical adjustments reflect the following transactions:

- \$410 million of Dedicated Tax Fund Bonds, Series 2006B which funded transit and commuter capital projects.
- \$717.730 million of Transportation Revenue Bonds, Series 2006B which refinanced certain Series 2002F and Series 2003B bonds and bonded out \$450 million of prior commercial paper bond anticipation notes.
- \$750 million of new commercial paper issued to finance transit, commuter and MTA Bus capital projects.

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	2007	2008	2009	2010
New Money Bonds *(\$ in millions)	2,230	2,445	2,553	1,925
Assumed Fixed-Rates				
Transportation Revenue Bonds	4.49%	4.57%	4.64%	4.69%
Dedicated Tax Fund Bonds	4.42%	4.50%	4.56%	4.62%
Triborough Bridge & Tunnel Authority	4.42%	4.50%	4.56%	4.62%
Assumed Variable Rates	4.00%	4.00%	4.00%	4.00%
Weighted Average Interest Rates **				
Transportation Revenue Bonds	4.36%	4.43%	4.48%	4.52%
Dedicated Tax Fund Bonds	4.31%	4.37%	4.42%	4.46%
Triborough Bridge & Tunnel Authority	4.31%	4.37%	4.42%	4.46%

\* Forecasted borrowing for 2007 includes \$750 million commercial paper bond anticipation notes for transit, commuter and MTA Bus 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 2007– 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**  
**February Financial Plan 2007 - 2010**  
**Summary of Total Budgeted Debt Service**  
(\$ in millions)

Line Number		FORECAST				
		2006	2007	2008	2009	2010
9	<b><u>New York City Transit:</u></b>					
10						
11	Budgeted Gross Debt Service for Existing Transportation Revenue Bonds	\$345.478	\$357.134	\$356.733	\$356.719	\$356.550
12	Debt Service on Additional Transportation Revenue Bonds Supporting Approved Capital Programs	0.832	16.162	75.986	146.006	220.491
13	2 Broadway Certificates of Participation - NYCT Share	16.783	19.943	21.882	21.888	21.894
15	Transportation Resolution Commercial Paper	5.755	11.307	12.583	12.583	12.583
16	Budgeted Gross Debt Service for Existing Dedicated Tax Fund Bonds	180.275	215.114	215.440	215.587	215.427
17	<u>Debt Service on Additional Dedicated Tax Fund Bonds Supporting Approved Capital Programs</u>	<u>3.691</u>	<u>9.099</u>	<u>29.336</u>	<u>52.527</u>	<u>77.194</u>
18	Sub-Total MTA Paid Debt Service	\$552.815	\$628.759	\$711.960	\$805.310	\$904.138
19						
20	Budgeted Gross Debt Service for Existing TBTA (B&T) General Revenue Bonds	\$140.167	\$142.555	\$142.486	\$142.517	\$142.553
21	<u>Budgeted Gross Debt Service for Existing TBTA (B&amp;T) Subordinate Revenue Bonds</u>	<u>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	\$224.229	\$228.212	\$228.237	\$228.211	\$228.209
23						
24	<b>Total NYCT Debt Service</b>	<b>\$777.044</b>	<b>\$856.971</b>	<b>\$940.197</b>	<b>\$1,033.521</b>	<b>\$1,132.348</b>
25						
26	<b><u>Commuter Railroads:</u></b>					
27						
28	Budgeted Gross Debt Service for Existing Transportation Revenue Bonds	\$273.351	\$297.786	\$297.453	\$297.441	\$297.300
29	Debt Service on Additional Transportation Revenue Bonds Supporting Approved Capital Programs	0.000	5.398	35.914	68.489	85.977
30	Transportation Resolution Commercial Paper	4.505	11.307	12.583	12.583	12.583
31	Budgeted Gross Debt Service for Existing Dedicated Tax Fund Bonds	35.112	41.140	41.202	41.230	41.200
32	<u>Debt Service on Additional Dedicated Tax Fund Bonds Supporting Approved Capital Programs</u>	<u>0.651</u>	<u>5.534</u>	<u>16.064</u>	<u>23.934</u>	<u>26.809</u>
33	Sub-Total MTA Paid Debt Service	\$313.620	\$361.165	\$403.216	\$443.677	\$463.867
34						
35	Budgeted Gross Debt Service for Existing TBTA (B&T) General Revenue Bonds	\$62.738	\$63.807	\$63.776	\$63.790	\$63.807
36	<u>Budgeted Gross Debt Service for Existing TBTA (B&amp;T) Subordinate Revenue Bonds</u>	<u>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	\$99.672	\$101.442	\$101.452	\$101.441	\$101.440
38						
39	<b>Total CRR Debt Service</b>	<b>\$413.292</b>	<b>\$462.607</b>	<b>\$504.667</b>	<b>\$545.118</b>	<b>\$565.308</b>
40						
41	<b><u>Bridges and Tunnels:</u></b>					
42						
43	Budgeted Gross Debt Service for Existing TBTA (B&T) General Revenue Bonds	\$93.482	\$102.622	\$102.573	\$102.595	\$102.621
44	Budgeted Gross Debt Service for Existing TBTA (B&T) Subordinate Revenue Bonds	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	3.852	16.942	35.372	52.943
46	2 Broadway Certificates of Participation - TBTA Share	2.373	2.820	3.094	3.095	3.096
47						
48	<b>Total B&amp;T Debt Service</b>	<b>\$129.062</b>	<b>\$143.131</b>	<b>\$156.482</b>	<b>\$174.913</b>	<b>\$192.496</b>



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

Line Number		FORECAST				
		2006	2007	2008	2009	2010
49						
50	<b><u>MTA Bus:</u></b>					
51						
52	Budgeted Gross Debt Service for Existing Transportation Revenue Bonds	\$0.937	\$3.723	\$3.719	\$3.719	\$3.717
53	Debt Service on Additional Transportation Revenue Bonds Supporting Approved Capital Programs	0.000	0.000	2.944	3.099	3.099
54	Transportation Resolution Commercial Paper	0.556	5.760	6.410	6.410	6.410
55						
56	<b>Total MTA Bus Debt Service</b>	<b>\$1.493</b>	<b>\$9.483</b>	<b>\$13.072</b>	<b>\$13.228</b>	<b>\$13.226</b>
57						
58	<b>Total MTA HQ Debt Service for 2 Broadway Certificates of Participation</b>	<b>\$2.303</b>	<b>\$2.736</b>	<b>\$3.002</b>	<b>\$3.003</b>	<b>\$3.004</b>
59						
60	<b><u>MTA Total:</u></b>					
61						
62	Budgeted Gross Debt Service for Existing Transportation Revenue Bonds	\$619.767	\$658.643	\$657.905	\$657.879	\$657.566
63	Budgeted Gross Debt Service for Existing Dedicated Tax Fund Bonds	215.387	256.254	256.642	256.817	256.627
64	Budgeted Gross Debt Service for Existing TBTA (B&T) General Revenue Bonds	296.387	308.984	308.835	308.901	308.980
65	Budgeted Gross Debt Service for Existing TBTA (B&T) Subordinate Revenue Bonds	154.202	157.128	157.300	157.197	157.126
66	2 Broadway Certificates of Participation	21.459	25.500	27.979	27.986	27.994
67	Transportation Resolution Commercial Paper	10.816	28.374	31.575	31.575	31.575
68	Debt Service on Additional Transportation Revenue Bonds Supporting Approved Capital Programs	0.832	21.560	114.844	217.594	309.567
69	Debt Service on Additional Dedicated Tax Fund Bonds Supporting Approved Capital Programs	4.343	14.632	45.400	76.461	104.003
70	Debt Service on Additional TBTA (B&T) General Revenue Bonds Supporting Approved Capital Programs	0.000	3.852	16.942	35.372	52.943
71						
72	<b>Total Debt Service</b>	<b>\$1,323.193</b>	<b>\$1,474.928</b>	<b>\$1,617.421</b>	<b>\$1,769.782</b>	<b>\$1,906.381</b>
73						
74	<b><u>MTA Investment Income by Resolution</u></b>					
75						
76	Investment Income from Transportation Debt Service Fund	(\$1.743)	(\$9.071)	(\$9.447)	(\$10.703)	(\$11.823)
77	Investment Income from Dedicated Tax Fund Debt Service Fund	(0.147)	(\$3.852)	(\$3.692)	(\$4.074)	(\$4.409)
78	Investment Income from TBTA (B&T) General Revenue Debt Service Fund	(0.333)	(\$3.561)	(\$3.983)	(\$4.209)	(\$4.425)
79	Investment Income from TBTA (B&T) Subordinate Revenue Debt Service Fund	(0.187)	(0.971)	(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
81						
82	<b>Total MTA Wide Investment Income</b>	<b>(\$2.411)</b>	<b>(\$17.455)</b>	<b>(\$19.045)</b>	<b>(\$20.907)</b>	<b>(\$22.577)</b>
83						
84	<b><u>MTA Wide Net Total</u></b>					
85						
86	Net Transportation Revenue Bonds Debt Service	\$618.856	\$671.132	\$763.303	\$864.770	\$955.310
87	Transportation Resolution Commercial Paper	10.816	28.374	31.575	31.575	31.575
88	Net Dedicated Tax Fund Bonds Debt Service	219.583	267.034	298.349	329.204	356.221
89	Net TBTA (B&T) General Revenue Bonds Debt Service	296.054	309.276	321.794	340.064	357.499
90	Net TBTA (B&T) Subordinate Revenue Bonds Debt Service	154.016	156.158	155.377	155.275	155.205
91	Net 2 Broadway Certificates of Participation Debt Service	21.459	25.500	27.979	27.986	27.994
92						
93	<b>Total MTA Wide Net Debt Service</b>	<b>\$1,320.783</b>	<b>\$1,457.473</b>	<b>\$1,598.377</b>	<b>\$1,748.874</b>	<b>\$1,883.803</b>

## **Debt Service Affordability Statement**

## MTA 2007 - 2010 Financial Plan

### Debt Affordability Statement

\$ in millions

Forecasted Debt Service and Borrowing Schedule		Notes	2006	2007	2008	2009	2010
Combined MTA/TBTA Forecasted Debt Service Schedule		1, 2, 3	1,299.3	1,432.0	1,570.4	1,720.9	1,855.8
Forecasted New Money Bonds Issued		4	1,874	2,230	2,445	2,553	1,925

Forecasted Debt Service by Credit		Notes	2006	2007	2008	2009	2010
Transportation Revenue Bonds							
Pledged Revenues		5	\$7,919.1	\$7,832.9	\$7,776.3	\$7,854.3	\$7,930.1
Debt Service		9	629.7	699.5	794.9	896.3	986.9
Debt Service as a % of Pledged Revenues			8%	9%	10%	11%	12%
Dedicated Tax Fund Bonds							
Pledged Revenues		6	\$615.5	\$597.1	\$614.2	\$620.5	\$623.1
Debt Service		9	219.6	267.0	298.3	329.2	356.2
Debt Service as a % of Pledged Revenues			36%	45%	49%	53%	57%
Triborough Bridge and Tunnel Authority General Revenue Bonds							
Pledged Revenues		7	\$889.1	\$840.8	\$847.3	\$822.1	\$782.4
Debt Service		9	296.1	309.3	321.8	340.1	357.5
Debt Service as a % of Total Pledged Revenues			33%	37%	38%	41%	46%
Triborough Bridge and Tunnel Authority Subordinate Revenue Bonds							
Pledged Revenues		8	\$593.1	\$531.6	\$525.5	\$482.0	\$424.9
Debt Service		9	154.0	156.2	155.4	155.3	155.2
Debt Service as a % of Total Pledged Revenues			26%	29%	30%	32%	37%

Cumulative Debt Service (Excluding State Service Contract Bonds)		Notes	2006	2007	2008	2009	2010
Total Debt Service			\$1,299.3	\$1,432.0	\$1,570.4	\$1,720.9	\$1,855.8
Operating Revenues and Subsidies			9,274.4	9,168.1	9,167.8	9,305.9	9,455.6
Total Debt Service as a % of Operating Revenues and Subsidies			14%	16%	17%	18%	20%
Fare and Toll Revenues			4,928.9	4,984.1	5,037.9	5,067.9	5,092.8
Total Debt Service as a % of Fare and Toll Revenue			26%	29%	31%	34%	36%
Non-reimbursable expenses			9,081.4	9,948.2	10,389.9	10,873.5	11,309.2
Total Debt Service as a % of Non-reimbursable expenses			14%	14%	15%	16%	16%

## **Notes**

- 1** Unhedged tax-exempt variable rate debt reflect actuals through December 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. 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 2006 is reported above.
- 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 SIRTOA.
- 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** Debt service schedules for each credit are attached as addendum hereto.

## **Special Note**

Pledged revenues as discussed in above notes 5, 7, and 8 do not include proposed post-2007 PEGs.

**Metropolitan Transportation Authority (including Triborough Bridge and Tunnel Authority)**

**Total Budgeted Annual Debt Service**

All Issuance to December 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	687.0	21.6	708.6	256.3	14.6	270.9	309.0	3.9	312.8	157.1	-	157.1	1,409.4	40.0	1,449.4
2008	689.5	114.8	804.3	256.6	45.4	302.0	308.8	16.9	325.8	157.3	-	157.3	1,412.3	177.2	1,589.4
2009	689.5	217.6	907.0	256.8	76.5	333.3	308.9	35.4	344.3	157.2	-	157.2	1,412.4	329.4	1,741.8
2010	689.1	309.6	998.7	256.6	104.0	360.6	309.0	52.9	361.9	157.1	-	157.1	1,411.9	466.5	1,878.4
2011	689.0	380.6	1,069.6	256.9	127.5	384.4	307.9	67.5	375.3	157.3	-	157.3	1,411.0	575.6	1,986.6
2012	707.0	417.6	1,124.5	256.6	145.4	402.1	307.7	77.7	385.4	157.7	-	157.7	1,429.0	640.7	2,069.7
2013	707.8	438.7	1,146.5	258.6	152.4	411.0	308.6	83.0	391.6	157.1	-	157.1	1,432.1	674.2	2,106.3
2014	707.3	438.7	1,146.0	256.7	152.4	409.2	307.6	84.3	391.9	157.1	-	157.1	1,428.7	675.5	2,104.2
2015	708.4	438.7	1,147.2	257.0	152.4	409.4	307.7	84.3	392.0	157.4	-	157.4	1,430.5	675.5	2,106.0
2016	707.6	438.7	1,146.4	257.1	152.4	409.5	307.3	84.3	391.6	157.2	-	157.2	1,429.2	675.5	2,104.7
2017	706.6	438.7	1,145.3	257.5	152.4	409.9	307.8	84.3	392.1	160.9	-	160.9	1,432.8	675.5	2,108.3
2018	707.1	438.7	1,145.8	260.3	152.4	412.7	307.5	84.3	391.8	159.7	-	159.7	1,434.6	675.5	2,110.1
2019	708.2	438.7	1,146.9	256.7	152.4	409.2	307.4	84.3	391.7	157.4	-	157.4	1,429.7	675.5	2,105.2
2020	707.1	438.7	1,145.9	259.0	152.4	411.5	307.8	84.3	392.1	157.1	-	157.1	1,431.0	675.5	2,106.5
2021	707.3	438.7	1,146.0	258.5	152.4	410.9	304.9	84.3	389.2	157.6	-	157.6	1,428.2	675.5	2,103.7
2022	706.0	438.7	1,144.7	255.6	152.4	408.1	307.6	84.3	391.9	157.5	-	157.5	1,426.7	675.5	2,102.2
2023	715.7	438.7	1,154.4	258.8	152.4	411.2	303.4	84.3	387.7	157.3	-	157.3	1,435.2	675.5	2,110.7
2024	715.8	438.7	1,154.5	258.7	152.4	411.1	307.6	84.3	391.9	157.7	-	157.7	1,439.8	675.5	2,115.3
2025	714.9	438.7	1,153.7	258.8	152.4	411.3	307.4	84.3	391.7	157.0	-	157.0	1,438.2	675.5	2,113.7
2026	714.2	438.7	1,152.9	258.9	152.4	411.3	306.1	84.3	390.4	157.3	-	157.3	1,436.5	675.5	2,111.9
2027	716.1	438.7	1,154.8	258.8	152.4	411.2	305.9	84.3	390.2	157.4	-	157.4	1,438.2	675.5	2,113.7
2028	716.3	438.7	1,155.0	259.0	152.4	411.5	307.6	84.3	391.9	157.5	-	157.5	1,440.4	675.5	2,115.9
2029	716.4	438.7	1,155.1	258.9	152.4	411.4	305.6	84.3	389.9	157.4	-	157.4	1,438.4	675.5	2,113.8
2030	716.4	438.7	1,155.1	258.9	152.4	411.4	307.7	84.3	392.0	157.4	-	157.4	1,440.4	675.5	2,115.9
2031	713.7	438.7	1,152.5	257.6	152.4	410.1	330.0	84.3	414.3	155.0	-	155.0	1,456.4	675.5	2,131.9
2032	617.0	438.7	1,055.7	239.6	152.4	392.0	248.1	84.3	332.4	122.9	-	122.9	1,227.5	675.5	1,903.0
2033	313.0	438.7	751.8	109.0	152.4	261.5	21.8	84.3	106.1	14.6	-	14.6	458.5	675.5	1,134.0
2034	308.4	438.7	747.1	68.0	152.4	220.4	21.8	84.3	106.1	12.2	-	12.2	410.3	675.5	1,085.8
2035	256.8	438.7	695.6	45.5	152.4	198.0	18.8	84.3	103.1	-	-	-	321.1	675.5	996.6
2036	72.9	438.7	511.7	22.3	152.4	174.7	-	84.3	84.3	-	-	-	95.2	675.5	770.7
2037	48.7	390.0	438.7	-	137.8	137.8	-	80.4	80.4	-	-	-	48.7	608.2	656.9
2038	48.7	292.3	341.0	-	107.0	107.0	-	67.4	67.4	-	-	-	48.7	466.7	515.4
2039	48.7	189.6	238.3	-	76.0	76.0	-	48.9	48.9	-	-	-	48.7	314.5	363.2
2040	48.7	97.6	146.3	-	48.4	48.4	-	31.4	31.4	-	-	-	48.7	177.4	226.1
2041	48.7	26.6	75.3	-	24.9	24.9	-	16.8	16.8	-	-	-	48.7	68.3	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 2012. 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 February Plan, including technical changes from December. The February Plan continues to use the Global Insight regional CPI-U inflation assumptions that were used in the November Plan.

The November Plan included assumptions that were made on an MTA-wide basis concerning Pattern Wages, GASB Contributions and Health & Welfare inflation projections. The February Plan now includes these projections within individual Agency sections. The values of these items have changed slightly resulting in higher estimates for Pattern Wage costs and lower estimates for GASB. In addition, the Empire Plan component of Health & Welfare costs are lower than was assumed in the November Plan due to a lower-than-expected rate increase in 2007. Other technical adjustments have been made by various Agencies with a very small impact on the MTA bottom line.

The Staff Summary approved by the Board in December anticipated that these technical changes would be made in the February Plan.



## **OTHER REVENUE**

### Technical Changes

The incorporation of the 2007 PEGs, technical adjustments and Policy Actions into the baseline increased Other Revenue by approximately \$7 million in 2006 and \$1 million for each year from 2007 to 2010. The favorable increases are primarily due to increased NYCT Paratransit Urban Tax revenue in 2006, which was reflected below-the-line as part of Policy Actions in the November Plan. Also added was the incorporation of the NYCT PEG allowing agencies to recover monies from unpaid Transit Adjudication Bureau summonses from state tax refunds payable to individuals against whom there are judgments. These increases were slightly offset by an unfavorable reclassification adjustment at the LIRR of approximately \$1 million in each year from 2007 - 2010.

### Assumptions

Other Revenue growth from 2006 through 2010 (from \$435 million in 2006 to \$482 million in 2010, or 11% over the period) was influenced by a number of different factors including government reimbursements, fees and contractual and inflationary increases.

NYCT's year-to-year increases 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 one-time miscellaneous revenue (scrap and real estate sales) and percentage of retail rent (percentage of tenant gross receipts) at Penn Station. 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 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) account 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 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; in the November Plan, the numbers were captured as a discrete line in the baseline.

This fund will be comprised of NYCERS pension savings, savings that result from employee contributions for Health & Welfare and one-time real estate tax revenue in 2006. The November Plan assumed that \$577 million would be set aside in the fund by the end of 2010. The February Plan's technical changes result in a re-estimate of employee contributions to this account. As a result, the annual contribution to GASB has been lowered in each year and the total cumulative contribution to the fund is now expected to be \$517 million: \$240 million in 2006, \$83 million in 2007, \$61 million in 2008, \$65 million in 2009 and \$68 million in 2010. It should be noted that the change in GASB contributions does not impact MTA Financial Plan cash balances as it represents a reclassification of expenditures in various labor categories.

The February Plan (as did November) includes the MTA set-aside of pension savings estimated to result from a recent legislative action that authorized a revaluation of City NYCERS costs; these savings, which are non-recurring and are being captured as reductions to Pension expenses, are generated by NYCT and B&T and are estimated to be \$125 million in 2006 and \$27 million in 2007.

The February Plan includes the assumption that Agencies will 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 \$35 million in 2006, \$56 million in 2007, \$61 million in 2008, \$65 million in 2009 and \$68 million in 2010.<sup>1</sup> 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 were subtracted from the Payroll line and allotted to the GASB line.

The February Plan (as did November) reflects the GASB account capturing \$80 million of additional revenues generated by increased real-estate-related tax activity in 2006 (MRT-2).

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<sup>1</sup> These figures exclude MTA Bus; the figures attributable to MTA Bus are: \$2 million in 2006, \$3 million annually in 2007 and 2008, and \$4million in 2009 and 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.

In the February Plan, Agency (and consolidated) budgets are showing the discreet GASB line reflecting these contributions on the cash tables only. Accrual tables will reflect these contributions as reductions to Health & Welfare, Pensions and Other Fringe Benefit costs (not Payroll) only, with no corresponding expense offset. This technical change stems from the need to be consistent with the treatment for these items in the MTA Financial Statements.

## **PATTERN LABOR PROVISION**

The Agency submissions now incorporate MTA pattern rates for represented employees through 2008 followed by inflation thereafter. In the November Plan, the impact of the MTA Pattern Labor Provision was captured within a separate line item and estimated on an MTA-consolidated basis. In the February Plan, the pattern is incorporated into each Agency's submission. Agencies revised their personnel services expenses (payroll, overtime, payroll taxes) to reflect the pattern settlement within their own financial projections. These Agency-specific forecasts, which are calculated from Agency budget and payroll databases, resulted in costs that were higher than the preliminary estimates included in the November Plan by \$4 million in 2006, \$7 million in 2007, \$5 million in 2008, \$7 million in 2009, and \$9 million in 2010.

In the case of the commuter railroads and Staten Island Railway (for those unions that have settled) the contracts run through 2006 and the Plan 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 inflation assumption that was assumed in the November Plan (3.07% in 2009, 3.20% in 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.

## **PAYROLL**

### Technical Changes

The incorporation of the Policy Actions, technical adjustments and the 2007 PEGs into the baseline increase Payroll expenses in each year of the February Financial Plan by \$46 million in 2006, \$102 million in 2007, \$133 million in 2008, \$142 million in 2009 and \$149 million in 2010.

On a plan-to-plan basis, Payroll expenses increase due in part to the treatment of the Pattern Wage Settlement in the February Financial Plan. The November Plan included an estimated Pattern Labor Provision in a separate line on a

consolidated basis only. The February Plan eliminates that line, and instead includes a revised estimate of the Pattern Labor Provision directly within the payroll costs of the Agencies. This provision is comprised of (on an accrued basis) \$16 million in 2006, \$80 million in 2007, \$107 million in 2008, \$109 million in 2009 and \$110 million in 2010. When compared with the November Plan, this re-estimate increases expenses in each year of the Plan (\$4 million in 2006, \$7 million in 2007, \$5 million in 2008, \$7 million in 2009, \$9 million in 2010).

Also contributing to the plan-to-plan increase is a change in the assumption used to fund the GASB account. In the November Plan, it was assumed that represented employee contributions for Health & Welfare would be deducted from Payroll expenses. In the February Plan, these reductions are captured within the Health & Welfare expense category, with the result being an increase to Payroll and a reduction to Health & Welfare. In November, this line had reduced Payroll expenses for 2006 to 2010 by \$44 million, \$63 million, \$71 million, \$79 million and \$87 million, respectively.

Additionally, the incorporation into the Baseline of NYCT's "Scratch Free Window Program" also increases Payroll expenses.

2007 PEG actions have been incorporated into Agency baselines and these partially offset the increases to Payroll expenses mentioned above.

### Assumptions

On a year-to-year basis, Payroll expenses increase in each year of the Plan. These increases are due mainly to the impact of wage inflation for both represented and non-represented employees. Non-represented employee wage rate increases are 3.0% in both 2007 and 2008 with regional CPI growth assumed for 2009 (1.53%) and 2010 (1.84%). These rate assumptions are consistent with the November Plan. Represented employee wage rate assumptions reflect the pattern wage assumption based on the December, 2006 arbitration agreement between MTA and the TWU (3.0% in 2006, 4.0% in 2007, 3.5% in 2008) followed by increases of 3.07% in 2009 and 3.20% in 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.

Payroll levels are also influenced by headcount levels. Total non-reimbursable positions increase by 468 between 2006 and 2007, decrease slightly in 2008 and then decrease to approximate 2006 levels in 2010. A detailed description of these changes is included within the Position section of the report.

As in November, the February Financial Plan includes Payroll expenses for the MTA Bus Company. These expenses are \$157 million in 2006, \$189 million in

2007, \$195 million in 2008, \$200 million in 2009 and \$206 million in 2010. Compared to the November Plan these expenses have increased due to higher labor rate assumptions.

## **OVERTIME**

### Technical Changes

The incorporation of the Policy Actions, technical adjustments and the 2007 PEGs into the baseline, result in a \$1 million Overtime decrease in 2006, a \$2 million increase in 2007, and \$4 million annual increases thereafter. The February Financial Plan incorporates the previously mentioned Pattern Wage Settlement rate assumptions for Overtime.

### Assumptions

The \$32 million reduction between 2006 and 2007 is mainly due to the assumption that NYCT's 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 increases. MTA consolidated Overtime growth from 2008 to 2010 reflects wage growth assumptions for represented employees.

As in November, the February Financial Plan includes Overtime expenses for the MTA Bus Company. These expenses are \$30 million in 2006, \$19 million in 2007, \$19 million in 2008, \$20 million in 2009 and \$20 million in 2010. Compared to the November Plan these expenses have changed only slightly.

## **HEALTH & WELFARE**

### Technical Changes

The incorporation of the 2007 PEGs, technical adjustments and Policy Actions into the baseline reduced Health & Welfare (H&W) expenses by approximately \$28 million in 2006, \$44 million in 2007, \$50 million in 2008, \$55 million in 2009 and \$57 million in 2010.

These reductions mostly result from pattern labor provisions to have represented employees pay 1.5% of H&W costs thus resulting in H&W savings." In the November Plan these reductions were captured within Payroll. As described earlier, the MTA Board approved the proposal to deposit these savings into a special GASB account that will be used to help fund post-retirement liabilities of "Other Than Pension Benefits." The estimated funds from this are now \$35 million in 2006, \$56 million in 2007, \$61 million in 2008, \$65 million in 2009 and

\$68 million in 2010. The contributions to this account are being reflected within a discreet GASB line and on the cash tables only.

Real savings will be realized due to a reduction in Empire Plan rates in 2007. Agencies included a 14.7% projected rate increase in 2007 for the Empire Plan based on preliminary information. Subsequent to those instructions, MTA received information making it likely that these premiums would be lower, and as a result, MTA adjusted this increase down to 10% in the November Plan (which was an estimate at the time). This adjustment was made only in the consolidated totals (Agency submissions continued to reflect the higher inflator). The November Plan anticipated that once actual Empire Plan rates were known, they would be captured in the Financial Plan. This rate (7.9%) is now reflected in the February Plan. Future year rates are not changing from the November submission (10.7%), but lower costs in 2007 will lower the base and result in cost reductions in the out-years.

### Assumptions

Year-to-year inflation assumptions for Health and Welfare were the result of changes made in for the November Plan in calculating rates at NYCT and MTA Bus Company (MTABC). Since most eligibles 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 February Plan, NYCT inflation assumptions for Empire Plan participants are 7.9% in 2007 and 10.7% in 2008 through 2010. Inflation assumptions used for HIP participants are 8.7% through June 30, 2007 (the actual rate). This is 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 were 7.9% in 2007 and 10.7% in 2008 through 2010.

Year-to-year increases are primarily driven by these preceding inflators and changes in headcount levels.

The February Financial Plan includes expenses for the MTA Bus Company of \$21 million in 2006, \$29 million in 2007, \$32 million in 2008, \$35 million in 2009 and \$39 million in 2010. The reduction from the December Adopted Budget reflects the GASB-related Health & Welfare contribution savings.

## PENSIONS

MTA Consolidated Pensions February Financial Plan (\$ in millions)					
	2006	2007	2008	2009	2010
Accrual					
Non-Reimbursable	\$576	\$790	\$828	\$827	\$826
Reimbursable	33	42	46	46	46
Total Accrual	609	832	874	873	872
Cash	\$602	\$782	\$846	\$867	\$867

### Technical Changes

MTA consolidated Pension expenses in the February Financial Plan change slightly from the November Plan primarily as a result of revised labor rate assumptions. Pension savings for NYCERS in 2006 and 2007 contained in the consolidated GASB line on the November accrual statements are now captured in NYCT's and B&T's accrual statements. This change has no bottom line impact. Pension savings dedicated to the GASB account are still recognized in the GASB line found on NYCT's cash statement and B&T's Deductions to Net Income.

### Assumptions

At the end of 2006, the MTA's actuary issued revised statements for 2006. The Plan has not been adjusted to reflect the changes; however, these changes will appear in the actual results for 2006, thus generating negative variances to the Plan. This will be assessed in the 2006 Year-End report and addressed in the July 2007 Plan. In view of these developments, the current reserve provision of \$40 million beginning in 2007 (included in the MTAHQ Plan) for increased pension costs has not been allocated to the Agencies.

Earnings from the \$450 million pension investment in the MTA Defined Benefit (MTA DB) and MaBSTOA pension plans and an additional \$15 million in interest were included in the November Plan as reduced Pension costs. Similar to the \$40 million reserve provision, these earnings were to be allocated to individual Agencies as offsets to higher pension expenses. An estimate of earnings specifically related to the MABSTOA portion of the pension investment (approximately \$11 million per year) is being captured within the NYCT Baseline. However, the MTA Defined Benefit portion originally intended for the February Financial Plan, will now be deferred awaiting the resolution of additional analysis.

### Accrual Assumptions

Non-Reimbursable accrued pension expense increases from 2006 to 2007 by \$214 million. This increase partly reflects the non-recurrence of 2006's \$125 million NYCERS revaluation affecting NYCT and B&T. The remaining \$89 million increase reflects primarily 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.

Metro-North Railroad's Pension costs for 2006 reflect estimated funding requirements for the DB 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 DB Plan as of January, 2007. The additional expense for Metro-North is approximately \$10 million per year beginning in 2007. The 2007 actuarial valuation is expected to reflect more accurate estimates of the pension liabilities on behalf of these employees. This valuation will be available in Fall 2007.

MTA-wide, the annual increases from 2007 to 2010 are much less significant than prior-year increases. By that time, all the NYCERS losses from the bear market will have been amortized with the balance comprised of small adjustments throughout the pension plans.

As in the November Plan, the February Financial Plan includes Pension expenses for the MTA Bus Company. These expenses are \$11 million in 2006, \$12 million in 2007, \$13 million in 2008, \$13 million in 2009 and \$13 million in 2010. Compared to the November Plan these expenses have changed only modestly.

### 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.

## **TRACTION AND PROPULSION POWER**

The incorporation of the 2007 PEGs, technical adjustments and Policy Actions into the baseline had no impact on these expenses over the 2007 to 2010 period.



The 2006 Final Estimate is \$274 million, the 2007 Adopted Budget is \$309 million and the forecasts for 2008 through 2010 are \$314 million, \$338 million and \$359 million.

Expenses in 2007 are forecasted to increase by \$35 million over 2006 due primarily to rate increases. Changes in 2008 – 2010 are primarily due to anticipated annual rate increases of 5% by Con Edison. NYPA, LIPA and CL&P are also forecast to raise rates 5% annually over the same period. Service enhancements also increase costs.

## **FUEL FOR BUSES AND TRAINS**

The incorporation of the 2007 PEGs, technical adjustments and Policy Actions into the baseline had no impact on these expenses over the 2007 to 2010 period. The 2006 Final Estimate is \$167 million, the 2007 Adopted Budget is \$179 million and the forecasts for 2008 through 2010 are \$178 million, \$175 million and \$177 million.

Expenses in 2007 are forecasted to increase by \$12 million over 2006 primarily due to service enhancements. 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, and with no forecasted change in price thereafter.

## **INSURANCE**

### Technical Changes

The incorporation of the 2007 PEGs, technical adjustments and Policy Actions into the baseline only slightly impact Insurance expenses for the 2007 to 2010 plan period. The incorporation of a PEG action by the LIRR reduced Insurance expenses by approximately \$40,000 in each year of the Plan. The 2006 Final Estimate is \$36 million, the 2007 Adopted Budget is \$38 million, and the forecasts for 2008 through 2010 are \$43 million, \$46 million and \$53 million, respectively.

### Assumptions

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.

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 February 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**

The incorporation of the 2007 PEGs, technical adjustments and Policy Actions into the baseline do not impact Claims expenses for the 2007 to 2010 plan period.

Claims expenses increase in each year of the Plan and are based on inflationary assumptions as well as historical performance. The 2006 Final Estimate is \$138 million, the 2007 Adopted Budget is \$153 million, and the forecasts for 2008 through 2010 are \$156 million, \$160 million and \$164 million, respectively.

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

The February 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. After an initial run-up in expenses these costs are expected to stabilize.

## **PARATRANSIT SERVICE CONTRACTS**

### Technical Changes

The incorporation of the 2007 PEGs, technical adjustments and Policy Actions into the baseline increases Paratransit Service Contracts by approximately \$1 million for each year from 2007 to 2010. This is primarily due to a reclassification of expenses relating to the Dispatch and Scheduling System (DSS). The offset is in Professional Service Contracts.

### Assumptions

Expenses increase from \$190 million in 2006 to \$357 million in 2010 or 88% over the period. The annual percentage increase per year is 21% in 2007, 16% in 2008, 15% in 2009, and 17% in 2010. The primary driver of these expense

increases is projected annual ridership growth of 15% and cost-per-trip inflation projections based upon current carrier contracts, which include CPI assumptions.

## **MAINTENANCE AND OTHER OPERATING CONTRACTS**

### Technical Changes

The incorporation of the 2007 PEGs, technical adjustments and Policy Actions into the baseline initially reduce Maintenance and Other Operating Contracts expenses by approximately \$1 million in 2006, but increase by nearly \$10 million in 2008 and \$9 million in each year from 2008 through 2010. The increase in expenses is primarily due to a policy action incorporated into NYCT's baseline, specifically, expanded station painting. The expanded station painting will enable all 468 stations to be painted over a ten year period. Partially offsetting these expenses is the incorporation of 2007 PEG actions into the baseline.

### Assumptions

In addition to inflationary increases on a year-to-year basis, NYCT includes New York Power Authority (NYPA) rate increases of 4.7%, 5.0%, 9.5% and 5.0% in years 2007 through 2010, respectively, for facility power costs. The year-to-year change from 2006 to 2007 is primarily due to the incorporation of a policy action, expanded station painting, into the baseline.

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 in 2008 reflect 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.

The February 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.

## **PROFESSIONAL SERVICE CONTRACTS**

### Technical Changes

The incorporation of the 2007 PEGs, technical adjustments and Policy Actions into the baseline reduces Professional Service Contracts by approximately \$6 million for each year from 2007 to 2010. These reductions were mostly due to reclassification adjustments at MTAHQ to Other Business Expenses of approximately \$4 million in each year from 2007 – 2010 for Cross Bay Toll Reimbursement (MTA Internal Subsidy). In addition, NYCT had decreases of \$2 million in each year from 2007 – 2010 resulting primarily from a favorable reclassification adjustment to Paratransit Service Contracts.

### Assumptions

Increases in 2007-2010 are inflated primarily by MTA Regional CPI-U forecasts provided by Global Insight.

MTA Consolidated Professional Service Contracts are forecasted to be \$29 million higher in 2007 than 2006. NYCT is \$13 million higher largely due to the timing of expenses (such as relocation costs). MTAHQ had an increase of \$7 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's 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. Compared to 2007, Professional Service Contracts are forecasted to be slightly lower in 2008 and higher in 2009 and 2010. 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 Bus Company expenses were \$4 million in 2006, \$15 million in 2007, and \$16 million in 2008-2010.

## **MATERIALS & SUPPLIES**

### Technical Changes

The incorporation of the 2007 PEGs, technical adjustments and Policy Actions into the baseline resulted in a net reduction of Materials and Supplies expenses of approximately \$2 million in 2006, \$5 million in 2007, \$6 million in each year from 2008-2009, and \$5 million in 2010.

### Assumptions

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 \$88 million or 21% between 2006 and 2007 due to significant increases in maintenance requirements. The LIRR reflects an increase of \$44 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 \$34 million in 2007 from 2006, primarily due to the timing of subway and bus fleet maintenance programs and the Scratch-Free Window Program. 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 decrease by \$3 million in 2008 from 2007 largely due to the timing of subway and bus fleet maintenance programs at NYCT and cost savings related to M1 car retirements at MNR. Expenses increase by \$36 million in 2009 from 2008. NYCT expenses increase by \$24 million predominately due to the timing of subway and bus fleet maintenance programs and the Scratch-Free Window Program. MNR expenses increase by \$6 million largely due to cost provisions for the expanding maintenance program

on the M3 car fleet. On a Consolidated basis, expenses remain unchanged in 2010 from 2009.

MTA Bus Company expenses were \$29 million in 2006, \$33 million in each year from 2007-2008, \$34 million in 2009, and \$35 million in 2010.

## **OTHER BUSINESS EXPENSES**

### Technical Changes

The incorporation of the 2007 PEGs, technical adjustments and Policy Actions into the baseline increases Other Business Expenses by approximately \$4 million for each year from 2007 to 2010. This is largely due to a reclassification of expenses at MTAHQ from Professional Service Contracts for Cross Bay Toll Reimbursement (MTA Internal Subsidy). Moreover, the training upgrade fund per the TWU contract at NYCT also contributes to the increase. The training upgrade fund is a TWU administered fund into which NYCT contributes a contractually specified monthly amount. There are unfavorable increases in expenses projected for 2008-2010.

### Assumptions

Other Business Expenses in 2007 are forecasted to increase \$3 million over 2006 primarily due to the internal subsidy reclassification at MTAHQ. Changes 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 Bus Company expenses were \$3 million in 2006 and are projected to be \$0.2 million in each year from 2007-2010.

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## **Positions (Headcount)**



## **POSITIONS (Headcount)**

### Technical Changes

The incorporation of the 2007 PEGs, technical adjustments and Policy Actions into the baseline reduces positions by 110 in 2007, 123 in 2008 and 116 in 2009 and 2010. Most of this reduction is attributable to PEGs, with position reductions of 228 in 2007 and 230 in each of the years 2008 thru 2010. Ninety-three positions were added at NYCT, reflecting a technical change for operational coverage requirements related to the recognition of Martin Luther King, Jr. Day as a holiday for TWU members. Also reflected in NYCT's Financial Plan are 25 positions for the anti-scratchitti campaign. These positions stem from a policy action and were previously captured on an MTA Consolidated basis.

### Assumptions

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

The MTA consolidated 2007 baseline reflects positions of 65,639, which are 468 more than 2006. Non-Reimbursable positions increase by 401 and Reimbursable positions increase by 67. Positions increase by a net 213 at NYCT, 127 at MNR, 81 at the LIRR, 54 at MTA CC, 10 at MTA HQ and 2 at SIR, while positions decrease by 15 at B&T and 4 at Long Island Bus. The bulk of the increase over the 2006 November Forecast is made up of position increases in Maintenance (+227) and Operations (+170).

NYCT's increase is made up of increases of 268 Non-Reimbursable positions and decreases of 55 Reimbursable positions. Positions increased in Operations (+159), Maintenance (+51) Administration (+17) and Public Safety (+1), and decreased in Engineering (-15). Position increases are for the Scheduled Maintenance System (SMS) program (+141), the Rev. Dr. Martin Luther King Holiday (+93), the Reefing/Car Scrapping program (+61), the Scratch-Free Window program (+25), MTA Bus Support (+33) and Bus Shop programs (+12). These are partially offset by position reductions in the Car Floor program (-115) and various other changes (-37).

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 36 Non-Reimbursable and 45 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 positions required to provide backfill coverage for training. 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 449 from the end of 2007 to the end of 2010. Positions decrease by 82 in 2008, 3 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 656, 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 129 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 (-540) and Operations (-153) and increase in Administration (+34) 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.

The MTA Bus Company Plan, which is not included in the consolidated figures above, has total baseline positions of 3,162 in 2006 and 3,318 in each of the years 2007 through 2010.

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

<b>Category</b>	<b>2006 Final Estimate</b>	<b>2007 Adopted Budget</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b><i>Baseline Total Positions</i></b>	<b>65,171</b>	<b>65,639</b>	<b>65,557</b>	<b>65,554</b>	<b>65,190</b>
NYC Transit	47,995	48,208	47,996	47,945	47,552
Long Island Rail Road	6,476	6,557	6,619	6,606	6,605
Metro-North Railroad	5,925	6,052	6,120	6,181	6,211
Bridges & Tunnels	1,822	1,807	1,807	1,807	1,807
Headquarters	1,423	1,433	1,433	1,433	1,433
Long Island Bus	1,153	1,149	1,149	1,149	1,149
Staten Island Railway	281	283	283	283	283
Capital Construction Company	96	150	150	150	150
<b><i>Non-Reimbursable</i></b>	<b>58,394</b>	<b>58,795</b>	<b>58,910</b>	<b>59,104</b>	<b>58,820</b>
NYC Transit	42,683	42,951	43,003	43,136	42,822
Long Island Rail Road	5,788	5,824	5,819	5,819	5,819
Metro-North Railroad	5,346	5,450	5,518	5,579	5,609
Bridges & Tunnels	1,773	1,758	1,758	1,758	1,758
Headquarters	1,387	1,397	1,397	1,397	1,397
Long Island Bus	1,139	1,135	1,135	1,135	1,135
Staten Island Railway	278	280	280	280	280
Capital Construction Company	-	-	-	-	-
<b><i>Reimbursable</i></b>	<b>6,777</b>	<b>6,844</b>	<b>6,647</b>	<b>6,450</b>	<b>6,370</b>
NYC Transit	5,312	5,257	4,993	4,809	4,730
Long Island Rail Road	688	733	800	787	786
Metro-North Railroad	579	602	602	602	602
Bridges & Tunnels	49	49	49	49	49
Headquarters	36	36	36	36	36
Long Island Bus	14	14	14	14	14
Staten Island Railway	3	3	3	3	3
Capital Construction Company	96	150	150	150	150
<b><i>Total Full-Time</i></b>	<b>64,844</b>	<b>65,317</b>	<b>65,242</b>	<b>65,239</b>	<b>64,876</b>
NYC Transit	47,782	48,000	47,795	47,744	47,352
Long Island Rail Road	6,476	6,557	6,619	6,606	6,605
Metro-North Railroad	5,920	6,047	6,115	6,176	6,206
Bridges & Tunnels	1,822	1,807	1,807	1,807	1,807
Headquarters	1,423	1,433	1,433	1,433	1,433
Long Island Bus	1,044	1,040	1,040	1,040	1,040
Staten Island Railway	281	283	283	283	283
Capital Construction Company	96	150	150	150	150
<b><i>Total Full-Time-Equivalents</i></b>	<b>327</b>	<b>322</b>	<b>315</b>	<b>315</b>	<b>314</b>
NYC Transit	213	208	201	201	200
Long Island Rail Road	-	-	-	-	-
Metro-North Railroad	5	5	5	5	5
Bridges & Tunnels	-	-	-	-	-
Headquarters	-	-	-	-	-
Long Island Bus	109	109	109	109	109
Staten Island Railway	-	-	-	-	-
Capital Construction Company	-	-	-	-	-

**METROPOLITAN TRANSPORTATION AUTHORITY**  
**February Financial Plan 2007 - 2010**  
**Baseline Change Between Plans 2006 Adopted Budget vs. 2006 July Financial Plan**  
**Baseline Total Non-Reimbursable - Reimbursable Positions**  
**Full-Time Positions and Full Time Equivalents by Function and Agency**  
(Excludes MTA BUS COMPANY)

<b>Function</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Administration</b>	<b>4,448</b>	<b>4,496</b>	<b>4,486</b>	<b>4,543</b>	<b>4,529</b>
NYC Transit	2,293	2,310	2,300	2,357	2,344
Long Island Rail Road	656	666	665	665	664
Metro-North Railroad	528	533	534	534	534
Bridges & Tunnels	146	143	143	143	143
Headquarters	668	665	665	665	665
Long Island Bus	96	96	96	96	96
Staten Island Railway	31	31	31	31	31
Capital Construction Company	30	52	52	52	52
<b>Operations</b>	<b>28,693</b>	<b>28,863</b>	<b>28,745</b>	<b>28,795</b>	<b>28,811</b>
NYC Transit	23,010	23,169	23,024	23,027	23,016
Long Island Rail Road	2,045	2,040	2,040	2,040	2,040
Metro-North Railroad	1,969	1,990	2,017	2,064	2,091
Bridges & Tunnels	798	797	797	797	797
Headquarters	-	-	-	-	-
Long Island Bus	777	773	773	773	773
Staten Island Railway	94	94	94	94	94
Capital Construction Company	-	-	-	-	-
<b>Maintenance</b>	<b>28,409</b>	<b>28,636</b>	<b>28,685</b>	<b>28,582</b>	<b>28,217</b>
NYC Transit	20,597	20,648	20,593	20,476	20,108
Long Island Rail Road	3,690	3,762	3,826	3,826	3,826
Metro-North Railroad	3,314	3,415	3,455	3,469	3,472
Bridges & Tunnels	391	392	392	392	392
Headquarters	-	-	-	-	-
Long Island Bus	261	261	261	261	261
Staten Island Railway	156	158	158	158	158
Capital Construction Company	-	-	-	-	-
<b>Engineering/Capital</b>	<b>1,990</b>	<b>2,011</b>	<b>2,010</b>	<b>1,997</b>	<b>1,997</b>
NYC Transit	1,519	1,504	1,504	1,504	1,504
Long Island Rail Road	85	89	88	75	75
Metro-North Railroad	114	114	114	114	114
Bridges & Tunnels	190	190	190	190	190
Headquarters	-	-	-	-	-
Long Island Bus	16	16	16	16	16
Staten Island Railway	-	-	-	-	-
Capital Construction Company	66	98	98	98	98
<b>Public Safety</b>	<b>1,631</b>	<b>1,633</b>	<b>1,631</b>	<b>1,637</b>	<b>1,636</b>
NYC Transit	576	577	575	581	580
Long Island Rail Road	-	-	-	-	-
Metro-North Railroad	-	-	-	-	-
Bridges & Tunnels	297	285	285	285	285
Headquarters	755	768	768	768	768
Long Island Bus	3	3	3	3	3
Staten Island Railway	-	-	-	-	-
Capital Construction Company	-	-	-	-	-

**Metropolitan Transportation Authority**  
**February Financial Plan 2007 - 2010**  
**Full-time Positions and Full-time Equivalents by Occupational Group and Agency**  
(Excludes MTA BUS COMPANY)

FUNCTION/OCCUPATIONAL GROUP		2006 Final Estimate	2007 Adopted Budget	2008	2009	2010
<b>Administration</b>						
	Managers/Supervisors	1,659	1,651	1,643	1,653	1,649
	Professional, Technical, Clerical	2,756	2,792	2,790	2,812	2,811
	Operational Hourlies	33	53	53	78	69
	Total Administration	4,448	4,496	4,486	4,543	4,529
<b>Operations</b>						
	Managers/Supervisors	2,913	2,956	2,949	2,924	2,922
	Professional, Technical, Clerical	1,162	1,169	1,172	1,169	1,169
	Operational Hourlies	24,618	24,738	24,624	24,702	24,720
	Total Operations	28,693	28,863	28,745	28,795	28,811
<b>Maintenance</b>						
	Managers/Supervisors	4,438	4,567	4,541	4,528	4,480
	Professional, Technical, Clerical	2,602	2,572	2,575	2,545	2,531
	Operational Hourlies	21,369	21,497	21,569	21,509	21,206
	Total Maintenance	28,409	28,636	28,685	28,582	28,217
<b>Engineering/Capital</b>						
	Managers/Supervisors	486	489	486	477	477
	Professional, Technical, Clerical	1,502	1,519	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
<b>Public Safety</b>						
	Managers/Supervisors	144	147	146	143	142
	Professional, Technical, Clerical	159	169	168	167	167
	Operational Hourlies	1,328	1,317	1,317	1,327	1,327
	Total Public Safety	1,631	1,633	1,631	1,637	1,636
<b>Baseline Total Positions</b>						
	Managers/Supervisors	9,640	9,810	9,765	9,725	9,670
	Professional, Technical, Clerical	8,181	8,221	8,227	8,211	8,196
	Operational Hourlies	47,350	47,607	47,565	47,618	47,324
	Baseline Total Positions	65,171	65,639	65,557	65,554	65,190

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

Category	Favorable/(Unfavorable) Variance				
	2006	2007	2008	2009	2010
<b>Baseline Total Positions</b>	<b>15</b>	<b>110</b>	<b>123</b>	<b>116</b>	<b>116</b>
NYC Transit	6	84	97	90	90
Long Island Rail Road	-	-	-	-	-
Metro-North Railroad	5	5	5	5	5
Bridges & Tunnels	-	21	21	21	21
Headquarters	-	-	-	-	-
Long Island Bus	4	-	-	-	-
Staten Island Railway	-	-	-	-	-
Capital Construction Company	-	-	-	-	-
<b>Non-Reimbursable</b>	<b>15</b>	<b>123</b>	<b>135</b>	<b>129</b>	<b>129</b>
NYC Transit	6	84	97	90	90
Long Island Rail Road	-	13	12	13	13
Metro-North Railroad	5	5	5	5	5
Bridges & Tunnels	-	21	21	21	21
Headquarters	-	-	-	-	-
Long Island Bus	4	-	-	-	-
Staten Island Railway	-	-	-	-	-
Capital Construction Company	-	-	-	-	-
<b>Reimbursable</b>	<b>-</b>	<b>(13)</b>	<b>(12)</b>	<b>(13)</b>	<b>(13)</b>
NYC Transit	-	-	-	-	-
Long Island Rail Road	-	(13)	(12)	(13)	(13)
Metro-North Railroad	-	-	-	-	-
Bridges & Tunnels	-	-	-	-	-
Headquarters	-	-	-	-	-
Long Island Bus	-	-	-	-	-
Staten Island Railway	-	-	-	-	-
Capital Construction Company	-	-	-	-	-
<b>Total Full-Time</b>	<b>15</b>	<b>105</b>	<b>118</b>	<b>111</b>	<b>111</b>
NYC Transit	6	79	92	85	85
Long Island Rail Road	-	-	-	-	-
Metro-North Railroad	5	5	5	5	5
Bridges & Tunnels	-	21	21	21	21
Headquarters	-	-	-	-	-
Long Island Bus	4	-	-	-	-
Staten Island Railway	-	-	-	-	-
Capital Construction Company	-	-	-	-	-
<b>Total Full-Time-Equivalents</b>	<b>-</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
NYC Transit	-	5	5	5	5
Long Island Rail Road	-	-	-	-	-
Metro-North Railroad	-	-	-	-	-
Bridges & Tunnels	-	-	-	-	-
Headquarters	-	-	-	-	-
Long Island Bus	-	-	-	-	-
Staten Island Railway	-	-	-	-	-
Capital Construction Company	-	-	-	-	-

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

	<b>Favorable/(Unfavorable) Variance</b>				
<b>Function</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Administration</b>	<b>3</b>	<b>(11)</b>	<b>(9)</b>	<b>(53)</b>	<b>(42)</b>
NYC Transit	(2)	(19)	(17)	(61)	(50)
Long Island Rail Road	-	-	-	-	-
Metro-North Railroad	5	5	5	5	5
Bridges & Tunnels	-	3	3	3	3
Headquarters	-	-	-	-	-
Long Island Bus	-	-	-	-	-
Staten Island Railway	-	-	-	-	-
Capital Construction Company	-	-	-	-	-
<b>Operations</b>	<b>12</b>	<b>67</b>	<b>65</b>	<b>63</b>	<b>63</b>
NYC Transit	8	66	64	62	62
Long Island Rail Road	-	-	-	-	-
Metro-North Railroad	-	-	-	-	-
Bridges & Tunnels	-	1	1	1	1
Headquarters	-	-	-	-	-
Long Island Bus	4	-	-	-	-
Staten Island Railway	-	-	-	-	-
Capital Construction Company	-	-	-	-	-
<b>Maintenance</b>	<b>-</b>	<b>41</b>	<b>54</b>	<b>93</b>	<b>82</b>
NYC Transit	-	42	55	94	83
Long Island Rail Road	-	-	-	-	-
Metro-North Railroad	-	-	-	-	-
Bridges & Tunnels	-	(1)	(1)	(1)	(1)
Headquarters	-	-	-	-	-
Long Island Bus	-	-	-	-	-
Staten Island Railway	-	-	-	-	-
Capital Construction Company	-	-	-	-	-
<b>Engineering/Capital</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
NYC Transit	-	-	-	-	-
Long Island Rail Road	-	-	-	-	-
Metro-North Railroad	-	-	-	-	-
Bridges & Tunnels	-	-	-	-	-
Headquarters	-	-	-	-	-
Long Island Bus	-	-	-	-	-
Staten Island Railway	-	-	-	-	-
Capital Construction Company	-	-	-	-	-
<b>Public Safety</b>	<b>-</b>	<b>13</b>	<b>13</b>	<b>13</b>	<b>13</b>
NYC Transit	-	(5)	(5)	(5)	(5)
Long Island Rail Road	-	-	-	-	-
Metro-North Railroad	-	-	-	-	-
Bridges & Tunnels	-	18	18	18	18
Headquarters	-	-	-	-	-
Long Island Bus	-	-	-	-	-
Staten Island Railway	-	-	-	-	-
Capital Construction Company	-	-	-	-	-

**Metropolitan Transportation Authority**  
**February Financial Plan 2007 - 2010**  
**Baseline Change Between Plans 2006 November Financial Plan vs. 2007 February Financial Plan**  
**Full-time Positions and Full-time Equivalents by Occupational Group and Agency**  
(Excludes MTA BUS COMPANY)

Favorable/(Unfavorable) Variance					
FUNCTION/OCCUPATIONAL GROUP	2006	2007	2008	2009	2010
<b>Administration</b>					
Managers/Supervisors	31	(4)	(4)	(17)	(15)
Professional, Technical, Clerical	(33)	3	5	(1)	(1)
Operational Hourlies	5	(10)	(10)	(35)	(26)
Total Administration	3	(11)	(9)	(53)	(42)
<b>Operations</b>					
Managers/Supervisors	-	4	(3)	(5)	(5)
Professional, Technical, Clerical	1	4	6	6	6
Operational Hourlies	11	59	62	62	62
Total Operations	12	67	65	63	63
<b>Maintenance</b>					
Managers/Supervisors	-	6	(4)	-	-
Professional, Technical, Clerical	-	50	28	29	24
Operational Hourlies	-	(15)	30	64	58
Total Maintenance	-	41	54	93	82
<b>Engineering/Capital</b>					
Managers/Supervisors	-	-	-	-	-
Professional, Technical, Clerical	-	1	-	-	-
Operational Hourlies	-	-	-	-	-
Total Engineering/Capital	-	1	-	-	-
<b>Public Safety</b>					
Managers/Supervisors	-	(2)	(2)	(2)	(2)
Professional, Technical, Clerical	-	(3)	(3)	(3)	(3)
Operational Hourlies	-	18	18	18	18
Total Public Safety	-	13	13	13	13
<b>Baseline Total Positions</b>					
Managers/Supervisors	31	4	(13)	(24)	(22)
Professional, Technical, Clerical	(32)	55	36	31	26
Operational Hourlies	16	52	100	109	112
Baseline Total Positions	15	111	123	116	116
	-	-	-	-	-



## **2007 Agency PEGs**

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

The 2007 PEG Program has been shifted into the baseline. The Program was designed to achieve programmatic administrative and operational efficiencies without adversely impacting customer service, safety and security. In addition, it will produce recurring savings that will address future-year budget gaps and cover Agency spending requirements.

The 2007 Program to Eliminate the Gap (PEG) includes savings of \$18 million in 2006, \$40 million in 2007, \$38 million in 2008, \$39 million in 2009 and \$39 million in 2010. Projected headcount reductions associated with these PEGs are 11 in 2006, 228 in 2007 and 230 in each of the years 2008 through 2010. These PEGs are in addition to the 2006 PEG program approved by the MTA Board in December of 2005 and included in the February 2006 Baseline.

Agencies were encouraged to start savings as soon as possible; therefore, some programs started in 2006 with savings estimated to be \$18 million. NYCT PEGs were estimated to generate \$15 million in 2006, primarily through vacancy savings of \$5 million, increased Transit Adjudication Bureau collections under the "State-Wide Offset Program" of \$4 million and prescription drug benefit cost reductions of \$3 million. These PEGs (that begin in 2006) are expected to yield savings of approximately \$13 million annually. MNR is expected to generate approximately \$1 million in savings per year, starting in 2006, through Administrative initiatives in such areas as data processing and other administrative efficiencies. MTA HQ expects to generate approximately \$1 million in Police overtime savings per year, starting in 2006, while SIR expects savings of \$0.3 million per year from reduced power consumption related to reconfigured cab signal systems.

NYCT's total PEG program is expected to save \$15 million in 2006 and when fully implemented in 2008, the Program will result in cost savings of \$30 million and a reduction of 204 positions.

Administrative efficiencies of \$15 million and 13 position reductions carry through the plan period and include savings resulting from Workers' Compensation Recoveries and the initiatives mentioned in the above section. Various maintenance and customer service efficiencies will save another \$10 million annually. Savings from Service Support PEGs, particularly one that improves employee availability, is also expected to generate savings of \$9 million in 2007 and \$7 million annually thereafter.

MNR's total PEG program is expected to save \$1 million in 2007, and \$2 million in 2008, and the out-years from various Information Technology initiatives.

The LIRR PEG program will achieve \$3 million in savings annually, starting in 2007. Savings are expected in the level of contracted services, vehicle

eliminations, and better follow-up collection of fares from customers that initially do not pay.

B&T's PEG program is expected to achieve savings of \$1 million in 2007 and \$3 million annually, thereafter. Administrative efficiencies include reductions in field supervision overtime, telephone expenses and one position in Human Resources. Security technology improvements (cameras, alarms, intrusion detection devices) will allow the elimination of 18 net positions without any diminishment in security coverage.

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

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

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

The 2007 Agency PEGs include headcount reductions of 11 in 2006, 228 in 2007, and 230 in each of the years 2008 through 2010.

Agency PEGs are expected to result in position reductions at the end of 2010 of 204 at NYCT, 21 at B&T and 5 at MNR.

METROPOLITAN TRANSPORTATION AUTHORITY  
February Plan 2007-2010  
Summary of 2007 Program to Eliminate the Gap(PEGs)  
(\$ in millions)

	2006		2007		2008		2009		2010	
	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>
<b>MTA-Wide</b>										
Long Island Bus	0	0.000	0	0.092	0	0.096	0	0.101	0	0.105
MTA Headquarters	0	0.829	0	0.834	0	0.896	0	0.902	0	0.910
Bridges and Tunnels	0	0.176	21	1.166	21	2.650	21	2.663	21	2.676
Long Island Railroad	0	0.000	0	2.488	0	2.549	0	2.610	0	2.670
Metro North Railroad	5	0.852	5	1.317	5	1.592	5	2.116	5	2.143
New York City Transit	6	15.419	202	34.055	204	29.522	204	30.072	204	30.072
Staten Island Railway	0	0.300	0	0.300	0	0.300	0	0.300	0	0.300
<b>Total MTA-Wide</b>	<b>11</b>	<b>\$ 17.576</b>	<b>228</b>	<b>\$ 40.252</b>	<b>230</b>	<b>\$ 37.605</b>	<b>230</b>	<b>\$ 38.764</b>	<b>230</b>	<b>\$ 38.876</b>
 <b>MTA-Wide by Category</b>										
Administration	3	12.404	21	18.359	23	17.529	23	18.615	23	18.657
Cust Convenience & Amenities	0	0.000	0	0.107	0	0.107	0	0.107	0	0.107
Maintenance	0	3.107	78	12.402	78	10.891	78	10.952	78	11.012
Other	0	0.000	18	0.367	18	1.741	18	1.753	18	1.763
Revenue Enhancement	0	0.000	0	0.150	0	0.150	0	0.150	0	0.150
Service	0	0.300	0	0.300	0	0.300	0	0.300	0	0.300
Service Support	8	1.765	111	8.567	111	6.887	111	6.887	111	6.887
<b>Total MTA-Wide by Category</b>	<b>11</b>	<b>\$ 17.576</b>	<b>228</b>	<b>\$ 40.252</b>	<b>230</b>	<b>\$ 37.605</b>	<b>230</b>	<b>\$ 38.764</b>	<b>230</b>	<b>\$ 38.876</b>

METROPOLITAN TRANSPORTATION AUTHORITY  
February Plan 2007-2010  
Summary of 2007 Program to Eliminate the Gap(PEGs)  
(\$ in millions)

	2006		2007		2008		2009		2010	
	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>
<b>LIST of AGENCY PROGRAMS</b>										
<b>Administration</b>										
Long Island Bus	0	0.000	0	0.092	0	0.096	0	0.101	0	0.105
MTA Headquarters	0	0.829	0	0.834	0	0.896	0	0.902	0	0.910
Bridges and Tunnels	0	0.176	3	0.799	3	0.909	3	0.910	3	0.913
Metro North Railroad	5	0.852	5	1.317	5	1.592	5	2.116	5	2.143
New York City Transit	(2)	10.547	13	15.317	15	14.036	15	14.586	15	14.586
<b>Sub-Total: Administration</b>	<b>3</b>	<b>\$ 12.404</b>	<b>21</b>	<b>\$ 18.359</b>	<b>23</b>	<b>\$ 17.529</b>	<b>23</b>	<b>\$ 18.615</b>	<b>23</b>	<b>\$ 18.657</b>
<b>Cust Convenience &amp; Amenities</b>										
New York City Transit	0	0.000	0	0.107	0	0.107	0	0.107	0	0.107
<b>Sub-Total: Cust Convenience &amp; Amenities</b>	<b>0</b>	<b>\$ 0.000</b>	<b>0</b>	<b>\$ 0.107</b>	<b>0</b>	<b>\$ 0.107</b>	<b>0</b>	<b>\$ 0.107</b>	<b>0</b>	<b>\$ 0.107</b>
<b>Maintenance</b>										
Long Island Railroad	0	0.000	0	2.338	0	2.399	0	2.460	0	2.520
New York City Transit	0	3.107	78	10.064	78	8.492	78	8.492	78	8.492
<b>Sub-Total: Maintenance</b>	<b>0</b>	<b>\$ 3.107</b>	<b>78</b>	<b>\$ 12.402</b>	<b>78</b>	<b>\$ 10.891</b>	<b>78</b>	<b>\$ 10.952</b>	<b>78</b>	<b>\$ 11.012</b>
<b>Other</b>										
Bridges and Tunnels	0	0.000	18	0.367	18	1.741	18	1.753	18	1.763
<b>Sub-Total: Other</b>	<b>0</b>	<b>\$ 0.000</b>	<b>18</b>	<b>\$ 0.367</b>	<b>18</b>	<b>\$ 1.741</b>	<b>18</b>	<b>\$ 1.753</b>	<b>18</b>	<b>\$ 1.763</b>
<b>Revenue Enhancement</b>										
Long Island Railroad	0	0.000	0	0.150	0	0.150	0	0.150	0	0.150
<b>Sub-Total: Revenue Enhancement</b>	<b>0</b>	<b>\$ 0.000</b>	<b>0</b>	<b>\$ 0.150</b>	<b>0</b>	<b>\$ 0.150</b>	<b>0</b>	<b>\$ 0.150</b>	<b>0</b>	<b>\$ 0.150</b>
<b>Service</b>										
Staten Island Railway	0	0.300	0	0.300	0	0.300	0	0.300	0	0.300

METROPOLITAN TRANSPORTATION AUTHORITY  
February Plan 2007-2010  
Summary of 2007 Program to Eliminate the Gap(PEGs)  
(\$ in millions)

	2006		2007		2008		2009		2010	
LIST of AGENCY PROGRAMS	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>
Sub-Total: Service	0	\$ 0.300	0	\$ 0.300	0	\$ 0.300	0	\$ 0.300	0	\$ 0.300
Service Support										
New York City Transit	8	1.765	111	8.567	111	6.887	111	6.887	111	6.887
Sub-Total: Service Support	8	\$ 1.765	111	\$ 8.567	111	\$ 6.887	111	\$ 6.887	111	\$ 6.887
Total Agency PEGs	11	\$ 17.576	228	\$ 40.252	230	\$ 37.605	230	\$ 38.764	230	\$ 38.876

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# **Post 2007 Agency PEGs and Other Policy Actions**



## **Post-2007 Agency Program to Eliminate the Gap and Other Policy Actions**

### **PEGs**

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

NYCT's post – 2007 PEGs are expected to result in savings of \$11 million in 2008 and \$21 million in years 2009 and 2010. All of the savings result from implementation of One Person Train Operation (OPTO), which is assumed to begin on the J, #7, and M lines in May, 2008, and on the N line in September, 2008. NYCT's post-2007 PEG program results in total position reductions of 313.

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

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

### **Other Policy Actions**

In addition to the Policy Actions discussed previously that are now in MTA baseline projections, the Plan includes savings associated with shared services and reorganization initiatives beginning in 2008.

#### **Shared Services**

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 February 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. As noted above under policy actions, costs 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.

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

MTA has initiated legislation over the past several years requesting statutory changes to enable a reorganization of the MTA. This was highlighted in previous Plans. The intent of these reorganization plans was to reconfigure the existing

organization so that there would be fewer Agencies. The reconfigured Agencies would each specialize in a particular mode of operation covering the entire MTA region, e.g., a bus company, a commuter rail agency and a subway agency. It was anticipated that this re-organization would result in operational and administrative efficiencies. The February Plan continues the November Plan assumption of \$5 million savings in 2008 and \$25 million annually, thereafter. New MTA leadership is re-examining this concept, from which a determination will be made as to what if any course of action should be pursued.

METROPOLITAN TRANSPORTATION AUTHORITY  
February Plan 2007-2010  
Summary of Post 2007 PEGs  
(\$ in millions)

	2006		2007		2008		2009		2010	
	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>
<b>MTA-Wide</b>										
MTA Headquarters	0	0.000	0	0.000	18	1.330	18	1.439	18	1.538
Bridges and Tunnels	0	0.000	0	0.000	(1)	0.072	(1)	0.071	(1)	0.071
New York City Transit	0	0.000	0	0.000	313	11.367	313	20.688	313	20.688
<b>Total MTA-Wide</b>	0	\$ 0.000	0	\$ 0.000	330	\$ 12.769	330	\$ 22.198	330	\$ 22.297
<b>MTA-Wide by Category</b>										
Administration	0	0.000	0	0.000	18	1.330	18	1.439	18	1.538
Maintenance	0	0.000	0	0.000	(1)	0.072	(1)	0.071	(1)	0.071
Service Support	0	0.000	0	0.000	313	11.367	313	20.688	313	20.688
<b>Total MTA-Wide by Category</b>	0	\$ 0.000	0	\$ 0.000	330	\$ 12.769	330	\$ 22.198	330	\$ 22.297

METROPOLITAN TRANSPORTATION AUTHORITY  
February Plan 2007-2010  
Summary of Post 2007 PEGs  
(\$ in millions)

	2006		2007		2008		2009		2010	
	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>
<b>LIST of AGENCY PROGRAMS</b>										
<b>Administration</b>										
MTA Headquarters	0	0.000	0	0.000	18	1.330	18	1.439	18	1.538
<b>Sub-Total: Administration</b>	0	\$ 0.000	0	\$ 0.000	18	\$ 1.330	18	\$ 1.439	18	\$ 1.538
<b>Maintenance</b>										
Bridges and Tunnels	0	0.000	0	0.000	(1)	0.072	(1)	0.071	(1)	0.071
<b>Sub-Total: Maintenance</b>	0	\$ 0.000	0	\$ 0.000	(1)	\$ 0.072	(1)	\$ 0.071	(1)	\$ 0.071
<b>Service Support</b>										
New York City Transit	0	0.000	0	0.000	313	11.367	313	20.688	313	20.688
<b>Sub-Total: Service Support</b>	0	\$ 0.000	0	\$ 0.000	313	\$ 11.367	313	\$ 20.688	313	\$ 20.688
<b>Total Agency PEGs</b>	0	\$ 0.000	0	\$ 0.000	330	\$ 12.769	330	\$ 22.198	330	\$ 22.297