

# MTA 2008 Final Proposed Budget November Financial Plan 2008 – 2011



**November 2007**



Metropolitan Transportation Authority

**MTA 2008 FINAL PROPOSED BUDGET  
NOVEMBER FINANCIAL PLAN 2008-2011  
VOLUME 1**

The MTA's November Plan is divided into two volumes. Volume 1 includes financial and headcount schedules supporting the complete MTA-Consolidated Financial Plan, including the baseline and the below-the-line Policy, Gap-Closing and Cash Management Actions. Volume 1 also includes descriptions of the below-the line actions as well as the Letter by the Executive Director and the required Executive Director Certification.

Volume 2 includes MTA-Consolidated financial and headcount schedules as well as narratives that support the baseline projections included in the 2008 Final Proposed Budget and the Financial Plan for 2008 through 2011. Also included are the Agency sections which incorporate descriptions of Agency Programs, supporting baseline tables and details regarding proposed Agency PEG's. Volume 2 also includes required information related to the MTA Capital Program.

# TABLE OF CONTENTS

## I. Introduction

Letter from the Executive Director.....	I-1
---	-----

## II. MTA Consolidated 2007-2011 Financial Plan

2007-2011 Financial Plan: Statement of Operations by Category.....	II-1
2007-2010 Reconciliation to July Plan.....	II-4

## III. Policy Actions, Gap Closing Program and Cash Management Actions

Proposed Policy Actions.....	III-1
Additional State Tax Collections.....	III-2
Gap Closing 2007-2009.....	III-4
Gap Closing Post-2009.....	III-10
Cash Management Actions.....	III-11
Total Positions (Headcount).....	III-12

## IV. Appendix

Executive Director Certification.....	IV-1
---------------------------------------	------

# **I. Introduction**



## Metropolitan Transportation Authority

State of New York

Date: November 28, 2007

To: Chairman Hemmerdinger and MTA Board Members

From: Elliot G. Sander

A handwritten signature in black ink, appearing to be "ES", written over the name "Elliot G. Sander".

**Re: MTA Final Proposed 2008 Budget and the November Financial Plan for 2008-2011**

I am transmitting for your consideration the 2008 Final Proposed Budget and the four-year Financial Plan for 2008-2011, which reflects developments that have occurred since issuance of the July Financial Plan. As recently announced at a press conference with Governor Eliot Spitzer, updated budget forecasts have identified an additional \$222 million for 2007, which will allow us to reduce the amount of the proposed fare and toll increase. These changes are discussed in more detail below.

Since July, a number of positive changes have resulted in an improvement in MTA's cash position, so that the closing balance, including the \$937 million carryover from 2006, is \$521 million. The major drivers of the additional \$222 million include:

- \$55 million (3.7%) net increase in our real estate tax subsidies over and above those projected in July, primarily reflecting higher collections in the second half of 2007 from City commercial transactions partially offset by downturns in non-Manhattan residential mortgage activity;
- \$60 million (1.1%) more in operating revenues due to higher ridership and vehicle crossings than forecasted in July;
- \$39 million in lower than expected debt service costs in 2007 due mainly to delays in bond issuances related to capital cash flow; and
- \$68 million (0.8%) from improvements in agency expenses due largely to vacancies, lower fuel costs through the third quarter and lower pension and health and welfare expenses.

This improvement to our cash position will allow us to return the entire \$222 million to riders over the next two years by reducing the proposed 6.5 percent fare and toll yield increase to 3.85% and holding the base fare for subway and bus riders at \$2.00. The

*The agencies of the MTA,*

MTA New York City Transit  
MTA Long Island Rail Road

MTA Long Island Bus  
MTA Metro-North Railroad

MTA Bridges and Tunnels  
MTA Capital Construction

MTA Bus Company

specific fare proposals for the bonus and unlimited ride MetroCards, for commuter railroad fares and for Bridges and Tunnels' tolls will be presented to you shortly.

Since these improvements to our cash position largely reflect one time as opposed to recurring improvements over the Financial Plan period, they do not allow us to dispose of the fare increase in its entirety. The real estate tax projections used in the July plan remain prudent. As you may recall, real estate tax subsidies were increased significantly in July utilizing the City's most recent projections, which added about \$700 million in total to our 2007 & 2008 figures. The forecast anticipated continued and significant growth this year, with a slowing in the out years. While it appears that we underestimated the growth by 3.7% this year, the anticipated slowing can be seen in the downturns in non-Manhattan residential mortgage activity. In 2008, the November Plan adjusts total real estate tax yields slightly downward by \$23 million (1.8%), reflecting trends commensurate with recent City forecasts. Keep in mind that while we have assumed that these receipts will still remain robust over the financial plan period, if receipts drop, say to 2004 levels, we will be out over \$300 million next year and nearly \$1.2 billion during the plan period.

Agency expense savings are not expected to recur in 2008. The agencies anticipate higher maintenance costs as a result of increased material costs, reassessments of maintenance needs related to cyclical maintenance programs, new gap mitigation initiatives and facility and infrastructure needs. As a result agency expense needs are expected to grow by \$44 million over the July Plan. These programs, as well as the safety, security, service and customer satisfaction pilot programs initiated as part of the policy actions described in July, result in a 720 position net increase in headcount in the November Financial Plan across the agencies, largely paid for by vacancy and non-labor savings.

While the increase in operating revenues is expected to recur each year of the plan (to \$78 million in 2011), these increases will largely go to offsetting the increases in expenses described above. However, keep in mind that the assumption of recurring revenues from increasing ridership is predicated on the continued strength of the regional economy.

Debt service savings are also not anticipated to be a recurring savings. The Capital Construction Company expects to award numerous multi-million dollar contracts in the next few months that are expected to accelerate bond issuances in line with projections.

Since these savings provide little long term benefit, the need to address our structural deficit remains and all of the actions I described in July will still be needed to address these deficits. By applying the 2007 savings to the projected fare increase, the plan assumes a 3.85% increase in yield from fare and tolls in 2008 instead of a 6.5% increase. MTA agencies are still expected to achieve annual reductions of 1.5% and the plan continues to assume a modest contribution from our employees. The plan continues to assume new State revenues in 2008 and 2009 and \$600 million in additional governmental aid in 2010. The Governor is committed to helping us address these needs.

I would be remiss not to mention the service enhancement fund established in the July plan as further evidence of our commitment to service and customer satisfaction. As you may remember, we have set-aside \$30 million in 2008 that will grow to \$60 million a year thereafter to supplement service across the MTA family. Agency proposals for this initiative are being finalized and will be presented to you shortly.

The July Plan also included Cash Management Actions to improve our cash position. Two of the three were implemented: Early Debt Retirement and Pension Pre-payments. As to the third related to fuel, issues have arisen as to the anticipated mechanism needed to lock in fuel prices. As a result, we are reassessing our options and anticipate putting forth a new proposal for Board consideration to further advance this effort. Further, we have established a fuel reserve of \$22 million (which reflects current prices) in 2008 to compensate for recent price increases in the market.

I believe the plan before you is a fiscally responsible one that takes into consideration the concerns that we have heard from our customers while continuing to address the \$6 billion in deficits projected over the next four years. I look forward to Board input on this plan over the next few weeks and the 2008 budget adoption at the December Board meeting.

[THIS PAGE INTENTIONALLY LEFT BLANK]



## **II. MTA Consolidated 2007-2011 Financial Plan**

**METROPOLITAN TRANSPORTATION AUTHORITY**  
**November Financial Plan 2008 - 2011**  
**MTA Consolidated Statement Of Operations By Category**  
(\$ in millions)

Line No.						
7	<b>Non-Reimbursable</b>					
8		<b>2006</b>	<b>2007</b>	<b>2008</b>		
9		<b>Actual</b>	<b>November Forecast</b>	<b>Final Proposed Budget</b>	<b>2009</b>	<b>2010</b>
10	<b>Operating Revenue</b>				<b>2011</b>	
11	Farebox Revenue	\$3,840	\$3,974	\$4,042	\$4,085	\$4,129
12	Toll Revenue	1,242	1,249	1,251	1,246	1,248
13	Other Revenue	467	475	479	500	521
14	Capital and Other Reimbursements	0	0	0	0	0
15	<b>Total Operating Revenue</b>	<b>\$5,548</b>	<b>\$5,698</b>	<b>\$5,772</b>	<b>\$5,831</b>	<b>\$5,897</b>
16						
17	<b>Operating Expense</b>					
18	<b>Labor Expenses:</b>					
19	Payroll	\$3,676	\$3,856	\$4,099	\$4,194	\$4,300
20	Overtime	437	466	440	446	455
21	Health & Welfare	839	901	1,035	1,134	1,247
22	Pensions	600	779	871	870	844
23	Other-Fringe Benefits	398	415	431	444	459
24	Reimbursable Overhead	(260)	(283)	(299)	(302)	(298)
25	<b>Sub-total Labor Expenses</b>	<b>\$5,690</b>	<b>\$6,135</b>	<b>\$6,576</b>	<b>\$6,785</b>	<b>\$7,006</b>
26						
27	<b>Non-Labor Expenses:</b>					
28	Traction and Propulsion Power	278	315	318	344	400
29	Fuel for Buses and Trains	178	182	222	203	203
30	Insurance	45	54	52	59	68
31	Claims	80	154	149	155	161
32	Paratransit Service Contracts	184	225	271	308	357
33	Maintenance and Other Operating Contracts	534	558	639	637	663
34	Professional Service Contracts	179	222	239	239	240
35	Materials & Supplies	453	549	568	609	634
36	Other Business Expenses	157	157	162	166	168
37	<b>Sub-total Non-Labor Expenses</b>	<b>\$2,087</b>	<b>\$2,415</b>	<b>\$2,619</b>	<b>\$2,719</b>	<b>\$3,009</b>
38						
39	<b>Other Expense Adjustments:</b>					
40	Other	(\$16)	(\$20)	(\$15)	(\$17)	(\$10)
41	General Reserve	0	38	75	75	75
42	<b>Sub-total Other Expense Adjustments</b>	<b>(\$16)</b>	<b>\$17</b>	<b>\$60</b>	<b>\$58</b>	<b>\$64</b>
43						
44	<b>Total Operating Expense before Depreciation and OPEB</b>	<b>\$7,761</b>	<b>\$8,567</b>	<b>\$9,255</b>	<b>\$9,562</b>	<b>\$9,965</b>
45						
46	Depreciation	\$1,605	\$1,681	\$1,777	\$1,876	\$1,976
47	Other Post Employment Benefits	0	1,259	1,318	1,377	1,435
48						
49	<b>Total Operating Expense</b>	<b>\$9,366</b>	<b>\$11,507</b>	<b>\$12,350</b>	<b>\$12,815</b>	<b>\$13,376</b>
50						
51	<b>Net Operating Deficit Before Subsidies and Debt Service</b>	<b>(\$3,818)</b>	<b>(\$5,809)</b>	<b>(\$6,578)</b>	<b>(\$6,984)</b>	<b>(\$7,478)</b>
52						
53	Dedicated Taxes and State/Local Subsidies	4,174	\$4,414	\$4,128	\$4,210	\$4,193
54	Debt Service (excludes Service Contract Bonds)	(1,310)	(1,714)	(1,529)	(1,432)	(1,869)
55						
56	<b>Net Deficit After Subsidies and Debt Service</b>	<b>(\$954)</b>	<b>(\$3,109)</b>	<b>(\$3,979)</b>	<b>(\$4,206)</b>	<b>(\$5,154)</b>
57						
58	Conversion to Cash Basis: Depreciation	\$1,605	\$1,681	\$1,777	\$1,876	\$1,976
59	Conversion to Cash Basis: OPEB	0	1,259	1,318	1,377	1,435
60	Conversion to Cash Basis: GASB Account	(234)	(79)	(59)	(63)	(65)
61	Conversion to Cash Basis: All Other	(62)	(61)	172	(110)	(18)
62						
63	<b>CASH BALANCE BEFORE PRIOR-YEAR CARRY-OVER</b>	<b>\$355</b>	<b>(\$309)</b>	<b>(\$770)</b>	<b>(\$1,126)</b>	<b>(\$1,827)</b>
64	<b>MTA POLICY, GAP CLOSING &amp; CASH MANAGEMENT ACTION</b>	<b>0</b>	<b>(108)</b>	<b>623</b>	<b>549</b>	<b>1,494</b>
65	<b>PRIOR-YEAR CARRY-OVER</b>	<b>582</b>	<b>937</b>	<b>521</b>	<b>374</b>	<b>0</b>
66	<b>NET CASH BALANCE</b>	<b>\$937</b>	<b>\$521</b>	<b>\$374</b>	<b>(\$204)</b>	<b>(\$411)</b>

**METROPOLITAN TRANSPORTATION AUTHORITY**  
**November Financial Plan 2008 - 2011**  
**Gap Closing and Policy Actions**  
(\$ in millions)

Line No.		2006 Actual	2007 November Forecast	2008 Final Proposed Budget	2009	2010	2011
11	<b>July Cash Balance Before Prior-Year Carry-Over</b>	<b>\$355</b>	<b>(\$309)</b>	<b>(\$770)</b>	<b>(\$1,126)</b>	<b>(\$1,827)</b>	<b>(\$2,070)</b>
13	<b><u>MTA POLICY ACTIONS:</u></b>						
14	Staten Island Service	0	(0)	(5)	(14)	(14)	(14)
15	Fulton Street	0	(56)	0	0	0	0
16	Bus Rapid Transit	0	(0)	(6)	(12)	(12)	(12)
17	Service Enhancement Fund	0	0	(30)	(60)	(60)	(60)
18	IESS Operations/Maintenance	0	0	(15)	(25)	(30)	(31)
20	Sub-Total	0	(57)	(56)	(111)	(116)	(117)
22	<b><u>ADDITIONAL STATE TAX COLLECTIONS</u></b>	0	10	338	169	236	251
24	<b><u>GAP CLOSING 2007 - 2009:</u></b>						
25	2008 Agency Program to Eliminate the Gap	0	8	50	61	57	54
26	Post-2008 Agency Program to Eliminate the Gap	0	0	0	87	173	260
27	2008 Increased Fare and Toll Yields - 3.85% in March, 2008	0	0	163	197	200	203
28	Legislative Actions	0	0	50	50	50	50
29	Downsizing	0	81	0	(41)	(41)	0
30	Sub-Total	0	89	262	355	439	567
31	<b><u>GAP CLOSING Post 2009:</u></b>						
32	2010 Increased Fare and Toll Yields - Alternate Year COLA	0	0	0	0	254	262
33	New Governmental Aid	0	0	0	0	600	612
34	New Contracts Labor Contribution	0	0	0	53	82	85
35	Sub-Total	0	0	0	53	935	959
37	<b>TOTAL GAP CLOSING and POLICY ACTIONS</b>	<b>0</b>	<b>42</b>	<b>544</b>	<b>466</b>	<b>1,494</b>	<b>1,659</b>
39	<b><u>REMAINING CASH MANAGEMENT ACTION</u></b>						
40	Forward Energy Contracts	0	(150)	79	83	0	0
42	<b>TOTAL GAP CLOSING, POLICY &amp; CASH MANAGEMENT ACTIONS</b>	<b>0</b>	<b>(108)</b>	<b>623</b>	<b>549</b>	<b>1,494</b>	<b>1,659</b>
44	Prior-Year Carry-Over	582	937	521	374	0	0
46	<b>Net Cash Surplus/(Deficit)</b>	<b>\$937</b>	<b>\$521</b>	<b>\$374</b>	<b>(\$204)</b>	<b>(\$333)</b>	<b>(\$411)</b>

# METROPOLITAN TRANSPORTATION AUTHORITY

November Financial Plan 2008 - 2011

## MTA Consolidated Cash Receipts and Expenditures

(\$ in millions)

Line Number	CASH RECEIPTS AND EXPENDITURES	2006 Actual	2007 November Forecast	2008 Final Proposed Budget	2009	2010	2011
9							
10							
11	<b>Receipts</b>						
12	Farebox Revenue	\$3,880	\$4,024	\$4,086	\$4,127	\$4,168	\$4,214
13	Other Operating Revenue	466	552	500	519	540	567
14	Capital and Other Reimbursements	1,130	1,267	1,418	1,386	1,339	1,354
15	<b>Total Receipts</b>	<b>\$5,476</b>	<b>\$5,842</b>	<b>\$6,005</b>	<b>\$6,032</b>	<b>\$6,047</b>	<b>\$6,135</b>
16							
17	<b>Expenditures</b>						
18	<u><b>Labor:</b></u>						
19	Payroll	\$3,927	\$4,199	\$4,460	\$4,536	\$4,628	\$4,711
20	Overtime	500	542	506	509	518	528
21	Health and Welfare	848	915	1,048	1,148	1,261	1,380
22	Pensions	646	967	661	905	889	868
23	Other Fringe Benefits	486	513	532	542	554	565
24	Contribution to GASB Fund	234	79	59	63	65	68
25	<b>Total Labor Expenditures</b>	<b>\$6,640</b>	<b>\$7,215</b>	<b>\$7,266</b>	<b>\$7,702</b>	<b>\$7,916</b>	<b>\$8,120</b>
26							
27	<u><b>Non-Labor:</b></u>						
28	Traction and Propulsion Power	\$254	\$347	\$318	\$344	\$400	\$423
29	Fuel for Buses and Trains	177	185	221	202	203	203
30	Insurance	48	43	54	56	64	76
31	Claims	129	134	136	134	140	143
32	Paratransit Service Contracts	163	234	271	308	357	432
33	Maintenance and Other Operating Contracts	470	506	583	586	602	615
34	Professional Service Contracts	178	241	284	252	252	250
35	Materials & Supplies	590	690	687	711	715	719
36	Other Business Expenditures	167	165	167	175	176	180
37	<b>Total Non-Labor Expenditures</b>	<b>\$2,176</b>	<b>\$2,545</b>	<b>\$2,722</b>	<b>\$2,767</b>	<b>\$2,910</b>	<b>\$3,041</b>
38							
39	<u><b>Other Expenditure Adjustments:</b></u>						
40	Other	\$47	\$62	\$75	\$70	\$71	\$74
41	General Reserve	0	38	75	75	75	75
42	<b>Total Other Expenditure Adjustments</b>	<b>\$47</b>	<b>\$100</b>	<b>\$150</b>	<b>\$145</b>	<b>\$146</b>	<b>\$149</b>
43							
44	<b>Total Expenditures</b>	<b>\$8,863</b>	<b>\$9,859</b>	<b>\$10,137</b>	<b>\$10,614</b>	<b>\$10,972</b>	<b>\$11,310</b>
45							
46	<b>Net Cash Deficit Before Subsidies and Debt Service</b>	<b>(\$3,387)</b>	<b>(\$4,017)</b>	<b>(\$4,133)</b>	<b>(\$4,582)</b>	<b>(\$4,926)</b>	<b>(\$5,175)</b>
47							
48	Dedicated Taxes and State/Local Subsidies	\$4,603	\$4,853	\$4,407	\$4,465	\$4,442	\$4,573
49	Debt Service (excludes Service Contract Bonds)	(860)	(1,145)	(1,044)	(1,009)	(1,344)	(1,467)
50							
51	Net Cash Balance from Previous Year	582	937	628	0	0	0
52							
53	<b>Baseline Net Cash Surplus/(Deficit)</b>	<b>\$937</b>	<b>\$628</b>	<b>(\$142)</b>	<b>(\$1,126)</b>	<b>(\$1,827)</b>	<b>(\$2,070)</b>
54							
51	<b>CASH BALANCE BEFORE PRIOR-YEAR CARRY-OVER</b>	<b>\$355</b>	<b>(\$309)</b>	<b>(\$770)</b>	<b>(\$1,126)</b>	<b>(\$1,827)</b>	<b>(\$2,070)</b>
52	<b>MTA POLICY, GAP CLOSING &amp; CASH MANAGEMENT ACTIONS</b>	<b>0</b>	<b>(108)</b>	<b>623</b>	<b>549</b>	<b>1,494</b>	<b>1,659</b>
53	<b>PRIOR-YEAR CARRY-OVER</b>	<b>582</b>	<b>937</b>	<b>521</b>	<b>374</b>	<b>0</b>	<b>0</b>
54	<b>NET CASH BALANCE</b>	<b>\$937</b>	<b>\$521</b>	<b>\$374</b>	<b>(\$204)</b>	<b>(\$333)</b>	<b>(\$411)</b>

**Metropolitan Transportation Authority**  
**November Financial Plan 2008 - 2011**  
**MTA Consolidated November Financial Plan Compared with July Financial Plan**  
**Cash Reconciliation<sup>1</sup>**  
(\$ in millions)

	Favorable/(Unfavorable)				
	2007	2008	2009	2010	2011
<b>JULY BASELINE CASH BALANCE before PRIOR-YEAR CARRYOVER</b>	<b>\$23</b>	<b>(\$965)</b>	<b>(\$1,425)</b>	<b>(\$1,821)</b>	<b>(\$2,087)</b>
<b>Agency Changes:</b>					
<b>Revenue</b>	<b>60</b>	<b>63</b>	<b>66</b>	<b>73</b>	<b>78</b>
Farebox/Toll Revenue	57	59	60	64	68
Other Revenue	3	3	6	8	10
<b>Expense</b>	<b>27</b>	<b>(16)</b>	<b>22</b>	<b>24</b>	<b>24</b>
Health & Welfare	12	(16)	(18)	(18)	(17)
Energy	13	(11)	30	31	34
Insurance	2	10	10	11	8
<b>Safety &amp; Customer Satisfaction Pilot Programs:</b>	<b>(20)</b>	<b>(21)</b>	<b>(15)</b>	<b>(13)</b>	<b>(22)</b>
Cost of the Programs	(33)	(67)	(67)	(67)	(67)
Less NYCT Funding Programs (baseline only)	13	45	52	54	45
<b>New Needs/Investments</b>	<b>7</b>	<b>(44)</b>	<b>(49)</b>	<b>(27)</b>	<b>(12)</b>
Maintenance	5	(21)	(37)	(14)	1
Service Re-estimates	(1)	(2)	(2)	(1)	(1)
Safety & Security	3	(2)	(1)	(2)	(1)
Other New Needs	(0)	(19)	(9)	(10)	(11)
<b>Pension Prepayment</b>	<b>(200)</b>	<b>216</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Baseline Re-Estimates</b>	<b>(16)</b>	<b>8</b>	<b>32</b>	<b>(9)</b>	<b>(18)</b>
<b>Total Agency Changes</b>	<b>(141)</b>	<b>205</b>	<b>56</b>	<b>47</b>	<b>49</b>
<b>Subsidies</b>	<b>(31)</b>	<b>(47)</b>	<b>57</b>	<b>(27)</b>	<b>(15)</b>
Real Estate Taxes (Gross)	55	(23)	0	0	0
MTA Bus Debt Service Adjustments (MRT-2) <sup>2</sup>	(10)	(23)	(21)	(23)	(23)
Early Debt Retirement Loan for TBTA <sup>3</sup>	(91)	12	79	0	0
City Subsidy for MTA Bus	(2)	(2)	(3)	(6)	(7)
Bridges & Tunnels Operating Surplus	20	(5)	(2)	2	15
Other	(3)	(6)	4	0	(0)
<b>Debt Service</b>	<b>(159)</b>	<b>37</b>	<b>185</b>	<b>(27)</b>	<b>(17)</b>
Baseline	39	(5)	(30)	(31)	28
Adjustment for MTA Bus Debt Service Funded by Subsidy Accounts <sup>2</sup>	9	14	17	18	18
Early Debt Retirement in Baseline (Excluding TBTA) <sup>3</sup>	(207)	27	198	0	0
<b>Total Changes</b>	<b>(331)</b>	<b>195</b>	<b>298</b>	<b>(6)</b>	<b>17</b>
<b>NOVEMBER BASELINE CASH BALANCE before PRIOR-YEAR CARRYOVER</b>	<b>(\$309)</b>	<b>(\$770)</b>	<b>(\$1,126)</b>	<b>(\$1,827)</b>	<b>(\$2,070)</b>
<b>MTA POLICY ACTIONS:</b>	<b>(57)</b>	<b>(56)</b>	<b>(111)</b>	<b>(116)</b>	<b>(117)</b>
Staten Island Service	(0)	(5)	(14)	(14)	(14)
Fulton Street	(56)	0	0	0	0
Bus Rapid Transit	(0)	(6)	(12)	(12)	(12)
Service Enhancement Fund	0	(30)	(60)	(60)	(60)
IESS Operations/Maintenance	0	(15)	(25)	(30)	(31)
<b>ADDITIONAL STATE TAX COLLECTIONS</b>	<b>10</b>	<b>338</b>	<b>169</b>	<b>236</b>	<b>251</b>
<b>GAP CLOSING 2007 - 2009:</b>	<b>89</b>	<b>262</b>	<b>355</b>	<b>439</b>	<b>567</b>
2008 Agency Program to Eliminate the Gap	8	50	61	57	54
Post-2008 Agency Program to Eliminate the Gap	0	0	87	173	260
2008 Increased Fare and Toll Yields - 4% in March, 2008	0	163	197	200	203
Legislative Actions	0	50	50	50	50
Downsizing	81	0	(41)	(41)	0
<b>GAP CLOSING Post 2009:</b>	<b>0</b>	<b>0</b>	<b>53</b>	<b>935</b>	<b>959</b>
2010 Increased Fare and Toll Yields - Alternate Year COLA	0	0	0	254	262
New Governmental Aid	0	0	0	600	612
New Contracts Labor Contribution	0	0	53	82	85
<b>REMAINING CASH MANAGEMENT ACTION</b>					
Forward Energy Contracts	(150)	79	83	0	0
<b>TOTAL GAP CLOSING, POLICY &amp; CASH MANAGEMENT ACTIONS</b>	<b>(108)</b>	<b>623</b>	<b>549</b>	<b>1,494</b>	<b>1,659</b>
<b>PRIOR-YEAR CARRY-OVER</b>	<b>937</b>	<b>521</b>	<b>374</b>	<b>0</b>	<b>0</b>
<b>NET CASH BALANCE</b>	<b>\$521</b>	<b>\$374</b>	<b>(\$204)</b>	<b>(\$333)</b>	<b>(\$411)</b>

**Metropolitan Transportation Authority**  
**November Financial Plan 2008 - 2011**  
**MTA Consolidated November Financial Plan Compared with July Financial Plan**  
**Cash Reconciliation continued**  
(\$ in millions)

	Favorable/(Unfavorable)				
	2007	2008	2009	2010	2011
<b>JULY PLAN NET CASH SURPLUS/(DEFICIT)</b>	<b>\$317</b>	<b>\$323</b>	<b>(\$149)</b>	<b>(\$208)</b>	<b>(\$308)</b>
<b><u>Changes to July Plan</u></b>					
Baseline <sup>1</sup>	(331)	195	298	(6)	17
Policy Actions <sup>1</sup>	36	3	3	3	3
Gap Closing	1	(97)	(118)	(123)	(122)
Cash Management Actions <sup>1,3</sup>	498	(254)	(287)	0	0
Adjusted Net Cash Balance from Previous Year	0	204	50	0	0
<b>Total Changes</b>	<b>204</b>	<b>50</b>	<b>(54)</b>	<b>(125)</b>	<b>(102)</b>
<b>NOVEMBER PLAN NET CASH SURPLUS/(DEFICIT)</b>	<b>\$521</b>	<b>\$374</b>	<b>(\$204)</b>	<b>(\$333)</b>	<b>(\$411)</b>

**Reconciliation Notes:**

- <sup>1</sup> The November Plan shifts certain items to the baseline that were included in below-the-line in the July Plan. Policy Actions now in baseline: NYCT Fire Intrusion Maintenance System (\$1m in 2007 and \$3m annually, thereafter; Safety and Customer Satisfaction Pilot Programs (\$35m in 2007). Cash Management Actions now in baseline: Pension Prepayment (\$200m in 2007, \$216m favorable adjustment in 2008); Early Debt Retirement, including TBTA (\$298m in 2007 in July Plan, \$301m in November, \$38m favorable in 2008, and \$288m favorable in 2009 in July, \$38m and \$283m favorable, respectively, in November).
- <sup>2</sup> The November Plan reflects the accounting of cash payments for MTA Bus debt service in MRT-2 and as a chargeback to NYCT for a portion of the debt service that is associated with MTA Bus Co. bus purchases made with NYCT capital program funds that were exchanged for federal grant and city funding used for NYCT capital projects. The July Plan had reflected these payments as debt service and MRT-2 funds, but did not account for all the components of the transaction.
- <sup>3</sup> The Early Debt Retirement was included as a below-the-line cash management action in the July Plan and was authorized by the Board at that time. The transaction took place in September, thus, the transaction is now reflected in the baseline. B&T debt service was included in the transaction. As part of the transaction, an inter-company loan of MRT-2 funds of \$90 million was made to B&T to cover the increased costs associated with defeasing the bonds in 2007.

[THIS PAGE INTENTIONALLY LEFT BLANK]

### **III. Policy Actions, Gap Closing Program and Cash Management Actions**



### **III. Policy Actions, Gap Closing Program, and Cash Management Actions**

The discussion below reflects Policy Actions, Gap Closing Program initiatives, and Cash Management Actions proposed as part of the November Plan. The November Plan shifts certain items to the baseline that had been included below-the-line in the July Plan; these include: NYCT Fire Intrusion Maintenance System, Pension Prepayment, Debt Defeasance and Safety and Customer Satisfaction Programs.

#### **Proposed Policy Actions:**

Staten Island Service – The November Plan proposes additional service resulting from the Staten Island Bus Network Study, which includes the outgrowth of the Staten Island Transportation Task Force, express and local network studies and the takeover of X23/X24 express service from NYCDOT. Costs are projected to be \$5 million in 2008 and \$14 million annually, thereafter. Positions increase by 112 in 2008, and 167 in the out-years.

Fulton Street (\$56 million) – Current estimates for the Fulton Street project exceeds available FTA funds. As part of the MTA's commitment to meet the project's funding needs beyond available federal funds, \$56 million of 2007 operating funds will be made available to the Fulton project in addition to the existing federal commitment of \$847 million.

Bus Rapid Transit – The November Plan proposes that additional monies be spent to support bus rapid transit (\$6 million in 2008, \$12 million in each year thereafter). NYCT's existing bus system offers express, limited stop, and local services throughout the five boroughs of New York City. These services are widespread and each addresses different markets providing different mobility functions. Local and limited bus services often experience slow operating speeds. This results in user dissatisfaction and increasing operating costs. The main feature of a BRT system is having dedicated bus lanes which operate separate from all other traffic modes. This allows buses to operate at a very high level of reliability, since only professional motorists are allowed on the busway. NYCT has identified five corridors (1<sup>st</sup> & 2<sup>nd</sup> Avenues in Manhattan, Fordham Road/Pelham Parkway in the Bronx, Nostrand Avenue in Brooklyn, Hyland Boulevard in Staten Island, and Merrick Boulevard in Queens) to be used for BRT and will begin implementing service in 2008. Positions increase by 42 in 2008, 104 in 2009, and 132 in the out-years.

Service Enhancement Fund – As part of the Executive Director's goal to create opportunities to meet the rising demand for additional MTA service, \$30 million has been set aside in 2008, with ongoing annual funds of \$60 million in subsequent years. MTA Agencies have proposed uses for these funds and the MTA will be identifying those recommended programs shortly.

Integrated Electronic Security Systems (IESS) - The MTA is enhancing and expanding its security and safety systems. A large part of this initiative includes the MTA Capital

Construction directed development of an Integrated Electronic Security System (IESS) with its Command, Control and Communications “C3” Centers. The IESS program involves a number of MTA agencies including; New York City Transit, Long Island Railroad, MTA Bridges and Tunnels and the MTA Police Department. In addition there are other security system initiatives that are projected to come on line over 2008-11. Both the IESS and pending security projects will have operating budget impacts associated with the system’s operation and maintenance.

The MTA IESS/C3 program is a major undertaking with many operation and maintenance issues. In order to be prepared for the IESS/C3 as it comes on line in 2008 and 2009, this financial plan provides funding for the estimated operation, technical and maintenance needs associated with the program. These costs are projected to total \$15 million in 2008, \$25 million in 2009, \$30 million in 2010 and \$31 million in 2011.

The IESS/C3 system will consist of the installation of CCTV systems that provide 24/7 recorded visual surveys of the MTA property; access control devices that identify people who are entering our facilities and intrusion detection devices that identify when someone has obtained unwarranted access to MTA property. These devices will be monitored at various C3 centers throughout the MTA region that will be linked to a central command center.

#### **Additional State Taxes – MMTOA and PBT (2007 – 2011)**

The MTA November Plan incorporates the July Plan’s assumptions that based on New York State’s tax reforecast in the 2007-08 Enacted Budget, additional revenues in MTA MMTOA and PBT taxes over the February Plan levels are available to the MTA, due primarily to the strong economy, which the State assumed would continue in the out years. Like the July Plan, the baseline for MMTOA and PBT reflects the February Plan forecast levels, with the additional tax revenues reflected as part of the below-the-line policy and gap-closing actions.

Based on the State’s enacted budget projections, the MTA November Plan continues to assume an additional \$323 million in MMTOA receipts in 2008 to benefit New York City Transit, the commuter railroads and Long Island Bus. This comprises \$162 million in prior year balances in the MMTOA account for NYCT and commuter railroads, and \$6 million for Long Island Bus, which were collected in prior years, but have not yet been appropriated, as well as \$149 million in newly projected MMTOA receipts over the February Plan levels for NYCT and the commuter railroads and \$6 million for Long Island Bus. Of the total additional amount, \$199 million has been earmarked for NYCT/SIR and \$112 million for the commuter railroads and \$13 million for Long Island Bus.

For 2009 through 2011, the MTA Plan assumes an additional \$141 million, \$194 million, and \$201 million, respectively, for the benefit of New York City Transit, the commuter railroads and Long Island Bus. Most of the additional revenue in the updated projections is attributable to increased levels of Corporate Surcharge.

Following are details of the distribution of the prior year balances and additional MMTOA receipts for 2008 through 2011:

Prior Year Balances in MMTOA (\$ in millions)				
2008				
New York City Transit Authority	111			
Commuter Railroads	<u>51</u>			
	162			
Long Island Bus	<u>6</u>			
	\$168			
Additional MMTOA				
	2008	2009	2010	2011
New York City Transit Authority	88	78	130	135
Commuter Railroads	<u>61</u>	<u>57</u>	<u>58</u>	<u>60</u>
	149	135	188	195
Long Island Bus	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>
Total Additional MMTOA to MTA	\$155	\$141	\$194	\$201

Consistent with the July Plan, the November Plan Baseline for the State's funding of its 18-b obligation remains at the February Plan level of \$183 million in each of the years from 2008 through 2011. However, the State's 2007-08 Enacted Budget increased the 18-b levels to \$187 million, or \$4 million over the level projected in the MTA baseline assumptions. The additional MMTOA receipts reflected above include the increased 18-b diversion.

Similarly, the November Plan baseline reflects the July Plan's forecast of PBT revenues for 2007 through 2011. In addition the Plan assumes increases in the PBT levels of \$10 million in 2007, \$15 million in 2008, \$28 million in 2009, \$42 million in 2010 and \$50 million in 2011 over the February Plan projections, which are in line with the State's enacted budget. Following is a summary of the addition PBT tax distribution to New York City Transit and the commuter railroads:

	<b>Additional PBT Receipts</b>				
	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<i>New York City Transit Authority</i>	9	13	24	36	42
<i>Commuter Railroads</i>	1	2	4	6	8
<b>Total</b>	<b>\$10</b>	<b>\$15</b>	<b>\$28</b>	<b>\$42</b>	<b>\$50</b>

It is important to note that the latest forecasts of MMTOA and PBT revenues by the State in its mid-year update, reflect lower levels of additional taxes, for both MMTOA and PBT, compared with the State's Enacted Budget, which was the basis for the MTA's July Plan forecast of additional tax revenues. These changes are discussed in

the MMTOA and PBT sections of Volume 2. Even though both MMTOA and PBT collections are now projected to be lower than the MTA's July Plan levels, the MTA's November Plan assumes that alternate funds will be appropriated by the State to make up the projected shortfall. However, if the taxes do fall short of projections, the MTA will seek additional aid and if not available expense reductions or other positive variances would be needed to cover the shortfall.

## **Gap Closing 2007-2009:**

### **2008 Agency Program to Eliminate the Gap**

The 2008 Program to Eliminate the Gap (PEG) includes savings of \$8 million in 2007, \$50 million in 2008, \$63 million in 2009, \$59 million in 2010 and \$56 million in 2011. Projected headcount reductions (including 14 full-time equivalents of part-time employees) associated with these PEGs are 62 in 2007, 380 in 2008 and 408 in each of the years 2009 through 2011. These PEGs are in addition to the 2007 PEG program approved by the MTA Board in December of 2006 and included in the February 2007 Baseline. Included in the November Plan are prior year PEG re-forecasts which reduce the projected savings in the baseline by 18 positions and \$5 million in 2007, 120 positions and \$5 million in 2008, 128 positions and \$9 million in 2009, and 110 positions and \$7 million in both 2010 and 2011. Most of this reduction is due to a re-estimate of savings associated with NYCT's 2007 PEG "Improve Availability by One Day." Actual savings for this PEG, the original goal of which was to reduce controllable leaves by one day from the 2006 actual level, are projected to fall short of planned savings. The MTA's Consolidated 2008 November Plan baseline reflects an increase of 962 positions from the July Plan. The baseline increase net of PEGs is 582 positions.

Agencies were encouraged to start 2008 savings as soon as possible; therefore, some programs have begun in 2007 with savings of \$8 million. NYCT is expected to generate \$6 million primarily through administrative and service support efficiencies such as reductions in redundant platform coverage requirements and better scheduling for back-up Bus Operators. NYCT's 2008 PEGs beginning in 2007 are expected to yield future savings of approximately \$17 million annually. LIB is expected to generate approximately \$1 million in savings in 2007 through the recovery of qualified tax credits based on the use of Compressed Natural Gas (CNG) clean fuel in buses. Savings from this PEG grows to \$2 million in both 2008 and 2009, and drops to \$1 million in 2010, the last year of PEG savings. MTA HQ's 2008 PEGs starting in 2007 are expected to yield approximately \$1 million annually. Savings from these PEGs are primarily due to position downgrades and administrative reductions.

NYCT's total PEG program is expected to save \$39 million and 340 positions in 2008, \$42 million and 367 positions in 2009, and \$34 million and 367 positions in each of the years 2010 and 2011. Service Support PEGs result in savings of \$16 million and 152 positions and include PEGs starting in 2007 (mentioned above), as well as vacancy savings and various other support efficiencies. Maintenance PEGs result in savings of \$12 million and 100 positions and include vacancy savings, reductions to the number of

repairs done on minor-defects of structural iron, and other maintenance efficiencies. Administration PEGs result in savings of \$7 million and 22 positions and result from the rescheduling of normal replacement for data processing equipment and other administrative efficiencies. Customer Convenience & Amenities PEGs result in savings of \$2 million and 28 positions and result from elimination of the remaining 28 cleaners currently performing as elevator operators on automated elevators. PEGs in the "Other" category save approximately \$2 million and 22 positions and consist of Property Protection efficiencies and savings from the closure of several station booths while station re-habilitation work is being performed.

Included above are the following PEGs worth \$4 million and 28 positions that form part of NYCT's plan to fund the on-going costs of its Safety and Customer Satisfaction Program: Elevator Operator PEG (\$1.7 million and 28 positions), Paint Facility Consolidation PEG (\$0.7 million and 11 positions), and Holiday Schedule Savings PEG (\$1.7 million). The remainder of the program being recommended to offset the Safety and Customer Satisfaction Program is being captured as reductions in the baseline. NYCT's 2008 November Plan baseline reflects an increase of 743 positions from the July Plan. The baseline increase net of PEGs is 403 positions.

The LIRR's PEG program is expected to save \$4 million and 27 positions in 2008, and approximately \$5 million and 27 positions in each of the years 2009 through 2011. Administration PEGs result in savings of \$3 million and 27 positions and include management and administrative position reductions and various Other-Than-Personnel-Service (OTPS) reductions. LIRR's 2008 November Plan baseline reflects an increase of 202 positions from the November Plan. The baseline increase net of PEGs is 175 positions.

MTAHQ's PEG program is expected to save \$3 million in 2008 and \$4 million in each of the years 2009 through 2011. Other 2008 PEGs, in addition to those starting in 2007 discussed previously, include Public Safety administrative reductions, K-9 facility administrative reductions, and Other-Than-Personnel Service (OTPS) initiatives. MTAHQ's PEGs have no effect on the 2008 November Plan baseline positions.

LIB's PEG program is expected to save \$2 million in 2008, \$2 million in 2009 and \$1 million in 2010. These savings, which begin in 2007, are based on the anticipated recovery of qualified tax credits based on the use of Compressed Natural Gas (CNG) clean fuel in buses. LIB's PEGs have no effect on the 2008 November Plan baseline positions.

MNR's PEG program is expected to save \$0.4 million in 2008, \$6 million in 2009, \$11 million in 2010 and \$9 million in 2011. These savings primarily derive from the retirement of M-2s. MNR's PEGs have no effect on the 2008 November Plan baseline positions.

MTA Bus's PEG program is expected to save \$0.8 million in 2008 and \$1 million in each of the years 2009 through 2011. PEG savings result from not renewing the MCI bus

warranty after the contract expires in 2008. MTA Bus's PEGs have no effect on the 2008 November Plan baseline positions.

B&T's PEG program is expected to save \$0.5 million and 3 positions in 2008, and \$1 million and 3 positions in each of the years 2009 through 2011. Savings are driven by position reductions in the Operations Department resulting from new electronic security systems, and a position reduction in the Law Department.

B&T's 2008 November Plan baseline reflects an increase of 8 positions from the July Plan. The baseline increase net of PEGs is 5 positions.

SIR's PEG program is expected to save \$0.6 million and 10 positions in 2008, and \$0.7 million and 11 positions in each of the years 2009 through 2011. PEG savings derive from position reductions in Administration, position reductions at the St. George Terminal due to greater use of MetroCard Express Machines and MetroCard Vending Machines, and a reduction in positions assigned to debris and graffiti removal. SIR's 2008 November Plan baseline positions do not change from July, resulting in a baseline decrease net of PEGs of 10 positions.

### **2008 Agency PEGs - Positions**

The 2008 Agency PEGs include headcount reductions (including 14 full-time equivalents of part-time employees) of 62 in 2007, 380 in 2008, and 408 in each of the years 2009 through 2011.

Agency PEGs are expected to result in position reductions at the end of 2011 of 367 at NYCT, 27 at the LIRR, 11 at SIR and 3 at B&T.

### **Post-2008 Agency Program to Eliminate the Gap**

Post – 2008 PEGs identified by the agencies are expected to achieve savings of \$15 million in 2009, and \$11 million per year thereafter. In addition, the MTA is targeting to achieve savings equivalent to a 1.5% reduction in controllable expenses. As a result, the Plan includes unidentified PEGS valued at \$72 million in 2009, \$162 million in 2010, and \$249 million in 2011. The total post-2008 PEG program is valued at \$87 million, \$173 million, \$260 million, respectively in 2009-2011.

### **Identified Agency PEGs:**

NYCT's post – 2008 PEGs are expected to result in savings of \$6 million and 43 positions in each of the years 2009 through 2011. Most of the savings from these PEGs are primarily due to efficiencies in Administration and Revenue Control.

MNR's post – 2008 PEGs are expected to result in savings of \$9 million in 2009 and \$4 million in both 2010 and 2011. MNR's Post – 2008 PEG program includes the removal of funds in 2009 earmarked for the M-1 Component System Replacement (CSR). Another major Post – 2008 PEG reflects an increase in net revenue from the provision of shuttle and through train service to Yankee Stadium via the Harlem, Hudson and New Haven lines

SIR's Post – 2008 PEGs are expected to result in savings of \$0.3 million and 6 positions. Savings are driven by position reductions in Administration and Operations, the former as a result of Shared Services and the latter through greater implementation of computer applications.

LIRR's post – 2008 PEGs are expected to result in savings of \$1 million and 12 positions in both 2010 and 2011. Savings result from adjustments related to proposed changes in the composition of Train Crews.

MTA Bus, LIB, and B&T have not yet identified post-2008 PEGs.

## **Gap Closing 2007-2009 (cont'd):**

2008 Increased Fare and Toll Yields – 3.85% as of March 2008 - The July Financial Plan included a provision for fare and toll increases that would yield an annual increase of 6.5% in farebox and toll revenue, beginning March 2008. During the late summer and early autumn, MTA and Agency staff prepared two fare and toll alternatives for MTA and public consideration. The two alternatives were distinguished by two different approaches to fare policy for the Agencies that accept MetroCard (NYCT, SIR, LIB and MTA Bus), while there was one option for LIRR, MNR, and B&T (which is discussed below).

For the MetroCard Agencies, the first alternative – considered the tradition, or COLA (cost-of-living) option consisted of an increase in the base fare from \$2.00 to \$2.25; the 20% bonus with a minimum purchase of \$10 was retained. The 7-day unlimited ride MetroCard price would increase from \$24 to \$25, the price of the 30-day unlimited ride MetroCard would increase from \$76 to \$79, and the 1-day FunPass price would remain unchanged at \$7. Additionally, a new 14-day unlimited ride MetroCard would be introduced, and priced at \$45. The express bus fare would increase from \$5 to \$5.25, and the 7-day express bus pass would remain unchanged at \$41.

The second alternative – known as the peak and off-peak pricing alternative – was characterized by the establishment of peak and off-peak hours and fares. The base fare would increase from \$2 to \$2.25, and the bonus fare would be eliminated. In its place, with a minimum \$6 purchase, would be a peak fare of \$2 during 6 AM to 10 AM and from 3 PM to 7 PM on weekdays and an off-peak fare of \$1.50 at all other times. The 7-day unlimited ride MetroCard price would increase from \$24 to \$26, the price of the 30-day unlimited ride MetroCard would increase from \$76 to \$81, and the 1-day FunPass price would remain unchanged at \$7. Additionally, a new 14-day unlimited ride MetroCard would be introduced, and priced at \$48. The express bus fare would remain unchanged at \$5, and the 7-day express bus pass would be reduced from \$41 to \$40.

For the commuter railroads, the fare proposal was for an increase of up to 8% for all ticket types into Manhattan and Brooklyn, as well as for monthly tickets between other stations and for connecting services to railroad stations. The majority of tickets would increase by 6.25% to 6.75%. Ticket prices were proposed to be increased by up to 11.1% for one-way, round-trip, and ten-trip travel between other stations, with all ticket increases over 8% not greater than 25 cents. Additionally, the Mail&Ride fare discount on joint monthly commutation/monthly unlimited ride MetroCards would be reduced from 5% to 3%, and the CityTicket price for one-way weekend travel within New York City would increase from \$3 to \$3.25.

Paratransit fares were also proposed to be increased, by 25 cents to \$2.25 for NYC Transit Access-A-Ride and by 50 cents to \$4 for LI Bus Able-Ride.

For Bridges and Tunnels, at the Bronx-Whitestone, Throgs Neck and Triborough Bridges and at the Brooklyn Battery and Queens Midtown Tunnels the one-way cash



toll for cars would increase from \$4.50 to \$5 and the one-way E-ZPass toll would increase from \$4 to \$4.25. At the Verrazano-Narrows Bridges, the round-trip cash toll for cars would increase from \$9 to \$10, and the E-ZPass toll would increase from \$8 to \$8.50. At the Henry Hudson Bridge, the one-way cash toll for cars would increase from \$2.25 to \$2.75 and the one-way E-ZPass toll would increase from \$1.75 to \$2. On the Marine Parkway-Gill Hodges Memorial Bridge and on the Cross Bay Veterans Memorial Bridge, the one-way cash toll for cars would increase from \$2.25 to \$2.50 and the one-way E-ZPass toll would increase from \$1.50 to \$1.60. Resident and high occupancy vehicle discounts already in place would remain, and would increase by proportionate amounts, as would vehicle crossing charges for all other types of vehicles.

Subsequent to the formulation of these proposed fare policies, public comment on the proposals was actively solicited at 8 public hearings and a public engagement workshop, as well as by letter and email.

During the preparation of the November Financial Plan, the updated MTA net cash balance has improved compared with the July Plan's net cash balance. As a result, the amount of additional revenue to be raised from fares and tolls is now lower than projected in the July Plan.

The November Plan proposes a 3.85% increase in MTA consolidated farebox and toll revenue yields beginning March 2008. Consolidated fare and toll revenues, excluding MTA Bus revenues, are expected to increase by \$163 million in 2008, \$197 million in 2009, \$200 million in 2010 and \$203 million in 2011. MTA Bus revenue is expected to increase by \$3 million in 2008 and by \$4 million each year from 2009 to 2011. These additional MTA Bus revenues will be used to hold down NYC subsidy that covers the costs associated with MTA Bus operations.

Yield increases in the July Financial Plan assumed a 6.5% increase effective March 2008. As a result of the lower assumed yield increase, the estimated increases are reduced from the July Plan by \$100 million in 2008, \$120 million in 2009, \$121 million in 2010 and \$121 million in 2011.

The actual fares and tolls needed to increase the revenue yield by 4% are currently being developed and will be released in early December.

Legislative Actions - Discussions with State Budget have already begun to develop legislative proposals which would be introduced in the 2008 Legislative session to tighten up the tax codes relating to MTA real estate taxes. These statutory changes are expected to generate \$50 million of additional revenue earmarked for MTA.

Downsizing - The February 2007 Plan included \$81.0 million of MRT-2 funds in 2007 to cover downsizing. It was expected that major cost reductions would require significant headcount reductions. Since it is unlikely that the savings could be achieved solely through attrition, the Plan had set aside the expected one-time separation costs. The November Plan (first proposed in the July Plan) policy actions assume a restoration of

the \$81.0 million in 2007, and shift the need to downsize to 2009 and 2010 (\$40.5 million in each year).

### **Gap Closing Post-2009:**

2010 Increased Fare and Toll Yields – Alternate Year COLA - A 5% consolidated farebox and toll revenue yield increase is also proposed for implementation in January 2010, and is estimated to yield an additional \$254 million in 2010 and \$262 million in 2011, excluding yield increases for MTA Bus. The 5% farebox yield increase at MTA Bus is expected to generate additional revenue of \$8 million in both 2010 and 2011, and will be used to hold down NYC subsidy to MTA Bus. This action mirrors previous policy actions that included small alternate year fare and toll increases to cover inflation.

The July Financial Plan also included a 5% yield increase effective January 2010. The incremental revenue change is slightly lower in the November Plan – \$3 million less in 2010 and \$3 million less in 2011 – due to the lower yield from the proposed 2008 increase.

New Governmental Aid - The Plan continues to assume that new governmental aid of approximately \$600 million will be made available to MTA beginning in 2010 and that the source of the revenue will be recurring and grow with inflation. Use of the real estate tax windfalls from recent years, as well as other actions are expected to enable MTA to achieve budget balance through 2009. With the start of a new five-year capital plan and the continued growth in debt service, pensions and health and welfare, MTA's funding partners will need to have new funding sources in place by 2010 to address MTA's long-term financial needs.

New Contracts Labor Contribution – MTA is proposing that upon the expiration of labor contracts in 2009 and 2010, MTA employees take a reduced pay increase for one year to help close future-year budget gaps. Savings would occur in the year of the reduction and in out-years as well since the base for future growth would be reduced. Savings are projected at \$53 million in 2009, \$82 million in 2010 and \$85 million in 2011.

## **Cash Management Actions:**

Included in the July Plan was a Staff Summary that was approved by the Board, authorizing the Executive Director/CEO to implement three cash management actions. Two of those actions were implemented (Early Debt Retirement, Pension Pre-Payments) and were therefore moved into the November Baseline, while one action is pending.

Forward Energy Contracts – In the Staff Summary accompanying the July Financial Plan for 2008-2011, the Board authorized MTA Staff to enter into pre-purchase agreements for fuel. Given the MTA's high dependence on this commodity and the high risk in the area of price volatility, it was proposed that the MTA lock in more than 30% of fuel purchases for 2008 and 2009. Due to complications in resolving the issues preliminary to executing such pre-purchase agreements, including an existing fuel delivery contract that needed to be extended since it expired prior to the final delivery of the fuel expected to be pre-purchased, no fuel pre-purchase agreements were executed before fuel prices abruptly and dramatically rose to historically high levels.

Since July, in anticipation of the preparation of the November Financial Plan for 2008-2011, MTA instructed the agencies to develop fuel cost projections based on prices during the third quarter of 2007, which were significantly lower than July. However, the most recent prices are at record levels and continue to be volatile. Consequently, the November Financial Plan for 2008-2011 includes an MTA-wide \$22 million reserve in 2008 for fuel costs.

In addition to the July authorization relating to fuel pre-purchases, and in an effort to establish more certainty over one of the most volatile portions of the budget, it is important that the MTA be prepared to take advantage of established financial markets to hedge the risk of fuel price increases through the use of established financial products, including hedges; cap transactions, floor transactions or collar transactions; asset-, index-, price- or market-linked transactions or agreements; future price protection agreements; forward agreements and similar agreements or transactions (collectively, "future fuel price agreements"). Due to the established and liquid nature of this market, it is expected that such agreements can be bid and/or negotiated on relatively short notice in order to secure the intended benefits during highly volatile periods.

It is proposed that MTA shall competitively bid or negotiate future fuel price agreements with creditworthy counterparties to hedge the future price of fuel. Such future fuel price agreements shall be entered into with the expectation of managing this volatile expense consistent with prudent budgetary and financial practices; such agreements shall not be entered into for speculative purposes. The financial plan continues to assume the same return on investment as was anticipated in July.

## **Total Positions (Headcount):**

Impact of Policy Actions on Positions - Policy Actions describe spending initiatives that address important needs in the areas of service, customer satisfaction, safety and security. Several of these policy actions, that were included below-the-line in the July Plan, were moved to the baseline in the November Plan. Two of those items (Safety and Customer Satisfaction Programs, NYCT Fire Intrusion Maintenance System) result in increases to baseline headcount. Consequently, the impacts on positions of these policy actions are reflected in the baseline position tables.

The November Plan includes several tables to reflect the impact of policy actions that remain below-the-line and Programs to Eliminate the Gap (PEGs). Policy actions from the July Plan falling into this category are: Staten Island Service, Bus Rapid Transit, and IESS Operations/Maintenance. With the exception of IESS Operations/Maintenance, position impacts for these policy actions are known and are included in the new tables.

The known impact on positions at NYCT of the service related policy actions Bus Rapid Transit and Staten Island Service are an increase of 154 positions in 2008, 271 positions in 2009, and 299 positions in both 2010 and 2011. Staten Island Service is responsible for an increase of 112 in 2008, and 167 in the out-years; while Bus Rapid Transit is responsible for an increase of 42 in 2008, 104 in 2009, and 132 in the out-years.

The Service Enhancement fund is a policy action that supports the Executive Director's goal of creating opportunities to meet the rising demand for additional MTA service. In 2008, \$30 million has been set aside, with ongoing annual funds of \$60 million in subsequent years. MTA Agencies have proposed uses for these funds and the MTA will be identifying those recommended programs shortly. Although the position impacts of the service enhancement initiatives are not known, the delivery of service is dependent upon personnel. Therefore, it is expected that the implementation of these service initiatives will result in significant headcount increases.

## Total Positions

This section examines Year-to-Year and Plan-to-Plan changes including policy and gap closing actions. Changes in baseline positions are discussed in Volume 2.

## Year-to-Year

2008 vs 2007: MTA total positions of 70,469 are 496 higher than 2007. Positions increase at the LIRR (+293), NYCT (+101), MNR (+60), MTA Bus (+52), MTA CC (+8) and MTA HQ (+4). Positions decrease by 12 at B&T and 10 at SIR.

LIRR's increase of 293 results from position increases of 320 in the baseline, offset by PEG position savings of 27. Position increases are primarily due to initiatives such as gap mitigation and monitoring, Life Cycle Maintenance re-estimates, tree trimming, bridge maintenance, communications, the apprenticeship program and the East Side Access Readiness Group. These initiatives, which are in the baseline, are discussed in Volume II.

NYCT's net increase of 101 results from position increases of 225 in the baseline, plus Service Enhancements increases (+154) and PEG reductions (-278). Service Enhancement increases include Staten Island Service (+112) and Bus Rapid Transit (+42).

MNR's increase of 60 positions is due to the addition of 36 Reimbursable positions to support capital project activity levels, and an increase of 24 Non-Reimbursable positions. The Non-Reimbursable increase is to support new service, safety and security programs, customer service improvements and additional facility maintenance requirements at GCT and the New Haven Service and Inspection shop.

MTA Bus' increase of 52 positions is due to increases in the baseline for administrative and other support positions to correct current under-staffing.

2009 - 2011: Total positions decrease by 138 from the end of 2008 to the end of 2011. Positions decrease by 201 in 2009, increase by 209 in 2010, and decrease by 146 in 2011. Agencies with the largest position changes at the end of the three-year period are NYCT with a reduction of 414, MNR with an increase of 263, and the LIRR with an increase of 19. Most of these changes are the result of baseline changes that are discussed in Volume 2. Over the three-year period, PEG position savings improved by 27 positions.

#### Plan-to-Plan

2007: MTA total positions of 69,973 are 514 higher than the July Plan. Non-Reimbursable positions are 600 higher and Reimbursable positions are 86 lower. NYCT's positions are 487 higher, B&T is 18 higher, the LIRR is 5 higher and MNR is 4 higher. All of the changes are the result of baseline changes discussed in Volume II.

2008: Total positions of 70,469 are 1,110 higher than the July Plan. Non-Reimbursable positions are 720 higher and Reimbursable positions are 390 higher. Positions increase by 878 at NYCT, 215 at the LIRR, 9 at MNR, and 8 at B&T.

NYCT's net increase of 878 is made up of 540 Non-Reimbursable positions and 338 Reimbursable positions. Most of the Non-Reimbursable increase is due to Safety and Customer Satisfaction Pilot Program initiatives (+364 net of funding offsets) which are in the baseline. Service Enhancements which were not in the baseline include Staten Island Service (+112) and Bus Rapid Transit (+42). All of the Reimbursable increase is the result of baseline changes discussed in Volume 2.

The LIRR's increase is made up of 201 Non-Reimbursable and 14 Reimbursable positions. Positions increase in Maintenance (+165), Administration (+29), and Operations (+5). These increases are the result of baseline changes discussed in Volume II. Additional position increases of 16 result from reductions to Service Support PEGs (+12) and Customer Convenience PEGs (+4).

2009 - 2011: Total positions are higher than the July Plan by 1,096 in 2009, 1,154 in 2010, and 970 in 2011. Most of the position increases in 2009 are at NYCT (+820), the LIRR (+261), B&T (+8) and MNR (+7).

Most of the out-year Plan-to-Plan increases over the period are due to the expansion of service and maintenance programs. NYCT's increase in 2009 and the out-years reflects a continuation of the Safety and Customer Satisfaction Programs started in 2008 that are included in the baseline. Likewise, Service Enhancements not in the baseline are continued in 2009 and the out-years. Staten Island Service adds 167 positions in each of the years 2009 through 2011. Bus Rapid Transit adds 104 positions in 2009, growing to 132 positions in 2010 and 2011.

METROPOLITAN TRANSPORTATION AUTHORITY  
November Plan 2008 - 2011  
Summary of 2008 Program to Eliminate the Gap(PEGs)  
(\$ in millions)

	2007		2008		2009		2010		2011	
<b>MTA-Wide</b>	<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>
MTA BUS COMPANY	0	0.000	0	0.750	0	1.446	0	1.489	0	1.526
MTA HEADQUARTERS	0	0.614	0	3.290	0	4.370	0	4.370	0	4.370
MTA LONG ISLAND BUS	0	1.139	0	2.277	0	2.277	0	1.139	0	0.000
MTA BRIDGES AND TUNNELS	0	0.000	3	0.491	3	0.752	3	0.762	3	0.770
MTA METRO-NORTH RAILROAD	0	0.000	0	0.428	0	6.253	0	10.969	0	8.881
MTA LONG ISLAND RAIL ROAD	0	0.000	27	3.926	27	5.005	27	5.013	27	5.023
MTA NEW YORK CITY TRANSIT	62	6.034	326	38.617	353	41.839	353	34.299	353	34.298
MTA STATEN ISLAND RAILWAY	0	0.000	10	0.600	11	0.650	11	0.650	11	0.650
<b>Total MTA-Wide</b>	62	\$ 7.787	366	\$ 50.379	394	\$ 62.592	394	\$ 58.691	394	\$ 55.518
<b>MTA-Wide by Category</b>										
Administration	5	1.504	55	12.106	59	12.736	59	11.621	59	11.627
Cust Convenience & Amenities	0	0.000	32	2.361	34	8.389	34	13.105	34	11.017
Maintenance	0	0.261	102	12.655	106	14.065	106	10.412	106	10.448
Other	0	1.139	25	3.919	37	4.929	37	4.013	37	2.881
Revenue Enhancement	0	0.000	0	0.350	0	0.350	0	0.350	0	0.350
Security	0	0.000	0	0.093	0	0.096	0	0.096	0	0.096
Service	0	0.614	0	2.113	0	2.904	0	2.908	0	2.913
Service Support	57	4.269	152	16.782	158	19.123	158	16.186	158	16.186
<b>Total MTA-Wide by Category</b>	62	\$ 7.787	366	\$ 50.379	394	\$ 62.592	394	\$ 58.691	394	\$ 55.518

Note: Does not reflect savings of 14 Full-Time Equivalents of Part-Time Employees at NYCT for the years 2008 through 2011.

METROPOLITAN TRANSPORTATION AUTHORITY  
November Plan 2008 - 2011  
Summary of 2008 Program to Eliminate the Gap(PEGs)  
(\$ in millions)

	2007		2008		2009		2010		2011	
	<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	0.892	0	0.911	0	0.911	0	0.911
MTA BRIDGES AND TUNNELS	0	0.000	1	0.098	1	0.101	1	0.103	1	0.105
MTA LONG ISLAND RAIL ROAD	0	0.000	27	3.463	27	4.500	27	4.504	27	4.509
MTA NEW YORK CITY TRANSIT	5	1.504	22	7.278	25	6.799	25	5.678	25	5.677
MTA STATEN ISLAND RAILWAY	0	0.000	5	0.375	6	0.425	6	0.425	6	0.425
<b>Sub-Total: Administration</b>	<b>5</b>	<b>\$ 1.504</b>	<b>55</b>	<b>\$ 12.106</b>	<b>59</b>	<b>\$ 12.736</b>	<b>59</b>	<b>\$ 11.621</b>	<b>59</b>	<b>\$ 11.627</b>
<b>Cust Convenience &amp; Amenities</b>										
MTA METRO-NORTH RAILROAD	0	0.000	0	0.428	0	6.253	0	10.969	0	8.881
MTA NEW YORK CITY TRANSIT	0	0.000	30	1.823	32	2.026	32	2.026	32	2.026
MTA STATEN ISLAND RAILWAY	0	0.000	2	0.110	2	0.110	2	0.110	2	0.110
<b>Sub-Total: Cust Convenience &amp; Amenities</b>	<b>0</b>	<b>\$ 0.000</b>	<b>32</b>	<b>\$ 2.361</b>	<b>34</b>	<b>\$ 8.389</b>	<b>34</b>	<b>\$ 13.105</b>	<b>34</b>	<b>\$ 11.017</b>
<b>Maintenance</b>										
MTA BUS COMPANY	0	0.000	0	0.750	0	1.446	0	1.489	0	1.526
MTA BRIDGES AND TUNNELS	0	0.000	(1)	0.132	(1)	0.271	(1)	0.271	(1)	0.270
MTA NEW YORK CITY TRANSIT	0	0.261	100	11.658	104	12.233	104	8.537	104	8.537
MTA STATEN ISLAND RAILWAY	0	0.000	3	0.115	3	0.115	3	0.115	3	0.115
<b>Sub-Total: Maintenance</b>	<b>0</b>	<b>\$ 0.261</b>	<b>102</b>	<b>\$ 12.655</b>	<b>106</b>	<b>\$ 14.065</b>	<b>106</b>	<b>\$ 10.412</b>	<b>106</b>	<b>\$ 10.448</b>
<b>Other</b>										
MTA LONG ISLAND BUS	0	1.139	0	2.277	0	2.277	0	1.139	0	0.000
MTA BRIDGES AND TUNNELS	0	0.000	3	0.261	3	0.380	3	0.388	3	0.395
MTA NEW YORK CITY TRANSIT	0	0.000	22	1.381	34	2.272	34	2.486	34	2.486
<b>Sub-Total: Other</b>	<b>0</b>	<b>\$ 1.139</b>	<b>25</b>	<b>\$ 3.919</b>	<b>37</b>	<b>\$ 4.929</b>	<b>37</b>	<b>\$ 4.013</b>	<b>37</b>	<b>\$ 2.881</b>
<b>Revenue Enhancement</b>										
MTA LONG ISLAND RAIL ROAD	0	0.000	0	0.350	0	0.350	0	0.350	0	0.350



METROPOLITAN TRANSPORTATION AUTHORITY  
November Plan 2008 - 2011  
Summary of 2008 Program to Eliminate the Gap(PEGs)  
(\$ in millions)

	2007		2008		2009		2010		2011	
	<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>Sub-Total: Revenue Enhancement</b>	0	\$ 0.000	0	\$ 0.350	0	\$ 0.350	0	\$ 0.350	0	\$ 0.350
<b>Security</b>										
MTA HEADQUARTERS	0	0.000	0	0.093	0	0.096	0	0.096	0	0.096
<b>Sub-Total: Security</b>	0	\$ 0.000	0	\$ 0.093	0	\$ 0.096	0	\$ 0.096	0	\$ 0.096
<b>Service</b>										
MTA HEADQUARTERS	0	0.614	0	2.000	0	2.749	0	2.749	0	2.749
MTA LONG ISLAND RAIL ROAD	0	0.000	0	0.113	0	0.155	0	0.159	0	0.164
<b>Sub-Total: Service</b>	0	\$ 0.614	0	\$ 2.113	0	\$ 2.904	0	\$ 2.908	0	\$ 2.913
<b>Service Support</b>										
MTA HEADQUARTERS	0	0.000	0	0.305	0	0.614	0	0.614	0	0.614
MTA NEW YORK CITY TRANSIT	57	4.269	152	16.477	158	18.509	158	15.572	158	15.572
<b>Sub-Total: Service Support</b>	57	\$ 4.269	152	\$ 16.782	158	\$ 19.123	158	\$ 16.186	158	\$ 16.186
<b>Total Agency PEGs</b>	62	\$ 7.787	366	\$ 50.379	394	\$ 62.592	394	\$ 58.691	394	\$ 55.518

Note: Does not reflect savings of 14 Full-Time Equivalents of Part-Time Employees at NYCT for the years 2008 through 2011.

METROPOLITAN TRANSPORTATION AUTHORITY

November Plan 2008-2011  
Summary of Post 2008 PEGs  
(\$ in millions)

	2007		2008		2009		2010		2011	
	<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 BRIDGES AND TUNNELS	0	0.000	0	0.000	1	0.079	1	0.081	1	0.082
MTA METRO-NORTH RAILROAD	0	0.000	0	0.000	(28)	8.590	(28)	3.792	(28)	3.615
MTA LONG ISLAND RAIL ROAD	0	0.000	0	0.000	0	0.000	12	1.070	12	1.103
MTA NEW YORK CITY TRANSIT	0	0.000	0	0.000	43	5.539	43	5.539	43	5.539
MTA STATEN ISLAND RAILWAY	0	0.000	0	0.000	6	0.330	6	0.330	6	0.330
UNIDENTIFIED PEG	0	0.000	0	0.000	0	72.462	0	162.188	0	249.331
<b>Total MTA-Wide</b>	0	\$ 0.000	0	\$0.000	22	\$87.000	22	\$173.000	22	\$260.000
<b>MTA-Wide by Category</b>										
Administration	0	0.000	0	0.000	28	3.862	28	3.864	28	3.865
Cust Convenience & Amenities	0	0.000	0	0.000	0	5.354	0	0.000	0	0.000
Other	0	0.000	0	0.000	2	2.036	2	2.072	2	2.109
Revenue Enhancement	0	0.000	0	0.000	(30)	1.200	(30)	1.720	(30)	1.506
Service Support	0	0.000	0	0.000	22	2.086	34	3.156	34	3.189
UNIDENTIFIED PEG	0	0.000	0	0.000	0	72.462	0	162.188	0	249.331
<b>Total MTA-Wide by Category</b>	0	\$0.000	0	\$0.000	22	\$87.000	22	\$173.000	22	\$260.000

**METROPOLITAN TRANSPORTATION AUTHORITY**

November Plan 2008-2011  
Summary of Post 2008 PEGs  
(\$ in millions)

	2007		2008		2009		2010		2011	
	<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 BRIDGES AND TUNNELS	0	0.000	0	0.000	1	0.079	1	0.081	1	0.082
MTA NEW YORK CITY TRANSIT	0	0.000	0	0.000	21	3.453	21	3.453	21	3.453
MTA STATEN ISLAND RAILWAY	0	0.000	0	0.000	6	0.330	6	0.330	6	0.330
<b>Sub-Total: Administration</b>	0	\$0.000	0	\$0.000	28	\$3.862	28	\$3.864	28	\$3.865
<b>Cust Convenience &amp; Amenities</b>										
MTA METRO-NORTH RAILROAD	0	0.000	0	0.000	0	5.354	0	0.000	0	0.000
<b>Sub-Total: Cust Convenience &amp; Amenities</b>	0	\$0.000	0	0.000	0	\$5.354	0	\$0.000	0	\$0.000
<b>Other</b>										
MTA METRO-NORTH RAILROAD	0	0.000	0	0.000	2	2.036	2	2.072	2	2.109
<b>Sub-Total: Other</b>	0	\$0.000	0	0.000	2	\$2.036	2	\$2.072	2	\$2.109
<b>Revenue Enhancement</b>										
MTA METRO-NORTH RAILROAD	0	0.000	0	0.000	(30)	1.200	(30)	1.720	(30)	1.506
<b>Sub-Total: Revenue Enhancement</b>	0	\$0.000	0	0.000	(30)	\$1.200	(30)	\$1.720	(30)	\$1.506
<b>Service Support</b>										
MTA LONG ISLAND RAIL ROAD	0	0.000	0	0.000	0	0.000	0	0.000	12	1.103
MTA NEW YORK CITY TRANSIT	0	0.000	0	0.000	22	2.086	22	2.086	22	2.086
<b>Sub-Total: Service Support</b>	0	\$0.000	0	0.000	22	\$2.086	22	\$2.086	34	\$3.189
UNIDENTIFIED PEG	0	\$0.000	0	0.000	0	\$72.462	0	\$163.258	0	\$250.434
<b>Total Agency PEGs</b>	0	\$0.000	0	\$ 0.000	22	\$87.000	22	\$173.000	22	\$260.000

**METROPOLITAN TRANSPORTATION AUTHORITY**  
**November Financial Plan 2008-2011**  
**Variance from Plan-to-Plan: July to November**  
**Summary 2008 Agency Programs to Eliminate the Gap (PEGs)**  
**(\$ in millions)**

	Favorable/(Unfavorable)									
	2007		2008		2009		2010		2011	
	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars
<b>MTA-Wide</b>										
MTA BUS COMPANY	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
MTA HEADQUARTERS	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
MTA LONG ISLAND BUS	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
MTA BRIDGES AND TUNNELS	0	0.000	0	(0.019)	0	0.000	0	0.001	0	(0.001)
MTA METRO-NORTH RAILROAD	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
MTA LONG ISLAND RAILROAD	0	0.000	(13)	(0.988)	(13)	(1.542)	(13)	(1.610)	(13)	(1.679)
MTA NEW YORK CITY TRANSIT	0	0.740	19	3.524	19	3.524	19	3.524	19	3.523
MTA STATEN ISLAND RAILWAY	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
<b>Total MTA-Wide</b>	0	0.740	6	2.517	6	1.982	6	1.915	6	1.843
<b>MTA-Wide by Category</b>										
Administration	0	0.000	3	1.362	3	1.362	3	1.362	3	1.361
Cust Convenience & Amenities	0	0.000	24	1.416	24	1.408	24	1.400	24	1.394
Maintenance	0	0.000	(9)	(0.893)	(9)	(0.893)	(9)	(0.893)	(9)	(0.893)
Other	0	0.000	0	(0.019)	0	0.000	0	0.001	0	(0.001)
Revenue Enhancement	0	0.000	0	0.350	0	0.350	0	0.350	0	0.350
Security	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
Service	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
Service Support	0	0.740	(12)	0.301	(12)	(0.245)	(12)	(0.305)	(12)	(0.368)
<b>Total MTA-Wide</b>	0	0.740	6	2.517	6	1.982	6	1.915	6	1.843

**METROPOLITAN TRANSPORTATION AUTHORITY**  
**November Financial Plan 2008-2011**  
**Variance from Plan-to-Plan: July to November**  
**Summary 2008 Agency Programs to Eliminate the Gap (PEGs)**  
**(\$ in millions)**

	Favorable/(Unfavorable)									
	2007		2008		2009		2010		2011	
	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars
<b>LIST of AGENCY PROGRAMS</b>										
<b>Administration:</b>										
MTA BUS COMPANY	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
MTA HEADQUARTERS	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
MTA LONG ISLAND BUS	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
MTA BRIDGES AND TUNNELS	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
MTA METRO-NORTH RAILROAD	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
MTA LONG ISLAND RAILROAD	0	0.000	3	0.361	3	0.361	3	0.361	3	0.361
MTA NEW YORK CITY TRANSIT	0	0.000	0	1.001	0	1.001	0	1.001	0	1.000
MTA STATEN ISLAND RAILWAY	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
<b>Sub-Total Administration</b>	<b>0</b>	<b>0.000</b>	<b>3</b>	<b>1.362</b>	<b>3</b>	<b>1.362</b>	<b>3</b>	<b>1.362</b>	<b>3</b>	<b>1.361</b>
<b>Customer Convenience &amp; Amenities:</b>										
MTA BUS COMPANY	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
MTA HEADQUARTERS	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
MTA LONG ISLAND BUS	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
MTA BRIDGES AND TUNNELS	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
MTA METRO-NORTH RAILROAD	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
MTA LONG ISLAND RAILROAD	0	0.000	(4)	(0.240)	(4)	(0.248)	(4)	(0.256)	(4)	(0.262)
MTA NEW YORK CITY TRANSIT	0	0.000	28	1.656	28	1.656	28	1.656	28	1.656
MTA STATEN ISLAND RAILWAY	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
<b>Sub-Total Customer Convenience &amp; Amenities</b>	<b>0</b>	<b>0.000</b>	<b>24</b>	<b>1.416</b>	<b>24</b>	<b>1.408</b>	<b>24</b>	<b>1.400</b>	<b>24</b>	<b>1.394</b>
<b>Maintenance</b>										
MTA BUS COMPANY	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
MTA HEADQUARTERS	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
MTA LONG ISLAND BUS	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
MTA BRIDGES AND TUNNELS	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
MTA METRO-NORTH RAILROAD	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
MTA LONG ISLAND RAILROAD	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
MTA NEW YORK CITY TRANSIT	0	0.000	(9)	(0.893)	(9)	(0.893)	(9)	(0.893)	(9)	(0.893)
MTA STATEN ISLAND RAILWAY	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
<b>Sub-Total Maintenance</b>	<b>0</b>	<b>0.000</b>	<b>(9)</b>	<b>(0.893)</b>	<b>(9)</b>	<b>(0.893)</b>	<b>(9)</b>	<b>(0.893)</b>	<b>(9)</b>	<b>(0.893)</b>

**METROPOLITAN TRANSPORTATION AUTHORITY**  
**November Financial Plan 2008-2011**  
**Variance from Plan-to-Plan: July to November**  
**Summary 2008 Agency Programs to Eliminate the Gap (PEGs)**  
**(\$ in millions)**

Favorable/(Unfavorable)										
	2007		2008		2009		2010		2011	
	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars
<b>LIST of AGENCY PROGRAMS</b>										
<b>Other</b>										
MTA BUS COMPANY	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
MTA HEADQUARTERS	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
MTA LONG ISLAND BUS	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
MTA BRIDGES AND TUNNELS	0	0.000	0	(0.019)	0	0.000	0	0.001	0	(0.001)
MTA METRO-NORTH RAILROAD	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
MTA LONG ISLAND RAILROAD	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
MTA NEW YORK CITY TRANSIT	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
MTA STATEN ISLAND RAILWAY	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
<b>Sub-Total Other</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>(0.019)</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.001</b>	<b>0</b>	<b>(0.001)</b>
<b>Revenue Enhancement</b>										
MTA BUS COMPANY	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
MTA HEADQUARTERS	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
MTA LONG ISLAND BUS	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
MTA BRIDGES AND TUNNELS	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
MTA METRO-NORTH RAILROAD	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
MTA LONG ISLAND RAILROAD	0	0.000	0	0.350	0	0.350	0	0.350	0	0.350
MTA NEW YORK CITY TRANSIT	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
MTA STATEN ISLAND RAILWAY	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
<b>Sub-Total Revenue Enhancement</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.350</b>	<b>0</b>	<b>0.350</b>	<b>0</b>	<b>0.350</b>	<b>0</b>	<b>0.350</b>
<b>Security</b>										
MTA BUS COMPANY	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
MTA HEADQUARTERS	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
MTA LONG ISLAND BUS	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
MTA BRIDGES AND TUNNELS	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
MTA METRO-NORTH RAILROAD	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
MTA LONG ISLAND RAILROAD	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
MTA NEW YORK CITY TRANSIT	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
MTA STATEN ISLAND RAILWAY	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
<b>Sub-Total Security</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.000</b>

**METROPOLITAN TRANSPORTATION AUTHORITY**  
**November Financial Plan 2008-2011**  
**Variance from Plan-to-Plan: July to November**  
**Summary 2008 Agency Programs to Eliminate the Gap (PEGs)**  
**(\$ in millions)**

	Favorable/(Unfavorable)									
	2007		2008		2009		2010		2011	
	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars
<b>LIST of AGENCY PROGRAMS</b>										
<b>Service</b>										
MTA BUS COMPANY	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
MTA HEADQUARTERS	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
MTA LONG ISLAND BUS	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
MTA BRIDGES AND TUNNELS	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
MTA METRO-NORTH RAILROAD	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
MTA LONG ISLAND RAILROAD	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
MTA NEW YORK CITY TRANSIT	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
MTA STATEN ISLAND RAILWAY	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
<b>Sub-Total Service</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0.000</b>
<b>Service Support</b>										
MTA BUS COMPANY	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
MTA HEADQUARTERS	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
MTA LONG ISLAND BUS	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
MTA BRIDGES AND TUNNELS	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
MTA METRO-NORTH RAILROAD	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
MTA LONG ISLAND RAILROAD	0	0.000	(12)	(1.459)	(12)	(2.005)	(12)	(2.065)	(12)	(2.128)
MTA NEW YORK CITY TRANSIT	0	0.740	0	1.760	0	1.760	0	1.760	0	1.760
MTA STATEN ISLAND RAILWAY	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
<b>Sub-Total Service Support</b>	<b>0</b>	<b>0.740</b>	<b>(12)</b>	<b>0.301</b>	<b>(12)</b>	<b>(0.245)</b>	<b>(12)</b>	<b>(0.305)</b>	<b>(12)</b>	<b>(0.368)</b>
<b>Total Agency PEGS</b>	<b>0</b>	<b>0.740</b>	<b>6</b>	<b>2.517</b>	<b>6</b>	<b>1.982</b>	<b>6</b>	<b>1.915</b>	<b>6</b>	<b>1.843</b>

[THIS PAGE INTENTIONALLY LEFT BLANK]



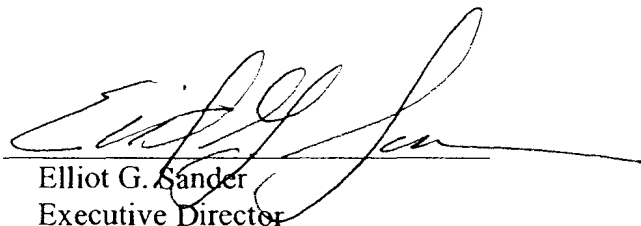
## **IV. Appendix**

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

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

Metropolitan Transportation Authority

By:

  
\_\_\_\_\_  
Elliot G. Sander  
Executive Director

Dated: November 27, 2007

[THIS PAGE INTENTIONALLY LEFT BLANK]