

II. Major Assumptions 2010-2013 Projections- Baseline

Overview MTA Initiatives

OVERVIEW MTA INITIATIVES

The MTA and all of its agencies continually strive to improve the transit services we provide our customers throughout the entire regional commuting district, an area comprising twelve New York counties as well as parts of New Jersey and Connecticut. To advance this general goal, the MTA has identified seven distinct but interrelated areas on which current and future MTA initiatives will focus. As such, these seven priority areas constitute both a directive for policy and, in and of themselves, an achievable set of goals. The 2010 Preliminary Budget shows that the MTA's agencies, individually and collectively, are making significant progress in these seven priority areas, even in the face of new challenges and constraints posed by the worst economic recession in decades.

Customer Service

NYCT runs a subway system that carries well over 4 million passengers daily, serves 468 stations, and relies on 6,395 cars. In addition, NYCT's bus operations provide trips to over 2 million passengers per day on over 4,500 buses, while its paratransit contracts serve people with disabilities for whom bus or subway ridership is not possible. Notwithstanding the size and complexity of NYCT's operations, the Agency will continue improving the reliability of its service, enhancing the customer environment and expanding accessibility and quality of service to its customers. First, close adherence to scheduled maintenance systems for subway cars and station elevators and escalators will ensure the day-to-day reliability and consistency of subway travel.

NYCT will also make bus transit more reliable, accessible and generally more enjoyable for its customers. NYCT will work closely with the New York City Department of Transportation to devise ways of improving both travel speed and bus accessibility; and the expansion of EasyPay Xpress to local bus (and subway) riders will provide for easier access. Part of NYCT's program to improve customer service will be guided by recently returned Local Bus Rider Report Cards: an action plan to target the most salient issues in those surveys is now in the works.

The quality and accessibility of services to people with disabilities is also one of NYCT's focal points, and the agency will continue to make broad strides in this area by cultivating paratransit contracts with private operators and by filling holes through partial in-house provision of paratransit services; as further measures, NYCT will ensure the ease-of-use of its facilities with elevator and escalator maintenance support applications and by installing Automatic Vehicle Location Monitoring on the entire Paratransit fleet.

The LIRR also strives to attain ever better levels of customer satisfaction. Part of the railroad's success, so far, owes to its outstanding reliability: the 95% on-time performance rate achieved by the railroad in 2008 was its best performance on

record, and future improvement will be based on the considerable resources budgeted for fleet maintenance. In 2010, nearly \$305 million will be devoted to maintenance of rolling stock equipment, which will sustain the ongoing Life-Cycle Maintenance Program, and an additional \$149 million will benefit infrastructure maintenance.

The successful opening of the much anticipated station at Yankee Stadium- East 153rd Street this past spring now makes travel to baseball games from any of Metro North's three East of Hudson lines easier than ever before; and beginning this fall, MNR and the LIRR - in coordination with MTA-HQ and NJ Transit and AMTRAK - will carry thousands of fans each week during football season on a one ticket ride from anywhere in the LIRR and MNR territory to Giants and Jets home games at the Meadowlands Sports Complex. This integration across regions and transit services will not only simplify for passengers the planning necessary to get to the Meadowlands by game-time; but, significantly, it also represents a forward-looking first move at cooperation between transportation agencies that, by its example, may suggest a future course for improving customer travel options. The Preliminary Budget for MNR highlights several other measures that the railroad has designed to improve customer satisfaction. Reliability of rail service will be enhanced through the maintenance of rolling stock, including equipment overhauls to support the new M8 cars, and through the replacement of Hudson RailLink shuttle buses. The maintenance works at the new Harmon Shop facilities will be supported by additional labor necessary to keep the fleet in good order. Further efforts—such as the cyclical maintenance and painting scheduled for outlying stations—will create a more pleasing environment for travel; and the outdated customer telephone information system will be replaced by an Interactive Voice Response system.

Significant improvements to the customer travel experience will be realized as a by-product of the consolidation of the MTA's regional bus companies. For customers of MTA Bus, LI Bus and NYCT's Department of Buses, the streamlining of administrative functions, the homogenizing of training regimens and the favorable terms achieved by consolidating procurements will all translate to a high-quality transit service standardized across the companies.

For B&T, improving the reliability of its services means reducing regional traffic congestion and minimizing the median amount of time customers spend in queues, especially at peak times. To evaluate progress in this respect, in 2009 B&T developed a new performance metric that shows the average travel times of E-ZPass customers during peak periods. This yardstick is in place at three facilities and will be expanded to B&T's other facilities by year's end. The E-ZPass program, begun in the 1990's, has met its goal of reducing congestion and mean queue time, and currently 76% of all weekday traffic and 88% of all truck traffic use this as a payment means. Currently, B&T is undertaking a study to determine the technical and financial feasibility of all-electronic payment at its

tolling facilities, which would further ease traffic tie-ups. The study will be complete by April 2010.

Financial Stability

Legislation passed in May 2009 offers the MTA the financial assistance necessary to achieve a balanced budget without either the dramatic 23% fare/toll yield increase or the Additional Actions for Budget Balance (AABB's) that were to have included significant service cuts. While the assistance package offers relief from the worsening economic conditions that originally led to these proposed austerity measures, MTA finances are still constrained. In order to ensure a balanced budget for 2010, all Agencies have been advised of the continuing need to achieve cost reductions in their formulation of the July Plan. The Agencies have been instructed that any New Needs will have to be self-funded, either through expense re-estimates or additional PEGs. The Post-2009 PEG Program that was included in the February Plan is now incorporated in the Budget Reduction targets for the July Plan; and savings required to meet these targets will be recurring and will not include expense reductions from service cutbacks or from layoffs of agreement employees. In addition, for 2011 and beyond, the MTA will continue to strive to meet the 1.5% annual reduction targets that are a pivotal component of MTA financial planning. This forms the basis of the Post-2010 PEG Program.

For NYCT achieving financial stability means making the all-pervasive adjustments necessary to “do more with less”. The seriousness with which NYCT has pursued cost-cutting in the 2010 Preliminary Budget is evident from the extent and creativity of the savings solutions the agency has found. Efficiency improvements will be sought both within the agency’s administrative and support functions and within its subway and bus operations. On the administrative side, useful data on passenger trips and miles that has previously been manually collected will be replaced by MetroCard data. Similarly, the method of collecting data for Bus Passenger Environmental Surveys will be automated by deploying Personal Digital Assistant technology. Within subway and bus operations, productivity enhancements will be found by implementing a new Subway Scheduling System, and by providing Kitting Support for subways and buses; and SIR, which is part of NYCT, will improve the efficiencies of key internal functions, such as Performance Monitoring and Signal Maintenance.

MNR will improve revenues by introducing new train service that will not entail significant cost in the short term and that, in the long term, will have the potential to accelerate ridership growth. The railroad will also expand the use of Kronos timekeeping at all of its facilities to improve the tracking and reporting of personnel costs; and MNR will capture higher non-passenger revenues by leveraging its assets for advertising, vending and transit oriented development projects.

For MTACC, financial sustainability requires not only judicious decisions about which projects to initiate, but also careful evaluation of project scopes, ensuring that the MTA builds only what is necessary to continue to meet the critical transportation needs of the region. By limiting the scope and complexity of contracts, MTACC will also reduce the number of subcontractors within a project, which will mitigate rising construction costs; and to account for rising materials prices, contracts will stipulate escalation clauses. Additionally, schedules for large-scale projects will be adjusted to encourage competition among contractors in order to get more favorable bids for MTA projects.

As mentioned directly below, the consolidation of MTA Bus, New York City Transit's Department of Buses and Long Island Bus represents the boldest initiative towards institutional transformation, and this has been motivated, in no small part, by the possibility of wringing significant efficiencies from a unified management and support team. Aside from its positive effect on the customer experience, the move is expected to carry notable economies of scale by reducing redundancy within management, by reaping savings from the sharing of commonly useful information, and by garnering best terms for larger scale procurements.

Institutional Transformation

The consolidation of the MTA's bus services, initiated in 2008, envisions establishing Regional Bus Operations that will allow its younger bus companies to leverage the resources of its older, more established agencies and to adopt their tried and true best practices. A more collaborative bus system will eliminate silos for greater accountability, will reduce administrative inefficiency and will improve customer service. The MTA Bus Company is partnering with Long Island Bus and NYCT's Department of Buses to make this happen.

Another dynamic maneuver toward institutional transformation will be implementation of a shared services Business Service Center (BSC) that will combine administrative functions by using a single Enterprise Resource Planning (ERP) Financial and Human resources payroll system for all MTA agencies, as well as other technologies to process back-office transactions. In addition, the MTA Defined Benefit Pension plan, currently administered separately by six different agencies, will be centralized, resulting in significant savings and the elimination of duplicate functions. The BSC is expected to open its doors in 2011 and, as it completes the consolidation of back office functions, it will achieve substantial savings by 2012.

Projects and Planning

The MTA anticipates long-term regional growth and recognizes that devoting resources to large-scale capital projects is both a complement to sustained economic vitality and a condition for it. Capital planning, by its nature, requires an orientation toward the long-term, with progress and its benefits realized over years. Nevertheless, visible progress has been made since last year's Financial Plan. Currently, all MTACC mega projects are under way, with over \$6.7 billion committed. In 2009, contracts were awarded for soft-ground tunneling in Queens for East Side Access and for the project's 50th Street vent plants. Other major contracts were awarded for the Second Avenue Subway's structural and utility relocation, as well as for the remaining underground work at the Fulton Street Transit Center. Significant progress was made on excavation work for the three major tunneling projects of East Side Access, Second Avenue Subway, and the No. 7 Line Extension. Additionally, 2009 saw the opening of the South Ferry Terminal Station, the first new subway station to open since 1989.

In 2009, the new Yankees-East 153rd Street Metro-North train station was opened. The railroad now provides a combination of shuttle and through service to and from the station on the Harlem, Hudson and New Haven Lines for Yankee home games, and regular year-round service on the Hudson Line between the stadium and several destinations to the north. Aside from offering a new transportation option for Bronx residents, the station also affords park-and-ride opportunities for tri-state travelers to midtown Manhattan. In 2009, MNR also plans to maintain and improve the efficiency of its information communication network by upgrading supporting equipment and installing additional security refinements.

In the not distant future, the LIRR will be transformed by the East Side Access project, by the Hudson River Yard Development and by Brookfield Overbuild, large-scale projects that alone will transfigure the operational presence of the railroad.

NYCT has several projects in various stages of planning, including the ongoing expansion of Select Bus Service (SBS) bus rapid transit, and the opening of both a Medical Assessment Center and a fourth depot in Staten Island.

Safety and Security

The MTA plans to greatly enhance the safety and security of its transportation network by inaugurating an Integrated Electronic Security System (IESS) and its supporting Command, Control, and Communication Centers (C3). The Integrated Electronic Security Project (IESS) will involve the installation of cameras, access

control devices and surveillance equipment at a series of critical monitored locations; information from this equipment will feed into new agency command, communication and control centers, including a new MTA Police Central Command center. This project will require both equipment installations and software and hardware design, development and integration. It will be administrated by MTACC and will involve of several agencies, including NYCT, LIRR, MTA B&T, and the MTA Police Department

NYCT will focus its safety and security efforts on three principle areas. First, to reduce customer injuries, it will undertake an audit program to identify stations with high frequencies of slips and falls; and it will implement a throttle delay program on all Hybrid buses. Secondly, NYCT will take measures to improve employee safety: it will continue to conduct joint union/management safety audits; it is exploring options for bus operator safety partitions; it will replace respirator masks for subway personnel; and it will conduct detailed analyses of potential near-miss incidents involving employees. Third, NYCT is taking the steps necessary to improve the security of its facilities: it will implement MetroCard Vending Machine and MetroCard Express Machine security protocols for customer card transactions, and it will install bus cameras on the B46 route and the Select Bus Service fleet.

In the area of Safety and Security, the LIRR plans to extend its recent success by devoting substantial resources to such initiatives as the TRACKS (Together Railroads and Communities Keeping Safe) Program and Operation Lifesaver; and nearly \$17 million has been earmarked in the 2010-2013 Financial Plan for the Platform Gap Mitigation Strategy.

In the Preliminary Budget for 2009, MNR has devoted resources to support the maintenance and monitoring functions associated with the implementation of new security systems in New York and Connecticut. In addition, resources are included to comply with new Federal Railroad Administration mandates regarding more stringent hours of service rules for signal maintainers, and the expansion of drug testing to include Maintenance of Way employees.

B&T has excelled in the area of employee safety and will continue to carry out initiatives that will help assure the safe passage of its customers. The agency will devote significant resources to identifying collision hot-spots, re-evaluating and modifying traffic patterns in construction zones and improving roadway signage. In addition, B&T will continue to devote the efforts of specialized personnel to better enforce truck weight restrictions on its suspension bridges, and it will maintain a regular facility presence to conduct credential checks.

Sustainability

The MTA plans to maintain an intensive environmental awareness, finding ways to reduce the ecological footprint of its operations, while expanding the “greening power of transit” to an increased number of riders and communities. The comprehensive goal of environmental sustainability gained motion in 2007, when a Blue Ribbon Commission was appointed to develop sustainability-related recommendations for the MTA and all of its agencies. Working with MTA staff, research consultants and pro-bono experts, the twenty-two member commission formulated nearly 100 recommendations that together constituted “the most ambitious greening of a regional transit system ever undertaken and the most significant enhancement of the MTA system in half a century”. The commission’s Final Report, published this past January with full cognizance of current economic realities, argues for an affordable and ultimately cost-saving program to steadily improve the MTA’s reliance on clean and renewable energies; unambiguously, the report also argues that if the New York metropolitan area is to continue to grow economically, without a concomitant decline in livability, the MTA must accomodate two-thirds of projected population growth - 4 million people, over the next twenty years.

The agencies of the MTA, in accordance with one of the chief recommendations of the Blue Ribbon Commission, are helping to structure Transit-Oriented Development projects (TODs) in multiple nearby communities. The goal is to cluster residential and commercial development - green development - within walking distance of mass transit, and thereby reduce the amount of energy our region consumes while increasing MTA ridership. Toward this end, MNR has undertaken the “Be in Beacon” TOD, which invites developers to transform 18 acres around the Beacon Station in Dutchess County into a self-sustaining, mixed-use project that will link downtown Beacon to a planned reclaimed riverfront. The project has now advanced to the TOD zoning and Request for Proposals preparation phase. When complete, it will have as its centerpiece the newly redesigned MNR station, which now features landscaped rooftop “garden” elements, a safe and attractive inter-modal plaza, and an expansion of parking spaces that has eliminated a waiting list of over 700 applicants. A similar TOD is also underway in Westchester, where MNR has recently forged a partnership with the village of Harrison by formally signing a Term Sheet and Predevelopment Agreement that sets out a framework for development. The project’s goals are to improve MNR station access and increase downtown parking capacity, and to design a downtown business district that has a distinctive character, high quality urban and architectural design, and pedestrian and urban amenities. MNR is also in conversation with stakeholders, towns and villages in Rockland County, exploring the strong potential for TOD’s along the Tapan Zee corridor.

NYCT plans to put into service 520 hybrid buses, and as a further indication that it is committed to finding technologies that are both ecologically sound and cost-

effective, the agency plans to conduct a life-cycle cost analysis comparing hybrid and Compressed Natural Gas (CNG) buses. To implement green design and construction principles, NYCT will increase its use of recycled construction materials and will find recycling destinations for its own demolition debris; and NYCT is will seek Leadership in Energy and Environmental Design (LEED) certification for the rebuilding of the Mother Clara Hale Depot.

The bus companies of the MTA have already adopted a green orientation by exploiting energies that are more efficient and/or friendlier to the environment; and they continue to plan for savings based on energy conservation. LIB, which operates the largest 100% Clean Fuel CNG fleet in the eastern USA, has earned a CNG tax credit for 2009, which it will use to offset its projected CNG fuel expenses; and LIIB plans other savings in 2009 from electricity conservation initiatives. MTA Bus and NYCT Bus will also receive these credits this year. And MTA Bus' transit fleet - the tenth largest in the United States - now includes 303 low-floor hybrid electric buses and 295 CNG buses.

The LIRR will dedicate funding toward environmentally friendly cleaning products and will advance its effort to achieve a light duty vehicle fleet that is 100 percent hybrid by 2011. The LIRR is also actively working with Wyandanch, Brookhaven (Ronkonkoma), Patchogue, West Hempstead and Deer Park on planning Transit-Oriented Developments.

MTACC will take action on several fronts to ensure that MTA capital projects are consistent with long-run environmental sustainability. By participating on the Climate Adaptation Committee formed by the Blue Ribbon Commission, the agency will seek the best means of mitigating greenhouse gas emissions and of adapting MTA organizational plans and already built assets to the climate change that is already underway. The agency is also developing bold and innovative ideas on energy use, and is pursuing Leadership in Energy and Environmental Design (LEED) certification for the Fulton Street Transit Center building and for a yard services building in Long Island City. MTACC has, in fact, already taken significant steps this year towards reducing the ecological impacts of its projects. Construction Management teams on all MTACC projects successfully recycled or salvaged more than 85% of construction and demolition debris, diverting it from less ecologically friendly disposal in landfills. At the same time, design teams continued to identify the best technology and equipment to maximize energy efficiency, and construction equipment was retrofitted with filters to reduce diesel particulate emissions.

B&T is taking steps to operate in a more environmentally-friendly way and to help preserve our natural resources. An interdepartmental "Green" Council will monitor B&T's many sustainability initiatives, like the conversion of necklace lights on the Verrazano-Narrows Bridge to LED technology, which is in store for mid-2009. The installation of an on-site Ethanol-85 station to service southern B&T facilities is also planned at the Verrazano-Narrows site for late 2009; and

energy efficient lighting at the Queens Midtown Tunnel and at Brooklyn Battery Tunnel service and ventilation buildings will be readied in 2010. B&T will also seek new building designs and undertake the renovation of existing buildings to achieve Leadership in Energy and Environmental Design (LEED) certification at the silver or silver-equivalent level.

Workforce Development

To assist MTA leadership in identifying ways to improve efficiency and address the current and future issues that impact the workforce so that the MTA's mission and vision are achieved, a Blue Ribbon Panel on Workforce Development was convened in 2007, and it reported its conclusions later that year. The MTA will heed the findings of the panel, whose recommendations were organized in five key areas: organizational culture, workforce development, succession planning, employee availability, and labor-management relations. MTAHQ's Organizational Development and Training Division has been tasked with ensuring that all MTA agencies are working to address issues raised in each of these areas. In addition to extending more opportunities to recognize the workforce, increasing communication through letters, and offering more training, focus groups and newsletters, some examples of relevant initiatives underway are described below.

To improve Employee/Management relations, NYCT will initiate labor management committees to address issues regarding wellness, health benefits, employee availability and medical; and the Agency will continue employee facility rehabilitations and provide employee quality-of-life improvements at work facilities.

Because the MTA has a vested interest in the success of its workforce, its agencies will endeavor to maximize the efficiency of the process by which their employees develop within their fields. To do so, NYCT will standardize Track Safety and Flagging training, and implement a new program on conflict avoidance. MNR plans to institute a Learning Management System that will allow employees electronic access to the railroad's training programs. MTAHQ, in collaboration with all of the agencies, will develop a Talent Management Strategy to be implemented MTA-wide. This Talent Management Strategy will identify and develop candidates for senior-level positions to ensure the continuity of managerial expertise and leadership skills in the organization. This is a growing concern at the MTA in light of the increasing number of employees eligible to retire within the next three to five years. Efforts are also focused on increasing training throughout the organization. B&T is working with MTAHQ and other MTA agencies on several workforce development task forces and sub-committees. Among the initiatives being undertaken this year is a new management training program for maintenance personnel, a new Leadership Academy Program for mid-level managers, and the standardization of maintenance worker work rules.

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Utilization
(Revenue, Ridership, Vehicle Traffic)

UTILIZATION

Throughout the financial plan period, utilization levels compared with the 2009 Adopted Budget and February Financial Plan reflect both the worsening regional economic outlook and smaller elasticity-based ridership losses stemming from fare and toll changes that were reduced from a 23% yield increase to a 10% increase.

All ridership and farebox revenue figures below exclude paratransit operations of New York City Transit and Long Island Bus.

2009 Ridership, Traffic and Revenue

The 2009 Mid-Year Forecast for MTA consolidated ridership is projected to total 2,608 million passengers, while crossings at Bridges and Tunnels (B&T) facilities are projected to total 287 million vehicular crossings. New York City Transit (NYCT) combined subway and bus ridership for the 2009 Mid-Year Forecast accounts for 88% of MTA consolidated ridership, while ridership for Long Island Rail Road (LIRR) and Metro-North Railroad's (MNR) East-of-Hudson operations each account for 3%. MTA Bus Company (MTABC) ridership accounts for 5% of MTA consolidated ridership. Staten Island Railway (SIR) ridership is estimated to be 4 million (0.2% of MTA ridership) and Long Island Bus (LIB) fixed route ridership is estimated to be 31 million (1% of MTA ridership).

MTA consolidated farebox revenue for the 2009 Mid-Year Forecast is estimated to be \$4,276 million, and toll revenue is estimated to be \$1,313 million. NYCT combined subway and bus farebox revenue for the 2009 Mid-Year Forecast is expected to be \$3,044 million, while LIRR is projecting \$517 million in farebox revenue and MNR is projecting \$513 million in farebox revenue for its East-of-Hudson operations. SIR farebox revenue is estimated to be \$4 million, LIB fixed route farebox revenue is estimated to be \$41 million, and MTABC farebox revenue is expected to be \$157 million.

2009 Mid-Year Forecasts are based on actual results through April 2009 for LIRR and MNR and through May 2009 for B&T, NYCT, MTABC, LIB and SIR.

The 2009 forecasts, as well as for those for the financial plan period, reflect a reversal of those fare and toll increases included in the Adopted Budget. They were designed to achieve a 23 percent increase in fare and toll yields beginning June 2009, as well as reductions in scheduled service. Together, the fare and toll increases along with the service changes would have amounted to \$702 million in additional fare and toll revenue beyond the 2009 baseline projections; in 2010, the first full year of implementation, these fare and toll increases would have amounted to \$1,189 million. These actions were rescinded after passage of State legislation provided MTA with additional sources of revenue. In its place, fare and toll changes designed to increase fares by an average of 10 percent were adopted and scheduled for implementation during June 2009 for fares and in July 2009 for B&T tolls. This 10% increase is

expected to result in \$251 million in additional fare and toll revenue in 2009, and \$494 million fully annualized in 2010.

Fares for NYCT, SIR, LIB and MTABC changed on June 28. The cash, single-ride ticket and regular Pay-Per-Ride fares increased from \$2 to \$2.25, while the cash and regular Pay-Per-Ride express bus fares increased from \$5 to \$5.50. The Bonus Pay-Per-Ride MetroCard changed from a minimum purchase of \$7 to a minimum purchase of \$8, although the existing 15% bonus remained unchanged. The prices of Unlimited Ride MetroCards also increased: the 1-Day Fun Pass increased from \$7.50 to \$8.25; the 7-Day Unlimited Ride MetroCard increased from \$25 to \$27; the 14-Day Unlimited Ride MetroCard increased from \$47 to \$51.50; the 30-Day Unlimited Ride MetroCard increased from \$81 to \$89, and; the 7-Day Express Bus Plus Unlimited MetroCard increased from \$41 to \$45.

Fare changes for LIRR and MNR became effective on June 17, with average fares increasing 10%, City Ticket fares increased from \$3.25 to \$3.50, and the 5% Mail & Ride fare discount on the commuter railroad portion of the joint Monthly Commutation/Monthly Unlimited Ride MetroCard reduced to a 4% discount. Additionally, the on-board fare differential was increased by one dollar.

B&T facility tolls increased on July 12. Cash tolls for passenger vehicles on major facilities rose by 50 cents (and by \$1 for the one-way cash toll on the Verrazano-Narrows Bridge), and by 25 cents at the Rockaway facilities and on the Henry Hudson Bridge. Tolls for passenger vehicles using E-ZPass will increase 42 cents, while passenger vehicle tolls at the Rockaway facilities and the Henry Hudson Bridge increased 16 cents. Cash and E-ZPass tolls for trucks also increased, depending on the number of vehicle axles. Additionally, the E-ZPass discounts for non-NY Customer Service Center tag holders were eliminated.

The 2009 Mid-Year Forecast for MTA consolidated ridership is projected to decrease by 89 million trips – a 3.3% decrease – over 2008 MTA consolidated ridership. MTA ridership for the 2009 Mid-Year Forecast is expected to decline on all MTA operations from 2008 levels, and the 2009 Mid-Year Forecast for traffic at B&T facilities is expected to decline by 8 million crossings, a decrease of 2.8% over the 2008 traffic level. The 2009 Mid-Year Forecast for farebox revenue is projected to increase by \$87 million, a 2.3% increase, and is projected to be higher for each MTA agency except for LIB, which is unchanged. B&T toll revenue is expected to be \$39 million greater than 2008 toll revenue, a 3.0% increase.

Year to year increases in farebox and toll revenue reflect the impact of the fare and toll increases that went into effect in March 2008 and are fully annualized in 2009, as well as the projected impact of the recent 2009 fare and toll increases.

Ridership declines are also the result of the national and regional recessions, and in particular declines in New York City employment levels. After five consecutive years of increases from 2004 through 2008, the number of jobs in New York City began to

decline in the fourth quarter of 2008 and the declines have continued during 2009. For the first five months of 2009, New York City has lost 82 thousand jobs (-2.2%) relative to the first five months of 2008. These job losses are expected to continue as 2009 progresses – it is projected that New York City employment will decline 3.9% in 2009 over 2008, a loss of 147 thousand jobs – adversely affecting utilization levels. Utilization forecasts in the Adopted Budget had assumed New York City employment would decline 1.4% during 2009.

MTA consolidated ridership for the 2009 Mid-Year Forecast is expected to fall short of the 2009 Adopted Budget projection by 18 million trips, a 0.7% decrease, with all MTA agencies except MTA Bus projecting plan-to-plan decreases. At B&T facilities, the Mid-Year Forecast projects 3 million more vehicular crossings, a 1.0% increase, over the Adopted Budget forecast.

MTA consolidated farebox revenue in the 2009 Mid-Year Forecast is projected to fall short of the 2008 Adopted Budget estimate by \$437 million (-9.3%), while the 2009 Mid-Year Forecast for B&T toll revenue is projected to be \$107 million lower (-7.6%) than the Adopted Budget forecast. The lower estimates for both farebox and toll revenues reflect reduced ridership and traffic from the recession as well as the smaller fare and toll increases.

Lower NYCT ridership accounts for 81 percent of the lower MTA consolidated ridership, relative to the February Plan, with the remaining ridership reduction primarily at LIRR and MNR. NYCT ridership is projected to decline 0.6%, with LIRR ridership declining 1.5% and MNR ridership declining 3.2%. Similarly, 70 percent of the farebox revenue decline from the February Plan is from NYCT, with farebox revenue declines at LIRR and MNR comprising a combined 25 percent.

The June fare increase results in higher average fares for NYCT customers. Over the Plan period, the baseline Non-Student average fare – the average fare for all riders except those using student passes – is expected to be \$1.48 per trip, up from \$1.34 per trip before the fare increase. The “Regular Rider” average fare – this average fare excludes utilization for students, express bus riders and those using senior/disabled fares – is expected to increase to \$1.51 from \$1.37 before the fare increase.

The ridership forecast for MTA Bus has been increased by 1 million, a 0.9% improvement, while declining by \$12 million, a 6.9% decrease, over the Adopted Budget ridership and farebox revenue levels. LIB is projecting 0.3 million fewer passengers over the Adopted Budget level, a 1.1% decline, and \$9 million less in farebox revenue, an 18.3% increase from the Adopted Budget level. SIR is projecting 0.3 million fewer riders, a 7.1% decrease, and \$1 million less in farebox revenue, a 16.3% decrease, compared with the Adopted Budget levels.

2010 Ridership, Traffic and Revenue

The 2010 forecast for MTA consolidated ridership is projected to total 2,588 million passengers, while crossings at B&T facilities are projected to total 286 million vehicular

crossings. NYCT combined subway and bus ridership is expected to be 2,271 million, while LIRR is projecting 84 million passengers and MNR is projecting 81 million passengers for its East-of-Hudson operations. SIR ridership is estimated to be 5 million, LIB fixed route ridership is estimated to be 31 million, and MTABC ridership is expected to be 117 million.

MTA consolidated farebox revenue for 2010 is estimated to be \$4,448 million, and toll revenue is estimated to be \$1,384 million. NYCT combined subway and bus farebox revenue is expected to be \$3,167 million, while LIRR is projecting \$537 million in farebox revenue and MNR is projecting \$533 million in farebox revenue for its East-of-Hudson operations. SIR farebox revenue is estimated to be \$5 million, LIB fixed route farebox revenue is estimated to be \$43 million, and MTABC farebox revenue is expected to be \$163 million.

MTA ridership and traffic trends from the 2009 Mid-Year Forecast to 2010 are primarily down, while fare and toll revenues are up, due to the full-year impact of the 2009 fare and toll increases. Year-to-year, MTA consolidated ridership is down 21 million trips, a 0.8% decline, while B&T traffic is down 1 million vehicular crossings, a 0.3% decline. NYCT ridership is projected to decline from 2009 by 20 million trips, a 0.9% decline, and LIRR ridership is also expected to drop, declining by 1 million trips, a 0.6% decline, over 2009. Also declining are LIB (-300 thousand; -1.0%) and MTABC (-700 thousand; -0.6%). Ridership increases are projected for MNR (0.6 million; 0.8%) and SIR (400 thousand; 8.5%).

Farebox revenue is projected to increase \$172 million over 2009, a 4.0% increase, and toll revenue is forecast to increase by \$71 million, a 5.4% increase. All MTA Agencies are expected to see farebox revenue increase from 2009 to 2010 as the fully annualized impact of the 2009 fare and toll increases are reflected.

MTA consolidated ridership for 2010 in the July Plan is expected to fall short of the February Plan projection by 25 million trips, a decrease of 0.9%. At B&T facilities, the July Plan reflects 9 million additional vehicular crossings, a 3.2% increase, over the February Plan forecast. MTA consolidated farebox revenue for 2010 in the July Plan is forecast to be lower than projections in the February Plan by \$651 million, a 13.0% decrease. B&T toll revenue for 2010 is projected to be \$159 million, or 10.3%, below the February Plan forecast.

MTA agency forecasts for ridership and farebox revenue reflect the weak local economy, and in particular lower employment, that is impacting the 2009 Mid-Year Forecast. The recession is having a similar impact on B&T vehicular traffic and toll revenue in 2009, which in turn is affecting traffic and toll revenue for 2010. For 2010, utilization forecasts assume NYC employment to decline by 0.6% (21 thousand jobs) from 2009, a more pessimistic projection than the one used in the February Financial Plan, which assumed an increase of 0.5%.

2011 – 2013 Ridership, Traffic and Revenue

MTA consolidated ridership and vehicle crossings, along with farebox and toll revenue, are expected to modestly increase in 2011 over 2010 levels. Consolidated ridership is projected to reach 2,626 million passengers, up 1.5%, while farebox revenue is estimated to reach \$4,524 million, an increase of 1.7%. B&T vehicle crossings are projected to be 289 million, a 0.8% annual increase, and toll revenue is estimated to increase to \$1,392 million, up 0.6%.

MTA consolidated ridership and vehicle crossing levels are expected to increase in 2012 and 2013, with consolidated ridership reaching 2,677 million in 2013, increasing by 1.2% in 2012 and by 0.7% in 2013. Vehicular crossings at B&T facilities are projected to reach 290 million in 2013, increasing by 0.5% in 2012 and by 0.1% in 2013. Consolidated farebox revenue is expected to reach \$4,631 million in 2013, up 1.4% in 2012 and 1.0% in 2013, while B&T toll revenue is projected to reach \$1,397 million by 2013, up 0.4% in 2012 and unchanged in 2013.

Compared with the February Plan, MTA consolidated ridership is projected to be 0.8% lower in 2011 and 1.1% lower in 2012. The July Plan forecast for traffic at B&T facilities exceeds the February Plan forecast, up 4.2% in 2011 and 4.0% in 2012. NYCT ridership is forecast to fall short of the February Plan by 0.9% in 2011 and by 1.3% in 2012. The July Plan for LIRR ridership falls short of projections in the February Plan by 1.1% each year, and MNR ridership projections in the July Plan also fall short of February Plan projections, down 2.4% in 2011 and down 2.0% in 2012. Ridership projections in the July Plan outpace projections in the February Plan for MTABC (3.8% each year) and for LIB (0.9% in 2011 and 1.6% in 2012), and fall short for SIR (-4.0% in 2011 and -4.3% in 2012).

Plan-to-plan changes in farebox and toll revenue reflect the impact of the smaller 2009 fare and toll increases. MTA consolidated farebox revenue is expected to be 12.6% and 12.8% below the February Plan level in 2011 and 2012, respectively. B&T toll revenue is projected to fall short of the February Plan forecasts by 10.7% in 2011 and by 10.9% in 2012. NYCT farebox revenue is forecast to fall short of the February Plan by 12.8% in 2011 and 13.1% in 2012. The July Plan for LIRR farebox revenue falls short of projections in the February Plan by 14.2% each year. Farebox revenue projections in the July Plan also fall short of February Plan projections for MNR (10.0% in 2011; 9.9% in 2012); MTABC (8.9% each year), SIR (14.5% in 2011; 14.8% in 2012), and; LIB (17.5% in 2011; 17.0% in 2012).

MTA Consolidated Utilization

Plan-to-Plan Comparison

July Financial Plan - Excluding Gap-Closing Actions					
	2009				
	Mid-Year Forecast	2010	2011	2012	2013
Traffic					
Bridges & Tunnels	287.3	286.5	288.7	290.2	290.5
Ridership					
Long Island Bus ¹	31.2	30.9	31.1	31.4	31.7
Long Island Rail Road	84.1	83.6	84.2	85.1	85.8
Metro-North Railroad ²	79.9	80.6	83.4	86.1	88.3
MTA Bus Company	117.5	116.8	118.3	119.6	120.6
New York City Transit ^{1, 3}	2,291.4	2,271.2	2,304.5	2,330.1	2,345.8
Staten Island Railway	4.2	4.6	4.6	4.7	4.7
<i>Total Ridership</i>	<i>2,608.3</i>	<i>2,587.6</i>	<i>2,626.2</i>	<i>2,657.0</i>	<i>2,676.9</i>

February Financial Plan					
	2009				
	Adopted Budget	2010	2011	2012	2013
Traffic					
Bridges & Tunnels	284.5	277.7	277.0	279.0	
Ridership					
Long Island Bus ¹	31.5	30.8	30.9	30.9	
Long Island Rail Road	85.4	84.5	85.1	86.1	
Metro-North Railroad ²	82.6	83.2	85.4	87.8	
MTA Bus Company	116.4	113.9	114.0	115.2	
New York City Transit ^{1, 3}	2,306.3	2,295.1	2,326.4	2,360.3	
Staten Island Railway	4.6	4.8	4.8	4.9	
<i>Total Ridership</i>	<i>2,626.8</i>	<i>2,612.3</i>	<i>2,646.7</i>	<i>2,685.3</i>	

Plan-to-Plan Changes: Favorable / (Unfavorable)					
	2009	2010	2011	2012	2013
Traffic					
Bridges & Tunnels	2.8	8.8	11.7	11.2	
Ridership					
Long Island Bus ¹	(0.3)	0.1	0.3	0.5	
Long Island Rail Road	(1.3)	(0.9)	(0.9)	(0.9)	
Metro-North Railroad ²	(2.7)	(2.6)	(2.1)	(1.8)	
MTA Bus Company	1.1	2.9	4.3	4.4	
New York City Transit ^{1, 3}	(14.9)	(23.8)	(22.0)	(30.2)	
Staten Island Railway	(0.3)	(0.2)	(0.2)	(0.2)	
<i>Total Ridership</i>	<i>(18.5)</i>	<i>(24.7)</i>	<i>(20.5)</i>	<i>(28.3)</i>	

¹ Excludes Paratransit Operations.

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

³ Excludes Fare Media Liability.

MTA Consolidated Utilization

Plan-to-Plan Comparison

July Financial Plan - Excluding Gap-Closing Actions					
	2009				
	Mid-Year				
	Forecast	2010	2011	2012	2013
Toll Revenue					
Bridges & Tunnels	\$1,312.5	\$1,383.9	\$1,392.1	\$1,397.3	\$1,396.7
Fare Revenue					
Long Island Bus ¹	\$41.2	\$42.6	\$43.0	\$43.4	\$43.7
Long Island Rail Road	516.6	537.3	542.1	547.0	551.2
Metro-North Railroad ²	512.9	533.5	552.7	569.9	585.6
MTA Bus Company	156.7	162.8	164.9	166.6	167.9
New York City Transit ^{1, 3}	3,044.1	3,166.5	3,215.8	3,253.8	3,277.2
Staten Island Railway	4.5	5.3	5.4	5.4	5.5
<i>Total Farebox Revenue</i>	<i>\$4,276.0</i>	<i>\$4,448.0</i>	<i>\$4,523.9</i>	<i>\$4,586.1</i>	<i>\$4,631.1</i>

February Financial Plan					
	2009				
	Adopted				
	Budget	2010	2011	2012	2013
Toll Revenue					
Bridges & Tunnels	\$1,419.9	\$1,542.5	\$1,559.5	\$1,568.2	
Fare Revenue					
Long Island Bus ¹	\$50.5	\$52.8	\$52.1	\$52.2	
Long Island Rail Road	578.7	626.0	631.6	637.2	
Metro-North Railroad ²	561.1	597.4	614.3	632.5	
MTA Bus Company	168.3	179.5	181.1	182.9	
New York City Transit ^{1, 3}	3,348.7	3,636.7	3,689.3	3,746.1	
Staten Island Railway	5.4	6.2	6.3	6.4	
<i>Total Farebox Revenue</i>	<i>\$4,712.8</i>	<i>\$5,098.6</i>	<i>\$5,174.6</i>	<i>\$5,257.3</i>	

Plan-to-Plan Changes: Favorable / (Unfavorable)					
	2009	2010	2011	2012	2013
Toll Revenue					
Bridges & Tunnels	(\$107.4)	(\$158.6)	(\$167.4)	(\$170.9)	
Fare Revenue					
Long Island Bus ¹	(\$9.3)	(\$10.2)	(\$9.1)	(\$8.9)	
Long Island Rail Road	(62.2)	(88.7)	(89.4)	(90.2)	
Metro-North Railroad ²	(48.2)	(63.9)	(61.5)	(62.6)	
MTA Bus Company	(11.6)	(16.7)	(16.2)	(16.3)	
New York City Transit ^{1, 3}	(304.6)	(470.2)	(473.5)	(492.3)	
Staten Island Railway	(0.9)	(0.9)	(0.9)	(0.9)	
<i>Total Farebox Revenue</i>	<i>(\$436.8)</i>	<i>(\$650.6)</i>	<i>(\$650.7)</i>	<i>(\$671.2)</i>	

¹ Excludes Paratransit Operations.

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

³ Excludes Fare Media Liability.

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Subsidies

SUBSIDIES - Major Assumptions

The following pages contain accrual and cash summary tables for the subsidies and dedicated taxes, as well as additional tables detailing the changes between the July Plan and the February Plan. Detailed narratives describing each subsidy, forecast methodologies and explanations of changes since the February Plan are also included. The details of Bridges and Tunnels operations that produce the Operating Surplus Transfer subsidy are discussed in the B&T section of the report. At the beginning of the narrative section there is a detailed explanation of the new State taxes and fees recently implemented by the State Legislature for the benefit of the MTA.

New State Taxes and Fees - Beginning in 2009, projections of revenues in the MTA July Plan include additional funds from new sources of taxes and fees that the State Legislature implemented to provide a stable source of revenues for the MTA that would also address the MTA's revenue shortfall and operating budget gap, attributable to the current economic crisis, sharp drop in real estate transaction taxes, rising debt service and increased fringe benefit costs. In 2009, these new taxes and fees are expected to generate an estimated \$1.1 billion in new revenues for the MTA. (See details in the New State Taxes and Fees Section at the beginning of the narrative section that follows.)

As shown on the tables that follow, the 2009 Mid-year Forecast of Total Dedicated Taxes & State and Local Subsidies, including the revenues from the new State taxes and fees, is \$4.8 billion, on a cash basis, which is \$865.3 million higher than the 2009 Adopted Budget (February Plan) level. Most of this favorable variance, \$1.1 billion, is due to the additional revenues from the new State taxes and fees. Also contributing to the overall positive results are favorable Other Subsidy Adjustments of \$85.5 million, including a balance of for lump-sum refunds to NYCT's union employees for prior contributions to the 55/25 pension program (part of a 2005 labor agreement), that was not transferred from the GASB account to the NYCT pension account in 2008 as anticipated in the February Plan. It also reflects certain gap closing actions, including \$50.0 million from the 2006 MMTOA Catch-up and \$25.0 million from the 2006 Surplus Recovery that are being transferred back to the operating budget for general corporate purposes. City subsidy to MTA Bus Company is also favorable, \$44.6 million higher than the February Plan level, primarily due to increases in payroll costs as determined by new labor contracts which provide for retroactive wage adjustments (RWA) dating back to 2006, as well as wage parity with NYCT employees for hourly union employees going forward. Offsetting this are unfavorable variances in real estate taxes which, in 2009, are projected to decline by \$423.8 million from the February Plan levels, due to a continuation of the anemic commercial real estate market in New York City and throughout the MTA region, as well as weakness in residential real estate that began in 2006.

City Subsidy to MTA Bus reflects the current agreement with the City that it will cover MTA Bus' expenses. The City subsidy covers the operating deficit for MTA Bus. MMTOA, 18-b and Urban Taxes, that are designated for the former private

buses subsidized by the City, are paid directly to the City and used by the City to partially fund MTA Bus.

For the period 2010 through 2012, total Dedicated Taxes and State and Local Subsidies will increase from the levels projected in the February Plan by \$1.6 billion in 2010, \$1.6 billion in 2011, and \$1.7 billion in 2012, due primarily to additional revenues from the newly implemented State taxes and fees. This represents additional new sources of revenue for the MTA. In each of the years, 2010, 2011 and 2012, the positive results are offset by unfavorable real estate taxes, which continue to decline from the February Plan levels by \$270.5 million in 2010, \$244.1 million in 2011, and \$220.4 million in 2012.

The Plan reflects technical adjustments for certain policy actions that are incorporated as part of the Subsidy baseline projections - Enhanced Security Training (\$6 million each year in 2009 and 2010), anticipated downsizing costs associated with future headcount reductions (\$41 million in 2010), and MTA Bus Debt Service (\$23 million in 2009 and \$25 million in each year from 2010 through 2013) are funded from the MRT-2 collections. In addition, the Plan assumes that the full amount of the cash defeasance loan to TBTA made in 2007 will be repaid to the MTA in 2009.

MTA Consolidated Subsidies
July Financial Plan 2010 - 2013
Accrual Basis
(\$ in millions)

	2008 Actual	2009 Mid-Year Forecast	2010 Preliminary Budget	2011	2012	2013
<u>Subsidies</u>						
<i>Dedicated Taxes</i>						
Metro. Mass Transp. Oper. Asst. (MMTOA)	\$1,706.2	\$1,465.4	\$1,384.3	\$1,419.0	\$1,509.7	\$1,557.9
Petroleum Business Tax (PBT) Receipts	612.7	625.8	622.4	624.8	627.2	629.1
Mortgage Recording Tax (MRT)	395.5	262.6	275.5	297.0	357.7	388.6
MRT Transfer to Suburban Counties	(6.9)	(3.4)	(3.1)	(3.4)	(5.2)	(6.1)
Use of MRT Balances	37.8	10.0	0.0	0.0	0.0	0.0
Reimburse Agency Security Costs	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)
Interest	14.1	9.9	9.9	9.9	10.0	10.0
Urban Tax	459.8	213.9	307.3	349.7	394.7	461.8
Investment Income	<u>2.4</u>	<u>2.6</u>	<u>2.6</u>	<u>2.6</u>	<u>2.6</u>	<u>2.7</u>
	\$3,211.6	\$2,576.7	\$2,588.9	\$2,689.6	\$2,886.7	\$3,034.0
<i>New State Taxes and Fees</i>						
Payroll Mobility Tax	\$0.0	\$1,021.0	\$1,540.0	\$1,611.8	\$1,685.4	\$1,769.4
License Fees	0.0	6.3	26.7	26.7	26.7	26.7
Vehicle Registration Fees	0.0	45.4	181.6	181.6	181.6	181.6
Taxi Fee	0.0	0.0	85.0	85.0	85.0	85.0
Auto Rental Fee	<u>0.0</u>	<u>17.5</u>	<u>35.0</u>	<u>35.0</u>	<u>35.0</u>	<u>35.0</u>
	\$0.0	\$1,090.2	\$1,868.3	\$1,940.1	\$2,013.7	\$2,097.7
<i>State and Local Subsidies</i>						
State Operating Assistance	\$190.8	\$190.9	\$190.9	\$190.9	\$190.9	\$190.9
Local Operating Assistance	187.9	188.0	188.0	188.0	188.0	187.9
Nassau County Subsidy	10.5	10.5	10.5	10.5	10.5	10.5
CDOT Subsidy	73.0	86.3	98.7	114.5	128.0	134.2
Station Maintenance	147.8	143.6	147.8	151.4	154.8	158.0
AMTAP	<u>19.6</u>	<u>5.6</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
	\$629.7	\$624.9	\$635.9	\$655.3	\$672.1	\$681.5
Sub-total Dedicated Taxes & State and Local Subsidies	\$3,841.3	\$4,291.8	\$5,093.0	\$5,285.0	\$5,572.5	\$5,813.2
City Subsidy for MTA Bus	\$236.5	\$329.2	\$282.4	\$292.2	\$308.4	\$341.5
Total Dedicated Taxes & State and Local Subsidies	\$4,077.9	\$4,621.0	\$5,375.4	\$5,577.2	\$5,880.9	\$6,154.7
<i>Inter-agency Subsidy Transactions</i>						
B&T Operating Surplus Transfer	\$347.1	\$253.3	\$297.2	\$268.3	\$243.3	\$191.5
MTA Subsidy to Subsidiaries	<u>35.5</u>	<u>47.7</u>	<u>54.4</u>	<u>53.5</u>	<u>57.4</u>	<u>63.1</u>
	\$382.6	\$301.0	\$351.6	\$321.8	\$300.7	\$254.6
GROSS SUBSIDIES	\$4,460.4	\$4,921.9	\$5,727.0	\$5,899.0	\$6,181.6	\$6,409.4

MTA Consolidated Subsidies
July Financial Plan 2010 - 2013
Summary of Changes Between July Plan and February Plan
Accrual Basis
(\$ in millions)

	2008	2009	2010	2011	2012
<u>Subsidies</u>					
<i>Dedicated Taxes</i>					
Metro. Mass Transp. Oper. Asst. (MMTOA)	\$0.0	\$42.1	(\$90.3)	(\$100.6)	(\$82.9)
Petroleum Business Tax (PBT) Receipts ¹	0.0	(0.1)	(8.2)	(7.9)	(8.0)
Mortgage Recording Tax (MRT)	(20.5)	(115.7)	(88.3)	(88.1)	(35.0)
MRT Transfer to Suburban Counties	1.4	4.1	4.3	4.4	2.9
Use of MRT Balances	(7.3)	0.0	0.0	0.0	0.0
Reimburse Agency Security Costs	6.5	6.5	6.5	6.5	6.5
Interest	5.9	1.7	1.7	1.6	1.6
Urban Tax	(44.9)	(285.6)	(180.0)	(154.1)	(183.6)
Investment Income	<u>0.4</u>	<u>0.5</u>	<u>0.5</u>	<u>0.5</u>	<u>0.5</u>
	(\$58.4)	(\$346.5)	(\$353.8)	(\$337.7)	(\$298.0)
<i>New State Taxes and Fees</i>					
Payroll Mobility Tax	\$0.0	\$1,021.0	\$1,540.0	\$1,611.8	\$1,685.4
License Fees	0.0	6.3	26.7	26.7	26.7
Vehicle Registration Fees	0.0	45.4	181.6	181.6	181.6
Taxi Fee	0.0	0.0	85.0	85.0	85.0
Auto Rental Fee	<u>0.0</u>	<u>17.5</u>	<u>35.0</u>	<u>35.0</u>	<u>35.0</u>
	\$0.0	\$1,090.2	\$1,868.3	\$1,940.1	\$2,013.7
<i>State and Local Subsidies</i>					
State Operating Assistance	(\$0.0)	\$0.0	\$0.0	\$0.0	\$0.0
Local Operating Assistance	0.0	0.0	0.0	0.0	0.0
Nassau County Subsidy	0.0	0.0	0.0	0.0	0.0
CDOT Subsidy - Effect of Fare Increase & PEGs	1.0	3.4	2.1	1.6	5.2
Station Maintenance	0.8	(6.5)	(5.5)	(5.3)	(5.1)
AMTAP	<u>19.6</u>	<u>5.6</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
	\$21.4	\$2.5	(\$3.4)	(\$3.6)	\$0.1
Sub-total Dedicated Taxes & State and Local Subsidies	(\$37.0)	\$746.2	\$1,511.1	\$1,598.7	\$1,715.8
City Subsidy for MTA Bus	(\$38.7)	\$73.5	\$34.2	\$31.8	\$34.6
Total Dedicated Taxes & State and Local Subsidies	(\$75.7)	\$819.7	\$1,545.4	\$1,630.6	\$1,750.4
<i>Inter-agency Subsidy Transactions</i>					
B&T Operating Surplus Transfer	\$23.7	(\$143.9)	(\$183.9)	(\$186.6)	(\$194.8)
MTA Subsidy to Subsidiaries	<u>(1.7)</u>	<u>6.6</u>	<u>18.1</u>	<u>17.1</u>	<u>19.0</u>
	\$22.0	(\$137.4)	(\$165.8)	(\$169.5)	(\$175.8)
GROSS SUBSIDIES	(\$53.6)	\$682.3	\$1,379.6	\$1,461.0	\$1,574.6

MTA Consolidated Subsidies
July Financial Plan 2010 - 2013
Cash Basis
(\$ in millions)

	2008 Actual	2009 Mid-Year Forecast	2010 Preliminary Budget	2011	2012	2013
Subsidies						
Dedicated Taxes						
Metro. Mass Transp. Oper. Asst. (MMTOA)	\$1,706.2	\$1,420.5	\$1,429.2	\$1,419.0	\$1,509.7	\$1,557.9
Petroleum Business Tax (PBT) Receipts	609.6	626.1	622.2	624.6	627.0	629.1
Mortgage Recording Tax (MRT)	418.6	253.1	274.0	291.8	355.1	386.0
MRT Transfer to Suburban Counties	(12.2)	(6.2)	(3.4)	(3.1)	(3.4)	(5.2)
Use of MRT Balances	10.0	10.0	0.0	0.0	0.0	0.0
Carry Over/Adjustments	1.6	17.6	0.0	0.0	0.0	0.0
Reimburse Agency Security Costs	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)
Downsizing	0.0	0.0	(40.5)	0.0	0.0	0.0
Enhanced Security Training	0.0	(6.2)	(6.2)	0.0	0.0	0.0
Service Marketing Campaign	5.0	0.0	0.0	0.0	0.0	0.0
MTA Bus Debt Service	(24.6)	(23.2)	(24.9)	(24.9)	(24.9)	(24.9)
Cash Defeasance Loan for TBTA	0.0	90.8	0.0	0.0	0.0	0.0
Interest	14.1	9.9	9.9	9.9	10.0	10.0
Urban Tax	523.5	203.6	303.8	346.1	389.1	456.1
Investment Income	<u>2.4</u>	<u>2.6</u>	<u>2.6</u>	<u>2.6</u>	<u>2.6</u>	<u>2.7</u>
	\$3,244.2	\$2,588.6	\$2,556.6	\$2,655.9	\$2,855.3	\$3,001.7
New State Taxes and Fees						
Payroll Mobility Tax	\$0.0	\$1,021.0	\$1,540.0	\$1,611.8	\$1,685.4	\$1,769.4
License Fees	0.0	6.3	26.7	26.7	26.7	26.7
Vehicle Registration Fees	0.0	45.4	181.6	181.6	181.6	181.6
Taxi Fee	0.0	0.0	85.0	85.0	85.0	85.0
Auto Rental Fee	<u>0.0</u>	<u>17.5</u>	<u>35.0</u>	<u>35.0</u>	<u>35.0</u>	<u>35.0</u>
	\$0.0	\$1,090.2	\$1,868.3	\$1,940.1	\$2,013.7	\$2,097.7
State and Local Subsidies						
State Operating Assistance	\$190.8	\$190.9	\$190.9	\$190.9	\$190.9	\$190.9
Local Operating Assistance (18-b)	188.1	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	73.0	86.3	98.7	114.5	128.0	134.2
Station Maintenance	143.8	141.1	144.4	149.0	152.3	155.6
AMTAP	<u>19.6</u>	<u>5.6</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
	\$625.9	\$622.4	\$632.4	\$652.8	\$669.6	\$679.1
Other Subsidy Adjustments						
55/25 Pension Funding	64.8	34.4	0.0	0.0	0.0	0.0
2006 Surplus Recovery	82.3	(15.0)	0.0	0.0	0.0	0.0
Inter-Agency Loan	0.0	134.5	134.5	(134.5)	(134.5)	0.0
NYCT Charge Back of MTA Bus Debt Service	(11.4)	(11.5)	(11.5)	(11.5)	(11.5)	(11.5)
Forward Energy Contracts	<u>(11.5)</u>	<u>90.4</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
	\$124.2	\$232.7	\$123.0	(\$146.0)	(\$146.0)	(\$11.5)
Sub-total Dedicated Taxes & State and Local Subsidies	\$3,994.3	\$4,534.0	\$5,180.3	\$5,102.8	\$5,392.5	\$5,767.0
City Subsidy for MTA Bus	\$281.8	\$303.5	\$290.2	\$290.6	\$305.7	\$336.0
Total Dedicated Taxes & State and Local Subsidies	\$4,276.2	\$4,837.5	\$5,470.5	\$5,393.3	\$5,698.2	\$6,103.0
Inter-agency Subsidy Transactions						
B&T Operating Surplus Transfer	\$359.5	\$262.0	\$292.8	\$271.2	\$245.8	\$196.7
MTA Subsidy to Subsidiaries	<u>33.5</u>	<u>47.7</u>	<u>54.4</u>	<u>53.5</u>	<u>57.4</u>	<u>63.1</u>
	\$392.9	\$309.6	\$347.2	\$324.7	\$303.2	\$259.8
GROSS SUBSIDIES	\$4,669.1	\$5,147.1	\$5,817.7	\$5,718.0	\$6,001.4	\$6,362.8

MTA Consolidated Subsidies
July Financial Plan 2010 - 2013
Summary of Changes Between July Plan and February Plan
Cash Basis
(\$ in millions)

	2008	2009	2010	2011	2012
<u>Subsidies</u>					
<i>Dedicated Taxes</i>					
Metro. Mass Transp. Oper. Asst. (MMTOA)	\$0.0	(\$2.8)	(\$45.4)	(\$100.6)	(\$82.9)
Petroleum Business Tax (PBT) Receipts	(1.9)	0.6	(8.2)	(7.9)	(7.9)
Mortgage Recording Tax (MRT)	(8.8)	(126.7)	(87.9)	(92.7)	(36.8)
MRT Transfer to Suburban Counties	0.0	2.1	4.1	4.3	4.4
Use of MRT Balances	0.0	0.0	0.0	0.0	0.0
Carry Over/Adjustments	(17.6)	17.6	0.0	0.0	0.0
Reimburse Agency Security Costs	6.5	6.5	6.5	6.5	6.5
Downsizing	0.0	40.5	0.0	0.0	0.0
Enhanced Security Training	6.2	0.0	0.0	0.0	0.0
Service Marketing Campaign	0.0	0.0	0.0	0.0	0.0
MTA Bus Debt Service	0.0	0.0	0.0	0.0	0.0
2006 MMTOA Catch-up	50.0	0.0	0.0	0.0	0.0
Cash Defeasance Loan for TBTA	0.0	0.0	0.0	0.0	0.0
Interest	5.9	1.7	1.7	1.6	1.6
Urban Tax	(18.6)	(297.1)	(182.6)	(151.4)	(183.6)
Investment Income	0.4	0.5	0.5	0.5	0.5
	\$22.2	(\$357.0)	(\$311.3)	(\$339.8)	(\$298.2)
<i>New State Taxes and Fees</i>					
Payroll Mobility Tax	\$0.0	\$1,021.0	\$1,540.0	\$1,611.8	\$1,685.4
License Fees	0.0	6.3	26.7	26.7	26.7
Vehicle Registration Fees	0.0	45.4	181.6	181.6	181.6
Taxi Fee	0.0	0.0	85.0	85.0	85.0
Auto Rental Fee	0.0	17.5	35.0	35.0	35.0
	\$0.0	\$1,090.2	\$1,868.3	\$1,940.1	\$2,013.7
<i>State and Local Subsidies</i>					
State Operating Assistance	(0.0)	0.0	0.0	0.0	0.0
Local Operating Assistance (18-b)	0.2	0.0	0.0	0.0	0.0
Nassau County Subsidy (includes 18-b local match)	0.0	0.0	0.0	0.0	0.0
CDOT Subsidy - Effect of Fare Increase & PEGs	1.0	3.4	2.1	1.6	5.2
Station Maintenance	0.0	(6.9)	(6.4)	(5.2)	(5.3)
AMTAP	0.0	5.6	0.0	0.0	0.0
	\$1.1	\$2.1	(\$4.3)	(\$3.6)	(\$0.2)
<i>Other Subsidy Adjustments</i>					
55/25 Pension Funding	(53.2)	34.4	0.0	0.0	0.0
2006 MMTOA Catch-up	0.0	50.0	0.0	0.0	0.0
2006 Surplus Recovery	(37.7)	25.0	0.0	0.0	0.0
Inter-Agency Loan	0.0	0.0	0.0	0.0	0.0
NYCT Charge Back of MTA Bus Debt Service	0.6	0.0	0.0	0.0	0.0
Forward Energy Contracts	(4.1)	(23.9)	0.0	0.0	0.0
	(\$94.5)	\$85.5	\$0.0	\$0.0	\$0.0
Sub-total Dedicated Taxes & State and Local	(\$71.2)	\$820.8	\$1,552.7	\$1,596.7	\$1,715.3
City Subsidy for MTA Bus	(7.5)	44.6	40.8	32.2	34.1
Total Dedicated Taxes & State and Local Subsidies	(\$78.7)	\$865.3	\$1,593.4	\$1,628.9	\$1,749.5
<i>Inter-agency Subsidy Transactions</i>					
B&T Operating Surplus Transfer	22.1	(127.9)	(179.9)	(186.3)	(193.9)
MTA Subsidy to Subsidiaries	<u>(3.7)</u>	<u>6.6</u>	<u>18.1</u>	<u>17.1</u>	<u>19.0</u>
	\$18.4	(\$121.3)	(\$161.8)	(\$169.3)	(\$174.9)
GROSS SUBSIDIES	(\$60.3)	\$744.0	\$1,431.6	\$1,459.7	\$1,574.5

NEW STATE TAXES AND FEES

Recent legislative actions by New York State to provide a stable source of revenues for the MTA that would also address the MTA's revenue shortfall and operating budget gap, attributable to the current economic crisis and ensuing sharp drop in real estate transaction taxes, rising debt service and increased fringe benefit costs, resulted in the implementation of a new set of taxes, fees and surcharges that are expected to generate an estimated \$1.1 billion in 2009 and \$1.9 billion in 2010 for the MTA, based on estimates by NYS DOB.

The new law (Chapter 25 of the Laws of 2009), among other things, imposes a payroll mobility tax on payroll expenses and net earnings from self-employment, a supplemental fee on driver licenses and automobile registration, a supplemental tax on taxi rides imposed on taxicab owners and a supplemental tax on automobile rentals.

The Metropolitan Commuter Transportation Mobility Tax (MCTMT) is a payroll tax of 0.34 percent imposed on payroll expenses of all employers and on net earnings of self-employed individuals engaged in business within the 12-county region serviced by the MTA, referred to as the Metropolitan Commuter Transportation District (MCTD). For 2009, the tax is retroactive to March 1 for most employers, and to September 1 for public school districts. Based on current estimates from NYS DOB, the tax is expected to generate approximately \$1.0 billion in 2009 and \$1.5 billion in 2010. The entire proceeds from the mobility tax will be remitted by employers to the State for deposit into an account that benefits the MTA. The legislation authorizing the tax mandates that the contributions from school districts be reimbursed by the State; however, there will be a one-year lag in reimbursements to the school districts, the first of which is expected in 2010.

The legislation allows the MTA to utilize the payroll mobility tax revenues as pledged revenue to secure and be applied to the payment of bonds to be issued in the future to fund capital projects of the MTA and NYCTA and its subsidiary. It may also be used by the MTA to pay capital costs, including debt service of MTA, its subsidiaries and NTCTA and its subsidiary. Subject to the provisions of any such pledge, or in the event there is no such pledge, the payroll mobility tax revenues can be used by MTA to pay for costs, including operating costs of MTA, its subsidiaries and NYCTA and its subsidiary. In 2009, it is anticipated that all revenues from the new payroll mobility tax will be applied to pay operating expenses of the MTA and certain of its subsidiaries.

The Auto Registration Fee increase applies to automobile registration within the MTA region. The legislation allows for a \$25 increase in automobile registration fees on an annual basis, effective September 1, 2009. This will be paid by automobile registrants in increments of \$50, since car registrations cover a two-year period. Approximately ninety percent of the revenues are expected to come from standard automobiles, with most of the balance from commercial vehicles. Based on NYS DOB's estimate of receipts, the MTA is expected to receive approximately \$45.4 million in 2009 from the new registration fees and \$181.6 million in 2010, the first full year the legislation is in

effect. The Plan assumes the new fees will yield \$181.6 million in each of the out years for the duration of the Plan period.

The License Fee increase is a supplemental fee of one dollar for each six month period of validity of a learner's permit or driver's license issued to individuals residing in the MCTD, to take effect on September 1, 2009. The MTA July Plan, based on NYS DOB estimates, forecasts receipts from the new fees of \$6.3 million in 2009 and \$26.7 million beginning in 2010 and for the duration of the Plan period.

The Taxicab Tax is imposed on taxicab owners for each taxicab ride that originates in New York City and terminates within the 12-county MTA region, at a rate of \$0.50 per ride, effective November 1, 2009. The proceeds from this new tax will not be available to the MTA until 2010. Based on NYS DOB's estimates, the projected revenue to the MTA in 2010 is \$85.0 million. The Plan assumes that in 2010, 2011, 2012 and 2013 the MTA will continue to collect \$85.0 million in tax revenues from this tax.

Auto Rental Tax is a supplemental tax of five-percent (5%) of the cost of rentals of automobiles rented within the MCTD that takes effect on June 1, 2009. Based on estimates from NYS DOB, the supplemental tax on auto rentals will generate \$17.5 million in 2009 and \$35.0 million in each year for the duration of the Plan period.

Similar to the payroll mobility tax, the legislation allows for the revenues from the auto registration fee and license fee increases, the taxicab tax and the auto rental tax to be pledged by MTA or by TBTA to secure debt. Subject to the provisions of such pledge, or in the event there is no such pledge, the new revenues can be used by MTA to pay operating and capital costs of the MTA and its subsidiaries and NYCTA and its subsidiary as determined by the MTA. In 2009, the Plan assumes that all new revenues from these taxes and fees will be applied to pay operating expenses of the MTA and certain of its subsidiaries.

Following is a summary table of the MTA July Plan's revenue forecasts of New State Taxes and Fees for 2009 through 2013 (based on NYS DOB estimates):

NEW STATE TAXES AND FEES					
(\$ in millions)	2009	2010	2011	2012	2013
Metropolitan Commuter Transportation Mobility Tax	\$1,021.0	\$1,540.0	\$1,611.8	\$1,685.4	\$1,769.4
Auto Registration Fee	6.3	26.7	26.7	26.7	26.7
License Fee	45.4	181.6	181.6	181.6	181.6
Taxicab Tax	0.0	85.0	85.0	85.0	85.0
Auto Rental Tax	17.5	35.0	35.0	35.0	35.0
Total	\$1,090.2	\$1,868.3	\$1,940.1	\$2,013.7	\$2,097.7

METROPOLITAN MASS TRANSPORTATION OPERATING ASSISTANCE (MMTOA)

Metropolitan Mass Transportation Operating Assistance Taxes (MMTOA) consist of special State taxes imposed within the MTA Transportation District which, subject to State appropriation, supplement the general operating subsidies of transportation systems in the District. MMTOA is comprised of the following taxes: petroleum business tax (PBT), which is a small portion of the basic PBT imposed on petroleum businesses operating within New York State; sales tax imposed on sales and uses of certain tangible personal property and services; corporate franchise taxes imposed on certain transportation and transmission companies; and temporary corporate surcharges imposed on the portion of the franchise and other taxes of certain businesses attributable to the conduct of business within the transportation district.

Total Statewide MMTOA taxes for 2009 are estimated at \$1,849.8 million, of which \$1,789.7 million is allotted for Downstate transit properties. Of the Downstate allotment, \$189.5 million, which includes \$153.9 million for NYCT/SIR and \$21.2 million for the CRR, is earmarked to fund the State's 18-b obligation. The 2009 percentage allocation of the Downstate share for NYCT/SIR represents 60.9% and the percentage allocation to the commuter railroads represent 28.0%, which are slightly higher than the February Plan levels by 0.9% and 0.8% respectively, and are based on the actual amounts appropriated in NYS's 2009-10 Enacted Budget. A portion of MMTOA and State 18-b was also allotted to Long Island Bus, MTA Bus and other downstate transportation properties.

2009 Mid-Year Forecast

The 2009 Mid-Year Forecast of MMTOA for the MTA, on an accrual basis, reflects New York State Enacted Budget appropriation of \$1,465.4 million, which is \$42.1 million higher than the February Plan level due to the State's updated forecast. However, when compared with 2008, the 2009 forecast decreased by \$240.7 million. Of the total estimated MMTOA receipts for 2009, \$936.8 million is appropriated for NYCT/SIR, \$480.3 million for the commuter railroads, and \$48.3 million for Long Island Bus. While the 2009 MTA MMTOA appropriation increased by \$42.1 million when compared with the February Plan, on a cash basis the State will pay \$1,420.5 million of the appropriation in 2009 and shift the balance of \$44.9 million to 2010, due to a decrease in collections and deposits into the MMTOA account as a result of the economic downturn in the MTA Transportation District. Hence, the MTA July Plan assumes that the MMTOA cash receipts for calendar year 2009 will be \$44.9 million lower than the State's appropriation and \$2.8 million below the February Plan level. In addition, it assumes a cash carry-over of \$44.9 million to 2010. This is a change from recent years, when the State paid MTA's full appropriation by the end of the current calendar year.

Consistent with the February Plan the State will fund \$189.5 million in 18-b

obligations from MMTOA in 2009.

The 2009 percentage allocation of MTA's share of Downstate MMTOA, 60.94% for NYCT/SIR and 28.02% for the CRRs, is derived from the actual amounts appropriated by the State.

2010

For 2010, total MTA MMTOA, on an accrual basis, is estimated to be \$1,384.3 million, which is \$90.3 million lower than the February Plan level, and reflects NYS' latest reforecast of revenues in its enacted budget adjusted downwards for unfavorable economic trends, which anticipates lower sales and business tax yields due to the current economic downturn. Of the total, \$887.5 million is earmarked for NYCT and SIR, \$451.7 million is earmarked for the commuter railroads and an additional \$45.1 million for Long Island Bus.

On a cash basis, the MTA MMTOA receipts for 2010 are projected to be \$1,429.2 million, which is \$45.4 million lower than the February Plan level. The overall unfavorable variance is offset by a positive carry-over of \$44.9 million, which represents the portion of NYS's 2009-10 MTA MMTOA appropriation in its enacted budget that was not paid in 2010. It is important to note that the Plan assumes that in 2010, the State will revert to paying the full appropriation for NYS' Enacted Budget 2010-11 by the end of its third quarter, to coincide with the calendar year 2010, and thus does not anticipate carryover of any portion of the 2010-11 MMTOA appropriation into 2011.

The Plan assumes that in 2010, the State's funding of its 18-b obligations will remain at the 2009 level of \$189.5 million, which is consistent with the MTA February Plan. The percentage allocations of MMTOA's downstate share that comes to the MTA represent 60.0% for NYCT/SIR and 27.3% for the commuter railroads to reflect the 2008 levels.

As reflected in the table below, revenues for the Sales Tax and Petroleum Business Tax components of MMTOA are expected to decline from the 2009 level by 9.2% and 2.2%, respectively. Corporate Tax Surcharge revenues are expected to grow by 2.5% and there is no change expected in the level of Corporate Franchise Tax, which remains flat for the years covered by the Plan.

2011 – 2013

For 2011 through 2013, the July MTA MMTOA forecast is based on New York State's latest projections in its enacted budget adjusted downward for anticipated decline in sales and business tax collections due to weakened economic conditions. In 2011 and 2012, the July Plan projections for MMTOA are \$1,419.0 million and \$1,509.7 million, \$100.6 million and \$82.9 million below the February Plan estimates, respectively.

In 2013, the July Plan forecast for MMTOA cash receipts is \$1,557.9 million, an increase of \$48.2 million from the prior year's level.

The Plan assumes the following growth rate from the prior year for the component taxes or MMTOA for 2011 through 2013.

Growth Rate for the Individual Components of MMTOA (from prior year level)					
		2010	2011	2012	2013
Sales Tax		(9.2)%	5.3%	5.9%	3.8%
Petroleum Business Tax		(2.2)%	0.4%	1.0%	0.0%
Corporate Franchise Tax		0.0%	0.0%	0.0%	0.0%
Corporate Tax Surcharge		2.5%	(0.5)%	6.4%	2.7%

MMTOA STATE DEDICATED TAXES
July Financial Plan 2010 - 2013
(\$ in millions)

ACTUAL	FORECAST					
2008	2009	2010	2011	2012	2013	

Forecast of MMTOA Gross Receipts (SFY):

Sales Tax	\$782.5	\$802.7	\$728.9	\$767.5	\$813.1	\$844.1
PBT	137.3	133.5	130.5	131.1	132.4	132.4
Corporate Franchise	68.0	68.0	68.0	68.0	68.0	68.0
Corporate Surcharge	842.0	845.6	866.5	861.9	917.2	942.0
Investment Income	0.0	0.0	0.0	0.0	0.0	0.0

Total Gross Receipts Available for Allocation	\$1,829.8	\$1,849.8	\$1,794.0	\$1,828.5	\$1,930.7	\$1,986.5
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Allocation of Total Gross Receipts to DownState:

Total Gross Receipts	\$1,829.8	\$1,849.8	\$1,794.0	\$1,828.5	\$1,930.7	\$1,986.5
Less: Upstate Share of PBT	(61.8)	(60.1)	(58.7)	(59.0)	(59.6)	(59.6)
Upstate Percent Share of Investment Income	3.38%	3.25%	3.27%	3.23%	3.09%	3.00%
Less: Upstate Share of Investment Income	0.0	0.0	0.0	0.0	0.0	0.0

Total Net DownState Share Available for Allocation	\$1,768.0	\$1,789.7	\$1,735.2	\$1,769.5	\$1,871.1	\$1,926.9
Less: 18-B Adjustment	(189.5)	(189.5)	(189.5)	(189.5)	(189.5)	(189.5)
Adjusted Total Net DownState Share for Allocation	\$1,578.5	\$1,600.2	\$1,545.7	\$1,580.0	\$1,681.6	\$1,737.4

Allocation of Total Net DownState Share to NYCT/SIR:

NYCT/SIR Share	60.01%	60.94%	60.01%	60.01%	60.01%	60.01%
From Total Net DownState Share	\$1,256.0	\$1,090.7	\$1,041.4	\$1,062.0	\$1,122.9	\$1,156.4
Less: 18-B Adjustment	(153.9)	(153.9)	(153.9)	(153.9)	(153.9)	(153.9)
Adjusted Total Net DownState Share	\$1,102.2	\$936.8	\$887.5	\$908.1	\$969.1	\$1,002.6
From Carryover	0.0	(32.9)	32.9	0.0	0.0	0.0

Total NYCT/SIR Share of Net DownState Share	\$1,102.2	\$903.9	\$920.4	\$908.1	\$969.1	\$1,002.6
Total SIR Share	3.5	3.1	3.1	3.1	3.3	3.4
Total NYCT Share of Net DownState Share	\$1,098.6	\$900.8	\$917.3	\$905.0	\$965.8	\$999.2

Allocation of Total Net DownState Share to MTA:

MTA Share	27.25%	28.02%	27.25%	27.25%	27.25%	27.25%
From Total Net DownState Share	\$570.4	\$501.5	\$472.9	\$482.2	\$509.9	\$525.1
Less: 18-B Adjustment	(21.2)	(21.2)	(21.2)	(21.2)	(21.2)	(21.2)
Adjusted Total Net DownState Share	\$549.2	\$480.3	\$451.7	\$461.0	\$488.7	\$503.9
From Carryover	0.0	(12.0)	12.0	0.0	0.0	0.0

Total MTA Share of Net DownState Share	\$549.2	\$468.3	\$463.7	\$461.0	\$488.7	\$503.9
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Allocation of Total Net DownState Share to LIB:

LI Bus Share	2.72%	2.82%	2.72%	2.72%	2.72%	2.72%
From Total Net DownState Share	\$57.0	\$50.5	\$47.2	\$52.0	\$54.0	\$53.6
Less: Used for 18-B/other	(2.1)	(2.1)	(2.1)	(2.1)	(2.1)	(2.1)
Adjusted Total Net DownState Share	\$54.8	\$48.3	\$45.1	\$49.8	\$51.9	\$51.4
From Carryover	0.0	0.0	0.0	0.0	0.0	0.0

Total LIB Share of Net DownState Share	\$54.8	\$48.3	\$45.1	\$49.8	\$51.9	\$51.4
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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
- Motor vehicle fees - 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. Sixty-three percent (63%) of the remaining sixty-seven percent (67%) is earmarked for State uses including upstate highways and other transportation, and the other three percent (3%) is allotted to other mass transit operating agencies. 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 allocated to New York City Transit and the Commuter Railroads in accordance with the formula provided by statute (85% to NYCT and 15% to the commuter railroads.)

Based on New York State's 2009-10 Enacted Budget projections, the 2009 MTA PBT revenues in the July Plan are slightly higher than the February Plan levels, however, beginning in 2010 and continuing throughout the July Plan period (2010-2013), projected MTA PBT revenues are expected to decline from the February Plan levels.

2009 Mid-Year Forecast

The 2009 MTA Mid-Year PBT estimate, on a cash basis, is \$626.1 million, which is \$0.6 million higher than the February Plan forecast and reflects actual results through July year-to-date, adjusted for collection trends over the prior two years.

Of the total PBT allocation, 85% or \$532.2 million is earmarked for New York City Transit and 15% or \$93.9 million for the commuter railroads.

On an accrual basis, PBT estimates for 2009 are \$625.8 million. The accrual estimate is based on a one-month lag in the booking and collection of PBT proceeds.

2010 Forecast

The 2010 PBT cash projection is \$622.2 million, which is \$8.2 million lower than the February Plan estimate, reflecting NYS' enacted budget re-estimates of PBT revenues. Of the total PBT, \$528.8 million, or 85% is earmarked for New York City Transit, and \$93.3 million, or 15% is earmarked for the commuter railroads.

On an accrual basis, PBT is estimated to be \$622.4 million, a decrease of \$3.4 million from the prior year's level.

2011 - 2013

For 2011 through 2013, PBT cash estimates are \$624.6 million, \$627.0 million and \$629.1 million, respectively. In each of the respective years, the PBT estimates are lower than the February Plan estimates by \$7.9 million, \$7.9 million and \$8.9 million, which reflect NYS's enacted budget forecast of PBT revenues. The 2011 through 2013 forecasts inflate the previous year's level by 0.4%, 0.4% and 0.3% respectively.

On an accrual basis, PBT estimates for 2011 through 2013 are \$624.8 million, \$627.2 million and \$629.1 million, respectively.

PETROLEUM BUSINESS TAX PROJECTIONS
July Financial Plan 2010 - 2013
(\$ in millions)

	ACTUAL	FORECAST				
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Total Net PBT Collections Available for Distribution	\$1,792.9	\$1,841.5	\$1,829.9	\$1,837.0	\$1,844.2	\$1,850.2

Distribution Shares:

MTA Total	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%
Other Transit	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Highway Trust Fund	63.0%	63.0%	63.0%	63.0%	63.0%	63.0%
General Fund	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Share Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Amount of Total Net Collections Available for the MTA:

MTA Total	\$609.6	\$626.1	\$622.2	\$624.6	\$627.0	\$629.1
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Accrued

NYCT/SIR Share of MTA Total	\$520.8	\$531.9	\$529.0	\$531.1	\$533.1	\$534.8
Commuter Railroad Share of MTA Total	<u>91.9</u>	<u>93.9</u>	<u>93.4</u>	<u>93.7</u>	<u>94.1</u>	<u>94.4</u>
MTA Total of Net Collections	\$612.7	\$625.8	\$622.4	\$624.8	\$627.2	\$629.1

Cash

NYCT/SIR Share of MTA Total	\$518.1	\$532.2	\$528.8	\$530.9	\$533.0	\$534.7
Commuter Railroad Share of MTA Total	<u>91.4</u>	<u>93.9</u>	<u>93.3</u>	<u>93.7</u>	<u>94.1</u>	<u>94.4</u>
MTA Total of Net Collections	\$609.6	\$626.1	\$622.2	\$624.6	\$627.0	\$629.1

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).

Funds in the NYCT Account are required to be used to pay operating and capital costs of NYCT, its subsidiaries, and Staten Island Railway (SIR). Funds 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 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.

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

Forecasts of Mortgage Recording Tax receipts for the second half of 2009, and for 2010 through 2012, are based on tax receipt trends for mortgage originations projected by the City of New York in its Fiscal Year 2010 Adopted Budget. For 2013, MRT estimates are projected by utilizing 16 individual models; for each of eight jurisdictions – New York City and the seven suburban counties in the MTA region – there is an MRT-1 model and an MRT-2 model. These models, which are time-series regression models with a log-log specification, project tax receipts as a function of the ten-year U.S. Treasury Note rate and population of the jurisdiction. The second half of 2009 is further adjusted to reflect current real estate market conditions. Additionally, beginning with 2012, forecasts of MRT receipts were increased beyond the City assumptions in order to reflect more recent economic recovery views.

2009 Mid-Year Forecast

The 2009 Mid-Year Forecast is based on June year-to-date actual cash receipts. The forecasts for the remaining six months of the year, based on adjusted City of New York trend projections and recent activity, have been added to the year-to-date actuals in order to obtain a 2009 Mid-Year Forecast.

MRT receipts on a cash basis are estimated at \$253.1 million, a decrease of \$165.5 million, or 39.5% from the 2008 level. MRT-1 receipts are projected to be \$160.0 million, a \$116.9 million (42.2%) decrease over 2008, while MRT-2 receipts are projected to be \$93.1 million, a \$48.7 million (34.3%) decline over 2008. These trends reflect a continuation of the anemic commercial real estate market in New York City and throughout the MTA region as well as continued weakness in residential real estate that began in 2006. MRT-1 includes taxes collected on mortgages for both commercial properties and residential properties, while MRT-2 is paid only on residential properties with fewer than seven units in the structure.

The City of New York 2010 Adopted Budget, which is the basis of MTA projections for MRT through 2012, assumes total mortgage recording tax receipts will decline by 8% for City Fiscal Year (CFY) 2010; this projection was used to estimate combined MRT-1 receipts from New York City excluding Staten Island. The City's 2010 Adopted Budget assumes residential mortgage recording tax receipts will decline 4% for CFY 2010; this trend assumption was used to estimate MRT-1 receipts for Staten Island and the suburban counties as well as MRT-2 receipts for the entire MTA region.

Overall, the combined MRT estimate reflects a decrease of \$126.7 million (33.4%) over the Adopted Budget projection. The MRT-1 estimate is \$91.2 lower (36.3%) and the MRT-2 estimate is \$35.5 million lower (27.6%) than the Adopted Budget projections.

2010 - 2013

Since MRT collections reached a record level of \$763 million in 2006 – with MRT-1 peaking in 2006 and MRT-2 peaking in 2005 – mortgage activity has slowed

considerably for both residential and commercial properties, and mortgage activity is expected to modestly improve starting in 2010.

MRT receipts are expected to grow from 2009 to 2010 by \$20.9 million, an 8.3% increase. MRT-1 is projected to increase \$18.2 million, up 11.3%, while MRT-2 is projected to grow \$2.8 million, a 3.0% increase. Increases are expected to continue in 2011 as MRT receipts grow another 6.5%, with MRT-1 up 7.8% and MRT-2 up 3.9%. In 2012, MRT receipts are expected increase 21.7% with MRT-1 up 20.6% and MRT-2 up 24.0%. In 2013, MRT is projected to increase another 8.7%, with MRT-1 up 9.8% and MRT-2 up 6.7%.

The City's 2010 Adopted Budget projects total mortgage recording tax receipts – used to project MRT-1 for New York City excluding Staten Island – will increase 16% during CFY 2011, increase 9% in CFY 2012 and increase 15% during CFY 2013. The City 2010 Adopted Budget assumes residential mortgage recording tax receipts – used for MRT-1 projections for Staten Island and the suburban counties along with MRT-2 projections for the full MTA region – will decrease 5% in CFY 2011, increase 11% in CFY 2012 and increase 24% during CFY 2013.

For the 2013 Financial Plan projection, the ten-year U.S. Treasury Note rate is expected to be 4.81%, up from 4.49% in 2012. Population is expected to increase in 2012: up 0.34% in New York City; up 0.22% in Nassau and Suffolk; up 0.23% in Westchester; up 0.89% in Putnam; up 0.73% in Dutchess; up 0.50% in Rockland, and; up 0.89% in Orange.

Over the Financial Plan period, MRT receipts are projected to be \$274.0 million in 2010, \$291.8 million in 2011, \$355.1 million in 2012 and \$386.0 million in 2013. These projections are significantly lower than estimates incorporated in the February Financial Plan, with decreases of \$87.9 million (24.3%) in 2010, \$92.7 million (24.1%) in 2011, \$36.8 million (9.4%) in 2012, and \$15.7 million (3.9%) in 2013.

MRT-1 receipts are estimated to be \$178.1 million in 2010, \$192.1 million in 2011, \$231.6 million in 2012 and \$254.2 million in 2013. These levels are lower than projections in the February Financial Plan, ranging from \$61.7 million less in 2010 down to \$11.3 million less in 2013. MRT-2 receipts have also declined below the levels in the February Financial Plan – down from \$26.2 million in 2010 to down just \$4.4 million in 2013 – with receipts projected to be \$95.9 million in 2010, \$99.7 million in 2011, \$123.5 million in 2012 and \$131.8 million in 2013.

Growth Rate for the Mortgage Recording Taxes (from prior year level)							
	2007	2008	2009	2010	2011	2012	2013
MRT-1	(3.6)%	(39.8)%	(42.2)%	11.3%	7.8%	20.6%	9.8%
MRT-2	(14.9)%	(41.7)%	34.3%	3.0%	3.9%	24.0%	6.7%
TOTAL	(7.8)%	(40.5)%	(39.5)%	8.3%	6.5%	21.7%	8.7%

Additional Assumptions

The MTA General Reserve is funded by MRT-2. Consistent with the February Plan, the July Plan reflects reallocation of \$40 million in unspent General Reserve earmarked for 2005 and distributed in equal installments in 2006 through 2009, with \$10 million reflected in each year. In addition, the July Plan reduces the 2009 General Reserve from the February Plan level of \$75.0 million to \$37.5 million. Beginning in 2010 through the end of the Plan period, the July Plan maintains the February Plan's general reserve level of \$75.0 million annually.

MRT-2 is also used to reimburse the agencies for certain security expenses from a fund managed by MTA Police. These monies are used for short term security projects. An annual amount of \$10.0 million has been earmarked in the July Plan to cover these security expenses from 2009 through 2013, down from \$16.5 million annually in the February Plan.

Technical Adjustments:

Consistent with the February Plan, the July Financial Plan continues to reflect the impact of certain policy actions on agency transfers as follows:

Downsizing – The Downsizing Account was established in the 2007 Adopted Budget in anticipation of major cost reductions that would need to be implemented in order to achieve budget balance after 2007. Subsequent Board actions authorized the transfer of the funds in the account back into the MRT-2 Corporate Account until it was needed. The February Plan (2009 Adopted Budget), like prior Plans, assumed that these funds would be needed in 2009 and 2010. The July Plan now assumes that the \$40.5 million originally earmarked for 2009 would not be needed due to the restoration of the direct service-related Actions for Budget Balance (AABB), and is available for general corporate purposes. However, consistent with the February Plan, the July Plan continues to anticipate the use of the \$40.5 million earmarked for 2010 for future downsizing.

Enhanced Security Training – The July Plan makes no change to the February Plan's allocation of \$25.0 million over four years, which began in 2007 (\$6.2 million in equal installments), for enhanced security training for NYCT, Metro-North, and LIRR's operating personnel. The MTA has undertaken this initiative on the recommendations of Kroll Associates, the security consulting firm that the MTA engaged to review the agencies' safety/security training curriculum, and has sought and received the approval of the MTA Board.

Other MRT-2 Adjustments

In addition to the adjustments above, the July Plan, like the February Plan, assumes that MRT-2 funds will be used to cover debt service cash flow requirements of the MTA Bus Company. The July Plan estimates the required amounts to be \$23.2 million in 2009 and \$24.9 million annually for the duration of the Plan period.

In 2007, the MTA committed \$90.8 million in MRT-2 funds for a cash defeasance loan to TBTA. The July Plan, like the February Plan, assumes that the full amount of this loan will be paid back to the MTA in 2009.

Summary of Mortgage Recording Tax Projections
July Financial Plan 2010 - 2013
(\$ in millions)

Cash Basis	ACTUAL	FORECAST				
	2008	2009	2010	2011	2012	2013
MORTGAGE RECORDING TAX #261-1						

Receipts Available for Transfer to NYCT and CRs:

Total Gross Receipts	\$276.8	\$160.0	\$178.1	\$192.1	\$231.6	\$254.2
Carryover	21.6	17.6	0.0	0.0	0.0	0.0
Less: MTAHQ Operating Deficit	(278.5)	(322.5)	(343.5)	(374.6)	(370.1)	(387.0)

Receipts Available for Transfer	\$20.0	(\$145.0)	(\$165.4)	(\$182.5)	(\$138.5)	(\$132.8)
Adjustments	(20.0)	0.0	0.0	0.0	0.0	0.0
MRT-2 Required to Balance	0.0	145.0	165.4	182.5	138.5	132.8
Adjusted Receipts Available for Transfer	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0

Allocation of Net Receipts to NYCT/SIR Account:

Opening Balance	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
NYCT/SIR Share	55%	55%	55%	55%	55%	55%
From Current Year Net Receipts	0.0	0.0	0.0	0.0	0.0	0.0

Total NYCT/SIR Net Cash Share	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Total SIR Net Cash Share	0.0	0.0	0.0	0.0	0.0	0.0
Total NYCT Net Cash Share	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0

Allocation of Net Receipts to Commuter Railroad Account:

Opening Balance - CR/SHF	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Commuter Railroad Share	45%	45%	45%	45%	45%	45%
From Net Receipts	0.0	0.0	0.0	0.0	0.0	0.0

Total Commuter Railroad Net Cash Share	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
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MORTGAGE RECORDING TAX #261-2

Receipts Available

Total Receipts to Corporate Account	\$141.8	\$93.1	\$95.9	\$99.7	\$123.5	\$131.8
Opening Fund Balance	20.0	10.0	0.0	0.0	0.0	0.0
All Agency Security Pool	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)
Downsizing	0.0	0.0	(40.5)	0.0	0.0	0.0
Enhanced Security Training	0.0	(6.2)	(6.2)	0.0	0.0	0.0
Service Marketing Campaign	5.0	0.0	0.0	0.0	0.0	0.0
MTA Bus Debt Service	(24.6)	(23.2)	(24.9)	(24.9)	(24.9)	(24.9)
2006 MMTA Catch-up	0.0	0.0	0.0	0.0	0.0	0.0
Cash Defeasance Loan for TBTA	0.0	90.8	0.0	0.0	0.0	0.0
Reserve for Following Year/Cash Flow Provision	(10.0)	0.0	0.0	0.0	0.0	0.0
General Reserve	0.0	(37.5)	(75.0)	(75.0)	(75.0)	(75.0)
Investment Income	<u>14.1</u>	<u>9.9</u>	<u>9.9</u>	<u>9.9</u>	<u>10.0</u>	<u>10.0</u>

Total Receipts Available for Transfer	\$136.3	\$126.9	(\$50.8)	(\$0.3)	\$23.6	\$31.9
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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	(16.7)	(10.7)	(7.9)	(7.6)	(7.9)	(9.7)
Less: Transfer to MTAHQ Funds	0.0	(145.0)	(165.4)	(182.5)	(138.5)	(132.8)

Net Receipts Available	\$124.1	(\$24.2)	(\$219.7)	(\$185.9)	(\$118.3)	(\$106.1)
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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 and 6% used for the partial reimbursement of NYCT Paratransit costs. 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

Forecasts of Urban Tax receipts for the second half of 2009, and for 2010 through 2012, are based on tax receipt trends for commercial property transactions projected by the City of New York in its Fiscal Year 2010 Adopted Budget. For 2013, Urban Tax estimates are based on two forecasting models, one for the MRT and one for the RPTT. In these models, which are time-series 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. The second half of 2009 is further adjusted to reflect current real estate market conditions. Additionally, beginning with 2012, forecasts of Urban Tax receipts were increased beyond the City assumptions in order to reflect more recent economic recovery views.

2009 Mid-Year Forecast

The revenue projections for the 2009 Mid-Year Forecast include actual cash tax receipts to the MTA through June 2009. Forecasts for the remaining six months of the year, based on the adjusted City of New York trend projections, have been added to the year-to-date actuals in order to obtain a 2009 Mid-Year Forecast.

Urban Tax receipts on a cash basis are estimated at \$203.6 million, a decrease of \$320.2 million, or 61.1% less than the 2008 level. This forecast reflects a continuation of the anemic commercial real estate market in New York City. The City of New York's 2010 Adopted Budget assumes commercial MRT receipts will decrease by 14% for City Fiscal Year (CFY) 2010 while RPTT receipts will decrease by 13% for CFY 2010.

For the first six months of 2009 RPTT receipts were \$118.5 million below the Adopted Budget projection, a 70.1% shortfall, while MRT receipts were \$53.5 million below budget, a shortfall of 65.8%.

The 2009 Urban Tax estimate reflects a decrease of \$297.1 million, or 59.3%, from the level in the Adopted Budget.

2010 - 2013

From a peak level of \$883.5 million in 2007, which was spurred by low interest rates and strong demand for commercial investment properties, Urban Tax receipts fell 40.7% to \$539.9 million in 2008 and are projected to decline another 61.1% in 2009 to \$203.6 million. Improvements in receipts are then expected to begin in 2010, growing by 49.2% in 2010, 13.9% in 2011, 12.4% in 2012 and 17.2% in 2013 when Urban Tax receipts are projected to be \$456.1 million.

After a projected decline for CFY 2010, the City's 2010 Adopted Budget assumes a turnaround in commercial property transactions beginning with CFY 2011: commercial MRT receipts are projected to increase 42% during CFY 2011, increase 8% during CFY 2012 and increase 8% for CFY 2013. Commercial RPTT receipts are forecast to increase 25% in CFY 2011, increase 8% in CFY 2012 and increase 8% in CFY 2013.

For the 2013 Financial Plan projection, the 3-month U.S. Treasury Bill rate is expected to be 3.66%, up from 3.35% in 2012, while New York City private-sector employment is expected to grow 0.97% in 2013.

The July Plan projections are lower than the estimates in the February Financial Plan, ranging from a decrease of \$182.6 million (37.5%) in 2010 to a \$183.6 million decline (32.1%) in 2012; the decline in 2013 is \$183.2 million (28.7%).

Urban Tax receipts grew at unprecedented rates from 2003 to 2007, increasing 443% over that four-year period. From the 2007 high point through the July Plan's 2009 forecast, Urban Tax receipts are projected to decline 77%; from 2009 through 2013, Urban Tax receipts are projected to grow 124% from the 2009 low point. Urban Tax receipts are generated by market conditions that can change dramatically, and significant declines have occurred before: after reaching a then-record level in 1987, Urban Tax receipts declined 85% over a five year period.

Growth Rate for the Urban Taxes (from prior year level)							
	2007	2008	2009	2010	2011	2012	2013
Real Property Transfer Tax	34.7%	(41.4)%	(60.6)%	50.6%	12.1%	12.4%	16.8%
Mortgage Recording Tax	27.0%	(39.2)%	(62.2)%	46.3%	17.8%	12.5%	18.0%
TOTAL	32.1%	(40.7)%	(61.2)%	49.2%	13.9%	12.4%	17.2%

STATE AND LOCAL SUBSIDIES

State and Local Subsidies consist of New York State and Local Section 18-B Operating Assistance, Station Maintenance, Nassau County Subsidy to MTA Long Island Bus, Connecticut Department of Transportation (CDOT) Subsidy to Metro-North Railroad, and New York City reimbursement to the MTA of the costs of MTA Bus' operation. In addition, for 2009 Long Island Bus' subsidies include additional Mass Transit Assistance Program (AMTAP) aid, appropriated by the State.

New York State 18-b Operating Assistance is a statewide mass transportation program that provides 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 amounts paid by the State. The matching payments, Local 18-b Operating Assistance, are to be made quarterly 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.

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.

Nassau County subsidies are intended to meet payment obligations to help cover LIB's operating deficit. Nassau's Local 18-b match for LIB is 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.

The current costs of the MTA Bus' operations are 100% reimbursable by the City of New York. Under an agreement with the MTA, the City of New York committed to pay MTA Bus the difference between the actual operating costs of the City bus routes and all revenues received for operations from said routes. MMTOA, State and Local 18-b and Urban Taxes that are designated for the former private buses, which are subsidized by the City as required by Statute, continue to be paid directly to the City and are used by the City to partially fund MTA Bus.

2009 Mid-Year Forecast

In the 2009 Mid-Year Forecast, total State and Local cash subsidy receipts are estimated at \$622.4 million, a slight increase of \$2.1 million over the February Plan level. The change is primarily due to a favorable CDOT subsidy payment of

\$3.4 million and an AMTAP subsidy payment of \$5.6 million, partially offset by a lower station maintenance payment, which declined by \$6.9 million due to a negative change in the CPI inflator value. New York State's Enacted Budget appropriation for 2009-10 includes an AMTAP payment for Long Island Bus, which was a legislative addition in the State's Budget but was not anticipated in the MTA February Plan.

In 2009, the forecast of City Subsidy to MTA Bus increased by \$44.6 million from the February Plan level. This was primarily due to a recalculation of MTA Bus' deficit to incorporate retroactive wage adjustments (RWA) of \$42.3 million for hourly union employees, brought forward from 2008. The carryover to 2009 includes both 2008 and pre-2008 RWAs. In June 2009, MTA Bus settled a major labor contract with the TWU that covered the period April 1, 2006 through March 31, 2009 that stipulates retroactive wage payments and benefits dating back to 2006, as well as wage parity with New York City Transit employees going forward. Since negotiations continue with the ATU for previous periods, and no agreements have been reached with any bargaining units going forward, the Plan applies CPI inflators in the out years.

2010 – 2013

In 2010, 2011, 2012 and 2013 State and Local subsidy estimates are \$10.0 million, \$20.4 million, \$16.8 million and \$9.5 million higher than the prior years' level, respectively. The changes primarily represent higher CDOT and station maintenance levels year over year. However, when compared with the February Plan in 2010, 2011 and 2012, State and Local subsidy declined by \$4.3 million, \$3.6 million, and \$0.2 million, respectively, mostly due to reduced station maintenance subsidy as a result of negative changes in the CPI. This is offset by favorable CDOT subsidy receipts. In 2013, State and Local subsidy forecast is \$5.0 million over the February Plan level, which is due to a much larger CDOT estimate for that year.

In 2010, 2011, 2012 and 2013, MTA Bus subsidy from the City increased by \$40.8 million, \$32.2 million, \$34.1 million and \$40.9 million, respectively. These changes primarily reflect anticipated future wage increases for hourly union employees; however, since no agreement has yet been reached with any bargaining units, CPI inflators were used in the Plan to calculate the 2010 through 2013 wage levels.

MTA SUBSIDY TO SUBSIDIARIES

LIB and SIR's shares of MTA subsidy in the MTA July Plan reflect amounts needed to cover their operating deficit after all other subsidies and operating revenues are allocated.

In the 2009 Mid-Year Forecast, total estimated MTA subsidy payment to LIB and SIR on a cash basis is \$47.7 million, which is \$6.6 million higher than the February Plan Forecast. Staten Island Railroad's (SIR) share is \$33.3 million; Long Island Bus' (LIB) share is \$14.4 million.

In 2010, the forecast for MTA subsidy payment to LIB and SIR on a cash basis is \$54.4 million, which is \$18.1 million higher than the February Plan forecast.

For each year from 2011 through 2013, MTA subsidy payments to LIB and SIR is \$53.5 million, \$57.4 million and \$63.1 million respectively, which is \$17.1 million, \$19.0 million and \$26.0 million higher than the February Plan forecast in each of the respective years.

SUBSIDY AND OTHER TECHNICAL ADJUSTMENTS

In addition to the adjustments to MRT-2, which are discussed in the MRT Section, the July Plan includes other subsidy adjustments for 2009 through 2013.

55/25 pension program - Consistent with the February Plan, NYCT pension expenses reflect costs associated with pension refunds to union employees who had previously made contributions to the 55/25 pension program. These refunds were part of the December 2005 labor agreement and subsequent arbitration award with union employees and NYCT, which provided for lump-sum payments to union employees for prior contribution by the NYCERS and MaBSTOA pension plans to the 55/25 pension program. In 2006, a portion of the GASB account was funded by one-time cash savings stemming from reductions in NYCT NYCERS costs; when the monies were deposited in the GASB account, it was intended that these savings would be used for this purpose. The February Plan assumed that the funds would have been transferred from the GASB Account in 2008 into a pension account to fund these and other anticipated pension cost. However, only a partial transfer was made from the GASB Account in 2008. The July Plan assumes that the transfer of the remaining amounts from the GASB Account to fund the pension costs will take place in 2009.

Forward Energy Contract Expiration - The July Plan, consistent with the February Plan, reflects the MTA's energy hedging strategy which was implemented to lock-in fuel prices. In 2007, \$150.0 million was set-aside for NYCT, LIRR and Metro-North's energy. The Plan assumes that \$90.4 million will be available for transfer to the MTA Stabilization Fund to be used for general corporate purposes when the hedges expire in December 2009. A provision to continue with an energy hedging strategy is shown below-the-line as a Cash Management Action.

MTA Bus Debt Service - Consistent with the February Plan, the July Plan reflects the MTA's agreement with the City of New York to fund a portion of MTA Bus' debt service from New York City Transit subsidies, which account for \$11.5 million beginning in 2009 and in each year for the duration of the Plan period. These amounts reflect reimbursement to MTA Bus under a swap agreement with New York City Transit in which Federal capital grant moneys are paid directly to New York City Transit for the benefit of MTA Bus; NYCT applies these funds to cover its own capital projects and in turn reimburses MTA Bus.

Inter-Agency Loans - The July Plan, like the February Plan, continues to assume that in 2009 and 2010 the MTA will borrow \$135.0 million in inter-agency loans in each year and pay these loans back in 2011 and 2012.

2006 Surplus Recovery - In 2006, the MTA used a portion of its 2006 surplus to fund Capital Security and other non-recurring expenses. Based on the February Plan assumptions, \$120.0 million of these funds that was not yet committed was to be transferred to the operating budget in 2008 to be used for future gap-closing. In addition, the February Plan assumed that in 2009 an amount of \$40.0 million would be made available for security projects that may need to be started earlier than the approval of the 2010 through 2014 Capital Program. However, due to timing, only \$95 was transferred to the operating budget in 2008, with the remaining \$25.0 million being applied in early January, 2009. The July Plan, consistent with the February Plan, assumes that \$40.0 million would still be available for security projects in 2009 and applies the 2008 transfer balance as an offset.

2006 MMTOA Catch-Up

The \$100 million (\$50m - 2008, \$50m - 2009) 2006 MMTOA Catch-up is transferred to the MTA Stabilization Fund to be used for general corporate purposes.

MTA New York City Transit Subsidy Allocation
July Financial Plan 2010 - 2013
Cash Basis
(\$ in millions)

	2008	2009	2010	2011	2012	2013
<u>Subsidies</u>						
<i>Dedicated Taxes</i>						
Metropolitan Mass Transportation Operating Assist. (MMTOA)	\$1,098.6	\$900.8	\$917.3	\$905.0	\$965.8	\$999.2
Petroleum Business Tax (PBT) Receipts	518.1	532.2	528.8	530.9	533.0	534.7
Mortgage Recording Tax (MRT)	0.0	0.0	0.0	0.0	0.0	0.0
Urban Tax	<u>523.5</u>	<u>203.6</u>	<u>303.8</u>	<u>346.1</u>	<u>389.1</u>	<u>456.1</u>
	\$2,140.3	\$1,636.7	\$1,750.0	\$1,782.0	\$1,887.9	\$1,990.0
<i>New State Taxes and Fees</i>						
Payroll Mobility Tax	\$0.0	\$898.5	\$1,047.2	\$1,289.4	\$1,550.5	\$1,450.9
License Fees	0.0	3.2	13.4	13.4	13.4	13.4
Vehicle Registration Fees	0.0	22.7	90.8	90.8	90.8	90.8
Taxi Fee	0.0	0.0	85.0	85.0	85.0	85.0
Auto Rental Fee	<u>0.0</u>	<u>8.8</u>	<u>17.5</u>	<u>17.5</u>	<u>17.5</u>	<u>17.5</u>
	\$0.0	\$933.1	\$1,253.9	\$1,496.1	\$1,757.2	\$1,657.6
<i>State and Local Subsidies</i>						
State Operating Assistance	\$158.2	\$158.2	\$158.2	\$158.2	\$158.2	\$158.2
Local Operating Assistance	<u>158.2</u>	<u>158.1</u>	<u>158.1</u>	<u>158.1</u>	<u>158.1</u>	<u>158.2</u>
	\$316.3	\$316.3	\$316.3	\$316.3	\$316.3	\$316.4
2006 Surplus Recovery	\$65.5	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Inter-Agency Loan	0.0	134.5	134.5	(134.5)	(134.5)	0.0
55/25 Pension Funding	64.8	34.4	0.0	0.0	0.0	\$0.0
NYCT Charge Back of MTA Bus Debt Service	(11.4)	(11.5)	(11.5)	(11.5)	(11.5)	(11.5)
Energy Hedging Strategy	<u>(9.0)</u>	<u>70.9</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
	\$109.8	\$228.3	\$123.0	(\$146.0)	(\$146.0)	(\$11.5)
Total Dedicated Taxes & State and Local Subsidies	\$2,566.4	\$3,114.4	\$3,443.1	\$3,448.4	\$3,815.4	\$3,952.4
<i>Inter-agency Subsidy Transactions</i>						
Bridges and Tunnels Operating Surplus Transfer	\$127.2	\$64.8	\$84.2	\$73.6	\$61.3	\$36.8
GROSS SUBSIDIES	\$2,693.6	\$3,179.1	\$3,527.3	\$3,522.0	\$3,876.7	\$3,989.2

MTA Commuter Railroad Subsidy Allocation
July Financial Plan 2010 - 2013
Cash Basis
(\$ in millions)

	2008	2009	2010	2011	2012	2013
<u>Subsidies</u>						
<i>Dedicated Taxes</i>						
Metropolitan Mass Transportation Operating Assistance (MMTOA)	\$549.2	\$468.3	\$463.7	\$461.0	\$488.7	\$503.9
Petroleum Business Tax (PBT) Receipts	91.4	93.9	93.3	93.7	94.1	94.4
Mortgage Recording Tax (MRT)	0.0	0.0	0.0	0.0	0.0	0.0
Investment Income	<u>2.4</u>	<u>2.6</u>	<u>2.6</u>	<u>2.6</u>	<u>2.6</u>	<u>2.7</u>
	\$643.0	\$564.7	\$559.6	\$557.3	\$585.4	\$601.0
<i>New State Taxes and Fees</i>						
Payroll Mobility Tax	\$0.0	\$122.5	\$492.8	\$322.4	\$134.8	\$318.5
License Fees	0.0	3.2	13.4	13.4	13.4	13.4
Vehicle Registration Fees	0.0	22.7	90.8	90.8	90.8	90.8
Taxi Fee	0.0	0.0	0.0	0.0	0.0	0.0
Auto Rental Fee	<u>0.0</u>	<u>8.8</u>	<u>17.5</u>	<u>17.5</u>	<u>17.5</u>	<u>17.5</u>
	\$0.0	\$157.1	\$614.5	\$444.0	\$256.5	\$440.1
<i>State and Local Subsidies</i>						
State Operating Assistance	\$29.3	\$29.3	\$29.3	\$29.3	\$29.3	\$29.3
Local Operating Assistance	29.4	29.3	29.3	29.3	29.3	29.3
CDOT Subsidy	73.0	86.3	98.7	114.5	128.0	134.2
Station Maintenance	143.8	141.1	144.4	149.0	152.3	155.6
AMTAP	<u>19.6</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
	\$295.1	\$286.0	\$301.6	\$322.0	\$338.8	\$348.3
2006 Surplus Recovery	\$16.9	(\$15.0)	\$0.0	\$0.0	\$0.0	\$0.0
Energy Hedging Strategy	<u>(2.5)</u>	<u>19.4</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	\$0.0
	\$14.4	\$4.4	\$0.0	\$0.0	\$0.0	\$0.0
Total Dedicated Taxes & State and Local Subsidies	\$952.5	\$1,012.3	\$1,475.6	\$1,323.3	\$1,180.7	\$1,389.4
<i>Inter-agency Subsidy Transactions</i>						
Bridges and Tunnels Operating Surplus Transfer	\$232.3	\$197.2	\$208.6	\$197.5	\$184.6	\$159.9
GROSS SUBSIDIES	\$1,184.8	\$1,209.4	\$1,684.2	\$1,520.9	\$1,365.2	\$1,549.3

MTA Long Island Bus Subsidy Allocation
July Financial Plan 2010 - 2013
Cash Basis
(\$ in millions)

	2008	2009	2010	2011	2012	2013
<u>Subsidies</u>						
<i>Dedicated Taxes</i>						
MMTOA Allocation	\$54.8	\$48.3	\$45.1	\$49.8	\$51.9	\$51.4
<i>State and Local Subsidies</i>						
State Operating Assistance	\$2.9	\$8.6	\$3.0	\$3.0	\$3.0	\$3.0
Nassau County Subsidy	<u>10.5</u>	<u>10.5</u>	<u>10.5</u>	<u>10.5</u>	<u>10.5</u>	<u>10.5</u>
	\$13.4	\$19.1	\$13.5	13.5	13.5	13.5
Total Dedicated Taxes & State and Local Subsidies	\$68.2	\$67.4	\$58.6	\$63.3	\$65.4	\$64.9
<i>Inter-agency Subsidy Transactions</i>						
MTA Subsidy to Subsidiaries	\$14.0	\$14.4	\$27.6	\$26.5	\$28.3	\$32.8
GROSS SUBSIDIES	\$82.2	\$81.9	\$86.2	\$89.9	\$93.6	\$97.7

MTA Staten Island Railway Subsidy Allocation
July Financial Plan 2010 - 2013
Cash Basis
(\$ in millions)

	2008	2009	2010	2011	2012	2013
<u>Subsidies</u>						
<i>Dedicated Taxes</i>						
Metropolitan Mass Transportation Operating Assistance (MMTOA)	\$3.5	\$3.1	\$3.1	\$3.1	\$3.3	\$3.4
Mortgage Recording Tax (MRT)	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
	\$3.5	\$3.1	\$3.1	\$3.1	\$3.3	\$3.4
<i>State and Local Subsidies</i>						
State Operating Assistance	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5
Local Operating Assistance	<u>0.5</u>	<u>0.5</u>	<u>0.5</u>	<u>0.5</u>	<u>0.5</u>	<u>0.5</u>
	\$1.0	\$1.0	\$1.0	\$1.0	\$1.0	\$1.0
Total Dedicated Taxes & State and Local Subsidies	\$4.5	\$4.1	\$4.2	\$4.1	\$4.3	\$4.4
<i>Inter-agency Subsidy Transactions</i>						
MTA Subsidy to Subsidiaries	\$21.5	\$33.3	\$26.8	\$27.0	\$29.1	\$30.3
GROSS SUBSIDIES	\$26.0	\$37.4	\$30.9	\$31.1	\$33.4	\$34.7

MTA Headquarters Subsidy Allocation
July Financial Plan 2010 - 2013
Cash Basis
(\$ in millions)

	2008	2009	2010	2011	2012	2013
<u>Subsidies</u>						
<u>Dedicated Taxes</u>						
<u>Mortgage Recording Tax-1</u>						
Net Receipts After Agency Transfers	\$256.8	\$160.0	\$178.1	\$192.1	\$231.6	\$254.2
<u>Adjustments</u>						
Diversion of MRT to Suburban Counties	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Carryover/Opening Balances/Interest	21.6	17.6	0.0	0.0	0.0	0.0
MRT-2 Required to Balance	0.0	145.0	165.4	182.5	138.5	132.8
<i>Total Adjustments</i>	\$21.6	\$162.5	\$165.4	\$182.5	\$138.5	\$132.8
Net Funding of MTA Headquarters	\$278.5	\$322.5	\$343.5	\$374.6	\$370.1	\$387.0
<u>Mortgage Recording Tax - 2</u>						
Net Receipts	\$151.8	\$103.1	\$95.9	\$99.7	\$123.5	\$131.8
<u>Adjustments</u>						
Funding of General Reserve	\$0.0	(\$37.5)	(\$75.0)	(\$75.0)	(\$75.0)	(\$75.0)
Diversion of MRT to Suburban Counties	(12.2)	(6.2)	(3.4)	(3.1)	(3.4)	(5.2)
Carryover/Opening Balances/Interest	14.1	9.9	9.9	9.9	10.0	10.0
Agency Security Costs from MRT	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)
Transfer to MRT-1	0.0	(145.0)	(165.4)	(182.5)	(138.5)	(132.8)
Downsizing	0.0	0.0	(40.5)	0.0	0.0	0.0
Enhanced Security Training	0.0	(6.2)	(6.2)	0.0	0.0	0.0
Service Marketing Campaign	5.0	0.0	0.0	0.0	0.0	0.0
MTA Bus Debt Service	(24.6)	(23.2)	(24.9)	(24.9)	(24.9)	(24.9)
Cash Defeasance Loan for TBTA	0.0	90.8	0.0	0.0	0.0	0.0
<i>Total Adjustments</i>	(\$27.7)	(\$127.3)	(\$315.5)	(\$285.6)	(\$241.8)	(\$237.9)
Unallocated MRT-2 Receipts	\$124.1	(\$24.2)	(\$219.7)	(\$185.9)	(\$118.3)	(\$106.1)

MTA Bus Company Subsidy Allocation
July Financial Plan 2010 - 2013
Cash Basis
(\$ in millions)

	2008	2009	2010	2011	2012	2013
<u>Subsidies</u>						
City Subsidy to MTA Bus Company	\$281.8	\$303.5	\$290.2	\$290.6	\$305.7	\$341.5

MTA BRIDGES & TUNNELS
SURPLUS TRANSFER
July Financial Plan 2010 - 2013
(\$ in millions)

NON-REIMBURSABLE

ACTUAL	FORECAST				
2008	2009	2010	2011	2012	2013

Deductions from Net Operating Income:

Investment Income	\$4.491	\$0.307	\$0.748	\$2.685	\$4.107	\$4.487
Total Debt Service	506.978	610.805	613.879	629.739	647.793	679.426
Reserves	11.421	13.953	14.195	14.425	14.689	14.995
Capitalized Assets	11.806	18.483	18.767	18.716	18.701	18.743
Gain on Escrow (2003 Only)	-	-	-	-	-	-
GASB Reserves	1.980	2.210	2.431	2.479	2.529	2.581

Total Deductions from Net Operating Income	\$536.676	\$645.756	\$650.021	\$668.043	\$687.820	\$720.233
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Net Income Available for Transfer to MTA and NYCT	\$347.115	\$254.300	\$299.192	\$271.284	\$247.327	\$196.508
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Distribution of Funds to MTA:

Investment Income in Current Year	\$4.491	\$0.307	\$0.748	\$2.685	\$4.107	\$4.487
Accrued Current Year Allocation	227.178	190.921	211.604	197.590	185.277	159.810

Total Accrued Amount Distributed to MTA	\$231.669	\$191.228	\$212.352	\$200.275	\$189.384	\$164.297
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Distribution of Funds to NYCT:

First \$24 million of Surplus reserved for NYCT	\$24.000	\$24.000	\$24.000	\$24.000	\$24.000	\$24.000
Additional Accrued Current Year Allocation	95.146	39.379	63.589	49.694	38.050	12.699

Total Accrued Amount Distributed to NYCT	\$119.146	\$63.379	\$87.589	\$73.694	\$62.050	\$36.699
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Actual Cash Transfer to MTA and NYCT:

From Current Year Surplus	\$235.705	\$194.547	\$209.535	\$198.991	\$186.508	\$162.356
Investment Income in Prior Year	5.558	4.491	0.307	0.748	2.685	4.107

Total Cash Amount Distributed to MTA	\$241.263	\$199.038	\$209.842	\$199.739	\$189.193	\$166.463
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Total Cash Amount Distributed to NYCT	\$122.332	\$68.956	\$85.168	\$75.083	\$63.214	\$39.234
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	ACTUAL	FORECAST				
	2008	2009	2010	2011	2012	2013

Debt Service Detail by Agency:

B&T Own Purpose DS	\$164.246	\$203.085	\$212.493	\$228.665	\$248.610	\$280.512
NYCT Transportation DS	237.777	279.631	274.700	274.485	273.205	273.012
MTA Transportation DS	105.745	128.089	126.686	126.589	125.979	125.902
Total Debt Service by Agency	\$507.768	\$610.805	\$613.879	\$629.739	\$647.793	\$679.426

Total Accrued Amount for Transfer to MTA and NYCT:

Total Adjusted Net Income Available for Transfer	\$854.093	\$865.105	\$913.071	\$901.023	\$895.120	\$875.935
Less: B&T Total Debt Service	(164.246)	(203.085)	(212.493)	(228.665)	(248.610)	(280.512)
Less: first \$24 million reserved for NYCT	(24.000)	(24.000)	(24.000)	(24.000)	(24.000)	(24.000)
Remainder of Total Accrued Amount for Transfer	\$665.847	\$638.020	\$676.579	\$648.357	\$622.510	\$571.422

Calculation of Actual Cash Transfer to MTA:

<u>Distribution of Remainder to MTA</u>						
Fifty Percent of Total Accrued Amount for Transfer	\$332.924	\$319.010	\$338.289	\$324.179	\$311.255	\$285.711
Less: MTA Total Debt Service	(105.745)	(128.089)	(126.686)	(126.589)	(125.979)	(125.902)
MTA's Accrued Current Year Allocation	\$227.178	\$190.921	\$211.604	\$197.590	\$185.277	\$159.810
<u>Cash Conversion of MTA's Accrued Amount</u>						
Current Year Amount	\$204.460	\$171.829	\$190.443	\$177.831	\$166.749	\$143.829
Balance of Prior Year	31.245	22.718	19.092	21.160	19.759	18.528
Cash Transfer to MTA	\$235.705	\$194.547	\$209.535	\$198.991	\$186.508	\$162.356

Calculation of Actual Cash Transfer to NYCT:

<u>Distribution of Remainder to NYCT</u>						
Fifty Percent of Total Accrued Amount for Transfer	\$332.924	\$319.010	\$338.289	\$324.179	\$311.255	\$285.711
Less: NYCT Total Debt Service	(237.777)	(279.631)	(274.700)	(274.485)	(273.205)	(273.012)
Plus: first \$24 million reserved for NYCT	24.000	24.000	24.000	24.000	24.000	24.000
NYCT's Accrued Current Year Allocation	\$119.146	\$63.379	\$87.589	\$73.694	\$62.050	\$36.699
<u>Cash Conversion of NYCT's Accrued Amount</u>						
Current Year Amount	\$107.232	\$57.041	\$78.830	\$66.324	\$55.845	\$33.029
Balance of Prior Year	15.100	11.915	6.338	8.759	7.369	6.205
Cash Transfer to NYCT	\$122.332	\$68.956	\$85.168	\$75.083	\$63.214	\$39.234

B & T Charged Debt Service Detail by Type:

<u>Project Debt Service</u>						
B & T Own Purpose Debt Service	\$164.246	\$203.085	\$212.493	\$228.665	\$248.610	\$280.512
NYCT Transportation Project Debt Service	237.777	279.631	274.700	274.485	273.205	273.012
MTA Transportation Project Debt Service	105.745	128.089	126.686	126.589	125.979	125.902
Total Project Debt Service	\$507.768	\$610.805	\$613.879	\$629.739	\$647.793	\$679.426

SUMMARY
MTA LONG ISLAND BUS
MULTI-YEAR FINANCIAL PLAN
2010 - 2013
(\$ in millions)

Line

Number

		ACTUAL	FORECAST				
		2008	2009	2010	2011	2012	2013
8							
9	<u>Revenue Summary:</u>						
10							
11	Farebox Revenue	\$42.4	\$42.4	\$43.8	\$44.2	\$44.6	\$45.0
12	Other Revenue	2.7	2.4	2.3	2.0	2.0	2.1
13	State/Local Subsidies	68.2	67.4	58.6	63.3	65.4	64.9
14							
15	Total Revenue Before MTA Subsidy	\$113.3	\$112.2	\$104.7	\$109.5	\$112.0	\$111.9
16							
17	<u>Non-Reimbursable Expense Summary:</u>						
18							
19	Labor Expenses	\$98.9	\$97.4	\$100.3	\$102.1	\$105.2	\$108.2
20	Non-Labor Expenses	31.1	29.9	32.6	34.5	35.6	37.1
21	Depreciation	0.0	0.0	0.0	0.0	0.0	0.0
22	OPEB Obligation	10.6	10.7	10.7	10.8	10.8	10.9
23	Environmental Remediation	0.0	0.0	0.0	0.0	0.0	0.0
24							
25	Total Non-Reimbursable Expenses	\$140.5	\$138.0	\$143.6	\$147.4	\$151.6	\$156.2
26							
27	Total Net Revenue	(\$27.2)	(\$25.8)	(\$38.9)	(\$37.9)	(\$39.6)	(\$44.2)
28							
29	<u>Cash Adjustment Summary:</u>						
30							
31	Operating Cash Adjustments	\$13.4	\$6.4	\$11.3	\$11.3	\$11.3	\$11.4
32	Subsidy Cash Adjustments	0.0	0.0	0.0	0.0	0.0	0.0
33							
34	Total Cash Adjustment	\$13.4	\$6.4	\$11.3	\$11.3	\$11.3	\$11.4
35							
36	Gross Cash Balance	(\$13.8)	(\$19.4)	(\$27.6)	(\$26.5)	(\$28.3)	(\$32.8)
37							
38	MTA Internal Subsidy	14.0	14.4	27.6	26.5	28.3	32.8
39							
40	Net Cash Balance from Previous Year	\$4.8	\$5.0	\$0.0	\$0.0	\$0.0	\$0.0
41							
42							
43	Baseline Net Cash Surplus/(Deficit)	\$5.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0

SUMMARY
MTA STATEN ISLAND RAILWAY
MULTI-YEAR FINANCIAL PLAN
2010 - 2013
(\$ in millions)

Line Number		ACTUAL	FORECAST				
		2008	2009	2010	2011	2012	2013
9							
10	<u>Revenue Summary:</u>						
11							
12	Farebox Revenue	\$4.4	\$4.5	\$5.3	\$5.4	\$5.4	\$5.5
13	Other Revenue	1.9	2.1	2.1	2.1	2.1	2.1
14	State/City Subsidies	4.5	4.2	4.0	4.1	4.3	4.4
15							
16	Total Revenue Before MTA Subsidy	\$10.8	\$10.8	\$11.4	\$11.6	\$11.8	\$11.9
17							
18	<u>Non-Reimbursable Expense Summary:</u>						
19							
20	Labor Expenses	\$23.0	\$26.3	\$28.1	\$29.4	\$31.1	\$31.6
21	Non-Labor Expenses	7.6	17.8	10.0	8.8	9.4	10.3
22	Depreciation	7.0	10.3	10.3	10.3	10.3	10.3
23	OPEB Obligation	2.6	2.7	2.8	2.8	3.0	3.0
24	Environmental Remediation	0.0	0.0	0.0	0.0	0.0	0.0
25							
26	Total Non-Reimbursable Expenses	\$40.2	\$57.1	\$51.2	\$51.4	\$53.9	\$55.2
27							
28							
29	Total Net Revenue	(\$29.4)	(\$46.3)	(\$39.7)	(\$39.8)	(\$42.1)	(\$43.3)
30							
31	<u>Cash Adjustment Summary:</u>						
32							
33	Operating Cash Adjustments	\$10.1	\$12.8	\$12.8	\$12.8	\$13.0	\$13.0
34	Subsidy Cash Adjustments	(2.0)	(0.1)	0.1	0.0	0.0	0.0
35							
36	Total Cash Adjustment	\$8.1	\$12.7	\$13.0	\$12.8	\$13.0	\$13.0
37							
38	Gross Cash Balance	(\$21.3)	(\$33.7)	(\$26.8)	(\$27.0)	(\$29.1)	(\$30.3)
39							
40	MTA Internal Subsidy before PEGs	21.5	33.3	26.8	27.0	29.1	30.3
41							
42	Net Cash Balance from Previous Year	\$0.2	\$0.4	\$0.0	\$0.0	\$0.0	\$0.0
43							
44							
45	Baseline Net Cash Surplus/(Deficit)	\$0.4	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0

SUMMARY
MTA BUS COMPANY
MULTI-YEAR FINANCIAL PLAN
2010 - 2013
(\$ in millions)

Line Number		ACTUAL	FORECAST				
		2008	2009	2010	2011	2012	2013
9							
10	<u>Revenue Summary:</u>						
11							
12	Farebox Revenue	\$155.3	\$156.7	\$162.8	\$164.9	\$166.6	\$167.9
13	Other Revenue	24.7	19.8	20.6	21.7	21.9	22.2
15							
16	Total Revenue Before MTA Subsidy	\$180.0	\$176.5	\$183.4	\$186.6	\$188.5	\$190.2
17							
18	<u>Non-Reimbursable Expense Summary:</u>						
19							
20	Labor Expenses	\$339.4	\$341.9	\$353.1	\$360.1	\$372.8	\$387.5
21	Non-Labor Expenses	128.3	105.9	109.1	114.8	119.8	138.9
22	Depreciation	34.4	37.1	40.2	42.2	42.2	42.2
23	OPEB Obligation	48.8	51.7	53.6	55.5	57.8	60.1
24							
25	Total Non-Reimbursable Expenses	\$551.0	\$536.6	\$556.0	\$572.6	\$592.6	\$628.8
26							
27							
28	Total Net Revenue	(\$371.0)	(\$360.2)	(\$372.6)	(\$386.0)	(\$404.1)	(\$438.6)
29							
30	Cash Adjustments	\$134.4	\$31.0	\$90.2	\$93.8	\$95.7	\$97.0
31							
32	Total Cash Adjustment	\$134.4	\$31.0	\$90.2	\$93.8	\$95.7	\$97.0
33							
34	Gross Cash Balance	(\$236.5)	(\$329.2)	(\$282.4)	(\$292.2)	(\$308.4)	(\$341.5)
35							
36	<u>City Subsidy</u>						
37	Accrued	236.5	329.2	282.4	292.2	308.4	341.5
38	Cash	281.8	303.5	290.2	290.6	305.7	336.0
39	CFA	45.3	(25.6)	7.8	(1.6)	(2.7)	(5.5)
40							
41	Net Cash Balance from Previous Year	\$0.0	\$45.3	\$19.7	\$27.5	\$25.8	\$23.1
42							
43							
44	Baseline Net Cash Surplus/(Deficit)	\$45.3	\$19.7	\$27.5	\$25.8	\$23.1	\$17.6

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Debt Service

Debt Service in the Financial Plan

- The following table reflects debt service projections for 2009 through 2013 associated with *existing approved* Capital Programs. The table compares all MTA and TBTA debt service in the MTA February 2009 Financial Plan with newly revised estimates for this July 2009 Financial Plan (this excludes State Service Contract and Convention Center debt service which is fully paid by New York State).

Debt Service Forecast (in millions) ⁽¹⁾			
Year	February Plan Debt Service	July Plan Debt Service	Difference Favorable/(Unfavorable)
2009	\$1,474	\$1,499	(\$26)
2010	1,904	1,914	(10)
2011	2,012	2,030	(18)
2012	2,154	2,155	(1)
2013	<u>2,227</u>	<u>2,216</u>	11
Total	\$9,771	\$9,814	(\$43)

(1) The above table includes the effect of cash defeasance in 2009.

- Additionally, a preliminary estimate of debt service has been included in the detailed table below for borrowing for expenditures associated with a 2010-2014 Capital Program. For forecasting purposes, the core Capital Program has been adjusted for cost escalation, and estimates of Federal, City and local funding sources, and includes the remaining local share of Second Avenue Subway Phase 1 and East Side Access projects. Debt service impact during the Financial Plan period would be approximately \$6 million in 2010, \$29 million in 2011, growing to \$101 million in 2012 and \$260 million in 2013. These debt service estimates are based on a borrowing forecast of \$170 million in 2010, \$457 million in 2011, and \$1.5 billion and \$2.8 billion in 2012 and 2013, respectively, adjusted for moneys available on a pay as you go basis.
- The effects of the cash defeasance transaction completed in September 2007 have been incorporated into the debt service budget. \$299.3 million of cash and \$4.3 million already set-aside in the debt service accounts were used to create the requisite escrow. Savings are calculated to be \$283.3 million in 2009. In order to defease TBTA's debt, \$90.8 million of excess MRT receipts were used in 2007 as an interagency loan, to be repaid in 2009. The \$90.8 million repayment has no effect on consolidated debt service listed on the table below. However, TBTA's debt service listed in the TBTA's section of this Financial Plan has been increased by that amount.

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	2009	2010	2011	2012	2013
New Money Bonds *(\$ in millions)	869	2,576	1,682	2,606	3,452
Assumed Fixed-Rates					
Transportation Revenue Bonds	5.87%	6.15%	6.42%	6.52%	6.53%
Dedicated Tax Fund Bonds	5.04%	5.29%	5.52%	5.61%	5.61%
Triborough Bridge & Tunnel Authority	5.04%	5.29%	5.52%	5.61%	5.61%
Assumed Variable Rates	4.00%	4.00%	4.00%	4.00%	4.00%
Weighted Average Interest Rates **					
Transportation Revenue Bonds	5.68%	5.94%	6.18%	6.27%	6.28%
Dedicated Tax Fund Bonds	4.94%	5.16%	5.37%	5.45%	5.45%
Triborough Bridge & Tunnel Authority	4.94%	5.16%	5.37%	5.45%	5.45%

* 2010 to 2013 include assumed borrowing for the not yet approved 2010-2014 Capital Program. 2009 borrowing is only for the remainder of the year.

** 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 2009– 2013 derived by applying changes in U.S. Municipal Forward Curves to prevailing transportation curves (as of June 6, 2009).
- Split of fixed-rate debt versus variable rate debt each year is 90% / 10%.
- New bond issues calculated interest rate at time of issuance use weighted average of fixed and variable assumptions (actual fixed-rates in table above assumed for fixed-rate bonds).
- Cost of issuance is 2% of gross bonding amount.
- New money bonds for currently approved transit and commuter projects assumed issued 25% under the DTF credit and 75% under the Transportation credit.
- All bonds issued to finance TBTA capital projects issued under the TBTA General Revenue Resolution.
- No reserve funds.

Metropolitan Transportation Authority
July Financial Plan 2010 - 2013
Summary of Total Budgeted Debt Service
(\$ in millions)

Line Number		ACTUAL	FORECAST				
		2008	2009	2010	2011	2012	2013
9	<u>New York City Transit:</u>						
10							
11	Budgeted Gross Debt Service for Existing Transportation Revenue Bonds	\$449.084	\$377.346	\$426.101	\$419.501	\$428.379	\$424.788
12	Debt Service on Additional Transportation Revenue Bonds Supporting Approved Capital Programs	0.000	22.146	90.121	163.663	218.261	261.963
13	2 Broadway Certificates of Participation - NYCT Share	24.339	21.888	21.894	21.898	21.904	21.914
14	Transportation Resolution Commercial Paper	8.531	17.693	17.693	17.693	32.920	32.920
15	Budgeted Gross Debt Service for Existing Dedicated Tax Fund Bonds	222.727	232.176	301.541	301.608	301.697	303.313
16	<u>Debt Service on Additional Dedicated Tax Fund Bonds Supporting Approved Capital Programs</u>	<u>0.000</u>	<u>0.000</u>	<u>14.023</u>	<u>36.504</u>	<u>53.161</u>	<u>66.488</u>
17	<i>Sub-Total MTA Paid Debt Service</i>	\$704.681	\$671.249	\$871.373	\$960.868	\$1,056.322	\$1,111.386
18							
19	Budgeted Gross Debt Service for Existing TBTA (B&T) General Revenue Bonds	\$154.866	\$160.947	\$195.432	\$195.371	\$193.807	\$194.054
20	<u>Budgeted Gross Debt Service for Existing TBTA (B&T) Subordinate Revenue Bonds</u>	<u>82.911</u>	<u>77.825</u>	<u>79.379</u>	<u>79.232</u>	<u>79.521</u>	<u>79.082</u>
21	<i>Sub-Total B&T Paid Debt Service</i>	\$237.777	\$238.773	\$274.811	\$274.603	\$273.328	\$273.136
22							
23	Total NYCT Debt Service	\$942.458	\$910.022	\$1,146.183	\$1,235.471	\$1,329.650	\$1,384.522
24							
25	<u>Commuter Railroads:</u>						
26							
27	Budgeted Gross Debt Service for Existing Transportation Revenue Bonds	\$242.793	\$293.212	\$333.262	\$328.101	\$335.044	\$332.235
28	Debt Service on Additional Transportation Revenue Bonds Supporting Approved Capital Programs	0.000	4.301	21.711	36.937	39.054	39.054
29	Transportation Resolution Commercial Paper	5.142	9.417	9.417	9.417	17.521	17.521
30	Budgeted Gross Debt Service for Existing Dedicated Tax Fund Bonds	41.404	43.185	56.087	56.099	56.116	56.416
31	<u>Debt Service on Additional Dedicated Tax Fund Bonds Supporting Approved Capital Programs</u>	<u>0.000</u>	<u>0.000</u>	<u>4.011</u>	<u>8.668</u>	<u>9.314</u>	<u>9.314</u>
32	<i>Sub-Total MTA Paid Debt Service</i>	\$289.339	\$350.115	\$424.487	\$439.222	\$457.049	\$454.541
33							
34	Budgeted Gross Debt Service for Existing TBTA (B&T) General Revenue Bonds	\$69.318	\$75.652	\$91.861	\$91.832	\$91.097	\$91.213
35	<u>Budgeted Gross Debt Service for Existing TBTA (B&T) Subordinate Revenue Bonds</u>	<u>36.428</u>	<u>34.193</u>	<u>34.876</u>	<u>34.811</u>	<u>34.938</u>	<u>34.745</u>
36	<i>Sub-Total B&T Paid Debt Service</i>	\$105.745	\$109.845	\$126.736	\$126.644	\$126.035	\$125.958
37							
38	Total CRR Debt Service	\$395.084	\$459.960	\$551.224	\$565.865	\$583.084	\$580.499
39							
40	<u>Bridges and Tunnels:</u>						
41							
42	Budgeted Gross Debt Service for Existing TBTA (B&T) General Revenue Bonds	\$128.053	\$135.544	\$164.586	\$164.535	\$163.217	\$163.425
43	Budgeted Gross Debt Service for Existing TBTA (B&T) Subordinate Revenue Bonds	32.751	30.742	31.356	31.298	31.412	31.239
44	Debt Service on Additional TBTA (B&T) General Revenue Bonds Supporting Approved Capital Programs	0.000	2.166	11.881	24.536	35.270	43.859
45	2 Broadway Certificates of Participation - TBTA Share	3.442	3.095	3.096	3.097	3.098	3.099
46							
47	Total B&T Debt Service	\$164.246	\$171.548	\$210.919	\$223.466	\$232.997	\$241.622
48							
49	<u>MTA Bus:</u>						
50							
51	Budgeted Gross Debt Service for Existing Transportation Revenue Bonds	\$8.530	\$9.556	\$10.914	\$10.745	\$10.972	\$10.880
52	Debt Service on Additional Transportation Revenue Bonds Supporting Approved Capital Programs	0.000	1.701	3.401	3.401	3.401	3.401
53	Transportation Resolution Commercial Paper	2.075	4.465	4.465	4.465	8.307	8.307
54							
55	Total MTA Bus Debt Service	\$10.605	\$15.721	\$18.780	\$18.611	\$22.681	\$22.589
56							
57	Total MTA HQ Debt Service for 2 Broadway Certificates of Participation	\$3.339	\$3.003	\$3.004	\$3.004	\$3.005	\$3.006
58							

Metropolitan Transportation Authority
July Financial Plan 2010 - 2013
Summary of Total Budgeted Debt Service
(\$ in millions)

Line Number		ACTUAL	FORECAST				
		2008	2009	2010	2011	2012	2013
59	<u>MTA Total:</u>						
60							
61	Budgeted Gross Debt Service for Existing Transportation Revenue Bonds	\$700.407	\$680.114	\$770.277	\$758.347	\$774.396	\$767.903
62	Budgeted Gross Debt Service for Existing Dedicated Tax Fund Bonds	264.131	275.361	357.628	357.707	357.813	359.730
63	Budgeted Gross Debt Service for Existing TBTA (B&T) General Revenue Bonds	352.237	372.143	451.878	451.738	448.120	448.692
64	Budgeted Gross Debt Service for Existing TBTA (B&T) Subordinate Revenue Bonds	152.090	142.761	145.611	145.342	145.872	145.066
65	2 Broadway Certificates of Participation	31.120	27.986	27.994	27.999	28.006	28.019
66	Transportation Resolution Commercial Paper	15.748	31.575	31.575	31.575	58.748	58.748
67	Debt Service on Additional Transportation Revenue Bonds Supporting Approved Capital Programs	0.000	28.147	115.234	204.002	260.717	304.419
68	Debt Service on Additional Dedicated Tax Fund Bonds Supporting Approved Capital Programs	0.000	0.000	18.034	45.172	62.476	75.802
69	Debt Service on Additional TBTA (B&T) General Revenue Bonds Supporting Approved Capital Programs	0.000	2.166	11.881	24.536	35.270	43.859
70							
71	Total Debt Service	\$1,515.733	\$1,560.254	\$1,930.110	\$2,046.418	\$2,171.418	\$2,232.239
72							
73	<u>MTA Investment Income by Resolution</u>						
74							
75	Investment Income from Transportation Debt Service Fund	\$0.000	(\$0.266)	(\$0.332)	(\$0.361)	(\$0.388)	(\$0.402)
76	Investment Income from Dedicated Tax Fund Debt Service Fund	0.000	(0.114)	(0.184)	(0.228)	(0.255)	(0.277)
77	Investment Income from TBTA (B&T) General Revenue Debt Service Fund	0.000	(0.140)	(0.181)	(0.196)	(0.205)	(0.213)
78	Investment Income from TBTA (B&T) Subordinate Revenue Debt Service Fund	0.000	(0.054)	(0.059)	(0.064)	(0.068)	(0.071)
79	Investment Income from 2 Broadway Certificates of Participation Debt Service Fund	0.000	(0.010)	(0.010)	(0.010)	(0.011)	(0.011)
80	Build America Bonds Interest Subsidy	0.000	(10.431)	(19.257)	(19.257)	(19.257)	(19.257)
81							
82	Total MTA Wide Investment Income	\$0.000	(\$11.015)	(\$20.023)	(\$20.115)	(\$20.184)	(\$20.231)
83							
84	<u>MTA Wide Net Total</u>						
85							
86	Net Transportation Revenue Bonds Debt Service	\$700.407	\$707.996	\$885.178	\$961.987	\$1,034.725	\$1,071.920
87	Transportation Resolution Commercial Paper	15.748	31.575	31.575	31.575	58.748	58.748
88	Net Dedicated Tax Fund Bonds Debt Service	264.131	264.816	356.220	383.395	400.776	415.997
89	Net TBTA (B&T) General Revenue Bonds Debt Service	352.237	374.169	463.578	476.079	483.186	492.338
90	Net TBTA (B&T) Subordinate Revenue Bonds Debt Service	152.090	142.706	145.552	145.278	145.804	144.995
91	Net 2 Broadway Certificates of Participation Debt Service	31.120	27.975	27.983	27.988	27.996	28.009
92	Planned Long-term Refinancing of \$50 million note due 11/15/2009	0.000	(50.000)	3.693	3.693	3.693	3.693
93							
94	Total MTA Wide Net Debt Service for Approved Capital Programs	\$1,515.733	\$1,499.239	\$1,913.779	\$2,029.995	\$2,154.927	\$2,215.700
95							
96	MTA Wide Debt Service Associated with 2010-2014 Capital Programs	\$0.000	\$0.000	\$6.135	\$29.196	\$101.554	\$260.494
97							
98	Total MTA Wide Net Debt Service including 2010-2014 Capital Programs	\$1,515.733	\$1,499.239	\$1,919.914	\$2,059.191	\$2,256.481	\$2,476.194
99							
100	TBTA Pay-Go Adjustment				54.00	43.50	56.00
101	Implied Holdback				59.30	59.20	94.96
102	Holdback				\$59.01	\$59.23	\$95.00

Debt Service Affordability Statement

MTA 2010 - 2013 Financial Plan

Debt Affordability Statement

\$ in millions

Forecasted Debt Service and Borrowing Schedule		Notes	2008	2009	2010	2011	2012	2013
Combined MTA/TBTA Forecasted Debt Service Schedule		1, 2, 3	1,484.6	1,471.3	1,891.9	2,031.2	2,228.5	2,448.2
Forecasted New Money Bonds Issued		4	1,767.2	2,557.9	2,575.6	1,681.8	2,606.2	3,452.5

Forecasted Debt Service by Credit		Notes	2008	2009	2010	2011	2012	2013
Transportation Revenue Bonds								
Pledged Revenues	5		\$8,610.0	\$7,824.2	\$8,055.5	\$8,167.6	\$8,380.0	\$8,550.0
Debt Service	9		716.2	689.6	924.9	1,021.2	1,183.0	1,355.9
Debt Service as a % of Pledged Revenues			8%	9%	11%	13%	14%	16%
Dedicated Tax Fund Bonds								
Pledged Revenues	6		\$609.6	\$626.1	\$622.2	\$624.6	\$627.0	\$629.1
Debt Service	9		264.1	264.8	356.2	383.4	400.8	416.0
Debt Service as a % of Pledged Revenues			43%	42%	57%	61%	64%	66%
Triborough Bridge and Tunnel Authority General Revenue Bonds								
Pledged Revenues	7		\$883.8	\$899.1	\$947.2	\$936.3	\$931.1	\$911.7
Debt Service	9		352.2	374.2	465.2	481.4	498.9	531.3
Debt Service as a % of Total Pledged Revenues			40%	42%	49%	51%	54%	58%
Triborough Bridge and Tunnel Authority Subordinate Revenue Bonds								
Pledged Revenues	8		\$531.6	\$524.9	\$482.0	\$455.0	\$432.2	\$380.4
Debt Service	9		152.1	142.7	145.6	145.3	145.8	145.0
Debt Service as a % of Total Pledged Revenues			29%	27%	30%	32%	34%	38%

Cumulative Debt Service (Excluding State Service Contract Bonds)		Notes	2008	2009	2010	2011	2012	2013
Total Debt Service			\$1,484.6	\$1,471.3	\$1,891.9	\$2,031.2	\$2,228.5	\$2,448.2
Operating Revenues and Subsidies			10,041.4	10,710.2	11,762.4	12,084.8	12,484.0	12,839.5
Total Debt Service as a % of Operating Revenues and Subsidies			15%	14%	16%	17%	18%	19%
Fare and Toll Revenues			5,514.9	5,651.4	5,898.5	5,985.7	6,056.2	6,104.1
Total Debt Service as a % of Fare and Toll Revenue			27%	26%	32%	34%	37%	40%
Non-reimbursable expenses			12,373.3	12,997.6	13,547.4	14,094.3	14,675.0	15,373.9
Total Debt Service as % of Non-reimbursable expenses			12%	11%	14%	14%	15%	16%

Notes on the following page are integral to this table.

Notes

- 1 Unhedged tax-exempt variable rate debt reflect actuals through September 2008 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 90% fixed-rate and 10% variable rate. Actual 2009 issuance to date is included with the forecast.
- 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 as shown above 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; in addition, while not reflected in the DTF pledged revenue figures above, 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 are also pledged. After the payment of debt service on the MTA Dedicated Tax Fund Bonds, these subsidies are available to pay debt service on the MTA Transportation Revenue Bonds, and then any remaining amounts are available to be used to meet operating costs of the transit system, the commuter system, and SIRTQA.
- 7 Triborough Bridge and Tunnel Authority General Revenue Bond pledged revenues consist primarily of the tolls charged by TBTA on its seven bridges and two tunnels. Pledged revenues secure TBTA General Revenue Bonds after the payment of TBTA operating and maintenance expenses, including certain reserves.
- 8 Triborough Bridge and Tunnel Authority Subordinate Revenue Bonds pledged revenues consist primarily of the tolls charged by TBTA on its seven bridges and two tunnels, after the payment of debt service on the TBTA General Revenue Bonds.
- 9 Debt service schedules for each credit are attached as addendum hereto.

Special Notes

- (1) Debt service associated with the 2010-2014 Capital Programs is included in the table above; all debt service other than debt service on Triborough Bridge and Tunnel Authority bonds is included in Transportation Revenue Bonds debt service.
- (2) Includes effect of cash defeasance implemented in September 2007.
- (3) Revenue and expense numbers do not include the impact of those items listed as part of the below-the-line adjustments on the financial schedules.

Metropolitan Transportation Authority (including Triborough Bridge and Tunnel Authority)

Total Budgeted Annual Debt Service
All Issuance to June 30, 2009 (\$ in millions)

	Transportation Revenue Resolution			Dedicated Tax Fund Resolution			TBTA General Revenue Resolution			TBTA Subordinate Resolution			MTA and TBTA Debt Service		
Fiscal Year	Existing DS	Additional DS	Combined	Existing DS	Additional DS	Combined	Existing DS	Additional DS	Combined	Existing DS	Additional DS	Combined	Existing DS	Additional DS	Combined
2009	711.7	28.1	739.8	275.4	-	275.4	372.1	2.2	374.3	142.8	-	142.8	1,502.0	30.3	1,532.3
2010	801.9	119.7	921.6	357.6	18.0	375.7	451.9	13.5	465.4	145.6	-	145.6	1,757.0	151.3	1,908.3
2011	789.9	227.9	1,017.8	357.7	45.2	402.9	451.7	29.8	481.6	145.3	-	145.3	1,744.7	302.9	2,047.6
2012	833.1	346.6	1,179.7	357.8	62.5	420.3	448.1	51.0	499.1	145.9	-	145.9	1,784.9	460.0	2,245.0
2013	826.7	525.9	1,352.6	359.7	75.8	435.5	448.7	82.9	531.6	145.1	-	145.1	1,780.1	684.6	2,464.7
2014	833.7	750.9	1,584.6	357.9	80.9	438.8	447.7	120.0	567.7	145.9	-	145.9	1,785.1	951.8	2,736.9
2015	834.4	1,001.3	1,835.7	358.1	80.9	439.0	447.6	157.7	605.2	145.2	-	145.2	1,785.3	1,239.9	3,025.2
2016	833.9	1,221.8	2,055.7	358.2	80.9	439.1	447.2	189.1	636.4	146.0	-	146.0	1,785.4	1,491.8	3,277.2
2017	833.7	1,349.7	2,183.4	358.4	80.9	439.3	447.4	209.3	656.7	148.3	-	148.3	1,787.7	1,639.9	3,427.6
2018	833.7	1,398.1	2,231.8	358.7	80.9	439.6	442.9	216.2	659.1	146.1	-	146.1	1,781.4	1,695.2	3,476.7
2019	832.2	1,410.2	2,242.4	352.9	80.9	433.8	439.3	216.2	655.5	145.8	-	145.8	1,770.2	1,707.4	3,477.6
2020	831.0	1,412.7	2,243.8	354.9	80.9	435.8	439.7	216.2	655.9	145.2	-	145.2	1,770.8	1,709.9	3,480.6
2021	831.3	1,413.1	2,244.4	353.4	80.9	434.3	437.1	216.2	653.3	145.9	-	145.9	1,767.6	1,710.3	3,477.9
2022	830.0	1,413.1	2,243.1	350.1	80.9	431.0	440.9	216.2	657.1	145.4	-	145.4	1,766.3	1,710.3	3,476.6
2023	841.9	1,413.1	2,255.0	352.8	80.9	433.7	434.3	216.2	650.5	146.1	-	146.1	1,775.2	1,710.3	3,485.4
2024	857.7	1,413.1	2,270.8	351.9	80.9	432.9	439.5	216.2	655.7	146.0	-	146.0	1,795.1	1,710.3	3,505.3
2025	858.5	1,413.1	2,271.6	351.5	80.9	432.5	439.3	216.2	655.5	146.0	-	146.0	1,795.2	1,710.3	3,505.5
2026	867.6	1,413.1	2,280.7	348.9	80.9	429.8	438.5	216.2	654.7	146.2	-	146.2	1,801.2	1,710.3	3,511.4
2027	878.1	1,413.1	2,291.2	342.1	80.9	423.1	441.9	216.2	658.1	146.2	-	146.2	1,808.4	1,710.3	3,518.6
2028	870.2	1,413.1	2,283.3	350.4	80.9	431.4	439.7	216.2	655.9	146.5	-	146.5	1,806.9	1,710.3	3,517.1
2029	814.1	1,413.1	2,227.2	349.4	80.9	430.3	438.5	216.2	654.7	146.4	-	146.4	1,748.4	1,710.3	3,458.6
2030	814.4	1,413.1	2,227.5	347.9	80.9	428.8	440.3	216.2	656.5	146.7	-	146.7	1,749.3	1,710.3	3,459.5
2031	811.9	1,413.1	2,225.0	344.0	80.9	425.0	456.9	216.2	673.1	140.8	-	140.8	1,753.5	1,710.3	3,463.8
2032	715.2	1,413.1	2,128.3	343.8	80.9	424.7	379.6	216.2	595.8	86.4	-	86.4	1,524.9	1,710.3	3,235.1
2033	411.2	1,413.1	1,824.3	322.3	80.9	403.3	164.7	216.2	380.9	-	-	-	898.3	1,710.3	2,608.5
2034	411.4	1,413.1	1,824.5	170.2	80.9	251.1	164.7	216.2	380.9	-	-	-	746.2	1,710.3	2,456.5
2035	383.9	1,413.1	1,797.0	118.2	80.9	199.2	163.2	216.2	379.4	-	-	-	665.4	1,710.3	2,375.7
2036	200.0	1,413.1	1,613.1	132.5	80.9	213.4	156.0	216.2	372.2	-	-	-	488.5	1,710.3	2,198.7
2037	169.1	1,413.1	1,582.2	319.9	80.9	400.9	155.8	216.2	372.0	-	-	-	644.8	1,710.3	2,355.1
2038	114.1	1,413.1	1,527.2	301.6	80.9	382.5	135.4	216.2	351.6	-	-	-	551.1	1,710.3	2,261.3
2039	58.7	1,385.0	1,443.7	243.1	80.9	324.0	-	214.0	214.0	-	-	-	301.9	1,679.9	1,981.8
2040	58.7	1,295.7	1,354.4	-	62.9	62.9	-	202.7	202.7	-	-	-	58.7	1,561.2	1,620.0
2041	-	1,185.2	1,185.2	-	35.8	35.8	-	186.4	186.4	-	-	-	-	1,407.3	1,407.3
2042	-	1,066.6	1,066.6	-	18.5	18.5	-	165.2	165.2	-	-	-	-	1,250.2	1,250.2
2043	-	887.2	887.2	-	5.1	5.1	-	133.3	133.3	-	-	-	-	1,025.7	1,025.7
2044	-	662.2	662.2	-	-	-	-	96.2	96.2	-	-	-	-	758.4	758.4
2045	-	411.8	411.8	-	-	-	-	58.5	58.5	-	-	-	-	470.4	470.4
2046	-	191.3	191.3	-	-	-	-	27.1	27.1	-	-	-	-	218.4	218.4
2047	-	63.4	63.4	-	-	-	-	6.9	6.9	-	-	-	-	70.3	70.3
2048	-	15.0	15.0	-	-	-	-	-	-	-	-	-	-	15.0	15.0
2049	-	2.9	2.9	-	-	-	-	-	-	-	-	-	-	2.9	2.9
2050	-	0.0	0.0	-	-	-	-	-	-	-	-	-	-	0.0	0.0

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.

Debt service associated with the 2010-2014 Capital programs is included in the table above

Includes effect of cash defeasance implemented in September 2007.

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Agency Baseline Assumptions

Agency Baseline Assumptions

The 2010 Preliminary Budget and 2010-2013 Financial Plan updates the February Financial Plan and includes one additional year (2013).

There are significant differences between the February and July Financial Plans. The February Plan was constructed with the hope that the MTA would receive financial assistance from New York State. The MTA, however, could not count on any external help and was required by law to present to the Board a Plan that would provide internal solutions for its funding shortfalls. These shortfalls were mainly due to revenue reductions which were the result of a collapsing real estate market and weak economy. Also impacting MTA finances were increases in “uncontrollable” expenses such as pensions, health & welfare, paratransit and fuel.

The MTA’s February Financial Plan, therefore, included a number of very significant deficit reduction measures necessary to achieve a balanced 2009 budget. These included a June 2009 increase in fare and toll yields of 23% and Additional Actions for Budget Balance (AABBs), including service reductions, totaling \$277 million in 2009 and over \$400 million in 2010 and the out-years. These were on top of actions that had already been taken or proposed, including the 2009 PEG Program, additional administrative reductions, loans and the assumption that our workforce would agree to lower wage increases.

Fortunately, on May 7th, legislation was enacted providing additional sources of revenue in the form of taxes, fees and surcharges to address the financial needs of the MTA. Subsequently, the MTA Board approved fare and toll increases of 10% in place of the earlier adopted 23% yield increase, and rescinded those Additional Actions for Budget Balance (AABBs) that impacted direct scheduled service to the public. Agencies, however, were required to maintain the remaining AABBs. In addition, they were also required to maintain any savings from the “hard freeze” levied on hiring and spending, as well as those other spending and administrative actions that were already included in the 2009 Adopted Budget.

Maintained AABBs (slightly modified) total \$147 million in 2009 and \$202 million in 2010. The July baseline includes maintained AABBs along with the savings from the 2009 PEG Program (\$87 million). They result in combined savings of \$288 million in 2010, or 4.4%. When further combined with the 2010 PEG Program, total savings equal \$352 million, or 5.4%.

For the July Plan, Agencies were instructed to adhere to the spending envelope contained in the February Financial Plan adjusted for the change in AABBs and savings from the “hard freeze”. Any expense growth beyond these levels (including any “New Need” program), had to be self-funded through internal savings. These savings can take the form of expense re-estimates or additional

PEGs. The exception to this, is any growth in “uncontrollable” areas including Health & Welfare, Pensions, Energy, Insurance and Paratransit are permissible, as these categories are heavily dependent on rates determined by outside factors.

In addition, the Agencies have now identified savings programs for 2010 and beyond that are consistent with the annual reduction targets they were given by MTA. Agencies were asked to identify savings that would not only reduce expenses in the short-term, but would also result in long-term improvements to MTA’s financial picture. Much of these savings are being generated through the 2010 PEG Program and are not part of the baseline, but rather included below-the-line as part of MTA gap-closing actions. The details of this program are included in a separate section of this report, “Gap Closing Programs”. Other savings, already approved by the MTA Board, are captured in the baseline through favorable expense re-estimates.

The 2010 Baseline Net Operating Deficit before Subsidies, Debt Service and Gap Closing Actions of \$7,160 million is \$252 million higher than the 2009 Mid-Year Forecast primarily as a result of inflationary expense increases. The change in Non-Cash Liability Adjustments, consisting of Depreciation, OPEB and Environmental Remediation expenses, accounts for \$158 million of the year to year change. Operating Revenues improved by 4.9% (\$298 million), which includes the annualized impact of the June 2009 fare/toll increase. Total Expenses before Non-Cash Liability Adjustments grew by \$392 million, or 4.1%. Some \$214 million of this increase to the baseline is the result of a 7.1% growth in “uncontrollable” baseline expenses (excludes debt service, policy actions and PEGs). The remaining expenses grow at 2.1% due primarily to contractual wage increases and higher materials costs due to the continued increase in maintenance efforts and rise in material prices. Over the 2009 to 2013 period, accrued baseline expenses, before below-the-line gap-closing actions, grow at an average annual rate of 4.4%. “Uncontrollable” expenses are projected to grow over the period by 7.9%, while “controllable” expenses will grow by only 2.5%.

The baseline excludes MTA Gap Closing actions and a provision for additional NYCERS expenses based on investment losses not yet captured in actuarial reports. These items are described in a separate volume of this report. Inclusion of these items would lower the growth rate in 2010 to 3.6% and growth over the 2009-2013 period to an average increase of 4.0%. Controllable expenses are expected to increase by 1.5% in 2010 with an average annual growth of 1.3%.

The following table details the major changes in the Agency Baseline Forecasts between the February and July Plans:

AGENCY BASELINE **JULY CHANGES FROM FEBRUARY PLAN**

Favorable/(Unfavorable)
(\$ in millions)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Board Actions	(\$572)	(\$913)	(\$903)	(\$907)
AABB Restorations	(123)	(227)	(210)	(204)
Rescind 23% Fare/Toll Yield Increase	(700)	(1,180)	(1,194)	(1,210)
10% Fare/Toll Increase	251	494	501	506
New Needs/Investments	(\$47)	(\$33)	(\$26)	(\$93)
New Service	(2)	(0)	(1)	(0)
Maintenance	(40)	(18)	(10)	(76)
Safety & Security	(3)	(8)	(9)	(9)
Other New Needs	(3)	(7)	(7)	(8)
Other Adjustments	(\$222)	(\$93)	(\$127)	(\$154)
Other Passenger/Toll Revenue	(103)	(131)	(121)	(135)
Other Revenue	(43)	(14)	(7)	(14)
PEG Program Re-Estimates	3	3	4	6
NYCT Capital Reimbursement Timing	(37)	34	1	1
Retroactive Wage Adjustments	(42)	0	0	0
Baseline Re-estimates	2	15	(5)	(12)
Uncontrollable Expenses	\$16	\$3	(\$44)	(\$62)
Traction and Propulsion Power	1	11	(10)	(30)
Fuel for Buses and Trains	73	42	19	17
Health & Welfare (including OPEB)	35	39	42	43
Pensions	(47)	(50)	(52)	(42)
Paratransit Service	(15)	(9)	(16)	(21)
Paratransit Urban Tax Revenue	(20)	(12)	(10)	(12)
Mobility Tax	(11)	(17)	(17)	(17)
B&T Adjustments¹	\$141	\$186	\$183	\$185
Net Baseline Change	(\$684)	(\$851)	(\$919)	(\$1,031)

¹ On MTA's cash statement, B&T is captured within the subsidy section and is not included within the agency portion of the cash baseline. While B&T impacts are captured above in individual reconciliation categories, these impacts are removed from the Net Baseline Change with this adjustment. Please note that the vast majority of this adjustment is the reduction in baseline toll revenue resulting from the lower-than-budgeted toll increase.

Overall, the baseline cash deficit is increasing over the plan period primarily as a result of lower fare/toll tariff change assumptions and the restoration of Additional Actions for Budget Balance (AABBs) that reduced direct service. New Needs are very modest and are primarily the result of the installation of quality control vandal shields and Intelligent Vehicle Network on buses, bulkhead repairs on older NYCT buses, Scheduled Maintenance System revision at NYCT, additional signal work at LIRR, and improvements to Harmon Shop Master Plan at MNR.

Unfavorable other adjustments are the result of lower revenue forecasts due to declining employment in the region.

Uncontrollable expense variances are mixed as significant Pension cost increases in each year of the Plan are offset by anticipated fuel savings in 2009 and 2010.

The impact of the tariff change led to lower farebox revenue of \$335 million in 2009, \$519 million in 2010, \$526 million in 2011, and \$535 million in 2012. Toll revenue changed by \$116 million in 2009, \$170 million in 2010, \$171 million in 2011, and \$172 million in 2012. In addition, the projected worsening in the economy further reduced farebox revenue by \$92 million in 2009, \$121 million in 2010, \$114 million in 2011 and \$125 million in 2012. Toll revenue also declined by \$11 million in 2009, \$10 million in 2010, \$7 million in 2011, and \$9 million in 2012.

MTA consolidated farebox revenue in the 2009 Mid-Year Forecast is projected to fall short of the 2009 Adopted Budget by \$425 million, a 9% decrease, reflecting a reduction in the 2009 fare increase from a 23% yield increase to a 10% fare increase, and the impact of lower ridership projections for all MTA agencies except MTA Bus. Utilization declines over the 2009 Adopted Budget levels reflect year-to-date ridership trends that are primarily due to both commutation and non-commutation shifts spurred by the economic recession, specifically job losses in New York City and throughout the region. For 2010, utilization forecasts assume NYC employment will decline from 2009, a more pessimistic projection than the one used in the February Financial Plan. MTA consolidated farebox revenue for 2010 in the July Plan is forecast to be lower than projections in the February Plan by \$636 million, a 12% decrease, which also reflects the full year impact of the smaller 2009 fare increases.

The 2009 Mid-Year Forecast for B&T toll revenue is projected to be \$127 million lower, a 9% decline, than the Adopted Budget forecast. As with ridership, toll revenue is adversely affected by both job losses and the lower toll increase than was incorporated in the February Plan and these will continue to impact B&T in 2010. B&T toll revenue for 2010 is projected to be \$180.3 million, or 12%, below the February Plan forecast.

Partially offsetting some of these adverse revenue impacts is the improvement in fuel prices and lower health & welfare (H&W) projections. Fuel prices have declined significantly as a consequence of the national recession and global economic slowdown. Consolidated H&W expenses are favorable in each year from 2009 through 2012, primarily as a result of lower projections for Empire Plan participants. Compared with the February Plan, H&W expenses for the period 2009-2012 are favorable by \$31 million, \$32 million, \$34 million, and \$33 million, respectively.

The 2010 Preliminary Baseline Budget includes modest service increases at Metro-North which will be introducing new buses for its Hudson Rail Link service and running a new pilot program for football service to the Meadowlands. Additionally, 2010 will be the first full season of service to Yankee Stadium since the 2009 service began several weeks after the start of the 2009 baseball season.

The MTA is continuing to improve the reliability and performance of its fleet and infrastructure through increased maintenance. The 2010 Preliminary Budget includes a significant increase in resources to address maintenance needs.

NYCT is revising its Scheduled Maintenance System to reflect the necessary work scope changes and material costs for the R62A car class 24-year maintenance cycle and decrease the replacement of subway car air compressors from a seven-year to a six-year cycle. NYCT has initiated a repair program for severely damaged bulkheads on its older Nova and Orion diesel bus fleets. A large number of these buses will be required to remain in active service beyond the standard 12-year life cycle due to delays in bus procurements and capital funding constraints. NYCT is maintaining a program for the replacement of Quality Control Vandal Shields, previously eliminated in Bus Depot Quality Control AABB reduction that will significantly improve the appearance of NYCT's surface fleet. NYCT is also installing new Intelligent Vehicle Network (IVN) components on its buses that reduce heat and exhaust in depots by disabling exhaust regeneration function as buses enter depot. MTA Bus will also be installing IVN components on its bus fleets. SIR is continuing fleet maintenance of its 64-car fleet in 2009 due to delays to the program in 2008.

Metro-North will be making improvements to its Harmon Shop Replacement Master Plan, and decrease the life cycle maintenance plan for station maintenance and its station painting program. In 2010, Metro-North will retire its remaining M1 fleet (30 cars) due to the completion of warranty work on the M7 fleet which will increase its peak fleet availability. In 2011, it will add positions to support a new maintenance facility shop complex in New Haven and provide additional funding for Genesis locomotive overhauls. The LIRR maintenance investments include increases for Car Shop running repairs, M-7 Life Cycle Maintenance (LCM) re-estimates, diesel shop improvements and increased contractual costs for its GE and Crown car class maintenance.

The establishment of Regional Bus operations (an important component of institutional transformation) is expected to improve the bus maintenance practices at NYCT, LI Bus and MTA Bus through the standardization of maintenance procedures and service manuals and the utilization of technical services resources and best practices from each Agency.

Safety & security costs are increasing in each year of the Plan due primarily to improvements by MNR for various GCT Security programs, the installation of

protective driver shields on buses, the purchase of respirator masks at NYCT, and signal system improvements at the LIRR.

Other new needs include increases for road and inside dispatchers at MTA Bus and LI Bus, increases for storeroom improvements at MTA Bus and additional fare collection oversight at the LIRR.

The category 'Other baseline re-estimates' is a combination of changes, including revised inflation forecasts, timing differences, operating capital and cash adjustments. It also includes favorable expense re-estimates including station staffing adjustments at NYCT, overhead recovery changes at MNR and improved loading guidelines at MTA Bus.

Paratransit costs are increasing at NYCT due to new funding for operating more sedans (which are funded through the Operating Budget), increases for scheduling services, a higher ridership forecast that is expected to exceed budget by 3% and a reduction in carrier productivity.

Accrued Baseline Assumptions

The following presents Agency baseline assumptions supporting the MTA Consolidated Statement of Operations. Additional detail is available in each Agency section.

Please note that the 2009 Adopted Budget and February Financial Plan included AABBs that were captured on a discrete line in the financial statements of the MTA and its' agencies. For the July Plan, the remaining AABBs are now captured in individual generic expense categories. As a result, the Plan to Plan reconciliation is showing favorable impacts in several expense categories that are offset by an unfavorable variance in the AABB discreet line. In addition to this reclassification, the AABB unfavorable variance is also due to the restoration of service-related AABBs in May. The narrative below describes variances in the other expense categories -- capturing the impact of the AABB reclassification and any other changes impacting that category.

2009 Mid-Year Forecast

In its 2009 Mid-Year Forecast, the MTA projects a Net Operating Deficit Before Subsidies and Debt Service of \$6,908 million, \$755 million worse than the Adopted Budget. Total Operating Revenue and Total Operating Expenses were \$612 million and \$143 million worse, respectively.

Revenue

Farebox and Toll Revenue are expected to decrease from the 2009 Adopted Budget by \$425 million (9%) and \$127 million (9%), respectively, due primarily to reduced fare/toll increase assumptions and the impact of worsening projected employment levels on ridership.

Expenses

Payroll expenses are expected to decrease \$42 million from the Adopted Budget. Overall, it reflects favorable changes to NYCT (\$28 million), MNR (\$6 million), the LIRR (\$4 million), B&T (\$2 million) and MTAHQ (\$1 million). Most of the impact is due to the inclusion of the AABBs in the baseline, but there are also other notable reductions. B&T's payroll reduces by \$2 million due to higher vacancies, which is not expected to recur. MNR's payroll includes a \$2 million favorable reduction due in part to a rescheduling of hiring security plan personnel.

Pension costs are expected to increase \$46.9 million from the Adopted Budget based on the most recent NYCERS actuarial valuation. This excludes an additional valuation captured in Volume I that makes a provision for the most recent market losses.

Health & Welfare expenses and other-fringe benefits are projected to decrease from the Adopted Budget by \$31 million and \$17 million, respectively, as a result of lower projected costs for Empire Plan participants.

Savings of \$73 million is projected for fuel for buses and trains due to the effect of revised inflation assumptions that lowers fuel prices based on national trends.

Maintenance and materials are projected to decrease from the Adopted Budget by \$33 million and \$12 million, respectively, reflecting the overall impact of re-estimated scheduled maintenance work and maintenance cycles.

The general reserve is being halved since the year is approximately half over and the risk should be reduced accordingly.

2010 Preliminary Budget

MTA's 2010 Preliminary Baseline Budget projects a Net Operating Deficit before Subsidies and Debt Service of \$7,160 million. Total operating revenue of \$6,387 million is \$298 million higher than the 2009 Mid-Year Forecast -- reflecting primarily the annualized impact of a 10% fare/toll increase and higher other operating revenue. When compared with the 2010 Forecast in the February Plan, revenue is \$840 million worse due primarily to lower tariff change assumptions, the overall effect of the economy on ridership and lower advertising revenue.

Total 2010 operating expenses of \$13,547 million are \$549 million higher than the 2009 Mid-Year Forecast due mostly to increases in Non-Cash Liability Adjustments, particularly in depreciation and OPEB obligation, the annualized impact of wage settlements on labor costs, higher traction and propulsion power, paratransit, fuel, maintenance and materials. When compared with the 2010 Forecast in the February Plan, expenses are \$251 million higher. Virtually all of this is the result of increases in uncontrollable expenses.

2011 – 2013 Forecast

The July Forecast includes increases to the baseline in the out-years mainly as a result of higher Non-Cash Liability Adjustments, and increases in costs for paratransit, traction and propulsion power, fuel, OPEB and maintenance. In addition, it includes higher projections for fare/toll and other revenue.

The following pages provide a more detailed description of the assumptions used in formulating the 2010 Preliminary Budget and the forecasts for the years 2011 through 2013. Additional detail can be found in individual Agency sections.

Additional Actions for Budget Balance

In response to reduced dedicated tax forecasts, declining state and local aid and the weakening economy, the MTA devised a savings program, Additional Actions for Budget Balance (AABBs), in addition to its annual 1.5% expense reduction goal. The 2009 February Financial Plan included AABBs that were expected to generate savings of \$277 million in 2009, \$424 million in 2010, \$406 million in 2011 and \$411 million in 2012. The associated position reductions from these proposals were 2,765 in 2009, 2,928 in 2010, and 2,903 in each year from 2011-2012. Please note the AABBs were captured in the 2009 February Financial Plan baseline within discrete revenue and expense line items, and were not allocated to conventional generic revenue and expense categories.

On May 7, 2009, legislation was enacted in New York State providing additional sources of revenues in the form of taxes, fees and surcharges to address the MTA's financial needs. Consequently, on May 17, 2009 the MTA Board approved the restoration of all AABBs that directly impacted scheduled service to the public. The following table details the AABBs that were restored and maintained in the baseline by Agency:

MTA Consolidated Additional Actions for Budget Balance -Summary of Restore/Maintain As Approved by MTA Board on May 17, 2009 (in millions)								
	2009		2010		2011		2012	
	<u>Pos</u>	<u>Dollars</u>	<u>Pos</u>	<u>Dollars</u>	<u>Pos</u>	<u>Dollars</u>	<u>Pos</u>	<u>Dollars</u>
Restored								
New York City Transit ¹	1,588	\$94.0	1,468	\$178.7	1,352	\$171.9	1,243	\$165.5
Long Island Rail Road	40	4.5	85	12.6	65	11.0	65	11.3
Metro North Railroad	16	7.6	16	7.8	16	7.8	16	7.8
Bridges & Tunnels	14	3.1	14	3.3	14	3.3	14	3.3
MTA Headquarters	-	2.2	-	3.9	-	4.0	-	4.1
MTA Bus ²	125	8.7	125	15.6	125	15.7	125	16.3
Long Island Bus	15	1.0	15	1.3	15	1.3	15	1.3
Total MTA-Wide Restored	1,798	\$121.1	1,723	\$223.0	1,587	\$215.1	1,478	\$209.6
Maintained								
New York City Transit	723	\$59.3	869	\$99.3	983	\$115.2	1,092	\$122.5
Long Island Rail Road	123	31.7	233	40.2	228	41.7	228	42.7
Metro North Railroad	72	27.3	72	27.3	72	27.3	72	27.3
Bridges & Tunnels	14	11.9	14	17.3	14	0.4	14	3.8
MTA Headquarters	21	8.6	21	8.6	21	8.9	21	9.1
MTA Bus ²	43	7.4	43	7.2	43	5.6	43	5.8
Long Island Bus	6	4.5	6	4.6	6	4.6	6	4.6
Total MTA-Wide Maintained	1,002	\$150.7	1,258	\$204.6	1,367	\$203.8	1,476	\$215.9

¹ NYCT July Plan Restored AABB Value is \$96.4M/1,539 pos in 2009, \$182.9M/1,403 pos in 2010, \$167.0M/1,288 pos in 2011, \$159.7M/1,179 pos in 2012, \$152.8M/1,179 pos in 2013.

² MTA Bus Additional Actions for Budget Balance result in lower subsidies for New York City and no net savings to MTA's financial plan.

In the 2010 July Financial Plan, NYCT, the LIRR, MNR, B&T and LI Bus included re-estimates of maintained AABBs. Re-estimates were primarily due to minor modifications of several AABBs and timing.

The July baseline includes maintained AABBs along with the savings from the 2009 PEG Program (\$87 million). They result in combined savings of \$288 million in 2010, or 4.4%. When further combined with the 2010 PEG Program, total savings equal \$352 million, or 5.4%.

The attached table details the maintained and the re-estimated values of AABBs for each year of the July Financial Plan. Please note that the Agencies rolled the maintained AABBs into the appropriate generic line-items for 2009 and all years of the Financial Plan.

**MTA Consolidated
July Financial Plan 2010-2013
Summary of Additional Actions for Budget Balance
(in millions)**

	2009		2010		2011		2012		2013	
	<u>Pos</u>	<u>Dollars</u>	<u>Pos</u>	<u>Dollars</u>	<u>Pos</u>	<u>Dollars</u>	<u>Pos</u>	<u>Dollars</u>	<u>Pos</u>	<u>Dollars</u>
New York City Transit Maintained	723	59.3	869	99.3	983	115.2	1,092	122.5	1,092	122.5
<i>AABB re-estimates</i>	0	(1.2)	0	(2.4)	0	(2.4)	0	(2.4)	0	(2.4)
New York City Transit July Plan	723	\$58.1	869	\$96.9	983	\$112.8	1,092	\$120.1	1,092	\$120.1
Long Island Rail Road Maintained	123	31.7	233	40.2	228	41.7	228	42.7	228	42.4
<i>AABB re-estimates</i>	(9)	0.7	(25)	0.2	(24)	(1.2)	(29)	(4.6)	(29)	(4.9)
Long Island Rail Road July Plan	114	\$32.4	208	\$40.4	204	\$40.5	199	\$38.1	199	\$37.5
Metro North Railroad Maintained	72	27.3	72	27.3	72	27.3	72	27.3	72	27.3
<i>AABB re-estimates</i>	0	(1.2)	0	0.0	0	0.0	0	0.0	0	0.0
Metro North July Plan	72	\$26.1	72	\$27.3	72	\$27.3	72	\$27.3	72	\$27.3
Bridges & Tunnels Maintained	14	11.9	14	17.3	14	0.4	14	3.8	14	3.8
<i>AABB re-estimates</i>	0	(1.8)	0	(0.6)	0	(0.7)	0	(0.7)	0	(0.5)
Bridges & Tunnels July Plan	14	\$10.1	14	\$16.6	14	(\$0.2)	14	\$3.1	14	\$3.3
MTA Headquarters Maintained	21	8.6	21	8.6	21	8.9	21	9.1	21	9.1
<i>AABB re-estimates</i>	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
MTA Headquarters July Plan	21	\$8.6	21	\$8.6	21	\$8.9	21	\$9.1	21	\$9.1
Long Island Bus Maintained	6	4.5	6	4.6	6	4.6	6	4.6	6	4.6
<i>AABB re-estimates</i>	0	0.0	0	0.0	0	0.0	0	(0.1)	0	0.0
Long Island Bus July Plan	6	\$4.5	6	\$4.6	6	\$4.6	6	\$4.6	6	\$4.6
MTA Bus Maintained	43	7.4	43	7.2	43	5.6	43	5.8	43	5.8
<i>AABB re-estimates</i>	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
MTA Bus July Plan	43	\$7.4	43	\$7.2	43	\$5.6	43	\$5.8	43	\$5.8
<i>Total July Plan AABBs re-estimates</i>	(9)	(\$3.5)	(25)	(\$2.8)	(24)	(\$4.3)	(29)	(\$7.8)	(29)	(\$7.7)
Total July Plan AABBs Maintained	993	\$147.3	1,233	\$201.7	1,343	\$199.6	1,447	\$208.1	1,447	\$207.8

OTHER OPERATING REVENUE

Other Operating Revenue growth from 2009 through 2013 was influenced by a number of different factors including government reimbursements, fees and contractual and inflationary increases.

NYCT's year-to-year increases are primarily due to NYC contractual reimbursements for Paratransit expenses, advertising revenue, and non-recurring cash receipts. The LIRR's year-to-year growth is primarily due to the implementation of AABBs associated with advertising on the exterior of train cars, and contractual and inflationary increases. MNR's year-to-year changes from 2009 through 2013 reflect higher revenues from parking expansions, new advertising initiatives (including the full year impact from Yankee-E. 153rd Station), contractual increases in advertising revenue, higher GCT retail revenue, and the impacts of funding GCT restoration projects. B&T's Other Operating Revenue in 2009 is projected at \$10.9 million with nominal growth of \$0.1 million in 2010 and increases of \$0.2 million in each year from 2011 through 2013 primarily due to modest income growth from the Battery Parking Garage. MTA Bus year-to-year increases from 2010 through 2013 are mainly due to contractual increases in advertising revenue. The minor fluctuations in year-to-year changes for LI Bus are based on contract rates tied to advertising and grant funding.

The 2009-2012 July Plan decreases, compared with the February Plan, are primarily the result of NYCT's reduction in Urban Tax revenue dedicated to Paratransit operations based upon a weakening NYC commercial real estate market and lower projected advertising revenue due to advertising agency financial difficulties. In addition, a NYS legislative change in 2009 resulted in a reduction in student fare reimbursement at NYCT of \$19.7 million in 2009.

PAYROLL

MTA consolidated payroll expenses from 2009 through 2013 are influenced by a number of factors including position levels, Global Insight inflation assumptions, labor agreements, deferred salaries & wages and capital project activity. NYCT's TWU contract expired in January 2009 and, thereafter, NYCT assumes CPI inflationary growth based on forecasts from Global Insight (2.94% in 2009, 1.87% in 2010, 2.23% in 2011, 2.20% in 2012 and 1.97% in 2013). The LIRR's labor agreements include a 2009 contractual rate increase of 3.0%; however, the 3.0% is for an 18-month period which saves money in the following years. Afterwards, CPI is assumed and is consistent with NYCT's pattern wage inflationary assumptions. Similar to the LIRR, MNR's assumptions are 3.0% for 2009 (18 months) followed by pattern wage inflationary assumptions. MTA Bus settled a major labor contract with the TWU in June 2009 for the period covering April 1, 2006 through March 31, 2009. This contract will trigger retroactive wage

payments and benefits dating back to 2006 as well as wage parity with NYCT employees going forward. At the present time the MTA and the TWU are engaged in arbitration over the terms of a new three-year contract. Non-Represented employee salaries are 3.0% in 2009 followed by pattern wage inflationary assumptions.

Consistent with the February Plan, the MTA has included a new contract labor contribution as a Gap Closing Program.

2009 Mid-Year Forecast

Consolidated payroll expenses of \$4,175 million are forecasted to be \$42 million lower than the 2009 February Plan. Overall, there are favorable changes to NYCT (\$28 million), MNR (\$6 million), the LIRR (\$4 million), B&T (\$2 million) and MTAHQ (\$1 million). Most of the impact is due to the inclusion of the AABBs in the baseline, but there are also other notable reductions. B&T's payroll is reduced \$2 million due to higher vacancies in 2009; which is not assumed after 2009. MNR's payroll includes a \$2 million favorable reduction due in part to a rescheduling of security plan personnel hiring.

Aside from the overall reductions to payroll, NYCT's payroll is partly increased by \$3 million due partly to changes in the subway maintenance program. MTA Bus' payroll increases \$3 million due to the impact of the recent labor settlement. The LIRR has \$2 million in higher payroll expenses due to several modest assumption changes.

2010 Preliminary Budget

MTA consolidated payroll expenses of \$4,257 million are \$82 million more than 2009. This change is primarily caused by assumed labor rate increases, partially offset by the impact of the value of fully annualized AABBs (the impact of AABBs is greater in 2010 than 2009 due to varying schedules for implementation).

Payroll expenses are forecast to be \$80 million lower than the February Plan. The decrease is composed mainly of NYCT (\$58 million), the LIRR (\$18 million) and MNR (\$4 million). These decreases are primarily the results of AABBs. In addition, NYCT's decrease also reflects changes to the subway maintenance program and station staffing re-estimates resulting in \$2 million in lower expenses. MTAHQ's payroll reflects over \$1 million in lower assumed salaries related to BSC as a result of revised employee salary assumptions.

While overall payroll is reduced from February there are partially offsetting changes. MTA Bus payroll increases \$4 million due to the impact of the recent labor settlement. LI Bus payroll increases \$1 million due to the impact of hiring additional dispatcher/road manager positions.

2011 – 2013 Forecasts

Consolidated payroll expenses in 2011 of \$4,344 million are \$87 million more than 2010. On a year-to-year basis, payroll expenses in 2012 and 2013 of \$4,433 million and \$4,551 million increase \$89 million and \$118 million from the respective previous years. These annual increases are driven primarily by inflationary increases and the continuation of major programs from prior years. 2013 represents the beginning of hiring for the LIRR's East Side Access ramp-up with a year-end increase in headcount of 183 positions. The additional positions will increase payroll over \$10 million.

Compared to the February Plan, consolidated payroll expenses are reduced by \$86 million in 2011 and \$66 million in 2012. These reductions mainly result from agencies' AABBs. Partially offsetting the 2012 reductions, NYCT has \$18 million in higher expenses due to the timing of scheduled maintenance requirements.

OVERTIME

MTA consolidated overtime expenses from 2009 to 2013 are influenced by a number of factors including position levels, Global Insight inflation assumptions, labor agreements, deferred salaries & wages and capital project activity. Overall, wage increases for represented employees generally follow the pattern established by the expired TWU contract.

2009 Mid-Year Forecast

Consolidated overtime expenses of \$479 million are forecasted to be \$7 million more than the February Plan. The LIRR's overtime increased over \$6 million due to the impact of inclement weather experienced earlier in the year and higher overtime in the Equipment, Transportation and Engineering departments, partially offset by the impact of AABBs. B&T's overtime increases over \$2 million due primarily to a rate adjustment resulting from contract settlements and the back-filling of vacant positions. Partially offsetting these increases is a \$3 million reduction projection at NYCT reflecting lower year-to-date accruals for the first part of 2009.

2010 Preliminary Budget

Consolidated overtime expenses of \$469 million are \$10 million less than 2009. This decrease is due to incident and non-recurring trends in the 2009 Mid-Year forecast that are not expected to continue in 2010, such as unscheduled overtime requirements for vacancy coverage associated with mandated hiring delays and weather conditions. This decrease is also reflective of the fully annualized value of AABBs that began in 2009. The largest year-to-year decrease was \$7 million at the LIRR as a result of non-recurring overtime

increases in 2009 driven by weather, lower Engineering Department needs and coverage requirements for the M7 fleet Life Cycle Maintenance Program. NYCT's overtime is reduced \$3 million due to trends in 2009 that are not expected to recur in 2010.

On a plan-to-plan basis overtime is reduced by \$10 million. This is mainly the result of \$11 million in lower expenses at NYCT which is due partly to the inclusion of AABBs in the baseline and re-estimates for subway maintenance requirements. Changes at all other agencies were less significant (\$1 million or less).

2011 – 2013 Forecasts

Consolidated overtime expenses in 2011 of \$476 million are \$7 million higher than 2010. This increase is primarily caused by an assumed labor rate increase of 2.23%. On a year-to-year basis, overtime expenses increase \$10 million in 2012 and \$10 million in 2013. These increases reflect assumed labor rate inflators of 2.20% in 2012 and 1.97% in 2013.

The consolidated overtime assumption for 2011 and 2012 are each \$13 million less than the February Plan. Decreases are mainly caused by overtime re-estimates at NYCT due to the impact of AABBs and subway maintenance re-estimates. Changes at all other agencies were less significant (\$1 million or less).

HEALTH & WELFARE

Year-to-year increases are primarily driven by inflators provided by the NYS Department of Civil Service (DCS) on May 18, 2009. For individual coverage, a decrease of 0.4% is applied to 2008 premium rates, an increase of 9.8% for 2010, and an increase of 6.7% for 2011-2013. For family coverage, an increase of 1.2% is applied over 2008 premium rates, an increase of 9.6% for 2010, and an increase of 7.2% for 2011-2013. Also contributing to the Health & Welfare variances are changes in employee levels.

The unusually low 2009 premium forecast is due to favorable interest income generated on premiums paid in 2008, a \$275M dividend used to mitigate the net premium increase and the use of favorable premium arrangements.

The reduction in the 2009 baseline results in savings in every year of the plan.

OTHER POST EMPLOYMENT BENEFITS (OPEB) and GASB FUND

In the MTA Consolidated Financial Statements for the first quarter ending, March 31, 2007, MTA implemented the Governmental Accounting Standard Board Statement No. 45 ("GASB-45") -- the "Accounting and Financial Reporting for Employers for Post Employment Benefits Other Than Pensions".

For the MTA and other governmental employers, the Other Post-Employment Benefits have been funded on a "pay-as-you-go" basis and have been reported in the financial statements when the "promised" benefits were paid. GASB-45 now requires that state and local governmental entities' financial reports reflect systematic, accrual-based measurements and the recognition of OPEB costs (expense) over a period that approximates the employee's years of services and provides information about actuarial accrued liabilities and to what extent progress is made in the funding.

While the GASB standard only requires the disclosure of this future liability, the MTA has created a GASB fund which appears only on the Cash Receipts and Expenditures Statement and not on the accrual-based Statement of Operations. In June, 2008, the MTA Board approved the establishment of the "MTA Retiree Welfare Benefits Trust" to govern the administration and investment of the OPEB trust assets. Contributions to this fund began in 2006 and include additional revenues generated by increased real-estate-related tax activity (MRT-2).

The July Financial Plan projects Agency contributions of \$60 million in 2009, \$62 million in 2010, \$65 million in 2011, \$68 million in 2012, and \$72 million in 2013. Included in these contributions are the Health & Welfare contributions made by those represented employees required to do so.

The July Plan reflects the pay-as-you-go component for OPEBs in the expense category called "OPEB Current Payment". Growth in this category is consistent with the assumptions described under Health & Welfare.

Compared to the February Plan, OPEB current payment expenses were lower for 2009-2012 by \$3.4 million, \$6.3 million, \$8.3 million, and \$10.5 million, respectively, primarily due to lower-than-planned rate increases in Health & Welfare.

PENSIONS

Year-to-year pension changes are influenced mainly by the most recent actuarial valuations for the pension plans which MTA employees participate in. Changes in assumed position levels, wage growth and labor settlements also impact pension expenses.

Total pension expenses of \$995 million in 2009 increase by \$20 million in 2010. Pensions increase by \$11 million in 2011, \$28 million in 2012 and \$12 million in 2013. Total pensions in 2013 are \$1,066 million. Yearly increases reflect growth in the Annual Required Contributions (ARCs) for MaBSTOA, the LIRR Plans and the MTA Defined Benefit Plan. The increases incorporate the pension provision established in the November 2008 Financial Plan for anticipated impact to the ARCs from the ongoing bear market. The provision was \$35 million for 2009, \$70 million for 2010, \$105 million for 2011 and \$140 million for 2012. The provision was allocated to the applicable agencies in the February Plan. Partially offsetting these year-to-year increases are moderate reductions in the ARCs for NYCT's New York City Employee Retirement System (NYCERS) which reflect the valuation assumptions by the City's Chief Actuary.

Plan-to-plan changes are primarily driven by increased expenses at NYCT. NYCT has incorporated the impact of the City's 2009 fiscal year valuation for NYCERS (which preceded the Fall 2008 collapse of the financial markets). This results in \$40 million or more in additional pension expenses for each year of the plan. Changes at other agencies are modest.

A reserve has been established by the MTA for the expected increased obligations for NYCERS pension expenses. The provision, captured in Volume 1 of the July Plan, is \$27 million for 2010, \$81 million for 2011, \$135 million for 2012 and \$189 million for 2013. The increased obligations are assumed because of the impact of recent market losses of the plan's assets will be addressed in an upcoming actuarial valuation. These losses will appear in the next NYCERS valuation for the fiscal year 2010.

TRACTION AND PROPULSION POWER

MTA has a Long-Term Agreement (LTA) through 2017 with the New York Power Authority (NYPA) to supply electricity within the City of New York and Westchester County. The LTA requires that many of NYPA's assets be allocated to serve its New York City governmental customers, which have included two power plants in New York City (with one being decommissioned and a new replacement plant under construction), dedicated transmission lines from upstate, and a purchase power agreement with Entergy for below-market nuclear energy. While the above-described assets have limited the exposure of volatility in the energy markets, they do not eliminate it completely. In fact, recent developments have increased MTA's exposure to energy price volatility: there is the potential loss of the dedicated rights to the transmission lines from upstate, which would increase energy delivery costs; delays in securing financing for the new power plant will also result in increased costs until the new plant is placed on-line, and; the low-cost power agreement with Entergy expired at the end of 2008. In an effort to reduce MTA's exposure to the fluctuating energy market, the MTA, City of New York and other NYPA government customers have worked with

NYPA to implement a hedge program, with customers responsible for marginal gains or losses due to market prices.

NYPA cost of service projections for 2010 are expected to increase by 12.3% over 2009. Rates for 2011 and beyond are expected to increase by 13.0% annually. Rates for 2010 are favorable compared with the February Plan. However, for the period 2011-2012, rates are unfavorable when compared to the February Plan. Near-term variances are favorable, while out-year variances are unfavorable, as a consequence of the national recession and global economic slowdown. During 2009, world-wide energy consumption has been less than anticipated, and lower demand has tempered energy prices. This situation is expected to continue into 2010, but economic recovery is expected to lead to greater than anticipated demand for energy which will be reflected in energy price increases during the 2011 through 2012 period.

Con Edison delivers the NYPA power in New York City and Westchester County. In accordance with the most recent Con Ed rate case, costs for the period 2010-2013 are expected to increase by 20.5%, 23.0%, 10.0%, and 10.0%, respectively. In comparison to the February Plan, these rates are worse by 17.5% in 2010, 16.0% in 2011, and 3.0% in 2012. While the NYS Public Service Commission approved rates lower than those requested by Con Edison, the approved rates are much higher than what had been expected as part of a final rate tariff.

The Long Island Power Authority (LIPA) cost of service is estimated to increase 5.7% in 2010, followed by increases of 3.5% in 2011, and 4.0% in each year in 2012 and 2013. On a plan-to-plan basis, rates are unchanged in 2009 and 2010 from those assumed in the February Plan, but for years 2011 through 2012, rates are slightly favorable. Prices for Connecticut Light & Power (CL&P) supplied electricity are expected to increase annually by 5.0% from 2010 through 2013. These rates remain unchanged from the February Plan.

NYCT and the LIRR each updated their usage based on current and historical performance in addition to the aforementioned rate increases. MNR's forecast also reflects current consumption trends as well as the incorporation of service additions. In years 2010-2013, MNR has incorporated the net effect of the Equipment Replacement Plans for the New Haven, Harlem and Hudson Lines. Changes over the period are primarily due to the incorporation of the new M8 cars into New Haven Line service offset by the gradual retirement of the M2 car fleet.

Compared with the February Plan, NYCT is unfavorable by approximately \$3 million in 2009, favorable by \$6 million in 2010, then unfavorable in 2011-2012 by \$9 million and \$24 million, respectively, due primarily to higher projected NYPA and Con Edison delivery rates. For 2009, the LIRR had very slight changes from the February Plan, but is worse in each of the following years from 2010-2012 by

\$1 million, \$4 million and \$6 million, respectively, primarily due to increasing Con Edison delivery rates. For years 2009-2012, MNR is favorable by \$4 million, \$6 million, \$3 million, and less than \$1 million, respectively, compared to the February Plan. Compared with the February Plan, expenses are favorable by approximately \$1 million in 2009, \$11 million 2010, and unfavorable by \$10 million in 2011 and \$30 million in 2012.

FUEL FOR BUSES AND TRAINS

MTA uses the New York Mercantile Exchange's (NYMEX) futures and option markets to forecast future price changes for diesel fuel and natural gas. The NYMEX forecasts extend out 36 months for diesel and 60 months for natural gas.

Using NYMEX projections as a basis for Ultra Low Sulfur Diesel (ULSD), the MTA instructed Agencies to apply projected rate increases of 22.0% in 2010, 8.6% in 2011, 6.4% in 2012 and 12.8% in 2013. Global Insight forecasts as of April 2009 are applied in 2013. MNR also incorporated the cost for its service plan enhancements.

Compared with the February Plan, expenses for the period 2009-2012 are favorable by \$73 million, \$42 million, \$19 million, and \$17 million, respectively. Favorable variances during the 2009-2012 period are primarily the result of significantly lower prices than those forecasted in the February Plan. Fuel prices have declined significantly as a consequence of the national recession and global economic slowdown. During 2009, world-wide energy consumption has been less than anticipated, and lower demand has tempered energy prices. This situation is expected to continue into 2010, but economic recovery is expected to lead to greater than anticipated demand for energy which will be reflected in energy price increases during the 2011 through 2013 period; while there continue to be plan-to-plan savings in 2011 and 2012, those savings are much smaller than savings in 2009 and 2010 as fuel prices rebound along with the global economy.

INSURANCE

Year-to-year increases in Insurance expenses are primarily driven by assessments of market conditions made by MTA's Risk Management Department in conjunction with its brokers. Premiums are increasing by 10% in each year for most policies. The Paratransit (Access-A-Ride) policy is inflated by 20% per annum in anticipation of the addition of new carriers. All-Agency Comprehensive Automotive Liability policy is inflated by 20% primarily driven by revised actuarial projections.

In 2011, the additional increase in Insurance expenses reflects the renewal of several multi-year policies, including All-Agency Environmental Liability, Travel Accident and Lead Abatement.

Compared with the February Plan, Insurance expenses are lower in all years of the Plan primarily due to changes in First Mutual Transportation Assurance Company (FMTAC) insurance premium assumptions, which are captured as credits to the Insurance expense line. Premiums paid to FMTAC are aligned with MTA Agency forecasts for insurance and reflect increases in claims expenses and reserve adjustments.

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.

CLAIMS

For all agencies, Claims expenses are based on inflationary assumptions, actuarial evaluations and historical performance. On a year-to-year basis, LI Bus' estimates also include a cash adjustment of \$1.4 million in 2009 as a result of 2008 timing.

In comparison to the February Plan, FMTAC expenses are increasing by \$2.4 million, \$4.6 million, \$5.3 million, and \$10.6 million in years 2009-2012, respectively, primarily as a result of unfavorable developments in updated loss projections.

PARATRANSIT SERVICE CONTRACTS

Expenses increase from \$376 million in 2009 to \$641 million in 2013 or 70.4% over the period. The annual percentage increase per year is 10.0% in 2010, 12.8% in 2011, 17.4% in 2012 and 17.2% in 2013. 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. 2009 includes an \$8 million unfavorable cash timing adjustment from 2008.

Compared to the February Plan, expenses increase \$9.3 million in 2009, and decrease \$9.7 million, \$15.7 million, and \$14.3 million in 2010-2012, respectively. Most of the reduction is the result of the inclusion of AABBs in the generic expense categories. Paratransit costs increase in 2009 primarily due to sedan fleet expansion, higher vendor contractual costs (trip scheduling), increased ridership and a shortfall in carrier productivity.

MAINTENANCE AND OTHER OPERATING CONTRACTS

Expenses for Maintenance and Other Operating Contracts for all MTA Agencies are inflated by Global Insight's CPI-U forecasts in each year from 2009 through 2013.

In addition to these inflationary increases, NYCT includes the NYPA/Con Edison energy rate increases for non-traction power of 13.1% in 2010, 14.0% in 2011, 12.7% in 2012 and 12.7% in 2013. 2009 includes a \$5.1 million unfavorable cash timing adjustment from 2008.

For 2009 to 2012, costs at the LIRR remain relatively flat with minor inflationary increases. 2013 includes East Side Access start-up costs.

For MNR, 2010-2013 include fluctuating costs for East and West of Hudson locomotive overhauls. In 2010, these costs increase by \$3.4 million; 2011-2013 include reductions of \$3.0 million, \$5.0 million and \$2.9 million, respectively, as program costs wind down or are completed. Also, included in 2010 are additional costs for office space renovations, GCT maintenance, and security monitoring services. 2011 includes the cost of Customer and Employee Communications initiatives. 2010-2011 incorporates lower West of Hudson subsidy payments of \$1.7 million in 2010, \$1 million in 2011, \$0.7 million each in 2012 and 2013 related to contract cost escalations and the removal of service enhancements. 2011-2012 include equipment disposal costs primarily for M2 cars.

B&T's expenses are \$0.5 million lower in 2010 than 2009 primarily due to a decrease in bridge painting costs associated with realigning painting with capital projects as included in the AABBs and major maintenance for completing the 2009 rollover, offset by higher new Customer Service Center (CSC) contract costs due to an expected increase in E-ZPass accounts, the full year's impact of the July 2009 toll increases on credit card fees and a re-estimate of other maintenance contracts. In 2011 and 2012, expenses are higher due to an increase in bridge painting expenses and higher CSC operating costs. In 2013, expenses increase due to higher CSC operating costs.

SIR's expenses for 2010-2013 reflect the NYPA projected annual increases and the Global Insight inflation forecast. 2009 and 2010 include an estimated \$11.0 million of one-time fleet maintenance expenses to maintain the safety and reliability of the 64-car fleet until anticipated replacement in 2014. Additionally, 2009 includes \$2.0M of expenses delayed from 2008.

Compared with the February Plan, expenses decrease \$33.0 million in 2009, decrease \$24.4 million in 2010, increase \$0.5 million in 2011 and increase \$5.1

million in 2012. The decreases result primarily from the inclusion of AABBs in the generic expense categories.

MNR's expenses are lower in 2009-2012 due to reductions in electric and diesel fuel expenditures.

B&T is favorable in 2009 compared with the February Plan due to AABB reductions offset by increases primarily in major maintenance expenses for 2008 rollovers.

PROFESSIONAL SERVICE CONTRACTS

On an Agency-wide basis, Professional Service Contracts for 2010 through 2013 are inflated primarily by Global Insight's Regional CPI-U forecasts.

B&T's expenses in 2010 are \$0.8 million higher than 2009 primarily due to higher general engineering services. NYCT's year-to-year increases are largely due to inflation and 2009 includes a \$2.1 million unfavorable cash timing adjustment from 2008 offset by a decrease in desktop management services. MNR's increase of \$4.6 million in 2010 includes the restoration of a cost provision for general advertising fees, a one-time provision for Peoplesoft system modifications, and an increase in the allocation of MTA Police costs. MTA HQ year-to-year increases reflect the inclusion of certain re-estimated services as well as one time expenses that were required in 2009.

Compared to the February Plan, Professional Service Contracts decreased by \$8 million in 2009 primarily due to the inclusion of Additional Actions for Budget Balance in the baseline. In addition, B&T is favorable in 2009-2012 due to a reduction in planning studies, re-estimates of general engineering services, lower bond insurance service fees and training services.

MATERIALS & SUPPLIES

All-Agency increases in Materials and Supplies for 2009 through 2013 are inflated primarily by Global Insight's Regional CPI-U forecasts.

Materials and Supplies costs increase \$15 million or 2.6% between 2009 and 2010.

NYCT's expenses increase \$18.0 million in 2010 primarily due to the timing of subway and bus fleet maintenance program requirements and 2009 includes a \$2.0 million unfavorable cash timing adjustment from 2008.

B&T's expenses increase \$16.8 million in 2010 primarily due to higher additional inventory necessary for the E-ZPass tag replacement program. Expenses

increase \$2.5 million in 2011, decrease \$7.1 million in 2012 and increase \$2.4 million in 2013 due to changes in requirements for the E-ZPass tag replacement program.

The LIRR's expenses decrease \$17.6 million in 2010 largely due to Life Cycle Maintenance (LCM) material. 2011-2012 reflect higher LCM material, and 2013 includes East Side Access start-up costs.

MNR's expenses decrease \$3.3 million in 2010 due to savings from the completion of the Gear Box Overhaul program and changes in the H&H Equipment Replacement Plan. Expenses increase in 2011, 2012 and 2013 by \$7.8 million, \$5.3 million and \$2.6 million, respectively, due to additional material requirements for the NHL Equipment Replacement Plan, new M8 car spare parts, and additional material requirements for the seat change-out program on the M7 cars.

Compared to the February Plan, expenses decrease \$12.4 million in 2009, \$41.6 million in 2010, \$62.0 million in 2011 and \$26.7 million in 2012. Most of the reduction is the result of the inclusion of AABBs in the generic expense categories.

NYCT's expenses are favorable by \$13.6 million in 2010, \$30.3 million in 2011, and \$12.9 million in 2012 due to a re-estimate of the timing of subway and bus fleet maintenance program requirements.

The LIRR's expenses decrease in 2009-2012 due to lower East Side Access material and re-estimates of material costs associated with Life Cycle Maintenance (LCM).

MNR's expenses decrease by \$3.8 million in 2009 due to deferred costs for office space renovations, rescheduling of security plan support for the deployment of monitoring and intrusion detection equipment and adjusted equipment utilization costs. Savings in 2010 of \$13.9 million result from the rescheduling of M8 car fleet delivery, deferral of M7 seat change-out program and the reduction in debit/credit card fees in accordance with lower ridership.

B&T's expenses decrease in 2009-2012 due to lower gas and diesel fuel expenses as well as a one-time discount negotiated for E-ZPass tag purchases.

OTHER BUSINESS EXPENSES

Increases in Other Business Expenses in 2009-2013 are inflated primarily by MTA Regional CPI-U forecasts provided by Global Insight.

The consolidated increase of \$8 million in 2010 from 2009 is driven primarily by MTAHQ's internal subsidy support requirements for SIR and LI Bus and the reinstatement of the Rockaway Resident – Cross Bay Bridge Program which was presented as part of B&T's AABBs.

July Plan expenses changed compared with the February Plan in 2009 through 2012 by an increase of \$1.2 million in 2009, an increase of \$13.0 million in 2010, an increase of \$11.1 million in 2011 and an increase of \$12.1 million in 2012. The significant increase in 2010 is primarily driven by MTAHQ due to higher subsidies to LI Bus and the reinstatement of the Rockaway Resident – Cross Bay Bridge Program. The increase is offset by MNR's decrease in 2010 which reflects lower credit card fees associated with lower ridership.

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Positions (Headcount)

METROPOLITAN TRANSPORTATION AUTHORITY
July Financial Plan 2010-2013
Baseline Total Non-Reimbursable - Reimbursable Positions
Full-Time Positions and Full Time Equivalents by Agency

Category	2008 Actual	2009 Mid-Year Forecast	2010 Preliminary Budget	2011	2012	2013
<i>Baseline Total Positions</i>	69,756	69,851	69,315	69,062	68,865	69,077
NYC Transit	49,009	48,475	47,926	47,588	47,323	47,295
Long Island Rail Road	6,806	6,873	6,774	6,700	6,718	6,861
Metro-North Railroad	5,917	6,027	6,148	6,181	6,242	6,333
Bridges & Tunnels	1,775	1,819	1,819	1,818	1,793	1,793
Headquarters	1,414	1,565	1,568	1,765	1,779	1,763
Long Island Bus	1,117	1,149	1,144	1,129	1,129	1,129
Staten Island Railway	267	277	277	274	274	274
Capital Construction Company	129	150	150	147	147	147
Bus Company	3,322	3,516	3,509	3,460	3,460	3,482
<i>Non-Reimbursable</i>	63,329	62,736	62,232	62,257	62,141	62,406
NYC Transit	44,166	42,920	42,643	42,564	42,377	42,402
Long Island Rail Road	6,050	6,200	5,876	5,820	5,842	5,985
Metro-North Railroad	5,306	5,423	5,544	5,577	5,638	5,729
Bridges & Tunnels	1,723	1,774	1,766	1,765	1,740	1,740
Headquarters	1,394	1,517	1,517	1,712	1,725	1,709
Long Island Bus	1,104	1,134	1,129	1,114	1,114	1,114
Staten Island Railway	264	274	274	271	271	271
Capital Construction Company	-	-	-	-	-	-
Bus Company	3,322	3,494	3,483	3,434	3,434	3,456
<i>Reimbursable</i>	6,427	7,115	7,083	6,805	6,724	6,671
NYC Transit	4,843	5,555	5,283	5,024	4,946	4,893
Long Island Rail Road	756	673	898	880	876	876
Metro-North Railroad	611	604	604	604	604	604
Bridges & Tunnels	52	45	53	53	53	53
Headquarters	20	48	51	53	54	54
Long Island Bus	13	15	15	15	15	15
Staten Island Railway	3	3	3	3	3	3
Capital Construction Company	129	150	150	147	147	147
Bus Company	-	22	26	26	26	26
<i>Total Full-Time</i>	69,405	69,570	69,059	68,806	68,609	68,821
NYC Transit	48,760	48,302	47,776	47,438	47,173	47,145
Long Island Rail Road	6,806	6,873	6,774	6,700	6,718	6,861
Metro-North Railroad	5,912	6,024	6,147	6,180	6,241	6,332
Bridges & Tunnels	1,775	1,819	1,819	1,818	1,793	1,793
Headquarters	1,414	1,565	1,568	1,765	1,779	1,763
Long Island Bus	1,020	1,044	1,039	1,024	1,024	1,024
Staten Island Railway	267	277	277	274	274	274
Capital Construction Company	129	150	150	147	147	147
Bus Company	3,322	3,516	3,509	3,460	3,460	3,482
<i>Total Full-Time-Equivalents</i>	351	281	256	256	256	256
NYC Transit	249	173	150	150	150	150
Long Island Rail Road	-	-	-	-	-	-
Metro-North Railroad	5	3	1	1	1	1
Bridges & Tunnels	-	-	-	-	-	-
Headquarters	-	-	-	-	-	-
Long Island Bus	97	105	105	105	105	105
Staten Island Railway	-	-	-	-	-	-
Capital Construction Company	-	-	-	-	-	-
Bus Company	-	-	-	-	-	-

METROPOLITAN TRANSPORTATION AUTHORITY
July Financial Plan 2010-2013
Baseline Total Non-Reimbursable - Reimbursable Positions
Full-Time Positions and Full Time Equivalents by Function and Agency

Function	2008 Actual	2009 Mid-Year Forecast	2010 Preliminary Budget	2011	2012	2013
<i>Administration</i>	4,964	5,064	5,103	5,036	4,801	4,791
NYC Transit	2,495	2,375	2,420	2,332	2,103	2,103
Long Island Rail Road	701	757	747	693	693	699
Metro-North Railroad	726	721	722	666	667	667
Bridges & Tunnels	135	139	139	131	110	110
Headquarters	654	779	782	979	993	977
Long Island Bus	77	80	80	65	65	65
Staten Island Railway	28	26	26	24	24	24
Capital Construction Company	32	35	35	35	35	35
Bus Company	116	152	152	111	111	111
<i>Operations</i>	31,132	30,632	30,227	30,116	30,034	30,147
NYC Transit	23,299	22,660	22,329	22,182	22,072	21,944
Long Island Rail Road	2,088	2,051	1,960	1,969	1,975	2,133
Metro-North Railroad	1,786	1,857	1,897	1,925	1,947	2,030
Bridges & Tunnels	770	793	793	793	793	793
Headquarters	-	-	-	-	-	-
Long Island Bus	777	794	794	794	794	794
Staten Island Railway	93	99	99	98	98	98
Capital Construction Company	-	-	-	-	-	-
Bus Company	2,319	2,378	2,355	2,355	2,355	2,355
<i>Maintenance</i>	30,159	30,531	30,356	30,284	30,404	30,513
NYC Transit	21,298	21,493	21,229	21,126	21,200	21,300
Long Island Rail Road	3,907	3,933	3,935	3,906	3,918	3,897
Metro-North Railroad	3,304	3,345	3,425	3,486	3,524	3,532
Bridges & Tunnels	381	397	397	404	400	400
Headquarters	-	-	-	-	-	-
Long Island Bus	248	258	253	253	253	253
Staten Island Railway	146	152	152	152	152	152
Capital Construction Company	-	-	-	-	-	-
Bus Company	875	953	965	957	957	979
<i>Engineering/Capital</i>	1,920	2,010	2,014	2,011	2,011	2,011
NYC Transit	1,420	1,438	1,438	1,438	1,438	1,438
Long Island Rail Road	110	132	132	132	132	132
Metro-North Railroad	101	104	104	104	104	104
Bridges & Tunnels	179	186	186	186	186	186
Headquarters	-	-	-	-	-	-
Long Island Bus	13	15	15	15	15	15
Staten Island Railway	-	-	-	-	-	-
Capital Construction Company	97	115	115	112	112	112
Bus Company	-	20	24	24	24	24
<i>Public Safety</i>	1,581	1,614	1,615	1,615	1,615	1,615
NYC Transit	497	509	510	510	510	510
Long Island Rail Road	-	-	-	-	-	-
Metro-North Railroad	-	-	-	-	-	-
Bridges & Tunnels	310	304	304	304	304	304
Headquarters	760	786	786	786	786	786
Long Island Bus	2	2	2	2	2	2
Staten Island Railway	-	-	-	-	-	-
Capital Construction Company	-	-	-	-	-	-
Bus Company	12	13	13	13	13	13

Metropolitan Transportation Authority
July Financial Plan 2010-2013
Baseline Total Full-time Positions and Full-time Equivalents by Function and Occupational Group
Non-Reimbursable and Reimbursable

FUNCTION/OCCUPATIONAL GROUP		2008 Actual	2009 Mid-Year Forecast	2010	2011	2012	2013
Administration							
	Managers/Supervisors	1,727	1,858	1,845	1,834	1,789	1,788
	Professional, Technical, Clerical	3,126	3,138	3,151	3,095	2,907	2,898
	Operational Hourlies	111	68	107	107	105	105
	Total Administration	4,964	5,064	5,103	5,036	4,801	4,791
Operations							
	Managers/Supervisors	3,212	3,211	3,226	3,215	3,213	3,206
	Professional, Technical, Clerical	1,079	1,010	1,000	1,001	1,001	1,012
	Operational Hourlies	26,841	26,411	26,001	25,900	25,820	25,929
	Total Operations	31,132	30,632	30,227	30,116	30,034	30,147
Maintenance							
	Managers/Supervisors	4,792	4,873	4,843	4,819	4,822	4,813
	Professional, Technical, Clerical	2,550	2,593	2,571	2,538	2,519	2,518
	Operational Hourlies	22,817	23,065	22,942	22,927	23,063	23,182
	Total Maintenance	30,159	30,531	30,356	30,284	30,404	30,513
Engineering/Capital							
	Managers/Supervisors	468	517	519	519	519	519
	Professional, Technical, Clerical	1,450	1,491	1,493	1,490	1,490	1,490
	Operational Hourlies	2	2	2	2	2	2
	Total Engineering/Capital	1,920	2,010	2,014	2,011	2,011	2,011
Public Safety							
	Managers/Supervisors	141	149	151	151	151	151
	Professional, Technical, Clerical	121	151	151	151	151	151
	Operational Hourlies	1,319	1,314	1,313	1,313	1,313	1,313
	Total Public Safety	1,581	1,614	1,615	1,615	1,615	1,615
Baseline Total Positions							
	Managers/Supervisors	10,340	10,608	10,584	10,538	10,494	10,477
	Professional, Technical, Clerical	8,326	8,383	8,366	8,275	8,068	8,069
	Operational Hourlies	51,090	50,860	50,365	50,249	50,303	50,531
	Baseline Total Positions	69,756	69,851	69,315	69,062	68,865	69,077

BASELINE POSITIONS (Headcount)

This section excludes below-the-line Gap Closing Actions.

Year-to-Year (2010 vs 2009)

The MTA consolidated 2010 baseline shows 69,315 positions, 536 fewer than in 2009. Non-reimbursable positions decrease by 504, and Reimbursable positions, by 32. Positions decrease for NYCT, by 549, by 99 for LIRR, by 7 for MTA Bus, and by 5 for LIB, while MNR and MTA HQ see an increased headcount by 121 and 3, respectively. Across all of these agencies, most of the reductions occur within Operations, where 405 positions are eliminated. Another 175 positions are eliminated in Maintenance. At the same time, positions increase in Administration (by 39), Engineering/Capital (by 4), and Public Safety (by 1). The 2010-2013 July Financial Plan also shows that AABB's for 2010 will eliminate 240 more positions than they did in 2009. Below are short descriptions of various major changes in each of the agencies. Additional detail can be found in the headcount section for each agency.

NYCT will decrease Non-Reimbursable positions by 277, and Reimbursable positions by 272. These reductions will include the loss of 331 Operations positions and 264 Maintenance positions, while Administration adds 45 positions and Public Safety adds 1. Relative to 2009, there will be 146 fewer Non-Reimbursable positions as a result of AABB's in 2010 than there were in 2009, and most of these will be achieved by further reducing Station Customer Assistant (SCA) tour reductions over 2009 levels. Reimbursable reductions result primarily from project changes/completions in Scheduled Maintenance Service (SMS) for SIRTOA, New Car Delivery Support, Antenna Cable Replacement, SONET support, Orion vendor inspections, Security positions for the Electronics Maintenance Division, and Station Maintenance (CPM support).

The LIRR's lower headcount in 2010 results from a reduction of Non-Reimbursable positions by 324, while Reimbursable positions increase by 225. This net loss of 99 positions includes a decline in Operations by 91 and a decrease in Administrative positions by 10, while 2 Maintenance positions are added. AABB's for 2010 result in the reduction of 94 positions, as well as headcount reductions associated with M/E training, M-3 Propulsion, and transportation trainees. AABB position reductions include initiatives scheduled to begin in 2010, such as the Arch St. Maintenance Facility (-21) and the closing of ticket windows (-26), and the expansion of 2009 initiatives such as Train Crew Staffing reductions (-23). These reductions are partially offset by increases in positions for diesel and M-7 fleet Life Cycle Maintenance (LCM).

MNR's increase is made up entirely of Non-Reimbursable positions. Positions increase in Maintenance (+80), Operations (+40), and Administration (+1), and these increases are primarily due to the addition of headcount in support of the New Haven Maintenance Facility Shop Complex, the Harmon Shop replacement, security improvements, and new train service. Some of this increase also results from MNR returning to normal

vacancy levels in such areas as ticket sales, car cleaning and mechanics, and Maintenance of Way and Track and Structures maintenance.

Year-to-Year (2011 – 2013)

Total forecasted position levels drop by 238 from the end of 2010 to the end of 2013. Positions decrease by 253 in 2011 and by 197 in 2012, and increase by 212 in 2013. Agencies with the largest position changes at the end of the three-year period are NYCT with a decrease of 631, HQ with an increase of 195, MNR with an increase of 185, and the LIRR with an increase of 87. Included in the overall position reduction are eliminations related to the opening of the Business Service Center (BSC) which, on an MTA-wide basis, will result in a net decrease of 296 positions. The three-year reduction in the number of positions also includes an additional reduction of 214 positions due to AABBs.

NYCT's decrease is made up of reductions of 390 Reimbursable positions and 241 Non-Reimbursable positions. Reimbursable position reductions result from a continuation of the 2010 reductions (see above), and from changes/completions, primarily for the following projects: Tunnel Lighting Culver Line, Battery Cable Replacement, R160 Warranty work, and various Signal projects. Non-Reimbursable position reductions are largely the result of the opening of the BSC, which will reduce 309 positions from NYCT's budget over the three-year period. Position reductions also include the elimination of 223 positions due to AABBs (mainly Station Customer Assistants).

MTA HQ will increase headcount by 192 Non-Reimbursable positions and 3 Reimbursable positions. All of these positions are in Administration and result primarily from position transfers into the BSC from other MTA Agencies (BSC is currently budgeted in MTA HQ).

MNR's increase from 2011-2013 is made up entirely of Non-Reimbursable positions. Positions increase in Operations (+122) and Maintenance (+107), and decrease in Administration (-55). These increases are primarily for support of the New Haven Maintenance Facility Shop Complex, new train service, support of security improvements, and coach cleaning. Position reductions in Administration are primarily the result of the opening of the BSC, which will reduce 57 positions from MNR's budget.

The LIRR's increase is made up of increases of 109 Non-Reimbursable positions and decreases of 22 Reimbursable positions. Most of this increase occurs in 2013 with the addition of approximately 183 positions for East Side Access. This is partially offset by position reductions associated with the opening of the BSC, the impact of which will be the reduction of 56 positions from the LIRR's budget over the three-year period.

METROPOLITAN TRANSPORTATION AUTHORITY
July Financial Plan 2010-2013
Year to Year Changes for Positions by Function and Agency
Baseline Total Non-Reimbursable - Reimbursable Positions
Full-Time Positions and Full Time Equivalents

Function	Change 2009-2008	Change 2010-2009	Change 2011-2010	Change 2012-2011	Change 2013-2012
Baseline Total Positions	(95)	536	253	197	(212)
NYC Transit	534	549	338	265	28
Long Island Rail Road	(67)	99	74	(18)	(143)
Metro-North Railroad	(110)	(121)	(33)	(61)	(91)
Bridges & Tunnels	(44)	-	1	25	-
Headquarters	(151)	(3)	(197)	(14)	16
Long Island Bus	(32)	5	15	-	-
Staten Island Railway	(10)	-	3	-	-
Capital Construction Company	(21)	-	3	-	-
Bus Company	(194)	7	49	-	(22)
Non-Reimbursable	593	504	(25)	116	(265)
NYC Transit	1,246	277	79	187	(25)
Long Island Rail Road	(150)	324	56	(22)	(143)
Metro-North Railroad	(117)	(121)	(33)	(61)	(91)
Bridges & Tunnels	(51)	8	1	25	-
Headquarters	(123)	-	(195)	(13)	16
Long Island Bus	(30)	5	15	-	-
Staten Island Railway	(10)	-	3	-	-
Capital Construction Company	-	-	-	-	-
Bus Company	(172)	11	49	-	(22)
Reimbursable	(688)	32	278	81	53
NYC Transit	(712)	272	259	78	53
Long Island Rail Road	83	(225)	18	4	-
Metro-North Railroad	7	-	-	-	-
Bridges & Tunnels	7	(8)	-	-	-
Headquarters	(28)	(3)	(2)	(1)	-
Long Island Bus	(2)	-	-	-	-
Staten Island Railway	-	-	-	-	-
Capital Construction Company	(21)	-	3	-	-
Bus Company	(22)	(4)	-	-	-
Total Full-Time	(165)	511	253	197	(212)
NYC Transit	458	526	338	265	28
Long Island Rail Road	(67)	99	74	(18)	(143)
Metro-North Railroad	(112)	(123)	(33)	(61)	(91)
Bridges & Tunnels	(44)	-	1	25	-
Headquarters	(151)	(3)	(197)	(14)	16
Long Island Bus	(24)	5	15	-	-
Staten Island Railway	(10)	-	3	-	-
Capital Construction Company	(21)	-	3	-	-
Bus Company	(194)	7	49	-	(22)
Total Full-Time-Equivalents	70	25	-	-	-
NYC Transit	76	23	-	-	-
Long Island Rail Road	-	-	-	-	-
Metro-North Railroad	2	2	-	-	-
Bridges & Tunnels	-	-	-	-	-
Headquarters	-	-	-	-	-
Long Island Bus	(8)	-	-	-	-
Staten Island Railway	-	-	-	-	-
Capital Construction Company	-	-	-	-	-
Bus Company	-	-	-	-	-

METROPOLITAN TRANSPORTATION AUTHORITY
July Financial Plan 2010-2013
Year to Year Changes for Positions by Function and Agency
Baseline Total Non-Reimbursable - Reimbursable Positions
Full-Time Positions and Full Time Equivalents

FUNCTION/DEPARTMENT	Change 2009-2008	Change 2010-2009	Change 2011-2010	Change 2012-2011	Change 2013-2012
<i>Administration</i>	(100)	(39)	67	235	10
NYC Transit	120	(45)	88	229	-
Long Island Rail Road	(56)	10	54	-	(6)
Metro-North Railroad	5	(1)	56	(1)	-
Bridges & Tunnels	(4)	-	8	21	-
Headquarters	(125)	(3)	(197)	(14)	16
Long Island Bus	(3)	-	15	-	-
Staten Island Railway	2	-	2	-	-
Capital Construction Company	(3)	-	-	-	-
Bus Company	(36)	-	41	-	-
<i>Operations</i>	500	405	111	82	(113)
NYC Transit	639	331	147	110	128
Long Island Rail Road	37	91	(9)	(6)	(158)
Metro-North Railroad	(71)	(40)	(28)	(22)	(83)
Bridges & Tunnels	(23)	-	-	-	-
Headquarters	-	-	-	-	-
Long Island Bus	(17)	-	-	-	-
Staten Island Railway	(6)	-	1	-	-
Capital Construction Company	-	-	-	-	-
Bus Company	(59)	23	-	-	-
<i>Maintenance</i>	(372)	175	72	(120)	(109)
NYC Transit	(195)	264	103	(74)	(100)
Long Island Rail Road	(26)	(2)	29	(12)	21
Metro-North Railroad	(41)	(80)	(61)	(38)	(8)
Bridges & Tunnels	(16)	-	(7)	4	-
Headquarters	-	-	-	-	-
Long Island Bus	(10)	5	-	-	-
Staten Island Railway	(6)	-	-	-	-
Capital Construction Company	-	-	-	-	-
Bus Company	(78)	(12)	8	-	(22)
<i>Engineering/Capital</i>	(90)	(4)	3	-	-
NYC Transit	(18)	-	-	-	-
Long Island Rail Road	(22)	(0)	(0)	-	-
Metro-North Railroad	(3)	-	-	-	-
Bridges & Tunnels	(7)	-	-	-	-
Headquarters	-	-	-	-	-
Long Island Bus	(2)	-	-	-	-
Staten Island Railway	-	-	-	-	-
Capital Construction Company	(18)	-	3	-	-
Bus Company	(20)	(4)	-	-	-
<i>Public Safety</i>	(33)	(1)	-	-	-
NYC Transit	(12)	(1)	-	-	-
Long Island Rail Road	-	-	-	-	-
Metro-North Railroad	-	-	-	-	-
Bridges & Tunnels	6	-	-	-	-
Headquarters	(26)	-	-	-	-
Long Island Bus	-	-	-	-	-
Staten Island Railway	-	-	-	-	-
Capital Construction Company	-	-	-	-	-
Bus Company	(1)	-	-	-	-

Metropolitan Transportation Authority
July Financial Plan 2010-2013
Year to Year Changes for Positions by Function and Occupational Group
Baseline Total Full-time Positions and Full-time Equivalents
Non-Reimbursable and Reimbursable

FUNCTION/OCCUPATIONAL GROUP	Change 2009-2008	Change 2010-2009	Change 2011-2010	Change 2012-2011	Change 2013-2012
Administration					
Managers/Supervisors	131	13	11	45	1
Professional, Technical, Clerical	12	(13)	56	188	9
Operational Hourlies	(43)	(39)	-	2	-
Total Administration	100	(39)	67	235	10
Operations					
Managers/Supervisors	(1)	(15)	11	2	7
Professional, Technical, Clerical	(69)	10	(1)	-	(11)
Operational Hourlies	(430)	410	101	80	(109)
Total Operations	(500)	405	111	82	(113)
Maintenance					
Managers/Supervisors	81	30	24	(3)	9
Professional, Technical, Clerical	43	22	33	19	1
Operational Hourlies	248	123	15	(136)	(119)
Total Maintenance	372	175	72	(120)	(109)
Engineering/Capital					
Managers/Supervisors	49	(1)	(0)	-	-
Professional, Technical, Clerical	41	(2)	3	-	-
Operational Hourlies	-	-	-	-	-
Total Engineering/Capital	90	(4)	3	-	-
Public Safety					
Managers/Supervisors	8	(2)	-	-	-
Professional, Technical, Clerical	30	-	-	-	-
Operational Hourlies	(5)	1	-	-	-
Total Public Safety	33	(1)	-	-	-
Baseline Total Positions					
Managers/Supervisors	268	25	46	44	17
Professional, Technical, Clerical	57	17	91	207	(1)
Operational Hourlies	(230)	495	116	(54)	(228)
Baseline Total Positions	95	536	253	197	(212)

BASELINE POSITIONS (Headcount)

This section excludes below-the-line Gap Closing Actions.

Plan-to-Plan (2009) Mid-Year Forecast

MTA consolidated baseline positions of 69,851 are 1,917 positions higher than the 2009 Adopted Budget. Non-Reimbursable positions are forecast to increase by 1,973 and Reimbursable positions to decrease by 56. Total positions increase by 1,636 at NYCT, 145 at the LIRR, 143 at MTA Bus, 18 at B&T, and 18 at LIB, while positions decrease by 43 at MNR. The overall increase in positions is primarily due to the restoration of over 1,700 positions out of 2,765 positions removed from the Adopted Budget as part of the AABBs. It should be noted that the Adopted Budget does not allocate the AABBs by Function, whereas the July Plan does; therefore, comparisons by function are not meaningful.

NYCT's increase is made up of increases of 1,577 Non-Reimbursable and 59 Reimbursable positions. Most of the Non-Reimbursable increase is due to the restoration of 1,539 positions out of over 2,200 positions (including FTEs) removed from the Adopted Budget as part of the AABBs. Reimbursable position increases are primarily due to additional requirements for the following: R160 Testing/Warranty (+19), Engineering (+14), Extending G Service to Church Ave. via Culver Viaduct (+10), and HVAC work in communication rooms (+5).

The LIRR's increase is made up of 248 Non-Reimbursable position increases and 103 Reimbursable position decreases. Net Non-Reimbursable position increases primarily reflect a realignment of budgeted positions between Reimbursable and Non-Reimbursable, restorations of 40 positions out of approximately 160 positions removed from the Adopted Budget as part of the AABBs, and reductions of M/E Training headcount and Transportation trainees. Net Reimbursable position reductions primarily reflect the realignment of positions referred to previously.

MTA Bus' increase is made up of increases of 137 Non-Reimbursable and 6 Reimbursable positions. Virtually all of the increase is due to the restoration of 125 positions out of 168 positions removed from the Adopted Budget as part of the AABBs. Additional position increases include 12 positions for increased road supervision and 6 Reimbursable positions to manage capital programs.

MNR's decrease is made up reductions of 25 Non-Reimbursable and 18 Reimbursable positions. Net reductions are due to an increase in vacancies related to the slowing of hiring to meet cost reduction targets, and reductions of on-board crew positions related to train service adjustments. These reductions are partially offset by the restoration of 18 positions out of 88 positions removed from the Adopted Budget as part of the AABBs.

Plan-to-Plan (2010) Preliminary Budget

When compared with the February Plan, MTA consolidated baseline positions increase by 1,431. Non-Reimbursable positions increase (+1,423) and Reimbursable positions increase (+8). Positions increase by 1,297 at NYCT, 136 at MTA Bus, 18 at B&T, and 13 at LIB, while positions decrease by 32 at the LIRR and 1 at MNR. The overall increase in positions is primarily due to the restoration of over 1,650 positions out of the 2,928 positions removed from the Adopted Budget as part of the AABBs.

NYCT's total increase consists of 1,218 Non-Reimbursable and 79 Reimbursable positions. Most of the Non-Reimbursable increase is due to the restoration of 1,403 positions out of over 2,280 positions (including FTEs) removed from the Adopted Budget as part of the AABBs. Reimbursable position increases are due to a continuation of the initiatives mentioned in the previous section.

MTA Bus' increase consists 126 Non-Reimbursable and 10 Reimbursable positions. . Most of the increase is due to the restoration of 125 positions out of 168 positions removed from the Adopted Budget as part of the AABBs. Net position increases are due to a continuation and expansion of the initiatives mentioned in the previous section, partially offset by position reductions related to the adoption of loading guidelines and the impacts of depot integration.

Plan-to-Plan (2011 – 2012)

When compared with the February Plan, positions are projected to increase by (+1,309) in 2011 and (+1,741) in 2012.

Positions increase in 2011 at NYCT (+1,213), MTA Bus (+120), MNR (+39), B&T (+26) and LIB (+13), and decrease at MTA HQ (-55) and the LIRR (-47). These Plan-to-Plan changes remain virtually unchanged in 2011 and 2012. Position changes at NYCT, the LIRR, MTA Bus and MNR over the period are primarily due to AABB position restorations, as well as a continuation of initiatives mentioned in the previous sections.

METROPOLITAN TRANSPORTATION AUTHORITY
July Financial Plan 2010-2013
Baseline Change Between 2009 February Financial Plan vs. 2009 July Financial Plan
Total Non-Reimbursable - Reimbursable Positions
Full-Time Positions and Full Time Equivalents by Function and Agency

	Favorable/(Unfavorable) Variance			
Category	2009	2010	2011	2012
<i>Baseline Total Positions</i>	(1,917)	(1,431)	(1,309)	(1,741)
NYC Transit	(1,636)	(1,297)	(1,213)	(1,553)
Long Island Rail Road	(145)	32	47	23
Metro-North Railroad	43	1	(39)	(52)
Bridges & Tunnels	(18)	(18)	(26)	(26)
Headquarters	-	-	55	-
Long Island Bus	(18)	(13)	(13)	(13)
Staten Island Railway	-	-	-	-
Capital Construction Company	-	-	-	-
Bus Company	(143)	(136)	(120)	(120)
<i>Non-Reimbursable</i>	(1,973)	(1,423)	(1,319)	(1,787)
NYC Transit	(1,577)	(1,218)	(1,150)	(1,522)
Long Island Rail Road	(248)	(31)	(18)	(46)
Metro-North Railroad	25	(17)	(57)	(70)
Bridges & Tunnels	(18)	(18)	(26)	(26)
Headquarters	-	-	55	-
Long Island Bus	(18)	(13)	(13)	(13)
Staten Island Railway	-	-	-	-
Capital Construction Company	-	-	-	-
Bus Company	(137)	(126)	(110)	(110)
<i>Reimbursable</i>	56	(8)	10	46
NYC Transit	(59)	(79)	(63)	(31)
Long Island Rail Road	103	63	65	69
Metro-North Railroad	18	18	18	18
Bridges & Tunnels	-	-	-	-
Headquarters	-	-	-	-
Long Island Bus	-	-	-	-
Staten Island Railway	-	-	-	-
Capital Construction Company	-	-	-	-
Bus Company	(6)	(10)	(10)	(10)
<i>Total Full-Time</i>	(1,915)	(1,432)	(1,310)	(1,742)
NYC Transit	(1,632)	(1,294)	(1,210)	(1,550)
Long Island Rail Road	(145)	32	47	23
Metro-North Railroad	41	(3)	(43)	(56)
Bridges & Tunnels	(18)	(18)	(26)	(26)
Headquarters	-	-	55	-
Long Island Bus	(18)	(13)	(13)	(13)
Staten Island Railway	-	-	-	-
Capital Construction Company	-	-	-	-
Bus Company	(143)	(136)	(120)	(120)
<i>Total Full-Time-Equivalents</i>	(2)	1	1	1
NYC Transit	(4)	(3)	(3)	(3)
Long Island Rail Road	-	-	-	-
Metro-North Railroad	2	4	4	4
Bridges & Tunnels	-	-	-	-
Headquarters	-	-	-	-
Long Island Bus	-	-	-	-
Staten Island Railway	-	-	-	-
Capital Construction Company	-	-	-	-
Bus Company	-	-	-	-

METROPOLITAN TRANSPORTATION AUTHORITY
July Financial Plan 2010-2013
Baseline Change Between 2008 February Financial Plan vs. 2008 July Financial Plan
Total Non-Reimbursable - Reimbursable Positions
Full-Time Positions and Full Time Equivalents by Function and Agency

	Favorable/(Unfavorable) Variance			
Function	2009	2010	2011	2012
Administration	187	160	205	151
NYC Transit	142	92	92	92
Long Island Rail Road	7	11	4	4
Metro-North Railroad	(1)	18	15	15
Bridges & Tunnels	2	2	(6)	(5)
Headquarters	18	18	73	18
Long Island Bus	7	7	7	7
Staten Island Railway	-	-	-	-
Capital Construction Company	(5)	(5)	(5)	(5)
Bus Company	17	17	25	25
Operations	429	779	902	995
NYC Transit	378	634	773	876
Long Island Rail Road	28	118	109	103
Metro-North Railroad	34	15	8	4
Bridges & Tunnels	7	7	7	7
Headquarters	-	-	-	-
Long Island Bus	(9)	(9)	(9)	(9)
Staten Island Railway	-	-	-	-
Capital Construction Company	-	-	-	-
Bus Company	(9)	14	14	14
Maintenance	212	544	476	5
NYC Transit	110	255	203	(240)
Long Island Rail Road	(25)	211	217	199
Metro-North Railroad	95	53	23	14
Bridges & Tunnels	3	3	3	2
Headquarters	-	-	-	-
Long Island Bus	5	10	10	10
Staten Island Railway	2	2	2	2
Capital Construction Company	-	-	-	-
Bus Company	22	10	18	18
Engineering/Capital	16	12	12	12
NYC Transit	-	-	-	-
Long Island Rail Road	10	10	10	10
Metro-North Railroad	3	3	3	3
Bridges & Tunnels	4	4	4	4
Headquarters	-	-	-	-
Long Island Bus	-	-	-	-
Staten Island Railway	-	-	-	-
Capital Construction Company	5	5	5	5
Bus Company	(6)	(10)	(10)	(10)
Public Safety	4	2	(1)	(1)
NYC Transit	6	4	1	1
Long Island Rail Road	-	-	-	-
Metro-North Railroad	-	-	-	-
Bridges & Tunnels	(6)	(6)	(6)	(6)
Headquarters	3	3	3	3
Long Island Bus	-	-	-	-
Staten Island Railway	-	-	-	-
Capital Construction Company	-	-	-	-
Bus Company	1	1	1	1
Additional Actions for Budget Balance (AABB)	(2,765)	(2,928)	(2,903)	(2,903)
NYC Transit	(2,272)	(2,282)	(2,282)	(2,282)
Long Island Rail Road	(165)	(318)	(293)	(293)
Metro-North Railroad	(88)	(88)	(88)	(88)
Bridges & Tunnels	(28)	(28)	(28)	(28)
Headquarters	(21)	(21)	(21)	(21)
Long Island Bus	(21)	(21)	(21)	(21)
Staten Island Railway	(2)	(2)	(2)	(2)
Capital Construction Company	-	-	-	-
Bus Company	(168)	(168)	(168)	(168)

Metropolitan Transportation Authority
July Financial Plan 2010-2013
Baseline Change Between 2009 February Financial Plan vs. 2009 July Financial Plan
Non-Reimbursable and Reimbursable
Full-time Positions and Full-time Equivalents by Occupational Group and Agency
Favorable/(Unfavorable)

		Change			
FUNCTION/OCCUPATIONAL GROUP		2009	2010	2011	2012
Administration					
	Managers/Supervisors	64	73	176	138
	Professional, Technical, Clerical	121	117	59	41
	Operational Hourlies	2	(30)	(30)	(28)
	Total Administration	187	160	205	151
Operations					
	Managers/Supervisors	42	23	26	26
	Professional, Technical, Clerical	59	64	63	63
	Operational Hourlies	328	692	813	906
	Total Operations	429	779	902	995
Maintenance					
	Managers/Supervisors	113	100	97	51
	Professional, Technical, Clerical	87	73	73	71
	Operational Hourlies	12	371	306	(117)
	Total Maintenance	212	544	476	5
Engineering/Capital					
	Managers/Supervisors	18	16	16	16
	Professional, Technical, Clerical	(2)	(4)	(4)	(4)
	Operational Hourlies	-	-	-	-
	Total Engineering/Capital	16	12	12	12
Public Safety					
	Managers/Supervisors	1	(1)	(1)	(1)
	Professional, Technical, Clerical	10	10	7	7
	Operational Hourlies	(7)	(7)	(7)	(7)
	Total Public Safety	4	2	(1)	(1)
Additional Actions for Budget Balance (AABB)					
	Managers/Supervisors	(314)	(315)	(315)	(315)
	Professional, Technical, Clerical	(231)	(212)	(212)	(212)
	Operational Hourlies	(2,220)	(2,401)	(2,376)	(2,376)
	Total AABB	(2,765)	(2,928)	(2,903)	(2,903)
Baseline Total Positions					
	Managers/Supervisors	238	211	314	230
	Professional, Technical, Clerical	275	260	198	178
	Operational Hourlies	335	1,026	1,082	754
	Baseline Total Positions	848	1,497	1,594	1,162

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Status of 2009 Agency PEGs

STATUS OF THE 2009 PEGs

As reflected on the chart below, the February Plan included within its baseline, 2009 Program to Eliminate the GAP (PEG) savings of \$89 million and 469 positions in 2009. Savings decrease slightly to \$87 million in 2010, increase to \$95 million in 2011, and then fall to \$85 million in 2012. PEG position savings increase to 478 positions in 2010, increase to 513 positions in 2011, and then decrease slightly to 450 positions in 2012. In the July Plan the value of these PEGs was increased by \$5.4 million in 2009, \$4.4 million in 2010, \$6.0 million in 2011, \$7.7 million in 2012, and \$9.5 million in 2013. NYCT re-estimated the savings associated with its "Pharmacare Audit" and "Prescription Drug Contract Re-bid" PEGs upward by \$5.4 million in 2009, \$9.4 million in 2010, \$11.0 million in 2011, \$12.7 million in 2012, and \$14.5 million in 2013. MNR removed the savings associated with its placeholder PEG "Cost Reduction Measures to be Determined" and substituted savings through other cost cutting initiatives. This resulted in reductions to the 2009 PEG program of \$5.0 million in each of the years 2010 through 2013.

METROPOLITAN TRANSPORTATION AUTHORITY				
July Financial Plan 2010 - 2013				
Summary of the 2009 PEG Program				
(\$ in millions)				
	<u>February Plan</u>		<u>July Plan</u>	
	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>
2009	469	\$89	469	\$93
2010	478	\$87	478	\$91
2011	513	\$95	513	\$101
2012	450	\$85	450	\$93
2013	450	\$85	450	\$94

In addition to the 2009 PEG Program re-estimates listed above, the July Financial Plan includes re-estimates to the 2005 thru 2008 PEG Programs. SIR re-estimated the savings associated with its 2005 "Tompkinsville Fare Collection" PEG due to delays in construction work at Tompkinsville station. This resulted in a reduction to savings of \$0.2 million in 2009. B&T re-estimated the savings associated with its 2007 and 2008 PEG programs downward by \$0.6 million in 2009 and 2010 and by \$0.7 million each year thereafter. NYCT re-estimated the savings associated with its 2007 PEG "Worker's Compensation Recoveries" downward by \$1.1 million in each of the years 2009 through 2013 due to a change in the law which limited the types of claims that are reimbursable.

Please note that beginning with the results of the second quarter of 2009, the MTA will begin tracking those AABBs with a value of \$1 million or more that were not restored. The status of the remaining AABBs will be reported on in the November Plan.

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