

MTA

2009 Adopted Budget

February Financial Plan

2009 – 2012



February 2009



Metropolitan Transportation Authority

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I. Introduction

Introduction

This document includes the 2009 Adopted Budget approved by the Board in December and the 2009-2012 Financial Plan. The purpose of the February Plan is to fully incorporate Board-approved actions on a detailed basis into Agency budgets and forecasts.

In the event that external actions, such as implementation of the Ravitch Recommendations, in whole or material part, significantly affect the projections contained herein, the Board will be presented with a modification to the Adopted Budget for its consideration.

The approved Updated Forecast and Gap Closing actions that were presented below-the-baseline in December are now incorporated into the baseline. Adjustments that were only included on a consolidated basis, such as pension and fuel re-forecasts, are now properly allocated to the Agencies. Revised Subsidy projections are also now captured within the baseline. Gap Closing Actions including PEGs, the Business Service Center and Additional Actions for Budget Balance (AABBs) are now being captured within Agency baseline projections. The baseline has also been updated to include the 2009 23% Fare/Toll yield increase.

This process also gives the Agencies the chance to make minor technical adjustments to their budgets and forecasts which will result in improved reporting. These adjustments are minor and result in small changes to the bottom line. In some cases Agencies also made minor technical adjustments to PEGs and AABBs. Unlike the July and November Plans, the February Plan does not include any new proposals. As such, the detailed explanations of the programs and assumptions supporting this Plan can be found in the November 2008 Financial Plan, which is posted on the MTA web site (www.mta.info).

This document includes all relevant financial tables and reconciliations with the December Plan. It also contains schedules detailing the 12-month allocation of the 2009 Adopted Budget. These monthly allocations of the budget will be compared with monthly actuals and monthly variances will be analyzed and reported to the Board committees.

This report contains summary Agency information regarding budgeted positions, scheduled 2009 PEG programs and Additional Actions for Budget Balance, which are now captured within Agency forecasts. The post-2009 PEGs and the proposed 2011 fare/toll increase, which have yet to be acted on by the Board, remain below the line. As the 2010 budget process proceeds, these proposals and associated Agency targeted spending levels will be reassessed. The preliminary 2010 Budget is scheduled for presentation to the Board at the July 2009 meeting. The Final Proposed Budget for 2010 will be presented to the Board in November and submitted for adoption in December 2009. This process provides enough time so that public and elected officials can comment on the proposals before the anticipated Board action in December.

The February Plan includes closing cash balances of \$265 million in 2008 and \$49 million in 2009. Cash deficits for the years 2010-2012 are \$(290) million, \$(457) million and \$(612) million respectively. When compared with the December Plan, cash was worsened by \$3 million in 2008 and a net \$13 million in 2009. The projected cash deficit will increase by \$8 million in 2010, \$3 million in 2011 and \$4 million in 2012. These increases to the deficit are the result of technical adjustments, including their impacts on subsidies.

The incorporation of the 2009 PEGs, technical adjustments and AABBs into the baseline decreased positions by 3,137 in 2009, 3,344 in 2010, 3,383 in 2011, and 3,617 in 2012.

BASELINE CHANGES

The following items were approved by the Board in December.

Updated Forecasts Incorporated into the Baseline

These updated forecasts were approved by the Board in December as below-the-line items and are now captured within the February Baseline Financial Plan:

- Real Estate Related Taxes – To reflect actual receipts through November as well as tax receipt forecasts in the November 2008 City of New York's Financial Plan Update, Mortgage Recording and Urban tax receipts were revised downward by \$76 million in 2008, \$66 million in 2009, \$80 million in 2010, \$72 million in 2011 and \$29 million in 2012.
- State Dedicated Taxes – In order to reflect the State's October Mid-Year Financial Plan Update, MMTOA and PBT tax receipts were revised downward by \$15 million in 2008, \$175 million in 2009, \$133 million in 2010, \$133 million in 2011, and \$123 million in 2012.
- Pension Valuations – A provision was established for the expected losses in the equities of the MTA's pension plans (not including NYCERS or NYSLERS). The Plan assumes the following losses will be amortized over a five year period beginning in 2009: \$35 million in 2009; \$70 million in 2010; \$105 million in 2011; and \$140 million in 2012. These losses are now allocated to the impacted Agencies.
- Fuel – Fuel Expense adjustments reflecting hedges and significant reductions in the average annual price of Ultra Low Sulfur Diesel were shown below-the-line in the November Plan. These net savings, included in the February Plan baseline are: \$6 million in 2008, \$31 million in 2009, \$45 million in 2010, \$32 million in 2011, and \$39 million in 2012.

Gap Closing Actions

These internal actions were approved by the Board in December as below-the-line items and are now captured within the February Baseline:

- 2009 Agency Program to Eliminate the Gap - The distribution of the 2009 PEGs into the baseline resulted in changes to each Agency's financials, but had virtually no effect on MTA Consolidated cash. Projected savings from these PEGs are \$19 million in 2008, \$89 million in 2009, \$87 million in 2010, \$95 million in 2011 and \$85 million in 2012. Each Agency's section contains PEG Summaries of the 2009 and Post-2009 PEG Programs.
- Business Service Center – The February Plan baseline reflects the inclusion of projected implementation costs that were shown below-the-line in the December Plan. These operating budget changes include spending increases of \$8 million in 2009, \$10 million in 2010 and \$15 million in 2011, and spending decreases of \$29 million in 2012. The February Plan also includes a transfer of costs from the Agencies to MTAHQ.
- MTA Reorganization – In addition to the Business Service Center, MTA expects to review other back-office operations to generate additional administrative cost savings. Savings of \$1 million in 2009 and \$3 million thereafter are now captured within MTA HQ expenses.
- Reduce Subsidy to Long Island Bus – MTA is reducing LI Bus' subsidy by \$4 million in every year of the Plan beginning in 2009. It is anticipated that other government entities also responsible for funding LI Bus will provide sufficient aid so that the Agency achieves a balanced budget. Absent such funding, additional fare increases and/or service cuts may be necessary.
- LIBus Deficit Reduction – The February Plan baseline reflects additional deficit-reduction measures on the part of LI Bus of \$5 million in 2009, \$3 million in 2010, and \$2 million in 2011 and 2012 in order to achieve budget balance in the absence of additional funding from Nassau County. These reductions were shown below-the-line in the December Plan and are now captured within the LI Bus financial tables.
- 2006 Surplus Recovery – In 2006, MTA used a portion of the 2006 surplus to fund Capital Security and other non-recurring expenses. Some \$120 million of these funds, that are yet-to-be-committed, were transferred back to the operating budget in 2008 to be used for future gap-closing. Funding for most of the Capital Security projects is expected to be part of the MTA's Capital Plan; however, \$40 million is slated for those security projects that may need to be started earlier than the approval of the 2010 through 2014 Capital Program.
- Eliminate E-ZPass Forgiveness – The February Plan baseline reflects a projected increase in revenues of \$10 million annually from charging official city, state and county vehicles for Bridge and Tunnel crossings. This increase was

shown below-the-line in the December Plan. It is now assumed that these additional revenues will not be realized until 2009.

- Inter-Agency Loan - The MTA will be borrowing \$135 million in 2009 and 2010 and paying these Inter-Agency Loans back in 2011 and 2012.

Additional Actions for Budget Balance

The February Plan baseline reflects Additional Actions for Budget Balance which were adopted by the Board in December (pending an environmental review) in response to reduced dedicated tax forecasts and declining state and local aid. These additional actions, shown below-the-line in December, are expected to generate savings of \$18 million in 2008, \$261 million in 2009, \$401 million in 2010, \$384 million in 2011 and \$389 million in 2012. Each Agencies section includes a summary of these actions.

Fare and Toll Changes

In December 2008, the MTA Board approved the assumption that fares and tolls could be raised in 2009 to yield an annualized 23% increase in farebox and toll revenues. The Board did not approve the fare/toll increase, which will be brought separately to the Board in the first quarter of 2009 after the conclusion of public hearings and environmental reviews. This timetable also allows time for the State to consider alternative revenue sources such as those included in the Ravitch report which if adopted by the State Legislature could reduce the magnitude of the fare/toll increases and/or the proposed service reductions. The fare changes are expected to generate additional farebox revenue of \$528 million in 2009, \$893 million in 2010, \$906 million in 2011 and \$920 million in 2012, while the toll changes are projected to generate \$173 million in 2009, \$291 million in 2010, \$292 million in 2011, and \$293 million in 2012.

Technical Adjustments

These adjustments are relatively minor and for the most part only involve changes between accounts with a small impact to the bottom line. These adjustments, which are highlighted in the Reconciliation to the December Plan, worsen MTA's cash position by \$16 million over the 2008-2009 period. They also involve changes in the categorization and number of headcount which are captured in the Positions section of this Plan. The anticipated impacts of additional technical adjustments are detailed in Agency reconciliations. The most significant technical adjustment was the impact on subsidies from rolling below-the-line forecast changes and gap closing programs into the baseline. Also, the B&T submission was changed to recognize higher credit card fees for E-ZPass purchases due to the higher toll structure.

OTHER GAP-CLOSING ACTIONS

The following actions continue to be shown below the line:

Internal Actions:

Post-2009 Agency Program to Eliminate the Gap - MTA Agencies are expected to achieve targeted savings equivalent to a 1.5% reduction in controllable expenses in each of the Plan years (6% cumulative by the end of 2012). Agencies will identify PEGs beginning in 2010 during next year's budget cycle. Therefore, the vast majority of the Post-2009 PEG program remains unspecified at this time. On an MTA-wide basis, the value of these "unspecified" PEGs is \$97 million in 2010, \$175 million in 2011, and \$276 million in 2012. The LIRR has identified a very small portion of its Post-PEG program (\$1 million per year). These savings exclude MTA Bus' PEGs which would serve to reduce the City subsidy to MTA Bus.

New Contracts Labor Contribution – MTA is proposing that upon the expiration of labor contracts in 2009 and 2010, the net value of new contract costs would enable a reduction to baseline assumptions for one year which would help close future-year budget gaps. Savings would occur in the year of the reduction and in the out-years as well since the base for future growth would be reduced. Savings are projected at \$53 million in 2009, \$82 million in 2010, \$85 million in 2011 and \$86 million in 2012.

External Actions:

Federal Legislative Actions - The MTA is proposing changes in federal legislation that would eliminate certain federal mandates for commuter rail employees without impacting employee benefits.

State Legislative Actions – Tax Statute Revisions - Discussions with State Budget have already begun to develop legislative proposals which would be introduced in the 2009 Legislative session to tighten up the tax codes relating to MTA real estate taxes. These statutory changes are expected to generate \$50 million annually of additional revenue earmarked for MTA.

Fare/Toll:

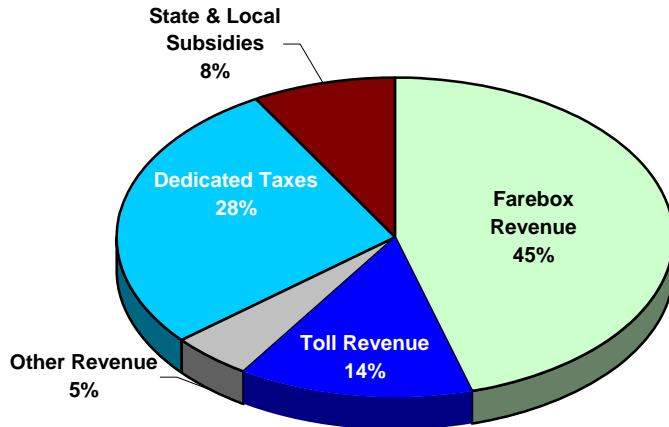
2011 Increased Fare and Toll Yields – A 5% consolidated farebox and toll revenue yield increase is also proposed for implementation on January 1, 2011, and is estimated to yield an additional \$307 million in 2011 and \$319 million in 2012, excluding yield increases for MTA Bus. The 5% farebox yield increase at MTA Bus is expected to generate additional revenue of \$10 million in 2011 and in 2012, and will be used to hold down NYC subsidy to MTA Bus. This action reflects MTA policy to implement small alternate year fare and toll increases to cover inflation.

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II. MTA Consolidated 2009-2012 Financial Plan

MTA 2009 Adopted Budget After Policy and Gap Closing Actions

Where the Dollars Come From ...

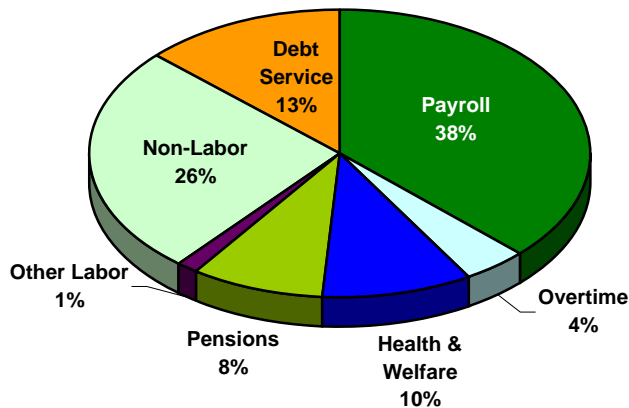


By Revenue Source (\$ in millions)	
Farebox Revenue	\$4,768
Toll Revenue	1,447
Other Revenue	481
Dedicated Taxes	2,923
State & Local Subsidies	878
Total	\$10,498

Does not include \$5 million in reduced farebox revenue associated with Additional Actions for Budget Balance.

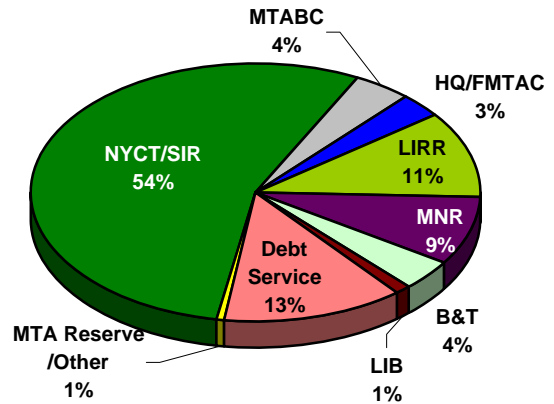
Where the Dollars Go ...

By Expense Category



By Expense Category (\$ in millions)	
Payroll	\$4,217
Overtime	473
Health & Welfare	1,099
Pensions	948
Other Labor	160
Non-Labor	2,933
Debt Service	1,474
Total	\$11,304

By MTA Agency



By MTA Agency (\$ in millions)	
NYCT/SIR	\$6,195
MTABC	459
HQ/FMTAC	347
LIRR	1,211
MNR	974
B&T	438
LIB	131
Debt Service	1,474
MTA Reserve/Other	75
Total	\$11,304

Expenses exclude Depreciation, OPEB obligation and Environmental Remediation.

Does not include \$268 million in net expense savings associated with Additional Actions for Budget Balance.

The difference between revenues and expenses is (\$806) million. This is offset by cash flow timing adjustments, use of prior year cash balances, Additional Actions for Budget Balance and below-the-line Gap Closing actions, resulting in a closing cash balance of \$49 million.

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METROPOLITAN TRANSPORTATION AUTHORITY
February Financial Plan 2009 - 2012
MTA Consolidated Statement Of Operations By Category
(\$ in millions)

Line No.		2007 Actual	2008 Final Estimate	2009 Adopted Budget	2010	2011	2012
7	Non-Reimbursable						
10	Operating Revenue						
11	Farebox Revenue	\$3,995	\$4,246	\$4,237	\$4,262	\$4,328	\$4,399
12	Fare Increase 6/1/09	-	-	526	889	902	916
13	LI Bus Deficit Reduction (Revenue Enhancement)	-	-	5	3	2	2
14	Additional Actions for Budget Balance: Revenue Impact	-	2	5	7	7	7
15	Toll Revenue	1,251	1,273	1,264	1,264	1,268	1,275
16	Toll Increase 6/1/09	-	-	173	291	292	293
17	Eliminate E-Z Pass Forgiveness	-	-	10	10	10	10
18	Other Revenue	480	459	481	503	529	561
19	Total Operating Revenue	\$5,726	\$5,981	\$6,701	\$7,227	\$7,337	\$7,464
21	Operating Expense						
22	Labor Expenses:						
23	Payroll	\$3,861	\$4,086	\$4,217	\$4,336	\$4,430	\$4,498
24	Overtime	482	490	473	479	489	499
25	Health & Welfare	617	685	744	809	874	944
26	OPEB Current Payment	270	327	355	386	423	462
27	Pensions	851	889	948	965	974	1,013
28	Other-Fringe Benefits	445	477	485	501	514	521
29	Reimbursable Overhead	(274)	(310)	(324)	(318)	(316)	(321)
30	Sub-total Labor Expenses	\$6,252	\$6,643	\$6,897	\$7,158	\$7,388	\$7,615
32	Non-Labor Expenses:						
33	Traction and Propulsion Power	294	314	349	399	426	456
34	Fuel for Buses and Trains	193	305	266	262	267	282
35	Insurance	54	33	48	58	69	81
36	Claims	164	175	156	165	172	175
37	Paratransit Service Contracts	233	284	367	423	482	561
38	Maintenance and Other Operating Contracts	533	627	676	689	693	717
39	Professional Service Contracts	181	188	229	218	219	220
40	Materials & Supplies	516	537	589	633	664	639
41	Other Business Expenses	152	179	185	182	189	195
42	Sub-total Non-Labor Expenses	\$2,320	\$2,643	\$2,866	\$3,030	\$3,181	\$3,327
44	Other Expense Adjustments:						
45	Other	(\$18)	(\$10)	(\$6)	(\$1)	(\$1)	(\$2)
46	General Reserve	0	0	75	75	75	75
47	Sub-total Other Expense Adjustments	(\$18)	(\$10)	\$69	\$74	\$74	\$73
49	Gap Closing Expenses:						
50	Fare Increase 6/1/09 (West of Hudson Subsidy Change)	-	-	(\$2)	(\$3)	(\$4)	(\$4)
51	Additional Actions for Budget Balance: Expense Impact	-	(10)	(268)	(420)	(401)	(407)
52	Total Operating Expense before Non-Cash Liability Adjs.	\$8,554	\$9,265	\$9,563	\$9,838	\$10,239	\$10,604
54	Depreciation	\$1,687	\$1,755	\$1,905	\$2,015	\$2,082	\$2,144
55	OPEB Obligation	1,291	1,313	1,379	1,436	1,495	1,556
56	Environmental Remediation	0	38	8	8	8	9
58	Total Operating Expense	\$11,533	\$12,371	\$12,854	\$13,296	\$13,825	\$14,313
60	Net Operating Deficit Before Subsidies and Debt Service	(\$5,807)	(\$6,390)	(\$6,153)	(\$6,069)	(\$6,488)	(\$6,850)
62	Dedicated Taxes and State/Local Subsidies	\$4,559	\$4,154	\$3,801	\$3,830	\$3,947	\$4,131
63	Debt Service (excludes Service Contract Bonds)	(1,712)	(1,504)	(1,474)	(1,912)	(2,050)	(2,266)
65	Net Deficit After Subsidies and Debt Service	(\$2,959)	(\$3,741)	(\$3,825)	(\$4,151)	(\$4,591)	(\$4,985)
67	Conversion to Cash Basis: Non-Cash Liability Adjs.	\$2,978	\$3,105	\$3,292	\$3,458	\$3,585	\$3,709
68	Conversion to Cash Basis: GASB Account	(77)	(57)	(60)	(63)	(66)	(69)
69	Conversion to Cash Basis: All Other	(384)	463	260	127	(64)	(63)
71	CASH BALANCE BEFORE PRIOR-YEAR CARRY-OVER	(\$442)	(\$230)	(\$334)	(\$629)	(\$1,136)	(\$1,408)
72	MTA GAP CLOSING PROGRAMS	0	0	118	290	679	796
73	PRIOR-YEAR CARRY-OVER	937	495	265	49	0	0
74	NET CASH BALANCE	\$495	\$265	\$49	(\$290)	(\$457)	(\$612)

METROPOLITAN TRANSPORTATION AUTHORITY

February Financial Plan 2009 - 2012

Gap Closing Programs

(\$ in millions)

Line

No.

		2008 Final Estimate	2009 Adopted Budget	2010	2011	2012
11	February Cash Balance Before Prior-Year Carry-Over	(\$230)	(\$334)	(\$629)	(\$1,136)	(\$1,408)
13	<u>GAP CLOSING</u>					
15	Internal Actions:					
16	Post-2009 Agency Program to Eliminate the Gap	0	0	97	175	276
17	New Contracts Labor Contribution	0	53	82	85	86
18	<i>Sub-Total</i>	0	53	178	259	362
20	External Actions:					
21	Federal Legislative Actions	-	15	62	63	66
22	State Legislative Actions - Tax Statute Revisions	-	50	50	50	50
23	<i>Sub-Total</i>	-	65	112	113	116
25	Fare/Toll:					
26	Fare/Toll Yields on 1/1/11: 5.0%	-	-	-	307	319
28	TOTAL GAP CLOSING	0	118	290	679	796
30	<i>Prior-Year Carry-Over</i>	495	265	49	0	0
32	Net Cash Surplus/(Deficit)	\$265	\$49	(\$290)	(\$457)	(\$612)

METROPOLITAN TRANSPORTATION AUTHORITY
February Financial Plan 2009 - 2012
MTA Consolidated Accrued Statement of Operations By Agency
(\$ in millions)

Line No	Non-Reimbursable	2007 Actual	2008 Final Estimate	2009 Adopted Budget	2010	2011	2012
8	<u>Total Operating Revenue</u>						
10	New York City Transit	\$3,159	\$3,327	\$3,718	\$4,026	\$4,102	\$4,189
11	Bridges and Tunnels	1,263	1,285	1,459	1,576	1,582	1,591
12	Metro-North Railroad	511	541	597	634	653	673
13	Long Island Rail Road	513	545	616	665	672	679
14	MTA Bus Company	162	177	191	203	204	206
15	MTA Headquarters	51	51	52	53	54	56
16	Long Island Bus	42	44	55	57	56	56
17	Staten Island Railway	6	6	7	8	8	8
18	First Mutual Transportation Assurance Company	19	5	5	5	5	5
19	Total	\$5,726	\$5,981	\$6,701	\$7,227	\$7,337	\$7,464
21	<u>Total Operating Expenses before Non-Cash Liability Adjs.¹</u>						
22	New York City Transit	\$5,397	\$5,887	\$6,002	\$6,178	\$6,413	\$6,656
23	Bridges and Tunnels	369	425	423	450	470	482
24	Metro-North Railroad	836	904	939	983	1,028	1,072
25	Long Island Rail Road	1,046	1,130	1,177	1,188	1,231	1,281
26	MTA Bus Company	418	461	444	447	461	475
27	MTA Headquarters	298	300	335	339	378	377
28	Long Island Bus	123	127	125	131	133	136
29	Staten Island Railway	31	37	42	38	39	41
30	First Mutual Transportation Assurance Company	9	5	7	9	12	10
31	Other	27	(9)	69	74	74	73
32	Total	\$8,554	\$9,265	\$9,563	\$9,838	\$10,239	\$10,604
34	<u>Depreciation</u>						
35	New York City Transit	\$1,061	\$1,109	\$1,185	\$1,267	\$1,322	\$1,377
36	Bridges and Tunnels	70	73	78	83	89	95
37	Metro-North Railroad	214	223	266	276	286	296
38	Long Island Rail Road	276	283	298	311	308	303
39	MTA Bus Company	30	30	37	40	42	42
40	MTA Headquarters	30	26	31	28	26	21
41	Long Island Bus	0	0	0	0	0	0
42	Staten Island Railway	7	10	10	10	10	10
43	First Mutual Transportation Assurance Company	0	0	0	0	0	0
44	Total	\$1,687	\$1,755	\$1,905	\$2,015	\$2,082	\$2,144
46	<u>Other Post Employment Benefits</u>						
47	New York City Transit	\$991	\$1,010	\$1,055	\$1,099	\$1,145	\$1,192
48	Bridges and Tunnels	61	61	66	69	72	76
49	Metro-North Railroad	49	51	53	55	56	58
50	Long Island Rail Road	78	76	79	82	86	89
51	MTA Bus Company	46	45	52	54	56	58
52	MTA Headquarters	58	61	64	67	70	73
53	Long Island Bus	6	6	6	7	7	8
54	Staten Island Railway	2	3	3	3	3	3
55	Total	\$1,291	\$1,313	\$1,379	\$1,436	\$1,495	\$1,556
57	<u>Environmental Remediation</u>						
58	New York City Transit	\$0	\$18	\$0	\$0	\$0	\$0
59	Metro-North Railroad	0	7	7	7	7	7
60	Long Island Rail Road	0	13	2	2	2	2
61	Total	\$0	\$38	\$8	\$8	\$8	\$9
63	<u>Net Operating Income/(Deficit)</u>						
64	New York City Transit	(\$4,291)	(\$4,697)	(\$4,524)	(\$4,517)	(\$4,777)	(\$5,035)
65	Bridges and Tunnels	763	726	892	973	950	938
66	Metro-North Railroad	(587)	(644)	(667)	(686)	(724)	(760)
67	Long Island Rail Road	(887)	(958)	(940)	(918)	(954)	(996)
68	MTA Bus Company	(331)	(359)	(341)	(338)	(354)	(370)
69	MTA Headquarters	(336)	(336)	(378)	(381)	(419)	(416)
70	Long Island Bus	(87)	(88)	(77)	(81)	(85)	(88)
71	Staten Island Railway	(34)	(43)	(48)	(43)	(43)	(46)
72	First Mutual Transportation Assurance Company	11	(0)	(2)	(4)	(7)	(5)
73	Other	(27)	9	(69)	(74)	(74)	(73)
74	Total	(\$5,807)	(\$6,390)	(\$6,153)	(\$6,069)	(\$6,488)	(\$6,850)

Note: ¹ Excludes Debt Service

METROPOLITAN TRANSPORTATION AUTHORITY

February Financial Plan 2009 - 2012

MTA Consolidated Cash Receipts and Expenditures

(\$ in millions)

Line Number	CASH RECEIPTS AND EXPENDITURES	2007 Actual	2008 Final Estimate	2009 Adopted Budget	2010	2011	2012
9							
10							
11	Receipts						
12	Farebox Revenue	\$4,048	\$4,293	\$4,278	\$4,299	\$4,365	\$4,437
13	Fare Increase 6/1/09	-	-	526	889	902	916
14	LI Bus Deficit Reduction (Revenue Enhancement)	-	-	5	3	2	2
15	Additional Actions for Budget Balance: Revenue Impact	-	2	4	6	6	6
16	Other Operating Revenue	502	564	511	535	561	593
17	Capital and Other Reimbursements	1,224	1,350	1,578	1,455	1,420	1,424
18	Total Receipts	\$5,774	\$6,210	\$6,901	\$7,187	\$7,256	\$7,378
19							
20	Expenditures						
21	Labor:						
22	Payroll	\$4,170	\$4,456	\$4,609	\$4,709	\$4,790	\$4,856
23	Overtime	551	570	534	539	550	560
24	Health and Welfare	631	731	780	848	916	988
25	OPEB Current Payment	257	311	334	363	397	435
26	Pensions	899	709	956	995	1,000	1,032
27	Other Fringe Benefits	508	547	559	573	583	593
28	Contribution to GASB Fund	77	57	60	63	66	69
29	Total Labor Expenditures	\$7,093	\$7,381	\$7,833	\$8,090	\$8,303	\$8,533
30							
31	Non-Labor:						
32	Traction and Propulsion Power	\$304	\$351	\$358	\$408	\$435	\$465
33	Fuel for Buses and Trains	192	306	266	262	267	281
34	Insurance	49	49	50	59	74	81
35	Claims	143	150	137	143	152	156
36	Paratransit Service Contracts	231	280	362	418	477	556
37	Maintenance and Other Operating Contracts	488	575	657	631	627	637
38	Professional Service Contracts	192	219	246	245	247	247
39	Materials & Supplies	700	669	722	752	744	736
40	Other Business Expenditures	248	179	187	186	197	196
41	Total Non-Labor Expenditures	\$2,547	\$2,777	\$2,985	\$3,105	\$3,220	\$3,357
42							
43	Other Expenditure Adjustments:						
44	Other	\$47	\$34	\$56	\$53	\$46	\$48
45	General Reserve	0	0	75	75	75	75
46	Total Other Expenditure Adjustments	\$47	\$34	\$131	\$128	\$121	\$123
47							
48	Gap Closing Expenses:						
49	Fare Increase 6/1/09 (West of Hudson Subsidy Change)	-	-	(\$2)	(\$3)	(\$4)	(\$4)
50	Additional Actions for Budget Balance: Expense Impact	-	(10,318)	(254,342)	(403,405)	(402,138)	(404,556)
51	Total Expenditures	\$9,687	\$10,183	\$10,692	\$10,916	\$11,239	\$11,604
52							
53	Net Cash Deficit Before Subsidies and Debt Service	(\$3,912)	(\$3,973)	(\$3,791)	(\$3,730)	(\$3,983)	(4,226)
54							
55	Dedicated Taxes and State/Local Subsidies	\$4,618	\$4,729	\$4,403	\$4,386	\$4,258	\$4,427
56	Debt Service (excludes Service Contract Bonds)	(1,147)	(987)	(946)	(1,286)	(1,411)	(1,609)
57							
58	CASH BALANCE BEFORE PRIOR-YEAR CARRY-OVER	(\$442)	(\$230)	(\$334)	(\$629)	(\$1,136)	(\$1,408)
59	MTA GAP CLOSING PROGRAMS	0	0	118	290	679	796
60	PRIOR-YEAR CARRY-OVER	937	495	265	49	0	0
61	NET CASH BALANCE	\$495	\$265	\$49	(\$290)	(\$457)	(\$612)

METROPOLITAN TRANSPORTATION AUTHORITY
February Financial Plan 2009 - 2012
MTA Consolidated Cash Statement of Operations By Agency
(\$ in millions)

Line Number		2007	2008 Final	2009 Adopted			
		<u>Actual</u>	<u>Estimate</u>	<u>Budget</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
8							
9	<u>Total Receipts</u>						
10	New York City Transit	\$3,987	\$4,200	\$4,730	\$4,917	\$4,965	\$5,056
11	Metro-North Railroad	709	777	798	842	851	872
12	Long Island Rail Road	734	856	918	958	962	965
13	MTA Bus Company	160	177	224	226	227	229
14	MTA Headquarters	88	105	119	130	139	142
15	Long Island Bus	51	50	62	64	62	63
16	Staten Island Railway	6	8	9	10	10	10
17	Capital Construction Company	19	33	36	36	35	36
18	First Mutual Transportation Assurance Company	19	5	5	5	5	5
19	Total	\$5,774	\$6,210	\$6,901	\$7,187	\$7,256	\$7,378
20							
21	<u>Total Expenditures</u>						
22	New York City Transit	\$6,285	\$6,601	\$6,857	\$7,024	\$7,231	\$7,469
23	Metro-North Railroad	1,115	1,138	1,162	1,208	1,252	1,297
24	Long Island Rail Road	1,273	1,423	1,488	1,493	1,507	1,568
25	MTA Bus Company	405	452	479	475	488	503
26	MTA Headquarters	414	365	413	423	466	466
27	Long Island Bus	133	137	133	137	139	143
28	Staten Island Railway	31	36	44	40	41	43
29	Capital Construction Company	19	33	36	36	35	36
30	First Mutual Transportation Assurance Company	19	5	5	5	5	5
31	Other	(8)	(7)	75	75	75	75
32	Total	\$9,687	\$10,183	\$10,692	\$10,916	\$11,239	\$11,604
33							
34	<u>Net Operating Surplus/(Deficit)</u>						
35	New York City Transit	(2,297)	(2,401)	(2,127)	(2,107)	(2,266)	(2,413)
36	Metro-North Railroad	(405)	(362)	(364)	(367)	(401)	(424)
37	Long Island Rail Road	(539)	(567)	(570)	(535)	(545)	(603)
38	MTA Bus Company	(245)	(275)	(256)	(248)	(260)	(274)
39	MTA Headquarters	(326)	(261)	(294)	(294)	(327)	(325)
40	Long Island Bus	(82)	(87)	(71)	(74)	(77)	(80)
41	Staten Island Railway	(25)	(28)	(35)	(30)	(31)	(33)
42	Capital Construction Company	(0)	0	0	0	0	0
43	First Mutual Transportation Assurance Company	0	0	0	0	0	0
44	Other	8	7	(75)	(75)	(75)	(75)
45	Total	(\$3,912)	(\$3,973)	(\$3,791)	(\$3,730)	(\$3,983)	(\$4,226)

Metropolitan Transportation Authority
February Financial Plan 2009 - 2012
MTA Consolidated February Financial Plan Compared with December Financial Plan
Cash Reconciliation
(\$ in millions)

	Favorable/(Unfavorable)				
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
DECEMBER PLAN NET CASH SURPLUS/(DEFICIT)	\$268	\$65	(\$266)	(\$454)	(\$608)
Technical Changes:					
Agency Adjustments:					
<i>New York City Transit</i>	(1)	(0)	1	3	4
<i>Bridges and Tunnels</i>	(1)	(3)	(5)	(5)	(5)
<i>MTA Headquarters</i>	0	1	1	0	(0)
Subsidies					
<i>Impact of Updated Forecast / Gap Closing Programs</i>	(1)	(10)	(4)	(1)	(3)
Total Technical Changes	(3)	(13)	(8)	(3)	(4)
Adjusted Net Cash Balance from Previous Year	0	(3)	(15)	0	0
FEBRUARY PLAN NET CASH SURPLUS/(DEFICIT)	\$265	\$49	(\$290)	(\$457)	(\$612)

METROPOLITAN TRANSPORTATION AUTHORITY
FEBRUARY FINANCIAL PLAN 2009-2012
BASELINE FAREBOX RECOVERY AND FAREBOX OPERATING RATIOS
INCLUDES PEG's¹, TECHNICAL ADJUSTMENTS, AABB², FARE/TOLL INCREASES

FAREBOX RECOVERY RATIOS

	2008 Final Estimate	2009 Adopted Budget	2010 Forecast	2011 Forecast	2012 Forecast
New York City Transit	36.2%	39.6%	40.7%	39.5%	38.7%
Staten Island Railway	10.4%	11.0%	13.1%	13.1%	12.7%
Long Island Rail Road	30.0%	33.3%	34.4%	33.8%	33.2%
Metro-North Railroad	38.2%	39.7%	39.5%	38.6%	38.1%
Long Island Bus	31.3%	38.5%	38.5%	37.2%	36.4%
Bus Company	<u>30.8%</u>	<u>33.6%</u>	<u>35.1%</u>	<u>34.3%</u>	<u>33.6%</u>
MTA Total Agency Average	35.2%	38.3%	39.3%	38.3%	37.5%

FAREBOX OPERATING RATIOS

	2008 Final Estimate	2009 Adopted Budget	2009 Adopted Budget	2011 Forecast	2012 Forecast
New York City Transit	53.3%	58.5%	61.6%	60.2%	58.9%
Staten Island Railway	16.2%	16.3%	20.2%	20.2%	19.4%
Long Island Rail Road	44.3%	47.1%	50.3%	49.2%	47.8%
Metro-North Railroad	55.5%	59.2%	60.1%	59.1%	58.4%
Long Island Bus	33.3%	41.2%	9.1%	40.0%	39.2%
Bus Company	<u>36.3%</u>	<u>41.0%</u>	<u>43.2%</u>	<u>42.3%</u>	<u>41.4%</u>
MTA Total Agency Average	50.9%	55.7%	58.0%	57.2%	56.0%

Farebox recovery ratio has a long-term focus. It includes costs that are not funded in the current year, except in an accounting-ledger sense, but are, in effect, passed on to future years. Those costs include depreciation, OPEB and Environmental Remediation adjustments, and interest on long-term debt. Approximately 10% (and sometimes more) of MTA costs are not recovered in the current year from farebox revenues, other operating revenues or subsidies. That is why MTA operating statements generally show deficits. In addition, the recovery ratio allocates centralized MTA services to the Agencies, such as Security, the costs of the Inspector General, Civil Rights, Audit, Risk Management and Legal.

Farebox operating ratio focuses on Agency operating financial performance. It reflects the way MTA meets its statutory and bond-covenant budget-balancing requirements, and it excludes certain costs that are not subject to Agency control, but are provided centrally by MTA.

¹ 2009 Agency Programs to Eliminate the Gap; ² Additional Actions for Budget Balance.

METROPOLITAN TRANSPORTATION AUTHORITY
FEBRUARY FINANCIAL PLAN 2009-2012
BASELINE FAREBOX RECOVERY AND FAREBOX OPERATING RATIOS
INCLUDES PEG's¹ & TECHNICAL ADJUSTMENTS, EXCLUDES AAB², FARE/TOLL INCREASES

FAREBOX RECOVERY RATIOS

	2008 Final Estimate	2009 Adopted Budget	2010 Forecast	2011 Forecast	2012 Forecast
New York City Transit	36.2%	34.5%	32.5%	31.6%	31.0%
Staten Island Railway	10.4%	9.9%	11.1%	11.1%	10.7%
Long Island Rail Road	30.0%	28.6%	27.1%	26.7%	26.2%
Metro-North Railroad	38.2%	35.9%	34.2%	33.4%	33.0%
Long Island Bus	31.3%	29.9%	28.7%	28.2%	27.6%
Bus Company	<u>30.8%</u>	<u>29.9%</u>	<u>29.3%</u>	<u>28.6%</u>	<u>28.1%</u>
MTA Total Agency Average	35.2%	33.5%	31.7%	30.9%	30.3%

FAREBOX OPERATING RATIOS

	2008 Final Estimate	2009 Adopted Budget	2009 Adopted Budget	2011 Forecast	2012 Forecast
New York City Transit	53.1%	50.6%	48.5%	47.5%	46.5%
Staten Island Railway	16.2%	14.7%	17.0%	17.1%	16.4%
Long Island Rail Road	44.3%	41.3%	40.8%	39.9%	38.8%
Metro-North Railroad	55.5%	53.1%	51.5%	50.8%	50.2%
Long Island Bus	33.3%	32.0%	30.6%	30.2%	29.6%
Bus Company	<u>36.3%</u>	<u>36.3%</u>	<u>35.7%</u>	<u>35.1%</u>	<u>34.3%</u>
MTA Total Agency Average	50.8%	48.4%	46.8%	45.9%	44.9%

Farebox recovery ratio has a long-term focus. It includes costs that are not funded in the current year, except in an accounting-ledger sense, but are, in effect, passed on to future years. Those costs include depreciation, OPEB and Environmental Remediation adjustments, and interest on long-term debt. Approximately 10% (and sometimes more) of MTA costs are not recovered in the current year from farebox revenues, other operating revenues or subsidies. That is why MTA operating statements generally show deficits. In addition, the recovery ratio allocates centralized MTA services to the Agencies, such as Security, the costs of the Inspector General, Civil Rights, Audit, Risk Management and Legal.

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¹ 2009 Agency Programs to Eliminate the Gap; ² Additional Actions for Budget Balance.