

MTA 2010 Preliminary Budget July Financial Plan 2010 – 2013



Volume 2
July 2009



Metropolitan Transportation Authority

**MTA 2010 PRELIMINARY BUDGET
JULY FINANCIAL PLAN 2010-2013
VOLUME 2**

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

Volume 2 includes MTA-Consolidated financial and headcount schedules as well as narratives that support the baseline projections included in the 2010 Preliminary Budget and the Financial Plan for 2010 through 2013. Also included are the Agency sections which incorporate descriptions of Agency Programs, supporting baseline tables and details regarding proposed Agency PEG's. Volume 2 also includes required information related to the MTA Capital Program.

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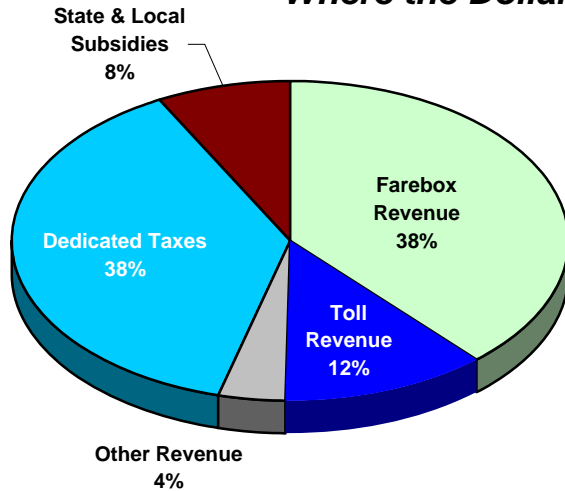
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I. MTA Consolidated 2009-2013 Financial Plan-Baseline

MTA 2010 Preliminary Budget

Baseline Before Policy and Gap Closing Actions

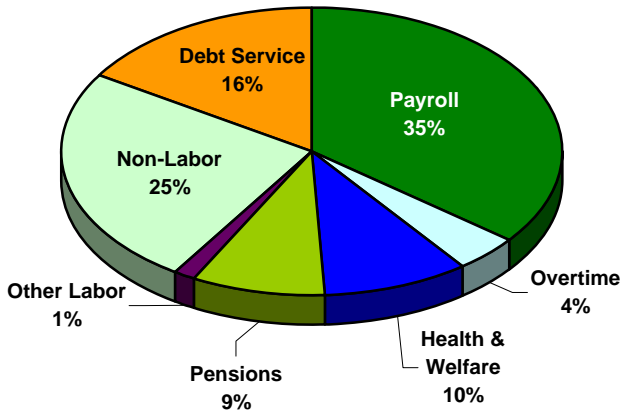
Where the Dollars Come From ...



By Revenue Source (\$ in millions)	
Farebox Revenue	\$4,515
Toll Revenue	1,384
Other Revenue	488
Dedicated Taxes	4,457
State & Local Subsidies	918
Total	\$11,762

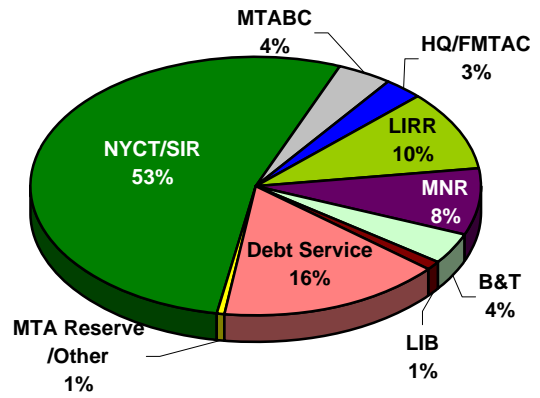
Where the Dollars Go ...

By Expense Category



By Expense Category (\$ in millions)	
Payroll	\$4,257
Overtime	469
Health & Welfare	1,156
Pensions	1,015
Other Labor	161
Non-Labor	2,959
Debt Service	1,920
Total	\$11,936

By MTA Agency



By MTA Agency (\$ in millions)	
NYCT/SIR	\$6,377
MTABC	462
HQ/FMTAC	337
LIRR	1,192
MNR	992
B&T	448
LIB	133
Debt Service	1,920
MTA Reserve/Other	75
Total	\$11,936

Expenses exclude Depreciation, OPEB obligation and Environmental Remediation.

The difference between revenues and expenses is (\$174) million. This is offset by cash flow timing adjustments, use of prior year cash balances and below-the-line Policy, Gap Closing and Cash Management actions, resulting in a closing cash balance of \$39 million.

METROPOLITAN TRANSPORTATION AUTHORITY

July Financial Plan 2010 - 2013

MTA Consolidated Statement Of Operations By Category

(\$ in millions)

Line

No.

7	Non-Reimbursable					
8		2008	2009	2010		
9		Actual	Mid-Year Forecast	Preliminary Budget	2011	2012
10	Operating Revenue				2013	
11	Farebox Revenue	\$4,241	\$4,339	\$4,515	\$4,594	\$4,659
12	Toll Revenue	1,274	1,313	1,384	1,392	1,397
13	Other Revenue	449	438	488	522	547
14	Total Operating Revenue	\$5,964	\$6,089	\$6,387	\$6,508	\$6,603
15						
16	Operating Expense					
17	Labor Expenses:					
18	Payroll	\$4,087	\$4,175	\$4,257	\$4,344	\$4,431
19	Overtime	472	479	469	476	486
20	Health & Welfare	685	713	776	840	911
21	OPEB Current Payment	319	352	380	414	452
22	Pensions	897	995	1,015	1,026	1,054
23	Other-Fringe Benefits	503	467	480	491	499
24	Reimbursable Overhead	(311)	(329)	(319)	(318)	(321)
25	Sub-total Labor Expenses	\$6,652	\$6,852	\$7,057	\$7,275	\$7,513
26						
27	Non-Labor Expenses:					
28	Traction and Propulsion Power	307	348	388	436	486
29	Fuel for Buses and Trains	287	193	221	248	265
30	Insurance	29	44	42	44	48
31	Claims	152	159	169	177	186
32	Paratransit Service Contracts	299	376	413	466	547
33	Maintenance and Other Operating Contracts	594	643	665	694	722
34	Professional Service Contracts	197	221	216	217	220
35	Materials & Supplies	533	577	592	602	612
36	Other Business Expenses	155	186	197	201	207
37	Sub-total Non-Labor Expenses	\$2,553	\$2,748	\$2,903	\$3,085	\$3,295
38						
39	Other Expense Adjustments:					
40	Other	(\$14)	(\$13)	(\$19)	(\$18)	(\$21)
41	General Reserve	0	38	75	75	75
42	Sub-total Other Expense Adjustments	(\$14)	\$24	\$56	\$57	\$54
43						
44	Total Operating Expense before Non-Cash Liability Adjs.	\$9,191	\$9,625	\$10,016	\$10,418	\$10,861
45						
46	Depreciation	\$1,791	\$1,973	\$2,075	\$2,161	\$2,237
47	OPEB Obligation	1,349	1,390	1,447	1,506	1,567
48	Environmental Remediation	42	10	10	10	11
49						
50	Total Operating Expense	\$12,373	\$12,998	\$13,547	\$14,094	\$14,675
51						
52	Net Operating Deficit Before Subsidies and Debt Service	(\$6,410)	(\$6,908)	(\$7,160)	(\$7,587)	(\$8,072)
53						
54	Dedicated Taxes and State/Local Subsidies	\$4,078	\$4,621	\$5,375	\$5,577	\$5,881
55	Debt Service (excludes Service Contract Bonds)	(1,516)	(1,499)	(1,920)	(2,059)	(2,256)
56						
57	Net Deficit After Subsidies and Debt Service	(\$3,848)	(\$3,787)	(\$3,705)	(\$4,069)	(\$4,448)
58						
59	Conversion to Cash Basis: Non-Cash Liability Adjs.	\$3,182	\$3,373	\$3,531	\$3,677	\$3,814
60	Conversion to Cash Basis: GASB Account	(56)	(60)	(62)	(65)	(68)
61	Conversion to Cash Basis: All Other	490	219	184	(138)	(141)
62						
63	CASH BALANCE BEFORE PRIOR-YEAR CARRY-OVER	(\$232)	(\$255)	(\$52)	(\$595)	(\$842)
						(\$1,138)

METROPOLITAN TRANSPORTATION AUTHORITY
July Financial Plan 2010 - 2013
MTA Consolidated Accrued Statement of Operations By Agency
(\$ in millions)

Line No	Non-Reimbursable	2008 Actual	2009 Mid-Year Forecast	2010 Preliminary Budget	2011	2012	2013
8	<u>Total Operating Revenue</u>						
10	New York City Transit	\$3,321	\$3,370	\$3,541	\$3,617	\$3,680	\$3,737
11	Bridges and Tunnels	1,287	1,323	1,395	1,403	1,409	1,408
12	Metro-North Railroad	539	548	571	593	610	627
13	Long Island Rail Road	545	549	573	581	586	591
14	MTA Bus Company	180	176	183	187	189	190
15	MTA Headquarters	52	54	55	56	58	59
16	Long Island Bus	45	45	46	46	47	47
17	Staten Island Railway	6	7	7	7	7	8
18	First Mutual Transportation Assurance Company	(11)	16	17	17	18	18
19	Total	\$5,964	\$6,089	\$6,387	\$6,508	\$6,603	\$6,685
21	<u>Total Operating Expenses before Non-Cash Liability Adjs. ¹</u>						
22	New York City Transit	\$5,882	\$6,101	\$6,339	\$6,575	\$6,876	\$7,253
23	Bridges and Tunnels	408	425	448	470	481	501
24	Metro-North Railroad	880	934	992	1,048	1,096	1,151
25	Long Island Rail Road	1,112	1,185	1,192	1,228	1,294	1,355
26	MTA Bus Company	468	448	462	475	493	526
27	MTA Headquarters	292	346	367	405	407	425
28	Long Island Bus	130	127	133	137	141	145
29	Staten Island Railway	31	44	38	38	41	42
30	First Mutual Transportation Assurance Company	2	(9)	(11)	(15)	(22)	(31)
31	Other	(12)	24	56	57	54	48
32	Total	\$9,191	\$9,625	\$10,016	\$10,418	\$10,861	\$11,415
34	<u>Depreciation</u>						
35	New York City Transit	\$1,122	\$1,250	\$1,325	\$1,400	\$1,475	\$1,550
36	Bridges and Tunnels	77	81	85	89	94	99
37	Metro-North Railroad	220	261	270	278	286	295
38	Long Island Rail Road	297	303	313	315	308	301
39	MTA Bus Company	34	37	40	42	42	42
40	MTA Headquarters	34	31	31	26	21	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	\$1,791	\$1,973	\$2,075	\$2,161	\$2,237	\$2,318
46	<u>Other Post Employment Benefits</u>						
47	New York City Transit	\$1,026	\$1,055	\$1,099	\$1,145	\$1,192	\$1,240
48	Bridges and Tunnels	66	71	76	79	83	87
49	Metro-North Railroad	55	55	55	57	58	60
50	Long Island Rail Road	78	79	82	86	89	93
51	MTA Bus Company	49	52	54	56	58	60
52	MTA Headquarters	62	64	67	70	73	77
53	Long Island Bus	11	11	11	11	11	11
54	Staten Island Railway	3	3	3	3	3	3
55	Total	\$1,349	\$1,390	\$1,447	\$1,506	\$1,567	\$1,630
57	<u>Environmental Remediation</u>						
58	New York City Transit	\$16	\$0	\$0	\$0	\$0	\$0
59	Metro-North Railroad	8	8	8	8	9	9
60	Long Island Rail Road	19	2	2	2	2	2
61	Total	\$42	\$10	\$10	\$10	\$11	\$11
63	<u>Net Operating Income/(Deficit)</u>						
64	New York City Transit	(\$4,725)	(\$5,036)	(\$5,222)	(\$5,502)	(\$5,863)	(\$6,306)
65	Bridges and Tunnels	736	747	785	765	750	722
66	Metro-North Railroad	(623)	(709)	(754)	(798)	(840)	(888)
67	Long Island Rail Road	(961)	(1,020)	(1,017)	(1,050)	(1,107)	(1,159)
68	MTA Bus Company	(371)	(360)	(373)	(386)	(404)	(439)
69	MTA Headquarters	(335)	(387)	(411)	(445)	(443)	(464)
70	Long Island Bus	(95)	(93)	(97)	(101)	(105)	(109)
71	Staten Island Railway	(34)	(51)	(44)	(44)	(46)	(48)
72	First Mutual Transportation Assurance Company	(13)	25	28	32	39	49
73	Other	12	(24)	(56)	(57)	(54)	(48)
74	Total	(\$6,410)	(\$6,908)	(\$7,160)	(\$7,587)	(\$8,072)	(\$8,689)

Note: ¹ Excludes Debt Service

METROPOLITAN TRANSPORTATION AUTHORITY

July Financial Plan 2010 - 2013

MTA Consolidated Cash Receipts and Expenditures

(\$ in millions)

Line Number	CASH RECEIPTS AND EXPENDITURES	2008	2009	2010			
		Actual	Mid-Year Forecast	Preliminary Budget	2011	2012	2013
9							
10							
11	Receipts						
12	Farebox Revenue	\$4,299	\$4,383	\$4,552	\$4,632	\$4,697	\$4,746
13	Other Operating Revenue	497	488	511	546	572	606
14	Capital and Other Reimbursements	1,345	1,487	1,487	1,425	1,427	1,439
15	Total Receipts	\$6,141	\$6,358	\$6,551	\$6,603	\$6,696	\$6,790
16							
17	Expenditures						
18	<u>Labor:</u>						
19	Payroll	\$4,431	\$4,606	\$4,635	\$4,709	\$4,792	\$4,916
20	Overtime	559	544	532	540	551	561
21	Health and Welfare	752	734	815	881	954	1,044
22	OPEB Current Payment	293	332	358	390	426	465
23	Pensions	712	996	1,039	1,056	1,084	1,091
24	Other Fringe Benefits	539	567	577	586	596	619
25	Contribution to GASB Fund	56	60	62	65	68	72
26	Total Labor Expenditures	\$7,342	\$7,840	\$8,018	\$8,228	\$8,470	\$8,767
27							
28	<u>Non-Labor:</u>						
29	Traction and Propulsion Power	\$299	\$373	\$391	\$439	\$489	\$544
30	Fuel for Buses and Trains	300	189	220	248	265	312
31	Insurance	41	47	45	49	53	52
32	Claims	147	156	144	153	162	171
33	Paratransit Service Contracts	272	379	408	461	542	636
34	Maintenance and Other Operating Contracts	556	602	616	624	632	655
35	Professional Service Contracts	203	249	246	250	252	249
36	Materials & Supplies	714	667	685	682	701	724
37	Other Business Expenditures	163	189	200	207	214	222
38	Total Non-Labor Expenditures	\$2,693	\$2,851	\$2,955	\$3,112	\$3,310	\$3,566
39							
40	<u>Other Expenditure Adjustments:</u>						
41	Other	\$9	\$68	\$84	\$90	\$98	\$109
42	General Reserve	0	38	75	75	75	75
43	Total Other Expenditure Adjustments	\$9	\$105	\$159	\$165	\$173	\$184
44							
45	Total Expenditures	\$10,045	\$10,797	\$11,133	\$11,505	\$11,953	\$12,517
46							
47	Net Cash Deficit Before Subsidies and Debt Service	(\$3,904)	(\$4,438)	(\$4,582)	(\$4,902)	(\$5,258)	(\$5,727)
48							
49	Dedicated Taxes and State/Local Subsidies	\$4,669	\$5,147	\$5,818	\$5,718	\$6,001	\$6,363
50	Debt Service (excludes Service Contract Bonds)	(997)	(964)	(1,287)	(1,411)	(1,586)	(1,774)
51							
52	CASH BALANCE BEFORE PRIOR-YEAR CARRY-OVER	(\$232)	(\$255)	(\$52)	(\$595)	(\$842)	(\$1,138)

METROPOLITAN TRANSPORTATION AUTHORITY
July Financial Plan 2010 - 2013
MTA Consolidated Cash Statement of Operations By Agency
(\$ in millions)

Line Number		2008	2009 Mid-Year	2010 Preliminary			
		<u>Actual</u>	<u>Forecast</u>	<u>Budget</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
8							
9	<u>Total Receipts</u>						
10	New York City Transit	\$4,220	\$4,351	\$4,481	\$4,492	\$4,554	\$4,614
11	Metro-North Railroad	784	758	792	811	825	845
12	Long Island Rail Road	785	838	842	847	856	867
13	MTA Bus Company	178	178	190	197	199	201
14	MTA Headquarters	97	119	130	140	143	144
15	Long Island Bus	52	52	53	53	54	54
16	Staten Island Railway	7	8	9	9	9	9
17	Capital Construction Company	29	38	37	37	38	38
18	First Mutual Transportation Assurance Company	(11)	16	17	17	18	18
19	Total	\$6,141	\$6,358	\$6,551	\$6,603	\$6,696	\$6,790
20							
21	<u>Total Expenditures</u>						
22	New York City Transit	\$6,601	\$6,978	\$7,210	\$7,423	\$7,727	\$8,113
23	Metro-North Railroad	1,131	1,167	1,232	1,297	1,342	1,396
24	Long Island Rail Road	1,393	1,461	1,464	1,492	1,562	1,627
25	MTA Bus Company	415	507	472	489	507	542
26	MTA Headquarters	329	413	447	492	495	513
27	Long Island Bus	134	139	139	143	147	152
28	Staten Island Railway	31	46	40	40	43	44
29	Capital Construction Company	29	38	37	37	38	38
30	First Mutual Transportation Assurance Company	(11)	16	17	17	18	18
31	Other	(7)	32	75	75	75	75
32	Total	\$10,045	\$10,797	\$11,133	\$11,505	\$11,953	\$12,517
33							
34	<u>Net Operating Surplus/(Deficit)</u>						
35	New York City Transit	(2,381)	(2,627)	(2,729)	(2,931)	(3,173)	(3,499)
36	Metro-North Railroad	(347)	(409)	(440)	(487)	(517)	(551)
37	Long Island Rail Road	(607)	(623)	(622)	(644)	(705)	(760)
38	MTA Bus Company	(237)	(329)	(282)	(292)	(308)	(342)
39	MTA Headquarters	(232)	(294)	(317)	(352)	(352)	(369)
40	Long Island Bus	(82)	(87)	(86)	(90)	(94)	(98)
41	Staten Island Railway	(24)	(38)	(31)	(31)	(33)	(35)
42	Capital Construction Company	0	0	0	0	0	0
43	First Mutual Transportation Assurance Company	0	0	0	0	0	0
44	Other	7	(32)	(75)	(75)	(75)	(75)
45	Total	(\$3,904)	(\$4,438)	(\$4,582)	(\$4,902)	(\$5,258)	(\$5,727)

Metropolitan Transportation Authority
July Financial Plan 2010 - 2013
MTA Consolidated July Financial Plan Compared with February Financial Plan
Cash Reconciliation
(\$ in millions)

	Favorable/(Unfavorable)			
	2009	2010	2011	2012
FEBRUARY BASELINE CASH BALANCE before PRIOR-YEAR CARRYOVER	(\$334)	(\$629)	(\$1,136)	(\$1,408)
Board Actions:	(\$572)	(\$913)	(\$903)	(\$907)
AABB Restorations	(123)	(227)	(210)	(204)
Rescind 23% Fare Yield Increase	(700)	(1,180)	(1,194)	(1,210)
10% Fare 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 Adjustments ¹	141	186	183	185
Net Baseline Change	(\$684)	(\$851)	(\$919)	(\$1,031)
General Reserve	\$38	\$0	\$0	\$0
Subsidies	\$744	\$1,432	\$1,460	\$1,575
Real Estate Taxes	(424)	(270)	(244)	(220)
MMTOA	(3)	(45)	(101)	(83)
PBT	1	(8)	(8)	(8)
MRT Transfers	74	12	12	13
New State Taxes and Fees	1,090	1,868	1,940	2,014
55/25 Pension Funding	34	0	0	0
2006 MMTOA Catch-up	50	0	0	0
2006 Surplus Recovery	25	0	0	0
Forward Energy Contracts	(24)	0	0	0
City Subsidy for MTA Bus	45	41	32	34
B&T Operating Surplus Transfer	(128)	(180)	(186)	(194)
CDOT	3	2	2	5
Other	0	12	12	14
Debt Service (excluding B&T)	(\$17)	(\$2)	\$1	\$23
Other	\$0	(\$2)	(\$0)	(\$0)
JULY BASELINE CASH BALANCE before PRIOR-YEAR CARRYOVER	(\$255)	(\$52)	(\$595)	(\$842)

Note:

¹ B&T is captured as a subsidy and is not included in the agency portion of the cash baseline. While B&T impacts are captured in individual reconciliation categories, they are eliminated with this adjustment. Consequently, all B&T impacts are removed, including Toll Revenue, AABB's and Other Baseline Re-Estimates.

**METROPOLITAN TRANSPORTATION AUTHORITY
JULY FINANCIAL PLAN 2010-2013
BASELINE FAREBOX RECOVERY AND FAREBOX OPERATING RATIOS**

FAREBOX RECOVERY RATIOS

	2009 Mid-Year Forecat	2010 Preliminary Budget	2011 Forecast	2012 Forecast	2013 Forecast
New York City Transit	34.9%	34.5%	33.5%	32.3%	31.1%
Staten Island Railway	9.2%	11.7%	11.7%	11.3%	11.0%
Long Island Rail Road	29.1%	29.3%	28.4%	27.7%	27.2%
Metro-North Railroad	36.2%	35.0%	34.3%	33.6%	33.2%
Long Island Bus	30.0%	29.7%	29.2%	28.7%	28.1%
Bus Company	<u>30.8%</u>	<u>30.8%</u>	<u>30.2%</u>	<u>29.5%</u>	<u>28.0%</u>
MTA Total Agency Average	33.9%	33.6%	32.7%	31.6%	30.6%

FAREBOX OPERATING RATIOS

	2009 Mid-Year Forecat	2010 Preliminary Budget	2011 Forecast	2012 Forecast	2013 Forecast
New York City Transit	52.3%	52.6%	51.5%	49.9%	47.7%
Staten Island Railway	13.6%	17.9%	18.0%	17.1%	16.7%
Long Island Rail Road	42.8%	44.8%	44.0%	42.2%	40.6%
Metro-North Railroad	54.5%	53.8%	52.5%	51.9%	50.8%
Long Island Bus	33.3%	32.9%	32.3%	31.7%	31.0%
Bus Company	<u>37.8%</u>	<u>38.0%</u>	<u>37.4%</u>	<u>36.4%</u>	<u>34.3%</u>
MTA Total Agency Average	50.0%	50.6%	49.6%	48.0%	46.1%

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.

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