

MTA 2010

Final Proposed Budget

November Financial Plan 2010 – 2013



Volume 1
November 2009



Metropolitan Transportation Authority

**MTA 2010 PROPOSED BUDGET
NOVEMBER FINANCIAL PLAN 2010-2013
VOLUME 1**

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

Volume 2 includes MTA-Consolidated financial and headcount schedules as well as narratives that support the baseline projections included in the 2010 Final Proposed 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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I. Introduction

Memorandum



Metropolitan Transportation Authority

State of New York

Date November 18, 2009
To MTA Board Members
From Gary J. Dellaverson
Re 2010 Final Proposed Budget and the November Plan

Presented for your consideration is the 2010 Final Proposed Budget and the Four-Year Financial Plan for 2010-2013 (the November Plan). This Plan is an update of the July Financial Plan reflecting some new developments and risks, many of which are the result of the continuing economic downturn. The 2010 Final Proposed Budget is balanced with no fare increase or reductions to scheduled service.

The July Financial Plan was balanced with the help of legislation enacted in May that provided the MTA with additional sources of revenue through the imposition of taxes and fees within the Metropolitan Commuter Transportation District. These new sources of revenue are projected to provide \$1.1 billion to the MTA for 2009 and an additional \$1.9 billion in 2010. This legislation addressed what had become a structural imbalance in the finances of the MTA, caused by significant reductions in real-estate related subsidies, lower ridership due to the economy, and rising costs for pensions, health & welfare and paratransit. The legislation allowed the MTA Board to cancel reductions directly impacting scheduled service and lower already approved 2009 fare/toll increases from over 23% to 10%. In addition, it provided for substantial Pay-As-You-Go financing for the MTA Capital Program. While the July Plan was balanced, margins were thin; with ending cash balances of only \$29 million in 2009, \$39 million in 2010, and \$1 million in 2011, including the impact of fare and toll increases.

Consistent with the July Plan, this Plan assumes that the solution to the MTA's financial problems includes contributions from all its stake-holders. In addition to the assistance from Albany, which is being funded by regional businesses and residents, it also includes a contribution from our riders in the form of recent fare and toll increases as well as bi-annual fare increases of 7.5% in 2011 and 2013.

In turn, the MTA must do everything it can to restrain expenses. Agencies were not permitted to include any unfunded New Needs in their November Plan submissions. This Plan also continues strict spending controls, additional budget reductions, the assumption that labor will contribute through productivity and labor savings, and a management wage freeze in 2009. In addition to the substantial expense reductions taken this year (including Additional Actions for Budget Balance approximating \$200 million per year), the Plan includes 2010 PEGs that are projected to save \$72 million

in 2010. It includes annual savings for unidentified post-2010 PEGs that are targeted at \$90 million in 2011, growing to \$280 million by 2013.

The 2009 November Forecast projects expenses that, excluding the general reserve and after gap closing actions, are 2.7% higher than 2008. The majority of the increase is in the “uncontrollable” areas of pensions and paratransit costs. Controllable costs are projected to increase only 1.2% over 2008. Expenses in the 2010 Final Proposed Budget are growing 4.4% over 2009, with controllable growth of 2.5%. This growth is the result of inflation, higher energy costs, timing and some incremental maintenance costs that will significantly benefit operations. Over the 2009-2013 Financial Plan period, growth in controllable expenses is projected to average 1.6% per year.

Pay-As-You-Go Capital payments are planned to start at \$50 million in 2010 and ramp up in \$50 million increments until the annual contribution achieves \$450 million in 2018. This level of operating assistance will be necessary to support future capital programs, including support for “mega” projects like East Side Access and the Second Avenue Subway. The Plan continues to assume that a portion of the 7.5% toll increases for 2011 and 2013 (equivalent to 2.5% in each year) will be used to fund new B&T capital projects through pay-as-you-go funding and additional debt service.

The November Plan continues to assume that the MTA will achieve savings that annualize to over \$60 million per year from proposed changes in federal legislation to eliminate certain federal mandates for commuter rail employees, without impacting employee benefits. The Plan also continues the assumption that \$135 million in inter-agency loans in both 2009 and 2010 will be paid back in 2011 and 2012.

As noted earlier, this Plan does not include any reductions to scheduled service. It is possible, however, that a \$1.4 million funding cut in 2010 by the Nassau County legislature to LI Bus could result in LI Bus service reductions. Potential funding replacements are being considered by Nassau County, including a one-shot source of funds. Funding the operating deficit of Long Island Bus is a County responsibility, and the MTA is not in a position to increase its subsidy to Long Island Bus to make up the County’s funding cut. If the County does not fully restore its subsidy, Long Island Bus customers may face substantial service reductions that will need to be implemented as soon as possible.

Economic Impacts

The economy is continuing to present a challenge to the finances of the MTA, as reflected in this Plan. Through September, over 80 thousand jobs have been lost in New York City, a 2.1% decline over last year. Job losses are expected to continue through the second quarter of 2010; on an annual basis, jobs in the City are expected to retrench about 3% in 2009 and by another nine-tenths of one percent in 2010. These job losses have taken a toll on MTA utilization levels: consolidated MTA ridership is projected to decline by 77 million rides in 2009, a 2.9% drop, while B&T traffic is projected to fall by five million crossings, a 1.6% decline. Despite these year-over-year declines, the situation is slightly less dire than forecasted in the July Plan.

MTA consolidated ridership is expected to better the July Plan forecast by 12 million rides, a 0.5% improvement, and B&T traffic forecasts have been increased by four million crossings, a 1.2% projected improvement.

While improvements in the economy are expected to have a positive impact on utilization levels during the second half of 2010, annual utilization changes will still show declines. MTA consolidated ridership is projected to decline by another 19 million rides, a 0.2% decline, and B&T traffic is projected to fall by just under one million crossings, a decline of 0.7%. By 2011, growth in utilization on an annual basis is expected to resume: MTA consolidated ridership is forecast to grow by 47 million rides (a 1.8% improvement over the prior year), and B&T traffic is forecast to increase by two million crossings, a 0.9% increase. The net impact on fare and toll revenue is a combined favorable \$36 million in 2009, \$32 million in 2010, \$46 million in 2011, \$69 million in 2012 and \$80 million in 2013.

Inflation is expected to remain very low in 2009, reflecting lower energy prices compared with 2008; during the Plan period, inflation rates are projected to be in the two percent range. Energy costs, when compared with the July Plan, are modestly lower.

The regional and global recessions, coupled with the freeze of the financial credit markets, have continued to adversely impact real estate tax revenues, which have dropped further and quicker than any forecast (ours included) anticipated. Receipts for the real estate transaction taxes have fallen short of the Mid-Year Forecast, which already anticipated a continuing weak real estate market. The Mid-Year Forecast projected 2009 real estate receipts to be 52% lower than 2008 receipts, falling to its lowest level since 2000. Since June, however, real estate tax receipts have been \$21 million less than anticipated, a 13% short-fall from July through October, primarily in Urban Tax receipts. This financial plan recognizes the continued falloff in Urban Tax revenue, and reduces projections of real estate tax receipts for 2009 by an additional \$56 million, with a further reduction of \$188 million in total from 2010 to 2013 as compared with the July Financial Plan.

Other Developments

An arbitration award covering the TWU was issued which would result in significantly higher costs than those anticipated in the July Financial Plan. The July Plan assumed a 2009 wage increase of 1.47%, followed by CPI-U increases of 1.87% in 2010 and 2.23% in 2011. The arbitration panel award was significantly higher, resulting in wage increases that approximate 4% in 2009, 4% in 2010, and 3% in 2011. The arbitration award also granted a reduction in the amount of the employee health benefit contribution, raising the total value of the award to approximately 11.5% over three years. While the timing of the increases results in minimal budget impact in 2009, preliminary estimates indicate that this award would cost the MTA approximately \$90 million in 2010, \$200 million in 2011 and \$250 million in 2012 above the amounts already included in the July Financial Plan. The MTA is seeking to vacate the decision as legally flawed.

As part of the State's deficit reduction plan, the Governor has proposed cuts in MTA's State funding of \$115 million in SFY 2009-10. The proposed cuts include a reduction in MMTOA of \$94 million, a reduction in school-fare reimbursement of \$18.9 million, which represents all remaining school fare proceeds for 2009-10, and reduction of \$1.6 million in AMTAP for Long Island Bus. It is important to note that these reductions are from funds already appropriated to the MTA in the enacted State Budget and can only be effectuated through legislation.

Risks and the Establishment of Additional Reserves

As always, the Plan represents our best estimates of our finances. MTA Financial Plans have included modest General Reserve amounts of \$75 million for each forward year of a Plan to fund unforeseen occurrences. In July of each year, the general reserve for that year is halved to \$38 million. The November Plan then eliminates that remaining reserve based on the fact that the majority of the year is over; minimizing the likelihood of an occurrence that would require the use of reserve funds. Following that tradition in this November Plan would have resulted in the elimination of the \$38 million remaining general reserve for 2009.

This year, however, is unique in the level of potential risks we are facing. If our assumptions on an economic recovery are not realized, additional strain on the budget will result from lower ridership and subsidies. The Governor has proposed a reduction of \$115 million in appropriated funds to the MTA in 2009. Further, stress in the State Budget is enormous and it is currently unknown what gap closing measures will be utilized. Moreover, while we are confident in our forecast of revenues from those new legislated taxes, we do not have any history that would allow us to predict with certainty the level or timing of these new revenues. The pending litigation over the TWU Impasse Award adds additional uncertainty to the Plan's assumptions regarding labor costs.

These risks are causing us to make recommendations regarding the establishment of additional reserves. While this Plan includes the traditional \$75 million General Reserve in 2010 and beyond, it also retains the \$38 million reserve for 2009 and adds an additional 2009 reserve of \$85 million. In the event that any or all of these risks occur, the reserves will allow the MTA some breathing room while planning for programmatic solutions. Should these risks not materialize, these reserves will be reclaimed in the next financial plan.

The 2009 November Financial Plan projects ending cash balances of only \$28 million in 2009 and \$5 million in 2010. Deficits are projected for 2011, 2012 and 2013 of \$34 million, \$319 million and \$58 million, respectively.

I look forward to public and Board input on this Plan as we move toward the adoption of the 2010 Budget by the Board in December.

II. MTA Consolidated 2009-2013 Financial Plan

METROPOLITAN TRANSPORTATION AUTHORITY
November Financial Plan 2010 - 2013
MTA Consolidated Statement Of Operations By Category
(\$ in millions)

Line No.						
7	Non-Reimbursable					
8		2008	2009	2010		
9		Actual	November Forecast	Final Proposed Budget	2011	2012
10	Operating Revenue				2011	2012
11	Farebox Revenue	\$4,241	\$4,357	\$4,529	\$4,621	\$4,707
12	Toll Revenue	1,274	1,331	1,402	1,411	1,419
13	Other Revenue	449	464	513	543	568
14	Total Operating Revenue	\$5,964	\$6,152	\$6,443	\$6,575	\$6,694
15						
16	Operating Expense					
17	Labor Expenses:					
18	Payroll	\$4,087	\$4,177	\$4,269	\$4,366	\$4,456
19	Overtime	472	483	474	483	494
20	Health & Welfare	685	711	774	836	905
21	OPEB Current Payment	319	340	373	407	444
22	Pensions	897	1,004	1,039	1,103	1,181
23	Other-Fringe Benefits	503	460	462	478	490
24	Reimbursable Overhead	(311)	(330)	(347)	(327)	(330)
25	Sub-total Labor Expenses	\$6,652	\$6,846	\$7,044	\$7,346	\$7,640
26						
27	Non-Labor Expenses:					
28	Traction and Propulsion Power	307	334	382	430	480
29	Fuel for Buses and Trains	287	185	217	242	256
30	Insurance	29	43	42	44	48
31	Claims	152	176	186	194	202
32	Paratransit Service Contracts	299	375	423	474	547
33	Maintenance and Other Operating Contracts	594	617	668	693	722
34	Professional Service Contracts	197	216	225	222	228
35	Materials & Supplies	533	558	617	605	634
36	Other Business Expenses	155	200	215	219	225
37	Sub-total Non-Labor Expenses	\$2,553	\$2,705	\$2,977	\$3,124	\$3,342
38						
39	Other Expense Adjustments:					
40	Other	(\$14)	(\$19)	(\$27)	(\$26)	(\$28)
41	General Reserve	0	38	75	75	75
42	Sub-total Other Expense Adjustments	(\$14)	\$18	\$48	\$49	\$47
43						
44	Total Operating Expense before Non-Cash Liability Adjs.	\$9,191	\$9,569	\$10,069	\$10,519	\$11,029
45						
46	Depreciation	\$1,791	\$1,964	\$2,034	\$2,120	\$2,196
47	OPEB Obligation	1,349	1,414	1,470	1,529	1,591
48	Environmental Remediation	42	10	10	10	11
49						
50	Total Operating Expense	\$12,373	\$12,957	\$13,582	\$14,178	\$14,827
51						
52	Net Operating Deficit Before Subsidies and Debt Service	(\$6,410)	(\$6,805)	(\$7,139)	(\$7,603)	(\$8,133)
53						
54	Dedicated Taxes and State/Local Subsidies	\$4,078	\$4,563	\$5,349	\$5,548	\$5,845
55	Debt Service (excludes Service Contract Bonds)	(1,516)	(1,469)	(1,914)	(2,078)	(2,230)
56						
57	Net Deficit After Subsidies and Debt Service	(\$3,848)	(\$3,712)	(\$3,703)	(\$4,132)	(\$4,519)
58						
59	Conversion to Cash Basis: Non-Cash Liability Adjs.	\$3,182	\$3,388	\$3,513	\$3,659	\$3,798
60	Conversion to Cash Basis: GASB Account	(56)	(60)	(62)	(65)	(68)
61	Conversion to Cash Basis: All Other	490	211	132	(143)	(165)
62						
63	CASH BALANCE BEFORE PRIOR-YEAR CARRY-OVER	(\$232)	(\$173)	(\$120)	(\$681)	(\$953)
64	POLICY ACTIONS	0	(85)	(50)	(154)	(194)
65	GAP CLOSING PROGRAMS	0	96	156	712	828
66	CASH MANAGEMENT ACTION	0	(73)	(9)	84	0
67	PRIOR-YEAR CARRY-OVER	495	263	28	5	0
68	NET CASH BALANCE	\$263	\$28	\$5	(\$34)	(\$58)

METROPOLITAN TRANSPORTATION AUTHORITY

November Financial Plan 2010 - 2013

Gap Closing, Cash Management and Policy Actions

(\$ in millions)

Line No.		2009 November Forecast	2010 Final Proposed Budget	2011	2012	2013
11	November Cash Balance Before Prior-Year Carry-Over	(\$173)	(\$120)	(\$681)	(\$953)	(\$1,180)
13	<u>POLICY ACTIONS:</u>					
14	Economic Volatility/State Actions/Labor Reserve	(85)	0	0	0	0
15	B&T Holdback	0	0	(54)	(44)	(56)
16	Pay-As-You-Go Capital	0	(50)	(100)	(150)	(200)
17	<i>Sub-Total</i>	<i>(85)</i>	<i>(50)</i>	<i>(154)</i>	<i>(194)</i>	<i>(256)</i>
18	<u>GAP CLOSING PROGRAMS:</u>					
19	Internal Actions:					
20	2010 Agency Program to Eliminate the Gap	23	72	71	72	75
21	Post-2010 Agency Program to Eliminate the Gap	0	0	90	188	279
22	New Contracts Labor Contribution	60	65	77	77	79
23	Non-Represented Wage Freeze in 2009	13	3	3	3	3
24	<i>Sub-Total</i>	<i>96</i>	<i>141</i>	<i>242</i>	<i>340</i>	<i>435</i>
25	External Actions:					
26	Federal Legislative Actions	0	15	62	63	66
28	Fare/Toll:					
29	Fare/Toll Yields on 1/1/11: 7.5%	0	0	408	425	429
30	Fare/Toll Yields on 1/1/13: 7.5%	0	0	0	0	449
31	<i>Sub-Total</i>	<i>0</i>	<i>0</i>	<i>408</i>	<i>425</i>	<i>878</i>
32	<u>CASH MANAGEMENT ACTION:</u>					
33	Forward Energy Contracts	(73)	(9)	84	0	0
35	TOTAL ADJUSTMENTS	(62)	97	642	635	1,122
37	<i>Prior-Year Carry-Over</i>	<i>263</i>	<i>28</i>	<i>5</i>	<i>0</i>	<i>0</i>
39	Net Cash Surplus/(Deficit)	\$28	\$5	(\$34)	(\$319)	(\$58)

METROPOLITAN TRANSPORTATION AUTHORITY

November Financial Plan 2010 - 2013

MTA Consolidated Cash Receipts and Expenditures

(\$ in millions)

Line Number	CASH RECEIPTS AND EXPENDITURES	2008	2009	2010			
		Actual	November Forecast	Final Proposed Budget	2011	2012	2013
9							
10							
11	Receipts						
12	Farebox Revenue	\$4,299	\$4,401	\$4,570	\$4,662	\$4,742	\$4,812
13	Other Operating Revenue	497	515	536	567	593	628
14	Capital and Other Reimbursements	1,345	1,500	1,573	1,517	1,520	1,523
15	Total Receipts	\$6,141	\$6,416	\$6,679	\$6,746	\$6,855	\$6,962
16							
17	Expenditures						
18	<u>Labor:</u>						
19	Payroll	\$4,431	\$4,597	\$4,665	\$4,745	\$4,829	\$4,948
20	Overtime	559	562	541	546	557	567
21	Health and Welfare	752	721	800	863	934	1,018
22	OPEB Current Payment	293	330	361	394	430	469
23	Pensions	712	1,006	1,062	1,129	1,205	1,265
24	Other Fringe Benefits	539	566	573	586	600	621
25	Contribution to GASB Fund	56	60	62	65	68	71
26	Total Labor Expenditures	\$7,342	\$7,843	\$8,064	\$8,328	\$8,624	\$8,958
27							
28	<u>Non-Labor:</u>						
29	Traction and Propulsion Power	\$299	\$357	\$385	\$433	\$483	\$536
30	Fuel for Buses and Trains	300	181	216	242	256	277
31	Insurance	41	46	45	48	53	51
32	Claims	147	161	155	160	173	184
33	Paratransit Service Contracts	272	378	418	469	542	636
34	Maintenance and Other Operating Contracts	556	572	654	655	670	679
35	Professional Service Contracts	203	240	253	247	250	251
36	Materials & Supplies	714	666	736	715	754	774
37	Other Business Expenditures	163	208	222	229	234	240
38	Total Non-Labor Expenditures	\$2,693	\$2,809	\$3,084	\$3,198	\$3,415	\$3,629
39							
40	<u>Other Expenditure Adjustments:</u>						
41	Other	\$9	\$93	\$110	\$116	\$124	\$135
42	General Reserve	0	38	75	75	75	75
43	Total Other Expenditure Adjustments	\$9	\$131	\$185	\$191	\$199	\$210
44							
45	Total Expenditures	\$10,045	\$10,783	\$11,333	\$11,717	\$12,239	\$12,797
46							
47	Net Cash Deficit Before Subsidies and Debt Service	(\$3,904)	(\$4,367)	(\$4,654)	(\$4,971)	(\$5,383)	(\$5,835)
48							
49	Dedicated Taxes and State/Local Subsidies	\$4,669	\$5,139	\$5,811	\$5,714	\$5,990	\$6,354
50	Debt Service (excludes Service Contract Bonds)	(997)	(945)	(1,277)	(1,425)	(1,560)	(1,700)
51							
52	CASH BALANCE BEFORE PRIOR-YEAR CARRY-OVER	(\$232)	(\$173)	(\$120)	(\$681)	(\$953)	(\$1,180)
53	POLICY ACTIONS	0	(85)	(50)	(154)	(194)	(256)
54	GAP CLOSING PROGRAMS	0	96	156	712	828	1,378
55	CASH MANAGEMENT ACTION	0	(73)	(9)	84	0	0
56	PRIOR-YEAR CARRY-OVER	495	263	28	5	0	0
57	NET CASH BALANCE	\$263	\$28	\$5	(\$34)	(\$319)	(\$58)

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

	Favorable/(Unfavorable)				
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
JULY BASELINE CASH BALANCE before PRIOR-YEAR CARRYOVER	(\$255)	(\$52)	(\$595)	(\$842)	(\$1,138)
Farebox/Toll Revenue	\$36	\$32	\$46	\$69	\$80
Claims	(\$18)	(\$17)	(\$16)	(\$16)	(\$13)
Energy	22	9	12	15	42
Health & Welfare/OPEB	14	9	12	14	20
New Needs/Investments:	(\$3)	(\$33)	(\$41)	(\$40)	(\$37)
Maintenance	(1)	(28)	(24)	(19)	(15)
Service Re-estimates	2	(0)	(10)	(12)	(12)
Safety & Security	(4)	(5)	(8)	(9)	(10)
Baseline PEG/AABB Re-estimates	(\$7)	(\$7)	(\$10)	(\$2)	(\$3)
Timing Adjustments	36	(34)	7	(13)	4
Other Baseline Re-Estimates	7	11	21	4	10
B&T Adjustments ¹	(16)	(16)	(19)	(21)	(22)
Net Agency Changes	71	(45)	12	9	81
Reserve for City (NYCERS) Pension Losses ²	0	(27)	(81)	(135)	(189)
Net Baseline Change	\$71	(\$72)	(\$69)	(\$126)	(\$108)
Subsidies	(\$8)	(\$7)	(\$4)	(\$12)	(\$8)
Real Estate Taxes	(56)	(41)	(45)	(49)	(54)
MMTOA	0	(18)	(9)	2	27
PBT	8	17	18	1	(5)
City Subsidy for MTA Bus	(1)	15	15	16	9
B&T Operating Surplus Transfer	37	15	15	17	17
Other	3	6	1	1	(3)
Debt Service (excluding B&T)	\$19	\$11	(\$14)	\$26	\$74
NOVEMBER BASELINE CASH BALANCE before PRIOR-YEAR CARRYOVER	(\$173)	(\$120)	(\$681)	(\$953)	(\$1,180)
POLICY ACTIONS	(\$85)	(\$50)	(\$154)	(\$194)	(\$256)
GAP CLOSING PROGRAMS	96	156	712	828	1,378
CASH MANAGEMENT ACTION	(73)	(9)	84	0	0
PRIOR-YEAR CARRY-OVER	263	28	5	0	0
NET CASH BALANCE	\$28	\$5	(\$34)	(\$319)	(\$58)

Note:

¹ B&T is captured as a subsidy on this table and is, therefore, not included in the agency portion of the cash baseline. While B&T impacts are captured in reconciling categories of toll revenue, expenses, new needs, and other baseline re-estimates, they are eliminated with this adjustment.

² The plan-to-plan changes from 2010 through 2013 are primarily driven by capturing in the baseline those increases at NYCT and B&T due to the incorporation of a reserve for expected increased contributions for NYCERS pension expenses. The increased obligations reflect estimates of the impact from recent market losses in the Plan's assets. In the July Plan, this reserve was captured below-the-line in Volume 1, as the calculation was not completed in time for baseline inclusion.

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

	Favorable/(Unfavorable)				
	2009	2010	2011	2012	2013
JULY NET CASH BALANCE	\$29	\$39	\$1	(\$352)	(\$223)
<u>Less:</u>					
MTA Policy	0	77	235	329	445
MTA Policy Gap Closing Programs	(93)	(148)	(708)	(818)	(1,360)
MTA Policy Cash Management Action	73	9	(84)	0	0
Adjusted Net Cash Balance from Previous Year	(263)	(29)	(39)	0	0
JULY BASELINE CASH BALANCE before PRIOR-YEAR CARRYOVER	(\$255)	(\$52)	(\$595)	(\$842)	(\$1,138)
<u>Changes to July Plan</u>					
Baseline	81	(68)	(87)	(111)	(42)
MTA Policy, Gap Closing & Cash Management Action	(62)	97	642	635	1,122
Adjusted Net Cash Balance from Previous Year	263	28	5	0	0
Total Changes	283	57	561	524	1,080
NOVEMBER NET CASH BALANCE	\$28	\$5	(\$34)	(\$319)	(\$58)

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III. Policy Actions

III. POLICY ACTIONS

The discussion below reflects proposed Policy Actions that are not included in the Baseline (as shown in Volume II of the November Plan).

Economic Volatility/State Actions/Labor Reserve – the MTA is proposing the establishment of an \$85 million reserve in 2009 to mitigate various significant financial risks:

- If our assumptions on an economic recovery are not realized, additional strain on the budget will result from lower ridership and subsidies;
- The Governor has proposed a reduction of \$115 million in appropriated funds to the MTA in 2009. Further, stress in the State budget is enormous and it is currently unknown what gap-closing measures will be utilized;
- While we are confident in our forecast of revenues from those new legislated taxes, we do not have any history that would allow us to predict with certainty the level or timing of these new revenues; and.
- The MTA and its biggest union (TWU) concluded binding arbitration proceedings in August that resulted in an award significantly higher than that anticipated in the July Financial Plan. While, the MTA is seeking to vacate the decision as legally flawed, the outcome is unknown.

In the event that any or all of these risks occur, the reserves will allow the MTA some breathing room while planning for programmatic solutions. Should these risks not materialize, that would be reflected in the next financial plan.

B&T Holdback – The Financial Plan proposes that a portion of the 7.5% toll increases for 2011 and 2013 (equivalent to 2.5% in each year) will be used to fund new B&T capital projects through pay-as-you-go funding and additional debt service.

Pay-As-You-Go Capital - The November Plan continues to assume that a portion of the new tax revenues will contribute towards the capital program in the form of “pay-as-you-go capital”. These payments are expected to start at \$50 million in 2010 and ramp up in \$50 million increments until the annual contribution achieves \$450 million in 2018. This level of contribution will be necessary to support the first two years of necessary local funding of the next capital program, including support for “mega” projects like East Side Access and the Second Avenue Subway. Debt service will likely replace pay-as-you-go financing in later years of the Plan.

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IV. Gap Closing Programs

IV. GAP CLOSING PROGRAMS

The discussion below reflects Gap Closing Program initiatives proposed as part of the November Plan; these below-the-line items are categorized under the headings of Internal Actions, External Actions and Fares/Tolls.

Internal Actions:

2010 Agency Program to Eliminate the Gap - The 2010 Program to Eliminate the Gap (PEG) consists of savings of \$23 million and 118 positions in 2009, \$72 million and 375 positions in 2010, \$71 million and 356 positions in 2011, \$72 million and 347 positions in 2012, and \$75 million and 390 positions in 2013. These 2010 PEG savings exclude MTA Bus' PEGs which would serve to reduce the City subsidy to MTA Bus.

These savings are in addition to those Additional Actions for Budget Balance (AABBs) that are already captured in the baseline, and are expected to achieve savings of \$145 million in 2009 and \$199 million in 2010.

For a fuller discussion and summary of the 2010 PEG program, please refer to the PEG Detail section on the pages that follow.

Post-2010 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. Agencies will identify PEGs beginning in 2011 during next year's budget cycle. Therefore, the vast majority of the Post-2010 PEG program remains unspecified at this time. On an MTA-wide basis, the value of these "unspecified" PEGs is \$90 million in 2011, \$188 million in 2012, and \$280 million in 2013. These savings exclude MTA Bus' PEGs which would serve to reduce the City subsidy to MTA Bus.

For a fuller discussion and summary of the 2010 Post-PEG program, please refer to the PEG Detail section on the pages that follow.

New Contracts Labor Contribution – The MTA and its biggest union (TWU) concluded binding arbitration proceedings in August that resulted in an award significantly higher than that anticipated in the July Financial Plan. The MTA is seeking to vacate the decision as legally flawed, and consistent with that position, the Financial Plan continues with the assumption 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 current and 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 \$60 million in 2009, \$65 million in 2010, and approximately \$80 million annually in the out-years.

Non-Represented Wage Freeze in 2009 – Non-represented employees did not receive a cost of living raise in 2009.

2010 Agency Program to Eliminate the Gap (PEG)

The 2010 Program to Eliminate the Gap (PEG), including MTA Bus, reflects savings of \$23 million and 118 positions in 2009, \$72 million and 375 positions in 2010, \$71 million and 356 positions in 2011, \$72 million and 347 positions in 2012, and \$75 million and 390 positions in 2013. These PEGs are in addition to the 2009 PEG program approved by the MTA Board in December of 2008 and included in the February 2009 Baseline. Included in the November Plan are prior year PEG re-forecasts which reduce the projected savings in the baseline by \$4.8 million in 2009, \$3.8 million in 2010, \$3.8 million in 2011, \$3.9 million in 2012, and \$3.9 million in 2013.

In establishing spending targets for 2010, recognition was given to the fact that MTA Agencies took substantial expense reductions in 2009. The maintained AABBs (slightly modified and excluding MTA Bus) are expected to achieve savings of \$145 million in 2009 and \$199 million in 2010.

2009 Impact of the 2010 PEGs:

Agencies were encouraged to start 2010 savings as soon as possible; therefore, some programs have begun in 2009 with savings of \$23 million.

NYCT's 2010 PEGs with a 2009 impact are expected to save \$16 million and 101 positions in 2009 primarily in the areas of Maintenance (\$8M and 70 positions), Administration (\$5M and 0 positions), and Service Support/Other (\$3M and 31 positions). Maintenance savings include \$3 million from station painting program reductions, \$2 million from the elimination of 58 terminal subway cleaning positions, \$1 million from the completion and elimination of the Bus Facility Rehab Program, \$1 million from Electronics Maintenance Division efficiencies, and \$1 million from the deferred hiring of 10 positions until new rail grinder equipment becomes operational in 2010. Administrative savings include \$4 million at the Department of Buses from the early implementation of scheduled administrative reductions and aggressive salvaging of parts from scrapped buses. Lastly, Service Support/Other savings include \$2 million from a reduction in uniform purchases based on historical usage and \$1 million of fuel savings from the use of less expensive fuel. NYCT's 2010 PEGs beginning in 2009 are expected to yield average annual savings of approximately \$39 million and 181 positions over the 2010 through 2013 period.

MTA HQ has one 2010 PEG with a 2009 impact which is expected to save \$4 million in 2009 and the out-years primarily through a reduction in the amount of MTA Police patrol work to be performed on overtime.

The LIRR has one 2010 PEG with a 2009 impact which is expected to save \$2 million in 2009 primarily through the indefinite deferral of the Network Strategy Study. This was an initiative to study the region's transportation needs and help the LIRR in designing an infrastructure strategy to meet growing ridership demands.

MNR's 2010 PEGs with a 2009 impact are expected to save \$.7 million and 12 positions in 2009 primarily through Administrative efficiencies (\$.5M and 8 positions), and the elimination of lightly used equipment trains (\$.3M and 4 positions). MNR's 2010 PEGs beginning in 2009 are expected to yield average annual savings of approximately \$2.4 million and 14 positions over the 2010 through 2013 period.

2010 – 2013:

NYCT's total 2010 PEG program is expected to save \$52 million and 309 positions in 2010, \$55 million and 301 positions in 2011, \$55 million and 292 positions in 2012, and \$58 million and 335 positions in 2013. PEG savings in 2010 are primarily in Maintenance (\$36 million and 232 positions), Service Support/Other (\$10 million and 63 positions), and Administration (\$5 million and 14 positions). Maintenance savings include \$24 million from PEGs starting in 2009 (mentioned above), \$5 million from lengthening the bus overhaul cycle from three years to four, and \$3 million from Station Cleaning/Maintenance efficiencies. Most of the Service Support/Other savings (\$9 million) and Administrative savings (\$4 million) are the result of PEGs starting in 2009 (mentioned above). Out-year savings over the period 2011 through 2013 are relatively flat.

MNR's total 2010 PEG program is expected to save \$10 million and 56 positions in 2010 and \$9 million and 44 positions in each of the out-years of the Plan. PEG savings in 2010 are primarily in Service (\$ 4 million and 9 positions), Other (\$1 million and 4 positions), Administration (\$1 million and 10 positions), Customer Convenience /Amenities (\$1 million and 13 positions), Safety (\$1 million and 12 positions), and Maintenance (\$1 million and 8 positions). Service savings include \$4 million from reductions/eliminations of planned future East and West-of-Hudson service increases. Savings in Administration and "Other" are primarily due to PEGs starting in 2009 (mentioned above). Customer Convenience/Amenities savings of \$1 million result from efficiencies gained by the deployment of ticket vending machines (TVMs) and the continued growth of Mail-n-Ride and Web Ticket sales. Safety savings of \$1 million result from efficiencies in GCT fire safety duties which will now be performed with existing forces. Maintenance savings result from a one-year deferral of a planned second shift at the Harmon Coach Shop. Out-year savings over the period 2011 through 2013 are relatively flat.

MTA HQ's total 2010 PEG program is expected to save \$4 million in 2009 and in each of the out-years. The savings result from reduced police overtime starting in 2009 (mentioned above).

The LIRR's total 2010 PEG program is expected to save \$4 million in 2010 and \$.4 million in each of the out-years, with position reductions of four. Most of the savings result from the anticipated sale of air rights over the right-of-way, and cancellation of the planned purchase in 2010 of GPS for the Diesel fleet. The remainder of the PEG savings (\$.5 million and 4 positions) is due to Administrative efficiencies and continues through each of the Plan years.

LIB's total 2010 PEG program will save \$1.4 million in 2010 and in each of the out-years. Nassau County has indicated that it is reducing its subsidy to LI Bus by \$1.4 million and this PEG is intended to make up for that. The County is considering potential funding replacements, including a one-shot source of revenue. In the event that this is not realized, LI Bus customers may face substantial service reductions that will need to be implemented as soon as possible.

B&T's 2010 PEG program is expected to save \$0.6 million and 3 positions in each year of the Plan. PEG savings in 2010 are entirely in Maintenance and result from cancellation of a Roadway Sweeping contract in 2010 and efficiencies in toll system maintenance. In the case of the former, roadway sweeping will be performed using "in-house" forces.

2010 Agency PEGs - Positions

The 2010 Agency PEGs include headcount reductions of 118 in 2009, 375 in 2010, 356 in 2011, 347 in 2012, and 390 in 2013.

Agency PEGs are expected to result in position reductions at the end of 2013 of 335 at NYCT, 44 at MNR, 4 at the LIRR, 4 at SIR, and 3 at B&T. Positions are reduced in Maintenance (-258), Service/Service Support (-45), Other (-36), Administration (-29), Customer Convenience & Amenities (-14), and Safety (-8).

Post-2010 Agency Program to Eliminate the Gap

These PEGs, which reflect a target equivalent to an annual 1.5% incremental reduction in controllable expenses, have not been fully identified by the Agencies and so are designated “unspecified”. On an MTA-wide basis, the value of this “unspecified” PEG is \$96 million in 2011, \$199 million in 2012, and \$296 million in 2013.

METROPOLITAN TRANSPORTATION AUTHORITY
November Financial Plan 2010-2013
Summary of 2010 Program to Eliminate the Gap (PEGs)
(\$ in millions)

	2009		2010		2011		2012		2013	
	Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars
MTA-Wide										
NYC Transit	101	\$16.219	309	\$51.718	301	\$54.499	292	\$54.907	335	\$57.674
Long Island Rail Road	0	1.500	4	4.265	4	0.376	4	0.388	4	0.399
Metro-North Railroad	12	0.725	56	9.673	44	9.350	44	9.393	44	9.453
Bridges & Tunnels	3	0.063	3	0.607	3	0.621	3	0.634	3	0.647
MTA Headquarters	0	4.179	0	4.277	0	4.376	0	4.478	0	4.583
Long Island Bus	0	0.000	0	1.400	0	1.419	0	1.450	0	1.483
Staten Island Railway	2	0.090	3	0.330	4	0.420	4	0.420	4	0.420
Capital Construction Company	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
Bus Company	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
Total MTA-Wide By Category	118	\$22.776	375	\$72.270	356	\$71.061	347	\$71.670	390	\$74.659
MTA-Wide by Category										
Administration:	9	\$7.374	29	\$7.027	29	\$7.909	29	\$7.618	29	\$7.300
Customer Convenience & Amenities:	1	0.035	14	1.183	14	1.196	14	1.218	14	1.241
Service:	0	0.000	9	5.378	9	6.110	9	6.105	9	6.109
Maintenance:	73	8.223	244	37.601	224	37.287	215	38.022	258	41.140
Revenue Enhancements:	0	0.000	0	3.000	0	0.000	0	0.000	0	0.000
Other :	4	1.055	31	11.387	36	11.673	36	11.701	36	11.740
Service Support:	31	1.910	36	1.172	36	1.646	36	1.646	36	1.646
Safety:	0	0.000	12	1.245	8	0.864	8	0.882	8	0.900
Security:	0	4.179	0	4.277	0	4.376	0	4.478	0	4.583
Total MTA-Wide by Category	118	\$22.776	375	\$72.270	356	\$71.061	347	\$71.670	390	\$74.659

¹ Reflects the impact of amendments on full-time year-end positions.

METROPOLITAN TRANSPORTATION AUTHORITY
November Financial Plan 2010-2013
Summary of 2010 Program to Eliminate the Gap (PEGs)
(\$ in millions)

	2009		2010		2011		2012		2013	
	Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars
LIST of AGENCY PROGRAMS										
Administration:										
NYC Transit	0	\$5.369	14	\$5.209	14	\$6.179	14	\$5.851	14	\$5.498
Long Island Rail Road	0	1.500	4	0.490	4	0.376	4	0.388	4	0.399
Metro-North Railroad	8	0.450	10	1.170	10	1.192	10	1.217	10	1.241
Bridges & Tunnels	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
MTA Headquarters	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
Long Island Bus	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
Staten Island Railway	1	0.055	1	0.158	1	0.162	1	0.162	1	0.162
Capital Construction Company	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
Bus Company	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
Sub-Total Administration	9	\$7.374	29	\$7.027	29	\$7.909	29	\$7.618	29	\$7.300
Customer Convenience & Amenities:										
NYC Transit	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000
Long Island Rail Road	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
Metro-North Railroad	0	0.000	13	1.097	13	1.110	13	1.132	13	1.155
Bridges & Tunnels	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
MTA Headquarters	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
Long Island Bus	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
Staten Island Railway	1	0.035	1	0.086	1	0.086	1	0.086	1	0.086
Capital Construction Company	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
Bus Company	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
Sub-Total Customer Convenience & Amenities	1	\$0.035	14	\$1.183	14	\$1.196	14	\$1.218	14	\$1.241
Service:										
NYC Transit	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000
Long Island Rail Road	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
Metro-North Railroad	0	0.000	9	3.978	9	4.691	9	4.655	9	4.626
Bridges & Tunnels	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
MTA Headquarters	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
Long Island Bus	0	0.000	0	1.400	0	1.419	0	1.450	0	1.483
Staten Island Railway	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
Capital Construction Company	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
Bus Company	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
Sub-Total Service	0	\$0.000	9	\$5.378	9	\$6.110	9	\$6.105	9	\$6.109

METROPOLITAN TRANSPORTATION AUTHORITY
November Financial Plan 2010-2013
Summary of 2010 Program to Eliminate the Gap (PEGs)
(\$ in millions)

	2009		2010		2011		2012		2013	
	Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars
LIST of AGENCY PROGRAMS										
Maintenance:										
NYC Transit	70	\$8.160	232	\$36.199	219	\$36.524	210	\$37.260	253	\$40.380
Long Island Rail Road	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
Metro-North Railroad	0	0.000	8	0.709	0	(0.030)	0	(0.044)	0	(0.059)
Bridges & Tunnels	3	0.063	3	0.607	3	0.621	3	0.634	3	0.647
MTA Headquarters	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
Long Island Bus	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
Staten Island Railway	0	0.000	1	0.086	2	0.172	2	0.172	2	0.172
Capital Construction Company	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
Bus Company	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
Sub-Total Maintenance	73	\$8.223	244	\$37.601	224	\$37.287	215	\$38.022	258	\$41.140
Revenue Enhancements:										
NYC Transit	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000
Long Island Rail Road	0	0.000	0	3.000	0	0.000	0	0.000	0	0.000
Metro-North Railroad	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
Bridges & Tunnels	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
MTA Headquarters	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
Long Island Bus	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
Staten Island Railway	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
Capital Construction Company	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
Bus Company	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
Sub-Total Revenue Enhancements	0	\$0.000	0	\$3.000	0	\$0.000	0	\$0.000	0	\$0.000
Other :										
NYC Transit	0	\$0.780	27	\$9.138	32	\$10.150	32	\$10.150	32	\$10.150
Long Island Rail Road	0	0.000	0	0.775	0	0.000	0	0.000	0	0.000
Metro-North Railroad	4	0.275	4	1.474	4	1.523	4	1.551	4	1.590
Bridges & Tunnels	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
MTA Headquarters	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
Long Island Bus	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
Staten Island Railway	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
Capital Construction Company	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
Bus Company	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
Sub-Total Other	4	\$1.055	31	\$11.387	36	\$11.673	36	\$11.701	36	\$11.740

METROPOLITAN TRANSPORTATION AUTHORITY
November Financial Plan 2010-2013
Summary of 2010 Program to Eliminate the Gap (PEGs)
(\$ in millions)

	2009		2010		2011		2012		2013	
	Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars	Positions ¹	Dollars
LIST of AGENCY PROGRAMS										
Service Support:										
NYC Transit	31	\$1.910	36	\$1.172	36	\$1.646	36	\$1.646	36	\$1.646
Long Island Rail Road	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
Metro-North Railroad	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
Bridges & Tunnels	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
MTA Headquarters	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
Long Island Bus	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
Staten Island Railway	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
Capital Construction Company	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
Bus Company	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
Sub-Total Service Support	31	\$1.910	36	\$1.172	36	\$1.646	36	\$1.646	36	\$1.646
Safety										
NYC Transit	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000
Long Island Rail Road	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
Metro-North Railroad	0	0.000	12	1.245	8	0.864	8	0.882	8	0.900
Bridges & Tunnels	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
MTA Headquarters	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
Long Island Bus	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
Staten Island Railway	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
Capital Construction Company	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
Bus Company	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
Sub-Total Safety	0	\$0.000	12	\$1.245	8	\$0.864	8	\$0.882	8	\$0.900
Security										
NYC Transit	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000
Long Island Rail Road	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
Metro-North Railroad	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
Bridges & Tunnels	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
MTA Headquarters	0	4.179	0	4.277	0	4.376	0	4.478	0	4.583
Long Island Bus	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
Staten Island Railway	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
Capital Construction Company	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
Bus Company	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
Sub-Total Security	0	\$4.179	0	\$4.277	0	\$4.376	0	\$4.478	0	\$4.583
Total Agency PEGs	118	\$22.776	375	\$72.270	356	\$71.061	347	\$71.670	390	\$74.659

¹ Reflects the impact of amendments on full-time year-end positions.

METROPOLITAN TRANSPORTATION AUTHORITY
November Financial Plan 2010-2013
Summary of Post-2010 Program to Eliminate the Gap (PEGs)
(\$ in millions)

	2009		2010		2011		2012		2013	
	<u>Positions¹</u>	<u>Dollars</u>	<u>Positions¹</u>	<u>Dollars</u>	<u>Positions¹</u>	<u>Dollars</u>	<u>Positions¹</u>	<u>Dollars</u>	<u>Positions¹</u>	<u>Dollars</u>
MTA-Wide										
NYC Transit	0	\$0.000	0	\$0.000	0	\$61.700	0	\$123.300	0	\$185.000
Long Island Rail Road	0	0.000	0	0.000	0	12.300	0	24.500	0	36.800
Metro-North Railroad	0	0.000	0	0.000	0	14.500	0	33.045	0	34.400
Bridges & Tunnels	0	0.000	0	0.000	0	0.000	0	3.776	0	18.251
MTA Headquarters	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
Long Island Bus	0	0.000	0	0.000	0	1.481	0	2.962	0	4.442
Staten Island Railway	0	0.000	0	0.000	0	0.350	0	0.700	0	1.050
Capital Construction Company	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
Bus Company	0	0.000	0	0.000	0	5.369	0	10.738	0	16.107
Total MTA-Wide By Category	0	\$0.000	0	\$0.000	0	\$95.700	0	\$199.021	0	\$296.050
MTA-Wide by Category										
Administration:	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000	0	\$0.000
Customer Convenience & Amenities:	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
Service:	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
Maintenance:	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
Revenue Enhancements:	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
Other :	0	0.000	0	0.000	0	95.700	0	199.021	0	296.050
Service Support:	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
Safety:	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
Security:	0	0.000	0	0.000	0	0.000	0	0.000	0	0.000
Total MTA-Wide by Category	0	\$0.000	0	\$0.000	0	\$95.700	0	\$199.021	0	\$296.050

¹ Reflects the impact of amendments on full-time year-end positions.

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

Category	2008 Actual	2009 November Forecast	2010 Final Proposed Budget	2011	2012	2013
Baseline Non-Reimbursable	63,329	62,934	63,008	62,603	62,427	62,754
NYC Transit	44,166	43,129	42,893	42,762	42,512	42,628
Long Island Rail Road	6,050	6,226	6,297	5,858	5,874	6,011
Metro-North Railroad	5,306	5,396	5,611	5,624	5,692	5,774
Bridges & Tunnels	1,723	1,774	1,769	1,768	1,743	1,743
Headquarters	1,394	1,517	1,517	1,729	1,742	1,726
Long Island Bus	1,104	1,135	1,134	1,119	1,119	1,119
Staten Island Railway	264	274	274	271	271	271
Capital Construction Company	-	-	-	-	-	-
Bus Company	3,322	3,483	3,513	3,472	3,474	3,482
Gap Closing Program						
2010 Agency Program to Eliminate the Gap	-	(95)	(357)	(338)	(329)	(372)
NYC Transit ¹	-	(78)	(291)	(283)	(274)	(317)
Long Island Rail Road	-	-	(4)	(4)	(4)	(4)
Metro-North Railroad	-	(12)	(56)	(44)	(44)	(44)
Bridges & Tunnels	-	(3)	(3)	(3)	(3)	(3)
Headquarters	-	-	-	-	-	-
Long Island Bus	-	-	-	-	-	-
Staten Island Railway	-	(2)	(3)	(4)	(4)	(4)
Capital Construction Company	-	-	-	-	-	-
Bus Company	-	-	-	-	-	-
Post-2010 Agency Program to Eliminate the Gap	-	-	-	-	-	-
Total Non-Reimbursable	63,329	62,839	62,651	62,265	62,098	62,382
NYC Transit	44,166	43,051	42,602	42,479	42,238	42,311
Long Island Rail Road	6,050	6,226	6,293	5,854	5,870	6,007
Metro-North Railroad	5,306	5,384	5,555	5,580	5,648	5,730
Bridges & Tunnels	1,723	1,771	1,766	1,765	1,740	1,740
Headquarters	1,394	1,517	1,517	1,729	1,742	1,726
Long Island Bus	1,104	1,135	1,134	1,119	1,119	1,119
Staten Island Railway	264	272	271	267	267	267
Capital Construction Company	-	-	-	-	-	-
Bus Company	3,322	3,483	3,513	3,472	3,474	3,482
Reimbursable	6,427	7,107	6,754	6,838	6,753	6,691
NYC Transit	4,843	5,537	5,299	5,018	4,937	4,875
Long Island Rail Road	756	675	532	898	893	893
Metro-North Railroad	611	601	612	612	612	612
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	-	33	39	39	39	39
Total Full-Time	69,405	69,665	69,148	68,847	68,594	68,816
NYC Transit	48,760	48,415	47,752	47,348	47,026	47,037
Long Island Rail Road	6,806	6,901	6,825	6,753	6,763	6,900
Metro-North Railroad	5,912	5,982	6,164	6,189	6,257	6,339
Bridges & Tunnels	1,775	1,816	1,819	1,818	1,793	1,793
Headquarters	1,414	1,565	1,568	1,782	1,796	1,780
Long Island Bus	1,020	1,045	1,044	1,029	1,029	1,029
Staten Island Railway	267	275	274	270	270	270
Capital Construction Company	129	150	150	147	147	147
Bus Company	3,322	3,516	3,552	3,511	3,513	3,521
Total Full-Time-Equivalents	351	281	257	257	257	257
NYC Transit	249	173	149	149	149	149
Long Island Rail Road	-	-	-	-	-	-
Metro-North Railroad	5	3	3	3	3	3
Bridges & Tunnels	-	-	-	-	-	-
Headquarters	-	-	-	-	-	-
Long Island Bus	97	105	105	105	105	105
Staten Island Railway	-	-	-	-	-	-
Capital Construction Company	-	-	-	-	-	-
Bus Company	-	-	-	-	-	-
Total Positions	69,756	69,946	69,405	69,104	68,851	69,073
NYC Transit	49,009	48,588	47,901	47,497	47,175	47,186
Long Island Rail Road	6,806	6,901	6,825	6,753	6,763	6,900
Metro-North Railroad	5,917	5,985	6,167	6,192	6,260	6,342
Bridges & Tunnels	1,775	1,816	1,819	1,818	1,793	1,793
Headquarters	1,414	1,565	1,568	1,782	1,796	1,780
Long Island Bus	1,117	1,150	1,149	1,134	1,134	1,134
Staten Island Railway	267	275	274	270	270	270
Capital Construction Company	129	150	150	147	147	147
Bus Company	3,322	3,516	3,552	3,511	3,513	3,521

¹NYCT PEGs include Full-Time positions only.

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. The November Plan delays the assumed initiation of these changes until the third quarter of 2010.

Fare/Toll:

2011 Increased Fare and Toll Yields – The November Plan proposes a 7.5% increase in MTA consolidated farebox and toll revenue yields beginning January 1, 2011. Consolidated fare and toll revenues, excluding MTA Bus revenues, are expected to increase by \$408 million in 2011, \$425 million in 2012 and \$ 429 million in 2013. MTA Bus revenue is expected to increase by \$12 million in 2011 and by \$13 million in 2012 and 2013. These additional MTA Bus revenues will be used to hold down the NYC subsidy used to cover the costs associated with MTA Bus operations.

The July Financial Plan also assumed a 7.5% increase in MTA consolidated farebox and toll revenue yields starting on January 1, 2011 as a post-2010 gap closing action. The projections from this action are slightly improved from the estimates prepared for the July Plan due to higher baseline farebox and toll revenue forecasts. From this action, consolidated fare and toll revenues, compared with the July Plan, are higher by \$4 million in 2011, by \$5 million in 2012 and by \$6 million in 2013. For MTA Bus, farebox revenue from this action is slightly improved from the July Plan, up about \$100 thousand each year.

2013 Increased Fare and Toll Yields – A 7.5% consolidated farebox and toll revenue yield increase is also proposed for implementation on January 1, 2013, and is estimated to yield an additional \$449 million in 2013, excluding yield increases for MTA Bus. The 7.5% farebox yield increase at MTA Bus is expected to generate additional revenue of \$14 million in 2013, and will be used to hold down the NYC subsidy to MTA Bus.

This 2013 increase was also assumed in the July Financial Plan. The projections from this action are slightly improved from the estimates prepared for the July Plan, and are also due to higher baseline farebox and toll revenue forecasts. From this action, consolidated fare and toll revenues, compared with the July Plan, are higher by \$7 million in 2013, and MTA Bus farebox revenue from this action is up about \$200 thousand in 2013 from this action.

MTA Consolidated Utilization

MTA Agency Fare and Toll Revenue Projections, in millions
Including the Impact of PEGs and 2011 & 2013 Fare & Toll Yield Increases

		2009	2010			
		November	Final Proposed			
		Forecast	Budget	2011	2012	2013
Fare Revenue						
Long Island Bus ^{1,6}	- July Baseline	\$40.076	\$41.201	\$41.683	\$42.283	\$42.769
	- 1/1/11 Fare Yield	0.000	0.000	3.126	3.171	3.208
	- 1/1/13 Fare Yield	0.000	0.000	0.000	0.000	3.448
		\$40.076	\$41.201	\$44.809	\$45.454	\$49.425
Long Island Rail Road	- July Baseline	\$512.625	\$529.300	\$538.106	\$546.029	\$552.097
	- 1/1/11 Fare Yield	0.000	0.000	40.358	40.952	41.407
	- 1/1/13 Fare Yield	0.000	0.000	0.000	0.000	44.513
		\$512.625	\$529.300	\$578.464	\$586.981	\$638.017
Metro-North Railroad ²	- July Baseline	\$500.319	\$509.068	\$525.467	\$544.444	\$559.387
	- 1/1/11 Fare Yield ³	0.000	0.000	24.035	25.011	25.791
	- 1/1/13 Fare Yield ³	0.000	0.000	0.000	0.000	27.053
		\$500.319	\$509.068	\$549.502	\$569.455	\$612.231
MTA Bus Company	- July Baseline	\$159.181	\$163.458	\$166.188	\$168.632	\$170.470
	- 1/1/11 Fare Yield ⁴	0.000	0.000	12.464	12.647	12.785
	- 1/1/13 Fare Yield ⁴	0.000	0.000	0.000	0.000	13.744
		\$159.181	\$163.458	\$178.652	\$181.279	\$196.999
New York City Transit ¹	- July Baseline	\$3,071.305	\$3,209.679	\$3,270.267	\$3,323.283	\$3,354.400
	- 1/1/11 Fare Yield	0.000	0.000	245.270	249.246	251.580
	- 1/1/13 Fare Yield	0.000	0.000	0.000	0.000	270.449
		\$3,071.305	\$3,209.679	\$3,515.537	\$3,572.529	\$3,876.429
Staten Island Railway	- July Baseline	\$4.422	\$5.258	\$5.345	\$5.417	\$5.463
	- 1/1/11 Fare Yield	0.000	0.000	0.401	0.406	0.410
	- 1/1/13 Fare Yield	0.000	0.000	0.000	0.000	0.440
		\$4.422	\$5.258	\$5.746	\$5.823	\$6.313
Total Farebox Revenue	- July Baseline	\$4,287.929	\$4,457.965	\$4,547.057	\$4,630.088	\$4,684.586
	- 1/1/11 Fare Yield	0.000	0.000	325.654	331.434	335.181
	- 1/1/13 Fare Yield	0.000	0.000	0.000	0.000	359.647
		\$4,287.929	\$4,457.965	\$4,872.711	\$4,961.522	\$5,379.415
Toll Revenue						
Bridges & Tunnels	- July Baseline	\$1,330.916	\$1,401.595	\$1,411.290	\$1,418.583	\$1,419.195
	- 1/1/11 Toll Yield ⁵	0.000	0.000	95.262	106.339	106.435
	- 1/1/13 Toll Yield ⁵	0.000	0.000	0.000	0.000	102.980
		\$1,330.916	\$1,401.595	\$1,506.552	\$1,524.922	\$1,628.610
TOTAL FARE & TOLL REVENUE ²						
	- July Baseline	\$5,618.845	\$5,859.560	\$5,958.347	\$6,048.671	\$6,103.781
	- 1/1/11 Fare/Toll Yield	0.000	0.000	420.916	437.773	441.616
	- 1/1/13 Fare/Toll Yield	0.000	0.000	0.000	0.000	462.628
		\$5,618.845	\$5,859.560	\$6,379.263	\$6,486.444	\$7,008.025

¹ Excludes Paratransit Operations.

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

³ MNR utilization changes from the fare yield increases reflect impacts to both East-of-Hudson and West-of-Hudson utilization.

⁴ MTA Bus revenue from Fare Yield will be used to reduce NYC subsidy to MTA Bus.

⁵ Reflects 10% delay in the distribution of surplus toll revenues per MTA Board resolution. This has no impact on ridership

⁶ Due to an anticipated funding shortfall from Nassau County, LI Bus may take a 2010 PEG that will likely be service related which would impact farebox revenue levels.

V. Cash Management Actions

V. Cash Management Actions:

Forward Energy Contracts – The November Plan continues to assume that an energy hedging strategy or similar mechanism will be used to lock-in fuel prices. The Plan assumes that the MTA will set-aside \$73 million in 2009 to be used to lock-in pricing for approximately one-third of its fuel budget for 2010. Similarly, it assumes that in 2010, the MTA will set-aside \$82 million to lock-in one-third of its expected 2011 fuel requirement.

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VI. Appendix

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

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

Metropolitan Transportation Authority

By: _____


Jay H. Walder
Chairman and Chief Executive Officer

Dated: November 16 2009

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