

# MTA 2010 Preliminary Budget July Financial Plan 2010 – 2013



**Volume 1**

**July 2009**



Metropolitan Transportation Authority

**MTA 2010 PRELIMINARY BUDGET  
JULY FINANCIAL PLAN 2010-2013  
VOLUME 1**

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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# **I. Introduction**



## Metropolitan Transportation Authority

State of New York

July 29, 2009

Dear Chairman Hemmerdinger and Members of the MTA Board:

It is my pleasure to present the July 2009 Financial Plan. These documents reflect dramatic changes since we presented the February Plan, due largely to the Legislature's passage of historic legislation to stabilize the MTA's short-term finances. We owe a debt of gratitude to Governor Paterson and the Legislature for making an unprecedented commitment to transit in difficult fiscal times. As a result, this plan meets the MTA's financial obligations without many of the painful measures considered earlier this year.

Attached to this cover letter is a memo from Chief Financial Officer Gary Dellaverson that details recent impacts on our budget and provides an in-depth overview of the Financial Plan, which includes the 2010 Preliminary Budget, the 2009 Mid-Year Forecast and the proposed Four-Year Financial Plan for 2010-2013. Some key aspects of the plan include:

- As promised to the Governor and Legislature, the 2010 budget includes no service cuts or fare increases. The Plan projects cash balances of \$29 million in 2009, \$39 million in 2010 and \$1 million in 2011. Manageable deficits are projected for 2012 and 2013.
- The Financial Plan includes significant spending restraints, building on the substantial expense reduction taken in 2009 to save \$64 million in 2010. These savings grow to \$279 million by 2013.
- The sluggish economy continues to have a direct impact on the MTA's finances. The Financial Plan recognizes continued falloff in real estate tax revenue and ridership. On the positive side, inflation is expected to remain very low in 2009.
- As discussed with our partners in Albany, the Plan includes 7.5% fare increases in both 2011 and 2013.

*The agencies of the MTA*

MTA New York City Transit  
MTA Long Island Rail Road

MTA Long Island Bus  
MTA Metro-North Railroad

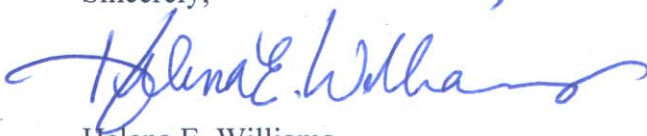
MTA Bridges and Tunnels  
MTA Capital Construction

MTA Bus Company

Chairman Hemmerdinger and Members of the MTA Board  
July 29, 2009  
Page 2

As you know, the release of the July plan is just the start of six months of public discussion. I look forward to engaging in a productive dialogue with each of you and our customers before the final plan is presented for your consideration at the end of the year.

Sincerely,

A handwritten signature in blue ink, appearing to read "Helena E. Williams", with a stylized, flowing script.

Helena E. Williams  
Interim Executive Director





## Metropolitan Transportation Authority

State of New York

Date: July 29, 2009  
To: Chairman Hemmerdinger and MTA Board Members  
From: Gary J. Dellaverson  
Re: July 2009 Financial Plan

Presented to you for your consideration is the 2009 Mid-Year Forecast, the Preliminary Budget for 2010, and the proposed Four-Year Financial Plan for 2010-2013. As all of us are aware, this Plan is vastly improved from the February Financial Plan. At that time the MTA was facing dramatic revenue reductions resulting from a collapsing real estate market and an economy in world-wide recession. Let me begin by summarizing the events which have transpired since the February Plan, including the actions taken by the Governor and the New York State Legislature that resulted in significant new revenue streams in support of MTA Operating and Capital needs.

### 2009 Developments

The February Financial Plan was constructed with the hope that the MTA would receive financial assistance from New York State either through solutions advocated by the Ravitch Commission appointed by Governor Paterson, or some suitable replacement. The MTA, however, could not assume funding from new external sources and was required by law to present to the Board a Plan that would provide solutions for its funding shortfalls within the ambit of its own authority: fare increases and expense reductions.

The February Plan (actually adopted by the Board last December), therefore, included a number of very significant deficit reduction measures necessary to achieve a balanced 2009 budget and reduced budget gaps thereafter. These included a June 2009 increase in fare and toll yields of 23% and Additional Actions for Budget Balance (AABBs), including service reductions, totaling \$277 million in 2009 and over \$400 million in 2010 and the out-years. These were on top of actions that had already been taken or proposed, including the 2009 PEG Program, additional administrative reductions, loans and the assumption that our workforce would agree to lower wage increases. While this Plan technically achieved budgetary balance, the margin was very thin, projecting a closing cash balance of only \$49 million in 2009 and sizable deficits in 2010 and beyond.

On March 25th, with the State Legislature and Governor unable to reach agreement on the Ravitch Commission proposals or alternative funding plans, the MTA Board approved those fare/toll increases as well as the service reduction AABBs that were included in the February Financial Plan.

#### *The agencies of the MTA*

MTA New York City Transit  
MTA Long Island Rail Road

MTA Long Island Bus  
MTA Metro-North Railroad

MTA Bridges and Tunnels  
MTA Capital Construction

MTA Bus Company

While negotiations for financial assistance were on-going with the State Legislature, MTA finances were weakening further because of severe reductions in real estate and subsidy cash receipts. Employment numbers in the region were dropping further, which was having an adverse impact on toll and passenger revenue. Moreover, the MTA was advised by the State in April that projections of dedicated tax collections for MTA's current fiscal year could be as much as \$200 million lower than those amounts appropriated in the State's enacted budget (and assumed in the February Financial Plan). Based on these changes, the MTA issued a revised forecast on April 27<sup>th</sup> informing the MTA Board that, even with the large fare/toll increases and service reductions, projected deficits were anticipated for 2009 and 2010 that approximated \$600 million and \$1.0 billion, respectively.

In response to this condition and with no financial assistance in sight at that time, the then-Executive Director issued a "hard freeze" directive in April that further restricted spending by implementing a hiring freeze, and eliminating non-essential overtime, travel and purchases. Moreover, the MTA developed an additional set of guidelines that were called the "May Actions". These actions were designed to reduce operating expenses further, by an additional 10%, and included proposals for large service reductions. On April 29<sup>th</sup>, 2009 the MTA Board approved, on a temporary basis, an amendment to revise the budget and reporting procedures applicable to the MTA and all of its operating agencies for the 2010 budget process. The intent of this was to allow the MTA 18 months to achieve a solution. This amended procedure would have resulted in the formulation of a May Financial Plan that would have included those "May Actions" described above.

#### Financial Assistance Arrives

Fortunately, relief did arrive as a result of some very hard work on the part of the Governor's office, the State Legislature and the MTA. On May 7th, 2009, legislation was enacted providing additional sources of revenue to address the financial needs of the MTA through the imposition of taxes and fees within the Metropolitan Commuter Transportation District (MCTD). These new sources of revenue are projected to provide an additional \$1.1 billion to MTA for calendar year 2009 and an additional \$1.9 billion to MTA in calendar year 2010.

With this additional revenue secured, the MTA Board held a special meeting on May 11th to rescind the 23% fare/toll yield increase and to adopt an increase of a much more modest 10%. On May 27th, the Board voted to restore the planned reductions to scheduled service that were included in the AABB list, while leaving in place other deficit reducing actions contained in the February Financial Plan. At that time, the Board also voted to rescind the modified budgeting procedures and revert back to the normal schedule which includes the July Financial Plan being discussed today. On June 1<sup>st</sup>, the "hard freeze" was rescinded. The Board approved restorations that totaled \$121 million in 2009 and \$223 million in 2010. Maintained AABBs (slightly modified) total \$147 million in 2009 and \$202 million in 2010 and are captured in the July Financial Plan baseline and are on top of the 2009 PEG Program that contained savings of approximately \$90 million per year. Thus, the combined 2009 PEG/AABB Program will



result in annualized savings of almost \$300 million per year. It should be noted that none of the remaining AABBs will reduce direct service or result in lay-offs.

The MTA is grateful to the Governor, the State Legislature and all other stake-holders, including the residents and businesses of the MTA region, for supporting the MTA at this critical time by providing this important financial assistance. We recognize the additional hardship that this imposes on individuals and regional businesses and are very appreciative. We also know that investments in public transportation are simply inseparable from the region's economic recovery.

It was always our hope that a solution to the MTA's financial problems would be multi-faceted with contributions from all the stake-holders, and we believe that this Plan accomplishes that. 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 a 10% fare/toll hike which recently went into effect. The Plan also includes bi-annual increases of 7.5% in 2011 and 2013. MTA in turn is doing everything it can to hold down costs while not impacting service. The Plan includes strict spending controls, additional budget reductions, the assumption that labor will contribute through productivity and labor savings, and a management wage freeze in 2009.

#### July Financial Plan

As mentioned earlier, the July Financial Plan includes significant spending restraints. In addition to the substantial expense reduction taken in 2009, the Plan includes 2010 PEGs that are projected to save \$64 million in 2010. It includes savings for unidentified post-PEGs that are targeted at \$95 million in 2011, growing to \$279 million in 2013.

The 2009 Mid-Year Forecast projects expenses that, excluding the general reserve and after gap closing actions, are 3.3% higher than 2008. The majority of that increase is in the "uncontrollable" areas of pensions and paratransit costs. Controllable costs are projected to increasing only 1.6% in 2009. Likewise, the 2010 Preliminary Budget is growing only 3.6% over the 2009 Forecast and growth in controllable costs is limited to 1.5%. Over the 2009-2013 Financial Plan period, growth in controllable expenses is projected to average only 1.3% per year.

The economy has had and will continue to have a direct impact on the finances of the MTA, as reflected in this Plan. During the first five months of 2009, the economic recession has taken its toll, with almost 82 thousand jobs lost compared with the first five months of 2008, a 2.2% decline. Job losses are expected to continue for the remainder of the year and through the second quarter of 2010; on an annual basis, jobs in the City are expected to retrench almost 4% in 2009 and by another half-percent in 2010.

On the positive side, Inflation is expected to remain very low in 2009, helped by lower energy prices compared with 2008, followed by annual inflation rates in the two to three percent range. Energy prices, which are lower than anticipated in the February Plan due to lower worldwide demand in the wake of the global recession, are expected to increase over the next few years as economic growth increases energy requirements both domestically and abroad.

Proceeds from real estate transactions continue to be significantly below projections in the Adopted Budget, as a result of a continued weak real estate market. The Adopted Budget projected 2009 real estate receipts to be 9% lower than 2008 receipts, falling to its lowest level since 2003. However, real estate tax receipts through June have been \$250 million less than anticipated, a 57% short-fall. This financial plan recognizes the continued falloff in this revenue source along with recent economic forecasts, and as a consequence reduces projections for 2009 by \$424 million compared with the Adopted Budget, and a further reduction of \$735 million from 2010 to 2012.

The July baseline will also be affected by changes in farebox and toll revenues, due to both the regional economy and changes in fare and toll policy. The Adopted Budget included revenues resulting from an anticipated fare and toll increase that was designed to generate an additional 23% yield; in the aftermath of the State's financial package for the MTA, the increase in fares and toll was reduced to approximately 10%. This reduced new farebox and toll revenues significantly from what was anticipated in February. Additionally, job losses and the anticipation of further job losses throughout the MTA region, and in New York City in particular, have led to lower utilization estimates than those prepared in February. Overall, this reduces utilization revenues by \$569 million in 2009 and \$826 million in 2010.

Approximately 60% of MTA employees are members of the NYCERS plan (this includes all of B&T and most of NYCT). While the actuarial valuation for 2009 is not yet available, the MTA's July Financial Plan establishes a reserve of \$27 million in 2010 growing to \$189 million in 2013 to provide for the anticipated increased annual required contributions to offset the losses in the earnings assumptions resulting from large losses in the financial markets during the City's 2009 fiscal year.

The 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.

The Plan also assumes that a portion of the new tax revenues will go towards paying for some capital expenses 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 for 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 the later years of the Plan.

This Plan projects ending cash balances of \$29 million in 2009, \$39 million in 2010, and \$1 million in 2011. Deficits are projected for 2012 and 2013 of \$352 million and \$223 million, respectively.

Chairman Hemmerdinger and MTA Board Members

July 29, 2009

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On a final note, out of respect for the transition underway in executive management, this Plan neither advances significant new initiatives nor proposes changes in course on expenditure control. As we solicit the input of the public and other stakeholders on this Plan, in advance of your adoption of the 2010 Budget in December, ample opportunity for modification will be available.

cc: Helena E. Williams

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## **II. MTA Consolidated 2009-2013 Financial Plan**

# METROPOLITAN TRANSPORTATION AUTHORITY

## July Financial Plan 2010 - 2013

### MTA Consolidated Statement Of Operations By Category

(\$ in millions)

Line No.						
7		<b>Non-Reimbursable</b>				
8			<b>2008</b>	<b>2009</b>	<b>2010</b>	
9			<b>Actual</b>	<b>Mid-Year Forecast</b>	<b>Preliminary Budget</b>	
10						<b>2011</b>
11						<b>2012</b>
12						<b>2013</b>
13						
14		<b>Operating Revenue</b>				
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# METROPOLITAN TRANSPORTATION AUTHORITY

July Financial Plan 2010 - 2013

## Gap Closing and Policy Actions

(\$ in millions)

Line

No.

	2009 Mid-Year Forecast	2010 Preliminary Budget	2011	2012	2013
July Cash Balance Before Prior-Year Carry-Over	(\$255)	(\$52)	(\$595)	(\$842)	(\$1,138)
POLICY ACTIONS:					
Reserve for City Pension Losses	0	(27)	(81)	(135)	(189)
B&T Holdback	0	0	(54)	(44)	(56)
Pay-As-You-Go Capital	0	(50)	(100)	(150)	(200)
Sub-Total	0	(77)	(235)	(329)	(445)
GAP CLOSING PROGRAMS:					
Internal Actions:					
2010 Agency Program to Eliminate the Gap	20	64	66	67	69
Post-2010 Agency Program to Eliminate the Gap	0	0	95	188	279
New Contracts Labor Contribution	60	65	77	77	79
Non-Represented Wage Freeze in 2009	13	3	3	3	3
Sub-Total	93	133	241	335	430
External Actions:					
Federal Legislative Actions	0	15	62	63	66
Fare/Toll:					
Fare/Toll Yields on 1/1/11: 7.5%	0	0	405	420	422
Fare/Toll Yields on 1/1/13: 7.5%	0	0	0	0	442
Sub-Total	0	0	405	420	865
CASH MANAGEMENT ACTION:					
Forward Energy Contracts	(73)	(9)	84	0	0
TOTAL ADJUSTMENTS					
	20	62	557	489	915
Prior-Year Carry-Over	263	29	39	1	0
Net Cash Surplus/(Deficit)	\$29	\$39	\$1	(\$352)	(\$223)

# 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	<b>Receipts</b>						
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	<b>Total Receipts</b>	<b>\$6,141</b>	<b>\$6,358</b>	<b>\$6,551</b>	<b>\$6,603</b>	<b>\$6,696</b>	<b>\$6,790</b>
16							
17	<b>Expenditures</b>						
18	<u><b>Labor:</b></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	<b>Total Labor Expenditures</b>	<b>\$7,342</b>	<b>\$7,840</b>	<b>\$8,018</b>	<b>\$8,228</b>	<b>\$8,470</b>	<b>\$8,767</b>
27							
28	<u><b>Non-Labor:</b></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	<b>Total Non-Labor Expenditures</b>	<b>\$2,693</b>	<b>\$2,851</b>	<b>\$2,955</b>	<b>\$3,112</b>	<b>\$3,310</b>	<b>\$3,566</b>
39							
40	<u><b>Other Expenditure Adjustments:</b></u>						
41	Other	\$9	\$68	\$84	\$90	\$98	\$109
42	General Reserve	0	38	75	75	75	75
43	<b>Total Other Expenditure Adjustments</b>	<b>\$9</b>	<b>\$105</b>	<b>\$159</b>	<b>\$165</b>	<b>\$173</b>	<b>\$184</b>
44							
45	<b>Total Expenditures</b>	<b>\$10,045</b>	<b>\$10,797</b>	<b>\$11,133</b>	<b>\$11,505</b>	<b>\$11,953</b>	<b>\$12,517</b>
46							
47	<b>Net Cash Deficit Before Subsidies and Debt Service</b>	<b>(\$3,904)</b>	<b>(\$4,438)</b>	<b>(\$4,582)</b>	<b>(\$4,902)</b>	<b>(\$5,258)</b>	<b>(5,727)</b>
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	<b>CASH BALANCE BEFORE PRIOR-YEAR CARRY-OVER</b>	<b>(\$232)</b>	<b>(\$255)</b>	<b>(\$52)</b>	<b>(\$595)</b>	<b>(\$842)</b>	<b>(\$1,138)</b>
53	<b>POLICY ACTIONS</b>	<b>0</b>	<b>0</b>	<b>(77)</b>	<b>(235)</b>	<b>(329)</b>	<b>(445)</b>
54	<b>GAP CLOSING PROGRAMS</b>	<b>0</b>	<b>93</b>	<b>148</b>	<b>708</b>	<b>818</b>	<b>1,360</b>
55	<b>CASH MANAGEMENT ACTION</b>	<b>0</b>	<b>(73)</b>	<b>(9)</b>	<b>84</b>	<b>0</b>	<b>0</b>
56	<b>PRIOR-YEAR CARRY-OVER</b>	<b>495</b>	<b>263</b>	<b>29</b>	<b>39</b>	<b>1</b>	<b>0</b>
57	<b>NET CASH BALANCE</b>	<b>\$263</b>	<b>\$29</b>	<b>\$39</b>	<b>\$1</b>	<b>(\$352)</b>	<b>(\$223)</b>

**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
<b>FEBRUARY BASELINE CASH BALANCE before PRIOR-YEAR CARRYOVER</b>	<b>(\$334)</b>	<b>(\$629)</b>	<b>(\$1,136)</b>	<b>(\$1,408)</b>
<b>Board Actions:</b>	<b>(\$572)</b>	<b>(\$913)</b>	<b>(\$903)</b>	<b>(\$907)</b>
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
<b>New Needs/Investments</b>	<b>(\$47)</b>	<b>(\$33)</b>	<b>(\$26)</b>	<b>(\$93)</b>
New Service	(2)	(0)	(1)	(0)
Maintenance	(40)	(18)	(10)	(76)
Safety & Security	(3)	(8)	(9)	(9)
Other New Needs	(3)	(7)	(7)	(8)
<b>Other Adjustments</b>	<b>(\$222)</b>	<b>(\$93)</b>	<b>(\$127)</b>	<b>(\$154)</b>
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)
<b>Uncontrollable Expenses</b>	<b>\$16</b>	<b>\$3</b>	<b>(\$44)</b>	<b>(\$62)</b>
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 <sup>1</sup>	141	186	183	185
<b>Net Baseline Change</b>	<b>(\$684)</b>	<b>(\$851)</b>	<b>(\$919)</b>	<b>(\$1,031)</b>
<b>General Reserve</b>	<b>\$38</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Subsidies</b>	<b>\$744</b>	<b>\$1,432</b>	<b>\$1,460</b>	<b>\$1,575</b>
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
<b>Debt Service (excluding B&amp;T)</b>	<b>(\$17)</b>	<b>(\$2)</b>	<b>\$1</b>	<b>\$23</b>
<b>Other</b>	<b>\$0</b>	<b>(\$2)</b>	<b>(\$0)</b>	<b>(\$0)</b>
<b>JULY BASELINE CASH BALANCE before PRIOR-YEAR CARRYOVER</b>	<b>(\$255)</b>	<b>(\$52)</b>	<b>(\$595)</b>	<b>(\$842)</b>
<b>POLICY ACTIONS</b>	<b>\$0</b>	<b>(\$77)</b>	<b>(\$235)</b>	<b>(\$329)</b>
<b>GAP CLOSING PROGRAMS</b>	<b>93</b>	<b>148</b>	<b>708</b>	<b>818</b>
<b>CASH MANAGEMENT ACTION</b>	<b>(73)</b>	<b>(9)</b>	<b>84</b>	<b>0</b>
<b>PRIOR-YEAR CARRY-OVER</b>	<b>263</b>	<b>29</b>	<b>39</b>	<b>1</b>
<b>NET CASH BALANCE</b>	<b>\$29</b>	<b>\$39</b>	<b>\$1</b>	<b>(\$352)</b>

**Note:**

<sup>1</sup> 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**  
**MTA Consolidated July Financial Plan Compared with February Financial Plan**  
**Cash Reconciliation**  
(\$ in millions)

	Favorable/(Unfavorable)			
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>FEBRUARY NET CASH BALANCE</b>	<b>\$49</b>	<b>(\$290)</b>	<b>(\$457)</b>	<b>(\$612)</b>
<u>Less:</u>				
MTA Policy and Gap Closing Programs	(118)	(290)	(679)	(796)
Adjusted Net Cash Balance from Previous Year	(265)	(49)	0	0
<b>FEBRUARY BASELINE CASH BALANCE before PRIOR-YEAR CARRYOVER</b>	<b>(\$334)</b>	<b>(\$629)</b>	<b>(\$1,136)</b>	<b>(\$1,408)</b>
<b><u>Changes to February Plan</u></b>				
Baseline	80	577	541	566
MTA Policy, Gap Closing & Cash Management Action	20	62	557	489
Adjusted Net Cash Balance from Previous Year	263	29	39	1
<b>Total Changes</b>	<b>364</b>	<b>668</b>	<b>1,137</b>	<b>1,056</b>
<b>JULY NET CASH BALANCE</b>	<b>\$29</b>	<b>\$39</b>	<b>\$1</b>	<b>(\$352)</b>

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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 July Plan).

Reserve for City Pension Losses - Approximately 60% of MTA employees are members of the NYCERS plan (this includes all of B&T and most of NYCT). While the actuarial valuation for 2009 is not yet available, the MTA's July Financial Plan establishes a reserve of \$27 million in 2010 growing to \$189 million in 2013 to provide for the anticipated increased annual required contributions to offset the losses in the earnings assumptions resulting from large losses in the financial markets during the City's 2009 fiscal year.

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 July Plan assumes 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 July 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 \$20 million and 118 positions in 2009, \$64 million and 375 positions in 2010, \$66 million and 356 positions in 2011, \$67 million and 347 positions in 2012, and \$69 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.

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

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 \$95 million in 2011, \$188 million in 2012, and \$279 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.

New Contracts Labor Contribution – The MTA and its biggest union (TWU) have concluded binding arbitration proceedings. At this time, a decision has not been reached. Consistent with the MTA position at these proceedings, the Financial Plan continues 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

The 2010 Program to Eliminate the Gap (PEG), including MTA Bus, reflects savings of \$20 million and 118 positions in 2009, \$64 million and 375 positions in 2010, \$66 million and 356 positions in 2011, \$67 million and 347 positions in 2012, and \$69 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 July Plan are prior year PEG re-forecasts which increase the projected savings in the baseline by \$3.0 million in 2009, \$2.5 million in 2010, \$4.0 million in 2011, \$5.7 million in 2012, and \$7.6 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 \$147 million in 2009 and \$202 million in 2010. The July baseline includes these maintained AABBs along with the savings from the 2009 PEG Program (\$87 million). They result in combined savings of \$288 million in 2010, or 4.4%. When further combined with the 2010 PEG Program, total savings equal \$352 million, or 5.4%.

Agencies were encouraged to start 2010 savings as soon as possible; therefore, some programs have begun in 2009 with savings of \$20 million.

### 2009 Impact:

NYCT's 2010 PEGs with a 2009 impact are expected to save \$13 million and 101 positions in 2009 primarily in the areas of Administration (\$5M and 0 positions), Maintenance (\$5M and 70 positions), and Service Support (\$2M and 31 positions). 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. Maintenance savings include \$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. 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 \$27 million and 188 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 \$48 million and 309 positions in 2010, \$51 million and 301 positions in 2011, \$51 million and 292 positions in 2012, and \$54 million and 335 positions in 2013. PEG savings in 2010 are primarily in Maintenance (\$32 million and 232 positions), Service Support/Other (\$10 million and 63 positions), and Administration (\$5 million and 14 positions). Maintenance savings include \$12 million from PEGs starting in 2009 (mentioned above), \$9 million from the elimination of the Station Painting Program, \$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 \$1 million in 2010 and \$.4 million in each of the out-years, with position reductions of four. Most of the savings



result from the 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.

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 \$100 million in 2011, \$199 million in 2012, and \$296 million in 2013.

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

	<b>2009</b>		<b>2010</b>		<b>2011</b>		<b>2012</b>		<b>2013</b>	
	Positions <sup>1</sup>	Dollars	Positions <sup>1</sup>	Dollars	Positions <sup>1</sup>	Dollars	Positions <sup>1</sup>	Dollars	Positions <sup>1</sup>	Dollars
<b>MTA-Wide</b>										
NYC Transit	101	\$13.219	309	\$47.986	301	\$50.767	292	\$51.175	335	\$53.942
Long Island Rail Road	0	1.500	4	1.307	4	0.413	4	0.419	4	0.426
Metro-North Railroad	12	0.725	56	9.673	44	9.350	44	9.393	44	9.453
Bridges & Tunnels	3	0.063	3	0.610	3	0.618	3	0.627	3	0.635
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	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
<b>Total MTA-Wide By Category</b>	<b>118</b>	<b>\$19.776</b>	<b>375</b>	<b>\$64.183</b>	<b>356</b>	<b>\$65.944</b>	<b>347</b>	<b>\$66.512</b>	<b>390</b>	<b>\$69.459</b>
<b>MTA-Wide by Category</b>										
Administration:	9	\$7.374	29	\$7.069	29	\$7.946	29	\$7.649	29	\$7.327
Customer Convenience & Amenities:	1	0.035	14	1.183	14	1.196	14	1.218	14	1.241
Service:	0	0.000	9	3.978	9	4.691	9	4.655	9	4.626
Maintenance:	73	5.223	244	33.872	224	33.552	215	34.283	258	37.396
Revenue Enhancements:	0	0.000	0	0.000	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
<b>Total MTA-Wide by Category</b>	<b>118</b>	<b>\$19.776</b>	<b>375</b>	<b>\$64.183</b>	<b>356</b>	<b>\$65.944</b>	<b>347</b>	<b>\$66.512</b>	<b>390</b>	<b>\$69.459</b>

<sup>1</sup> Reflects the impact of amendments on full-time year-end positions.

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

	<b>2009</b>		<b>2010</b>		<b>2011</b>		<b>2012</b>		<b>2013</b>	
	Positions <sup>1</sup>	Dollars	Positions <sup>1</sup>	Dollars	Positions <sup>1</sup>	Dollars	Positions <sup>1</sup>	Dollars	Positions <sup>1</sup>	Dollars
<b>LIST of AGENCY PROGRAMS</b>										
<b>Administration:</b>										
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	\$ .532	4	\$ .413	4	\$ .419	4	\$ .426
Metro-North Railroad	8	\$ .450	10	\$1.170	10	\$1.192	10	\$1.217	10	\$1.241
Bridges & Tunnels	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000
MTA Headquarters	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000
Long Island Bus	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000
Staten Island Railway	1	\$ .055	1	\$ .158	1	\$ .162	1	\$ .162	1	\$ .162
Capital Construction Company	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000
Bus Company	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000
<b>Sub-Total Administration</b>	<b>9</b>	<b>\$7.374</b>	<b>29</b>	<b>\$7.069</b>	<b>29</b>	<b>\$7.946</b>	<b>29</b>	<b>\$7.649</b>	<b>29</b>	<b>\$7.327</b>
<b>Customer Convenience &amp; Amenities:</b>										
NYC Transit	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000
Long Island Rail Road	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000
Metro-North Railroad	0	\$ .000	13	\$1.097	13	\$1.110	13	\$1.132	13	\$1.155
Bridges & Tunnels	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000
MTA Headquarters	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000
Long Island Bus	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000
Staten Island Railway	1	\$ .035	1	\$ .086	1	\$ .086	1	\$ .086	1	\$ .086
Capital Construction Company	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000
Bus Company	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000
<b>Sub-Total Customer Convenience &amp; Amenities</b>	<b>1</b>	<b>\$ .035</b>	<b>14</b>	<b>\$1.183</b>	<b>14</b>	<b>\$1.196</b>	<b>14</b>	<b>\$1.218</b>	<b>14</b>	<b>\$1.241</b>
<b>Service:</b>										
NYC Transit	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000
Long Island Rail Road	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000
Metro-North Railroad	0	\$ .000	9	\$3.978	9	\$4.691	9	\$4.655	9	\$4.626
Bridges & Tunnels	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000
MTA Headquarters	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000
Long Island Bus	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000
Staten Island Railway	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000
Capital Construction Company	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000
Bus Company	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000
<b>Sub-Total Service</b>	<b>0</b>	<b>\$ .000</b>	<b>9</b>	<b>\$3.978</b>	<b>9</b>	<b>\$4.691</b>	<b>9</b>	<b>\$4.655</b>	<b>9</b>	<b>\$4.626</b>

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

	<b>2009</b>		<b>2010</b>		<b>2011</b>		<b>2012</b>		<b>2013</b>	
	Positions <sup>1</sup>	Dollars	Positions <sup>1</sup>	Dollars	Positions <sup>1</sup>	Dollars	Positions <sup>1</sup>	Dollars	Positions <sup>1</sup>	Dollars
<b>LIST of AGENCY PROGRAMS</b>										
<b>Maintenance:</b>										
NYC Transit	70	\$5.160	232	\$32.467	219	\$32.792	210	\$33.528	253	\$36.648
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	\$0.610	3	\$0.618	3	\$0.627	3	\$0.635
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
<b>Sub-Total Maintenance</b>	<b>73</b>	<b>\$5.223</b>	<b>244</b>	<b>\$33.872</b>	<b>224</b>	<b>\$33.552</b>	<b>215</b>	<b>\$34.283</b>	<b>258</b>	<b>\$37.396</b>
<b>Revenue Enhancements:</b>										
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	\$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
<b>Sub-Total Revenue Enhancements</b>	<b>0</b>	<b>\$0.000</b>	<b>0</b>	<b>\$0.000</b>	<b>0</b>	<b>\$0.000</b>	<b>0</b>	<b>\$0.000</b>	<b>0</b>	<b>\$0.000</b>
<b>Other :</b>										
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
<b>Sub-Total Other</b>	<b>4</b>	<b>\$1.055</b>	<b>31</b>	<b>\$11.387</b>	<b>36</b>	<b>\$11.673</b>	<b>36</b>	<b>\$11.701</b>	<b>36</b>	<b>\$11.740</b>

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

	<b>2009</b>		<b>2010</b>		<b>2011</b>		<b>2012</b>		<b>2013</b>	
	Positions <sup>1</sup>	Dollars	Positions <sup>1</sup>	Dollars	Positions <sup>1</sup>	Dollars	Positions <sup>1</sup>	Dollars	Positions <sup>1</sup>	Dollars
<b>LIST of AGENCY PROGRAMS</b>										
<b>Service Support:</b>										
NYC Transit	31	\$1.910	36	\$1.172	36	\$1.646	36	\$1.646	36	\$1.646
Long Island Rail Road	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000
Metro-North Railroad	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000
Bridges & Tunnels	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000
MTA Headquarters	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000
Long Island Bus	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000
Staten Island Railway	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000
Capital Construction Company	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000
Bus Company	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000
<b>Sub-Total Service Support</b>	<b>31</b>	<b>\$1.910</b>	<b>36</b>	<b>\$1.172</b>	<b>36</b>	<b>\$1.646</b>	<b>36</b>	<b>\$1.646</b>	<b>36</b>	<b>\$1.646</b>
<b>Safety</b>										
NYC Transit	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000
Long Island Rail Road	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000
Metro-North Railroad	0	\$ .000	12	\$1.245	8	\$ .864	8	\$ .882	8	\$ .900
Bridges & Tunnels	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000
MTA Headquarters	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000
Long Island Bus	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000
Staten Island Railway	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000
Capital Construction Company	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000
Bus Company	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000
<b>Sub-Total Safety</b>	<b>0</b>	<b>\$ .000</b>	<b>12</b>	<b>\$1.245</b>	<b>8</b>	<b>\$ .864</b>	<b>8</b>	<b>\$ .882</b>	<b>8</b>	<b>\$ .900</b>
<b>Security</b>										
NYC Transit	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000
Long Island Rail Road	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000
Metro-North Railroad	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000
Bridges & Tunnels	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000
MTA Headquarters	0	\$4.179	0	\$4.277	0	\$4.376	0	\$4.478	0	\$4.583
Long Island Bus	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000
Staten Island Railway	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000
Capital Construction Company	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000
Bus Company	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000
<b>Sub-Total Security</b>	<b>0</b>	<b>\$4.179</b>	<b>0</b>	<b>\$4.277</b>	<b>0</b>	<b>\$4.376</b>	<b>0</b>	<b>\$4.478</b>	<b>0</b>	<b>\$4.583</b>
<b>Total Agency PEGs</b>	<b>118</b>	<b>\$19.776</b>	<b>375</b>	<b>\$64.183</b>	<b>356</b>	<b>\$65.944</b>	<b>347</b>	<b>\$66.512</b>	<b>390</b>	<b>\$69.459</b>

<sup>1</sup> Reflects the impact of amendments on full-time year-end positions.

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

	<b>2009</b>		<b>2010</b>		<b>2011</b>		<b>2012</b>		<b>2013</b>	
	Positions <sup>1</sup>	Dollars	Positions <sup>1</sup>	Dollars	Positions <sup>1</sup>	Dollars	Positions <sup>1</sup>	Dollars	Positions <sup>1</sup>	Dollars
<b>MTA-Wide</b>										
NYC Transit	0	\$ .000	0	\$ .000	0	\$61.700	0	\$123.300	0	\$185.000
Long Island Rail Road	0	\$ .000	0	\$ .000	0	12.300	0	24.500	0	36.800
Metro-North Railroad	0	\$ .000	0	\$ .000	0	19.190	0	33.045	0	34.400
Bridges & Tunnels	0	\$ .000	0	\$ .000	0	0.000	0	3.776	0	18.251
MTA Headquarters	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000
Long Island Bus	0	\$ .000	0	\$ .000	0	1.481	0	2.962	0	4.442
Staten Island Railway	0	\$ .000	0	\$ .000	0	0.350	0	0.700	0	1.050
Capital Construction Company	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000
Bus Company	0	\$ .000	0	\$ .000	0	5.369	0	10.738	0	16.107
<b>Total MTA-Wide By Category</b>	<b>0</b>	<b>\$ .000</b>	<b>0</b>	<b>\$ .000</b>	<b>0</b>	<b>\$100.390</b>	<b>0</b>	<b>\$199.021</b>	<b>0</b>	<b>\$296.050</b>
<b>MTA-Wide by Category</b>										
Administration:	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000
Customer Convenience & Amenities:	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000
Service:	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000
Maintenance:	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000
Revenue Enhancements:	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000
Other :	0	\$ .000	0	\$ .000	0	100.390	0	199.021	0	296.050
Service Support:	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000
Safety:	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000
Security:	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000	0	\$ .000
<b>Total MTA-Wide by Category</b>	<b>0</b>	<b>\$ .000</b>	<b>0</b>	<b>\$ .000</b>	<b>0</b>	<b>\$100.390</b>	<b>0</b>	<b>\$199.021</b>	<b>0</b>	<b>\$296.050</b>

<sup>1</sup> Reflects the impact of amendments on full-time year-end positions.

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

Category	2008 Actual	2009 Mid-Year Forecast	2010 Preliminary Budget	2011	2012	2013
<b>Baseline Non-Reimbursable</b>	<b>63,329</b>	<b>62,736</b>	<b>62,232</b>	<b>62,257</b>	<b>62,141</b>	<b>62,406</b>
NYC Transit	44,166	42,920	42,643	42,564	42,377	42,402
Long Island Rail Road	6,050	6,200	5,876	5,820	5,842	5,985
Metro-North Railroad	5,306	5,423	5,544	5,577	5,638	5,729
Bridges & Tunnels	1,723	1,774	1,766	1,765	1,740	1,740
Headquarters	1,394	1,517	1,517	1,712	1,725	1,709
Long Island Bus	1,104	1,134	1,129	1,114	1,114	1,114
Staten Island Railway	264	274	274	271	271	271
Capital Construction Company	-	-	-	-	-	-
Bus Company	3,322	3,494	3,483	3,434	3,434	3,456
<b>Gap Closing Program</b>						
<b>2010 Agency Program to Eliminate the Gap</b>	<b>-</b>	<b>(118)</b>	<b>(375)</b>	<b>(356)</b>	<b>(347)</b>	<b>(390)</b>
NYC Transit <sup>1</sup>	-	(101)	(309)	(301)	(292)	(335)
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	-	-	-	-	-	-
<b>Post-2010 Agency Program to Eliminate the Gap</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Non-Reimbursable</b>	<b>63,329</b>	<b>62,618</b>	<b>61,857</b>	<b>61,901</b>	<b>61,794</b>	<b>62,016</b>
NYC Transit	44,166	42,819	42,334	42,263	42,085	42,067
Long Island Rail Road	6,050	6,200	5,872	5,816	5,838	5,981
Metro-North Railroad	5,306	5,411	5,488	5,533	5,594	5,685
Bridges & Tunnels	1,723	1,771	1,763	1,762	1,737	1,737
Headquarters	1,394	1,517	1,517	1,712	1,725	1,709
Long Island Bus	1,104	1,134	1,129	1,114	1,114	1,114
Staten Island Railway	264	272	271	267	267	267
Capital Construction Company	-	-	-	-	-	-
Bus Company	3,322	3,494	3,483	3,434	3,434	3,456
<b>Reimbursable</b>	<b>6,427</b>	<b>7,115</b>	<b>7,083</b>	<b>6,805</b>	<b>6,724</b>	<b>6,671</b>
NYC Transit	4,843	5,555	5,283	5,024	4,946	4,893
Long Island Rail Road	756	673	898	880	876	876
Metro-North Railroad	611	604	604	604	604	604
Bridges & Tunnels	52	45	53	53	53	53
Headquarters	20	48	51	53	54	54
Long Island Bus	13	15	15	15	15	15
Staten Island Railway	3	3	3	3	3	3
Capital Construction Company	129	150	150	147	147	147
Bus Company	-	22	26	26	26	26
<b>Total Full-Time</b>	<b>69,405</b>	<b>69,452</b>	<b>68,684</b>	<b>68,450</b>	<b>68,262</b>	<b>68,431</b>
NYC Transit	48,760	48,201	47,467	47,137	46,881	46,810
Long Island Rail Road	6,806	6,873	6,770	6,696	6,714	6,857
Metro-North Railroad	5,912	6,012	6,091	6,136	6,197	6,288
Bridges & Tunnels	1,775	1,816	1,816	1,815	1,790	1,790
Headquarters	1,414	1,565	1,568	1,765	1,779	1,763
Long Island Bus	1,020	1,044	1,039	1,024	1,024	1,024
Staten Island Railway	267	275	274	270	270	270
Capital Construction Company	129	150	150	147	147	147
Bus Company	3,322	3,516	3,509	3,460	3,460	3,482
<b>Total Full-Time-Equivalents</b>	<b>351</b>	<b>281</b>	<b>256</b>	<b>256</b>	<b>256</b>	<b>256</b>
NYC Transit	249	173	150	150	150	150
Long Island Rail Road	-	-	-	-	-	-
Metro-North Railroad	5	3	1	1	1	1
Bridges & Tunnels	-	-	-	-	-	-
Headquarters	-	-	-	-	-	-
Long Island Bus	97	105	105	105	105	105
Staten Island Railway	-	-	-	-	-	-
Capital Construction Company	-	-	-	-	-	-
Bus Company	-	-	-	-	-	-
<b>Total Positions</b>	<b>69,756</b>	<b>69,733</b>	<b>68,940</b>	<b>68,706</b>	<b>68,518</b>	<b>68,687</b>
NYC Transit	49,009	48,374	47,617	47,287	47,031	46,960
Long Island Rail Road	6,806	6,873	6,770	6,696	6,714	6,857
Metro-North Railroad	5,917	6,015	6,092	6,137	6,198	6,289
Bridges & Tunnels	1,775	1,816	1,816	1,815	1,790	1,790
Headquarters	1,414	1,565	1,568	1,765	1,779	1,763
Long Island Bus	1,117	1,149	1,144	1,129	1,129	1,129
Staten Island Railway	267	275	274	270	270	270
Capital Construction Company	129	150	150	147	147	147
Bus Company	3,322	3,516	3,509	3,460	3,460	3,482

<sup>1</sup>NYCT 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 July Plan delays the assumed initiation of these changes until the third quarter of 2010.

## **Fare/Toll:**

2011 Increased Fare and Toll Yields – Consistent with the discussions in Albany this past Spring, the July Plan assumes 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 \$405 million in 2011, \$420 million in 2012 and \$422 million in 2013. MTA Bus revenue is expected to increase by \$12 million in 2011 and 2012, and by \$13 million in 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.

As a post-2009 gap closing action, the February Financial Plan anticipated a 5% yield increase in 2011 which was estimated to generate \$307 million in 2011 and \$319 million in 2012, excluding \$10 million per year in additional farebox revenue generated at MTA Bus. While the increases in the February Financial Plan are lower than the current assumptions, they were estimated on baseline revenues that incorporated a 23% yield increase in 2009 instead of the 10% fare increase that is captured in this Plan.

2013 Increased Fare and Toll Yields - A 7.5% consolidated farebox and toll revenue yield increase is also assumed for implementation on January 1, 2013, and is estimated to yield an additional \$442 million in 2013, excluding yield increases for MTA Bus. The 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.



# MTA Consolidated Utilization

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

		2009 Mid-Year Forecast	2010	2011	2012	2013
<b>Fare Revenue</b>						
Long Island Bus <sup>1</sup>	- July Baseline	\$41.188	\$42.556	\$42.964	\$43.381	\$43.741
	- 1/1/11 Fare Yield	0.000	0.000	3.222	3.254	3.281
	- 1/1/13 Fare Yield	0.000	0.000	0.000	0.000	3.527
		<b>\$41.188</b>	<b>\$42.556</b>	<b>\$46.186</b>	<b>\$46.635</b>	<b>\$50.548</b>
Long Island Rail Road	- July Baseline	\$516.584	\$537.343	\$542.130	\$546.986	\$551.179
	- 1/1/11 Fare Yield	0.000	0.000	40.660	41.024	41.338
	- 1/1/13 Fare Yield	0.000	0.000	0.000	0.000	44.439
		<b>\$516.584</b>	<b>\$537.343</b>	<b>\$582.790</b>	<b>\$588.010</b>	<b>\$636.956</b>
Metro-North Railroad <sup>2</sup>	- July Baseline	\$512.909	\$533.477	\$552.734	\$569.885	\$585.642
	- 1/1/11 Fare Yield <sup>3</sup>	0.000	0.000	25.307	26.155	26.927
	- 1/1/13 Fare Yield <sup>3</sup>	0.000	0.000	0.000	0.000	28.234
		<b>\$512.909</b>	<b>\$533.477</b>	<b>\$578.041</b>	<b>\$596.040</b>	<b>\$640.803</b>
MTA Bus Company	- July Baseline	\$156.702	\$162.808	\$164.928	\$166.622	\$167.927
	- 1/1/11 Fare Yield <sup>4</sup>	0.000	0.000	12.370	12.497	12.595
	- 1/1/13 Fare Yield <sup>4</sup>	0.000	0.000	0.000	0.000	13.539
		<b>\$156.702</b>	<b>\$162.808</b>	<b>\$177.297</b>	<b>\$179.119</b>	<b>\$194.061</b>
New York City Transit <sup>1</sup>	- July Baseline	\$3,044.128	\$3,166.503	\$3,215.806	\$3,253.801	\$3,277.157
	- 1/1/11 Fare Yield	0.000	0.000	241.185	244.035	245.787
	- 1/1/13 Fare Yield	0.000	0.000	0.000	0.000	264.221
		<b>\$3,044.128</b>	<b>\$3,166.503</b>	<b>\$3,456.991</b>	<b>\$3,497.836</b>	<b>\$3,787.165</b>
Staten Island Railway	- July Baseline	\$4.480	\$5.305	\$5.377	\$5.427	\$5.463
	- 1/1/11 Fare Yield	0.000	0.000	0.403	0.407	0.410
	- 1/1/13 Fare Yield	0.000	0.000	0.000	0.000	0.440
		<b>\$4.480</b>	<b>\$5.305</b>	<b>\$5.780</b>	<b>\$5.834</b>	<b>\$6.313</b>
<b>Total Farebox Revenue</b>						
	- July Baseline	\$4,275.992	\$4,447.992	\$4,523.939	\$4,586.102	\$4,631.109
	- 1/1/11 Fare Yield	0.000	0.000	323.147	327.372	330.337
	- 1/1/13 Fare Yield	0.000	0.000	0.000	0.000	354.400
		<b>\$4,275.992</b>	<b>\$4,447.992</b>	<b>\$4,847.086</b>	<b>\$4,913.474</b>	<b>\$5,315.846</b>
<b>Toll Revenue</b>						
Bridges & Tunnels	- July Baseline	\$1,312.507	\$1,383.876	\$1,392.122	\$1,397.278	\$1,396.673
	- 1/1/11 Toll Yield <sup>5</sup>	0.000	0.000	93.968	104.757	104.755
	- 1/1/13 Toll Yield <sup>5</sup>	0.000	0.000	0.000	0.000	101.346
		<b>\$1,312.507</b>	<b>\$1,383.876</b>	<b>\$1,486.090</b>	<b>\$1,502.035</b>	<b>\$1,602.774</b>
<b>TOTAL FARE &amp; TOLL REVENUE <sup>2</sup></b>						
	- July Baseline	\$5,588.499	\$5,831.868	\$5,916.061	\$5,983.380	\$6,027.782
	- 1/1/11 Fare/Toll Yield	0.000	0.000	417.115	432.129	435.092
	- 1/1/13 Fare/Toll Yield	0.000	0.000	0.000	0.000	455.746
		<b>\$5,588.499</b>	<b>\$5,831.868</b>	<b>\$6,333.176</b>	<b>\$6,415.509</b>	<b>\$6,918.621</b>

<sup>1</sup> Excludes Paratransit Operations.

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

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

<sup>4</sup> MTA Bus revenue from Fare Yield will be used to reduce NYC subsidy to MTA Bus.

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

## **V. Cash Management Actions**

## **V. Cash Management Actions:**

Forward Energy Contracts – The July 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 Interim Executive Director  
of the  
Metropolitan Transportation Authority  
in accordance with Section 202.3(l)  
of the  
State Comptroller's Regulations**

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

Metropolitan Transportation Authority

By: \_\_\_\_\_



Helena E. Williams  
Interim Executive Director

Dated: July 23 2009

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