

MTA 2013 Preliminary Budget

July Financial Plan 2013-2016



**Volume 1
July 2012**



Metropolitan Transportation Authority

OVERVIEW

MTA 2013 PRELIMINARY BUDGET JULY FINANCIAL PLAN 2013-2016 VOLUME 1

The MTA's July Plan is divided into two volumes. Volume 1 consists of financial schedules supporting the complete MTA-Consolidated Financial Plan, including an Executive Summary, baseline and below-the-line Fare/Toll Increases, MTA Initiatives, MTA Re-estimates, and Policy Actions. Volume 1 also includes descriptions of the below-the-line actions as well as the required Certification by the Chairman and Chief Executive Officer, and a description of the MTA Budget Process.

Volume 2 includes MTA-Consolidated financial and position schedules as well as narratives that support the baseline projections included in the 2013 Preliminary Budget and the Financial Plan for 2013 through 2016. Also included are the Agency sections which incorporate descriptions of Agency Programs with supporting baseline tables and required information related to the MTA Capital Program.

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I. Introduction

July Financial Plan 2013-2016

The 2012 July Plan (the “July Plan” or “Plan”) includes the 2012 Mid-Year Forecast, 2013 Preliminary Budget and a Financial Plan for the years 2013-2016. While MTA finances remain fragile, they have improved since February, the result of favorable re-estimates of operating revenues, lower expenses and more savings from MTA’s cost efficiency programs.

As a result, the MTA is able to invest \$29.5 million in restored, enhanced and new bus, subway and commuter rail services. The Plan also includes investments that are in response to customer priorities, including an increase in the validity and refund periods of certain commuter rail tickets and maintenance improvements that will benefit safety and performance.

In brief, the July Plan offers significant benefits to customers. Similar to the February Plan, this Plan projects near term balance with manageable out-year deficits.

What Changed?

The July Plan includes some significant favorable changes that have resulted in a net favorable re-estimate:

- Favorable 2011 results increased the cash carry-over;
- Higher ridership related revenues;
- Lower energy prices;
- Debt service savings; and
- Mid-year release of a portion of the general reserve.

Offsetting those results were some adverse changes:

- 2012 real estate transaction tax receipts running under budget;
- Unfavorable arbitration ruling with the Amalgamated Transit Union;
- Higher OPEB estimates will result in increased contributions to the GASB fund;
- Higher pension costs (lower rate of return assumption); and
- Higher worker’s compensation costs (increased number of claims).

In addition to this net favorable re-estimate, the MTA has identified savings from new Budget Reduction Programs (BRPs), including significant new paratransit savings, and new MTA Efficiency initiatives. A reconciliation of the Plan-to-Plan changes can be found in Section II of this volume, with further detail provided in Volume 2.

Financial Plan Highlights

The July Plan continues to respond to the financial challenges facing the MTA while also investing in customer priorities.

Driving down costs through expense reductions and operating efficiencies. While the MTA is controlling discretionary expenses to a rate no greater than inflation, non-discretionary expenses are growing at a significantly greater rate.

The Plan reflects cost savings in the operating and capital budgets, continuing the strategy that was developed in 2010 when the MTA embarked on a complete overhaul of the way it conducted business to “make every dollar count.” The July Plan continues to target and extract annual, recurring savings which grow from \$686 million in 2011 to \$869 million in 2013, and reach \$1.134 billion in savings by 2016.

Much of the new savings result from a greater focus on paratransit operations, an expense that historically has been considered non-discretionary and represented a rapidly increasing share of the MTA’s budget. In 2013, the MTA will be implementing a zero-fare paratransit initiative that is intended to encourage certain paratransit-eligible customers to use less expensive accessible buses and subways instead of the more expensive paratransit service for some of their travel. Annual savings are expected to reach \$96 million by 2015. The MTA will also expand the use of taxis and car service operators to reduce the cost per paratransit trip, and the MTA will improve its ability to tailor service for conditional-eligibility customers to link these customers to accessible services. Prior initiatives also are being expanded with the objective of continuing to effectively serve paratransit customers.

In addition to the focus on paratransit operations, the MTA is taking other steps, large and small, to improve efficiency, including:

- Reducing fare evasion on buses;
- Expanding credit card fraud controls to the commuter railroads; and
- Procuring goods and services on-line with E-procurement.

This Plan raises the “to-be-identified” annual savings targets by \$30 million in 2013, increasing to \$75 million per year in 2016. These targets require the MTA to continue to seek out new opportunities to do business more efficiently.

Without the achievement of these savings, the MTA financial picture would be bleak. Cost savings efforts have reduced the projected deficits in the 2012-2016 Plan period by more than one-half, allowing the MTA to increase service and provide other improvements for our customers. Absent these efforts, this Final Plan would instead have had to focus on service reductions and larger fare/toll increases,

Three years of “net-zero” wage growth. The July Plan baseline continues to capture three years of “net-zero” wage growth for both represented and non-represented employees. The three years for non-represented employees have already occurred, while the savings for represented employees will need to be accomplished through collective bargaining.

MTA constituencies have contributed to stabilizing the MTA's finances since the collapse of the real estate market in 2007-2009 when annual revenues declined by more than \$1.1 billion. Three years ago, the NYS Legislature provided significant new funding sources to the MTA through the Payroll Mobility Tax and Other MTA Aid, making area businesses and residents important partners in maintaining the mobility of the region. MTA customers helped stabilize operating expenses through increased revenues from higher fares and tolls and cost savings from service reductions. Non-represented employees have not received a pay increase since 2008 and are doing more with less as a result of significant headcount reductions to administrative staffing.

In recognition of the contributions of these constituencies and the regional economic realities, the MTA expects that labor will also contribute to the financial well-being of the MTA through three years of "net-zero" wage growth. The State's largest unions have agreed to contracts that include wage freezes and contributions towards health care benefits, and the Plan assumes that similar terms will be achieved through collective bargaining with MTA's unions. As with those agreements, "net zero" growth can come from wage increases offset by bona fide savings from work rule changes or increased contributions to employee healthcare.

Continue moderate biennial fare/toll increases. The Plan continues to project moderate biennial fare/toll increases to help offset continuing growth in non-discretionary expenses such as pensions, health care, energy and paratransit. The 2013 fare/toll increase is projected to produce annualized revenue of \$450 million, while the 2015 increase will net \$500 million annualized. Over the Plan period, fare and toll increases equate to only 35% of the increase in these non-discretionary expenses, with continuing cost efficiencies critical to addressing the growth in these expenses as well. To reduce the impact of fare/toll increases on customers, MTA will seek to use its improved finances to push back the effective date of each of the 2013 and 2015 increases by two months.

Service Investments. Probably the most exciting aspect of this Plan is that it provides funding that will allow the MTA to restore, extend and add service on bus, subway and commuter rail lines to better serve customers. These service investments will connect customers across the MTA's service area, enhance access to mass transit, accommodate ridership growth and attract new transit riders.

The service investments come at a time when ridership on the MTA network is steadily increasing. Subway ridership has reached levels not seen since the 1940s, while commuter train ridership is approaching all-time records. Ridership growth is especially pronounced outside of the traditional rush hours, prompting increased investment in night, weekend and off-peak weekday service.

The service investments will be phased in over the next twelve to fifteen months and will cost an additional \$29.5 million per year to operate when fully implemented. MTA planners analyzed ridership data in conjunction with residential and business growth patterns and accessibility to transit to determine which routes, days and times would benefit the most from investments in bus, subway and commuter rail service. The

service investments will be implemented across all elements of the MTA's mass transit system, with the common goal of solidifying ridership gains and improving the customer experience.

New York City Transit (NYC Transit) will add new bus routes, extend existing bus routes and add night or weekend service on bus routes in all five boroughs. The temporary extension of the G subway line to Church Avenue during reconstruction of the Smith/9th Street station will be made permanent.

Metro-North Railroad (MNR) will adjust train capacity on the Hudson, Harlem and New Haven lines to reduce customer crowding. The Hudson Line will also see more direct connections at Croton-Harmon on weekends to improve customer service. Weekend and weekday off-peak service on some Harlem, Hudson and New Haven line routes will be increased to every 30 minutes as well. The Pascack Valley Line will have two peak trains added.

The Long Island Rail Road (LIRR) will provide half-hourly service on weekends and weekdays during certain periods between Farmingdale and New York City. Extra trains will accommodate increased rider demand on the Montauk and Long Beach branches. Trains between Atlantic Terminal/Downtown Brooklyn and Jamaica will also be extended until 2 AM.

Addressing customer priorities. Even as the MTA strives to reduce costs, it is budgeting funds to improve the quality of the service it provides to its customers by enhancing service reliability, investing in the station environment, and making more and better travel information readily available.

Reliability is critically important to customers, and agencies have found new ways to conduct maintenance and respond to incidents in order to improve reliability. For example, the NYC Transit "FASTRACK" program, which closes line segments for four nights in a row, allows maintenance tasks to be completed more quickly and efficiently. Through this program, NYC Transit has been able to complete significantly more maintenance work such as track replacement, and signal inspections and repair. NYC Transit is also enhancing its signals program to address the current backlog in the inspection, testing and maintenance. MNR is taking advantage of construction projects to conduct additional maintenance work in these affected areas. MNR is also adding resources to supplement its operations control center which will provide for better customer information. LIRR is bolstering its ability to respond to unplanned incidents, with a particular focus on its signal systems. The MTA's bus operations are implementing a pilot program to strategically direct resources that will improve preventative maintenance programs and increase fleet performance.

Agencies are also improving their elevator and escalator maintenance programs. The LIRR is investing in the upgrade of escalators and strengthening its ongoing preventive maintenance programs. MNR is implementing a program to improve the performance of the escalators in Grand Central Terminal. NYC Transit's increased investment in elevator and escalator maintenance will allow for more heavy-duty maintenance on a

scheduled basis and quicker response time to equipment breakdowns, all resulting in reduced downtime and increased reliability.

The station environment is also receiving special attention. FASTRACK allows workers to paint stations, replace lights, and clean roadbeds, all of which make for cleaner and brighter stations. Deploying new refuse trains and targeting heavily-used stations will result in more effective station cleaning. MNR's comprehensive station enhancement program paints and cleans stations, replaces benches, and provides additional station improvements; additional ticket vending machines will also reduce lines and support two new stations in Connecticut.

With cashless electronic toll collection coming to the Henry Hudson Bridge in late 2012, Bridges & Tunnels (B&T) customers will have faster trips. E-ZPass "On-the-Go" is now sold in cash lanes and the new MTA Reload Card can be used to reload accounts at thousands of retail outlets. These programs are increasing the number of E-ZPass customers.

The Plan includes money to provide better information in more places. The "On-the-Go" pilot will be expanded with more information screens at more subway stations, and countdown clock data will be released to app developers. MTA real time bus information will be expanded beyond Staten Island to the Bronx in the Fall of 2012, with other boroughs to follow. GPS on all LIRR trains will provide better information on train status both at stations and through a new Train Time application. MNR also plans to upgrade station signs at major stations to display real-time train status information. B&T recently released a travel time app and makes the information available through signs at facilities.

In response to complaints about the shortened validity and refund periods for commuter railroad tickets implemented in 2011, the MTA is extending the validity period for one-way and round trip tickets from 14 days to 60 days and the refund period from 30 days to 60 days. The refund period for 10 trip tickets will increase from 30 days to 6 months.

Full Funding for the 2010 - 2014 Capital Program

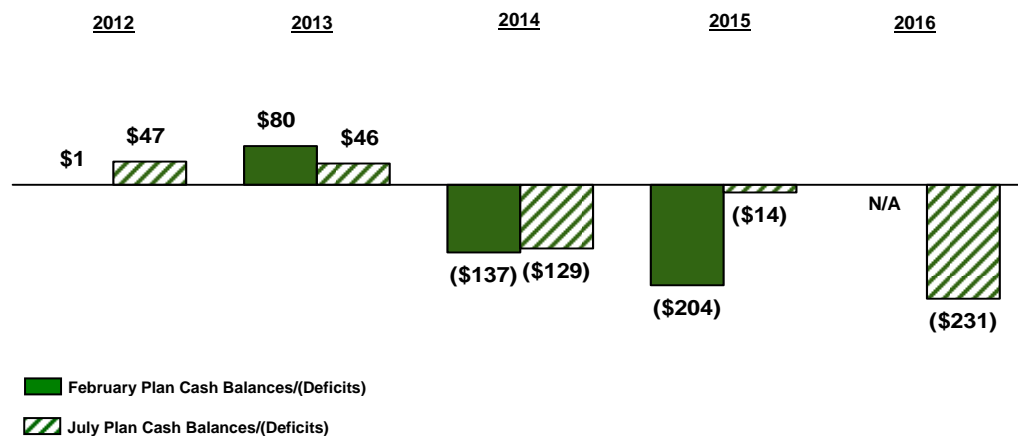
This March, the Capital Program Review Board approved a funding package that included significant support from each of the MTA's funding partners, fully funding the last three years of the 2010 – 2014 Capital Plan. This funding ensures the completion of critically important infrastructure projects included in the Plan.

MTA's application to the Federal Railway Administration for a \$3 billion Railroad Rehabilitation and Improvement Fund ("RRIF") loan for East Side Access is currently under review by the FRA's Independent Financial Advisor.

A key element of the approved funding plan is the use of "Pay-As You-Go" funds in the February Plan to support the additional borrowing. As a result, while a portion of such funds will now be reallocated to debt service, there is no increase in the revenue requirements in the July Plan.

The “Bottom Line”

As shown below, the MTA’s projected cash position has not changed significantly from the February Plan. The July Plan continues to project near term balance with manageable out-year deficits. As stated earlier, the improvement to MTA finances, resulting from the favorable re-estimates of operating revenues and expenses and further increases in the value of MTA savings programs, has provided the ability to fund new service and other investments that are described in this Plan.



The notable, and favorable, change in the projected 2015 deficit results from higher projected paratransit savings and lower out-year energy costs.

Risks to the Plan

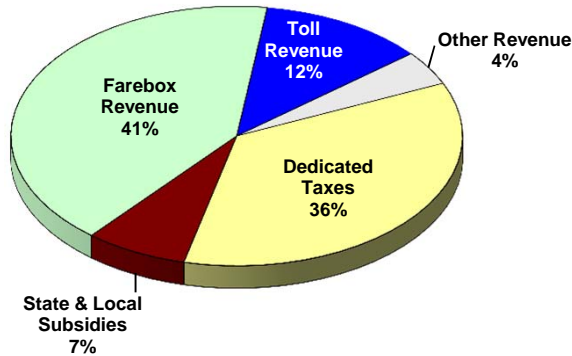
The July Plan reflects the MTA’s commitment to continually improve MTA’s financial and operating performance and respond to customer concerns and needs. However, MTA’s commitment must be tempered by reality; the Plan still projects out-year deficits and significant risks remain. This Plan continues to assume that labor settlements will include three years of net-zero wage growth. It assumes significant levels of savings from paratransit efficiencies that have not yet been realized. The Plan assumes that State budget actions will reflect full remittance to MTA of all resources collected on MTA’s behalf.

Additionally, the regional economic recovery remains tepid, and should the recovery falter, the MTA has limited financial reserves to offset lower-than-expected operating revenues, taxes and subsidies. There are also longer-term vulnerabilities, including rising employee and retiree healthcare costs, the risk of lower investment returns on pensions, and the possibility of higher interest rates, which would have a significant impact on debt service payments to support the MTA capital program.

II. MTA Consolidated 2012-2016 Financial Plan

MTA 2013 Preliminary Budget
Baseline Expenses After Below-the-Line Adjustments ¹
Non-Reimbursable

Where the Dollars Come From ...

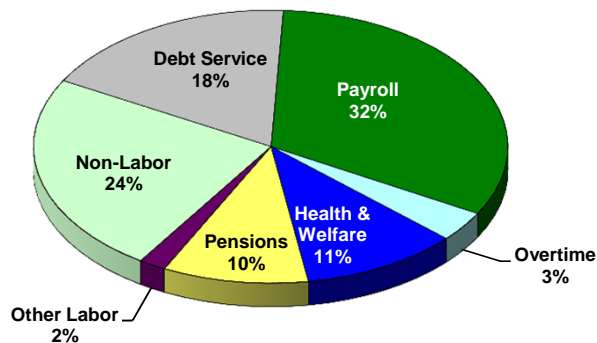


By Revenue Source (\$ in millions)	
Farebox Revenue*	\$5,475
Toll Revenue*	1,588
Other Revenue	569
Dedicated Taxes	4,724
State & Local Subsidies	980
Total	\$13,336

* includes the Below-the-Line Adjustments that impact Revenue

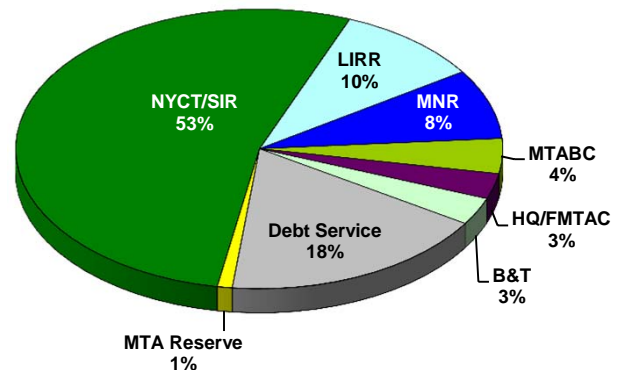
Where the Dollars Go ...

By Expense Category



By Expense Category includes below-the-line adjustments ¹ (\$ in millions)	
Payroll	\$4,241
Overtime	472
Health & Welfare	1,406
Pensions	1,301
Other Labor	242
Non-Labor	3,121
Debt Service	2,335
MTA Below-the-Line Expense Adj.	3
Total	\$13,122

By MTA Agency



By MTA Agency ² includes below-the-line adjustments (\$ in millions)	
NYCT/SIR	\$6,991
LIRR	1,267
MNR	1,064
MTABC	531
HQ/FMTAC	386
B&T	415
Debt Service	2,335
MTA Reserve	130
MTA Below-the-Line Expense Adj. ³	3
Total	\$13,122

Expenses exclude Depreciation, OPEB obligation and Environmental Remediation.

¹ The below-the-line adjustments have not yet been allocated to generic expense categories.

² MTA Capital Construction is not included in the above charts, as its budget contains reimbursable expenses only.

³ The below-the-line adjustments have not been allocated to specific Agencies as yet.

METROPOLITAN TRANSPORTATION AUTHORITY
July Financial Plan 2013-2016
MTA Consolidated Statement Of Operations By Category
(\$ in millions)

Line No.						
7		Non-Reimbursable				
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METROPOLITAN TRANSPORTATION AUTHORITY
July Financial Plan 2013-2016
Plan Adjustments
(\$ in millions)

Line No.		2012 Mid-Year Forecast	2013 Preliminary Budget	2014	2015	2016
7						
8						
9						
10	Cash Balance Before Prior-Year Carry-over	(\$227)	(\$403)	(\$661)	(\$998)	(\$1,395)
11						
12	Fare/Toll Increases:					
13	Fare/Toll Yields on 3/1/13	-	382	465	473	476
14	Fare/Toll Yields on 3/1/15	-	-	-	425	515
15	Sub-Total	\$0	\$382	\$465	\$897	\$991
16						
17	MTA Initiatives:					
18	New MTA Efficiencies	7	83	98	148	193
19	Paratransit Fare Incentives	-	31	46	96	96
20	Fare Evasion	7	22	22	22	22
21	Unidentified MTA Efficiencies	-	30	30	30	75
22	MetroCard Green Fee and Cost Savings	-	20	20	20	20
23	Sub-Total	\$7	\$103	\$118	\$168	\$213
24						
25	MTA Re-estimates:					
26	Pension Provision - Lower Rate of Return Assumption	-	(55)	(55)	(55)	(55)
27	Move from Madison Avenue Headquarters	(9)	(26)	(13)	3	44
28	Residual LI Bus Costs - Responsibility of Nassau County	(20)	20	-	-	-
29	Sub-Total	(\$29)	(\$60)	(\$68)	(\$52)	(\$11)
30						
31	Policy Actions:					
32	Service Investments	(1)	(24)	(30)	(30)	(30)
33	Sub-Total	(\$1)	(\$24)	(\$30)	(\$30)	(\$30)
34						
35	TOTAL ADJUSTMENTS	(\$23)	\$401	\$486	\$984	\$1,164
36						
37	Prior-Year Carry-Over	297	47	46	0	0
38						
39	Net Cash Surplus/(Deficit)	\$47	\$46	(\$129)	(\$14)	(\$231)

METROPOLITAN TRANSPORTATION AUTHORITY
July Financial Plan 2013-2016
MTA Consolidated Cash Receipts and Expenditures
(\$ in millions)

Line

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Cash Receipts and Expenditures						
	2011	2012	2013			
	Actual	Mid-Year Forecast	Preliminary Budget	2014	2015	2016
Receipts						
Farebox Revenue	\$5,046	\$5,115	\$5,205	\$5,286	\$5,362	\$5,411
Other Operating Revenue	524	603	596	632	675	720
Capital and Other Reimbursements	1,285	1,580	1,449	1,382	1,387	1,408
Total Receipts	\$6,856	\$7,298	\$7,249	\$7,299	\$7,424	\$7,539
Expenditures						
<u>Labor:</u>						
Payroll	\$4,484	\$4,645	\$4,582	\$4,635	\$4,722	\$4,844
Overtime	630	562	543	545	552	561
Health and Welfare	858	880	964	1,035	1,124	1,232
OPEB Current Payment	369	419	457	495	540	588
Pensions	1,092	1,283	1,306	1,332	1,389	1,424
Other Fringe Benefits	609	631	633	646	662	681
Contribution to GASB Fund	38	77	82	86	89	92
Reimbursable Overhead	0	0	0	0	0	0
Total Labor Expenditures	\$8,080	\$8,496	\$8,566	\$8,774	\$9,077	\$9,423
<u>Non-Labor:</u>						
Electric Power	\$441	\$556	\$546	\$566	\$611	\$676
Fuel	265	262	261	262	272	272
Insurance	(9)	65	38	52	64	72
Claims	221	179	180	190	194	202
Paratransit Service Contracts	361	383	439	496	560	643
Maintenance and Other Operating Contracts	474	526	509	485	500	523
Professional Service Contracts	208	299	275	279	279	282
Materials & Supplies	512	625	628	662	706	726
Other Business Expenditures	134	154	169	172	175	180
Total Non-Labor Expenditures	\$2,606	\$3,049	\$3,044	\$3,164	\$3,361	\$3,576
<u>Other Expenditure Adjustments:</u>						
Other	\$30	\$81	\$99	\$95	\$109	\$123
General Reserve	0	62	130	135	145	150
Total Other Expenditure Adjustments	\$30	\$143	\$229	\$230	\$254	\$273
Total Expenditures	\$10,716	\$11,689	\$11,839	\$12,169	\$12,692	\$13,272
Net Cash Deficit Before Subsidies and Debt Service	(\$3,860)	(\$4,391)	(\$4,590)	(\$4,870)	(\$5,268)	(\$5,733)
Dedicated Taxes and State/Local Subsidies	\$5,294	\$5,647	\$5,865	\$6,097	\$6,355	\$6,573
Debt Service (excludes Service Contract Bonds)	(1,297)	(1,483)	(1,678)	(1,888)	(2,085)	(2,235)
Net Cash Balance from Previous Year	76	213	0	\$0	\$0	\$0
Baseline Net Cash Surplus/(Deficit)	\$213	(\$14)	(\$403)	(\$661)	(\$998)	(\$1,395)
CASH BALANCE BEFORE PRIOR-YEAR CARRY-OVER	\$137	(\$227)	(\$403)	(\$661)	(\$998)	(\$1,395)
BASELINE PRIOR-YEAR CARRY-OVER	0	0	0	0	0	0
ADJUSTMENTS	0	(23)	401	486	984	1,164
PRIOR-YEAR CARRY-OVER	160	297	47	46	0	0
NET CASH BALANCE	\$297	\$47	\$46	(\$129)	(\$14)	(\$231)

METROPOLITAN TRANSPORTATION AUTHORITY
July Financial Plan 2013-2016
MTA Consolidated July Financial Plan Compared with February Financial Plan
Cash Reconciliation
(\$ in millions)

	Favorable/(Unfavorable)			
	2012	2013	2014	2015
FEBRUARY FINANCIAL PLAN 2012-2015				
NET CASH SURPLUS/(DEFICIT)	\$1	\$80	(\$137)	(\$204)
Savings Programs	\$48	\$61	\$94	\$126
2012 BRP - Paratransit	28	41	71	102
2012 BRP - Other	15	13	13	14
Additional MTA Baseline Efficiencies	5	7	9	11
New Needs/Investments	(\$39)	(\$51)	(\$41)	(\$37)
Maintenance	(27)	(27)	(26)	(23)
Service	(2)	(5)	(5)	(5)
Safety & Security	(1)	(3)	(2)	(3)
All Other	(8)	(16)	(9)	(6)
Other Investments	(\$24)	(\$42)	(\$43)	(\$44)
Other Maintenance Investments	(3)	(20)	(19)	(20)
MTA GASB 45 Contribution	(21)	(22)	(23)	(24)
Agency Baseline Adjustments	(\$63)	\$152	\$174	\$224
Farebox/Toll Revenue	25	29	29	25
Other Revenue	10	9	8	7
Energy	11	50	95	119
Health & Welfare	26	15	41	55
Pension	21	15	18	26
Tropical Storm Irene Recovery (Timing)	(33)	37	0	0
NYCT Capital Reimbursement Timing	(40)	40	0	0
ATU Arbitration Award Settlement	(16)	(9)	(4)	(4)
NYCT Worker's Compensation	(17)	(17)	(18)	(18)
Reimbursable Overhead	2	(10)	(11)	(7)
2011 Timing	(65)	0	0	0
Baseline Re-estimates	12	(8)	15	19
Changes in Subsidies	(\$3)	\$1	(\$6)	\$53
MMTOA	11	(3)	(10)	(16)
Petroleum Business Tax (PBT) Receipts	(7)	(3)	(0)	1
Real Estate Revenue	(34)	(6)	(5)	62
PMT/MTA Aid	37	12	13	13
All Other	(10)	1	(4)	(7)
Other Subsidy Adjustments	\$61	\$56	\$137	\$232
CDOT Subsidy Impact	(22)	(6)	(19)	(19)
B&T Operating Surplus Transfer	(2)	(14)	(9)	(11)
2011 Timing	67	(0)	(0)	0
Debt Service Paid by Committed to Capital Funds ¹	18	76	165	262
Debt Service Adjustments	\$9	(\$65)	(\$156)	(\$252)
Debt Service for 2012-2014 Capital Program ¹	(18)	(76)	(165)	(262)
Debt Service	27	11	9	10
General Reserve	\$38	\$0	\$0	\$0
MTA Initiatives/Policy Actions	(\$86)	(\$193)	(\$116)	(\$112)
Delay Fare/Toll Increases until March	0	(67)	(1)	(69)
Paratransit Fare Incentives	0	31	46	96
Fare Evasion	7	22	22	22
Eliminate Feb Plan Unidentified Reductions ²	(63)	(125)	(116)	(110)
Increase MTA Efficiency Targets (currently unidentified) ²	0	30	30	30
Pension Provision - Lower Rate of Return Assumption	0	(55)	(55)	(55)
Move from Madison Avenue Headquarters	(9)	(26)	(13)	3
Residual LI Bus Costs - Responsibility of Nassau County	(20)	20	0	0
Service Investments	(1)	(24)	(30)	(30)
Prior-Year Carry-Over (Adjusted)	105	46	(34)	0
JULY FINANCIAL PLAN 2013-2016				
NET CASH SURPLUS/(DEFICIT)	\$47	\$46	(\$129)	(\$14)

¹ Increased debt service is being funded out of operating dollars previously committed to funding the last three years of the 2010-2014 capital program. There is no net impact to the overall financial plan.

² The February Financial Plan included a \$40 million per year unspecified deficit reduction, as well as other unidentified MTA Efficiencies. In the July Plan, Agencies were able to identify savings exceeding these amounts, thereby eliminating those unspecified provisions. The July Plan, however, increases the savings target for 2013 and beyond by an additional \$30 million per year. Specific savings initiatives have not yet been developed.

METROPOLITAN TRANSPORTATION AUTHORITY

July Financial Plan 2013-2016

Consolidated Subsidies

Cash Basis

(\$ in millions)

	2011 Actual	2012 Mid-Year Forecast	2013 Preliminary Budget	2014	2015	2016
<u>Subsidies</u>						
<i>Dedicated Taxes</i>						
Metropolitan Mass Transportation Operating Assist (MMTOA)	\$1,306.6	\$1,343.4	\$1,488.2	\$1,568.0	\$1,640.1	\$1,690.6
Petroleum Business Tax (PBT) Receipts	619.6	623.5	630.9	635.6	638.0	639.7
Mortgage Recording Tax (MRT)	244.8	256.7	295.9	341.9	386.9	410.2
MRT Transfer to Suburban Counties	(2.6)	(1.8)	(3.8)	(5.4)	(7.3)	(6.3)
Reimburse Agency Security Costs	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)
MTA Bus Debt Service	(24.9)	(24.9)	(24.9)	(24.9)	(24.9)	(24.9)
Interest	4.2	4.3	4.5	4.7	4.9	5.1
Urban Tax	352.9	376.0	442.7	484.3	529.3	577.7
Investment Income	<u>0.4</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.1</u>	<u>1.1</u>
	\$2,491.0	\$2,568.2	\$2,824.4	\$2,995.1	\$3,158.0	\$3,283.3
<i>New State Taxes and Fees</i>						
Payroll Mobility Tax	\$1,415.0	\$1,261.4	\$1,248.0	\$1,315.1	\$1,384.7	\$1,452.4
Payroll Mobility Tax Replacement Funds	0.0	255.0	310.0	310.0	310.0	310.0
MTA Aid	<u>303.2</u>	<u>306.1</u>	<u>310.7</u>	<u>315.4</u>	<u>320.1</u>	<u>324.9</u>
	\$1,718.3	\$1,822.5	\$1,868.8	\$1,940.5	\$2,014.8	\$2,087.4
<i>State and Local Subsidies</i>						
State Operating Assistance	\$190.5	\$187.9	\$187.9	\$187.9	\$187.9	\$187.9
Local Operating Assistance	223.3	239.2	215.3	220.0	221.1	222.2
Nassau County Subsidy	4.6	0.0	0.0	0.0	0.0	0.0
CDOT Subsidy	89.1	77.4	95.6	81.8	83.9	87.3
Station Maintenance	153.2	155.7	157.9	160.7	163.8	166.9
AMTAP	<u>5.6</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
	\$666.2	\$660.2	\$656.8	\$650.4	\$656.7	\$664.4
<i>Other Subsidy Adjustments</i>						
Interagency Loan	(\$269.0)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
NYCT Charge Back of MTA Bus Debt Service	(11.1)	(11.5)	(11.5)	(11.5)	(11.5)	(11.5)
Forward Energy Contracts Program - Gain/(Loss)	(101.6)	(3.3)	(5.2)	0.0	0.0	0.0
Forward Energy Contracts - 2012	0.0	0.0	0.0	0.0	0.0	0.0
MNR Repayment for 525 North Broadway	(7.3)	(2.4)	(2.4)	(2.4)	(2.4)	(2.4)
Repayment of Loan to Capital Financing Fund	0.0	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)
Committed to Capital	(21.4)	(150.0)	(200.0)	(250.0)	(300.0)	(350.0)
Debt Service Paid by Committed to Capital Funds	<u>0.0</u>	<u>18.2</u>	<u>76.4</u>	<u>165.2</u>	<u>261.9</u>	<u>350.0</u>
	(\$410.5)	(\$249.1)	(\$242.7)	(\$198.8)	(\$152.1)	(\$113.9)
Sub-total Dedicated Taxes & State and Local Subsidies	\$4,465.0	\$4,801.8	\$5,107.2	\$5,387.3	\$5,677.4	\$5,921.1
City Subsidy for MTA Bus	\$292.1	\$380.8	\$335.0	\$332.9	\$361.7	\$384.5
Total Dedicated Taxes & State and Local Subsidies	\$4,757.1	\$5,182.7	\$5,442.2	\$5,720.2	\$6,039.1	\$6,305.6
<i>Inter-agency Subsidy Transactions</i>						
B&T Operating Surplus Transfer	\$509.7	\$486.8	\$423.3	\$376.5	\$315.5	\$267.1
MTA Subsidy to Subsidiaries	<u>27.2</u>	<u>(22.6)</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
	\$537.0	\$464.1	\$423.3	\$376.5	\$315.5	\$267.1
GROSS SUBSIDIES	\$5,294.1	\$5,646.8	\$5,865.5	\$6,096.7	\$6,354.6	\$6,572.7

METROPOLITAN TRANSPORTATION AUTHORITY
Summary of Changes Between the July and February Financial Plans
Consolidated Subsidies
Cash Basis
(\$ in millions)

	2011	2012	2013	2014	2015
<u>Subsidies</u>					
<i>Dedicated Taxes</i>					
Metropolitan Mass Transportation Operating Assist (MMTOA)	\$0.2	\$10.6	(\$3.3)	(\$9.9)	(\$15.7)
Petroleum Business Tax (PBT) Receipts	(0.8)	(7.0)	(3.1)	(0.1)	0.5
Mortgage Recording Tax (MRT)	(3.2)	(16.7)	(27.1)	(20.3)	27.5
MRT Transfer to Suburban Counties	0.0	0.6	0.0	0.0	0.0
Reimburse Agency Security Costs	0.0	0.0	0.0	0.0	0.0
MTA Bus Debt Service	0.0	0.0	0.0	0.0	0.0
Interest	0.0	0.0	0.0	0.0	0.0
Urban Tax	(5.1)	(17.3)	21.3	15.6	34.8
Investment Income	<u>(0.5)</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
	(\$9.4)	(\$29.8)	(\$12.2)	(\$14.7)	\$47.1
<i>New State Taxes and Fees</i>					
Payroll Mobility Tax	(\$0.3)	\$27.1	\$7.2	\$7.5	\$7.9
Payroll Mobility Tax Replacement Funds	0.0	5.0	0.0	0.0	0.0
MTA Aid	<u>(0.0)</u>	<u>5.0</u>	<u>5.2</u>	<u>5.4</u>	<u>5.5</u>
	(\$0.3)	\$37.1	\$12.3	\$12.9	\$13.5
<i>State and Local Subsidies</i>					
State Operating Assistance	(\$0.4)	\$0.0	\$0.0	\$0.0	\$0.0
Local Operating Assistance (18-b)	(21.4)	16.5	(1.2)	2.1	1.7
Nassau County Subsidy (includes 18-b local match)	0.0	0.0	0.0	0.0	0.0
CDOT Subsidy	(11.3)	(22.2)	(5.7)	(19.0)	(19.1)
Station Maintenance	0.0	0.4	(0.2)	(0.4)	(0.7)
AMTAP	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
	(\$33.1)	(\$5.4)	(\$7.1)	(\$17.3)	(\$18.1)
<i>Other Subsidy Adjustments</i>					
Inter-Agency Loan	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
NYCT Charge Back of MTA Bus Debt Service	0.4	0.0	0.0	0.0	0.0
Forward Energy Contracts Program - Initiated in 2011	2.6	(103.0)	(5.2)	0.0	0.0
Forward Energy Contracts - 2012 (12 mth Contract)	0.0	100.0	0.0	0.0	0.0
MNR Repayment for 525 North Broadway	0.0	0.0	0.0	0.0	0.0
Repayment of Loan to Capital Financing Fund	0.0	0.0	0.0	0.0	0.0
Committed to Capital	0.0	0.0	0.0	0.0	0.0
Debt Service Paid by Committed to Capital Funds	<u>0.0</u>	<u>18.2</u>	<u>76.4</u>	<u>165.2</u>	<u>261.9</u>
	\$3.0	\$15.2	\$71.2	\$165.2	\$261.9
Sub-total Dedicated Taxes & State and Local Subsidies	(\$39.8)	\$17.2	\$64.3	\$146.0	\$304.3
City Subsidy for MTA Bus	(\$46.6)	\$44.3	\$6.6	(\$6.3)	(\$9.2)
Total Dedicated Taxes & State and Local Subsidies	(\$86.4)	\$61.5	\$70.9	\$139.7	\$295.1
<i>Inter-agency Subsidy Transactions</i>					
B&T Operating Surplus Transfer	\$10.1	\$19.3	(\$14.3)	(\$9.3)	(\$10.6)
MTA Subsidy to Subsidiaries	<u>6.7</u>	<u>(22.6)</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
	\$16.8	(\$3.3)	(\$14.3)	(\$9.3)	(\$10.6)
GROSS SUBSIDIES	(\$69.5)	\$58.1	\$56.6	\$130.5	\$284.6

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III. Adjustments

III. ADJUSTMENTS

The discussion that follows reflects proposed Fare/Toll Revenue Increases, MTA Initiatives, MTA Re-estimates and Policy Actions that are not included in the Baseline (as shown in Volume 2 of the July Plan).

Fare/Toll Increases

2013 Increased Fare and Toll – A \$450 million annualized increase in MTA consolidated farebox and toll revenues is proposed for implementation on March 1, 2013. Consolidated fare and toll revenues, excluding MTA Bus and SIR revenues, are expected to increase by \$382 million in 2013, \$465 million in 2014, \$472 million in 2015 and \$476 million in 2016. MTA Bus revenue is expected to increase by \$12 million in 2013 and by \$14 million a year for 2014 through 2016, while SIR revenue is expected to increase \$0.5 million each year. These additional MTA Bus and SIR revenues will be used to hold down the NYC subsidies that cover the costs associated with these operations.

The current MTA consolidated projections are lower in 2013 due to a shift in the implementation date, from January to March, of the fare and toll changes. For subsequent years, projections are slightly revised from those prepared for the February Plan, the result of the revisions in Agency baseline farebox and toll revenue forecasts. Consequently, consolidated fare and toll revenues from the increase are lower by \$67 million in 2013, lower by \$1 million in 2014 and then higher by \$1 million in 2015. For MTA Bus, farebox revenue from this action is \$2 million lower in 2013 and marginally higher— by \$0.1 million a year – for both 2014 and 2015 compared with projections in the February Plan. SIR farebox revenue from this action is less than \$0.1 million lower for each year.

2015 Increased Fare and Toll – A \$500 million annualized consolidated farebox and toll increase is proposed for implementation on March 1, 2015, and is estimated to yield an additional \$424 million in 2015 and \$515 million in 2016, excluding yield increases for MTA Bus and SIR. The farebox revenue increase at MTA Bus is expected to generate additional revenue of \$13 million in 2015 and \$15 million in 2016, and SIR's farebox revenue is projected to increase \$0.5 million each year. These additional revenues will be used to hold down the NYC subsidies to MTA Bus and SIR.

As with the 2013 increase, the implementation date for the 2015 increase has also been shifted from January to March. As a result of this delay, the MTA consolidated projections are \$72 million unfavorable compared with the February Plan estimate; MTA Bus farebox revenue from this action is \$2 million lower and SIR farebox revenue from this action is less than \$0.1 million lower.

MTA Consolidated Utilization
MTA Agency Fare and Toll Revenue Projections, in millions
Including the Impact of 2013 & 2015 Fare & Toll Yield Increases

		2012	2013			
		Mid-Year	Preliminary	2014	2015	2016
		Forecast	Budget			
Fare Revenue						
Long Island Rail Road	Baseline	\$584.723	\$594.650	\$598.780	\$603.006	\$605.983
	3/2013 Fare Yield	0.000	37.633	44.683	44.999	45.221
	3/2015 Fare Yield	0.000	0.000	0.000	41.480	49.152
		\$584.723	\$632.283	\$643.463	\$689.484	\$700.356
Metro-North Railroad ¹	Baseline	\$600.100	\$624.152	\$650.684	\$665.296	\$677.861
	3/2013 Fare Yield ²	0.000	25.685	31.314	32.044	32.658
	3/2015 Fare Yield ²	0.000	0.000	0.000	28.730	34.590
		\$600.100	\$649.837	\$681.998	\$726.071	\$745.108
MTA Bus Company	Baseline	\$183.024	\$184.163	\$185.883	\$187.673	\$188.612
	3/2013 Fare Yield ³	0.000	11.655	13.871	14.005	14.075
	3/2015 Fare Yield ³	0.000	0.000	0.000	12.910	15.298
		\$183.024	\$195.818	\$199.755	\$214.588	\$217.985
New York City Transit ⁴	Baseline	\$3,632.193	\$3,677.284	\$3,728.853	\$3,781.504	\$3,810.635
	3/2013 Fare Yield	0.000	232.491	278.262	282.191	284.365
	3/2015 Fare Yield	0.000	0.000	0.000	259.863	309.084
		\$3,632.193	\$3,909.775	\$4,007.115	\$4,323.558	\$4,404.084
Staten Island Railway	Baseline	\$5.624	\$5.681	\$5.770	\$5.848	\$5.912
	3/2013 Fare Yield ³	0.000	0.360	0.431	0.436	0.441
	3/2015 Fare Yield ³	0.000	0.000	0.000	0.403	0.480
		\$5.624	\$6.041	\$6.201	\$6.687	\$6.833
Total Farebox Revenue						
	Baseline	\$5,005.665	\$5,085.930	\$5,169.970	\$5,243.327	\$5,289.002
	3/2013 Fare Yield	0.000	307.825	368.561	373.675	376.759
	3/2015 Fare Yield	0.000	0.000	0.000	343.386	408.604
		\$5,005.665	\$5,393.755	\$5,538.531	\$5,960.388	\$6,074.366
Toll Revenue						
Bridges & Tunnels	Baseline	\$1,506.970	\$1,501.879	\$1,507.176	\$1,512.707	\$1,523.524
	3/2013 Toll Yield ⁵	0.000	85.934	110.773	112.843	113.611
	3/2015 Toll Yield ⁵	0.000	0.000	0.000	94.078	121.670
		\$1,506.970	\$1,587.813	\$1,617.948	\$1,719.628	\$1,758.804
TOTAL FARE & TOLL REVENUE						
	Baseline	\$6,512.634	\$6,587.808	\$6,677.145	\$6,756.034	\$6,812.526
	3/2013 Fare Yield	0.000	393.759	479.333	486.518	490.370
	3/2015 Fare Yield	0.000	0.000	0.000	437.464	530.275
		\$6,512.634	\$6,981.568	\$7,156.479	\$7,680.016	\$7,833.171

¹ MNR baseline utilization figures are for East-of-Hudson service (Hudson, Harlem and New Haven Lines) only.

² MNR utilization changes from the fare yield increases reflect impacts to both East-of-Hudson and West-of-Hudson utilization.

³ MTA Bus and SIR revenues from Fare Yield will be used to reduce NYC subsidies to MTA Bus and SIR.

⁴ Excludes Paratransit Operations.

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

MTA Initiatives:

New MTA Efficiencies – In response to financial pressure encountered in late 2009 and early 2010, the MTA introduced a number of savings initiatives including programs categorized as MTA Efficiencies. These included operational consolidations and improved business practices. The initial MTA Efficiency savings target projected fully annualized savings of \$200 million by 2014. Subsequent to that, additional savings were identified in 2011 Plans, and again in this Plan. The total of all MTA efficiencies (both within the baseline and below the line), is now projected to reach \$170 million in 2012, \$271 million in 2013, \$352 million in 2014, \$466 million in 2015 and \$547 million in 2016. These efficiencies, when combined with other savings initiatives already implemented, are now projected to increase from \$686 million of recurring savings in 2011 to more than \$1.134 billion annually by 2016.

This Plan identifies new MTA Efficiencies that have been already incorporated into Agency baselines, including savings in paratransit, non-revenue fleet, employee welfare benefits, IT procurement and consolidations, strategic initiatives, and e-procurement.

The following new MTA Efficiencies are “below-the-line”:

Paratransit Fare Incentives – Under this initiative, paratransit-eligible customers will be offered special zero-fare MetroCards, enabling free passage on fixed route services operated by NYCT, MTA Bus and SIR. Paratransit-eligible customers will continue to have access to paratransit services upon demand, but the special zero-fare MetroCards will offer an incentive to utilize fixed route services. The diversion of trips from higher cost paratransit to fixed route services will result in projected savings of \$31 million in 2013, \$46 million in 2014, and \$96 million in 2015 and 2016.

Fare Evasion – In conjunction with the NYPD, this NYCT initiative is intended to generate incremental passenger revenue by increasing the enforcement of fare collection on its buses. This initiative is expected to yield \$7 million in 2012, with an annual value of \$22 million per year thereafter.

Unidentified Savings – Beginning in 2013, the MTA has set a target of \$30 million in annual savings to be identified. That target is being increased to \$75 million in 2016 to help address projected deficits in that year and beyond.

MetroCard Green Fee and Cost Savings – As described in previous Plans, the MTA is implementing a \$1.00 “green” fee for each new MetroCard bought in the subway system in an effort to reduce the cost attributable to the high volume of MetroCards produced and discarded. The implementation of the “green” fee will be delayed from 2012 to 2013, at which time it will result in annual savings of \$20 million.

MTA Re-Estimates:

Pension Provision - Lower Rate of Return Assumption – The Plan makes an adjustment of \$55 million per year in higher pension costs, beginning in 2013. It reflects a reduction in the future rate of return assumption on MTA-controlled pension assets from 7.5% to 7.0%. This reduced investment return assumption is consistent with the recent decision by the NYCERS actuary to lower the assumed rate of return to 7% on its pension assets.

Move from Madison Avenue Headquarters – The MTA intends to sell or lease its Madison Avenue Headquarter buildings and consolidate Headquarter offices at 2 Broadway. Metro-North offices will be consolidated at a location in close proximity to Grand Central Terminal. The disposition is expected to yield significant proceeds and result in lower net operating costs. These consolidations will require operating cash expenditures in 2012-2015 that will be reimbursed from the disposition proceeds in 2015 and 2016. The net proceeds, after reimbursement to the operating budget, will be used to help fund the MTA Capital Program.

Residual LI Bus Costs - Responsibility of Nassau County – The lease and operating agreement between Nassau County and the Metropolitan Suburban Bus Company (LI Bus) was terminated effective December 31, 2011. Under the agreement, expenses incurred after the termination date in connection with the wind down of LI Bus will primarily be the responsibility of Nassau County. In addition, certain residual costs including those for unemployment insurance, OPEB current payment, worker's compensation, and claims are also the responsibility of Nassau County. In total, the MTA estimates that in 2012 it will pay approximately \$20 million in expenditures that are the legal responsibility of Nassau County. The Plan assumes a full reimbursement by Nassau County in 2013.

Policy Actions:

Service Investments – The use of the MTA system continues to grow. Subway and commuter rail ridership have increased. Ridership on bus routes in certain areas has also risen while in other areas there has been a decline. Overall ridership revenues have increased to enable MTA to make new service investments to better meet customers' needs in support of the economic vitality of the city and region.

MTA proposes to make investments in bus, subway and commuter rail services to:

- respond to continued ridership growth, particularly during weekends, evenings and weekday off peak periods as the use of the MTA system has more and more become "a way of life" throughout the City and Metropolitan area
- fill gaps in service coverage in certain geographic areas or times of day,

- serve developing neighborhoods as the City has continued its robust population growth,
- restore certain services that were reduced or eliminated in 2010 where MTA estimates that riders on affected routes have not made use on other services but reduced their use overall.

Service investments, by Agency, are listed in the following tables.

New York City Transit

Route	Proposed Investment	Investment Goal	Implementation
Bronx			
Bx13	<ul style="list-style-type: none"> - Extension from E 161st St to Gateway Mall via River Ave - Serves Concourse Village, Mott Haven 	Service to new markets	Jan 2013
Bx34	<ul style="list-style-type: none"> - Restore weekend service from 242nd St to Fordham Rd via Bainbridge Ave - Serves Woodlawn, Norwood, Bedford Park, Fordham 	Weekend service restoration	Jan 2013
New Service	<ul style="list-style-type: none"> - South Bronx service to western Hunts Point - Serves Hunts Point, Barretto Point Park 	Service to new markets	Sept 2013
Brooklyn			
G Line	<ul style="list-style-type: none"> - Extend G to Church Avenue permanently - Serves Park Slope, Windsor Terrace, Kensington 	Improves service connectivity	2013
B2	<ul style="list-style-type: none"> - Restore weekend service from Midwood to Kings Plaza Mall via Avenue R - Serves Gravesend, Marine Park 	Weekend service restoration	Oct 2012
B4	<ul style="list-style-type: none"> - Restore route from Ocean Pkwy to Knapp St via Neptune, Sheepshead Bay Rd, Emmons Ave/Shore Parkway - Serves Brighton Beach, Sheepshead Bay 	Route segment restoration Improves service connectivity	Jan 2013
B24	<ul style="list-style-type: none"> - Restore weekend service from Greenpoint to Williamsburg Bridge Plaza via Sunnyside - Serves Williamsburg, Sunnyside, Greenpoint 	Weekend service restoration	Jan 2013
B39	<ul style="list-style-type: none"> - Route restoration from Williamsburg Bridge Plaza to LES Delancey/Allen Sts via Williamsburg Bridge - Serves Williamsburg, Lower East Side 	Route restoration Improves service connectivity	Jan 2013

B48	<ul style="list-style-type: none"> - Restore extension from Atlantic Ave to Prospect Park station via Franklin Ave/Classon Ave - Serves Prospect Hts, Crown Hts, Prospect Lefferts Gardens 	Route segment restoration Improves service connectivity	Jan 2013
B57	<ul style="list-style-type: none"> - Extension from Carroll Gardens to Red Hook via Court St, Lorraine St, Otsego St - Serves Red Hook 	Improves service connectivity	Jan 2013
B64	<ul style="list-style-type: none"> - Restore extension from Cropsey Ave to Stillwell Ave via Harway Ave - Serves Bay Ridge, Dyker Heights, Coney Island 	Route segment restoration Improves service connectivity	Jan 2013
B69	<ul style="list-style-type: none"> - Restore weekend service from Kensington to Downtown Brooklyn - Serves DUMBO, Ft Greene, Clinton Hill, Prospect Hts, Park Slope, Windsor Terrace, Kensington 	Weekend service restoration	Jan 2013
New Service	<ul style="list-style-type: none"> - New service connecting Downtown Brooklyn, DUMBO, Vinegar Hill and the Brooklyn Navy Yard; route TBD 	Service to new markets	Sept 2013
New Service	<ul style="list-style-type: none"> - New Williamsburg waterfront service; route TBD - Serves Williamsburg and Greenpoint 	Service to new markets	Sept 2013
New Service	<ul style="list-style-type: none"> - New service between East New York and Spring Creek, Brooklyn; route to be determined - Serves Spring Creek 	Service to new markets	Sept 2013
X27/X17 New Stop	<ul style="list-style-type: none"> - Restore X27 weekend service from Bay Ridge to Midtown Manhattan - Add new Bay Ridge, Brooklyn stop on X17 - Serves Bay Ridge, Fort Hamilton, Dyker Heights 	Weekend service restoration	Oct 2012

Manhattan			
M1	<ul style="list-style-type: none"> - Restore service from 106th St to 8th St via Madison/5th Avenues on weekends - Serves Yorkville, Upper East Side, Midtown, Flatiron, Greenwich Village 	Weekend service restoration	Jan 2013
M9	<ul style="list-style-type: none"> - Extend route from 23rd Street to 29th St via 1st/2nd Aves - Serves Kips Bay 	Improves service connectivity	Jan 2013
M9	<ul style="list-style-type: none"> - Extend route from Park Row to Battery Park City via Warren/Murray Sts and West St - Serves East Village, Lower East Side, Chinatown, Battery Park City 	Improves service connectivity	Jan 2013
M21	<ul style="list-style-type: none"> - Restore weekend service from FDR Drive to Washington St via Houston St - Serves Lower East Side, East Village, SoHo, Greenwich Village, West Village 	Weekend service restoration	Jan 2013
New Service	<ul style="list-style-type: none"> - New north-south Far Westside Manhattan route - Serves West Village, Chelsea, Hell's Kitchen, Clinton 	Service to new markets	Sept 2013
Queens			
Q24	<ul style="list-style-type: none"> - Restore extension from Bway Junction to Bushwick Ave via Broadway - Serves East New York, Bushwick 	Service restoration Improves service connectivity	Jan 2013
Q27	<ul style="list-style-type: none"> - Provide overnight service from Horace Harding Expwy to Cambria Hts via Springfield Blvd - Serves Queens Village, Cambria Hts 	Network coverage restoration	Jan 2013
Q30	<ul style="list-style-type: none"> - Provide service to Queensborough CC 	Service to new markets	Jan 2013
Q36	<ul style="list-style-type: none"> - Extension of every other trip from Jamaica Avenue to Little Neck via Little Neck Parkway; restores weekday service along route of previous Q79 - Serves Floral Park, Bellerose, Glen Oaks, Little Neck 	Network coverage restoration	Jan 2013

Q42	<ul style="list-style-type: none"> - Restore midday service from Jamaica Ctr to St Albans via Archer Ave - Serves Jamaica, Addisleigh Park 	Service restoration	Jan 2013
Q76	<ul style="list-style-type: none"> - Restore Saturday service/add Sunday service from Jamaica to College Point via Francis Lewis Blvd - Serves Jamaica, Jamaica Estates, Fresh Meadows, Bayside, Whitestone, College Pt. 	Weekend service restoration and addition	Oct 2012
Staten Island			
S76	<ul style="list-style-type: none"> - Restore weekend service from Oakwood to St George Ferry via Richmond Rd - Serves St George, Tompkinsville, Clifton, Fox Hills, Grasmere, Dongan Hills, New Dorp, Oakwood 	Weekend service restoration	Jan 2013
S93	<ul style="list-style-type: none"> - Extension from entrance of College of Staten Island into campus area - Serves Willowbrook, Castleton Corners, Sunnyside, Bay Ridge 	Improves service connectivity	Jan 2013
X1	<ul style="list-style-type: none"> - Add late night Express Bus service from Eltingville to Manhattan via Hylan Blvd - Serves Eltingville, Oakwood, New Dorp, Midland Beach, Grasmere 	Network coverage	Jan 2013
X17	<ul style="list-style-type: none"> - Provide Sunday service from Huguenot Ave to Midtown Manhattan - Serves Huguenot, Annadale, Arden Hts, Bulls Head, New Springville 	Weekend service addition	Oct 2012
X17	<ul style="list-style-type: none"> - Extend route off-peak weekdays and evenings from Huguenot Ave to Tottenville via Rossville Ave, Bloomingdale Rd, Amboy Road/Hylan Blvd - Serves Rossville, Woodrow, Tottenville 	Service to new markets	Jan 2013

Long Island Rail Road

	Proposed Investment	Investment Goal	Implementation
Ronkonkoma	<ul style="list-style-type: none">- Increase from hourly to half-hourly service between NYC and Farmingdale on weekends- 9 AM – 12 PM westbound- 4 PM – 7 PM eastbound	Respond to ridership increases Increase service frequency	November 2012
Ronkonkoma	<ul style="list-style-type: none">- Increase from hourly to half-hourly westbound service on weekdays between Farmingdale and NYC during post-AM peak	Respond to ridership increases Increase service frequency	March 2013
Long Beach	<ul style="list-style-type: none">- Restore one AM peak train from Long Beach to Penn	Service restoration Increase service frequency	March 2013
Atlantic Term	<ul style="list-style-type: none">- Provide late night service between Downtown Brooklyn and Jamaica	Service restoration	March 2013
Port Jefferson	<ul style="list-style-type: none">- Restore one PM Peak train from Hunterspoint to Port Jefferson	Service Restoration	March 2013
Montauk	<ul style="list-style-type: none">- Restore three evening scoots between Babylon and Patchogue/Speonk- Restore hourly service to Patchogue until midnight	Service restoration Increase service frequency	March 2013
Montauk	<ul style="list-style-type: none">- Restore one PM peak train from Hunterspoint to Montauk during summer seasonal months	Service restoration	May 2013

Metro-North

Line	Proposed Investment	Investment Goal	Implementation
Hudson Harlem New Haven	- Adjust train capacity based on ongoing rider load evaluation to reduce customer crowding	Respond to ridership increases	October 2012
Hudson	<ul style="list-style-type: none"> - Restructure off-peak/weekend service pattern similar to Harlem/New Haven lines - Upper Hudson trains operating express between Croton-Harmon & GCT, all connecting with local trains at Croton-Harmon - Half-hourly semi-express service between Croton-Harmon & GCT. - One additional AM Reverse Peak outbound and one additional inbound off-peak train between GCT and Poughkeepsie. 	Improve service connections Respond to ridership increases	April 2013
Harlem	<ul style="list-style-type: none"> - Adjust weekday Upper Harlem service to relieve crowding - Add 30 min headway service between Southeast and GCT at key off-peak periods 	Respond to ridership increases	April 2013
Harlem	- Provide 30 min headway service between Southeast and GCT at key weekend times	Respond to ridership increases	October 2012
Harlem	- Provide 30 min headway service between N White Plains and GCT at key times on Sunday	Respond to ridership increases	October 2012
Harlem	- Provide 30 min headway service between N White Plains and GCT at other times on Sunday	Respond to ridership increases	April 2013
New Haven	- Provide 30 min headway service between Stamford and GCT at key times on Sundays	Respond to ridership increases	October 2012
New Haven	- Provide 30 min headway service between Stamford and GCT at other times on Sundays	Respond to ridership increases	April 2013

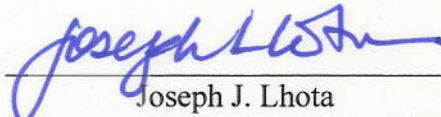
New Haven	- Provide 30 min headway service btwn New Haven and GCT at key times on Sat/Sun	Respond to ridership increases	October 2012
Pascack Valley	- Add one AM peak and one PM peak train between Hoboken and Spring Valley	Service level restoration	October 2012

IV. 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, Joseph J. Lhota, 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: 

Joseph J. Lhota
Chairman and Chief Executive Officer

Dated: July 23, 2012

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V. Other

The MTA Budget Process

MTA budgeting is a rigorous and thorough process that begins in the spring and culminates with the passage of the Budget in December. In the course of a year, MTA prepares a February, July and November Financial Plan, and Adoption Materials in December. In addition to the existing year, each Plan requires Agencies to prepare four-year projections which include the upcoming and three future calendar years.

Both the July and November Financial Plans are divided into two distinct volumes:

- Volume I supports the complete financial plan, including the baseline as well as policy items and below-the-line gap closing items;
- Volume II includes detailed Agency information supporting baseline revenue, expense, cash and headcount projections. Also included is detailed information supporting actions taken to increase savings as well as individual Agency deficit reduction programs.

July Plan

The July Financial Plan provides the opportunity for the MTA to present a revised forecast of the current years finances, a preliminary presentation of the following years proposed budget, and a three-year reforecast of out-year finances. This Plan may include a series of gap closing proposals necessary to maintain a balanced budget and actions requiring public hearings. The Mid-Year Forecast is allocated over the period of 12 months and becomes the basis in which monthly results are compared for the remainder of the year.

November Plan

After stakeholders weigh in and the impact of new developments and risks are quantified, a November Plan is prepared, which is an update to the July Financial Plan. The November Plan includes a revised current year and finalization of the proposed budget for the upcoming year and projections for the three out-years.

December Adopted Budget

In December, the November Plan is updated to capture further developments, risks and actions that are necessary to ensure budget balance, which is ultimately presented to the MTA Board for review and approval of the budget for the upcoming year.

February Plan

Finally, in the Adopted Budget below-the-line policy issues are moved into the baseline and technical adjustments are made. This results in what is called the February Plan. The current year (the Adopted Budget) is allocated over the period of 12 months and becomes the basis in which monthly results are compared.

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