

MTA 2009 Preliminary Budget July Financial Plan 2009 – 2012



Volume 2

July 2008



Metropolitan Transportation Authority

**MTA 2009 PRELIMINARY BUDGET
JULY FINANCIAL PLAN 2009-2012
VOLUME 2**

The MTA's July Plan is divided into two volumes. Volume 1 includes financial and headcount schedules supporting the complete MTA-Consolidated Financial Plan, including the baseline and the below-the-line Gap-Closing Program. 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 2009 Preliminary Budget and the Financial Plan for 2009 through 2012. Also included are the Agency sections which incorporate descriptions of Agency Programs, supporting baseline tables and details regarding proposed Agency PEG's. Volume 2 also includes required information related to the MTA Capital Program.

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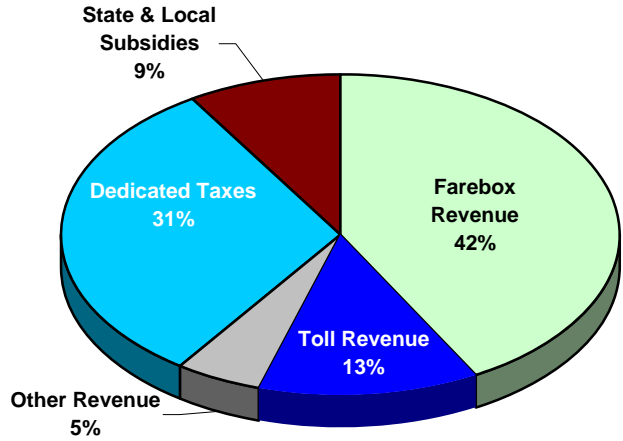
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**I. MTA Consolidated 2008-2012 Financial Plan-
Baseline**

MTA 2009 Preliminary Budget

Baseline Before Gap Closing Program

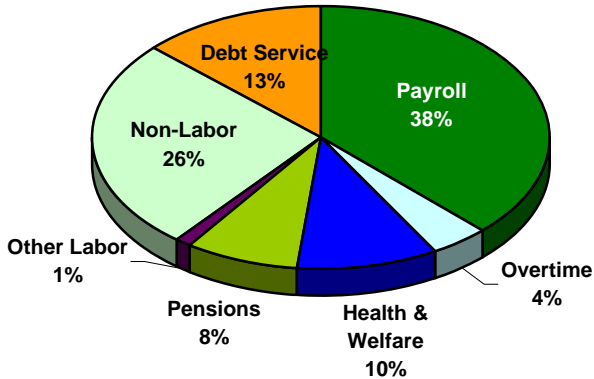
Where the Dollars Come From ...



By Revenue Source (\$ in millions)	
Farebox Revenue	\$4,228
Toll Revenue	1,281
Other Revenue	493
Dedicated Taxes	3,165
State & Local Subsidies	886
Total	\$10,053

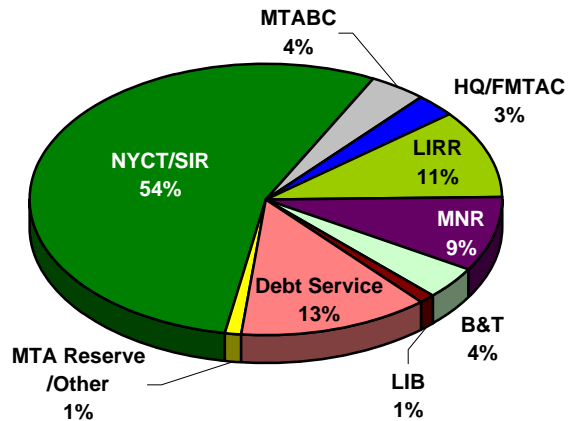
Where the Dollars Go ...

By Expense Category



By Expense Category (\$ in millions)	
Payroll	\$4,203
Overtime	456
Health & Welfare	1,111
Pensions	904
Other Labor	134
Non-Labor	2,914
Debt Service	1,455
Total	\$11,177

By MTA Agency



By MTA Agency (\$ in millions)	
NYCT/SIR	\$6,113
MTABC	440
HQ/FMTAC	308
LIRR	1,192
MNR	983
B&T	430
LIB	131
Debt Service	1,455
MTA Reserve/Other	124
Total	\$11,177

Expenses exclude Depreciation, OPEB obligation and Environmental Remediation.

The difference between revenues and expenses is (\$1,124) million. This is offset by cash flow timing adjustments, use of prior year cash balances, and below-the-line Gap Closing actions.

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

Line No.	Non-Reimbursable	2007 Actual	2008 Mid-Year Forecast	2009 Preliminary Budget	2010	2011	2012
10	Operating Revenue						
11	Farebox Revenue	\$3,995	\$4,196	\$4,228	\$4,277	\$4,333	\$4,381
12	Toll Revenue	1,251	1,276	1,281	1,282	1,286	1,291
13	Other Revenue	480	473	493	514	540	567
14	Capital and Other Reimbursements	0	0	0	0	0	0
15	Total Operating Revenue	\$5,726	\$5,945	\$6,002	\$6,074	\$6,159	\$6,239
17	Operating Expense						
18	Labor Expenses:						
19	Payroll	\$3,861	\$4,073	\$4,203	\$4,314	\$4,403	\$4,476
20	Overtime	482	469	456	465	474	484
21	Health & Welfare	617	684	750	818	887	957
22	OPEB Current Payment	270	326	361	391	427	465
23	Pensions	851	961	904	887	863	868
24	Other-Fringe Benefits	445	430	444	461	474	484
25	Reimbursable Overhead	(274)	(301)	(310)	(307)	(306)	(312)
26	Sub-total Labor Expenses	\$6,252	\$6,642	\$6,808	\$7,030	\$7,222	\$7,422
28	Non-Labor Expenses:						
29	Traction and Propulsion Power	294	313	347	403	433	446
30	Fuel for Buses and Trains	193	311	331	269	256	250
31	Insurance	54	38	56	66	78	94
32	Claims	164	152	157	165	173	176
33	Paratransit Service Contracts	233	280	316	366	441	523
34	Maintenance and Other Operating Contracts	533	654	649	672	678	691
35	Professional Service Contracts	181	220	230	224	224	228
36	Materials & Supplies	516	559	592	641	666	646
37	Other Business Expenses	152	181	170	170	174	179
38	Sub-total Non-Labor Expenses	\$2,320	\$2,708	\$2,849	\$2,978	\$3,123	\$3,233
40	Other Expense Adjustments:						
41	Other	(\$18)	(\$11)	(\$11)	(\$13)	(\$10)	(\$10)
42	General Reserve	0	38	75	75	75	75
43	Sub-total Other Expense Adjustments	(\$18)	\$26	\$64	\$62	\$65	\$65
45	Total Operating Expense before Non-Cash Liability Adjs	\$8,554	\$9,376	\$9,721	\$10,070	\$10,409	\$10,720
47	Depreciation	\$1,687	\$1,791	\$1,894	\$1,993	\$2,075	\$2,152
48	OPEB Obligation	1,291	1,318	1,380	1,437	1,497	1,558
49	Environmental Remediation	0	26	8	9	9	10
51	Total Operating Expense	\$11,533	\$12,511	\$13,004	\$13,509	\$13,990	\$14,440
53	Net Operating Deficit Before Subsidies and Debt Service	(\$5,807)	(\$6,566)	(\$7,001)	(\$7,435)	(\$7,831)	(\$8,201)
55	Dedicated Taxes and State/Local Subsidies	\$4,559	\$4,260	\$4,051	\$4,060	\$4,161	\$4,287
56	Debt Service (excludes Service Contract Bonds)	(1,712)	(1,513)	(1,455)	(1,858)	(1,956)	(2,122)
58	Net Deficit After Subsidies and Debt Service	(\$2,959)	(\$3,820)	(\$4,406)	(\$5,232)	(\$5,626)	(\$6,037)
60	Conversion to Cash Basis: Non-Cash Liability Adjs.	\$2,978	\$3,135	\$3,282	\$3,438	\$3,581	\$3,720
61	Conversion to Cash Basis: GASB Account	(71)	(58)	(62)	(64)	(67)	(70)
62	Conversion to Cash Basis: All Other	(389)	397	42	(24)	44	53
64	CASH BALANCE BEFORE PRIOR-YEAR CARRY-OVER	(\$442)	(\$345)	(\$1,143)	(\$1,882)	(\$2,068)	(\$2,334)

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

Line No	Non-Reimbursable	2008		2009	2010	2011	2012
		2007	Mid-Year	Preliminary			
		Actual	Forecast	Budget			
9	Total Operating Revenue						
10	New York City Transit	\$3,159	\$3,286	\$3,316	\$3,364	\$3,419	\$3,468
11	Bridges and Tunnels	1,263	1,287	1,293	1,295	1,298	1,303
12	Metro-North Railroad	511	536	547	558	572	586
13	Long Island Rail Road	513	537	542	547	554	560
14	MTA Bus Company	162	177	181	185	189	193
15	MTA Headquarters	51	51	52	53	54	55
16	Long Island Bus	42	44	45	45	45	46
17	Staten Island Railway	6	6	7	7	7	7
18	First Mutual Transportation Assurance Company	19	19	19	19	20	20
19	Total	\$5,726	\$5,945	\$6,002	\$6,074	\$6,159	\$6,239
21	Total Operating Expenses before Non-Cash Liability Adjs.¹						
22	New York City Transit	\$5,397	\$5,943	\$6,074	\$6,373	\$6,614	\$6,819
23	Bridges and Tunnels	369	429	430	461	465	481
24	Metro-North Railroad	836	908	983	1,025	1,072	1,109
25	Long Island Rail Road	1,046	1,152	1,192	1,214	1,241	1,279
26	MTA Bus Company	418	426	440	451	462	476
27	MTA Headquarters	298	312	316	324	337	348
28	Long Island Bus	123	125	131	135	140	143
29	Staten Island Railway	31	40	40	35	37	38
30	First Mutual Transportation Assurance Company	9	1	3	5	8	7
31	Other	27	39	113	48	34	21
32	Total	\$8,554	\$9,376	\$9,721	\$10,070	\$10,409	\$10,720
34	Depreciation						
35	New York City Transit	\$1,061	\$1,134	\$1,204	\$1,274	\$1,344	\$1,414
36	Bridges and Tunnels	70	73	78	83	89	95
37	Metro-North Railroad	214	226	236	246	256	266
38	Long Island Rail Road	276	283	298	311	308	303
39	MTA Bus Company	30	35	37	40	42	42
40	MTA Headquarters	30	30	31	28	26	21
41	Long Island Bus	0	0	0	0	0	0
42	Staten Island Railway	7	10	10	10	10	10
43	First Mutual Transportation Assurance Company	0	0	0	0	0	0
44	Total	\$1,687	\$1,791	\$1,894	\$1,993	\$2,075	\$2,152
46	Other Post Employment Benefits						
47	New York City Transit	\$991	\$1,010	\$1,055	\$1,099	\$1,145	\$1,192
48	Bridges and Tunnels	61	61	66	69	72	76
49	Metro-North Railroad	49	51	53	55	56	58
50	Long Island Rail Road	78	78	81	84	87	91
51	MTA Bus Company	46	49	52	54	56	58
52	MTA Headquarters	58	61	64	67	70	73
53	Long Island Bus	6	6	6	7	7	8
54	Staten Island Railway	2	3	3	3	3	3
55	Total	\$1,291	\$1,318	\$1,380	\$1,437	\$1,497	\$1,558
57	Environmental Remediation						
58	New York City Transit	\$0	\$18	\$0	\$0	\$0	\$0
59	Metro-North Railroad	0	7	7	7	8	8
60	Long Island Rail Road	0	2	2	2	2	2
61	Total	\$0	\$26	\$8	\$9	\$9	\$10
63	Net Operating Income/(Deficit)						
64	New York City Transit	(\$4,291)	(\$4,819)	(\$5,017)	(\$5,382)	(\$5,683)	(\$5,957)
65	Bridges and Tunnels	763	724	719	681	672	652
66	Metro-North Railroad	(587)	(655)	(731)	(775)	(820)	(855)
67	Long Island Rail Road	(887)	(978)	(1,030)	(1,062)	(1,083)	(1,115)
68	MTA Bus Company	(331)	(333)	(348)	(359)	(371)	(383)
69	MTA Headquarters	(336)	(352)	(360)	(366)	(379)	(387)
70	Long Island Bus	(87)	(87)	(93)	(97)	(102)	(105)
71	Staten Island Railway	(34)	(47)	(46)	(41)	(43)	(44)
72	First Mutual Transportation Assurance Company	11	17	16	14	12	13
73	Other	(27)	(39)	(113)	(48)	(34)	(21)
74	Total	(\$5,807)	(\$6,566)	(\$7,001)	(\$7,435)	(\$7,831)	(\$8,201)

Note: ¹ Excludes Debt Service

METROPOLITAN TRANSPORTATION AUTHORITY
July Financial Plan 2009 - 2012
MTA Consolidated Cash Receipts and Expenditures
(\$ in millions)

Line Number	CASH RECEIPTS AND EXPENDITURES	2007	2008	2009	2010	2011	2012
		<u>Actual</u>	<u>Mid-Year Forecast</u>	<u>Preliminary Budget</u>			
9							
10							
11	Receipts						
12	Farebox Revenue	\$4,048	\$4,245	\$4,271	\$4,317	\$4,372	\$4,421
13	Other Operating Revenue	502	579	524	547	574	600
14	Capital and Other Reimbursements	1,224	1,452	1,450	1,392	1,388	1,399
15	Total Receipts	\$5,774	\$6,276	\$6,246	\$6,256	\$6,335	\$6,420
16							
17	Expenditures						
18	Labor:						
19	Payroll	\$4,170	\$4,469	\$4,564	\$4,657	\$4,740	\$4,810
20	Overtime	551	535	519	528	537	548
21	Health and Welfare	637	731	788	858	930	1,003
22	OPEB Current Payment	257	310	339	368	401	438
23	Pensions	899	763	937	929	902	900
24	Other Fringe Benefits	508	539	549	562	575	586
25	Contribution to GASB Fund	71	58	62	64	67	70
26	Total Labor Expenditures	\$7,093	\$7,405	\$7,758	\$7,966	\$8,152	\$8,355
27							
28	Non-Labor:						
29	Traction and Propulsion Power	\$304	\$350	\$357	\$412	\$443	\$455
30	Fuel for Buses and Trains	192	312	331	268	256	250
31	Insurance	49	54	58	68	83	95
32	Claims	143	140	136	144	152	157
33	Paratransit Service Contracts	231	281	311	361	436	518
34	Maintenance and Other Operating Contracts	488	602	606	610	622	624
35	Professional Service Contracts	192	283	241	238	235	236
36	Materials & Supplies	700	686	741	762	758	754
37	Other Business Expenditures	248	179	178	180	189	186
38	Total Non-Labor Expenditures	\$2,547	\$2,885	\$2,959	\$3,043	\$3,174	\$3,275
39							
40	Other Expenditure Adjustments:						
41	Other	\$47	\$65	\$94	\$96	\$94	\$97
42	General Reserve	0	38	75	75	75	75
43	Total Other Expenditure Adjustments	\$47	\$102	\$169	\$171	\$169	\$172
44							
45	Total Expenditures	\$9,687	\$10,392	\$10,886	\$11,180	\$11,494	\$11,802
46							
47	Net Cash Deficit Before Subsidies and Debt Service	(\$3,912)	(\$4,116)	(\$4,641)	(\$4,924)	(\$5,159)	(\$5,382)
48							
49	Dedicated Taxes and State/Local Subsidies	\$4,618	\$4,774	\$4,472	\$4,324	\$4,460	\$4,568
50	Debt Service (excludes Service Contract Bonds)	(1,147)	(1,003)	(975)	(1,282)	(1,369)	(1,520)
51							
52	CASH BALANCE BEFORE PRIOR-YEAR CARRY-OVER	(\$442)	(\$345)	(\$1,143)	(\$1,882)	(\$2,068)	(\$2,334)

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

Line Number	2007	2008 Mid-Year	2009 Preliminary	2010	2011	2012
	<u>Actual</u>	<u>Forecast</u>	<u>Budget</u>			
8						
9	<u>Total Receipts</u>					
10	\$3,987	\$4,230	\$4,215	\$4,216	\$4,262	\$4,317
11	709	790	753	765	789	809
12	734	836	840	837	841	843
13	160	202	214	209	212	217
14	88	109	108	111	114	116
15	51	50	52	51	52	52
16	6	8	8	9	9	9
17	19	33	37	37	36	37
18	19	19	19	19	20	20
19	Total	\$5,774	\$6,276	\$6,246	\$6,256	\$6,335
20						
21	<u>Total Expenditures</u>					
22	\$6,285	\$6,686	\$6,937	\$7,220	\$7,453	\$7,651
23	1,115	1,162	1,205	1,251	1,316	1,356
24	1,273	1,433	1,505	1,518	1,518	1,568
25	405	454	476	478	489	504
26	414	389	409	422	434	447
27	133	136	137	141	146	149
28	31	39	41	37	39	40
29	19	33	37	37	36	37
30	19	19	19	19	20	20
31	(8)	41	120	56	43	30
32	Total	\$9,687	\$10,392	\$11,180	\$11,494	\$11,802
33						
34	<u>Net Operating Surplus/(Deficit)</u>					
35	(2,297)	(2,456)	(2,722)	(3,004)	(3,191)	(3,333)
36	(405)	(373)	(452)	(485)	(527)	(548)
37	(539)	(597)	(665)	(681)	(677)	(725)
38	(245)	(252)	(262)	(269)	(277)	(287)
39	(326)	(280)	(300)	(310)	(320)	(331)
40	(82)	(87)	(85)	(90)	(94)	(97)
41	(25)	(31)	(33)	(29)	(30)	(31)
42	(0)	0	0	0	0	0
43	0	(0)	0	0	0	0
44	8	(41)	(120)	(56)	(43)	(30)
45	Total	(\$3,912)	(\$4,116)	(\$4,641)	(\$5,159)	(\$5,382)

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

	Favorable/(Unfavorable)			
	2008	2009	2010	2011
FEBRUARY BASELINE CASH BALANCE before PRIOR-YEAR CARRYOVER	(\$191)	(\$712)	(\$1,432)	(\$1,668)
New Needs/Investments	(\$41)	(\$77)	(\$67)	(\$73)
<i>New Service</i>	(6)	(13)	(14)	(14)
<i>Maintenance</i>	(18)	(40)	(28)	(33)
<i>Safety & Security</i>	(7)	(11)	(9)	(9)
<i>Other New Needs</i>	(10)	(13)	(15)	(17)
Other Adjustments	\$53	\$83	\$65	\$66
<i>Passenger/Toll Revenue</i>	5	(42)	(39)	(31)
<i>Cancel 2008 Service Enhancements</i>	27	60	60	60
<i>Baseline Re-estimates</i>	21	65	43	37
Uncontrollable Expenses	(\$187)	(\$176)	(\$109)	(\$85)
<i>Traction and Propulsion Power</i>	7	(4)	(7)	(14)
<i>Fuel for Buses and Trains</i>	(88)	(123)	(59)	(45)
<i>Other Energy Adjustments</i>	(15)	(31)	(27)	(27)
<i>Health & Welfare</i>	27	31	47	62
<i>Pensions</i>	(92)	(33)	(43)	(36)
<i>Paratransit Service</i>	(9)	(9)	(9)	(9)
<i>Paratransit Urban Tax Reimbursement</i>	(7)	(7)	(9)	(10)
<i>Insurance</i>	(9)	1	(2)	(5)
<i>Bond Service Fees</i>	(1)	(1)	(1)	(1)
Net Baseline Change	(\$175)	(\$170)	(\$111)	(\$92)
General Reserve	\$38	\$0	\$0	\$0
Subsidies	(\$98)	(\$300)	(\$406)	(\$417)
<i>Real Estate Taxes</i>	(201)	(242)	(282)	(305)
<i>MMTOA</i>	(39)	(9)	(64)	(95)
<i>PBT</i>	(2)	(10)	(21)	(29)
<i>MRT Transfers/AMTAP</i>	36	43	34	78
<i>55/25 Pension Funding</i>	117	0	0	0
<i>City Subsidy for MTA Bus</i>	22	4	3	1
<i>B&T Operating Surplus Transfer</i>	(32)	(90)	(74)	(69)
<i>CDOT</i>	(1)	4	(2)	2
<i>Other</i>	1	1	1	0
Debt Service (excluding B&T)	\$42	\$34	\$61	\$99
Other	\$39	\$4	\$4	\$10
JULY BASELINE CASH BALANCE before PRIOR-YEAR CARRYOVER	(\$345)	(\$1,143)	(\$1,882)	(\$2,068)

Note: The July Plan shifts certain items to the baseline that were included below-the-line in the February Plan; these include: IESS and future Downsizing.

**METROPOLITAN TRANSPORTATION AUTHORITY
JULY FINANCIAL PLAN 2009-2012
FAREBOX RECOVERY AND FAREBOX OPERATING RATIOS - BASELINE**

FAREBOX RECOVERY RATIOS

	2007 Actual	2008 Mid-Year Forecast	2009 Preliminary Budget	2010 Forecast	2011 Forecast	2012 Forecast
New York City Transit	41.8%	35.3%	34.6%	32.9%	32.0%	31.1%
Staten Island Railway	12.2%	9.7%	10.4%	11.7%	11.5%	11.2%
Long Island Rail Road	34.4%	29.4%	28.7%	27.6%	27.5%	27.1%
Metro-North Railroad	43.3%	37.8%	35.9%	34.6%	33.8%	33.3%
Long Island Bus	32.1%	31.4%	30.1%	29.3%	28.5%	28.0%
Bus Company	<u>31.0%</u>	<u>29.0%</u>	<u>28.5%</u>	<u>28.4%</u>	<u>28.2%</u>	<u>28.0%</u>
MTA Total Agency Average	40.2%	34.4%	33.5%	32.1%	31.3%	30.6%

FAREBOX OPERATING RATIOS

	2007 Actual	2008 Mid-Year Forecast	2009 Preliminary Budget	2010 Forecast	2011 Forecast	2012 Forecast
New York City Transit	54.8%	52.1%	51.3%	49.3%	48.1%	47.0%
Staten Island Railway	17.8%	14.6%	15.8%	18.7%	18.1%	17.6%
Long Island Rail Road	45.1%	42.6%	42.0%	41.8%	41.3%	40.5%
Metro-North Railroad	57.0%	54.7%	51.7%	50.7%	49.7%	49.2%
Long Island Bus	32.9%	33.7%	32.4%	31.6%	30.7%	30.2%
Bus Company	<u>33.5%</u>	<u>35.5%</u>	<u>35.1%</u>	<u>35.1%</u>	<u>35.0%</u>	<u>34.7%</u>
MTA Total Agency Average	52.1%	49.8%	48.8%	47.4%	46.4%	45.5%

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

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

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