

MTA 2014 Preliminary Budget

July Financial Plan 2014-2017



**Volume 1
July 2013**



Metropolitan Transportation Authority

NOTICE CONCERNING THIS WEB-POSTED COPY

The *Certification of the Chairman and Chief Executive Officer of the Metropolitan Transportation Authority* included in this web version of the **MTA 2014 Preliminary Budget, July Financial Plan 2014-2017** is in a searchable format and hence does not include the signature that appears in the original document. A copy of this document, with signature, has been included as an addendum in Section VI.

OVERVIEW

MTA 2014 PRELIMINARY BUDGET JULY FINANCIAL PLAN 2014-2017 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, the baseline forecast (as detailed in Volume 2 and described below) and certain adjustments captured below the baseline. These "below-the-line" adjustments include: Fare/Toll Increases, MTA Initiatives, 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 detailed financial and position schedules as well as the narratives that support the baseline projections included in the 2014 Preliminary Budget and the Financial Plan for 2014 through 2017. 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

Executive Summary

We are pleased to present the **2013 MTA July Financial Plan** (the “July Plan” or “Plan”) which includes the 2013 Mid-Year Forecast, the 2014 Preliminary Budget and a Financial Plan for the years 2014-2017.

Since 2010, our Plans have been disciplined, consistent, and totally transparent. The MTA’s Plans include three key elements: continuous pursuit of recurring cost reductions, three years of “net-zero” wage growth for represented employees, and biennial fare and toll increases. The MTA also seeks to add or restore service when sustainable, preserve and enhance funding for the capital program, while also addressing long-term costs such as pension, health care, energy, paratransit, and debt service previously considered “uncontrollable”.

The 2013 July Plan is no different. It includes new and restored service and other customer enhancements and includes resources to improve operations through better maintenance. It funds the local match to Federal Funds for the Sandy repair and recovery projects as well as long-term resiliency projects that either have been or are anticipated to be included in the 2010–2014 Capital Program. The Plan also provides additional financial support for the 2015–2019 Capital Program funded largely from debt service savings relating to 2013 refundings and lower projected interest rates and cash flow requirements. With this Plan, the MTA has an increased emphasis on addressing long-term uncontrollable costs, thereby reducing pressure on future fares and tolls. The Plan is in balance through 2014, with very modest out-year deficits totaling \$240 million.

What Has Changed Since The February Plan?

The February Plan was balanced through 2013 with manageable out-year deficits. Since then, there have been both favorable and unfavorable changes that, combined, have resulted in a net favorable re-estimate.

Favorable changes include:

- Higher real estate-related subsidies (Urban Tax);
- Favorable toll revenue;
- Lower pension costs;
- Lower health & welfare costs;
- Lower energy costs;
- Additional paratransit savings;
- Reduced debt service; and
- Reduced 2012 spending that increased the carry-over cash balance.

Partially offsetting those results are:

- Lower Payroll Mobility Tax and Petroleum Business Tax receipts
- Lower fare revenue;
- Increased insurance costs (premiums impacted by Sandy).

- Metro-North New Haven Line derailment costs;
- Operating cost “build up” associated with the “mega” projects going into service beginning in 2014.

Highlights of the July Plan

Service investments and customer enhancements. Since new and restored service adds ongoing expense to the budget, funding for such service must be sustainable. The affordability of additional service must be evaluated in the context of the entire budget, not a specific revenue or expense line. The MTA is adding or restoring \$18 million per year in additional service and service quality investments. The Plan also includes \$11.5 million of normal “platform” service adjustments, largely driven by guidelines, and \$11 million in other customer enhancements. The MTA is committed to continuing the funding for the \$18 million and \$11.5 million service investments. These investments reflect identified agency service and customer enhancement priorities which MTA believes are affordable given its current financial situation.

Addressing important operational and maintenance needs. The MTA is investing \$76 million to improve both operations and maintenance. Among the investments is the implementation of an Agency-wide Enterprise Asset Management initiative aimed at aligning corporate objectives with best standards and procedures, and proactive maintenance – actions that will result in cost efficiencies and enhancements to maintaining assets in a state of good repair. At NYCT, projects also include a life-extending overhaul of R46 cars, increased structural inspections and repairs, and water intrusion remediation. The LIRR is investing in maintenance of its rolling stock and elevators/escalators. Metro-North is purchasing additional snow fighting equipment, and is implementing new programs to improve the maintenance and cleaning of its right-of-way. MTA Bus is converting its hybrid fleet to clean and cheaper diesel propulsion, and implementing a variety of customer-related technology projects. B&T is increasing resources to support long-term restoration and mitigation projects resulting from Sandy.

Additional support for Capital Program. This plan increases support of the 2015-2019 Capital Program by \$80 million annually beginning in 2015, largely from 2013 refunding savings and lower forecasted interest rates and cash-flow requirements.

Increased OPEB deposits. The Plan continues to make annual payments to address the \$17.8 billion unfunded OPEB liability. Contributions are increasing in this Plan by \$3 million in 2013, growing to \$29 million in 2016, when compared with the February Plan. The Plan reflects the early repayment of inter-Agency loans taken from the OPEB account used to fund the Sandy-related operating losses in 2012, and to fund favorable terminations of four interest rate swaps. To date, \$250 million has been transferred from the OPEB account held by MTA into the OPEB Trust where it is being invested in a manner similar to the management of the MTA-controlled pension plans.

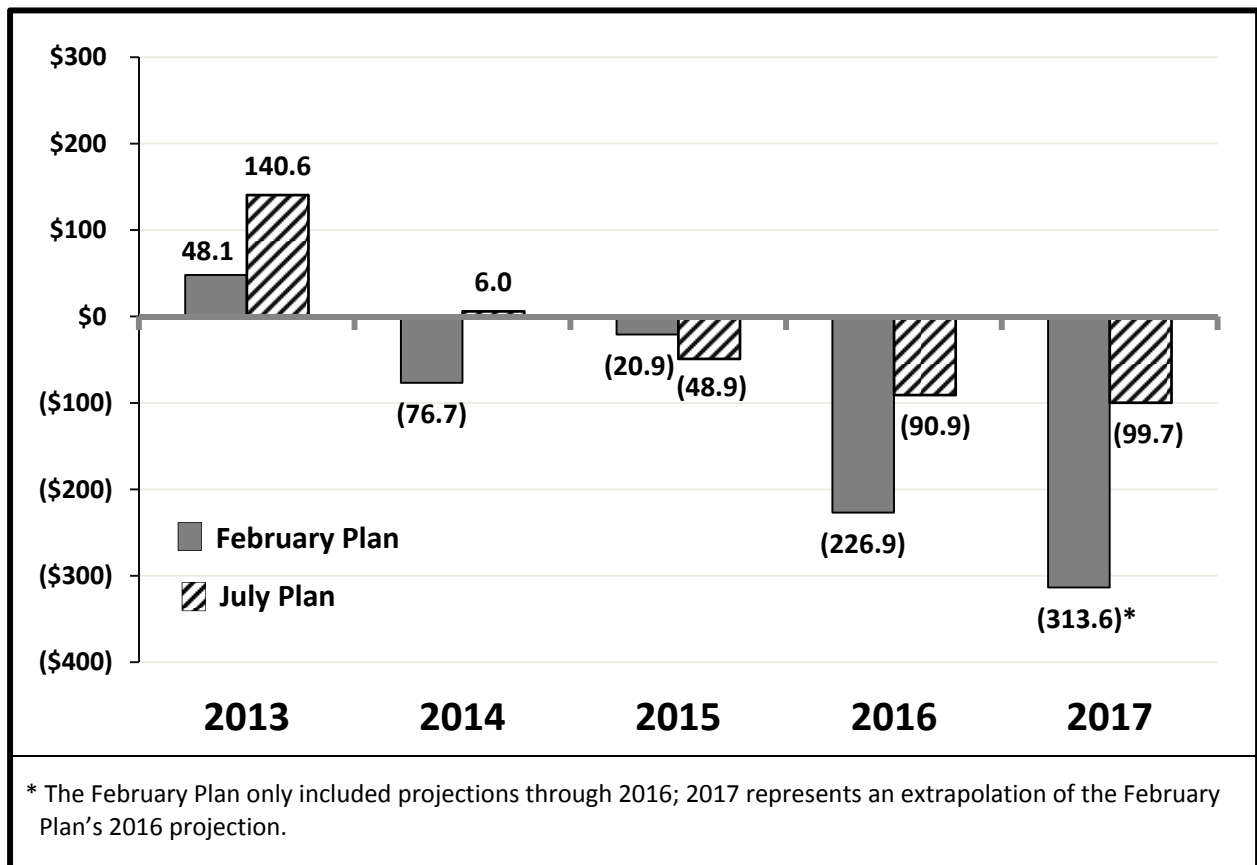
Pay down unfunded pension liability. The 2013 forecast also captures a “one-shot” increase in real estate receipts, due to a high volume of large transactions that occurred

early this year, to reduce LIRR’s unfunded pension liability which costs \$115 million per year. This payment will result in annual recurring savings of \$6 million per year.

Unexpended General Reserve funds applied towards reducing recurring long-term costs. Consistent with prior plans, this Plan includes a General Reserve that approximates 1% of the MTA’s annual operating budget. In 2012, this provision proved essential as the General Reserve helped provide the liquidity needed for the short-term funding of losses occasioned by Sandy. Consistent with its increased emphasis on addressing previously considered “uncontrollable” costs, MTA plans to use any unexpended year-end balance to make one-time payments toward long-term obligations (unfunded pension or OPEB liabilities, PAYGO and/or debt retirement) to reduce annual expenses, minimizing pressure on future fares and tolls.

The “Bottom Line”

Taken in total, these re-estimates, changes and recommendations result in a significant net improvement to MTA’s financial projections. The Plan is balanced through 2014 and the out-year deficits have been significantly reduced to a manageable cumulative deficit of \$240 million. A reconciliation of the Plan-to-Plan changes can be found in Section II of this volume, with further details provided in Volume 2.



Key Elements Remain Essential In Addressing Deficits

Three years of “net-zero” wage growth. The February Plan baseline continues to capture three years of “net-zero” wage growth for represented employees. To achieve net zero, wage increases may be granted if offset by savings from work rules or other non-wage concessions. Non-represented employees have not had a raise in over four and a half years, one-half again as long as the “ask” of MTA’s represented employees.

In 2012, the State’s largest unions agreed to contracts that include three years of zero wage increases as well as contributions towards health care benefits; similarly, this Plan assumes that the “three net-zero” contracts will be achieved through collective bargaining with MTA’s unions.

Driving down costs through recurring expense reductions and efficiencies. The Plan continues the strategy developed in 2010 to “make every dollar count”. This results in annual, recurring savings of over \$800 million in 2013, growing to \$1.3 billion by 2017.

The MTA continues to focus on expense containment. In fact, after adjustments for service expansion, wage growth (after the expected three years of “net zero”), and additional maintenance programs, projected 2014 spending is essentially flat compared with 2013 (up 0.2%). Through the Plan period annual increases in “controllable” costs are kept in line with CPI of 1.6%. However, “uncontrollable” expenses (i.e., pension, health & welfare, energy, insurance, paratransit and debt service), continue to grow at a significantly greater rate of 6.1% annually.

Continue biennial fare/toll increases. The Plan continues to project biennial fare/toll increases to help offset continuing rapid growth in “uncontrollable” expenses. The 2015 fare/toll increase is projected to produce annualized revenue of \$500 million, while the 2017 increase will net \$550 million annualized. Consistent with the February Plan, a March 1 implementation for both the 2015 and 2017 increases is anticipated.

Risks to the Plan

Despite an improved outlook, significant risks remain and the key elements of this plan are also its primary risks. The Plan assumes that MTA will successfully execute the Financial Plan strategy. Labor agreements currently open must include settlements with three years of net-zero wage growth. Further the Plan assumes that efforts to reduce costs will continue to be successful. While the MTA has had great success in reducing expenses and controlling expense growth, additional reductions and efficiencies beyond those currently forecast will become more difficult to achieve. Finally biennial increases in fares and toll revenue are essential. To the extent fare and toll revenue increases are less than projected, additional budget actions will be required. It should be noted that even with successful execution of these key elements, \$240 million of cumulative deficits remain to be addressed within the Plan period.

The finances of the MTA are highly dependent on the economy. While the regional economy continues to improve, though unevenly, the national economy is growing at a rate much slower than typically expected at this stage of economic recovery. The Federal spending sequester, the protracted Eurozone recession and weaker growth in emerging markets are the primary reasons for the weak national economic expansion.

The Plan assumes that State budget actions will reflect full remittance to the MTA of all funds collected on its behalf. The legal challenge to the PMT is awaiting appeal and any further changes to the tax could impact revenues coming to the MTA.

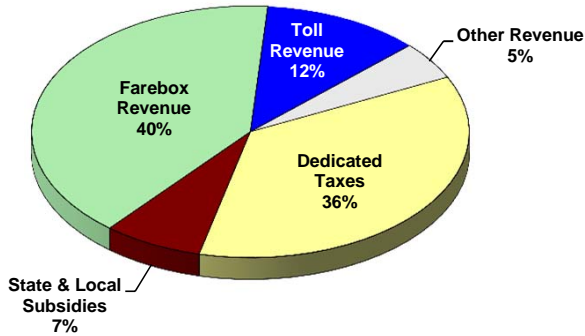
Finally, the MTA faces long-term vulnerabilities. Increased service costs associated with the “mega” projects reflected in this Plan rise to \$190 million by 2017; to the extent that significant new ridership does not follow, the relative burden on customers and taxpayers will increase. There has been little movement to negotiate a comprehensive budget plan in Washington and it remains uncertain as to the level of ongoing support for the MTA capital program. With two major weather events in two years, insurance costs have increased dramatically with less coverage available. Given the competitive process for allocating resiliency funding, MTA’s funding may need to increase. As noted above, long-term costs such as pension and retiree health costs continue to grow. The MTA must continue to set aside funds to meet the needs of its day to day operations and unbudgeted, but foreseeable financial challenges.

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II. MTA Consolidated 2013-2017 Financial Plan

MTA 2014 Preliminary Budget
Baseline Expenses After Below-the-Line Adjustments
Non-Reimbursable

Where the Dollars Come From ...

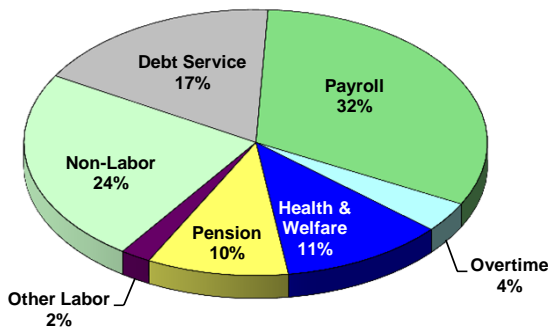


By Revenue Source (\$ in millions)	
Farebox Revenue*	\$5,606
Toll Revenue*	1,634
Other Revenue	681
Dedicated Taxes	5,012
State & Local Subsidies	1,026
Total	\$13,958

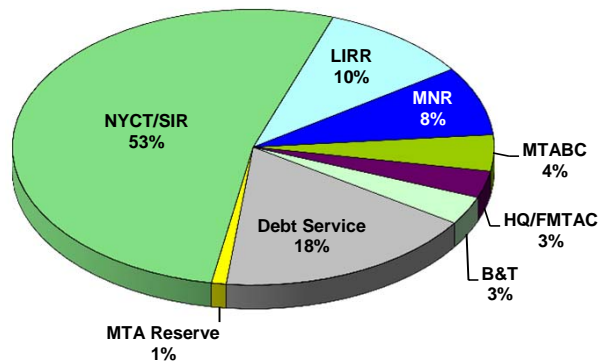
* includes the Below-the-Line Adjustments that impact Revenue

Where the Dollars Go ...

By Expense Category



By MTA Agency



By Expense Category includes below-the-line adjustments (\$ in millions)	
Payroll	\$4,352
Overtime	503
Health & Welfare	1,560
Pension	1,351
Other Labor	288
Non-Labor	3,228
Debt Service ¹	2,390
MTA Below-the-Line Adjustments ³	5
Total	\$13,677

By MTA Agency ² includes below-the-line adjustments (\$ in millions)	
NYCT/SIR	\$7,195
LIRR	1,374
MNR	1,112
MTABC	582
HQ/FMTAC	429
B&T	455
Debt Service ¹	2,390
MTA Reserve	135
MTA Below-the-Line Adjustments ³	5
Total	\$13,677

Expenses exclude Depreciation, OPEB obligation and Environmental Remediation.

¹ The financing of Superstorm Sandy repairs, which is a below-the-line adjustment, is included in Debt Service expenses.

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.

Note: The revenues and expenses reflected in these charts are on an accrued basis and exclude cash adjustments and carryover balances. Any comparison of revenues versus expenses will not directly correspond to the cash balances reflected in the Statement of Operations.

METROPOLITAN TRANSPORTATION AUTHORITY
July Financial Plan 2014-2017
MTA Consolidated Statement Of Operations By Category
(\$ in millions)

Line No.	Non-Reimbursable	2012	2013	2014			
		Actual	Mid-Year Forecast	Preliminary Budget	2015	2016	2017
10	Operating Revenue						
11	Farebox Revenue	\$5,079	\$5,458	\$5,606	\$5,672	\$5,741	\$5,774
12	Toll Revenue	1,491	1,612	1,634	1,637	1,645	1,649
13	Other Revenue	564	793	681	643	724	704
14	Capital and Other Reimbursements	0	0	0	0	0	0
15	Total Operating Revenue	\$7,134	\$7,863	\$7,920	\$7,951	\$8,110	\$8,127
17	Operating Expense						
18	Labor Expenses:						
19	Payroll	\$4,194	\$4,274	\$4,352	\$4,463	\$4,570	\$4,695
20	Overtime	574	556	503	509	509	518
21	Health & Welfare	813	925	1,042	1,116	1,205	1,305
22	OPEB Current Payment	413	464	518	560	611	664
23	Pensions	1,328	1,317	1,351	1,352	1,374	1,376
24	Other-Fringe Benefits	650	581	594	613	626	645
25	Reimbursable Overhead	(309)	(310)	(306)	(301)	(303)	(305)
26	Sub-total Labor Expenses	\$7,663	\$7,807	\$8,054	\$8,312	\$8,593	\$8,897
28	Non-Labor Expenses:						
29	Electric Power	\$472	\$515	\$538	\$564	\$594	\$631
30	Fuel	252	268	267	268	273	282
31	Insurance	8	33	59	77	89	105
32	Claims	136	199	205	210	215	219
33	Paratransit Service Contracts	361	391	417	429	479	559
34	Maintenance and Other Operating Contracts	452	571	551	600	614	617
35	Professional Service Contracts	277	301	301	295	295	300
36	Materials & Supplies	431	519	527	557	563	573
37	Other Business Expenses	144	204	180	162	167	171
38	Sub-total Non-Labor Expenses	\$2,530	\$3,000	\$3,046	\$3,161	\$3,289	\$3,457
40	Other Expense Adjustments:						
41	Other	\$63	\$50	\$47	\$48	\$51	\$52
42	General Reserve	0	130	135	140	145	155
43	Sub-total Other Expense Adjustments	\$63	\$180	\$182	\$188	\$196	\$207
44							
45	Total Operating Expense before Non-Cash Liability Adj.	\$10,256	\$10,986	\$11,282	\$11,660	\$12,078	\$12,561
47	Depreciation	\$2,149	\$2,281	\$2,326	\$2,419	\$2,512	\$2,607
48	OPEB Obligation	1,786	1,801	1,877	1,951	2,030	2,109
49	Environmental Remediation	25	6	6	6	6	6
51	Total Operating Expense after Non-Cash Liability Adj.	\$14,216	\$15,075	\$15,491	\$16,036	\$16,626	\$17,283
52							
53	Net Deficit Before Subsidies and Debt Service	(\$7,082)	(\$7,212)	(\$7,571)	(\$8,085)	(\$8,516)	(\$9,156)
54							
55	Conversion to Cash Basis: Non-Cash Liability Adjs.	\$3,959	\$4,088	\$4,209	\$4,376	\$4,548	\$4,722
57	Debt Service (excludes Service Contract Bonds)	(2,058)	(2,223)	(2,390)	(2,505)	(2,697)	(2,880)
59	Total Operating Expense with Debt Service	\$12,315	\$13,209	\$13,672	\$14,165	\$14,775	\$15,441
61	Dedicated Taxes and State/Local Subsidies	\$5,490	\$5,895	\$6,038	\$6,324	\$6,565	\$6,760
63	Net Deficit After Subsidies and Debt Service	\$309	\$548	\$286	\$110	(\$101)	(\$555)
65	Conversion to Cash Basis: GASB Account	(90)	(85)	(104)	(112)	(121)	(131)
66	Conversion to Cash Basis: All Other	(288)	(281)	(312)	(417)	(343)	(334)
68	CASH BALANCE BEFORE PRIOR-YEAR CARRY-OVER	(\$68)	\$182	(\$130)	(\$419)	(\$565)	(\$1,019)
69	ADJUSTMENTS	0	(270)	(5)	364	474	919
70	PRIOR-YEAR CARRY-OVER	297	229	141	6	0	0
71	NET CASH BALANCE	\$229	\$141	\$6	(\$49)	(\$91)	(\$100)

METROPOLITAN TRANSPORTATION AUTHORITY
July Financial Plan 2014-2017
Plan Adjustments
(\$ in millions)

Line No.		2012	2013	2014			
		Actual	Mid-Year Forecast	Preliminary Budget	2015	2016	2017
11	Cash Balance Before Prior-Year Carry-over	(\$68)	\$182	(\$130)	(\$419)	(\$565)	(\$1,019)
13	Fare/Toll Increases:						
14	Fare/Toll Increase on 3/1/15		-	-	424	516	520
15	Fare/Toll Increase on 3/1/17		-	-	-	-	469
16	Sub-Total		\$0	\$0	\$424	\$516	\$989
18	MTA Initiatives:						
19	Unidentified MTA Efficiencies		-	25	50	95	95
20	Sub-Total		\$0	\$25	\$50	\$95	\$95
22	Policy Actions:						
23	Service Investments		(5)	(18)	(18)	(18)	(18)
24	Committed to Capital		(24)	(11)	(80)	(80)	(80)
25	Reduction in Unfunded Pension Liability		(80)	6	6	6	6
26	Superstorm Sandy - Debt Local Match		(1)	(7)	(17)	(44)	(72)
27	Superstorm Sandy - PAYGO Local Match		(160)	-	-	-	-
28	Sub-Total		(\$270)	(\$30)	(\$110)	(\$137)	(\$165)
30	TOTAL ADJUSTMENTS		(\$270)	(\$5)	\$364	\$474	\$919
32	Prior-Year Carry-Over	297	229	141	6	0	0
34	Net Cash Surplus/(Deficit)	\$229	\$141	\$6	(\$49)	(\$91)	(\$100)

METROPOLITAN TRANSPORTATION AUTHORITY
July Financial Plan 2014-2017
MTA Consolidated Cash Receipts and Expenditures
(\$ in millions)

Line

No

	Cash Receipts and Expenditures					
	2012 Actual	2013 Mid-Year Forecast	2014 Preliminary Budget	2015	2016	2017
Receipts						
Farebox Revenue	\$5,077	\$5,505	\$5,646	\$5,714	\$5,783	\$5,818
Other Operating Revenue	536	878	700	663	744	723
Capital and Other Reimbursements	1,434	1,501	1,456	1,435	1,441	1,450
Total Receipts	\$7,047	\$7,884	\$7,803	\$7,812	\$7,969	\$7,991
Expenditures						
Labor:						
Payroll	\$4,499	\$4,749	\$4,831	\$4,825	\$4,910	\$5,044
Overtime	646	638	587	579	578	589
Health and Welfare	872	975	1,076	1,151	1,240	1,339
OPEB Current Payment	399	448	501	542	593	644
Pensions	1,480	1,174	1,372	1,378	1,395	1,396
Other Fringe Benefits	608	706	698	706	718	739
Contribution to GASB Fund	90	85	104	112	121	131
Reimbursable Overhead	0	0	0	0	0	0
Total Labor Expenditures	\$8,594	\$8,777	\$9,168	\$9,293	\$9,555	\$9,882
Non-Labor:						
Electric Power	\$466	\$549	\$533	\$558	\$588	\$625
Fuel	252	266	261	262	266	276
Insurance	33	64	57	75	81	94
Claims	173	186	187	188	189	193
Paratransit Service Contracts	354	389	415	427	477	557
Maintenance and Other Operating Contracts	458	543	530	553	567	567
Professional Service Contracts	254	333	319	313	316	320
Materials & Supplies	537	629	657	664	669	680
Other Business Expenditures	150	185	182	164	168	172
Total Non-Labor Expenditures	\$2,677	\$3,144	\$3,140	\$3,203	\$3,321	\$3,482
Other Expenditure Adjustments:						
Other	\$92	\$96	\$113	\$99	\$113	\$125
General Reserve	0	130	135	140	145	155
Total Other Expenditure Adjustments	\$92	\$226	\$248	\$239	\$258	\$280
Total Expenditures	\$11,364	\$12,146	\$12,557	\$12,734	\$13,134	\$13,644
Net Cash Deficit Before Subsidies and Debt Service	(\$4,317)	(\$4,263)	(\$4,754)	(\$4,922)	(5,165)	(5,653)
Dedicated Taxes and State/Local Subsidies	\$5,691	\$6,057	\$6,376	\$6,355	\$6,624	\$6,812
Debt Service (excludes Service Contract Bonds)	(1,442)	(1,612)	(1,752)	(1,853)	(2,024)	(2,178)
CASH BALANCE BEFORE PRIOR-YEAR CARRY-OVER	(\$68)	\$182	(\$130)	(\$419)	(\$565)	(\$1,019)
BASELINE PRIOR-YEAR CARRY-OVER	0	0	0	0	0	0
ADJUSTMENTS	0	(270)	(5)	364	474	919
PRIOR-YEAR CARRY-OVER	297	229	141	6	0	0
NET CASH BALANCE	\$229	\$141	\$6	(\$49)	(\$91)	(\$100)

METROPOLITAN TRANSPORTATION AUTHORITY
July Financial Plan 2014-2017
MTA Consolidated July Financial Plan Compared with February Financial Plan
Cash Reconciliation
(\$ in millions)

	Favorable/(Unfavorable)			
	2013	2014	2015	2016
FEBRUARY FINANCIAL PLAN 2013-2016				
NET CASH SURPLUS/(DEFICIT)	\$48	(\$77)	(\$21)	(\$227)
Savings Programs	\$1	\$19	\$7	\$29
2013 Budget Reduction Program	9	13	13	13
NYCT Paratransit - Additional Savings	12	18	27	27
NYCT Paratransit - Zero-Fare Implementation Delay	(16)	(8)	(25)	0
NYCT Bus Fare Evasion Reforecast	(4)	(5)	(8)	(10)
New Needs/Investments	(\$31)	(\$125)	(\$103)	(\$99)
Service - Platform Budget Improvements	(3)	(8)	(12)	(11)
Customer Enhancements	(3)	(11)	(7)	(7)
Operations/Maintenance	(18)	(76)	(70)	(66)
All Other New Needs	(8)	(30)	(15)	(15)
Agency Baseline Adjustments	\$191	\$14	(\$2)	\$141
Farebpx/Toll Revenue	(1)	1	(10)	(9)
Other Revenue	9	13	(20)	(46)
Energy	48	57	67	93
Health & Welfare (including OPEB)	68	4	26	46
MTA GASB 45 Contribution	(3)	(18)	(23)	(29)
Pension	50	43	98	110
Superstorm Sandy Agency Impacts	(8)	(59)	(108)	0
Insurance	(1)	(15)	(23)	(24)
Baseline Re-estimates	29	(13)	(9)	1
Changes in Subsidies¹	\$17	\$85	\$120	\$91
MMTOA	30	(10)	(15)	2
Real Estate Taxes	115	35	34	38
Petroleum Business Tax	(12)	0	3	4
Payroll Mobility Tax and MTA Aid	(39)	2	7	7
CDOT Subsidy	(9)	18	7	6
B&T Surplus Transfer	21	(4)	(1)	15
Other Subsidies	25	38	4	12
Subsidy Adjustments - Repay Interagency Loans	(114)	6	81	6
Debt Service Adjustments	\$3	\$5	\$32	\$74
Debt Service Savings from Refundings/Lower Interest Rates	3	5	32	74
Below-the-Line Adjustments	(\$266)	(\$7)	(\$87)	(\$99)
Fare/Toll Increase on 3/1/15	0	0	(0)	1
Unidentified MTA Efficiencies	(25)	(25)	(25)	(25)
Additional Service Initiatives	(5)	(18)	(18)	(18)
Committed to Capital	(24)	(11)	(80)	(80)
Reduction in Unfunded Pension Liability	(80)	6	6	6
Superstorm Sandy - PAYGO Local Match	(160)	0	0	0
Financing of Superstorm Sandy Repairs and Resiliency	28	41	31	18
Prior-Year Carry-Over (Adjusted)	177	92	6	0
JULY FINANCIAL PLAN 2014-2017				
NET CASH SURPLUS/(DEFICIT)	\$141	\$6	(\$49)	(\$91)

¹ Excludes the baseline increase to 'Committed to Capital - Support of 2015-2019 Capital Program,' which was reversed "below the line."

METROPOLITAN TRANSPORTATION AUTHORITY
July Financial Plan 2014-2017
Consolidated Subsidies
Cash Basis
(\$ in millions)

	2012 Actual	2013 Mid-Year Forecast	2014 Preliminary Budget	2015	2016	2017
Subsidies						
Dedicated Taxes						
Metropolitan Mass Transportation Operating Assist (MMTOA)	\$1,354.2	\$1,518.2	\$1,558.4	\$1,625.5	\$1,692.6	\$1,765.9
Petroleum Business Tax (PBT) Receipts	599.5	618.6	635.7	640.6	644.0	645.6
Mortgage Recording Tax (MRT)	279.8	335.5	362.4	396.4	418.7	423.5
MRT Transfer to Suburban Counties	(1.8)	(2.4)	(3.0)	(4.1)	(4.8)	(4.9)
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	4.3	4.5	4.7	4.9	5.1	5.3
Urban Tax	407.5	535.2	513.8	568.1	621.6	655.7
Investment Income	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.1</u>	<u>1.1</u>	<u>1.2</u>
	\$2,609.6	\$2,975.6	\$3,038.0	\$3,197.5	\$3,343.4	\$3,457.5
PMT and MTA Aid						
Payroll Mobility Tax	\$1,265.3	\$1,214.2	\$1,315.1	\$1,384.7	\$1,452.4	\$1,522.1
Payroll Mobility Tax Replacement Funds	254.9	307.2	307.2	307.2	307.2	307.2
MTA Aid	<u>305.6</u>	<u>308.2</u>	<u>320.4</u>	<u>330.1</u>	<u>334.9</u>	<u>334.9</u>
	\$1,825.8	\$1,829.6	\$1,942.7	\$2,022.0	\$2,094.6	\$2,164.2
State and Local Subsidies						
State Operating Assistance	\$187.9	\$187.9	\$187.9	\$187.9	\$187.9	\$187.9
Local Operating Assistance	187.5	187.9	187.9	187.9	187.9	187.9
CDOT Subsidy	80.7	86.8	101.1	93.0	99.0	104.0
Station Maintenance	<u>157.3</u>	<u>158.5</u>	<u>160.9</u>	<u>163.3</u>	<u>166.1</u>	<u>168.7</u>
	\$613.4	\$621.2	\$637.9	\$632.2	\$640.9	\$648.6
Other Subsidy Adjustments						
Interagency Loan	\$75.0	(\$120.2)	\$0.0	\$0.0	\$0.0	\$0.0
NYCT Charge Back of MTA Bus Debt Service	(11.8)	(11.5)	(11.5)	(11.5)	(11.5)	(11.5)
Forward Energy Contracts Program - Gain/(Loss)	3.0	(0.7)	(1.2)	(0.1)	0.0	0.0
MNR Repayment for 525 North Broadway	(2.4)	(2.4)	(2.4)	(2.4)	(2.4)	(2.4)
NYS Reimbursement Transferred to B&T	0.0	(3.9)	0.0	0.0	0.0	0.0
Repayment of Loan to Capital Financing Fund	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	0.0
Committed to Capital	<u>(131.8)</u>	<u>(123.6)</u>	<u>(84.8)</u>	<u>(288.1)</u>	<u>(250.0)</u>	<u>(323.0)</u>
	(\$168.0)	(\$362.4)	(\$200.0)	(\$402.1)	(\$363.9)	(\$336.9)
Subtotal Dedicated Taxes & State and Local Subsidies	\$4,880.8	\$5,064.0	\$5,418.6	\$5,449.5	\$5,715.0	\$5,933.3
City Subsidy for MTA Bus	\$290.0	\$395.0	\$393.1	\$381.7	\$413.7	\$423.9
City Subsidy for SIRTOA	<u>21.1</u>	<u>30.7</u>	<u>30.8</u>	<u>28.6</u>	<u>33.3</u>	<u>34.3</u>
	\$311.0	\$425.7	\$423.9	\$410.3	\$447.0	\$458.2
Total Dedicated Taxes & State and Local Subsidies	\$5,191.8	\$5,489.7	\$5,842.5	\$5,859.8	\$6,162.0	\$6,391.5
Inter-agency Subsidy Transactions						
B&T Operating Surplus Transfer	\$509.3	\$567.2	\$533.8	\$495.1	\$462.1	\$420.9
MTA Subsidy to Subsidiaries	<u>(10.1)</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
	\$499.2	\$567.2	\$533.8	\$495.1	\$462.1	\$420.9
GROSS SUBSIDIES	\$5,691.0	\$6,057.0	\$6,376.3	\$6,354.9	\$6,624.1	\$6,812.3

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

<u>Subsidies</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Dedicated Taxes					
Metropolitan Mass Transportation Operating Assist (MMTOA)	\$10.8	\$30.0	(\$9.6)	(\$14.6)	\$1.9
Petroleum Business Tax (PBT) Receipts	(5.6)	(12.3)	0.2	2.6	4.3
Mortgage Recording Tax (MRT)	1.4	11.8	(6.1)	(17.3)	(20.4)
MRT Transfer to Suburban Counties	0.0	(0.0)	0.1	0.0	0.2
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	23.6	103.4	41.3	51.7	58.0
Investment Income	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
	\$30.2	\$132.9	\$25.9	\$22.4	\$44.0
New State Taxes and Fees					
Payroll Mobility Tax	\$3.9	(\$33.8)	\$0.0	\$0.0	\$0.0
Payroll Mobility Tax Replacement Funds	(0.1)	(2.8)	(2.8)	(2.8)	(2.8)
MTA Aid	<u>(0.6)</u>	<u>(2.5)</u>	<u>5.0</u>	<u>10.0</u>	<u>10.0</u>
	\$3.3	(\$39.1)	\$2.2	\$7.2	\$7.2
State and Local Subsidies					
State Operating Assistance	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Local Operating Assistance (18-b)	(0.5)	0.0	0.0	0.0	0.0
CDOT Subsidy	(6.4)	(9.4)	18.2	6.5	6.4
Station Maintenance	<u>1.6</u>	<u>0.6</u>	<u>0.2</u>	<u>(0.4)</u>	<u>(0.8)</u>
	(\$5.2)	(\$8.8)	\$18.3	\$6.1	\$5.6
Other Subsidy Adjustments					
Inter-Agency Loan	\$0.0	(\$114.2)	\$6.0	\$81.0	\$6.0
NYCT Charge Back of MTA Bus Debt Service	0.0	0.0	0.0	0.0	0.0
Forward Energy Contracts Program - Gain/(Loss)	(0.1)	(3.8)	(1.6)	(0.1)	0.0
MNR Repayment for 525 North Broadway	0.0	0.0	0.0	0.0	0.0
NYS Reimbursement Transferred to B&T	0.0	(3.9)	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	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>(250.0)</u>	<u>(250.0)</u>
	(\$0.1)	(\$121.9)	\$4.4	(\$169.1)	(\$244.0)
Subtotal Dedicated Taxes & State and Local Subsidies	\$28.2	(\$36.9)	\$50.8	(\$133.4)	(\$187.2)
City Subsidy for MTA Bus	(\$106.2)	\$36.1	\$38.2	\$3.3	\$10.9
City Subsidy for SIRTOA	<u>0.0</u>	<u>(3.9)</u>	<u>0.7</u>	<u>0.9</u>	<u>2.2</u>
	(\$106.2)	\$32.2	\$38.9	\$4.1	\$13.0
Total Dedicated Taxes & State and Local Subsidies	(\$78.0)	(\$4.8)	\$89.8	(\$129.2)	(\$174.2)
Inter-agency Subsidy Transactions					
B&T Operating Surplus Transfer	\$36.6	\$21.3	(\$4.4)	(\$0.8)	\$14.9
MTA Subsidy to Subsidiaries	<u>(0.3)</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
	\$36.3	\$21.3	(\$4.4)	(\$0.8)	\$14.9
GROSS SUBSIDIES	(\$41.7)	\$16.6	\$85.4	(\$130.0)	(\$159.3)

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III. Adjustments

III. ADJUSTMENTS

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

Fare/Toll Increases

Fare and Toll Increase on 3/1/15 – A \$500 million annualized increase in MTA consolidated farebox and toll revenues is assumed for implementation on March 1, 2015. Consolidated fare and toll revenues, excluding MTA Bus and SIR revenues, are expected to increase by \$424 million in 2015, \$516 million in 2016 and \$520 million in 2017. MTA Bus revenue is expected to increase by \$13 million in 2015 and by \$15 million a year for both 2016 and 2017, while SIR revenue is expected to increase \$0.4 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.

These projections are insignificantly different from the 2013 February Plan and result only from modest changes in the baseline fare and toll projections since the February Plan. MTA Bus and SIR farebox revenue from this action is also unchanged from the February Plan.

Fare and Toll Increase on 3/1/17 – A \$550 million annualized consolidated farebox and toll increase is assumed for implementation on March 1, 2017, and is estimated to yield an additional \$469 million in 2017, excluding yield increases for MTA Bus and SIR. The farebox revenue increase at MTA Bus and SIR is expected to generate additional revenues of \$14 million and \$0.4 million in 2017, respectively. These additional revenues will be used to hold down the NYC subsidies to MTA Bus and SIR.

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

		2013	2014			
		Mid-Year	Preliminary			
		Forecast	Budget	2015	2016	2017
Fare Revenue						
Long Island Rail Road	Baseline	\$631.274	\$644.690	\$648.735	\$652.341	\$655.253
	2015 Fare Yield	0.000	0.000	41.373	49.056	49.275
	2017 Fare Yield	0.000	0.000	0.000	0.000	45.597
		\$631.274	\$644.690	\$690.108	\$701.397	\$750.125
Metro-North Railroad ¹	Baseline	\$628.124	\$659.013	\$672.309	\$684.115	\$693.256
	2015 Fare Yield	0.000	0.000	28.147	33.852	34.302
	2017 Fare Yield	0.000	0.000	0.000	0.000	30.897
		\$628.124	\$659.013	\$700.456	\$717.967	\$758.455
MTA Bus Company ²	Baseline	\$196.128	\$198.595	\$199.850	\$201.426	\$201.737
	2015 Fare Yield	0.000	0.000	12.746	15.147	15.171
	2017 Fare Yield	0.000	0.000	0.000	0.000	14.039
		\$196.128	\$198.595	\$212.596	\$216.573	\$230.946
New York City Transit ³	Baseline	\$3,926.968	\$4,037.326	\$4,083.961	\$4,134.403	\$4,153.398
	2015 Fare Yield	0.000	0.000	260.195	310.907	312.336
	2017 Fare Yield	0.000	0.000	0.000	0.000	288.730
		\$3,926.968	\$4,037.326	\$4,344.156	\$4,445.310	\$4,754.463
Staten Island Railway ²	Baseline	\$5.404	\$5.576	\$5.646	\$5.712	\$5.744
	2015 Fare Yield	0.000	0.000	0.361	0.430	0.432
	2017 Fare Yield	0.000	0.000	0.000	0.000	0.400
		\$5.404	\$5.576	\$6.007	\$6.142	\$6.576
Total Farebox Revenue						
	Baseline	\$5,387.898	\$5,545.200	\$5,610.501	\$5,677.997	\$5,709.388
	2015 Fare Yield	0.000	0.000	342.821	409.392	411.515
	2017 Fare Yield	0.000	0.000	0.000	0.000	379.662
		\$5,387.898	\$5,545.200	\$5,953.323	\$6,087.389	\$6,500.566
Toll Revenue						
Bridges & Tunnels ⁴	Baseline	\$1,611.827	\$1,633.870	\$1,636.701	\$1,644.622	\$1,649.434
	2015 Toll Yield	0.000	0.000	94.372	121.794	124.001
	2017 Toll Yield	0.000	0.000	0.000	0.000	103.772
		\$1,611.827	\$1,633.870	\$1,731.073	\$1,766.416	\$1,877.207
TOTAL FARE & TOLL REVENUE						
	Baseline	\$6,999.725	\$7,179.070	\$7,247.202	\$7,322.619	\$7,358.822
	2015 Fare / Toll Yield	0.000	0.000	437.193	531.186	535.517
	2017 Fare / Toll Yield	0.000	0.000	0.000	0.000	483.433
		\$6,999.725	\$7,179.070	\$7,684.395	\$7,853.805	\$8,377.772

¹ MNR baseline utilization reflects East-of-Hudson service only; impacts from fare yield changes also include West-of-Hudson utilization.

² MTA Bus and SIR revenues from fare yield changes will be used to reduce NYC subsidies to MTA Bus and SIR.

³ Excludes Paratransit Operations.

⁴ B&T utilization changes reflect a 10% delay in the distribution of surplus toll revenues per MTA Board resolution. This has no impact on traffic.

MTA Initiatives

In 2009 and 2010, the MTA introduced a number of savings initiatives and programs categorized as MTA Efficiencies. These included operational consolidations, strategic initiatives, paratransit savings and improved MTA-wide business practices. When combined with new recurring savings initiatives, these efficiencies are projected to yield \$809 million of recurring savings in 2013, growing to more than \$1.3 billion annually by 2017.

“Below-the-line” in the February Plan were \$25 million in annual to-be-identified savings beginning in 2013. This target had an annual \$25 million “bump-up” in both 2014 and 2015, followed by a \$45 million bump-up in 2016, increasing the total value to \$120 million for 2016. In this Plan, the initial \$25 million in recurring savings was apportioned to individual Agencies’ and included within their budget targets. Savings were accomplished with lower spending, increased paratransit savings, and newly identified Budget Reduction Programs (BRP).

Unidentified MTA Efficiencies – Remaining below-the-line in unidentified savings is \$25 million in 2014, \$50 million in 2015, and \$95 million in 2016 and 2017.

Policy Actions

Service Investments - The MTA is adding or restoring \$18 million per year in service and service quality investments to complement the \$29.5 million in service investments that were made last year. Specific information on these proposed initiatives follow this section of Volume 1. The Plan also includes \$11.5 million of normal “platform” service adjustments driven by guidelines and \$11 million in other customer enhancements.

Committed to Capital – MTA will increase its operating contribution to the 2015-2019 Capital Program by \$24 million in 2013, \$11 million in 2014 and \$80 million each year thereafter largely from debt service savings attributable to 2013 refundings and re-estimates of interest rates and cash flows. The February Plan had already captured annual \$250 million contributions beginning in 2015.

Reduction in Unfunded Pension Liability – MTA employees belong to a number of different pension plans. LIRR employees that began employment before 1988 are members of the “LIRR Additional Plan”. That Plan is the least funded of the MTA Plans (at only 27%), with a \$1.2 billion unfunded liability. The 2013 Mid-Year Forecast captures a “one-shot” increase in real estate receipts, due to a high volume of large transactions that occurred early this year. MTA will use that \$80 million to reduce the unfunded pension liability, saving approximately \$6 million annually in pension expenses which will reduce the pressure for future fare/toll increases.

Superstorm Sandy – Financial Implications

The July Financial Plan contains updated estimates of the impacts of Superstorm Sandy (Sandy). Current estimates have put MTA losses at \$5.105 billion dollars, which includes an estimated \$350 million lost fare and toll revenue and expenses necessary to prepare for and restore service (“operating losses”), and an estimated \$4.755 billion in damages to MTA’s infrastructure. The MTA has also identified the need to fund \$5.770 billion in resiliency projects to ensure that MTA assets are better able to withstand future storm events.

The \$350 million operating losses from Sandy includes a \$203 million loss for 2012, and projected losses of \$147 million for the 2013 to 2015 period. The 2012 loss was funded internally with favorable MTA financial results, the General Reserve and a \$75 million internal loan. Proceeds from the FTA of \$168 million and from FEMA of \$6 million enabled the MTA to repay the internal loan in 2013. MTA is expected to receive an additional \$54 million in recovery from the FTA in 2014. These operating losses were captured within the Volume 2 baseline. MTA is seeking recovery for operating losses from insurance (business interruption/extra expense coverage). However, a portion of such funds received by insurance likely will be used to reimburse federal programs, pursuant to their requirements. The remaining net insurance proceeds of \$100 million will be applied to infrastructure repairs. The estimated financial impacts for repairs and resiliency are captured below as Volume 1 Adjustments:

Operating losses, repairs and resiliency will be funded by a combination of insurance, federal programs and MTA resources, predominantly through reimbursements obtained from federal sources. It is expected that the local share for these projects will be funded by up to \$950 million of previously-approved bonding and PAYGO funding of \$160 million.

Debt Local Match – Bridge loans and external borrowing for both infrastructure damages and resiliency will result in debt service of \$1 million in 2013, \$7 million in 2014, \$17 million in 2015, \$44 million in 2016 and \$72 million in 2017. When compared with the February Plan, these costs are significantly lower: \$28 million in 2013; \$41 million in 2014; \$31 million in 2015; and \$18 million in 2016.

PAYGO Local Match –\$160 million of PAYGO funding will be used to fund the local share for the financing of Superstorm Sandy.

New York City Transit

Service Investments

Route	Proposed Investment	Goal	Implementation
Bronx			
Bx24	Extend Bx24 to Hutchinson Metro Center from Westchester Square	Service Extension; Serves new market	June 2014
Brooklyn			
G Line	Increase G service from 10 to 8-minute headways 3 pm to 9 pm	Increased Service Frequency; Improves reliability; reduces crowding	June 2014
B37/B70/B8	Restore service along 3rd Avenue (B37) between Bay Ridge and Atlantic Avenue-Barclays Center 6 am to 11 pm; Restore B70 to 7th Avenue; Restore B8 to Bay Ridge-95 Street R Station at all times	Restores service and improves connectivity	June 2014
M Line	Extend M from Myrtle Avenue to Delancey Street -Essex Street on Weekends	Weekend Service Extension; Improves service connectivity	June 2014
Manhattan			
M8	Restore M8 on Weekends 6 am to 11 pm	Restores weekend service	April 2014
M100	Reroute the M100 in northern Manhattan via Dyckman Street and 10th Avenue to serve the Sherman Creek neighborhood	Service Extension; Serves new market	June 2014
Queens			
Q77	Add Q77 service on Sundays	New Day of Service; Provides network coverage	April 2014
Q31	Restore Q31 on Weekends	Restores weekend service	April 2014
Staten Island			
S93	Add S93 service on middays and evenings until 10 pm, supplementing existing peak period service	Span of Service Extension; Improves service connectivity	September 2014
TBD	Restructure Hylan Avenue/Richmond Avenue and Eltingville area, to provide a "super" express bus via the Lincoln Tunnel to midtown	Service Restructuring; Provides faster service	September 2014
TBD			
SBS	Add one Select Bus Service route (specific route to be determined)	New Service; Improved service	September 2014

New York City Transit

Service Quality Investments

Route	Proposed Investment	Goal	Implementation
System-wide	Improve Track Cleaning (2 teams)	Reduce track fires and improve station cleanliness	January 2014
1 Brx, 4 Manh, 3 Qns, 2 Brkyn	Improve Stations Cleaning (10 stations)	Protect investment in station rehabilitation/renewal projects, improve station cleanliness	January 2014
1,2,3,4,5,6,GCS	Improve "A" Division Service Management at the Rail Control Center	Improve service (headway regularity and delay management) on the A Division	January 2014
System-wide	Station Access/Egress/Remote Gate	Reduce entry/exit queues at select stations	January 2014
2 Brx, 4 Manh, 3 Qns, 1 Brkyn	MetroCard Vending Machine Availability (10 fare control areas)	Reduce MVM downtime due to vandalism	January 2014 (2014 only)

Long Island Rail Road

Service Investments

Stations/Branches	Proposed Investment	Goal	Implementation
Ronkonkoma	Extend Half Hourly Weekend Service Westbound & Eastbound to Ronkonkoma Station	New Service & Service Frequency to Address Crowding on Existing Trains	September 2013
Port Washington	Restore Half Hourly Weekend Service to Port Washington	Service Restoration & Ridership Growth	November 2013
Ronkonkoma	Add New Ronkonkoma PM Peak Train #2350 (4:09 PM from PSNY to Farmingdale) and Reverse Peak Train #2355 (7:00 PM to PSNY) on Weekdays	New Service to Address Crowding on Existing Trains	November 2013
Babylon	Restore PM Peak (PSNY to Wantagh) Train #1054 on Weekdays (4:37 PM)	Service Restoration & Customer Convenience with Restored Express Service	March 2014
Mainline	Add Train 1268 on Weekdays to Hicksville (8:22 PM from PSNY)	New Service to Address Crowding on Existing Trains	November 2013
Babylon	Restore PM Peak Train (PSNY to Freeport) Train #1152 on Weekdays (4:57 PM)	New and Service Restoration, Increased Service Frequency & Customer Convenience	March 2014
Greenport	Partial Restoration of Greenport Service on Weekends, Non-seasonal - Expand season to April - November, from May - October.	Partial Service Restoration	October 2013

Metro-North Railroad

Service Quality Investments

Line	Proposed Investment	Goal	Implementation
Harlem, Hudson, West of Hudson and NYS portion of the New Haven Line.	Expand Real-Time Train Status Information at Stations - Phase 1	System Improvement/Network Expansion	September 2013

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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, Thomas F. Prendergast, 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: _____
Thomas F. Prendergast
Chairman and Chief Executive Officer

Dated: July 17, 2013

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V. Other

The MTA Budget Process

MTA budgeting is a rigorous and thorough on-going process 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 following calendar years.

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

- Volume I summarizes the complete financial plan, including the baseline as well as policy items and other “below-the-line” 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 year’s finances, a preliminary presentation of the following years proposed budget, and a three year re-forecast 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 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 and is presented to the MTA Board for review and approval.

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 Adopted Budget is allocated over the period of 12 months and becomes the basis in which monthly results are compared.

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VI. Addendum (Web Version Only)

NOTICE CONCERNING THIS WEB-POSTED COPY

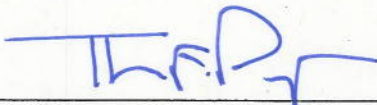
The *Certification of the Chairman and Chief Executive Officer of the Metropolitan Transportation Authority* included in this web version of the **MTA 2014 Preliminary Budget, July Financial Plan 2014-2017** is in a searchable format and hence does not include the signature that appears in the original document. This section provides a scanned copy of this signed document.

**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, Thomas F. Prendergast, 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: _____



Thomas F. Prendergast
Chairman and Chief Executive Officer

Dated: July 17, 2013