S&P Global
Ratings

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Metropolitan Transportation Authority, NY Various Ratings Lowered On Weaker Coverage

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SAN FRANCISCO (S&P Global Ratings) Aug. 9, 2018--S&P Global Ratings lowered its issuer credit rating (ICR) to 'A' from 'A+' on the Metropolitan Transportation Authority (MTA), N.Y. S&P Global Ratings also lowered its long-term rating and underlying rating (SPUR) to 'A' from 'A+' on the MTA's previously issued transportation revenue bonds (TRBs).

In addition, S&P Global Ratings lowered its dual rating to 'AA/A-1' from 'AA+/A-1' on various other TRBs outstanding, reflecting the application of our joint criteria, assuming low correlation, and reflecting the lowering of the MTA SPUR to 'A' from 'A+'.

S&P Global Ratings also lowered its stand-alone credit profile (SACP) to 'a' from 'a+' on the MTA, and its short-term rating to 'SP-1' from 'SP-1+' on the MTA's previously issued transportation bond anticipation notes (BANs). The rating action on MTA's BANs reflected the lowering of the MTA SPUR to 'A' from 'A+'.

S&P Global Ratings also assigned its 'A' long-term rating to MTA's proposed approximately $220 million series 2018B transportation revenue refunding green bonds (Climate Bond Certified).

S&P Global Ratings also assigned its 'AA/A-1' rating to MTA's transportation revenue bonds (TRB), series 2005E-1 and 2005E-3. The 'AA' long-term component of the rating reflects the application of our joint criteria and assumes low-correlation between the obligor, MTA, and our long-term issuer credit rating on PNC Bank, N.A. and addresses our expectation of full and timely interest and principal payments when the bondholders have not exercised the put option. The 'A-1' short-term component of our rating is based on our short-term issuer credit rating on PNC Bank, and addresses our expectation of full and timely interest and principal payments when the bondholders have exercised the put option.

Finally, we also affirmed our 'AA/A-2' and 'AA+/A-1+' long-term ratings on MTA's various other TRBs outstanding, in these cases also reflecting the application of our joint criteria, assuming low correlation.

The outlook, where applicable, is negative.

The rating actions reflect our assessment of MTA's 2018 Mid-Year Forecast and 2019 Preliminary Budget as detailed in its recently released July 2018 Financial Plan, as well as our view of MTA's continued pressure on debt service coverage (DSC; per our calculations). More specifically, DSC, per our calculations that exclude cash on hand, could be less than 1x in the near term (for 2018 and 2019) despite various measures that the MTA is taking to address its structural budget imbalance.

"As a result, we no longer view the MTA's overall creditworthiness as consistent with that of peer transit agencies rated 'A+' or higher, which have better coverage and less challenging funding issues," said S&P Global Ratings credit analyst Paul Dyson. However, just as the MTA has consistently demonstrated a willingness and ability to generate savings to reduce out-year budget deficits, we believe the MTA, state, and potentially other local stakeholders will work together, as in the past, to produce a credible plan in the near term that includes additional sustainable and meaningful revenue sources to address the MTA's structural budget imbalance. An example of one such proposed new revenue source is congestion pricing, which would impose tolls on drivers entering Manhattan's central business district, but several new revenue sources could be proposed.

The negative outlook reflects our view of the MTA's pressured DSC and the sizable funding challenges it faces, particularly with regard to the need to secure additional sustainable funding for operations and capital.

We could revise the outlook to stable during the next two years if we come to believe that at least sufficient DSC (per our calculations) is achievable in the near term and that the MTA can manage its significant and growing capital needs and debt plans.

We could lower the rating further in the next two years if the MTA is not able to identify timely solutions to address structural budget imbalance and significant capital needs, including but not limited to the identification of new, sustained revenue sources.

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

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Metropolitan Transportation Authority; Joint Criteria; Note; Transit

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Table Of Contents

Metropolitan Transportation Authority; Joint Criteria; Note; Transit

Credit Profile		
US$220.0 mil transp rev rfdg green bnds ser 2018B due 11/15/2028		
Long Term Rating	A/Negative	New
US$95.18 mil transp rev var rate rmktd 8/24/2018 bnds ser 2005E-1 due 11/01/2035		
Unenhanced Rating	A(SPUR)/Negative	New
US$71.385 mil transp rev var rate rmktd 8/24/2018 bnds ser 2005E-3 due 11/01/2035		
Unenhanced Rating	A(SPUR)/Negative	New

Rationale

S&P Global Ratings lowered its issuer credit rating (ICR) to 'A' from 'A+' on the Metropolitan Transportation Authority (MTA), N.Y. S&P Global Ratings also lowered its long-term rating and underlying rating (SPUR) to 'A' from 'A+' on the MTA's previously issued transportation revenue bonds (TRBs).

In addition, S&P Global Ratings lowered its dual rating to 'AA/A-1' from 'AA+/A-1' on various other TRBs outstanding, reflecting the application of our joint criteria, assuming low correlation, and reflecting the lowering of the MTA SPUR to 'A' from 'A+'.

S&P Global Ratings also lowered its stand-alone credit profile (SACP) to 'a' from 'a+' on the MTA, and its short-term rating to 'SP-1' from 'SP-1+' on the MTA's previously issued transportation bond anticipation notes (BANs). The rating action on MTA's BANs reflected the lowering of the MTA SPUR to 'A' from 'A+'.

S&P Global Ratings also assigned its 'A' long-term rating to MTA's proposed approximately $220 million series 2018B transportation revenue refunding green bonds (Climate Bond Certified).

S&P Global Ratings also assigned its 'AA/A-1' rating to MTA's transportation revenue bonds (TRB), series 2005E-1 and 2005E-3. The 'AA' long-term component of the rating reflects the application of our joint criteria and assumes low-correlation between the obligor, MTA, and our long-term issuer credit rating on PNC Bank, N.A. and addresses our expectation of full and timely interest and principal payments when the bondholders have not exercised the put option. The 'A-1' short-term component of our rating is based on our short-term issuer credit rating on PNC Bank, and addresses our expectation of full and timely interest and principal payments when the bondholders have exercised the put option.

Each letter of credit (LOC) covers the entire principal balance and 53 days of interest accruals at a 9% maximum bond rate. During the weekly rate mode (the covered rate), we believe that the coverage amount is sufficient to pay bond principal and maximum accrued interest, taking into account the five calendar days interest reinstatement period and any additional time that may elapse before a full payment is made to the bondholders.

In view of the bond structure, changes to our ratings on the bonds can result from, among other things, changes to our ratings on the LOC provider, the obligor, or amendments to the transaction's terms. We will maintain a rating on the bonds as long as they are in the rated mode and the LOC has not expired or otherwise terminated.

Finally, we also affirmed our 'AA/A-2' and 'AA+/A-1+' long-term ratings on MTA's various other TRBs outstanding, in these cases also reflecting the application of our joint criteria, assuming low correlation.

The outlook, where applicable, is negative.

The rating actions reflect our assessment of MTA's 2018 Mid-Year Forecast and 2019 Preliminary Budget as detailed in its recently released July 2018 Financial Plan, as well as our view of MTA's continued pressure on debt service coverage (DSC; per our calculations). More specifically, DSC, per our calculations that exclude cash on hand, could be less than 1x in the near term (for 2018 and 2019) despite various measures that the MTA is taking to address its structural budget imbalance. As a result, we no longer view the MTA's overall creditworthiness as consistent with that of peer transit agencies rated 'A+' or higher, which have better coverage and less challenging funding issues. However, just as the MTA has consistently demonstrated a willingness and ability to generate savings to reduce out-year budget deficits, we believe the MTA, state, and potentially other local stakeholders will work together, as in the past, to produce a credible plan in the near term that includes additional sustainable and meaningful revenue sources to address the MTA's structural budget imbalance. An example of one such proposed new revenue source is congestion pricing, which would impose tolls on drivers entering Manhattan's central business district, but several new revenue sources could be proposed.

The outlook, where applicable, remains negative, reflecting our view that we could lower the rating further if we come to believe that the MTA's efforts to return DSC (per our calculations) to 1x or greater are not feasible. In our view, the MTA's history of weathering challenging periods--as in 2009, when the New York State Legislature established significant and sustainable new revenue sources for the MTA (the payroll mobility tax and the aid trust account revenues)--increases the likelihood that it will do so again. Putting together a plan and getting the necessary approvals, however, could be a lengthy process, creating uncertainty as to whether new sustainable revenue sources, revenue raising initiatives, and other measures will allow the MTA to maintain key credit metrics such as DSC and liquidity at levels we consider consistent with the rating. We could revise the outlook to stable if the MTA achieves a sustainable structural budget balance or if we come to believe that the MTA will likely do so.

The 'A' rating and 'a' SACP reflect our view of the MTA's:

- Very low industry risk, with low cyclicality and volatility of earnings during economic cycles, and very low competition;
- Extremely strong economic fundamentals, with a large service area that has good population growth, strong employment growth (and no significant employment concentration), and strong per capita wealth that exceeds the national average by more than 39%;
- Strong market position given its monopolistic business position and good overall demand trends as a result of the essentiality of its various mass transit services and tunnel-and-bridge system, although ridership--especially on buses--has weakened in the past two years as well as through the first half of fiscal 2018;
- Very strong management and governance policies, with very strong financial policies;

- Very strong financial flexibility, with an extremely strong consolidated farebox recovery ratio (including farebox and toll revenue) of 64% for fiscal 2017, and a moderate consolidated debt service carrying charge of approximately 18%; and
- Good liquidity levels, bolstered by our view of the authority's exceptional external liquidity and market access.

Partly offsetting the above strengths, in our view, are the MTA's:

- All-in consolidated net revenue DSC (per our calculations) that was slightly less than 1.00x in fiscal 2017, down from 1.23x in fiscal 2016;
- Continuing challenges to maintain a structural balance, with projected operating deficits of $262 million in fiscal 2020, $424 million in fiscal 2021, and $634 million in 2022, although management has historically resolved operating deficits to obtain a near-term structural balance; and
- Very high debt burden that we anticipate will continue as a result of significant capital needs, with a 2015-2019 capital program of $32.5 billion.

Securing the TRBs is gross revenue before expenses of the MTA, the New York City Transit Authority, the Manhattan and Bronx Surface Transit Operating Authority (MaBSTOA), the Long Island Rail Road Co. (LIRR), Metro-North Commuter Railroad Co. (MNCRC), and MTA Bus Co. The pledged revenue consists of fares and other operating receipts from MTA subsidiaries (MTA Bus, LIRR, and MNCRC), and the MTA's affiliates (the New York City Transit Authority and MaBSTOA). MTA nonoperating revenue, which consists of Triborough Bridge and Tunnel Authority surplus revenue, various tax revenue, subsidies, interest, and other miscellaneous MTA income, also secure the bonds. The MTA receives a cash subsidy from the U.S. Treasury for its Build America Bonds. The subsidy payments are not part of the trust estate of the transportation resolution. Although the bonds are secured by gross revenue, which provided DSC of more than 8x on a gross basis in fiscal 2017, our analysis focuses on consolidated system revenue available for all-in debt service after consideration of operating costs (net revenue), adjusted by noncash items, because we believe a system must pay operating expenses to remain viable.

The 'SP-1' rating on the MTA's BANs reflects what we consider a low market risk profile, strong market access, and strong information disclosure. In addition, the 'SP-1' rating reflects our 'A' long-term rating and SPUR on the revenue bonds and our 'A' ICR. Principal of and interest on the notes are payable solely from the proceeds of other notes and takeout bonds, and, with respect to interest payable, amounts available for payment of subordinated debt. The BANs are not secured by any other funds, accounts, or amounts that are pledged to the payment of bonds or parity obligations issued under the resolution.

We characterize the MTA's industry risk as very low. The system, and the mass transit industry as a whole, is mature and has historically demonstrated only minor cyclicality (including ridership trends), so we characterize the cyclicality and volatility of operating earnings as low risk. We also characterize competition and the threat of substitute products or services as very low risk. Barriers to entry are very high, in our opinion, given the system's size and its large infrastructure.

In our view, the MTA's economic fundamentals are extremely strong and its market position is strong. According to IHS Markit Insight data as of August 2018, population growth was good at 1.9% overall from 2012 to 2017, with employment growth very strong, in our opinion, at 9.9%. As of August 2018, IHS Markit forecasts population and employment growth at 0.2% and 1.3%, respectively, for fiscal 2018, and 0.1% and 1.0%, respectively, for 2019. Most employment sectors continue to perform strongly, with year-over-year employment gains in all sectors except for manufacturing and government. Preliminary April 2018 employment in New York City indicated a gain of slightly more than 65,000 jobs (1.5%) versus April 2017, marking the 97th consecutive month in which employment exceeded the prior-year level. Per capita effective buying income in the MTA's overall area remains what we consider very strong at 39% above the national average. This factor, along with the essentiality of the transportation network, adds considerable fare-raising flexibility, in our view.

Ridership (including bridge and tunnel vehicle crossings) grew by what we consider a good 1.6% overall in 2012 to 2017, despite a 2.2% decline in fiscal 2017 and a 0.2% decline in fiscal 2016, partly as a result of winter storms and weak bus ridership. Subway ridership alone fell by 29 million revenue passengers (1.7%) in 2017, while bus ridership declined by 35 million revenue passengers, or 5.6%. The soft ridership resulted from a series of winter storms, a rainy and unusually cold Memorial Day weekend, and a derailment on Metro North Railroad's New Haven line. Reduced track capacity at Penn Station during Amtrak's emergency repairs in July and August 2017 also affected ridership, by an estimated 1.1 million.

The MTA's latest forecast, from July, indicates an overall ridership decrease of 1.9% at fiscal year-end (Dec. 31) 2018 and growth of 0.5% in fiscal 2019. According to the MTA's BudgetWatch June 2018 Flash Report, passenger revenue was running $66 million (negative 2.6%) below budgeted levels through May 2018 as a result of ongoing unfavorable ridership trends in subway and bus ridership, but also as a result of weather events, including Winter Storm Grayson in January, nor'easters in March, and below-average temperatures in April. Toll revenue, on the other hand, was up $26 million, or 3.5%, versus budget for the same period, largely reflective of the continued robust regional economy. Offsetting overall operating revenue effects were favorable year-to-date operating expenses of $20 million, or 0.4% of budget. In terms of subsides, total year-to-date subsidies through June were in line with budget. Debt service through May was $24 million lower than budgeted given the timing of debt service deposits and lower-than-budgeted interest rates on variable-rate debt.

The MTA published its July 2018 Financial Plan for 2019 to 2022 (2019 preliminary budget) on July 25, 2018, with the next version of the MTA's financial plan due in November 2018. The plan is an update to the February Financial Plan.

The MTA's previous February 2018 plan projected year-end cash balances from operations as follows:

- $9 million for 2018,
- $4 million for 2019,
- Negative $403 million for 2020, and
- Negative $602 million for 2021.

Given technical adjustments and other changes, the July 2018 plan projects revised year-end cash balances as follows:

- $9 million for 2018,
- $4 million for 2019,

- Negative $262 million for 2020,
- Negative $424 million for 2021, and
- Negative $634 million for 2022.

Three significant changes between the plans are:

- The lower projected deficit of $262 million for 2020 versus the previous plan's projection of $403 million,
- The lower projected deficit of $424 million for 2021 versus the previous plan's projection of $602 million, and
- The new projected deficit of $634 million for 2022.

For fiscal years 2018 to 2021, the overall change is an improvement of $319 million, although the MTA also identified a new projected deficit of $634 million for 2022.

Although the authority has historically projected operating deficits, it has a strong track record of obtaining structural balance on an audited basis in most years through increased fares and tolls, operating expense reductions, higher tax revenue, low interest costs as a result of a continued low-interest-rate environment, and refinancing. In terms of key changes from the February Financial Plan, MTA was also recently successful in achieving full funding for Phase 1 of the Subway Action Plan, with the state and city each funding half of the $836 million needed in 2018 and with a surcharge instituted by the state on for-hire vehicles to begin on Jan. 1, 2019.

The July 2018 plan also reflects other changes since the February Plan, including $141 million in higher Metropolitan Mass Transportation Operating Assistance and Petroleum Business Tax receipt projections ($141 million), higher toll revenue projections ($138 million), reduced energy costs ($137 million), lower pension expenses ($75 million), and higher real estate subsidy projections ($74 million). Partly offsetting these changes are lower passenger revenue projections ($376 million). The MTA's unidentified annual savings targets are $75 million in 2018, $329 million in 2019, $305 million in 2020, $337 million in 2021, and $331 million in 2022 (for a total of $1.4 billion) per the July 2018 plan, a level that could be challenging to achieve, in our opinion. Other challenges remain for the MTA, and include the need to secure full funding for Phase 2 of the Subway Action Plan (although MTA anticipates it will be addressed in the 2020-2024 capital program), identifying additional revenue sources to support a growing budget and capital plan, keeping revenue (especially fare and toll revenue) apace with inflation and other rising costs, achieving incremental efficiencies and savings given the aggressive cost cuts already made, and potentially dealing with higher interest rates. The July Plan also include significant investments ($1.5 billion) to improve service and reliability.

The MTA's audited financial results for fiscal year-end (Dec. 31) 2017 weakened, in our view. We consider the authority's DSC generally adequate, reflecting our assessment of consolidated DSC (per our calculations) based on fiscal 2017 final audited numbers, our view of the MTA's forecast for fiscal years 2018 and 2019, and our view of MTA's credibility in tackling financial challenges historically. Although bondholders benefit from a pledge of gross transportation resolution revenue, which yielded gross DSC of no less than about 8.3x from 2010 to 2017, including 8.3x in fiscal 2017, we calculate all-in consolidated DSC net of operating expenses per our criteria. Our calculation of DSC takes into account the ability of recurring revenue to cover recurring operating expenses and debt service;

therefore, ending cash balances from activity in previous years are not included (but are analyzed separately in our liquidity analysis). DSC calculated in accordance with our methodology has fluctuated, measuring 1.29x in 2013, 1.20x in 2014, 1.45x in 2015, 1.23x in 2016, and slightly less than 1.00x in fiscal 2017. Our view of the MTA's forecast in the July Financial Plan indicates that S&P Global Ratings-calculated DSC (without regard to the gross lien on revenue) could be less than sufficient for fiscal years 2018 and 2019. While the November 2018 Financial Plan could indicate an improved financial forecast, we believe that this is unlikely given that a new revenue source will take time to develop. Nevertheless, as alluded to above, based on our favorable view of MTA management and on a historical perspective, we believe the MTA and key stakeholders will construct a credible plan to increase critical funding for operations and capital.

The MTA has had what we view as a strong improvement in audited fiscal year-end consolidated unrestricted cash and investments over the past few years, but liquidity declined somewhat in fiscal 2017. The consolidated unrestricted cash and investment balance increased to nearly $4.8 billion (143 days' cash on hand) in audited 2016, from about $2.3 billion (82 days) in 2012, but declined to about $4.0 billion in fiscal 2017 (116 days). The MTA also has a $350 million taxable revolving line of credit with JP Morgan, effective Aug. 24, 2017, through Aug. 24, 2022. An initial draw of $3.5 million was made upon closing. Including the line, total liquidity for fiscal 2017 was a good 126 days. The MTA expects to increase the line of credit to $700 million with execution anticipated by mid-August 2018, and we have factored this into our analysis. Management reported an unaudited consolidated cash and investment balance of $2.6 billion as of June 30, 2018 (excluding lines of credit). While this represents a decline from the $4 billion balance as of Dec. 31, 2017, the MTA had indicated in its February 2018 Financial Plan that cash would be spent down somewhat in 2018 to generate debt service savings. Also, we understand that cash balances can fluctuate considerably during the course of the year depending on the timing of receipt of various subsidies. We factor in a positive adjustment in the liquidity score for the authority's exceptional market access, which the lack of forward-looking year-end consolidated unrestricted cash and investment balances somewhat offsets, in our view. Cash to debt service (including the line of credit available as of the respective year) decreased to 1.72x in 2017 from 2.14x in 2016, and, assuming cash balances from June 30 that are subject to change, we project it at 1.38x for 2018 and 1.34x for 2019. All-in liquidity (including the pending increase in the JPMorgan line), assuming no additional drawdowns (the MTA does not perform formal cash projections), is estimated at $3.3 billion, or 84 days for fiscal 2018 and 83 days for fiscal 2019.

We view the MTA's financial flexibility as very strong, reflecting a consolidated 2017 farebox recovery ratio of approximately 64% and a consolidated debt service carrying charge of about 18%. MTA's farebox recovery ratio, when also including toll revenue, is one of the highest in the transit sector among agencies with public ratings from S&P Global Ratings. In consideration of the July 2018 plan, which we consider conservative, we calculate the MTA's consolidated farebox recovery ratio at 58% for 2018 and 57% for 2019. For the MTA, we include toll revenue in our calculation of farebox recovery ratio (a measure of financial flexibility) given its ability to adjust tolls as needed. The July plan reflects a 4% fare and toll increase in March 2019 and March 2021 (in addition to an average 4% increase in March 2017). The MTA receives nonoperating revenue from a broad range of sources, helping to insulate it from occasionally delayed state payments.

The authority's debt burden remain very high, in our view, and we expect this to continue because of a large, ongoing capital program that focuses on system preservation, enhancement (especially the subway system), and expansion that the MTA will largely debt-finance. The 2015-2019 capital program of $32.5 billion will be about 31% debt-financed. Debt to total revenue was 2.64x in 2017, and is projected at 2.50x in 2018 and 2.54x in 2019. Debt to net revenue was 16x in 2017, and is projected at 22x for 2018 and 23x for 2019. About $1.1 billion in existing debt will amortize in each of 2018 and 2019, but overall debt will increase to almost $41 billion by 2019.

We view the MTA's enterprise risk profile score as very strong and its financial risk profile score as strong, resulting in an indicative SACP of 'a+', per our "General Criteria: Mass Transit Enterprise Ratings: Methodology And Assumptions," published Dec. 18, 2013 on RatingsDirect. As noted earlier, based on an analysis of the MTA versus peer transit agencies, particularly with regard to our view of the MTA's insufficient actual and projected DSC (per our calculations) and funding challenges, we applied a notch of flexibility downward in arriving at the final SACP of 'a'. Given that we do not consider the MTA a government-related entity, our ICR on the authority is also 'A', reflecting our opinion of its overall ability to pay its financial obligations. The ICR also reflects our view of the authority's capacity and willingness to meet its financial commitments as they come due, and does not refer to any specific financial obligation.

TRB provisions include a gross revenue pledge and a rate covenant that requires sufficiency, whereby pledged revenue is sufficient to cover annual operating expenses and debt service. In addition, the authority is statutorily required to achieve a balanced budget each year, although we understand this includes the use of cash balances carried over from prior years. While the bonds lack a debt service reserve fund, the MTA's liquidity, including its line of credit, and exceptional market access offset this. Given our analysis of the bond provisions in the context of the MTA's financial metrics and industry standards, we view the provisions as credit neutral. Therefore, the issue rating on the authority's TRBs is 'A'.

Outlook

The negative outlook reflects our view of the MTA's pressured DSC and the sizable funding challenges it faces, particularly with regard to the need to secure additional sustainable funding for operations and capital.

Upside scenario

We could revise the outlook to stable during the next two years if we come to believe that at least sufficient DSC (per our calculations) is achievable in the near term and that the MTA can manage its significant and growing capital needs and debt plans.

Downside scenario

We could lower the rating further in the next two years if the MTA is not able to identify timely solutions to address structural budget imbalance and significant capital needs, including but not limited to the identification of new, sustained revenue sources.

Several Factors Reducing Ridership

On July 23, 2018, the MTA presented its updated findings with regard to ridership trends to the Transit Committee. According to the report, subway ridership turned negative in 2016, declining 0.3% that year, and declines accelerated to 1.7% in 2017. Management projects another decline, of 2.1%, in 2018. Bus ridership has experienced larger declines since 2013, including 5.1% in 2017, and is projected to see a 4.4% decline in 2018. MTA's analysis indicates similar trends at other large transit agencies. Especially steep in terms of subway ridership declines has been ridership during the evening and late night hours, and in the outer boroughs such as Queens and the Bronx. In addition, growth in the use of for-hire vehicles (such as taxis and through transportation network companies such as Uber and Lyft) accelerated an estimated 13% in 2017 after 7% growth in 2016 and 4% growth in 2015. Including this increase, and net of declines in bus and subway ridership (and including bike and ferry usage), overall ridership growth has slowed every year since 2013 and flattened in 2017. Contributing factors, according to MTA's findings, include relatively low gasoline prices, growth in vehicle registrations, increased telecommuting and e-commerce, slower bus speeds as a result of surface street congestion, fare evasion, declining student ridership, and full-time reconstruction projects. In our view, these trends could more than offset the 4% average fare increases planned by MTA in 2019 and 2021, making it increasingly evident that the MTA needs a new, significant sustainable revenue source. Fares alone represented 41% of MTA consolidated gross revenue in 2017.

Ratings Detail (As Of August 9, 2018)		
Metropolitan Transp Auth		
Long Term Rating	AA+/A-1+	Affirmed
Unenhanced Rating	A(SPUR)/Negative	Downgraded
Metropolitan Transp Auth		
Long Term Rating	AA+/A-1+	Affirmed
Unenhanced Rating	A(SPUR)/Negative	Downgraded
Metropolitan Transp Auth transit		
Long Term Rating	A/Negative	Downgraded
Metropolitan Transp Auth transit		
Long Term Rating	A/Negative	Downgraded
Metropolitan Transp Auth transit		
Long Term Rating	A/Negative	Downgraded
Metropolitan Transp Auth transit		
Long Term Rating	A/Negative	Downgraded
Metropolitan Transp Auth transit		
Long Term Rating	A/Negative	Downgraded
Metropolitan Transp Auth transit (AGM)		
Unenhanced Rating	A(SPUR)/Negative	Downgraded
Metropolitan Transp Auth transit (AGM)		
Unenhanced Rating	A(SPUR)/Negative	Downgraded
Metropolitan Transp Auth transit (AGM) (SECMKT)		
Unenhanced Rating	A(SPUR)/Negative	Downgraded
Metropolitan Transp Auth transit (BAM)		
Unenhanced Rating	A(SPUR)/Negative	Downgraded
Metropolitan Transp Auth transit (BAM)		
Unenhanced Rating	A(SPUR)/Negative	Downgraded

Ratings Detail (As Of August 9, 2018) (cont.)		
Metropolitan Transp Auth transit (BAM)		
Unenhanced Rating	A(SPUR)/Negative	Downgraded
Metropolitan Transp Auth transit (BAM) (SECMKT)		
Unenhanced Rating	A(SPUR)/Negative	Downgraded
Metropolitan Transp Auth transit (BAM) (SECMKT)		
Unenhanced Rating	A(SPUR)/Negative	Downgraded
Metropolitan Transp Auth transit (BAM) (SECMKT)		
Unenhanced Rating	A(SPUR)/Negative	Downgraded
Metropolitan Transp Auth transit (BAM) (SECMKT)		
Unenhanced Rating	A(SPUR)/Negative	Downgraded
Metropolitan Transp Auth transit (BAM) (SECMKT)		
Unenhanced Rating	A(SPUR)/Negative	Downgraded
Metropolitan Transp Auth transit (BAM) (SECMKT)		
Unenhanced Rating	A(SPUR)/Negative	Downgraded
Metropolitan Transp Auth transit (BAM) (SECMKT)		
Unenhanced Rating	A(SPUR)/Negative	Downgraded
Metropolitan Transp Auth transit (BAM) (SECMKT)		
Unenhanced Rating	A(SPUR)/Negative	Downgraded
Metropolitan Transp Auth transit (BAM) (SECMKT)		
Unenhanced Rating	A(SPUR)/Negative	Downgraded
Metropolitan Transp Auth transp rev bnds rmktd 05/16/2016 (Fltg Rate Tender Nts) ser 2012A-2 dtd 05/16/2016 due 11/15/2041		
Long Term Rating	A/Negative	Downgraded
Metropolitan Transp Auth transp rev bnd antic nts		
Short Term Rating	SP-1	Affirmed
Metropolitan Transp Auth transp rev bnd antic nts		
Short Term Rating	SP-1	Affirmed
Metropolitan Transp Auth transp rev bnd antic nts		
Short Term Rating	SP-1	Affirmed
Metropolitan Transp Auth transp rev bnd antic nts		
Short Term Rating	SP-1	Affirmed
Metropolitan Transp Auth transp rev bnd antic nts		
Short Term Rating	SP-1	Affirmed
Metropolitan Transp Auth transp rev bnd antic nts		
Short Term Rating	SP-1	Affirmed
Metropolitan Transp Auth transp rev bnd antic nts		
Short Term Rating	SP-1	Affirmed
Metropolitan Transp Auth transp rev bnd antic nts		
Short Term Rating	SP-1	Affirmed

Ratings Detail (As Of August 9, 2018) (cont.)		
Metropolitan Transp Auth transp rev bnd antic nts ser 2017C-1b due 02/15/2019		
Short Term Rating	SP-1	Affirmed
Metropolitan Transp Auth transp rev bnd antic nts ser 2017C-1c due 02/15/2019		
Short Term Rating	SP-1	Affirmed
Metropolitan Transp Auth transp rev bnd antic nts ser 2018A-2 due 08/15/2019		
Short Term Rating	SP-1	Affirmed
Metropolitan Transp Auth transp rev bnd antic nts ser 2018A-3 due 08/15/2019		
Short Term Rating	SP-1	Affirmed
Metropolitan Transp Auth transp rev bnd antic nts ser 2018A-4 due 08/15/2019		
Short Term Rating	SP-1	Affirmed
Metropolitan Transp Auth transp rev bnd antic nts ser 2018A-5 due 08/15/2019		
Short Term Rating	SP-1	Affirmed
Metropolitan Transp Auth transp rev rfdg green bnds ser 2017C-2 due 11/15/2040		
Long Term Rating	A/Negative	Downgraded
Unenhanced Rating	NR(SPUR)	
Metropolitan Transp Auth transp rev var rate bnds		
Long Term Rating	AA+/A-1+	Affirmed
Unenhanced Rating	A(SPUR)/Negative	Downgraded
Metropolitan Transp Auth transp rev var rate bnds		
Long Term Rating	AA/A-1	Downgraded
Unenhanced Rating	A(SPUR)/Negative	Downgraded
Metropolitan Transp Auth transp rev var rate bnds		
Long Term Rating	AA+/A-1	Affirmed
Unenhanced Rating	A(SPUR)/Negative	Downgraded
Metropolitan Transp Auth transp rev var rate bnds		
Long Term Rating	AA/A-2	Affirmed
Unenhanced Rating	A(SPUR)/Negative	Downgraded
Metropolitan Transp Auth transp rev var rate bnds		
Long Term Rating	AA+/A-1+	Affirmed
Unenhanced Rating	A(SPUR)/Negative	Downgraded
Metropolitan Transp Auth transp rev var rate rmktd 12/13/2017 bnds		
Long Term Rating	AA+/A-1	Affirmed
Unenhanced Rating	A(SPUR)/Negative	Downgraded
Metropolitan Transp Auth transp rev BANs		
Short Term Rating	SP-1	Affirmed
Metropolitan Transp Auth transp rev BANs ser 2018B-1B due 05/15/2020		
Short Term Rating	SP-1	Affirmed
Metropolitan Transp Auth transp rev BANs ser 2018B-1C due 05/15/2020		
Short Term Rating	SP-1	Affirmed
Metropolitan Transp Auth transp rev BANs ser 2018B-1D due 05/15/2020		
Short Term Rating	SP-1	Affirmed

Ratings Detail (As Of August 9, 2018) (cont.)		
Metropolitan Transp Auth transp rev BANs ser 2018B-1E due 05/15/2020		
Short Term Rating	SP-1	Affirmed
Metropolitan Transp Auth transp rev BANs ser 2018B-1F due 05/15/2020		
Short Term Rating	SP-1	Affirmed
Metropolitan Transp Auth transp rev BANs ser 2018B-1G due 05/15/2020		
Short Term Rating	SP-1	Affirmed
Metropolitan Transp Auth transp rev BANs ser 2018B-1H due 05/15/2020		
Short Term Rating	SP-1	Affirmed
Metropolitan Transp Auth transp rev BANs ser 2018B-1I due 05/15/2020		
Short Term Rating	SP-1	Affirmed
Metropolitan Transp Auth transp rev BANs ser 2018B-2a due 05/15/2021		
Short Term Rating	SP-1	Affirmed
Metropolitan Transp Auth transp rev BANs ser 2018B-2B due 05/15/2021		
Short Term Rating	SP-1	Affirmed
Metropolitan Transp Auth transp rev BANs ser 2018B-2C due 05/15/2021		
Short Term Rating	SP-1	Affirmed
Metropolitan Transp Auth transp rev BANs ser 2018B-2D due 05/15/2021		
Short Term Rating	SP-1	Affirmed
Metropolitan Transp Auth transp rev BANs ser 2018B-2E due 05/15/2021		
Short Term Rating	SP-1	Affirmed
Metropolitan Transp Auth transp rev BANs ser 2018B1-1J due 05/15/2020		
Short Term Rating	SP-1	Affirmed
Metropolitan Transp Auth transp (AGM)		
Unenhanced Rating	A(SPUR)/Negative	Downgraded
Metropolitan Transp Auth transp (AGM)		
Unenhanced Rating	A(SPUR)/Negative	Downgraded
Metropolitan Transp Auth transp (AGM)		
Unenhanced Rating	A(SPUR)/Negative	Downgraded
Metropolitan Transp Auth transp (AGM) (SEC MKT)		
Unenhanced Rating	A(SPUR)/Negative	Downgraded
Metropolitan Transp Auth transp (AGM) (SEC MKT)		
Unenhanced Rating	A(SPUR)/Negative	Downgraded
Metropolitan Transp Auth transp (AGM) (SEC MKT)		
Unenhanced Rating	A(SPUR)/Negative	Downgraded
Metropolitan Transp Auth transp (BAM) (SEC MKT)		
Unenhanced Rating	A(SPUR)/Negative	Downgraded
Metropolitan Transp Auth LOC		
Long Term Rating	AA+/A-1	Affirmed
Unenhanced Rating	A(SPUR)/Negative	Downgraded

Ratings Detail (As Of August 9, 2018) (cont.)		
Metropolitan Transp Auth LOC		
Long Term Rating	AA+/A-1	Affirmed
Unenhanced Rating	A(SPUR)/Negative	Downgraded
Metropolitan Transp Auth (BAM)		
Unenhanced Rating	A(SPUR)/Negative	Downgraded
Metropolitan Transp Auth		
Unenhanced Rating	A(SPUR)/Negative	Downgraded
Long Term Rating	AA/A-1	Downgraded
Metropolitan Transp Auth transp		
Unenhanced Rating	A(SPUR)/Negative	Downgraded

Many issues are enhanced by bond insurance.