

BUDGETWATCH

April 2013 Flash Report

Summary of Previous Report (March Budgetwatch):

Excepting higher real estate revenues, overall results were very close to Budget. Combined passenger and toll revenues for January were \$2.1 million, or 0.4% unfavorable, while operating expenses were \$12.0 million, or 1.6% favorable. January debt service costs were \$11.8 million, or 5.9% favorable. February YTD Payroll Mobility Tax receipts were \$6.5 million, or 2.2% unfavorable, while YTD PBT receipts were also unfavorable by \$5.3 million, or 5.2%; these variances appear to be primarily due to timing. Combined real estate tax receipts for February YTD were \$79.5 million, or 63.1% favorable.

Overall Latest Condition:

Preliminary YTD results were somewhat favorable, with much of that result coming from higher real estate transaction taxes. Lower subsidy collections offset some of the favorable real estate revenue. Expenses (including DS) were lower than budgeted; however, much of that favorable result was timing-related.

Passenger revenues were slightly favorable for the month of March (\$3.9 million), as the initial ridership impact of the fare increase was lower than projected. YTD numbers were slightly (\$7.8 million) unfavorable, however, due to harsh winter weather and the residual impacts of Sandy. Toll revenues were favorable for the month (\$2.9 million) and YTD (\$6.5 million) due to higher traffic attributable to higher NYC employment, and lower than forecasted impacts on traffic of the toll increase. Operating expenses were significantly favorable for the month (\$57.1 million) and YTD (\$88.7 million), although most of that variance was the result of lower timing-related activity in OTPS expense categories. Lower YTD debt service costs (\$43.6 million) reflect refunding savings, lower interest rates and timing. Combined receipts of PMT, MTA Aid, and PBT were \$38.7 million unfavorable YTD, some of which may be timing-related.

Combined real estate tax receipts were strong in April (\$20.8 million favorable), increasing the favorable YTD variance to \$85.5 million. Most of this increase was the result of higher collections from the Real Property Transfer Tax (RPTT) portion of the Urban Tax. These results do not at this time appear to be indicative of a trend. While January and February results were very strong, March results were well below Budget and April results would not have been favorable had three large transactions not occurred.

Passenger and Toll Revenues

	YTD March 2013 (\$ in millions)				Month of March 2013 (\$ in millions)				
	<u>Prelim Actual</u>	<u>Adopted Budget</u>	<u>Diff</u>	<u>%Diff</u>	<u>Prelim Actual</u>	<u>Adopted Budget</u>	<u>Diff</u>	<u>%Diff</u>	
NYCT:									
Subway	\$684.7	\$689.9	(\$5.1)	-0.7%	Subway	\$252.9	\$250.6	\$2.3	0.9%
Bus	216.1	214.6	1.6	0.7%	Bus	79.2	77.4	1.8	2.3%
Other	<u>16.7</u>	<u>17.3</u>	<u>(0.7)</u>	<u>-3.9%</u>	Other	<u>5.6</u>	<u>5.9</u>	<u>(0.3)</u>	<u>-4.6%</u>
NYCT	\$917.5	\$921.8	(\$4.2)	-0.5%	NYCT	\$337.7	\$333.9	\$3.8	1.1%
LIRR	142.5	142.2	0.3	0.2%	LIRR	52.3	51.7	0.6	1.1%
MNR	<u>143.7</u>	<u>147.6</u>	<u>(3.9)</u>	<u>-2.7%</u>	MNR	<u>52.2</u>	<u>52.6</u>	<u>(0.4)</u>	<u>-0.8%</u>
Sub-total	\$1,203.7	\$1,211.6	(\$7.8)	-0.6%	Sub-total	\$442.2	\$438.3	\$3.9	0.9%
B&T	<u>357.2</u>	<u>350.7</u>	<u>6.5</u>	<u>1.9%</u>	B&T	<u>136.5</u>	<u>133.6</u>	<u>2.9</u>	<u>2.2%</u>
Total	\$1,560.9	\$1,562.2	(\$1.3)	-0.1%	Total	\$578.7	\$571.9	\$6.8	1.2%

For the month, passenger revenues were \$3.9 million, or 0.9%, better than Budget. NYCT and the LIRR were both slightly favorable to Budget (by 1.1%) partly due to the fare increase's having a lesser impact than projected on ridership, while MNR was slightly unfavorable to Budget by 0.8%. Toll revenues were favorable by 2.2%, again partly due to the toll increase's having a lesser impact than projected on traffic. On a year-to-date basis, passenger revenues were unfavorable to Budget by \$7.8 million, or 0.6%, primarily due to lower than forecasted ridership attributable to unfavorable

weather and the residual impacts of Sandy in the case of NYCT. Toll revenues were favorable by \$6.5 million, or 1.9%, due to higher traffic attributable to higher NYC employment and lower than forecasted impacts on traffic of the toll increase.

Total Operating Expenses before Non-Cash Liability Adjustments

	YTD March 2013 (\$ in millions)				Month of March 2013 (\$ in millions)				
	<u>Prelim</u>	<u>Adopted</u>	<u>Diff</u>	<u>%Diff</u>	<u>Prelim</u>	<u>Adopted</u>	<u>Diff</u>	<u>%Diff</u>	
	<u>Actual</u>	<u>Budget</u>			<u>Actual</u>	<u>Budget</u>			
NYCT	\$1,501.8	\$1,548.7	\$46.9	3.0%	NYCT	\$489.0	\$520.8	\$31.9	6.1%
LIRR	312.9	331.0	18.1	5.5%	LIRR	95.6	108.9	13.3	12.2%
MNR	250.0	267.2	17.2	6.4%	MNR	78.9	90.3	11.4	12.6%
B&T	<u>89.3</u>	<u>95.8</u>	<u>6.5</u>	<u>6.7%</u>	B&T	<u>35.4</u>	<u>35.9</u>	<u>0.5</u>	<u>1.4%</u>
Total	\$2,154.0	\$2,242.7	\$88.7	4.0%	Total	\$698.9	\$756.0	\$57.1	7.5%

For the month, preliminary expenses were favorable to budget by \$57.6 million or 7.6%; most of this variance was the result of timing-related activity in OTPS expense categories. NYCT was \$31.9 million favorable due to lower non-labor expenses (\$20.8 million – mainly energy, materials & supplies and paratransit service contracts) and lower labor expenses (\$11.1 million – mainly fringe benefits). The LIRR was favorable by \$13.3 million due to lower non-labor expenses (\$12.9 million – mainly maintenance and other operating contracts, professional service contracts, materials & supplies and claims), and slightly lower labor expenses (\$0.4 million). MNR was favorable by \$11.4 million due to lower labor expenses (\$7.3 million – mostly payroll, health & welfare, other fringe benefits, and overtime) and non-labor expenses (\$4.1 million – mainly maintenance and other operating contracts and professional services). B&T was on budget.

March YTD expenses were \$89.3 million, or 3.9%, favorable to budget; timing-related OTPS expense activity is the primary factor attributing to this variance. NYCT was favorable by \$46.9 million due to lower non-labor expenses (\$31.9 million – mostly paratransit service contracts, maintenance and other operating contracts, and energy) and lower labor expenses (\$15.1 million – mostly fringe benefits). The LIRR was favorable by \$18.1 million due to lower non-labor expenses (\$16.9 million – mostly maintenance and other operating contracts, professional service contracts, material & supplies, and claims) and lower labor expenses (\$1.2 million – mostly payroll and fringe benefits). MNR was favorable by \$17.2 million due to lower non-labor expenses (\$11.5 million – mainly maintenance and other operating contracts, professional services, and electric power) in addition to favorable labor expenses (\$5.7 million – mostly health and welfare, payroll, other fringe benefits).

Overtime

	YTD March 2013 (\$ in millions)				Month of March 2013 (\$ in millions)				
	<u>Prelim</u>	<u>Adopted</u>	<u>Diff</u>	<u>%Diff</u>	<u>Prelim</u>	<u>Adopted</u>	<u>Diff</u>	<u>%Diff</u>	
	<u>Actual</u>	<u>Budget</u>			<u>Actual</u>	<u>Budget</u>			
NYCT	\$95.7	\$75.0	(\$20.7)	-27.6%	NYCT	\$31.3	\$25.5	(\$5.8)	-22.8%
LIRR	24.1	17.9	(6.2)	-34.8%	LIRR	7.4	5.1	(2.3)	-44.2%
MNR	14.2	14.5	0.4	2.5%	MNR	3.8	4.9	1.1	22.2%
B&T	<u>5.1</u>	<u>6.0</u>	<u>0.9</u>	<u>15.2%</u>	B&T	<u>1.9</u>	<u>1.8</u>	<u>(0.1)</u>	<u>-3.4%</u>
Total	\$139.1	\$113.4	(\$25.7)	-22.7%	Total	\$44.3	\$37.3	(\$7.1)	-18.9%

Overtime was unfavorable for the month by \$7.1 million, or 18.9%, increasing the unfavorable YTD variance to \$25.7 million, or 22.7%. Overall unfavorable YTD results largely reflect the impact of a major snowstorm on February 8–9. Additionally, NYCT's \$20.7 million unfavorable result also reflects payments to represented employees of 2012 "banked" overtime and Sandy-related work, and the LIRR's \$6.2 million unfavorable result reflects higher vacancy/absentee coverage and a major train derailment on 3/19.

Debt Service

Debt service costs for the month of March were \$200.3 million, which was \$0.7 million, or 0.3%, favorable to budget. March YTD debt service costs were \$559.6 million, which was \$43.6 million, or 7.2%, favorable due to refunding savings,

lower interest rates and timing. We anticipate that refunding savings will be programmed into the 2015-2019 Capital Program.

Payroll Mobility Tax (PMT) / MTA AID

YTD April 2013 (\$ in millions)					Month of April 2013 (\$ in millions)				
	<u>Actual</u>	<u>Adopted Budget</u>	<u>Diff</u>	<u>% Diff</u>		<u>Actual</u>	<u>Adopted Budget</u>	<u>Diff</u>	<u>% Diff</u>
PMT	\$482.3	\$491.0	(\$8.7)	-1.8%	PMT	\$137.7	\$101.5	\$36.2	35.6%
MTA Aid	55.4	64.0	(\$8.6)	-13.4%	MTA Aid	0.0	0.0	\$0.0	0.0%
Total	\$537.8	\$555.0	(\$17.2)	-3.1%	Total	\$137.7	\$101.5	\$36.2	35.6%

Notes: 1) MTA Aid includes the License Fee, Vehicle Registration Fee, Taxi Fee, Automobile Rental Fee.
2) PMT replacement funds totaling \$310 million for the year, excluded from the results reported in this table, are projected to be received in five equal installments of \$62 million.

April Payroll Mobility Tax (PMT) receipts of \$137.7 million were \$36.2 million favorable compared with the Adopted Budget reflecting a reversal of an unfavorable timing-related variance in March. YTD receipts were slightly unfavorable to the forecast by \$8.7 million, or 1.8%. MTA Aid receipts for the first quarter of the year were \$8.6 million or 13.4% unfavorable.

State Dedicated Taxes

Petroleum Business Tax (PBT) receipts for April of \$41.9 million were \$13.1 million (23.8%) unfavorable; and year-to-date PBT receipts of \$178.7 million were also unfavorable by \$21.5 million (10.7%). The State re-forecast that was used in the final appropriation was \$5 million lower than previously estimated. The remaining unfavorable variance appears to be a combination of real and timing differences.

The first MMTOA payment for the year is not expected until May.

Real Estate Transaction Taxes

YTD April 2013 (\$ in millions)					Month of April 2013 (\$ in millions)				
	<u>Actual</u>	<u>Adopted Budget</u>	<u>Diff</u>	<u>% Diff</u>		<u>Actual</u>	<u>Adopted Budget</u>	<u>Diff</u>	<u>Diff</u>
MRT	\$111.9	\$107.9	\$4.0	3.8%	MRT	\$26.6	\$27.0	(\$0.4)	-1.4%
NYC Urban	225.5	144.0	\$81.5	56.6%	NYC Urban	57.1	36.0	\$21.2	58.8%
Total	\$337.4	\$251.8	\$85.5	34.0%	Total	\$83.7	\$63.0	\$20.8	33.0%

Total real estate taxes for April of \$83.7 million were \$20.8 million (33.0%) better than budget, increasing the YTD variance to a favorable \$85.5 million (34.0%). Receipts from each individual tax improved over March levels and exceeded April 2012 collections.

Regional Mortgage Recording Tax¹ receipts for April were \$0.4 million or 1.4% below the Adopted Budget. The unfavorable MRT result is explained by poorer than expected MRT-2 receipts, not completely offset by favorable collections of MRT-1. While total MRT-2 was 13.5% unfavorable, its April receipts of \$7.9 million were higher than the 2012 average of \$7.7 million. MRT-1 receipts of \$18.7 million in April were favorable by 4.8%.

New York City Urban Tax² receipts for April were \$21.2 million or 58.8% favorable, and YTD Urban Tax receipts through April were \$81.5 million (56.6%) favorable. April's favorable Urban Tax receipts build upon the exceptionally strong January and February results that exceeded the forecasts of the Adopted Budget by 100%; April also marks a rebound from the disappointing March Urban Tax revenues, which were 32% worse than expected. For April, the MRT portion of the Urban Tax was \$14.8 million, which was \$4.1 million or 38.1% favorable. The Real Property Transfer Tax (RPTT) portion of the Urban Tax was \$42.4 million in April, favorable by \$17.1 million or 67.5%. Earlier in the year, high Urban

¹ Mortgage Recording Taxes consist of two separate taxes on all mortgages recorded in the twelve-county region: MRT-1 is a tax on both commercial and residential mortgages, while MRT-2 is imposed on residential real estate structures containing one to six dwelling units.

² New York City Urban Taxes are imposed on non-residential property and apartment building transactions within New York City that are valued at over \$500,000. The MRT component of the Urban Tax is imposed on mortgages of commercial property exceeding \$500,000, and the Real Property Transfer Tax component is imposed on the transfer of NYC commercial real properties valued over \$500K.

Tax revenues were not attributable to any single large transactions, but were rather the result of an overall high volume and pricing of commercial real estate transactions; for April, however, just over half of Urban Tax receipts resulted from three large transactions.

April 2013 BudgetWatch Regional Economy

New York City Employment

Sectors with Employment losses in February 2013 Compared to February 2012

- Manufacturing
- Transportation, Utilities
- Financial Activities
- Government
- Information



Sectors with Employment Gains in February 2013 Compared to February 2012

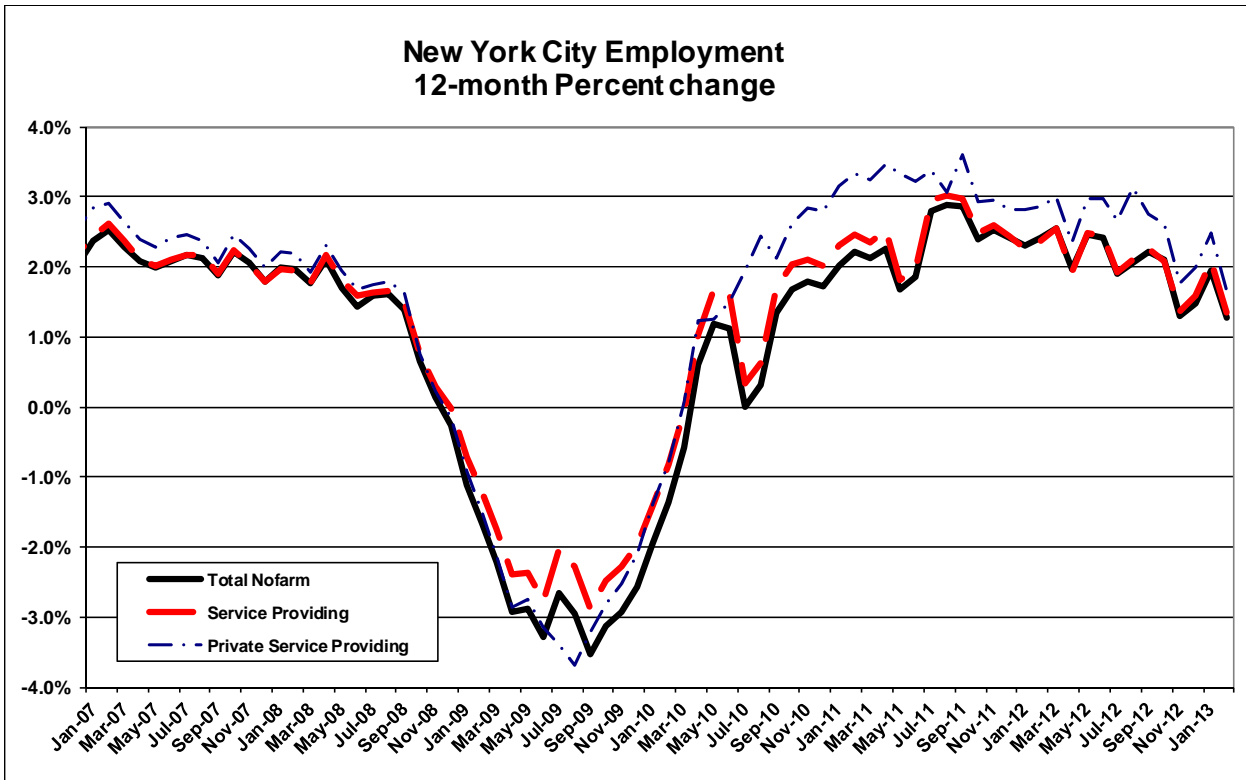
- Trade
- Leisure and Hospitality
- Construction, Mining, Natural Resources
- Education & Health Services
- Other Services
- Professional & Business Services



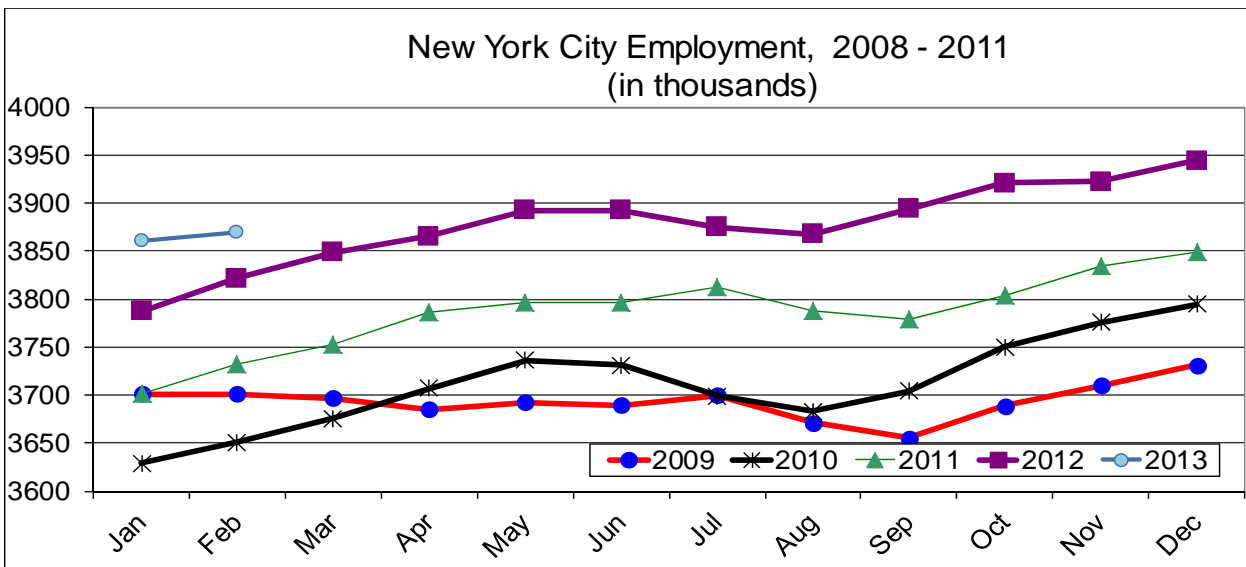
<i>New York City Employment (in thousands)</i>	Prelim Feb-13	Revised Jan-13	Feb-12	Gain / (Loss) Feb-13 versus			
				Jan-13		Feb-12	
				Net	Percent	Net	Percent
Total Employment	3870.0	3860.5	3821.7	9.5	0.2%	48.3	1.3%
Goods Producing	184.3	183.3	184.8	1.0	0.5%	(0.5)	-0.3%
Construction, Mining, Nat Res	110.4	110.0	109.1	0.4	0.4%	1.3	1.2%
Manufacturing	73.9	73.3	75.7	0.6	0.8%	(1.8)	-2.4%
Service Producing	3685.7	3677.2	3636.9	8.5	0.2%	48.8	1.3%
Transportation, Utilities	116.3	123.1	120.0	(6.8)	-5.5%	(3.7)	-3.1%
Trade	467.5	471.8	457.4	(4.3)	-0.9%	10.1	2.2%
Information	168.3	169.1	172.9	(0.8)	-0.5%	(4.6)	-2.7%
Financial Activities	432.0	435.2	437.7	(3.2)	-0.7%	(5.7)	-1.3%
Education & Health Svcs	629.7	622.4	602.6	7.3	1.2%	27.1	4.5%
Professional & Business Svcs	803.3	797.4	785.5	5.9	0.7%	17.8	2.3%
Leisure & Hospitality	353.1	352.4	349.0	0.7	0.2%	4.1	1.2%
Other Services	173.3	172.4	167.6	0.9	0.5%	5.7	3.4%
Government	542.2	533.4	544.2	8.8	1.6%	(2.0)	-0.4%

Preliminary February 2013 employment in New York City shows a gain of 48.3 thousand jobs (an increase of 1.3%) compared to last February's employment level. February marks the thirty-first month in a row with higher employment than one year earlier. The Education and Health Services sector experienced the greatest gains among the major sectors, adding 27,100 jobs over the past twelve months; and growth was also strong in the Professional and Business Services sector and the Trade sector, which together added 37,200 jobs.

April 2013 BudgetWatch Regional Economy

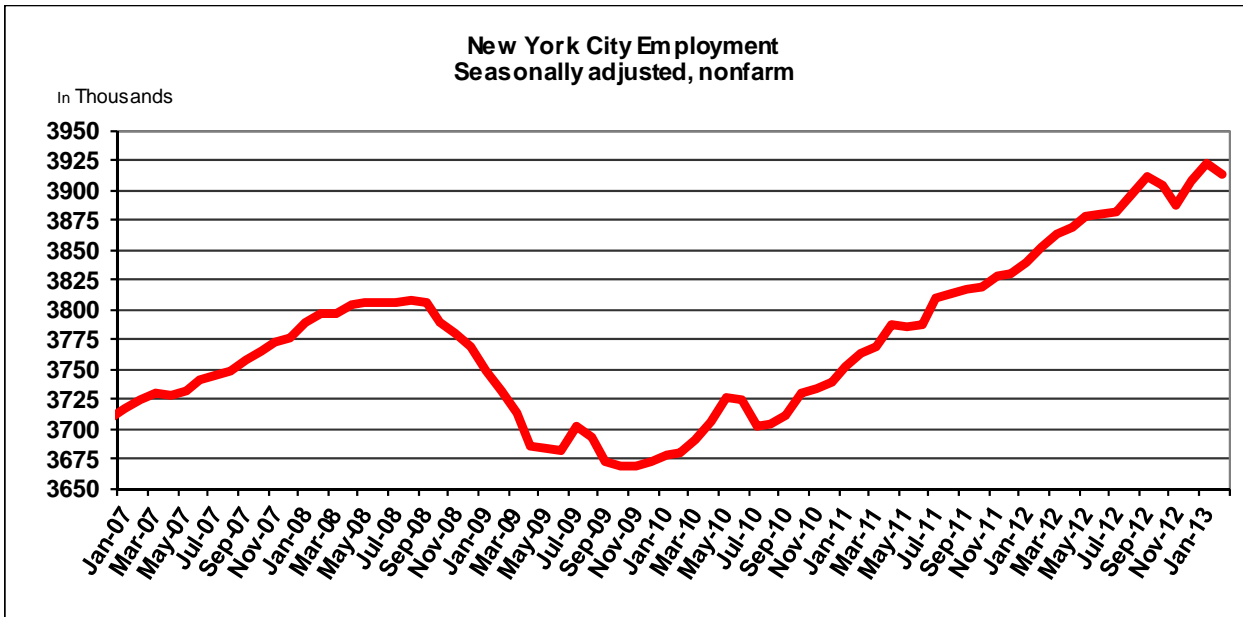


Employment in New York City’s service-producing sectors increased by 48.8 thousand jobs, an increase of 1.3% over the February 2012 level. Private-sector service-providing employment in New York City increased by 50.8 thousand jobs, 1.6% higher than the level of one year ago, and February marks the thirty-fifth month in a row with an annual increase greater than 1%.



April 2013 BudgetWatch

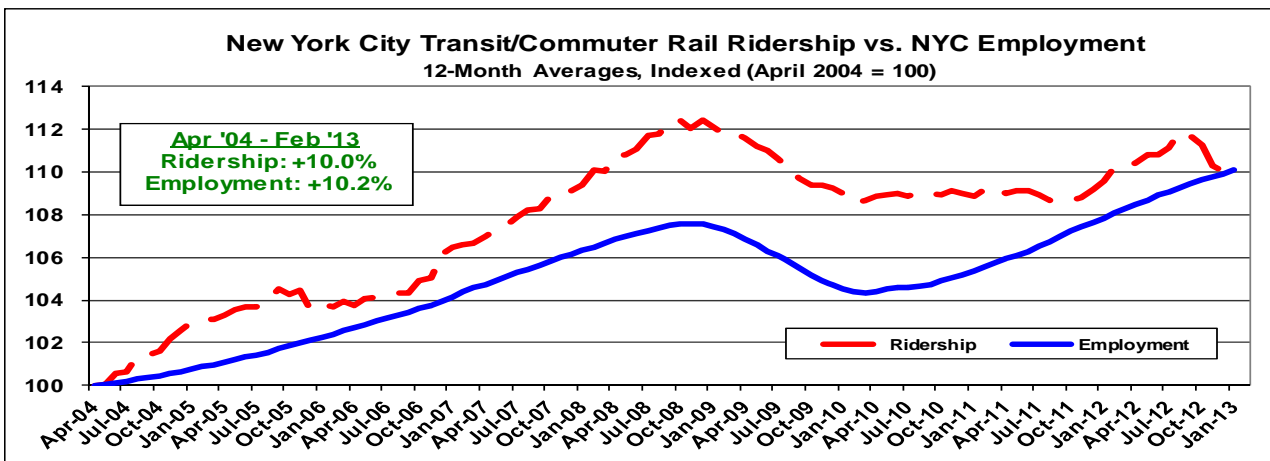
Regional Economy



Seasonally adjusted New York City employment in February was higher than in February 2012 by 60.9 thousand jobs (up 1.6%), but was lower than January 2013 by 7.9 thousand jobs (down 0.2%). Since September 2009, when seasonally adjusted employment reached a recessionary low-point, New York City has added 242 thousand jobs, an increase of 6.6%.

Ridership and Employment

In April 2004, the twelve-month moving average for employment began to increase after 35 consecutive months of declines from May 2001 through March 2004. Employment levels rose through November 2008, and then declined for 16 months through March 2010. The twelve-month employment average (through February 2013) has increased for thirty-one consecutive months, and is now 10.2% higher than the April 2004 level. Annualized (12-month average) New York City Transit/Commuter Rail ridership has grown to 10.0% above the April 2004 level. The twelve-month average for ridership in February was virtually the same as in February 2012.



April 2013 BudgetWatch Regional Economy

Consumer Price Index

Goods Reporting Price Increases in January 2013 Compared to December 2012

- Medical Care
- Food
- Apparel
- Electricity

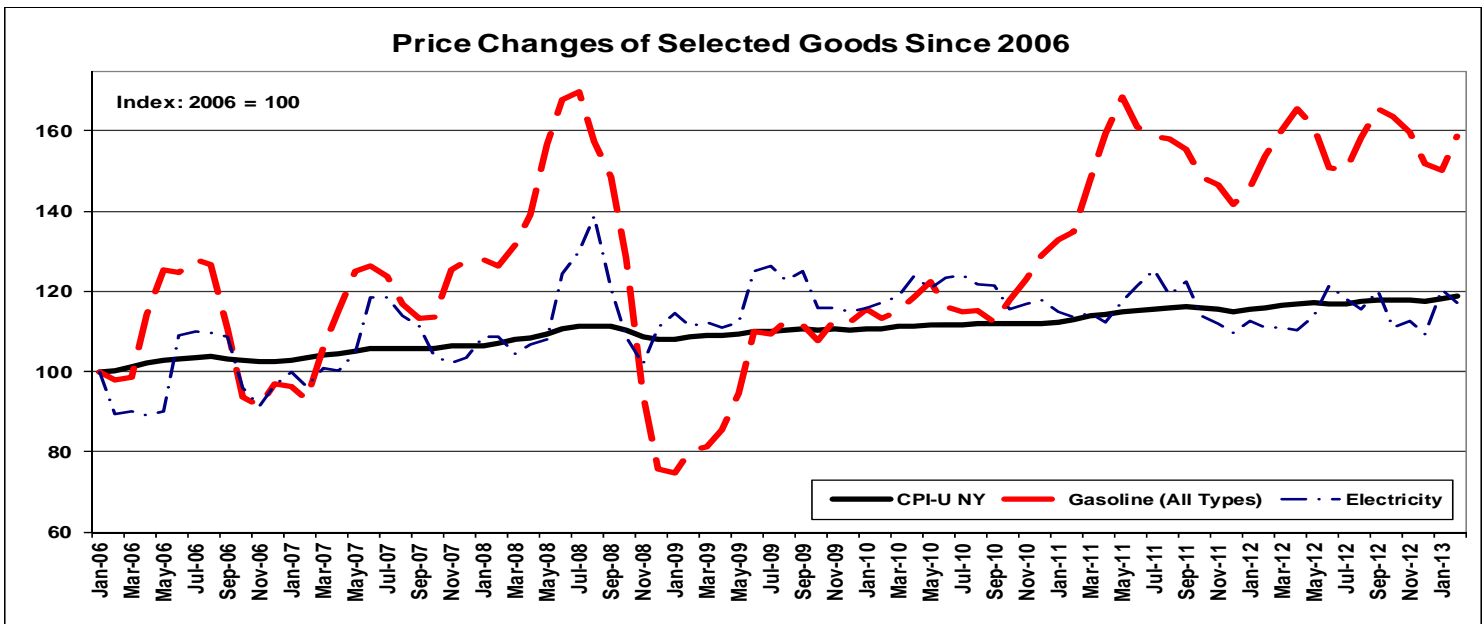


Goods Reporting Price Declines in January 2013 Compared to December 2012

- Gasoline
- Transportation

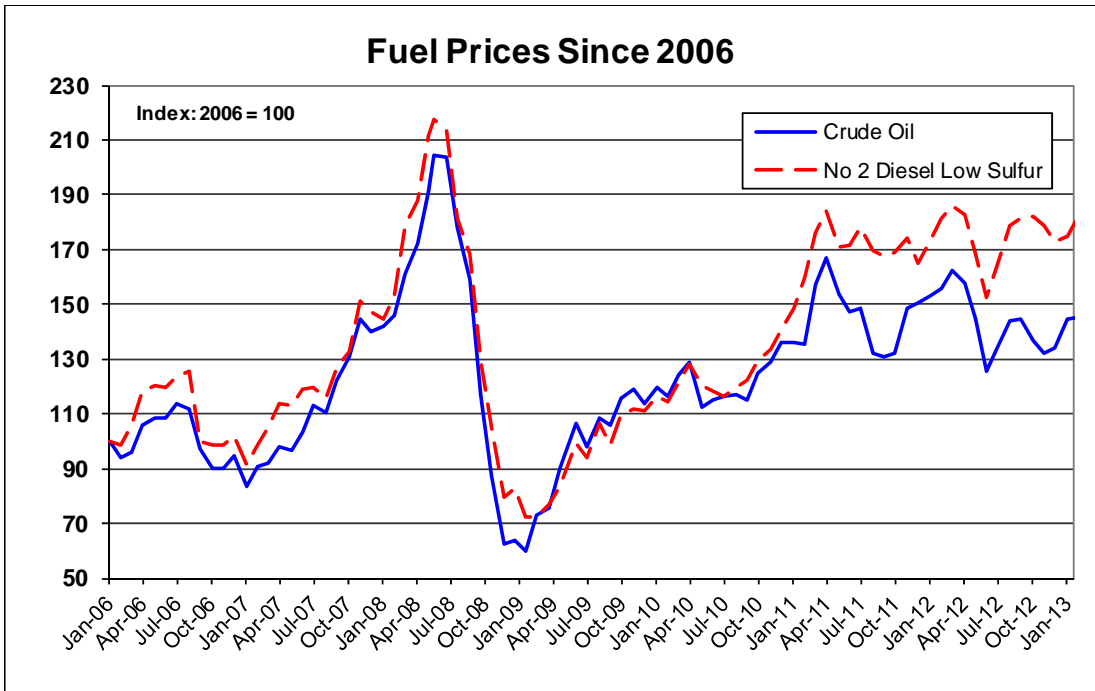


NY-NJ_CT Consumer Price Index All Urban Consumers (CPI-U)	Feb-13	Jan-13	Feb-12	Increase / (Decrease) Feb-13 vs			
				Jan-13		Feb-12	
				Net	Percent	Net	Percent
				Regional CPI-U	256.2	254.8	250.3
Medical Care Component	423.3	417.2	408.3	6.1	1.5%	15.0	3.7%
Electricity Component	186.2	191.4	176.0	-5.2	-2.7%	10.3	5.8%
Gasoline (all grades) Component	296.4	280.5	287.1	15.9	5.7%	9.3	3.2%
National CPI-U	232.2	230.3	227.7	1.9	0.8%	4.5	2.0%



April 2013 BudgetWatch Regional Economy

Fuel Prices



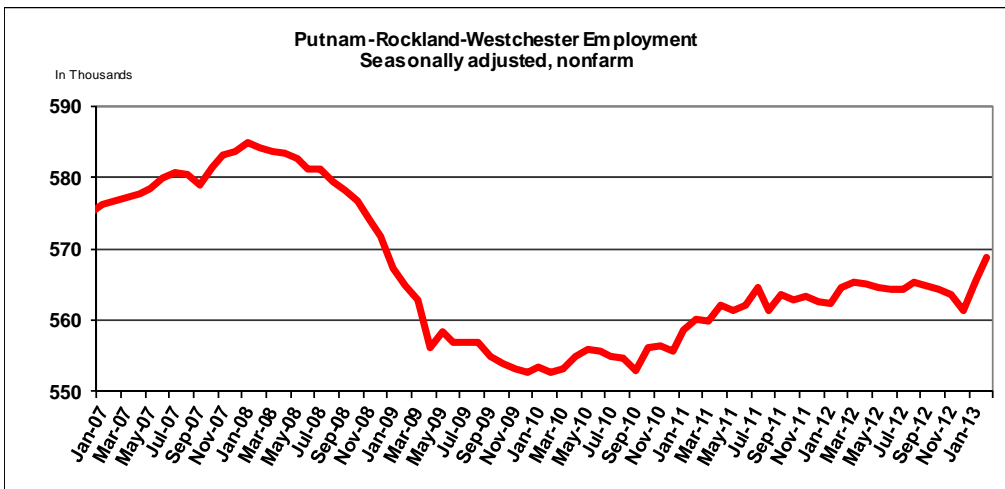
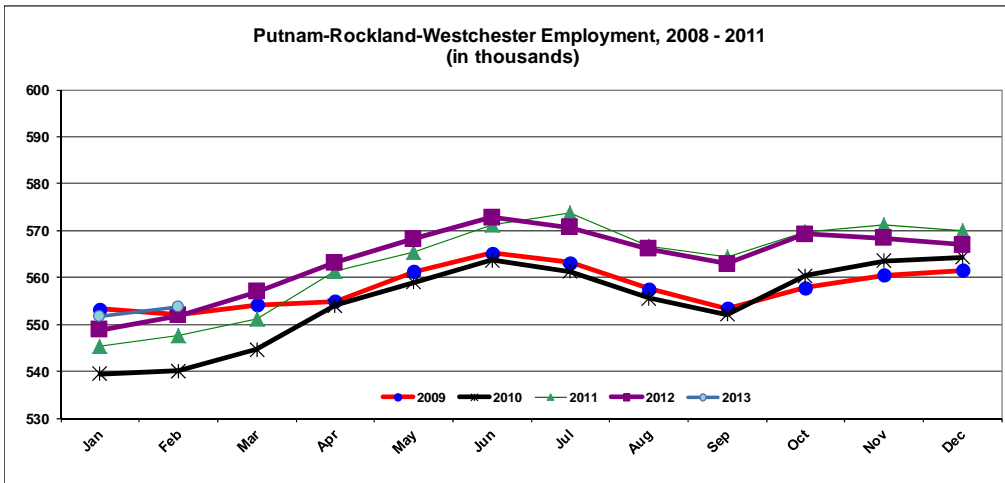
NOTE: Latest Crude Oil and No.2 Diesel Low Sulfur prices: January 15, 2013

Fuel Prices New York Spot Prices	Most Recent Quarter				Feb-12	Change, Feb '13 vs.		
	Apr. 08, 2013	Feb-13	Jan-13	Dec-12		Jan-13	Dec-12	Feb-12
Crude Oil	93.36	95.31	94.76	87.86	102.2	0.6%	8.5%	-6.7%
Conventional Regular Gasoline *	2.73	3.05	2.85	2.73	3.04	7.0%	12.0%	0.3%
Low Sulfur No.2 Diesel Fuel *	2.98	3.24	3.10	3.07	3.22	4.3%	5.4%	0.4%
No.2 Heating Oil *	2.85	3.17	3.07	3.00	3.20	3.3%	5.8%	-0.9%

* \$ per gallon

April 2013 BudgetWatch Regional Economy

(in thousands)	Putnam, Rockland & Westchester Employment							Gain / (Loss)	
	Prelim Feb-13	Revised Jan-13	Feb-12	Jan-13		Feb-12		Feb-13 versus	
				Net	Percent	Net	Percent	Net	Percent
Total Employment	553.8	551.6	551.9	2.2	0.4%	1.9	0.3%		
Goods Producing	51.6	50.9	52.4	0.7	1.4%	(0.8)	-1.5%		
Construction, Mining, Nat Res	27.5	26.8	27.6	0.7	2.6%	(0.1)	-0.4%		
Manufacturing	24.1	24.1	24.8	0.0	0.0%	(0.7)	-2.8%		
Service Producing	502.2	500.7	499.5	1.5	0.3%	2.7	0.5%		
Transportation, Utilities	17.7	17.9	18.1	(0.2)	-1.1%	(0.4)	-2.2%		
Trade	88.6	90.2	86.2	(1.6)	-1.8%	2.4	2.8%		
Information	13.1	12.9	13.8	0.2	1.6%	(0.7)	-5.1%		
Financial Activities	32.1	32.2	33.0	(0.1)	-0.3%	(0.9)	-2.7%		
Education & Health Svcs	72.1	71.5	69.9	0.6	0.8%	2.2	3.1%		
Professional & Business Svcs	120.9	119.1	119.2	1.8	1.5%	1.7	1.4%		
Leisure & Hospitality	42.6	42.8	44.2	(0.2)	-0.5%	(1.6)	-3.6%		
Other Services	25.7	25.6	25.0	0.1	0.4%	0.7	2.8%		
Government	89.4	88.5	90.1	0.9	1.0%	(0.7)	-0.8%		



April 2013 BudgetWatch Regional Economy

Poughkeepsie-Newburgh-Middletown Employment (in thousands)	Gain / (Loss) Feb-13 versus						
	Prelim Feb-13	Revised Jan-13	Feb-12	Jan-13		Feb-12	
				Net	Percent	Net	Percent
Total Employment	250.2	247.4	247.5	2.8	1.1%	2.7	1.1%
Goods Producing	25.7	25.9	26.7	(0.2)	-0.8%	(1.0)	-3.7%
Construction, Mining, Nat Res	7.9	8.0	8.5	(0.1)	-1.3%	(0.6)	-7.1%
Manufacturing	17.8	17.9	18.2	(0.1)	-0.6%	(0.4)	-2.2%
Service Producing	224.5	221.5	220.8	3.0	1.4%	3.7	1.7%
Transportation, Utilities	8.5	8.5	8.4	0.0	0.0%	0.1	1.2%
Trade	47.3	48.3	46.7	(1.0)	-2.1%	0.6	1.3%
Information	3.6	3.6	3.8	0.0	0.0%	(0.2)	-5.3%
Financial Activities	8.5	8.5	8.7	0.0	0.0%	(0.2)	-2.3%
Education & Health Svcs	21.9	22.5	21.6	(0.6)	-2.7%	0.3	1.4%
Professional & Business Svcs	55.0	52.0	52.8	3.0	5.8%	2.2	4.2%
Leisure & Hospitality	21.3	21.2	19.1	0.1	0.5%	2.2	11.5%
Other Services	10.1	10.1	10.0	0.0	0.0%	0.1	1.0%
Government	48.3	46.8	49.7	1.5	3.2%	(1.4)	-2.8%

