

## **II. Major Assumptions 2009-2012 Projections- Baseline**

**Utilization**  
**(Revenue, Ridership, Vehicle Traffic)**

## UTILIZATION

### **2008 Ridership, Traffic and Revenue**

The 2008 November Forecast for MTA consolidated ridership is projected to total 2,698 million passengers, while crossings at Bridges and Tunnels (B&T) facilities are projected to total 295 million vehicular crossings. New York City Transit (NYCT) combined subway and bus ridership for the 2008 November Forecast accounts for 88% of MTA consolidated ridership, while ridership for Long Island Rail Road (LIRR) and Metro-North Railroad's (MNR) East-of-Hudson operations each account for 3%. MTA Bus Company (MTABC) ridership accounts for 4% of MTA consolidated ridership. Staten Island Railway (SIR) ridership is estimated to be 4 million (0.2% of MTA ridership) and Long Island Bus (LIB) fixed route ridership is estimated to be 33 million (1% of MTA ridership).

MTA consolidated farebox revenue for the 2008 November Forecast is estimated to be \$4,190 million; toll revenue is estimated to be \$1,273 million. NYCT combined subway and bus farebox revenue for the 2008 November Forecast is expected to be \$2,975 million, while LIRR is projecting \$508 million in farebox revenue and MNR is projecting \$507 million in farebox revenue for its East-of-Hudson operations. SIR farebox revenue is estimated to be \$4 million, LIB fixed route farebox revenue is estimated to be \$41 million, and MTABC farebox revenue is expected to be \$154 million.

The 2008 November Forecasts are based on actual results through September 2008 for NYCT, LIRR, MNR, SIR, LIB and B&T; the forecast for MTABC includes actual results through August 2008.

The 2008 November Forecast for MTA consolidated ridership is projected to increase by 88 million trips – a 3% increase – over 2007 MTA consolidated ridership, representing a ridership increase on all MTA operations from 2007 levels. The 2008 November Forecast for traffic at B&T facilities is expected to decline by 9 million crossings, a decrease of 3% over the 2007 level. The 2008 November Forecast for farebox revenue is projected to increase by \$249 million, a 6% increase, and is projected to be higher for each MTA agency. B&T toll revenue is expected to be \$23 million greater than 2006 toll revenue, a 2% increase.

Year to year increases in farebox and toll revenue reflect fare and toll increases that went into effect in March 2008. Fares for NYCT, SIR, LIB and MTABC changed on March 2. The \$2 cash, single ride ticket and regular Pay-Per-Ride fares did not change, but the Bonus Pay-Per-Ride MetroCard changed from a 20% bonus with a minimum purchase of \$10 to a 15% bonus with a minimum purchase of \$7. The prices of Unlimited Ride MetroCards also increased: the 1-Day Fun Pass increased from \$7 to \$7.50; the 7-Day Unlimited Ride MetroCard increased from \$24 to \$25, and; the 30-Day Unlimited Ride MetroCard increased from \$76 to \$81. The existing \$41 price of the 7-Day Express Bus Plus Unlimited MetroCard was unchanged. In addition, a 14-Day Unlimited Ride MetroCard priced at \$47 was introduced.

Fare changes for LIRR and MNR became effective on March 1, with prices of one-way, ten-trip, weekly and monthly tickets increasing to yield a 3.85% average change in ticket prices. City Ticket fares increased from \$3 to \$3.25, and the 5% Mail & Ride fare discount on the commuter railroad portion of the joint Monthly Commutation/Monthly Unlimited Ride MetroCard was retained.

B&T facility tolls increased on March 16. Cash tolls for passenger vehicles on major facilities and the Henry Hudson Bridge rose by 50 cents (and by \$1 for the one-way cash toll on the Verrazano-Narrows Bridge), and by 25 cents at the Rockaway facilities. Cash tolls for trucks also increased, depending on the number of vehicle axles, while trucks using E-ZPass now receive a 25% discount from the cash toll, an increase from the former 20% discount.

Ridership increases are the result of New York City employment levels that, despite the national financial crisis and recent reports of job losses, have been higher during the first nine months of 2008 relative to 2007. Through September, the number of jobs in New York City was 0.9% above the jobs level during the first nine months of 2007. In fact, for the first five months of 2008, employment ran more than 1% above the same month in 2007. These year-over-year improvements have been slowing in recent months, as evident by the flattening of seasonally adjusted NYC employment levels.

Ridership levels also benefited from gasoline prices, which for a good portion of the year rose to increasingly high record levels. According to the U.S. Energy Information Administration, prices, which were already high at the beginning of the year, began to sharply rise in March. At their peak, prices were more than one dollar per gallon above prices a year earlier, and were about 35% higher than prices in 2007. While positively impacting ridership levels, gasoline prices adversely affected the number of crossings at B&T facilities, as drivers switched from automobiles to mass transit alternatives.

MTA consolidated ridership for the 2008 November Forecast is expected to surpass the 2008 Mid-Year Forecast projection by 29 million trips, a 1% increase. With the exception of LIB and SIR, all MTA agencies project increases in 2008 ridership relative to the Mid-Year Forecast ridership levels; LIB remains unchanged from the Mid-Year Forecast and SIR is expected to fall 0.2% short of its Mid-Year Forecast projection. At B&T facilities, the November Forecast projects 1 million fewer vehicular crossings, a 0.3% decrease, over the Mid-Year Forecast.

MTA consolidated farebox revenue in the 2008 November Forecast is projected to improve by \$47 million from the 2008 Mid-Year Forecast, a 1% increase, reflecting higher farebox revenue projections relative to the 2008 Mid-Year Forecast for all MTA agencies except LIB and SIR, which are unchanged. The 2008 November Forecast for B&T toll revenue is projected to decrease \$3 million, or 0.3%, over the Mid-Year Forecast.

The decline in vehicular traffic and toll revenue at B&T facilities, compared with the Mid-Year Forecast, is due to changes in travel as the price of gasoline had continued to rise subsequent to the development of the Mid-Year Forecast. Compared with 2007, B&T traffic has fallen dramatically, and the drop was even more pronounced from May to August: average weekday crossings were down 4.2% in May, down 5% in June, down 1.9% in July and down 3.4% in August.

The opposite is true for the other MTA agencies. Utilization improvements over the 2008 Mid-Year Forecast levels reflect ridership improvements that are in part due to commutation shifts spurred by the high price for gasoline that has been experienced for most of the year.

The November Forecast for NYCT reflects both Subway and Bus ridership growth since the Mid-Year Forecast was developed. Subway ridership in the November Forecast is projected to be 19 million greater than the Mid-Year Forecast while Bus ridership in the November Forecast is estimated to be 5 million greater than the Mid-Year Forecast level. Farebox revenue has similarly changed as a result of the ridership re-estimates, with Subway farebox revenue increasing \$28 million over the Mid-Year Forecast level and Bus farebox revenue projected to be \$6 million more than the Mid-Year Forecast.

These Plan to Plan changes in utilization do not result in changes in average fares for NYCT customers. Over the Plan period, the baseline Non-Student average fare – the average fare for all riders except those using student passes – is expected to be \$1.34 per trip, unchanged from the July Plan. The “Regular Rider” average fare – this average fare excludes utilization for students, express bus riders and those using senior/disabled fares – is expected to increase less than half a cent from the July Plan, rounding to \$1.37 from \$1.36.

LIRR’s November Forecast anticipates growth in ridership relative to the Mid-Year Forecast, totaling 1.5 million additional trips for the year, a 2% increase, and \$7 million in additional farebox revenue, up 1.4% from the Mid-Year Forecast level. MNR ridership is projected to surpass the Mid-Year Forecast by 1 million trips, a 1% improvement, and by \$3 million in farebox revenue, 0.6% greater than the Mid-Year Forecast.

The ridership forecast for MTA Bus has been increased by 3 million, a 3% improvement, and by \$2 million, a 2% increase, over the Mid-Year Forecast ridership and farebox revenue levels. Both LIB ridership and farebox revenue are unchanged from the Mid-Year Forecast projections. SIR is projecting a reduction of 10 thousand million riders, a 0.2% decline, and an additional \$21 thousand, a 0.5% increase, compared with the Mid-Year Forecast levels.

### **2009 Ridership, Traffic and Revenue**

The 2009 forecast for MTA consolidated ridership is projected to total 2,659 million passengers, while crossings at B&T facilities are projected to total 291 million vehicular crossings. NYCT combined subway and bus ridership is expected to be 2,333 million, while LIRR is projecting 88 million passengers and MNR is projecting 82 million

passengers for its East-of-Hudson operations. SIR ridership is estimated to be 5 million, LIB fixed route ridership is estimated to be 33 million, and MTABC ridership is expected to be 119 million.

MTA consolidated farebox revenue for 2009 is estimated to be \$4,167 million; toll revenue is estimated to be \$1,264 million. NYCT combined subway and bus farebox revenue is projected to be \$2,950 million, while farebox revenue is estimated to be \$507 million for LIRR and \$512 million for MNR's East-of-Hudson operations. SIR farebox revenue is estimated to be \$5 million, LIB fixed route farebox revenue is estimated to be \$41 million, and MTABC farebox revenue is expected to be \$153 million.

With the exceptions of MNR and SIR, MTA ridership and traffic for 2009 are expected to decrease on MTA operations from the 2008 November Forecast levels, as are 2009 fare and toll revenue baseline levels. The 2009 forecast for MTA consolidated ridership is projected to decrease by 39 million trips – a 1.5% decrease – over the 2008 November Forecast for MTA consolidated ridership. The 2009 forecast for B&T traffic is expected to decrease by 4 million crossings, a 1.5% decrease, over the 2008 November Forecast traffic level. MTA consolidated farebox revenue for 2009 is expected to fall short of the 2008 November Forecast by \$23 million, down 0.5%, while B&T toll revenue is projected to fall short of the 2008 November Forecast by \$9 million, a 0.7% year-over-year decrease.

MNR ridership and farebox revenue are expected to increase from 2008 to 2009 due to continued growth in markets other than commutation trips into and out of Manhattan. For 2009, the Manhattan commutation trips are expected to decline by 0.4%, while commutation trips to other locations are expected to increase 1.7% and non-commutation trips are expected to increase 2%. The continued strength in the non-Manhattan commutation markets, albeit at a slower rate, reflects MNR customer service improvements, particularly with regard to parking availability and connecting service initiatives.

Growth in SIR ridership and farebox revenue from 2008 to 2009 (4.2% for ridership and 6.9% for farebox revenue) reflect the completion of the fare control system at the Tompkinsville station. Without the projected ridership tally at Tompkinsville – and the associated collected farebox revenue – SIR ridership would have been expected to decline by 1.4% from 2008 and 2009, and the drop in farebox revenue would have been expected to be 1.6%.

MTA consolidated ridership for the 2009 Final Proposed Budget is expected to be less than the 2009 Preliminary Budget projection by 8 million trips, a decrease of 0.3%. At B&T facilities, the 2009 Final Proposed Budget reflects 4 million fewer vehicular crossings, a 1.4% decrease, from the Preliminary Budget forecast. MTA consolidated farebox revenue for 2009 in the Final Proposed Budget is projected to fall short of the Preliminary Budget forecast by \$2 million, a 0.1% decrease, while B&T toll revenue for

2009 is projected to decrease \$17 million, or 1.4%, from the Preliminary Budget forecast.

The forecasted decline in MTA agency ridership and farebox revenue levels reflect the slowing regional and national economies, along with the expectation that there will be significant job losses in the MTA service region, particularly in New York City. For 2009, utilization forecasts assume NYC employment will decline by 50 thousand jobs after flattening out during the latter part of 2008. This projection is more pessimistic than NYC job projections prepared by Global Insight, which were prepared prior to the recent turmoil in the financial services sector. In addition to these anticipated job losses, B&T crossings and toll revenue are expected to be adversely affected by gasoline prices which, while continuing to decline from unprecedented highs during the middle of 2008, are expected to remain high relative to prices just a couple of years ago.

### **2010 – 2012 Ridership, Traffic and Revenue**

MTA consolidated ridership and farebox revenue are expected to increase in 2010 over 2009 levels, while B&T traffic marginally improves and toll revenue is slightly below the 2009 level. Consolidated ridership is projected to reach 2,342 million passengers, up 0.4%, while farebox revenue is estimated to reach \$4,188 million, an increase of 0.5%. B&T vehicle crossings are projected to be 291 million, a 0.1% increase, and toll revenue is estimated to be \$1,264 million, down 0.01%.

MTA consolidated ridership and vehicle crossing levels are expected to increase in 2011 and 2012, with consolidated ridership reaching 2,744 million by 2012, increasing by 1% in both 2011 and 2012. Vehicular crossings at B&T facilities are projected to reach 295 million by 2012, increasing by 0.5% in 2011 and by 0.7% in 2012. Consolidated farebox revenue is expected to reach \$4,320 million by 2012, up 1.5% in 2011 and up 1.6% 2012, while B&T toll revenue is projected to reach \$1,275 million by 2012, up 0.3% in 2011 and up 0.6% in 2012.

# MTA Consolidated Utilization Baseline Before Gap-Closing Actions

## MTA Agency Ridership and Traffic Projections Year-to-Year Percentage Changes

	November Financial Plan					
	<u>2007 Actual</u>	<u>2008 November Forecast</u>	<u>2009 Final Proposed Budget</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>Traffic</u>						
<b>Bridges &amp; Tunnels</b>	0.76%	-3.01%	-1.50%	0.15%	0.51%	0.72%
<u>Ridership</u>						
<b>Long Island Bus <sup>1</sup></b>	-0.22%	2.25%	-0.75%	0.30%	0.20%	0.30%
<b>Long Island Rail Road</b>	4.95%	3.10%	-1.18%	-0.18%	0.71%	1.10%
<b>Metro-North Railroad <sup>2</sup></b>	4.02%	4.86%	0.54%	1.41%	2.71%	2.83%
<b>MTA Bus Company</b>	10.57%	9.15%	-1.00%	0.30%	0.10%	1.00%
<b>New York City Transit <sup>1,3</sup></b>	2.69%	3.05%	-1.57%	0.38%	1.36%	1.45%
<b>Staten Island Railway</b>	9.15%	6.85%	4.22%	5.61%	1.11%	1.10%
<b>Total Ridership</b>	3.08%	3.36%	-1.45%	0.40%	1.31%	1.45%

<sup>1</sup> Excludes Paratransit Operations.

<sup>2</sup> Metro-North Railroad utilization figures are for East-of-Hudson service (Hudson, Harlem and New Haven Lines) only.

<sup>3</sup> Excludes Fare Media Liability.

# MTA Consolidated Utilization

## Plan-to-Plan Comparison

Baseline Before Gap-Closing Actions (in millions)

	November Financial Plan				
	2008	2009	2010	2011	2012
	November Forecast	Final Proposed Budget			
<b>Traffic</b>					
Bridges & Tunnels	295.2	290.8	291.2	292.7	294.8
<b>Ridership</b>					
Long Island Bus <sup>1</sup>	32.8	32.6	32.7	32.7	32.8
Long Island Rail Road	88.8	87.7	87.6	88.2	89.2
Metro-North Railroad <sup>2</sup>	82.0	82.5	83.6	85.9	88.3
MTA Bus Company	119.8	118.6	118.9	119.1	120.3
New York City Transit <sup>1,3</sup>	2,370.6	2,333.3	2,342.3	2,374.2	2,408.7
Staten Island Railway	4.4	4.6	4.9	4.9	5.0
<i>Total Ridership</i>	<i>2,698.5</i>	<i>2,659.3</i>	<i>2,670.0</i>	<i>2,705.0</i>	<i>2,744.2</i>

	July Financial Plan				
	2008	2009	2010	2011	2012
	Mid-Year Forecast	Preliminary Budget			
<b>Traffic</b>					
Bridges & Tunnels	296.0	294.8	295.6	296.8	298.4
<b>Ridership</b>					
Long Island Bus <sup>1</sup>	32.8	33.1	33.3	33.5	33.6
Long Island Rail Road	87.2	87.1	87.8	88.5	89.4
Metro-North Railroad <sup>2</sup>	81.4	82.1	83.7	85.7	87.5
MTA Bus Company	116.5	120.0	123.6	127.3	131.1
New York City Transit <sup>1,3</sup>	2,346.8	2,340.0	2,359.5	2,383.4	2,402.3
Staten Island Railway	4.4	4.7	4.9	5.0	5.0
<i>Total Ridership</i>	<i>2,669.1</i>	<i>2,667.0</i>	<i>2,692.9</i>	<i>2,723.3</i>	<i>2,749.1</i>

	Plan-to-Plan Changes: Favorable / (Unfavorable)				
	2008	2009	2010	2011	2012
<b>Traffic</b>					
Bridges & Tunnels	(0.7)	(4.0)	(4.4)	(4.2)	(3.6)
<b>Ridership</b>					
Long Island Bus <sup>1</sup>	0.0	(0.6)	(0.6)	(0.7)	(0.8)
Long Island Rail Road	1.5	0.6	(0.3)	(0.3)	(0.3)
Metro-North Railroad <sup>2</sup>	0.7	0.4	(0.1)	0.3	0.8
MTA Bus Company	3.3	(1.4)	(4.6)	(8.2)	(10.8)
New York City Transit <sup>1,3</sup>	23.9	(6.6)	(17.2)	(9.2)	6.3
Staten Island Railway	(0.0)	(0.1)	(0.1)	(0.1)	(0.0)
<i>Total Ridership</i>	<i>29.4</i>	<i>(7.7)</i>	<i>(22.9)</i>	<i>(18.3)</i>	<i>(4.8)</i>

<sup>1</sup> Excludes Paratransit Operations.

<sup>2</sup> Metro-North Railroad utilization figures are for East-of-Hudson service (Hudson, Harlem and New Haven Lines) only.

<sup>3</sup> Excludes Fare Media Liability.

**MTA Consolidated Utilization**  
**Plan-to-Plan Comparison**  
**Baseline Before Gap-Closing Actions (in millions)**

	<b>November Financial Plan</b>				
	<b>2008</b>	<b>2009</b>			
	<b>November</b>	<b>Final</b>			
	<b>Forecast</b>	<b>Proposed</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Toll Revenue</b>		<b>Budget</b>			
Bridges & Tunnels	\$1,273.2	\$1,263.7	\$1,263.6	\$1,267.9	\$1,275.1
<b>Fare Revenue</b>					
Long Island Bus <sup>1</sup>	\$41.0	\$40.7	\$40.9	\$40.9	\$41.1
Long Island Rail Road	508.5	506.8	505.9	510.4	515.0
Metro-North Railroad <sup>2</sup>	507.2	512.0	519.2	533.7	549.5
MTA Bus Company	153.8	153.0	153.7	155.0	156.6
New York City Transit <sup>1,3</sup>	2,974.8	2,949.8	2,963.7	3,006.5	3,052.8
Staten Island Railway	4.4	4.7	5.0	5.1	5.2
<i>Total Farebox Revenue</i>	<u>\$4,189.8</u>	<u>\$4,167.1</u>	<u>\$4,188.3</u>	<u>\$4,251.7</u>	<u>\$4,320.2</u>

	<b>July Financial Plan</b>				
	<b>2008</b>	<b>2009</b>			
	<b>Mid-Year</b>	<b>Preliminary</b>			
	<b>Forecast</b>	<b>Budget</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Toll Revenue</b>					
Bridges & Tunnels	\$1,276.4	\$1,281.1	\$1,282.5	\$1,286.0	\$1,290.8
<b>Fare Revenue</b>					
Long Island Bus <sup>1</sup>	\$41.0	\$41.4	\$41.6	\$41.8	\$42.0
Long Island Rail Road	\$501.6	\$505.2	\$509.2	\$513.8	\$518.4
Metro-North Railroad <sup>2</sup>	\$504.0	\$510.7	\$521.5	\$533.7	\$546.0
MTA Bus Company	\$151.4	\$154.8	\$158.2	\$161.6	\$165.2
New York City Transit <sup>1,3</sup>	\$2,940.5	\$2,952.8	\$2,980.8	\$3,012.9	\$3,038.2
Staten Island Railway	\$4.4	\$4.8	\$5.1	\$5.2	\$5.2
<i>Total Farebox Revenue</i>	<u>\$4,142.9</u>	<u>\$4,169.6</u>	<u>\$4,216.4</u>	<u>\$4,269.0</u>	<u>\$4,315.1</u>

	<b>Plan-to-Plan Changes: Favorable / (Unfavorable)</b>				
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Toll Revenue</b>					
Bridges & Tunnels	(\$3.2)	(\$17.4)	(\$18.9)	(\$18.0)	(\$15.7)
<b>Fare Revenue</b>					
Long Island Bus <sup>1</sup>	\$0.0	(\$0.7)	(\$0.8)	(\$0.9)	(\$1.0)
Long Island Rail Road	6.9	1.6	(3.3)	(3.4)	(3.4)
Metro-North Railroad <sup>2</sup>	3.2	1.3	(2.3)	0.1	3.5
MTA Bus Company	2.4	(1.7)	(4.5)	(6.6)	(8.6)
New York City Transit <sup>1,3</sup>	34.3	(3.0)	(17.1)	(6.4)	14.6
Staten Island Railway	0.0	(0.1)	(0.1)	(0.1)	(0.0)
<i>Total Farebox Revenue</i>	<u>\$46.9</u>	<u>(\$2.5)</u>	<u>(\$28.1)</u>	<u>(\$17.2)</u>	<u>\$5.1</u>

<sup>1</sup> Excludes Paratransit Operations.

<sup>2</sup> Metro-North Railroad utilization figures are for East-of-Hudson service (Hudson, Harlem and New Haven Lines) only.

<sup>3</sup> Excludes Fare Media Liability.

# **Subsidies**

## **SUBSIDIES - Major Assumptions**

The following pages contain accrual and cash summary tables for the baseline subsidies and dedicated taxes. Following these are additional tables detailing the changes between the July Plan and the November Plan. Detailed narratives describing each subsidy, forecast methodologies and explanations of changes since the July Plan follow. Note that the details of Bridges and Tunnels operations that produce the Operating Surplus Transfer subsidy are discussed in the B&T section of the report.

As shown on the following tables, Total Dedicated Taxes & State and Local Subsidies for the 2008 November Forecast is \$4.337 billion, on a cash basis, which is \$54 million below the 2008 Mid-Year Forecast (July Plan) level. Most of this unfavorable variance is reflected in the Subsidy Adjustments sub-category and is due to the reforecast of the positive savings from the MTA's energy hedging strategy which was implemented in September and October to lock-in fuel prices. The July Plan assumed that these funds would be available over two years, \$79 million in 2008 and \$83 million in 2009. The November Plan reduces the amount available in 2008 to zero and assumes that the full amount of \$150 million will be available when the hedges expire in December 2009. This is being offset by a favorable variance of \$23.6 million for City subsidy to MTA Bus Company. In the Dedicated Taxes and State and Local Subsidy sub-categories the only changes since July reflect minor technical adjustments for Connecticut Department of Transportation subsidy to Metro-North railroad and Station Maintenance. Since the July Plan, the State's forecast of MMTOA and PBT tax receipts has been revised, as well as the forecast of real estate taxes. The impact of the latest State forecast and real estate forecast is not incorporated in to the baseline of the November Plan. Volume 1 of the November Plan reflects the updated forecast as below-the-line assumptions.

For 2009, total Dedicated Taxes and State and Local Subsidies is \$48.6 million over the July Plan level, due to a change in the cash returns from MTA's energy hedging strategy and favorable City subsidy to MTA Bus, offset by OPEB adjustments to MRT. During the period 2010 to 2012, the November Financial Plan projects that overall Dedicated Taxes and State and Local Subsidies will decrease from the levels projected in the July Plan by \$21.9 in 2010, \$24.1 million in 2011, and \$22.9 million in 2012. These decreases are largely due to changes in OPEB adjustments to MRT, offset by favorable City subsidy to MTA Bus. (See the discussion on OPEB in the MRT Section under Additional Assumptions.)

The Plan reflects technical adjustments for certain policy actions that are incorporated as part of the Subsidy baseline projections - Enhanced Security Training (\$6 million each year in 2008, 2009 and 2010), anticipated downsizing costs associated with future headcount reductions (\$41 million in each year 2009 and 2010), and MTA Bus Debt Service (\$25 million in 2008, \$23 million in 2009 and \$25 million in each year from 2010 through 2012) are funded from the MRT-2 collections. In addition, the Plan assumes that the full amount of the cash defeasance loan to TBTA made in 2007 will be repaid to the MTA in 2009.

Gross subsidies include City Subsidy to MTA Bus. This reflects the current agreement with the City that it will cover MTA Bus' expenses. The City subsidy covers the operating deficit for MTA Bus. MMTOA, 18-b and Urban Taxes, that are designated for the former private buses subsidized by the City, are paid directly to the City and used by the City to partially fund MTA Bus.

**MTA Consolidated Subsidiaries**  
**November Financial Plan 2009 - 2012**  
**Accrual Basis**  
(\$ in millions)

	2007	2008	2009	2010	2011	2012
	Actual	November Forecast	Final Proposed Budget			
<b>Subsidiaries</b>						
<b>Dedicated Taxes</b>						
Metro. Mass Transp. Oper. Asst. (MMTOA)	\$1,570.8	\$1,706.2	\$1,585.4	\$1,594.3	\$1,639.1	\$1,701.4
Petroleum Business Tax (PBT) Receipts	601.5	627.6	638.6	644.1	646.6	649.1
Mortgage Recording Tax (MRT)	686.9	482.7	461.5	457.4	470.5	477.9
MRT Transfer to Suburban Counties	(32.9)	(8.3)	(7.6)	(7.5)	(7.8)	(8.1)
Use of MRT Balances	(30.1)	45.0	10.0	0.0	0.0	0.0
Carryover Balances	0.0	0.0	0.0	0.0	0.0	0.0
Reimburse Agency Security Costs	(16.5)	(16.5)	(16.5)	(16.5)	(16.5)	(16.5)
Interest	23.4	8.2	8.2	8.3	8.3	8.3
Urban Tax	893.7	554.2	483.1	472.7	486.7	518.9
Investment Income	<u>2.3</u>	<u>2.0</u>	<u>2.0</u>	<u>2.1</u>	<u>2.1</u>	<u>2.2</u>
	<b>\$3,699.1</b>	<b>\$3,400.9</b>	<b>\$3,164.8</b>	<b>\$3,154.7</b>	<b>\$3,228.9</b>	<b>\$3,333.1</b>
<b>State and Local Subsidiaries</b>						
State Operating Assistance	\$190.9	\$190.9	\$190.9	\$190.9	\$190.9	\$190.9
Local Operating Assistance	187.9	187.9	187.9	187.9	187.9	187.9
Nassau County Subsidy	10.8	10.5	10.5	10.5	10.5	10.5
CDOT Subsidy	63.9	71.9	88.7	98.9	112.7	121.3
Station Maintenance	141.6	147.0	150.1	153.3	156.7	159.9
AMTAP	<u>20.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
	<b>\$615.1</b>	<b>\$608.2</b>	<b>\$628.2</b>	<b>\$641.5</b>	<b>\$658.7</b>	<b>\$670.5</b>
<b>Sub-total Dedicated Taxes &amp; State and Local Subsidiaries</b>	<b>\$4,314.2</b>	<b>\$4,009.2</b>	<b>\$3,792.9</b>	<b>\$3,796.2</b>	<b>\$3,887.6</b>	<b>\$4,003.6</b>
City Subsidy for MTA Bus	\$245.0	\$280.3	\$302.5	\$306.2	\$317.1	\$331.5
<b>Total Dedicated Taxes &amp; State and Local Subsidiaries</b>	<b>\$4,559.2</b>	<b>\$4,289.4</b>	<b>\$4,095.4</b>	<b>\$4,102.5</b>	<b>\$4,204.7</b>	<b>\$4,335.1</b>
<b>Inter-agency Subsidy Transactions</b>						
B&T Operating Surplus Transfer	\$406.4	\$323.2	\$200.9	\$164.6	\$152.6	\$128.5
MTA Subsidy to Subsidiaries	<u>41.8</u>	<u>37.3</u>	<u>45.8</u>	<u>40.9</u>	<u>40.5</u>	<u>41.9</u>
	<b>\$448.2</b>	<b>\$360.6</b>	<b>\$246.7</b>	<b>\$205.4</b>	<b>\$193.1</b>	<b>\$170.4</b>
<b>GROSS SUBSIDIES</b>	<b>\$5,007.4</b>	<b>\$4,650.0</b>	<b>\$4,342.2</b>	<b>\$4,307.9</b>	<b>\$4,397.8</b>	<b>\$4,505.5</b>

**MTA Consolidated Subsidies**  
**November Financial Plan 2009 - 2012**  
**Summary of Changes Between November Plan and July Plan**  
**Accrual Basis**  
(\$ in millions)

	2008	2009	2010	2011	2012
<b><u>Subsidies</u></b>					
<b><i>Dedicated Taxes</i></b>					
Metro. Mass Transp. Oper. Asst. (MMTOA)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Petroleum Business Tax (PBT) Receipts <sup>1</sup>	0.0	0.0	0.0	0.0	0.0
Mortgage Recording Tax (MRT)	0.0	0.0	0.0	0.0	0.0
MRT Transfer to Suburban Counties	0.0	0.0	0.0	0.0	0.0
Use of MRT Balances	0.0	0.0	0.0	0.0	0.0
Carryover Balances	0.0	0.0	0.0	0.0	0.0
Reimburse Agency Security Costs	0.0	0.0	0.0	0.0	0.0
Interest	(0.0)	(0.0)	(0.0)	(0.1)	(0.1)
Urban Tax	0.0	0.0	0.0	0.0	0.0
Investment Income	<u>(0.3)</u>	<u>(0.4)</u>	<u>(0.4)</u>	<u>(0.4)</u>	<u>(0.4)</u>
	(\$0.4)	(\$0.4)	(\$0.4)	(\$0.4)	(\$0.4)
<b><i>State and Local Subsidies</i></b>					
State Operating Assistance	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Local Operating Assistance	0.0	0.0	0.0	0.0	0.0
Nassau County Subsidy	0.0	0.0	0.0	0.0	0.0
CDOT Subsidy	(1.3)	1.8	1.8	0.1	(0.2)
Station Maintenance	3.0	3.2	3.5	3.9	3.9
AMTAP	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
	\$1.7	\$5.0	\$5.4	\$4.0	\$3.8
<b>Sub-total Dedicated Taxes &amp; State and Local Subsidies</b>	<b>\$1.3</b>	<b>\$4.6</b>	<b>\$4.9</b>	<b>\$3.5</b>	<b>\$3.3</b>
City Subsidy for MTA Bus	\$28.4	\$40.1	\$37.3	\$40.2	\$44.7
<b>Total Dedicated Taxes &amp; State and Local Subsidies</b>	<b>\$29.7</b>	<b>\$44.6</b>	<b>\$42.3</b>	<b>\$43.7</b>	<b>\$48.0</b>
<b><i>Inter-agency Subsidy Transactions</i></b>					
B&T Operating Surplus Transfer	(\$4.4)	(\$72.6)	(\$82.5)	(\$81.8)	(\$82.0)
MTA Subsidy to Subsidiaries	<u>(3.6)</u>	<u>3.2</u>	<u>2.6</u>	<u>1.0</u>	<u>1.3</u>
	(\$8.0)	(\$69.5)	(\$79.9)	(\$80.8)	(\$80.6)
<b>GROSS SUBSIDIES</b>	<b>\$21.7</b>	<b>(\$24.9)</b>	<b>(\$37.6)</b>	<b>(\$37.0)</b>	<b>(\$32.6)</b>

**MTA Consolidated Subsidiaries**  
**November Financial Plan 2009 - 2012**  
**Cash Basis**  
(\$ in millions)

<u>Subsidies</u>	2007	2008	2009	2010	2011	2012
	Actual	November Forecast	Final Proposed Budget			
<b>Dedicated Taxes</b>						
Metro. Mass Transp. Oper. Asst. (MMTOA)	\$1,622.2	\$1,706.2	\$1,585.4	\$1,594.3	\$1,639.1	\$1,701.4
Petroleum Business Tax (PBT) Receipts	611.1	626.6	638.1	643.8	646.4	648.9
Mortgage Recording Tax (MRT)	703.5	484.6	462.0	456.3	469.9	477.1
MRT Transfer to Suburban Counties	(36.4)	(12.2)	(8.3)	(7.6)	(7.5)	(7.8)
Use of MRT Balances	10.0	10.0	10.0	0.0	0.0	0.0
Carry Over/Adjustments	(5.0)	19.2	0.0	0.0	0.0	0.0
Reimburse Agency Security Costs	(16.5)	(16.5)	(16.5)	(16.5)	(16.5)	(16.5)
Downsizing	3.6	0.0	(40.5)	(40.5)	0.0	0.0
Enhanced Security Training	(6.2)	(6.2)	(6.2)	(6.2)	0.0	0.0
Service Marketing Campaign	(5.0)	5.0	0.0	0.0	0.0	0.0
MTA Bus Debt Service	(26.6)	(24.6)	(23.2)	(24.9)	(24.9)	(24.9)
Cash Defeasance Loan for TBTA	(90.8)	0.0	90.8	0.0	0.0	0.0
Other Outstanding 2007 Loans	36.9	0.0	0.0	0.0	0.0	0.0
Interest	23.4	8.2	8.2	8.2	8.3	8.3
Urban Tax	883.1	560.5	484.1	471.6	483.9	516.8
Investment Income	<u>2.3</u>	<u>2.0</u>	<u>2.0</u>	<u>2.1</u>	<u>2.1</u>	<u>2.2</u>
	\$3,709.4	\$3,362.8	\$3,186.0	\$3,080.6	\$3,200.8	\$3,305.5
<b>State and Local Subsidies</b>						
State Operating Assistance	\$190.9	\$190.9	\$190.9	\$190.9	\$190.9	\$190.9
Local Operating Assistance (18-b)	187.9	187.9	187.9	187.9	187.9	187.9
Nassau County Subsidy (includes 18-b local match)	10.8	10.5	10.5	10.5	10.5	10.5
CDOT Subsidy	61.2	71.9	88.7	98.9	112.7	121.3
Station Maintenance	138.5	143.8	148.1	150.8	154.2	157.6
AMTAP	<u>20.0</u>	<u>19.6</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
	\$609.2	\$624.6	\$626.1	\$639.0	\$656.2	\$668.1
<b>Other Subsidy Adjustments</b>						
South Ferry	(35.0)	0.0	0.0	0.0	0.0	0.0
Pension Funding	0.0	118.0	0.0	0.0	0.0	0.0
Fulton Street/# 1 Train - Port Authority	(56.0)	(50.0)	(50.0)	0.0	0.0	0.0
NYCT Charge Back of MTA Bus Debt Service	0.0	(12.0)	(11.5)	(11.5)	(11.5)	(11.5)
Energy Hedging Strategy	(150.0)	0.0	150.0	0.0	0.0	0.0
Pension Pre-Payment	<u>(91.0)</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
	(\$332.0)	\$56.0	\$88.5	(\$11.5)	(\$11.5)	(\$11.5)
<b>Sub-total Dedicated Taxes &amp; State and Local Subsidies</b>	<b>\$3,986.6</b>	<b>\$4,043.4</b>	<b>\$3,900.5</b>	<b>\$3,708.1</b>	<b>\$3,845.4</b>	<b>\$3,962.2</b>
City Subsidy for MTA Bus	\$185.0	\$293.5	\$298.8	\$305.6	\$315.3	\$329.1
<b>Total Dedicated Taxes &amp; State and Local Subsidies</b>	<b>\$4,171.6</b>	<b>\$4,337.0</b>	<b>\$4,199.3</b>	<b>\$4,013.7</b>	<b>\$4,160.7</b>	<b>\$4,291.3</b>
<b>Inter-agency Subsidy Transactions</b>						
B&T Operating Surplus Transfer	\$406.3	\$337.2	\$213.1	\$168.2	\$153.8	\$131.0
MTA Subsidy to Subsidiaries	<u>39.8</u>	<u>37.3</u>	<u>45.8</u>	<u>40.9</u>	<u>40.5</u>	<u>41.9</u>
	\$446.2	\$374.6	\$259.0	\$209.1	\$194.3	\$172.8
<b>GROSS SUBSIDIES</b>	<b>\$4,617.8</b>	<b>\$4,711.5</b>	<b>\$4,458.3</b>	<b>\$4,222.8</b>	<b>\$4,355.0</b>	<b>\$4,464.1</b>

**MTA Consolidated Subsidiaries**  
**November Financial Plan 2009 - 2012**  
**Summary of Changes Between November Plan and July Plan**  
**Cash Basis**  
(\$ in millions)

<u>Subsidies</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Dedicated Taxes</b>					
Metro. Mass Transp. Oper. Asst. (MMTOA)	0.0	0.0	0.0	0.0	0.0
Petroleum Business Tax (PBT) Receipts	0.0	0.0	0.0	0.0	0.0
Mortgage Recording Tax (MRT)	0.0	0.0	0.0	0.0	0.0
MRT Transfer to Suburban Counties	0.0	0.0	0.0	0.0	0.0
Use of MRT Balances	0.0	0.0	0.0	0.0	0.0
Carry Over/Adjustments	0.0	0.0	0.0	0.0	0.0
OPEB	0.0	(61.2)	(64.2)	(67.1)	(70.2)
Reimburse Agency Security Costs	0.0	0.0	0.0	0.0	0.0
Downsizing	0.0	0.0	0.0	0.0	0.0
Enhanced Security Training	0.0	0.0	0.0	0.0	0.0
Service Marketing Campaign	0.0	0.0	0.0	0.0	0.0
MTA Bus Debt Service	0.0	0.0	0.0	0.0	0.0
Cash Defeasance Loan for TBTA	0.0	0.0	0.0	0.0	0.0
Other Outstanding 2007 Loans	0.0	0.0	0.0	0.0	0.0
Interest	(0.0)	(0.0)	(0.0)	(0.1)	(0.1)
Urban Tax	0.0	0.0	0.0	0.0	0.0
Investment Income	(0.3)	(0.4)	(0.4)	(0.4)	(0.4)
	<b>(\$0.4)</b>	<b>(\$61.6)</b>	<b>(\$64.6)</b>	<b>(\$67.5)</b>	<b>(\$70.6)</b>
<b>State and Local Subsidies</b>					
State Operating Assistance	0.0	0.0	0.0	0.0	0.0
Local Operating Assistance (18-b)	0.0	0.0	0.0	0.0	0.0
Nassau County Subsidy (includes 18-b local match)	0.0	0.0	0.0	0.0	0.0
CDOT Subsidy	(1.3)	1.8	1.8	0.1	(0.2)
Station Maintenance	1.9	3.3	3.1	3.6	4.0
AMTAP	0.0	0.0	0.0	0.0	0.0
	<b>\$0.6</b>	<b>\$5.1</b>	<b>\$5.0</b>	<b>\$3.7</b>	<b>\$3.8</b>
<b>Other Subsidy Adjustments</b>					
South Ferry	0.0	0.0	0.0	0.0	0.0
Pension Funding	0.6	0.0	0.0	0.0	0.0
Fulton Street/# 1 Train - Port Authority	0.0	0.0	0.0	0.0	0.0
NYCT Charge Back of MTA Bus Debt Service	0.0	0.0	0.0	0.0	0.0
Energy Hedging Strategy	(79.0)	67.0	0.0	0.0	0.0
Pension Pre-Payment	0.0	0.0	0.0	0.0	0.0
	<b>(\$78.4)</b>	<b>\$67.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>
<b>Sub-total Dedicated Taxes &amp; State and Local Subsidies</b>	<b>(\$78.1)</b>	<b>\$10.5</b>	<b>(\$59.6)</b>	<b>(\$63.8)</b>	<b>(\$66.9)</b>
City Subsidy for MTA Bus	23.6	38.1	37.8	39.7	43.9
<b>Total Dedicated Taxes &amp; State and Local Subsidies</b>	<b>(\$54.4)</b>	<b>\$48.6</b>	<b>(\$21.9)</b>	<b>(\$24.1)</b>	<b>(\$22.9)</b>
<b>Inter-agency Subsidy Transactions</b>					
B&T Operating Surplus Transfer	(4.0)	(65.8)	(81.5)	(81.9)	(82.0)
MTA Subsidy to Subsidiaries	(3.6)	3.2	2.6	1.0	1.3
	<b>(\$7.5)</b>	<b>(\$62.7)</b>	<b>(\$78.9)</b>	<b>(\$80.8)</b>	<b>(\$80.6)</b>
<b>GROSS SUBSIDIES</b>	<b>(\$62.0)</b>	<b>(\$14.0)</b>	<b>(\$100.8)</b>	<b>(\$104.9)</b>	<b>(\$103.5)</b>

## **METROPOLITAN MASS TRANSPORTATION OPERATING ASSISTANCE (MMTOA)**

Metropolitan Mass Transportation Operating Assistance Taxes (MMTOA) consist of special State taxes imposed within the MTA Transportation District which, subject to State appropriation, supplement the general operating subsidies of transportation systems in the District. MMTOA is comprised of the following taxes: petroleum business tax (PBT), which is a small portion of the basic PBT imposed on petroleum businesses operating within New York State; sales tax imposed on sales and uses of certain tangible personal property and services; corporate franchise taxes imposed on certain transportation and transmission companies; and temporary corporate surcharges imposed on the portion of the franchise and other taxes of certain businesses attributable to the conduct of business within the transportation district.

Total Statewide MMTOA taxes for 2008 are estimated at \$1,926.4 million, of which \$1,861.6 million is allotted for Downstate transit properties. This is unchanged from the July Plan forecast. Of the Downstate allotment, \$189.5 million is earmarked to fund the State's 18-b obligations. The percentage allocation of the Downstate share for NYCT/SIR represents 60.0% and the percentage allocation to the commuter railroads represents 27.3%. These shares are based on the amounts appropriated in NYS's 2008-09 Enacted Budget. Long Island Bus, MTA Bus and other downstate transportation properties also receive a portion of the MMTOA funds.

Consistent with the July Plan, the 2008 November Plan forecast of MMTOA revenues reflect NYS's 2008-09 Enacted Budget, which was adopted in April 2008. Since the July Plan, receipts from the MMTOA taxes collected by New York State have been revised. Volume 1 of the November Plan includes updated forecasts of MMTOA based on the State's October Mid-Year Financial Plan Update. Beginning in 2009 and continuing through the Plan period, MMTOA tax yields are projected to decrease from the July Plan levels in each year. The impact of the latest State forecast is not incorporated into the baseline of the 2008 November Forecast, however, and is reflected as below-the-line assumptions in the Plan.

### **2008 November Forecast**

The 2008 November Forecast reflects New York State Enacted Budget appropriation for MTA's MMTOA of \$1,706.2 million, which did not change from the July Plan level. Of the total estimated MMTOA cash receipts, \$1,102.2 million is appropriated for NYCT/SIR, \$549.2 million for the commuter railroads, and \$54.8 million for Long Island Bus. These amounts reflect the NY State Enacted Budget appropriation for MTA.

As noted in the July Plan, the November Forecast assumes that in 2008, the State funded \$189.5 million in 18-b obligations from MMTOA.

In 2008, the percentage allocation of MTA's share of Downstate MMTOA is derived from the actual amounts appropriated by the State in its 2008-09 Enacted Budget.

Like the July Plan, the November Plan assumes that \$100.0 million of NYCT's MMTOA appropriation would be paid in two equal payments of \$50.0 million in 2008 and 2009, as part of the State's support for MTA projects in areas devastated by the World Trade Center Disaster. The 2008 and 2009 plan assumes \$50.0 million each year would be used for the #1 train underpinning project in collaboration with the Port Authority of New York and New Jersey.

### **2009**

For 2009, total MTA MMTOA baseline is estimated to be \$1,585.4 million. Of the total, \$1,021.7 million is earmarked for NYCT and SIR, \$512.6 million is earmarked for the commuter railroads and an additional \$51.2 million for Long Island Bus.

The Plan assumes that in 2009, the State's funding of its 18-b obligations remains at the 2008 level of \$189.5 million, which is consistent with the July Plan. The percentage allocations of MMTOA's downstate share for the MTA represent 60.0% for NYCT/SIR and 27.3% for the commuter railroads, to reflect the 2008 levels.

Consistent with the July Plan, the 2009 MTA forecast of the individual MMTOA taxes assumes the following tax growth rates from the 2008 level:

Sales Tax		3.5%
Petroleum Business Tax		1.9%
Corporate Franchise Tax		0.0%
Corporate Tax Surcharge		3.6%

### **2010 - 2012**

For 2010 through 2012, the MTA MMTOA baseline forecast is based on New York State's Enacted Budget projections of MMTOA revenues. In 2010, the July Plan projection for MMTOA is \$1,594.3 million, which is consistent with the July Plan and just slightly higher than the 2009 estimate.

In 2011 and 2012, the November Plan forecasts for MTA MMTOA cash receipts are \$1,639.1 and \$1,701.4 million, respectively, which is consistent with the July Plan.

The MTA 2010 through 2012 baseline forecasts assumes the following tax growth rates:

	<b>2010</b>	<b>2011</b>	<b>2012</b>
Sales Tax	3.6%	3.6%	3.8%
Petroleum Business Tax	1.2%	0.5%	0.9%
Corporate Franchise Tax	0.0%	0.0%	0.0%
Corporate Tax Surcharge	1.4%	1.9%	3.6%

**MMTOA STATE DEDICATED TAXES**  
**November Financial Plan 2009 - 2012**  
**Tax Yield Distribution 2008 - 2012**  
(\$ in millions)

	<b>ACTUAL</b>	<b>FORECAST</b>				
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b><u>Forecast of MMTOA Gross Receipts (SFY):</u></b>						
Sales Tax	\$743.6	\$780.4	\$807.4	\$836.8	\$867.2	\$899.8
PBT	138.2	144.0	146.7	148.5	149.3	150.5
Corporate Franchise	68.0	68.0	68.0	68.0	68.0	68.0
Corporate Surcharge	974.9	934.0	968.0	982.0	1,001.0	1,037.0
Investment Income	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Gross Receipts Available for Allocation</b>	<b>\$1,924.7</b>	<b>\$1,926.4</b>	<b>\$1,990.1</b>	<b>\$2,035.3</b>	<b>\$2,085.5</b>	<b>\$2,155.3</b>

**Allocation of Total Gross Receipts to DownState:**

Total Gross Receipts	\$1,924.7	\$1,926.4	\$1,990.1	\$2,035.3	\$2,085.5	\$2,155.3
Less: Upstate Share of PBT	(62.2)	(64.8)	(66.0)	(66.8)	(67.2)	(67.7)
Upstate Percent Share of Investment Income	3.23%	3.36%	3.32%	3.28%	3.22%	3.14%
Less: Upstate Share of Investment Income	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Net DownState Share Available for Allocation</b>	<b>\$1,862.5</b>	<b>\$1,861.6</b>	<b>\$1,924.1</b>	<b>\$1,968.5</b>	<b>\$2,018.3</b>	<b>\$2,087.6</b>
Less: 18-B Adjustment	(186.5)	(189.5)	(189.5)	(189.5)	(189.5)	(189.5)
<b>Adjusted Total Net DownState Share for Allocation</b>	<b>\$1,676.0</b>	<b>\$1,672.1</b>	<b>\$1,734.6</b>	<b>\$1,779.0</b>	<b>\$1,828.8</b>	<b>\$1,898.1</b>

**Allocation of Total Net DownState Share to NYCT/SIR:**

NYCT/SIR Share	<b>60.07%</b>	<b>60.01%</b>	<b>60.01%</b>	<b>60.01%</b>	<b>60.01%</b>	<b>60.01%</b>
From Total Net DownState Share	\$1,169.7	\$1,256.0	\$1,175.5	\$1,181.4	\$1,211.3	\$1,252.9
Less: 18-B Adjustment	(153.1)	(153.9)	(153.9)	(153.9)	(153.9)	(153.9)
Adjusted Total Net DownState Share	\$1,016.6	\$1,102.2	\$1,021.7	\$1,027.5	\$1,057.4	\$1,099.0
From Carryover	36.1	0.0	0.0	0.0	0.0	0.0
<b>Total NYCT/SIR Share of Net DownState Share</b>	<b>\$1,052.7</b>	<b>\$1,102.2</b>	<b>\$1,021.7</b>	<b>\$1,027.5</b>	<b>\$1,057.4</b>	<b>\$1,099.0</b>
Total SIR Share	3.2	3.5	3.3	3.3	3.4	3.5
<b>Total NYCT Share of Net DownState Share</b>	<b>\$1,049.6</b>	<b>\$1,098.6</b>	<b>\$1,018.4</b>	<b>\$1,024.2</b>	<b>\$1,054.0</b>	<b>\$1,095.5</b>

**Allocation of Total Net DownState Share to MTA:**

MTA Share	<b>27.18%</b>	<b>27.25%</b>	<b>27.25%</b>	<b>27.25%</b>	<b>27.25%</b>	<b>27.25%</b>
From Total Net DownState Share	\$529.2	\$570.4	\$533.8	\$536.5	\$550.0	\$568.9
Less: 18-B Adjustment	(19.9)	(21.2)	(21.2)	(21.2)	(21.2)	(21.2)
Adjusted Total Net DownState Share	\$509.3	\$549.2	\$512.6	\$515.3	\$528.8	\$547.7
From Carryover	13.9	0.0	0.0	0.0	0.0	0.0
<b>Total MTA Share of Net DownState Share</b>	<b>\$523.2</b>	<b>\$549.2</b>	<b>\$512.6</b>	<b>\$515.3</b>	<b>\$528.8</b>	<b>\$547.7</b>

**Allocation of Total Net DownState Share to LIB:**

LI Bus Share	<b>2.41%</b>	<b>2.72%</b>	<b>2.72%</b>	<b>2.72%</b>	<b>2.72%</b>	<b>2.72%</b>
From Total Net DownState Share	\$46.9	\$57.0	\$53.3	\$53.6	\$55.0	\$56.8
Less: Used for 18-B/other	(2.0)	(2.1)	(2.1)	(2.1)	(2.1)	(2.1)
Adjusted Total Net DownState Share	\$44.9	\$54.8	\$51.2	\$51.5	\$52.8	\$54.7
From Carryover	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total LIB Share of Net DownState Share</b>	<b>\$44.9</b>	<b>\$54.8</b>	<b>\$51.2</b>	<b>\$51.5</b>	<b>\$52.8</b>	<b>\$54.7</b>

## **PETROLEUM BUSINESS TAXES (PBT) (Trust Fund Taxes)**

The Statewide Dedicated Funds Pool is the repository for revenues from the following dedicated taxes and fees: petroleum business taxes, a business privilege tax imposed on petroleum businesses operating in New York State; motor fuel taxes, an excise tax levied with respect to gasoline and diesel motor fuels; and motor vehicle fees that are derived mainly from vehicle registration and driver license fees. Subject to statutory allocation under current State Law, thirty-four percent (34%) of the Dedicated Funds Pool is currently deposited in the Mass Transportation Trust Fund (MTTF) for MTA's benefit. Amounts transferred from the MTTF Account to the MTA's Dedicated Tax Fund constitute MTTF Receipts. For the purposes of budget preparations, MTTF Receipts are also referred to as PBT Receipts interchangeably. Eighty-five percent (85%) of the MTTF Receipts are payable to New York City Transit (NYCT) for the benefit of NYCT and SIR, and the remaining 15% to MTA for the benefit of LIRR and Metro-North.

MTA utilizes the MTTF Receipts (PBT) to pay debt service on MTA's Dedicated Tax Fund Bonds (DTF Bonds). Debt service on DTF Bonds is payable first from PBT Receipts and then, to the extent of any deficiency, from MMTOA Taxes. On an annual basis to date, PBT Receipts have been sufficient to meet all debt service commitments and no MMTOA Taxes have been used.

After debt obligations are satisfied, the remaining PBT funds are transferred for use by New York City Transit and the Commuter Railroads as a subsidy.

Consistent with the July Plan, the PBT forecast in the 2008 November Plan baseline reflects revenue projections in NYS's 2008-09 Enacted Budget. Volume 1 of the November Plan reflects the most recent projections of PBT revenues in New York State Budget's (DOB) Mid-Year Financial Plan Update. Beginning in 2008 and continuing through the Plan period, PBT tax yields are projected to decline from the July Plan levels. Similar to the handling of the MMTOA taxes, the MTA November Plan does not incorporate the impact of the State's latest reforecast into the Plan baseline. Instead, it is reflected as below-the-line assumptions in the Plan.

### **2008 November Forecast**

The 2008 November Plan PBT estimate, on a cash basis, is \$626.6 million, which is consistent with the July Plan and reflects NYS's Enacted Budget forecast. Of the total PBT allocation, 85% or \$532.6 million is earmarked for New York City Transit and 15% or \$94.0 million for the commuter railroads.

On an accrual basis, PBT estimates for 2008 is \$627.6 million. The accrual estimate is based on a one-month lag in the booking and collection of PBT proceeds.

### **2009 Forecast**

The 2009 PBT baseline cash projection is \$638.1 million, which is consistent with the July Plan forecast, reflecting NYS's Enacted Budget estimates of PBT revenues. Of the total PBT, \$542.4 million, or 85% is earmarked for New York City Transit, and \$95.7 million, or 15% is earmarked for the commuter railroads.

On an accrual basis, PBT is estimated to be \$638.6 million, which is consistent with the July Plan and an increase of \$8.8 million over the prior year's level.

### **2010 - 2012**

For 2010 through 2012, PBT baseline cash estimates are \$643.8 million, \$646.4 million and \$648.9 million, respectively. These estimates are consistent with the July Plan and reflect NYS's Enacted Budget forecast of PBT revenue estimate. The 2010 through 2012 forecasts inflate the previous year's level by 0.9%, 0.4% and 0.4% respectively.

On an accrual basis, PBT estimates for 2010 through 2012 are \$644.1 million, \$646.6 million and \$649.1 million respectively.

**PETROLEUM BUSINESS TAX PROJECTIONS**  
**November Financial Plan 2009 - 2012**  
**Tax Yield Distribution 2008 -2012**  
(\$ in millions)

Line No		ACTUAL	FORECAST				
		2007	2008	2009	2010	2011	2012
9							
10	<b>Total Net PBT Collections Available for Distribution</b>	<b>\$1,797.2</b>	<b>\$1,843.1</b>	<b>\$1,876.7</b>	<b>\$1,893.7</b>	<b>\$1,901.1</b>	<b>\$1,908.5</b>
11							
12	<b><u>Distribution Shares:</u></b>						
13							
14	MTA Total	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%
15	Other Transit	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
16	Highway Trust Fund	63.0%	63.0%	63.0%	63.0%	63.0%	63.0%
17	General Fund	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
18							
19	<b>Share Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
20							
21							
22	<b><u>Amount of Total Net Collections Available for the MTA:</u></b>						
23							
24	<b>MTA Total</b>	<b>\$611.1</b>	<b>\$626.6</b>	<b>\$638.1</b>	<b>\$643.8</b>	<b>\$646.4</b>	<b>\$648.9</b>
25							
26	<b><u>Accrued</u></b>						
27							
28	NYCT/SIR Share of MTA Total	\$511.3	\$533.5	\$542.8	\$547.4	\$549.6	\$551.7
29	Commuter Railroad Share of MTA Total	90.2	94.1	95.8	96.6	97.0	97.4
30							
31	<b>MTA Total of Net Collections</b>	<b>\$601.5</b>	<b>\$627.6</b>	<b>\$638.6</b>	<b>\$644.1</b>	<b>\$646.6</b>	<b>\$649.1</b>
32							
33	<b><u>Cash</u></b>						
34							
35	NYCT/SIR Share of MTA Total	\$519.4	\$532.6	\$542.4	\$547.3	\$549.4	\$551.6
36	Commuter Railroad Share of MTA Total	91.7	94.0	95.7	96.6	97.0	97.3
37							
38	<b>MTA Total of Net Collections</b>	<b>\$611.1</b>	<b>\$626.6</b>	<b>\$638.1</b>	<b>\$643.8</b>	<b>\$646.4</b>	<b>\$648.9</b>

## **MORTGAGE RECORDING TAXES (MRT)**

The Mortgage Recording Taxes consist of two separate taxes: Mortgage Recording Tax-1 (MRT-1) and Mortgage Recording Tax-2 (MRT-2).

MRT-1 is imposed on the borrower for recorded mortgages of real property, subject to certain exclusions, and collected by New York City and the seven other counties within the MTA's service area, at the rate of three-tenths of one percent (3/10%) of the debt secured by certain real estate mortgages. This rate was increased from one-quarter of one percent in June 2005. Receipts from MRT-1 must be applied, first, to meet MTA Headquarters operating expenses and, second, to make deposits into the New York City Transit (NYCT) Account (55% of the remaining amount) and the Commuter Railroad Account (45% of the remaining amount).

Funds in the NYCT Account are required to be used to pay operating and capital costs of NYCT, its subsidiaries, and Staten Island Railway (SIR). Funds in the Commuter Railroad Account are required to be first used to pay up to \$20 million to the State Suburban Transportation Fund each year. In the event the transfer to the Suburban Fund would result in a Commuter Railroad operating deficit, the amount of the deficit is appropriated to the MTA for Commuter Railroad operating purposes, and not transferred to the Suburban Fund. After first making the required transfers to the Suburban Fund, the balance in the Commuter Railroad Account is required to be used to pay commuter railroad operating and capital costs.

MRT-2 is a tax imposed on the institutional lender. It consists of one-quarter of one percent (1/4%) of certain recorded mortgages secured by real estate structures containing one to six dwelling units in the MTA's service area. MRT-2 receipts are to be applied, first, to make deposits into the Payment Sub-accounts of Dutchess, Orange and Rockland counties and, second, to make deposits into the Corporate Purposes Sub-account for the purpose of paying operating and capital costs, including debt service and debt service reserve requirements, if any, incurred for the benefit of MTA, NYCT and their respective subsidiaries.

MTA is required to transfer an annual amount of \$5.0 million, made in equal quarterly installments, from the Corporate Transportation Account to the MTA's Dutchess, Orange and Rockland Fund (DORF); \$1.5 million is for each of the counties of Dutchess and Orange, and \$2.0 million is for the county of Rockland. Additionally, MTA must transfer from the Corporate Transportation Account to DORF for each of these three counties, respectively, an amount equal to the product of (i) the percentage by which such county's mortgage recording tax payment (MRT-1, excluding recent rate increases plus MRT-2) to MTA in the preceding calendar year increased over such payment in calendar year 1989 and (ii) \$1.5 million each for Dutchess and Orange Counties and \$2.0 million for Rockland County.

## **Forecast Methodology**

Baseline Mortgage Recording Tax forecasts are unchanged from those prepared for the July Financial Plan. The forecasts for the second half of 2008, and for 2009 through 2011, are based on tax receipt trends for mortgage originations projected by the City of New York in its May 2008 Executive Budget. An adjustment for the second half of 2008 was made to account for second quarter mortgage activity which was weaker than the City trend forecast anticipated and which MTA expects would continue into the third quarter; this adjustment is consistent with changes made to the City's forecasts that were incorporated in its Adopted Budget. For 2012, MRT estimates were projected by utilizing 16 individual models; for each of eight jurisdictions – New York City and the seven suburban counties in the MTA region – there is an MRT-1 model and an MRT-2 model. These models, which are time-series regression models with a log-log specification, project tax receipts as a function of the ten-year U.S. Treasury Note rate and population of the jurisdiction.

At the beginning of November, the City of New York released its November Financial Plan Update, which includes revised trends for real estate transaction tax receipts. Using these revisions, along with actual receipts for July through October 2008, MTA has developed a revised set of MRT receipt forecasts for the November Financial Plan period. Changes from the baseline forecast to those developed using the City's updated forecast are provided separately in the November Financial Plan, Volume 1, as *Real Estate Related Taxes* in the *Updated Forecast* section.

### **2008 November Forecast - Baseline**

The 2008 November Forecast for the Mortgage Recording Tax, unchanged from the Mid-Year Forecast, is based on June year-to-date actual cash receipts. The forecasts for the remaining six months of the year, based on the May 2008 City of New York Executive Budget trend projections and recent activity, were added to the year-to-date actuals in order to obtain a 2008 November Forecast.

MRT receipts on a cash basis are estimated at \$484.6 million, a decrease of \$218.9 million, or 31.1% from the 2007 level. MRT-1 receipts are projected to be \$317.1 million, a \$143.1 million (-31.1%) decrease over 2007, while MRT-2 receipts are projected to be \$167.4 million, a \$75.8 million (-31.2%) decline over 2007. MRT-1 includes taxes collected on mortgages for both commercial properties and residential properties, while MRT-2 is paid only on residential properties with fewer than seven units in the structure.

The City of New York's Executive Budget, the basis of MTA projections for MRT through 2011, assumed total mortgage recording tax receipts will decline by 25.4% for City Fiscal Year (CFY) 2009; this projection was used to estimate combined MRT-1 receipts from New York City excluding Staten Island. The City's Executive Budget assumed residential mortgage recording tax receipts will decline 13.3% for CFY 2009; this trend assumption was used to estimate MRT-1 receipts for Staten Island and the suburban counties as well as MRT-2 receipts for the entire MTA region.

## **2009 – 2012 Baseline**

The November Financial Plan MRT projections for 2009 and 2012 are unchanged from the July Financial Plan. Receipts are expected to continue falling in 2009, down \$22.5 million, a 4.7% decline. MRT-1 is projected to decline \$21.0 million, a 6.6% decrease, while MRT-2 is projected to decline \$1.5 million, a 0.9% decrease. Declines are expected to continue in 2010 as MRT receipts fall another 1.2%, with MRT-1 down 1.4% and MRT-2 down 1.0%. By 2011, both residential and commercial activity are expected to reach sustainable levels, with MRT-1 receipts expected to increase 2.9% along with an increase of 3.1% in MRT-2 receipts; overall MRT receipts are expected to grow by 3.0% in 2011. In 2012, overall MRT receipts are expected to increase 1.5% with MRT-1 up 1.7% and MRT-2 up 1.3%.

The City Executive Budget projected total mortgage recording tax receipts – used to project MRT-1 for New York City excluding Staten Island – will decline 25.4% during City Fiscal Year 2009, decline 2.4% in CFY 2010, decrease 1.3% in CFY 2011 and increase 6.1% during CFY 2012. The City Executive Budget assumed residential mortgage recording tax receipts – used for MRT-1 projections for Staten Island and the suburban counties along with MRT-2 projections for the full MTA region – will decline 13.3% in CFY 2009, increase 0.2% in CFY 2010, decrease 1.8% in CFY 2011 and increase 6.6% during CFY 2012.

For the 2012 Financial Plan projection, the ten-year U.S. Treasury Note rate was expected to be 5.39%, unchanged from the projected 2011 rate. Population was expected to increase in 2012, up 0.16% in New York City, up 0.21% in Nassau and Suffolk, up 0.03% in Westchester, up 0.82% in Putnam, up 0.55% in Dutchess, up 0.33% in Rockland and up 0.70% in Orange.

The Plan forecasts for 2009 through 2012 reflect these assumptions. Over the Financial Plan period, MRT receipts are projected to be \$462.0 million in 2009, \$456.3 million in 2010, \$469.9 million in 2011 and \$477.1 million in 2012. MRT-1 receipts are estimated to be \$296.1 million in 2009, \$292.0 million in 2010, \$300.6 million in 2011 and \$305.5 million in 2012. MRT-2 receipts are projected to be \$165.9 million in 2009, \$164.3 million in 2010, \$169.3 million in 2011 and \$171.6 million in 2012.

## **Additional Assumptions - Baseline**

The MTA General Reserve is funded by MRT-2. Like the July Plan, the November Plan reallocates \$40 million in unspent General Reserve earmarked for 2005 in equal installments in 2006 through 2009, with \$10 million reflected in each year. In addition, the November Plan reduces to zero the 2008 General Reserve level from the July Plan level of \$37.5 million. Beginning in 2009 through the plan period, however, the November Plan maintains the July Plan's general reserve level of \$75.0 million annually.

MRT-2 is also used to reimburse the agencies for certain security expenses from a fund managed by MTA Police. These funds are used for short term security projects. An

amount of \$16.5 million annually has been earmarked in the Plan to cover these security expenses in each of the years from 2008 through 2012.

### **Technical Adjustments:**

Consistent with the July Plan, the November Financial Plan continues to reflect the implementation into the baseline of certain policy actions that were previously handled below the line. The Plan continues to reflect the impact of these funds on agency transfers as follows:

*Downsizing* – The Downsizing Account was established in the 2007 Adopted Budget in anticipation of major cost reductions that would need to be implemented in order to achieve budget balance after 2007. The November Plan, like the July Plan, continues to assume that these funds would be needed in 2009 and 2010.

*Enhanced Security Training* – The November Plan baseline makes no change to the July Plan's allocation of \$25.0 million over four years, which began in 2007 (\$6.2 million in equal installments), for enhanced security training for NYCT, Metro-North, and LIRR's operating personnel. The MTA has undertaken this initiative on the recommendations of Kroll Associates, the security consulting firm that the MTA engaged to review the agencies' safety/security training curriculum, and has sought and received the approval of the MTA Board.

### **Other MRT-2 Adjustments – Baseline**

In addition to the adjustments above, the November Plan, like the July Plan, assumes that MRT-2 funds will be used to cover debt service cash flow requirements of the MTA Bus Company. For the period 2008 through 2012, the plan assumes \$24.6 million in 2008, \$23.2 million in 2009 and \$24.9 million annually thereafter.

In 2007, the MTA committed \$90.8 million in MRT-2 funds for a cash defeasance loan to TBTA. The 2008 November Plan assumes that the full amount of this loan will be paid back to the MTA by 2009.

MTAHQ accrued expenses are funded by MRT-1 receipts; as a result, Other Post Employment Benefits (OPEB) are now included in the calculation of MRT-1 distributions. The November Plan assumes that the cash value of the future OPEB liability for MTAHQ, beginning in 2008, would be transferred from MRT-1 to the MRT-2 Corporate Account. These funds are needed to balance MTAHQ on a cash basis as well as meet current and future corporate costs, including OPEB. In the July Plan, an error was made in the calculation for HQ's use of OPEB cash. As a result, in the November Plan, the MRT-2 subsidy available to HQ is approximately \$60 million lower than the July Plan in each year beginning in 2009.

**Summary of Mortgage Recording Tax Projections**  
**November Financial Plan 2009 - 2012**  
**Tax Yield Distribution 2008 - 2012**  
(\$ in millions)

<b>Cash Basis</b>	<b>ACTUAL</b>		<b>FORECAST</b>			
	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>MORTGAGE RECORDING TAX #261-1</b>						

**Receipts Available for Transfer to NYCT and CRs:**

Total Gross Receipts	\$460.2	\$317.1	\$296.1	\$292.0	\$300.6	\$305.5
Carryover	0.0	0.0	0.0	0.0	0.0	0.0
OPEB Offset	0.0	61.2	64.2	67.1	70.2	73.2
Less: MTAHQ Operating Deficit	<u>(280.369)</u>	<u>(338.868)</u>	<u>(382.948)</u>	<u>(380.918)</u>	<u>(391.389)</u>	<u>(400.825)</u>
<b>Receipts Available for Transfer</b>	<b>\$179.9</b>	<b>\$39.4</b>	<b>(\$22.6)</b>	<b>(\$21.8)</b>	<b>(\$20.6)</b>	<b>(\$22.1)</b>
Adjustments	(25.0)	(20.0)	0.0	0.0	0.0	0.0
MRT-2 Required to Balance	0.0	0.0	22.6	21.8	20.6	22.1
<b>Adjusted Receipts Available for Transfer</b>	<b>\$154.8</b>	<b>\$19.4</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>

**Allocation of Net Receipts to NYCT/SIR Account:**

Opening Balance	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
NYCT/SIR Share	<b>55%</b>	<b>55%</b>	<b>55%</b>	<b>55%</b>	<b>55%</b>	<b>55%</b>
From Current Year Net Receipts	0.0	10.7	0.0	0.0	0.0	0.0
Interest	0.0	0.0	0.0	0.0	0.0	0.0
Carryover from Prior-Year Accrual	0.0	0.0	0.0	0.0	0.0	0.0
Carryover from MTAHQ Post-Close Adjustment	0.0	21.7	0.0	0.0	0.0	0.0
<b>Total NYCT/SIR Net Cash Share</b>	<b>\$0.0</b>	<b>\$32.4</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>
Total SIR Net Cash Share	0.3	0.0	0.0	0.0	0.0	0.0
<b>Total NYCT Net Cash Share</b>	<b>\$0.0</b>	<b>\$32.4</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>

**Allocation of Net Receipts to Commuter Railroad Account:**

Opening Balance - CR/SHF	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Commuter Railroad Share	<b>45%</b>	<b>45%</b>	<b>45%</b>	<b>45%</b>	<b>45%</b>	<b>45%</b>
From Net Receipts	0.0	8.8	0.0	0.0	0.0	0.0
Interest	0.0	0.0	0.0	0.0	0.0	0.0
Carryover	0.0	0.0	0.0	0.0	0.0	0.0
Carryover from MTAHQ Post-Close Adjustment	0.0	17.5	0.0	0.0	0.0	0.0
Less: Suburban Highway Fund	(20.0)	0.0	0.0	0.0	0.0	0.0
OPEB	0.0	0.0	0.0	0.0	0.0	0.0
Transfers from MRT-2	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
<b>Total Commuter Railroad Net Cash Share</b>	<b>\$0.0</b>	<b>\$26.2</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>

**MORTGAGE RECORDING TAX #261-2**

**Receipts Available**

Total Receipts to Corporate Account	\$243.3	\$167.4	\$165.9	\$164.3	\$169.3	\$171.6
Opening Fund Balance	30.0	20.0	10.0	0.0	0.0	0.0
OPEB Cash Adjustment	0.0	0.0	0.0	0.0	0.0	0.0
All Agency Security Pool	(16.5)	(16.5)	(16.5)	(16.5)	(16.5)	(16.5)
Downsizing	3.6	0.0	(40.5)	(40.5)	0.0	0.0
Enhanced Security Training	(6.2)	(6.2)	(6.2)	(6.2)	0.0	0.0
Service Marketing Campaign	(5.0)	5.0	0.0	0.0	0.0	0.0
MTA Bus Debt Service	(26.6)	(24.6)	(23.2)	(24.9)	(24.9)	(24.9)
Outstanding 2006 Loans	36.9	0.0	0.0	0.0	0.0	0.0
Cash Defeasance Loan for TBTA	(90.8)	0.0	90.8	0.0	0.0	0.0
Reserve for Following Year/Cash Flow Provision	(20.0)	(10.0)	0.0	0.0	0.0	0.0
General Reserve	0.0	0.0	(75.0)	(75.0)	(75.0)	(75.0)
Investment Income	<u>23.4</u>	<u>8.2</u>	<u>8.2</u>	<u>8.2</u>	<u>8.3</u>	<u>8.3</u>
<b>Total Receipts Available for Transfer</b>	<b>\$171.9</b>	<b>\$143.3</b>	<b>\$113.5</b>	<b>\$9.4</b>	<b>\$61.2</b>	<b>\$63.5</b>

**Use of Total Receipts:**

DORF Opening Balance	\$3.8	\$4.5	\$4.5	\$4.5	\$4.5	\$4.5
Less: Transfer to MTA DORF Account	(20.1)	(16.7)	(12.8)	(12.0)	(11.9)	(12.3)
Less: Transfer to MTAHQ Funds	0.0	0.0	(22.6)	(21.8)	(20.6)	(22.1)
<b>Net Receipts Available</b>	<b>\$155.6</b>	<b>\$131.1</b>	<b>\$82.6</b>	<b>(\$20.0)</b>	<b>\$33.1</b>	<b>\$33.6</b>

## URBAN TAXES

Urban Taxes consist of two separate taxes applied to certain commercial real property transactions and commercial mortgage recordings within New York City: a Mortgage Recording Tax (MRT) is imposed on mortgages exceeding \$500,000 on New York City commercial properties; and, a Real Property Transfer Tax (RPTT) imposed on the transfer of New York City commercial real properties valued over \$500,000. Tax receipts are available only for transit purposes in New York City, with 90% of the receipts earmarked for New York City Transit (NYCT) general operations and 6% used for the partial reimbursement of NYCT Paratransit costs. The remaining 4% earmarked as subsidy for the New York City private buses; the City is currently utilizing these funds to reimburse MTA Bus expenses.

### **Forecast Methodology**

Baseline Urban Tax forecasts are unchanged from those prepared for the July Financial Plan. The forecasts for the second half of 2008, and for 2009 through 2011, are based on tax receipt trends for commercial property transactions projected by the City of New York in its May 2008 Executive Budget. Two adjustments for 2008 were made to the trend forecast. An adjustment for the second half of 2008 was made to account for second quarter commercial real estate activity which was weaker than the City trend forecast anticipated and which MTA expected would continue into the third quarter; this adjustment was consistent with changes made to the City's forecasts that were incorporated in its Adopted Budget. A second adjustment was made to account for receipts anticipated from the purchase of the GM Building and four other properties by Boston Properties for \$3.95 billion. For 2012, Urban Tax estimates are based on two forecasting models, one for the MRT and one for the RPTT. In these models, which are time-series regression models with a log-log specification, tax receipts are a function of the ninety-day U.S. Treasury Bill rate and New York City private-sector employment.

At the beginning of November, the City of New York released its November Financial Plan Update, which includes revised trends for real estate transaction tax receipts. Using these revisions, along with actual receipts for July through October 2008, MTA has developed a revised set of Urban Tax receipt forecasts for the November Financial Plan period. Changes from the baseline forecast to those developed using the City's updated forecast are provided separately in the November Financial Plan, Volume 1, as *Real Estate Related Taxes* in the *Updated Forecast* section.

### **2008 November Forecast - Baseline**

The 2008 November Forecast for the Urban Taxes, unchanged from the Mid-Year Forecast, is based on actual cash tax receipts to the MTA through June 2008. Forecasts for the remaining six months of the year, based on the May 2008 City of New York Executive Budget trend projections and recent activity, were added to the year-to-date actuals in order to obtain a 2008 November Forecast.

Urban Tax receipts on a cash basis are estimated at \$560.5 million, a decrease of \$323.0 million, or 36.6% less than the 2007 level. The City of New York's Executive Budget assumed commercial MRT receipts will decrease by 34.9% for City Fiscal Year (CFY) 2009 while RPTT receipts will decrease by 26.9% for CFY 2009. After the release of the City trend projections, Urban Tax receipts continued to remain low for May and June – lower than even the City projections anticipated. To reflect this, the Urban Tax projections for the second half of 2008 were further lowered to reflect actual receipts for March, April and May.

Additionally, in late May the GM Building and four other Manhattan properties were sold by Macklowe Properties to Boston Properties for a reported \$3.95 billion; \$35.6 million in Real Property Transfer Tax revenue was added to the 2008 projection to reflect this transaction.

### **2009 – 2012 Baseline**

The November Financial Plan Urban Tax projections are unchanged from the July Financial Plan. Receipts are expected to continue declining, by 13.6% in 2009 and by 2.6% in 2010, and then growing by 2.6% in 2011 and 6.8% in 2012.

The City Executive Budget projected commercial MRT receipts to decrease 34.9% during City Fiscal Year 2009, decline 5.2% during CFY 2010, decrease 0.7% for CFY 2011 and increase 5.5% in CFY 2012. Commercial RPTT receipts were forecast to decline 26.9% in CFY 2009, decline 5.4% in CFY 2010, decrease 0.6% in CFY 2011 and increase 4.5% in CFY 2012.

For the 2012 Financial Plan projection, the 3-month U.S. Treasury Bill rate was expected to be 4.59%, unchanged from 2011, while New York City private-sector employment was expected to grow 0.76% in 2012.

The Plan forecasts for 2009 through 2012 reflect these assumptions. Over the Financial Plan period, Urban Tax receipts are projected to be \$484.1 million in 2009, \$471.6 million in 2010, \$483.9 million in 2011 and \$516.8 million in 2012.

Urban Tax receipts have grown at unprecedented rates over the past three and half years: from 2003 to 2004, Urban Tax receipts doubled, and receipts doubled again from 2004 to 2006. Receipts increased by another 21% in 2007, and from 2007 through 2010 receipts are expected to decline by 47% before modestly increasing in subsequent years. These receipts are generated by market conditions that can change dramatically, and significant declines have occurred before: after reaching a then-record level in 1987, Urban Tax receipts declined 85% over a five year period.

## **STATE AND LOCAL SUBSIDIES**

State and Local Subsidies consist of New York State and Local Section 18-B Operating Assistance, Nassau County Subsidy, Station Maintenance and Connecticut Department of Transportation (CDOT) Subsidy to Metro-North Railroad. In addition the Commuter Railroads' subsidies include additional Mass Transit Assistance Program (AMTAP) aid, appropriated by the State.

New York State 18-b Operating Assistance is direct State aid to the MTA appropriated by the State Legislature on an annual basis. Each County in the MTA Transportation District is required by the transportation law to match the State amounts by making quarterly payments of Local 18-b Operating Assistance to the MTA. Beginning in 1994, the State earmarked a portion of the dedicated taxes to fund the State's obligations for 18-b payments.

Nassau County subsidies are intended to meet payment obligations to cover LIB's operating deficit. Nassau's Local 18-b match for LIB is also included in the Nassau County subsidy.

Connecticut Department of Transportation (CDOT) subsidy payments are made to Metro-North Railroad as reimbursement for expenses associated with commuter train operations by Metro-North in the State of Connecticut.

Station Maintenance subsidy is paid by the City and each of the seven counties in the MTA region for the operation, maintenance and use of Commuter System passenger stations within the City and each of the counties. Station Maintenance base amounts were established in 1999 and are subject to CPI (Consumer Price Index) adjustment each year thereafter.

The current costs of the MTA Bus' operations are 100% reimbursable by the City of New York. Under agreement with the MTA, the City of New York agreed to pay MTA Bus the difference between the actual operating costs of the City bus routes and all revenue received for operations from said routes. It is assumed in the Plan that a portion of potential Health and Welfare savings that may result from on-going labor negotiations would be earmarked for the MTA GASB Fund. MMTOA, 18-b and Urban Taxes, that are designated for the former private buses subsidized by the City by Statute, are paid directly to the City and are used by the City to partially fund MTA Bus.

### **2008 November Forecast**

In the 2008 November Forecast, total State and Local cash subsidy receipts are estimated at \$624.6 million, a slight increase of \$0.6 million over the July Plan. The change is primarily due to higher levels of station maintenance subsidies, partially offset by unfavorable CDOT subsidies.

## **2009 – 2012**

In 2009, 2010, 2011, and 2012 State and Local subsidy estimates are \$5.1 million, \$5.0 million, \$3.8 million and \$3.8 million higher than the July Plan levels, respectively. The changes primarily represent elimination of AMTAP subsidies to the commuter railroads beginning in 2009, partially offset by favorable CDOT and/or station maintenance levels in each of the Plan years. The AMTAP grant to the commuter railroads was based on the amount MTA distributes to the State suburban highway fund as part of the MRT-1 fund allocations. Because of declining MRT-1 receipts, all MRT-1 receipts are needed to balance MTAHQ, which has first lien on all MRT-1 receipts; since there will not be any distributions to the State suburban highway fund, the corresponding AMTAP allocation would no longer be available during the Plan period.

## **MTA SUBSIDY TO SUBSIDIARIES**

In the 2008 November Forecast, total estimated MTA subsidy payment to its subsidiaries on a cash basis is \$37.3 million, which is \$3.6 million lower than the July Plan Forecast. Staten Island Railroad's (SIR) share is \$23.3 million; Long Island Bus' (LIB) share is \$14.0 million.

For the 2008 November Forecast, SIR's share reflects amounts needed to cover the operating deficit after all other subsidies and operating revenues are allocated.

In 2009, the forecast for MTA subsidy payment to LIB and SIR on a cash basis is \$45.8 million, which is \$3.1 million higher than the July Plan Forecast.

For each of the years 2010 through 2012, MTA subsidy to its subsidiaries is \$40.9 million, \$40.5 million and \$41.9 million respectively. The Long Island Bus portion remains at \$14.0 million in each year.

## **SUBSIDY AND OTHER TECHNICAL ADJUSTMENTS**

In addition to the adjustments to MRT-2, which are discussed in the MRT Section, other subsidy adjustments for 2008 through 2012 are included in the November Plan.

Consistent with the July Plan, NYCT pension expenses reflect costs associated with pension refunds to union employees. These refunds were part of the December 2005 labor agreement and subsequent arbitration award with union employees and NYCT. The 2008 payments, totaling \$118.0 million, were made by the NYCERS and MaBSTOA pension plans. The November Plan includes a transfer of \$118.0 million from the GASB account to fund these and other anticipated pension cost. In 2006, a portion of the GASB account was funded by one-time cash savings stemming from reductions in NYCT NYCERS costs; it was intended that these savings would be used for this purpose when the monies were deposited in the GASB account.

In 2008 and 2009, as previously noted in the MMTOA section and consistent with the July Plan, the November Plan assumes that \$100.0 million in two equal payments of \$50.0 million from MMTOA funds would be used to pay for the #1 train underpinning project. These adjustments assume the transfer of funds to the project budget, which is not part of the MTA operating budget.

The November Plan reflects MTA's energy hedging strategy which was implemented in September and October to lock-in fuel prices. In 2007, \$150.0 million was prepaid for NYCT, LIRR and Metro-North's energy. The Plan assumes that these funds will be available when the hedges expire in December 2009.

Consistent with the July Plan, the November Plan reflects the MTA's agreement with the City of New York to fund a portion of MTA Bus' debt service from New York City Transit subsidies, which account for \$12.0 million in 2008 and \$11.5 million in each year beginning in 2009 for the duration of the Plan period. These amounts reflect reimbursement to MTA Bus under a swap agreement with New York City Transit in which Federal capital grant moneys are paid directly to New York City Transit for the benefit of MTA Bus; NYCT applies these funds to cover its own capital projects and in turn reimburses MTA Bus.

**MTA New York City Transit Subsidy Allocation**  
**November Financial Plan 2009 - 2012**  
**Cash Basis**  
(\$ in millions)

<u>Subsidies</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b><i>Dedicated Taxes</i></b>						
Metropolitan Mass Transportation Operating Assist. (MMTOA)	\$1,049.6	\$1,098.6	\$1,018.4	\$1,024.2	\$1,054.0	\$1,095.5
Petroleum Business Tax (PBT) Receipts	519.4	532.6	542.4	547.3	549.4	551.6
Mortgage Recording Tax (MRT)	0.0	32.4	0.0	0.0	0.0	0.0
Urban Tax	<u>883.1</u>	<u>560.5</u>	<u>484.1</u>	<u>471.6</u>	<u>483.9</u>	<u>516.8</u>
	\$2,452.1	\$2,224.2	\$2,044.9	\$2,043.1	\$2,087.4	\$2,163.9
<b><i>State and Local Subsidies</i></b>						
State Operating Assistance	\$158.1	\$158.2	\$158.2	\$158.2	\$158.2	\$158.2
Local Operating Assistance	<u>158.2</u>	<u>158.2</u>	<u>158.2</u>	<u>158.2</u>	<u>158.2</u>	<u>158.2</u>
	\$316.2	\$316.4	\$316.4	\$316.4	\$316.4	\$316.4
South Ferry	(\$35.0)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Pension Funding	\$0.0	\$118.0	\$0.0	\$0.0	\$0.0	\$0.0
Fulton Street #1 Train - Port Authority	(56.0)	(50.0)	(50.0)	0.0	0.0	0.0
NYCT Charge Back of MTA Bus Debt Service	0.0	(12.0)	(11.5)	(11.5)	(11.5)	(11.5)
Energy Hedging Strategy	<u>(117.8)</u>	<u>0.0</u>	<u>117.8</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
	(\$208.8)	\$56.0	\$56.3	(\$11.5)	(\$11.5)	(\$11.5)
<b>Total Dedicated Taxes &amp; State and Local Subsidies</b>	<b>\$2,559.6</b>	<b>\$2,596.6</b>	<b>\$2,417.5</b>	<b>\$2,348.0</b>	<b>\$2,392.2</b>	<b>\$2,468.7</b>
<b><i>Inter-agency Subsidy Transactions</i></b>						
Bridges and Tunnels Operating Surplus Transfer	\$156.4	\$111.9	\$42.2	\$19.5	\$12.6	\$1.1
<b>GROSS SUBSIDIES</b>	<b><u>\$2,716.0</u></b>	<b><u>\$2,708.5</u></b>	<b><u>\$2,459.7</u></b>	<b><u>\$2,367.5</u></b>	<b><u>\$2,404.8</u></b>	<b><u>\$2,469.8</u></b>

**MTA Commuter Railroad Subsidy Allocation**  
**November Financial Plan 2009 - 2012**  
**Cash Basis**  
(\$ in millions)

<u>Subsidies</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b><i>Dedicated Taxes</i></b>						
Metropolitan Mass Transportation Operating Assistance (MMTOA)	\$523.2	\$549.2	\$512.6	\$515.3	\$528.8	\$547.7
Petroleum Business Tax (PBT) Receipts	91.7	94.0	95.7	96.6	97.0	97.3
Mortgage Recording Tax (MRT)	0.0	26.2	0.0	0.0	0.0	0.0
Investment Income	<u>2.3</u>	<u>2.0</u>	<u>2.0</u>	<u>2.1</u>	<u>2.1</u>	<u>2.2</u>
	\$617.2	\$671.4	\$610.3	\$613.9	\$627.9	\$647.2
<b><i>State and Local Subsidies</i></b>						
State Operating Assistance	\$29.3	\$29.3	\$29.3	\$29.3	\$29.3	\$29.3
Local Operating Assistance	29.3	29.3	29.3	29.3	29.3	29.3
CDOT Subsidy	61.2	71.9	88.7	98.9	112.7	121.3
Station Maintenance	138.5	143.8	148.1	150.8	154.2	157.6
AMTAP	<u>20.0</u>	<u>19.6</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
	\$278.1	\$293.9	\$295.3	\$308.2	\$325.4	\$337.3
Forward Energy Contracts	(\$32.2)	\$0.0	\$32.2	\$0.0	\$0.0	\$0.0
Pension Pre-Payment	<u>(91.0)</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
	(\$123.2)	\$0.0	\$32.2	\$0.0	\$0.0	\$0.0
<b>Total Dedicated Taxes &amp; State and Local Subsidies</b>	<b>\$772.0</b>	<b>\$965.2</b>	<b>\$937.8</b>	<b>\$922.1</b>	<b>\$953.3</b>	<b>\$984.5</b>
<b><i>Inter-agency Subsidy Transactions</i></b>						
Bridges and Tunnels Operating Surplus Transfer	\$249.9	\$225.4	\$171.0	\$148.7	\$141.2	\$129.8
<b>GROSS SUBSIDIES</b>	<b>\$1,022.0</b>	<b>\$1,190.6</b>	<b>\$1,108.8</b>	<b>\$1,070.8</b>	<b>\$1,094.5</b>	<b>\$1,114.4</b>

**MTA Long Island Bus Subsidy Allocation**  
**November Financial Plan 2009 - 2012**  
**Cash Basis**  
(\$ in millions)

	2007	2008	2009	2010	2011	2012
<b><u>Subsidies</u></b>						
<b><i>Dedicated Taxes</i></b>						
MMTOA Allocation	\$44.9	\$54.8	\$51.2	\$51.5	\$52.8	\$54.7
<b><i>State and Local Subsidies</i></b>						
State Operating Assistance	\$3.0	\$2.9	\$3.0	\$3.0	\$3.0	\$3.0
Nassau County Subsidy	<u>10.8</u>	<u>10.5</u>	<u>10.5</u>	<u>10.5</u>	<u>10.5</u>	<u>10.5</u>
	\$13.8	\$13.4	\$13.5	\$13.5	13.5	13.5
<b>Total Dedicated Taxes &amp; State and Local Subsidies</b>	<b>\$58.7</b>	<b>\$68.3</b>	<b>\$64.6</b>	<b>\$64.9</b>	\$66.3	\$68.2
<b><i>Inter-agency Subsidy Transactions</i></b>						
MTA Subsidy to Subsidiaries	\$20.3	\$14.0	\$14.0	\$14.0	\$14.0	\$14.0
<b>GROSS SUBSIDIES</b>	<b>\$79.0</b>	<b>\$82.3</b>	<b>\$78.6</b>	<b>\$78.9</b>	<b>\$80.3</b>	<b>\$82.2</b>

**MTA Staten Island Railway Subsidy Allocation**  
**November Financial Plan 2009 - 2012**  
**Cash Basis**  
(\$ in millions)

<u>Subsidies</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b><i>Dedicated Taxes</i></b>						
Metropolitan Mass Transportation Operating Assistance (MMTOA)	\$4.5	\$3.5	\$3.3	\$3.3	\$3.4	\$3.5
Mortgage Recording Tax (MRT)	<u>0.3</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
	\$4.8	\$3.5	\$3.3	\$3.3	\$3.4	\$3.5
<b><i>State and Local Subsidies</i></b>						
State Operating Assistance	\$0.6	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5
Local Operating Assistance	<u>0.5</u>	<u>0.5</u>	<u>0.5</u>	<u>0.5</u>	<u>0.5</u>	<u>0.5</u>
	\$1.1	\$1.0	\$1.0	\$1.0	\$1.0	\$1.0
<b>Total Dedicated Taxes &amp; State and Local Subsidies</b>	<b>\$5.9</b>	<b>\$4.5</b>	<b>\$4.3</b>	<b>\$4.3</b>	<b>\$4.4</b>	<b>\$4.5</b>
<b><i>Inter-agency Subsidy Transactions</i></b>						
MTA Subsidy to Subsidiaries	\$21.5	\$23.3	\$31.8	\$26.9	\$26.5	\$27.9
<b>GROSS SUBSIDIES</b>	<b>\$27.3</b>	<b>\$27.9</b>	<b>\$36.1</b>	<b>\$31.2</b>	<b>\$30.9</b>	<b>\$32.4</b>

**MTA Headquarters Subsidy Allocation**  
**November Financial Plan 2009 - 2012**  
**Cash Basis**  
(\$ in millions)

<u>Subsidies</u>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b><i>Dedicated Taxes</i></b>						
<u>Mortgage Recording Tax-1</u>						
Net Receipts After Agency Transfers	\$305.4	\$277.7	\$296.1	\$292.0	\$300.6	\$305.5
<u>Adjustments</u>						
Diversion of MRT to Suburban Counties	(\$20.0)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Carryover/Opening Balances/Interest	(5.0)	0.0	0.0	0.0	0.0	0.0
MRT-2 Required to Balance	0.0	0.0	22.6	21.8	20.6	22.1
<i>Total Adjustments</i>	(\$25.0)	\$0.0	\$22.6	\$21.8	\$20.6	\$22.1
<b>Net Funding of MTA Headquarters</b>	<b>\$280.4</b>	<b>\$277.7</b>	<b>\$318.7</b>	<b>\$313.8</b>	<b>\$321.2</b>	<b>\$327.6</b>
<u>Mortgage Recording Tax - 2</u>						
Net Receipts	\$253.3	\$177.4	\$175.9	\$164.3	\$169.3	\$171.6
<u>Adjustments</u>						
Funding of General Reserve	\$0.0	\$0.0	(\$75.0)	(\$75.0)	(\$75.0)	(\$75.0)
Diversion of MRT to Suburban Counties	(16.4)	(12.2)	(8.3)	(7.6)	(7.5)	(7.8)
Carryover/Opening Balances/Interest	23.4	8.2	8.2	8.2	8.3	8.3
Agency Security Costs from MRT	(16.5)	(16.5)	(16.5)	(16.5)	(16.5)	(16.5)
Transfer to MRT-1	0.0	0.0	(22.6)	(21.8)	(20.6)	(22.1)
Downsizing	3.6	0.0	(40.5)	(40.5)	0.0	0.0
Enhanced Security Training	(6.2)	(6.2)	(6.2)	(6.2)	0.0	0.0
Service Marketing Campaign	(5.0)	5.0	0.0	0.0	0.0	0.0
MTA Bus Debt Service	(26.6)	(24.6)	(23.2)	(24.9)	(24.9)	(24.9)
Outstanding 2006 Loans	36.9	0.0	0.0	0.0	0.0	0.0
Cash Defeasance Loan for TBTA	(90.8)	0.0	90.8	0.0	0.0	0.0
<i>Total Adjustments</i>	(\$97.7)	(\$46.3)	(\$93.3)	(\$184.3)	(\$136.2)	(\$138.0)
<b>Unallocated MRT-2 Receipts</b>	<b>\$155.6</b>	<b>\$131.1</b>	<b>\$82.6</b>	<b>(\$20.0)</b>	<b>\$33.1</b>	<b>\$33.6</b>

**MTA Bus Company Subsidy Allocation**  
**November Financial Plan 2009 - 2012**  
**Cash Basis**  
(\$ in millions)

<u><b>Subsidies</b></u>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
City Subsidy to MTA Bus Company	<b>\$185.0</b>	<b>\$293.5</b>	<b>\$298.8</b>	<b>\$305.6</b>	<b>\$315.3</b>	<b>\$329.1</b>

**MTA BRIDGES & TUNNELS**  
**MULTI-YEAR FINANCIAL PLAN**  
**2009 - 2012**  
(\$ in millions)

ACTUAL	FORECAST				
2007	2008	2009	2010	2011	2012

**Deductions from Net Operating Income:**

Investment Income	\$5.558	\$2.558	\$2.321	\$4.099	\$4.458	\$4.458
Total Debt Service	463.748	506.616	603.878	609.285	620.770	634.429
Reserves	16.156	13.667	13.953	14.261	14.531	14.809
Capitalized Assets	6.314	14.508	18.854	18.854	18.854	18.854
GASB Reserves	1.670	1.980	2.210	2.431	2.479	2.529

<b>Total Deductions from Net Operating Income</b>	<b>\$493.446</b>	<b>\$539.329</b>	<b>\$641.216</b>	<b>\$648.930</b>	<b>\$661.091</b>	<b>\$675.079</b>
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<b>Net Income Available for Transfer to MTA and NYCT</b>	<b>\$406.443</b>	<b>\$323.213</b>	<b>\$200.904</b>	<b>\$164.557</b>	<b>\$152.594</b>	<b>\$128.548</b>
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**Distribution of Funds to MTA:**

Investment Income in Current Year	\$5.558	\$2.558	\$2.321	\$4.099	\$4.458	\$4.458
Accrued Current Year Allocation	249.968	215.707	165.980	146.768	140.584	128.631

<b>Total Accrued Amount Distributed to MTA</b>	<b>\$255.526</b>	<b>\$218.265</b>	<b>\$168.301</b>	<b>\$150.867</b>	<b>\$145.042</b>	<b>\$133.089</b>
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**Distribution of Funds to NYCT:**

First \$24 million of Surplus reserved for NYCT	\$24.000	\$24.000	\$24.000	\$24.000	\$24.000	\$24.000
Additional Accrued Current Year Allocation	132.474	83.506	10.925	(6.211)	(11.990)	(24.083)

<b>Total Accrued Amount Distributed to NYCT</b>	<b>\$156.474</b>	<b>\$107.506</b>	<b>\$34.925</b>	<b>\$17.789</b>	<b>\$12.010</b>	<b>(\$0.083)</b>
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**Actual Cash Transfer to MTA and NYCT:**

From Current Year Surplus	\$249.945	\$225.381	\$170.952	\$148.689	\$141.202	\$129.826
Investment Income in Prior Year	8.637	5.558	2.558	2.321	4.099	4.458

<b>Total Cash Amount Distributed to MTA</b>	<b>\$258.581</b>	<b>\$230.939</b>	<b>\$173.510</b>	<b>\$151.010</b>	<b>\$145.301</b>	<b>\$134.284</b>
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<b>Total Cash Amount Distributed to NYCT</b>	<b>\$156.397</b>	<b>\$111.855</b>	<b>\$42.183</b>	<b>\$19.503</b>	<b>\$12.588</b>	<b>\$1.127</b>
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	ACTUAL		FORECAST			
	2007	2008	2009	2010	2011	2012

**Debt Service Detail by Agency:**

B&T Own Purpose DS	\$140.544	\$159.060	\$186.541	\$194.597	\$207.181	\$220.489
NYCT Transportation DS	220.349	239.878	286.196	283.833	283.081	283.327
MTA Transportation DS	102.855	107.677	131.141	130.854	130.508	130.613
<b>Total Debt Service by Agency</b>	<b>\$463.748</b>	<b>\$506.616</b>	<b>\$603.878</b>	<b>\$609.285</b>	<b>\$620.770</b>	<b>\$634.429</b>

**Total Accrued Amount for Transfer to MTA and NYCT:**

Total Adjusted Net Income Available for Transfer	\$870.191	\$829.828	\$804.783	\$773.842	\$773.364	\$762.977
Less: B&T Total Debt Service	(140.544)	(159.060)	(186.541)	(194.597)	(207.181)	(220.489)
Less: first \$24 million reserved for NYCT	(24.000)	(24.000)	(24.000)	(24.000)	(24.000)	(24.000)
<b>Remainder of Total Accrued Amount for Transfer</b>	<b>\$705.647</b>	<b>\$646.768</b>	<b>\$594.241</b>	<b>\$555.244</b>	<b>\$542.184</b>	<b>\$518.489</b>

**Calculation of Actual Cash Transfer to MTA:**

<u>Distribution of Remainder to MTA</u>						
Fifty Percent of Total Accrued Amount for Transfer	\$352.823	\$323.384	\$297.121	\$277.622	\$271.092	\$259.244
Less: MTA Total Debt Service	(102.855)	(107.677)	(131.141)	(130.854)	(130.508)	(130.613)
<b>MTA's Accrued Current Year Allocation</b>	<b>\$249.968</b>	<b>\$215.707</b>	<b>\$165.980</b>	<b>\$146.768</b>	<b>\$140.584</b>	<b>\$128.631</b>
<u>Cash Conversion of MTA's Accrued Amount</u>						
Current Year Amount	\$218.724	\$194.136	\$149.382	\$132.091	\$126.526	\$115.768
Balance of Prior Year	31.221	31.245	21.571	16.598	14.677	14.058
<b>Cash Transfer to MTA</b>	<b>\$249.945</b>	<b>\$225.381</b>	<b>\$170.952</b>	<b>\$148.689</b>	<b>\$141.202</b>	<b>\$129.826</b>

**Calculation of Actual Cash Transfer to NYCT:**

<u>Distribution of Remainder to NYCT</u>						
Fifty Percent of Total Accrued Amount for Transfer	\$352.823	\$323.384	\$297.121	\$277.622	\$271.092	\$259.244
Less: NYCT Total Debt Service	(220.349)	(239.878)	(286.196)	(283.833)	(283.081)	(283.327)
Plus: first \$24 million reserved for NYCT	24.000	24.000	24.000	24.000	24.000	24.000
<b>NYCT's Accrued Current Year Allocation</b>	<b>\$156.474</b>	<b>\$107.506</b>	<b>\$34.925</b>	<b>\$17.789</b>	<b>\$12.010</b>	<b>(\$0.083)</b>
<u>Cash Conversion of NYCT's Accrued Amount</u>						
Current Year Amount	\$141.375	\$96.755	\$31.432	\$16.010	\$10.809	(\$0.075)
Balance of Prior Year	15.023	15.100	10.751	3.492	1.779	1.201
<b>Cash Transfer to NYCT</b>	<b>\$156.397</b>	<b>\$111.855</b>	<b>\$42.183</b>	<b>\$19.503</b>	<b>\$12.588</b>	<b>\$1.127</b>

**B & T Charged Debt Service Detail by Type:**

<u>Project Debt Service</u>						
B & T Own Purpose Debt Service	\$140.544	\$159.060	\$186.541	\$194.597	\$207.181	\$220.489
NYCT Transportation Project Debt Service	220.349	239.878	286.196	283.833	283.081	283.327
MTA Transportation Project Debt Service	102.855	107.677	131.141	130.854	130.508	130.613
<b>Total Project Debt Service</b>	<b>\$463.748</b>	<b>\$506.616</b>	<b>\$603.878</b>	<b>\$609.285</b>	<b>\$620.770</b>	<b>\$634.429</b>
<b>Policy Action - Business Service Center</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$1.691</b>	<b>\$4.049</b>

**SUMMARY**  
**MTA LONG ISLAND BUS**  
**MULTI-YEAR FINANCIAL PLAN**  
**2009 - 2012**  
(\$ in millions)

Line  
Number

	ACTUAL	FORECAST					
	2007	2008	2009	2010	2011	2012	
8							
9	<b><u>Revenue Summary:</u></b>						
10							
11	Farebox Revenue	\$40.3	\$42.1	\$41.9	\$42.0	\$42.1	\$42.2
12	Other Revenue	1.4	2.3	3.3	3.1	2.5	2.6
13	State/Local Subsidies	58.7	68.3	64.6	64.9	66.3	68.2
14							
15	<b>Total Revenue Before MTA Subsidy</b>	<b>\$100.5</b>	<b>\$112.7</b>	<b>\$109.8</b>	<b>\$110.0</b>	<b>\$110.8</b>	<b>\$112.9</b>
16							
17	<b><u>Non-Reimbursable Expense Summary:</u></b>						
18							
19	Labor Expenses	\$89.7	\$94.6	\$98.0	\$100.5	\$103.5	\$106.5
20	Non-Labor Expenses	33.0	32.2	34.0	37.2	37.7	38.0
21	Depreciation	0.0	0.0	0.0	0.0	0.0	0.0
22	OPEB Obligation	5.7	6.0	6.5	6.9	7.3	7.7
23	Environmental Remediation	0.0	0.0	0.0	0.0	0.0	0.0
24							
25	<b>Total Non-Reimbursable Expenses</b>	<b>\$128.4</b>	<b>\$132.7</b>	<b>\$138.4</b>	<b>\$144.6</b>	<b>\$148.5</b>	<b>\$152.2</b>
26							
27	<b>Total Net Revenue</b>	<b>(\$27.9)</b>	<b>(\$20.0)</b>	<b>(\$28.7)</b>	<b>(\$34.6)</b>	<b>(\$37.7)</b>	<b>(\$39.3)</b>
28							
29	<b><u>Cash Adjustment Summary:</u></b>						
30							
31	Operating Cash Adjustments	\$4.7	\$1.2	\$5.8	\$7.4	\$7.9	\$8.2
32	Subsidy Cash Adjustments	0.0	0.0	0.0	0.0	0.0	0.0
33							
34	<b>Total Cash Adjustment</b>	<b>\$4.7</b>	<b>\$1.2</b>	<b>\$5.8</b>	<b>\$7.4</b>	<b>\$7.9</b>	<b>\$8.2</b>
35							
36	<b>Gross Cash Balance</b>	<b>(\$23.2)</b>	<b>(\$18.8)</b>	<b>(\$22.9)</b>	<b>(\$27.2)</b>	<b>(\$29.8)</b>	<b>(\$31.1)</b>
37							
38	MTA Internal Subsidy	20.3	14.0	14.0	14.0	14.0	14.0
39	Unspecified Actions to Reduce Deficit	0.0	0.0	0.0	0.0	0.0	0.0
40							
41	<b>Net Cash Balance from Previous Year</b>	<b>\$7.8</b>	<b>\$4.8</b>	<b>\$0.1</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>
42							
43							
44	<b>Baseline Net Cash Surplus/(Deficit)</b>	<b>\$4.8</b>	<b>\$0.1</b>	<b>(\$8.8)</b>	<b>(\$13.2)</b>	<b>(\$15.8)</b>	<b>(\$17.1)</b>



**SUMMARY**  
**MTA BUS COMPANY**  
**MULTI-YEAR FINANCIAL PLAN**  
**2009 - 2012**  
(\$ in millions)

Line Number		ACTUAL	FORECAST				
		2007	2008	2009	2010	2011	2012
9							
10	<b>Revenue Summary:</b>						
11							
12	Farebox Revenue	\$139.8	\$153.8	\$153.0	\$153.7	\$155.0	\$156.6
13	Other Revenue	21.9	23.0	23.0	23.0	23.0	23.0
14							
15	<b>Total Revenue Before MTA Subsidy</b>	<b>\$161.7</b>	<b>\$176.8</b>	<b>\$176.0</b>	<b>\$176.7</b>	<b>\$178.0</b>	<b>\$179.6</b>
16							
17	<b>Non-Reimbursable Expense Summary:</b>						
18							
19	Labor Expenses	\$297.7	\$324.7	\$337.2	\$345.8	\$355.8	\$366.1
20	Non-Labor Expenses	119.9	141.1	138.1	133.5	135.4	140.7
21	Depreciation	30.0	29.5	37.1	40.2	42.2	42.2
22	OPEB Obligation	45.7	45.4	51.7	53.6	55.5	57.8
23							
24	<b>Total Non-Reimbursable Expenses</b>	<b>\$493.2</b>	<b>\$540.7</b>	<b>\$564.0</b>	<b>\$573.1</b>	<b>\$588.9</b>	<b>\$606.8</b>
25							
26							
27	<b>Total Net Revenue</b>	<b>(\$331.5)</b>	<b>(\$363.9)</b>	<b>(\$388.0)</b>	<b>(\$396.4)</b>	<b>(\$410.9)</b>	<b>(\$427.2)</b>
28							
29	Cash Adjustments	\$86.5	\$83.7	\$85.5	\$90.2	\$93.8	\$95.7
30							
31	<b>Total Cash Adjustment</b>	<b>\$86.5</b>	<b>\$83.7</b>	<b>\$85.5</b>	<b>\$90.2</b>	<b>\$93.8</b>	<b>\$95.7</b>
32							
33	<b>Gross Cash Balance</b>	<b>(\$245.0)</b>	<b>(\$280.3)</b>	<b>(\$302.5)</b>	<b>(\$306.2)</b>	<b>(\$317.1)</b>	<b>(\$331.5)</b>
34							
35	<b>City Subsidy</b>						
36	Accrued	245.0	280.3	302.5	306.2	317.1	331.5
37	Cash	185.0	293.5	298.8	305.6	315.3	329.1
38	CFA	(60.0)	13.3	(3.7)	(0.6)	(1.8)	(2.4)
39							
40	<b>Net Cash Balance from Previous Year</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$13.3</b>	<b>\$9.6</b>	<b>\$8.9</b>	<b>\$7.1</b>
41							
42							
43	<b>Baseline Net Cash Surplus/(Deficit)</b>	<b>(\$60.0)</b>	<b>\$13.3</b>	<b>\$9.6</b>	<b>\$8.9</b>	<b>\$7.1</b>	<b>\$4.7</b>

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# **Debt Service**

## Debt Service in the Financial Plan

- The following table reflects debt service projections for 2008 through 2012 associated with *approved* Capital Programs. The table compares all MTA and TBTA debt service in the MTA July 2008 Financial Plan with newly revised estimates for this November 2008 Financial Plan (this excludes State Service Contract and Convention Center debt service which is fully paid by New York State).

<b>Debt Service Forecast (in millions) <sup>(1)</sup></b>			
<b>Year</b>	<b>July Plan Debt Service</b>	<b>November Plan Debt Service</b>	<b>Difference Favorable/(Unfavorable)</b>
<b>2008</b>	\$1,513	\$1,504	\$9
<b>2009</b>	1,455	1,474	(18)
<b>2010</b>	1,851	1,904	(53)
<b>2011</b>	1,922	2,012	(90)
<b>2012</b>	<u>2,025</u>	<u>2,154</u>	<u>(129)</u>
<b>Total:</b>	<b>\$8,767</b>	<b>\$9,048</b>	<b>\$(282)</b>

(1) The above table includes the effect of the 2007 cash defeasance in 2008 and 2009.

- A preliminary estimate of debt service has been included in the detailed table below for borrowing for expenditures associated with a 2010-2014 Capital Program. For forecasting purposes, it was assumed that the core Capital Program would inflate at CPI and be funded in a similar fashion as the 2005-2009 Capital Program and the remainder of the local share of Second Avenue Subway Phase 1 and East Side Access projects would be financed. Debt service impact during the Financial Plan period would be minimal at about \$8 million in 2010, \$38 million in 2011 and \$112 million in 2012. These estimates are based on a borrowing forecast of \$210 million in 2010, \$593 million in 2011 and \$1.378 billion in 2012.
- The effects of the cash defeasance transaction completed in September 2007 have been incorporated into the debt service budget. \$299.3 million of cash and \$4.3 million already set-aside in the debt service accounts were used to create the requisite escrow. Savings are calculated to be \$2.1 million in 2007, \$37.5 million in 2008 and \$283.3 million in 2009. In order to defease TBTA's debt, \$90.8 million of excess MRT receipts were used in 2007 as an interagency loan. TBTA will need to repay this to the MRT accounts. The \$90.8 million repayment has no effect on consolidated debt service listed on the table below. However,

TBTA's debt service listed in the TBTA's section of this Financial Plan has been increased by that amount.

- Debt service does not include a \$50 million short-term maturity in 2009 issued as part of The MTA Transportation Revenue Bonds Series 2008C which was structured as an interim note financing that will be refinanced with long term bonds in 2009.

The following is a summary of the key assumptions used to determine the debt service projections included in the financial plan.

### Debt Issuance Assumptions:

Forecasted Borrowing Schedule	2008	2009	2010	2011	2012
New Money Bonds *(\$ in millions)	0	2,289	2,204	1,911	2,602
Assumed Fixed-Rates					
Transportation Revenue Bonds	6.26%	6.39%	6.55%	6.74%	6.78%
Dedicated Tax Fund Bonds	5.76%	5.88%	6.02%	6.20%	6.24%
Triborough Bridge & Tunnel Authority	5.76%	5.88%	6.02%	6.20%	6.24%
Assumed Variable Rates	4.00%	4.00%	4.00%	4.00%	4.00%
Weighted Average Interest Rates **					
Transportation Revenue Bonds	5.92%	6.03%	6.16%	6.33%	6.36%
Dedicated Tax Fund Bonds	5.50%	5.60%	5.72%	5.87%	5.90%
Triborough Bridge & Tunnel Authority	5.50%	5.60%	5.72%	5.87%	5.90%

\* 2010 to 2012 include assumed borrowing for the 2010-2014 Capital Programs. 2008 borrowing is only for the remainder of the year.

\*\* Weighted Average of fixed and variable forecasted rates (see below for explanation).

- All debt is assumed to be issued as 30-year level debt, principal amortized over the life of the bonds.
- Current fixed-rate estimates derived from prevailing Fair Market Yield Curves for A- and AA- Transportation issuers using Bloomberg Information Service. Financial Plan years 2008– 2012 derived by applying changes in U.S. Municipal Forward Curves to prevailing transportation curves (as of October 31, 2008).
- Split of fixed-rate debt versus variable rate debt each year is 85% / 15%.
- New bond issues calculated interest rate at time of issuance use weighted average of fixed and variable assumptions (actual fixed-rates in table above assumed for fixed-rate bonds).
- Cost of issuance is 2% of gross bonding amount.

- New money bonds for currently approved transit and commuter projects assumed issued 25% under the DTF credit and 75% under the Transportation credit.
- All bonds issued to finance TBTA capital projects issued under the TBTA General Revenue Resolution.
- No reserve funds.

**Metropolitan Transportation Authority**  
**November Financial Plan 2009 - 2012**  
**Summary of Total Budgeted Debt Service**  
(\$ in millions)

Line Number		ACTUAL	FORECAST				
		2007	2008	2009	2010	2011	2012
9	<b><u>New York City Transit:</u></b>						
10							
11	Budgeted Gross Debt Service for Existing Transportation Revenue Bonds	\$324.504	\$449.409	\$374.427	\$427.648	\$421.025	\$429.935
12	Debt Service on Additional Transportation Revenue Bonds Supporting Approved Capital Programs	0.000	0.000	46.016	129.630	199.763	262.913
13	2 Broadway Certificates of Participation - NYCT Share	21.205	18.233	21.888	21.894	21.898	21.904
15	Transportation Resolution Commercial Paper	11.801	11.780	19.168	19.168	19.168	38.118
16	Budgeted Gross Debt Service for Existing Dedicated Tax Fund Bonds	207.226	216.657	174.513	212.589	212.655	212.743
17	<u>Debt Service on Additional Dedicated Tax Fund Bonds Supporting Approved Capital Programs</u>	<u>0.000</u>	<u>0.000</u>	<u>14.635</u>	<u>41.218</u>	<u>63.496</u>	<u>83.545</u>
19	<i>Sub-Total MTA Paid Debt Service</i>	\$564.736	\$696.079	\$650.645	\$852.146	\$938.006	\$1,049.158
20							
21	Budgeted Gross Debt Service for Existing TBTA (B&T) General Revenue Bonds	\$139.430	\$158.162	\$166.754	\$200.946	\$200.425	\$200.354
22	<u>Budgeted Gross Debt Service for Existing TBTA (B&amp;T) Subordinate Revenue Bonds</u>	<u>83.691</u>	<u>82.068</u>	<u>79.086</u>	<u>83.588</u>	<u>83.368</u>	<u>83.693</u>
23	<i>Sub-Total B&amp;T Paid Debt Service</i>	\$223.121	\$240.230	\$245.841	\$284.534	\$283.793	\$284.047
24							
25	<b>Total NYCT Debt Service</b>	<b>\$787.856</b>	<b>\$936.309</b>	<b>\$896.486</b>	<b>\$1,136.679</b>	<b>\$1,221.798</b>	<b>\$1,333.206</b>
26							
27	<b><u>Commuter Railroads:</u></b>						
28							
29	Budgeted Gross Debt Service for Existing Transportation Revenue Bonds	\$323.719	\$242.807	\$290.774	\$332.105	\$326.961	\$333.881
30	Debt Service on Additional Transportation Revenue Bonds Supporting Approved Capital Programs	0.000	0.000	9.585	31.352	43.533	43.533
31	Transportation Resolution Commercial Paper	7.932	6.250	8.215	8.215	8.215	16.336
32	Budgeted Gross Debt Service for Existing Dedicated Tax Fund Bonds	40.699	40.390	33.089	40.308	40.321	40.337
33	<u>Debt Service on Additional Dedicated Tax Fund Bonds Supporting Approved Capital Programs</u>	<u>0.000</u>	<u>0.000</u>	<u>3.048</u>	<u>9.968</u>	<u>13.839</u>	<u>13.839</u>
35	<i>Sub-Total MTA Paid Debt Service</i>	\$372.350	\$289.446	\$344.710	\$421.947	\$432.869	\$447.927
36							
37	Budgeted Gross Debt Service for Existing TBTA (B&T) General Revenue Bonds	\$62.409	\$71.776	\$78.381	\$94.453	\$94.208	\$94.175
38	<u>Budgeted Gross Debt Service for Existing TBTA (B&amp;T) Subordinate Revenue Bonds</u>	<u>36.474</u>	<u>36.057</u>	<u>34.747</u>	<u>36.725</u>	<u>36.628</u>	<u>36.771</u>
39	<i>Sub-Total B&amp;T Paid Debt Service</i>	\$98.882	\$107.833	\$113.128	\$131.178	\$130.836	\$130.946
40							
41	<b>Total CRR Debt Service</b>	<b>\$471.233</b>	<b>\$397.279</b>	<b>\$457.839</b>	<b>\$553.125</b>	<b>\$563.705</b>	<b>\$578.873</b>
42							
43	<b><u>Bridges and Tunnels:</u></b>						
44							
45	Budgeted Gross Debt Service for Existing TBTA (B&T) General Revenue Bonds	\$107.724	\$124.243	\$113.001	\$136.171	\$135.817	\$135.770
46	Budgeted Gross Debt Service for Existing TBTA (B&T) Subordinate Revenue Bonds	33.356	32.418	31.240	33.019	32.932	33.060
47	Debt Service on Additional TBTA (B&T) General Revenue Bonds Supporting Approved Capital Programs	0.000	0.000	7.943	22.573	34.723	45.312
48	2 Broadway Certificates of Participation - TBTA Share	2.753	2.578	3.095	3.096	3.097	3.098
50							
51	<b>Total B&amp;T Debt Service</b>	<b>\$143.832</b>	<b>\$159.240</b>	<b>\$155.280</b>	<b>\$194.858</b>	<b>\$206.568</b>	<b>\$217.239</b>
52							
53	<b><u>MTA Bus:</u></b>						
54							
55	Budgeted Gross Debt Service for Existing Transportation Revenue Bonds	\$5.865	\$8.217	\$9.214	\$10.524	\$10.361	\$10.580
56	Debt Service on Additional Transportation Revenue Bonds Supporting Approved Capital Programs	0.000	0.000	1.000	2.344	3.128	3.872
57	Transportation Resolution Commercial Paper	2.944	2.747	4.193	4.193	4.193	8.338
58							
59	<b>Total MTA Bus Debt Service</b>	<b>\$8.809</b>	<b>\$10.964</b>	<b>\$14.407</b>	<b>\$17.061</b>	<b>\$17.682</b>	<b>\$22.790</b>
60							
61	<b>Total MTA HQ Debt Service for 2 Broadway Certificates of Participation</b>	<b>\$2.898</b>	<b>\$2.502</b>	<b>\$3.003</b>	<b>\$3.004</b>	<b>\$3.004</b>	<b>\$3.005</b>

**Metropolitan Transportation Authority**  
**November Financial Plan 2009 - 2012**  
**Summary of Total Budgeted Debt Service**  
(\$ in millions)

Line Number	ACTUAL	FORECAST					
		2007	2008	2009	2010	2011	2012
62							
63	<b><u>MTA Total:</u></b>						
64							
65	Budgeted Gross Debt Service for Existing Transportation Revenue Bonds	\$654.088	\$700.433	\$674.414	\$770.277	\$758.347	\$774.396
66	Budgeted Gross Debt Service for Existing Dedicated Tax Fund Bonds	247.925	257.047	207.602	252.897	252.976	253.080
67	Budgeted Gross Debt Service for Existing TBTA (B&T) General Revenue Bonds	309.562	354.181	358.136	431.569	430.450	430.299
68	Budgeted Gross Debt Service for Existing TBTA (B&T) Subordinate Revenue Bonds	153.521	150.543	145.074	153.331	152.928	153.524
69	2 Broadway Certificates of Participation	26.856	23.313	27.986	27.994	27.999	28.006
70	Transportation Resolution Commercial Paper	22.678	20.777	31.575	31.575	31.575	62.792
71	Debt Service on Additional Transportation Revenue Bonds Supporting Approved Capital Programs	0.000	0.000	56.601	163.326	246.425	310.319
72	Debt Service on Additional Dedicated Tax Fund Bonds Supporting Approved Capital Programs	0.000	0.000	17.683	51.186	77.336	97.384
73	Debt Service on Additional TBTA (B&T) General Revenue Bonds Supporting Approved Capital Programs	0.000	0.000	7.943	22.573	34.723	45.312
75							
76	<b>Total Debt Service</b>	<b>\$1,414.628</b>	<b>\$1,506.294</b>	<b>\$1,527.014</b>	<b>\$1,904.727</b>	<b>\$2,012.758</b>	<b>\$2,155.113</b>
77							
78	<b><u>MTA Investment Income by Resolution</u></b>						
79							
80	Investment Income from Transportation Debt Service Fund	\$0.000	(\$0.404)	(\$1.736)	(\$2.217)	(\$2.386)	(\$2.576)
81	Investment Income from Dedicated Tax Fund Debt Service Fund	0.000	(0.746)	(\$0.535)	(\$0.722)	(\$0.784)	(\$0.832)
82	Investment Income from TBTA (B&T) General Revenue Debt Service Fund	0.000	(0.232)	(\$0.869)	(\$1.079)	(\$1.105)	(\$1.130)
83	Investment Income from TBTA (B&T) Subordinate Revenue Debt Service Fund	0.000	(0.455)	(\$0.345)	(\$0.364)	(\$0.363)	(\$0.365)
84	Investment Income from 2 Broadway Certificates of Participation Debt Service Fund	0.000	0.000	0.000	0.000	0.000	0.000
85							
86	<b>Total MTA Wide Investment Income</b>	<b>\$0.000</b>	<b>(\$1.836)</b>	<b>(\$3.485)</b>	<b>(\$4.382)</b>	<b>(\$4.639)</b>	<b>(\$4.903)</b>
87							
88	<b><u>MTA Wide Net Total</u></b>						
89							
90	Net Transportation Revenue Bonds Debt Service	\$654.088	\$700.030	\$729.279	\$931.385	\$1,002.386	\$1,082.139
91	Transportation Resolution Commercial Paper	22.678	20.777	31.575	31.575	31.575	62.792
92	Net Dedicated Tax Fund Bonds Debt Service	247.925	256.301	224.750	303.360	329.527	349.632
93	Net TBTA (B&T) General Revenue Bonds Debt Service	309.562	353.949	365.210	453.064	464.068	474.481
94	Net TBTA (B&T) Subordinate Revenue Bonds Debt Service	153.521	150.088	144.729	152.967	152.564	153.160
95	Net 2 Broadway Certificates of Participation Debt Service	26.856	23.313	27.986	27.994	27.999	28.006
96	Planned Long-term Refinancing of \$50 million note due 11/15/2009	0.000	0.000	(50.000)	3.899	3.899	3.899
97							
98	<b>Total MTA Wide Net Debt Service for Approved Capital Programs</b>	<b>\$1,414.628</b>	<b>\$1,504.458</b>	<b>\$1,473.529</b>	<b>\$1,904.244</b>	<b>\$2,012.018</b>	<b>\$2,154.110</b>
99							
100	<b>MTA Wide Debt Service Associated with 2010-2014 Capital Programs</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$7.752</b>	<b>\$37.788</b>	<b>\$111.972</b>
101							
102	<b>Total MTA Wide Net Debt Service including 2010-2014 Capital Programs</b>	<b>\$1,711.816</b>	<b>\$1,504.458</b>	<b>\$1,473.529</b>	<b>\$1,911.995</b>	<b>\$2,049.806</b>	<b>\$2,266.082</b>

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# **Debt Service Affordability Statement**

## MTA 2009 - 2012 Financial Plan Debt Affordability Statement

\$ in millions

Forecasted Debt Service and Borrowing Schedule		Notes	2007	2008	2009	2010	2011	2012
Combined MTA/TBTA Forecasted Debt Service Schedule	1, 2, 3		1,685.0	1,481.1	1,445.5	1,884.0	2,021.8	2,238.1
Forecasted New Money Bonds Issued	4		1,978.7	1,912.0	2,289.3	2,204.4	1,910.8	2,601.6

  

Forecasted Debt Service by Credit		Notes	2007	2008	2009	2010	2011	2012
Transportation Revenue Bonds								
Pledged Revenues	5		\$8,569.9	\$8,566.3	\$8,041.3	\$8,021.7	\$8,154.7	\$8,383.4
Debt Service	9		832.6	720.8	710.9	974.5	1,074.6	1,257.1
Debt Service as a % of Pledged Revenues			10%	8%	9%	12%	13%	15%
Dedicated Tax Fund Bonds								
Pledged Revenues	6		\$611.1	\$611.5	\$625.5	\$630.4	\$632.5	\$634.9
Debt Service	9		299.2	256.3	224.7	303.4	329.5	349.6
Debt Service as a % of Pledged Revenues			49%	42%	36%	48%	52%	55%
Triborough Bridge and Tunnel Authority General Revenue Bonds								
Pledged Revenues	7		\$899.9	\$862.5	\$842.1	\$813.5	\$813.7	\$803.6
Debt Service	9		390.2	353.9	365.2	453.2	465.1	478.2
Debt Service as a % of Total Pledged Revenues			43%	41%	43%	56%	57%	60%
Triborough Bridge and Tunnel Authority Subordinate Revenue Bonds								
Pledged Revenues	8		\$509.6	\$508.6	\$476.9	\$360.3	\$348.6	\$325.5
Debt Service	9		163.0	150.1	144.7	153.0	152.6	153.2
Debt Service as a % of Total Pledged Revenues			32%	30%	30%	42%	44%	47%

  

Cumulative Debt Service (Excluding State Service Contract Bonds)		Notes	2007	2008	2009	2010	2011	2012
Total Debt Service			\$1,685.0	\$1,481.1	\$1,445.5	\$1,884.0	\$2,021.8	\$2,238.1
Operating Revenues and Subsidies			10,285.1	10,163.8	9,825.3	9,906.8	10,116.1	10,407.8
Total Debt Service as a % of Operating Revenues and Subsidies			16%	15%	15%	19%	20%	22%
Fare and Toll Revenues			5,245.9	5,519.6	5,492.3	5,516.0	5,586.5	5,664.8
Total Debt Service as a % of Fare and Toll Revenue			32%	27%	26%	34%	36%	40%
Non-reimbursable expenses			11,532.6	12,424.0	13,234.8	13,755.8	14,222.5	14,721.5
Total Debt Service as % of Non-reimbursable expenses			15%	12%	11%	14%	14%	15%

Notes on the following page are integral to this table.

## **Notes**

- 1** Unhedged tax-exempt variable rate debt forecast at 4.00%.
- 2** Synthetic fixed-rate debt assumed at swap rate.
- 3** Total debt service excludes COPS lease payments. All debt service numbers reduced by expected investment income.
- 4** New money bonds amortized as 30-year level debt. New debt issued assumed 75% fixed-rate and 25% variable rate. Actual 2008 issuance to date is included with the forecast.
- 5** Transportation Revenue Bonds pledged revenues consist generally of the following: fares and other miscellaneous revenues from the transit and commuter systems, including advertising, rental income and certain concession revenues (not including Grand Central Terminal and Penn Station); revenues from the distribution to the transit and commuter system of TBTA surplus; State and local general operating subsidies; special tax-supported operating subsidies after the payment of debt service on the MTA Dedicated Tax Fund Bonds; New York City urban tax for transit; station maintenance and service reimbursements; and revenues from the investment of capital program funds. Pledged revenues secure Transportation Revenue Bonds before the payment of operating and maintenance expenses. Starting in 2006, revenues, expenses and debt service for MTA Bus have also been included.
- 6** Dedicated Tax Fund pledged revenues consist generally of the following: petroleum business tax, motor fuel tax and motor vehicle fees deposited into the Dedicated Mass Transportation Trust Fund for the benefit of the MTA; and the petroleum business tax, district sales tax, franchise taxes and temporary franchise surcharges deposited into the Metropolitan Mass Transportation Operating Assistance Account for the benefit of the MTA. Thereafter, such payments are available to pay debt service on the MTA Transportation Revenue Bonds, and then any remaining amounts are available to be used to meet operating costs of the transit system, the commuter system, and SIRTOA.
- 7** Triborough Bridge and Tunnel Authority General Revenue Bond pledged revenues consist primarily of the tolls charged by TBTA on its seven bridges and two tunnels. Pledged revenues secure TBTA General Revenue Bonds after the payment of TBTA operating and maintenance expenses, including certain reserves.
- 8** Triborough Bridge and Tunnel Authority Subordinate Revenue Bonds pledged revenues consist primarily of the tolls charged by TBTA on its seven bridges and two tunnels, after the payment of debt service on the TBTA General Revenue Bonds.
- 9** Debt service schedules for each credit are attached as addendum hereto.

## **Special Notes**

- (1) Debt service associated with the 2010-2014 Capital programs is included in the table above.
- (2) Includes effect of cash defeasance implemented in September 2007.
- (3) Includes the updated state and real estate revenue forecasts presented in the '*Updated Forecast*' section of the Gap Closing Programs table, in Volume 1.

**Metropolitan Transportation Authority (including Triborough Bridge and Tunnel Authority)**  
**Total Budgeted Annual Debt Service**  
**All Issuance to October 23, 2008 (\$ in millions)**

Fiscal Year	Transportation Revenue Resolution			Dedicated Tax Fund Resolution			TBTA General Revenue Resolution			TBTA Subordinate Resolution			MTA and TBTA Debt Service		
	Existing DS	Additional DS	Combined	Existing DS	Additional DS	Combined	Existing DS	Additional DS	Combined	Existing DS	Additional DS	Combined	Existing DS	Additional DS	Combined
2008	736.3	-	736.3	227.1	-	227.1	366.1	-	366.1	137.6	-	137.6	1,467.1	-	1,467.1
2009	706.0	56.6	762.6	207.6	17.7	225.3	358.1	7.9	366.1	145.1	-	145.1	1,416.8	82.2	1,499.0
2010	801.9	170.9	972.8	252.9	51.2	304.1	431.6	22.7	454.3	153.3	-	153.3	1,639.6	244.8	1,884.5
2011	789.9	283.2	1,073.1	253.0	77.3	330.3	430.5	35.8	466.2	152.9	-	152.9	1,626.3	396.3	2,022.5
2012	834.9	418.6	1,253.5	253.1	97.4	350.5	430.3	49.0	479.3	153.5	-	153.5	1,671.8	565.0	2,236.8
2013	828.4	611.1	1,439.5	255.0	113.7	368.7	431.2	64.1	495.2	152.8	-	152.8	1,667.3	788.9	2,456.2
2014	835.4	834.1	1,669.5	253.1	121.0	374.1	430.2	80.7	510.9	153.7	-	153.7	1,672.3	1,035.8	2,708.2
2015	836.2	1,054.1	1,890.2	253.4	121.8	375.1	430.3	97.6	527.9	152.9	-	152.9	1,672.7	1,273.4	2,946.1
2016	835.6	1,253.3	2,088.9	253.5	121.8	375.2	429.9	112.3	542.2	153.7	-	153.7	1,672.7	1,487.3	3,160.1
2017	835.4	1,397.4	2,232.8	253.6	121.8	375.4	430.4	122.6	553.0	156.0	-	156.0	1,675.5	1,641.8	3,317.3
2018	835.5	1,476.0	2,311.5	254.0	121.8	375.7	430.1	128.2	558.4	149.8	-	149.8	1,669.3	1,726.0	3,395.3
2019	833.9	1,510.3	2,344.2	248.2	121.8	369.9	430.0	130.7	560.7	145.8	-	145.8	1,657.9	1,762.8	3,420.7
2020	832.8	1,521.0	2,353.7	250.2	121.8	371.9	430.4	131.5	561.9	145.2	-	145.2	1,658.4	1,774.2	3,432.7
2021	833.0	1,522.4	2,355.4	248.7	121.8	370.4	427.5	131.6	559.1	145.9	-	145.9	1,655.1	1,775.8	3,430.8
2022	831.7	1,522.4	2,354.1	245.4	121.8	367.1	430.2	131.6	561.8	145.4	-	145.4	1,652.6	1,775.8	3,428.4
2023	843.7	1,522.4	2,366.1	248.0	121.8	369.8	426.0	131.6	557.6	146.1	-	146.1	1,663.8	1,775.8	3,439.6
2024	859.4	1,522.4	2,381.8	247.2	121.8	369.0	430.2	131.6	561.8	146.0	-	146.0	1,682.7	1,775.8	3,458.5
2025	860.2	1,522.4	2,382.6	246.8	121.8	368.6	430.0	131.6	561.6	146.0	-	146.0	1,683.0	1,775.8	3,458.7
2026	869.3	1,522.4	2,391.7	244.2	121.8	365.9	428.7	131.6	560.3	146.2	-	146.2	1,688.3	1,775.8	3,464.1
2027	879.9	1,522.4	2,402.3	237.4	121.8	359.2	428.5	131.6	560.1	146.2	-	146.2	1,692.0	1,775.8	3,467.8
2028	871.9	1,522.4	2,394.3	245.7	121.8	367.5	430.2	131.6	561.8	146.5	-	146.5	1,694.4	1,775.8	3,470.2
2029	815.8	1,522.4	2,338.2	244.7	121.8	366.4	428.2	131.6	559.8	146.4	-	146.4	1,635.1	1,775.8	3,410.9
2030	816.1	1,522.4	2,338.5	243.1	121.8	364.9	430.3	131.6	561.9	146.7	-	146.7	1,636.2	1,775.8	3,412.0
2031	813.6	1,522.4	2,336.0	239.3	121.8	361.0	452.6	131.6	584.2	140.8	-	140.8	1,646.3	1,775.8	3,422.0
2032	716.9	1,522.4	2,239.3	217.2	121.8	338.9	371.3	131.6	502.9	86.4	-	86.4	1,391.7	1,775.8	3,167.5
2033	412.9	1,522.4	1,935.3	90.6	121.8	212.3	149.7	131.6	281.3	-	-	-	653.2	1,775.8	2,428.9
2034	413.1	1,522.4	1,935.5	52.8	121.8	174.6	149.7	131.6	281.3	-	-	-	615.6	1,775.8	2,391.4
2035	385.7	1,522.4	1,908.1	45.5	121.8	167.3	148.2	131.6	279.8	-	-	-	579.4	1,775.8	2,355.2
2036	201.8	1,522.4	1,724.2	22.3	121.8	144.1	141.0	131.6	272.6	-	-	-	365.0	1,775.8	2,140.8
2037	170.8	1,522.4	1,693.2	-	121.8	121.8	140.8	131.6	272.4	-	-	-	311.6	1,775.8	2,087.4
2038	115.8	1,522.4	1,638.2	-	121.8	121.8	122.3	131.6	253.9	-	-	-	238.1	1,775.8	2,013.9
2039	60.5	1,465.8	1,526.3	-	104.1	104.1	-	123.7	123.7	-	-	-	60.5	1,693.5	1,754.0
2040	60.5	1,351.5	1,412.0	-	70.6	70.6	-	108.9	108.9	-	-	-	60.5	1,530.9	1,591.4
2041	-	1,239.2	1,239.2	-	44.4	44.4	-	95.8	95.8	-	-	-	-	1,379.5	1,379.5
2042	-	1,103.8	1,103.8	-	24.4	24.4	-	82.6	82.6	-	-	-	-	1,210.8	1,210.8
2043	-	911.3	911.3	-	8.1	8.1	-	67.6	67.6	-	-	-	-	986.9	986.9
2044	-	688.3	688.3	-	0.8	0.8	-	50.9	50.9	-	-	-	-	739.9	739.9
2045	-	468.3	468.3	-	-	-	-	34.0	34.0	-	-	-	-	502.3	502.3
2046	-	269.1	269.1	-	-	-	-	19.3	19.3	-	-	-	-	288.4	288.4
2047	-	125.0	125.0	-	-	-	-	9.0	9.0	-	-	-	-	134.0	134.0
2048	-	46.4	46.4	-	-	-	-	3.4	3.4	-	-	-	-	49.7	49.7
2049	-	12.1	12.1	-	-	-	-	0.9	0.9	-	-	-	-	12.9	12.9
2050	-	1.4	1.4	-	-	-	-	0.1	0.1	-	-	-	-	1.5	1.5

**Notes:**

Does not include debt service for State Service Contract Bonds and Convention Center Bonds, which is paid by NY State. Also excludes COPS lease payments.  
Includes interest budgeted for Transportation Revenue Commercial Paper and debt service on bonds that will defease the CP in 2012  
Forecasted Investment Income is not included above.  
Debt service associated with the 2010-2014 Capital programs is included in the table above  
Includes effect of cash defeasance implemented in September 2007.

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# **Agency Baseline Assumptions**

## **Agency Baseline Assumptions**

This section describes those assumptions associated with the Baseline Plan, including net accrual and cash forecasts contributing to MTA consolidated annual closing cash balances. Assumptions on Subsidies, Debt Service, Prior-Year Cash Carryovers, and Gap Closing Actions are not included in this section. The November 2009 – 2012 Plan, including the 2008 November Forecast and the 2009 Final Proposed Budget updates the July Financial Plan.

For the November Plan, Agencies were instructed to maintain the spending levels contained in the July Plan, including the 2009 Preliminary Budget. The exceptions were increases in uncontrollable cost categories, necessary programmatic changes, and expense increases resulting from changes to the inflation forecast. A significant reduction in projected subsidy revenue streams has resulted in a worsening of MTA's projected bottom line. Solutions to this problem are presented in Volume 1 of the Budget under Gap Closing.

### **Programmatic Assumptions**

The MTA is continuing to improve the reliability and performance of its fleet and infrastructure through increased maintenance. The 2009 Final Proposed Budget includes a significant increase in resources to address maintenance needs. These programs, first identified in July, were funded internally by Agency cost reductions.

NYCT will be increasing the frequency of its bus overhaul schedule from a four-year to a three-year cycle, which will more closely align the timing of overhauls with major component life expectancies. The Staten Island Maintenance Action Plan will significantly improve the reliability and appearance of buses on Staten Island. In addition, NYCT will be adding resources for Elevator and Escalator maintenance.

Metro-North will be establishing a preventative maintenance plan for its new M-7 fleet and will be implementing an expanded gear box overhaul program. In 2010 it will be adding positions to support a new maintenance facility shop complex in New Haven. Metro-North will continue to perform the extraordinary maintenance tasks in Grand Central Terminal which are necessary to maintain its Landmark status and preserve the GCT retail revenue stream. The November Plan also includes funding in 2009 for the New Haven Maintenance Facility Shop, and funds for pantograph monitoring system and additional overtime for maintenance-related activities.

The LIRR will be implementing an improved station maintenance plan and is spending additional monies to mitigate Gap issues on the platforms. The November Plan includes adjustments to its production plan and life cycle maintenance requirements resulting in lower costs than what was forecasted in the July Plan. In addition, changes to the LIRR's reimbursable project activity

provide additional decreases in maintenance expenses. Slightly offsetting these favorable changes in the LIRR's baseline budget were increased maintenance costs for tree trimming and vegetation management, remote elevator and escalator sensors, toilet maintenance and M-7 software.

The establishment of Regional Bus operations (an important component of institutional transformation) is expected to improve the bus maintenance practices at NYCT, LI Bus and MTA Bus through the utilization of technical services resources and best practices. MTA Bus performance will also be aided by the delivery of 105 new hybrid-electric buses beginning in 2009 to replace older local buses. The July Plan included additional monies for LI Bus fleet maintenance due to delays in new bus deliveries.

The July Plan included additional Safety & Security costs for track safety and bus operator training at NYCT, public address system testing at the LIRR, and the installation of Integrated Electronic Security Systems (IESS). The MTA is enhancing and expanding its security and safety systems. A large part of this initiative includes the MTA Capital Construction development of an Integrated Electronic Security System (IESS). This project provides for the deployment of various electronic technologies at critical and sensitive MTA facilities with the aim of detecting, deterring, identifying, delaying, and/or preventing terrorist security threats by tying these technologies to Command, Control, and Communications "C3" Centers coupled with a coordinated response. The IESS program involves a number of MTA agencies including; New York City Transit, Long Island Railroad, Metro-North, MTA Bridges and Tunnels and the MTA Police Department. In addition there are other security system initiatives that are projected to come on line over 2009-2012. Both the IESS and pending security projects will have operating budget impacts associated with the system's operations and maintenance. These costs that were included in the July Plan within HQ cash have now been allocated to the Agencies. In aggregate they are \$8 million in 2008, \$29 million in 2009, \$33 million in 2010, \$31 million in 2011, and \$31 million in 2012.

#### Financial Projections and Changes from the July Plan

The 2009 Baseline Net Operating Deficit before Subsidies, Debt Service and Gap Closing Actions of \$7,263 million is \$818 million higher than the 2008 November Forecast due to increased expenses, including the impacts of inflation. The change in the non-cash categories of Depreciation, OPEB and Environmental Remediation expenses accounts for \$187 million of the year to year change. Operating Revenues are virtually flat due in part to a slow-down in projected employment levels which have an impact on passenger and toll revenue.

Total expenses Before Depreciation, OPEB and Environmental Remediation are growing \$624 million, or 6.7%. Some \$267 million of this increase to the baseline is the result of a 9.4% growth in "uncontrollable" baseline expenses. This is

comprised primarily of a \$95 million increase in Health & Welfare (employees and retirees), \$47 million more in energy and \$82 million in additional paratransit costs. Note: Volume 1 includes updated forecasts for fuel (for which costs have decreased) and pensions (for which costs are increasing) that are presented below the line.

The remaining baseline expenses grow at 4.4% due primarily to contractual wage increases of 3.0% at the commuter railroads, inflation, and higher materials costs due to the continued increase in maintenance efforts and a rise in material prices. Also impacting this “controllable” growth is a timing shift of expenses between the two years. Over the 2008 to 2012 period, accrued baseline expenses, before below-the-line gap-closing actions, grow at an average annual rate of 4.3%. “Uncontrollable” expenses are projected to grow over the period by 6.8%, while “controllable” expenses will grow by only 2.8%.

As mentioned earlier, the baseline excludes MTA Gap Closing actions which are described in a separate volume of this report. Inclusion of these actions would lower the growth rate in 2009 to 6.0% and growth over the 2008-2012 period to an average increase of 3.5%. Controllable expenses would increase only 3.3% in 2009 with average annual growth of only 1.6%.

The November Plan includes some significant changes from July. The following table details the major changes in the Agency Baseline Forecasts between the July and November Plans:

**AGENCY BASELINE**  
**NOVEMBER CHANGES FROM JULY PLAN**

Favorable/(Unfavorable)  
(\$ in millions)

	2008	2009	2010	2011	2012
Farebox/Toll Revenue	\$47	(\$17)	(\$44)	(\$32)	(\$7)
Overtime	(\$21)	(\$15)	(\$13)	(\$15)	(\$15)
Pensions	72	(9)	(9)	(8)	(8)
Other Fringe Benefits (incl. Worker's Comp.)	(47)	(44)	(41)	(44)	(46)
Energy	(11)	(4)	(34)	(36)	(80)
Claims	(23)	(0)	(0)	(0)	(0)
Inflation (Labor/OTPS)	(1)	(33)	(40)	(57)	(72)
Paratransit Service	1	(50)	(57)	(41)	(34)
Timing Adjustments	(23)	25	(1)	(1)	(1)
Cash Adjustments	40	56	45	44	46
Baseline Re-Estimates	23	22	23	35	21
<b>Net Change to Baseline</b>	<b>\$57</b>	<b>(\$69)</b>	<b>(\$171)</b>	<b>(\$155)</b>	<b>(\$196)</b>
General Reserve	38				
<b>Net Cash Surplus/(Deficit)</b>	<b>\$94</b>	<b>(\$69)</b>	<b>(\$171)</b>	<b>(\$155)</b>	<b>(\$196)</b>

Overall, the baseline cash deficit is increasing over the plan period due to increases in costs for Paratransit, Worker's Compensation, Energy and Overtime. In addition, projected inflators are higher than was assumed in July. Paratransit costs are increasing as NYCT is required to cover new vendor contract (fixed and maintenance) costs, new vendor mobilization (start-up) costs, higher-than-planned ridership and other re-estimates. These changes and other expense explanations are described in some detail later in this section.

Farebox and Toll Revenue changes from the July Plan reflect primarily the impact of unprecedented increases in gasoline prices during the spring and early summer of 2008. As gasoline prices continued to steeply increase, mass transportation ridership benefited as commuters who drove switched to the MTA subway, bus and commuter railroad systems. Farebox revenue improvements, however, were partially offset by a decline in toll revenue due to reduced commutation by automobile. Even as gasoline prices began to decline from their peak in July, there has been no evidence that commuters who switched from driving to mass transit have returned in any significant fashion to driving.

The weaker NYC employment outlook is the primary reason why utilization projections in the November Plan are lower than projections in the July Plan. Over the Financial Plan period, current NYC employment projections are significantly weaker than those used in the July Plan, growing at less than half

the rate expected when the July Plan was prepared. Through 2012, jobs in NYC are expected to increase by 1.8%, compared with the 3.7% assumption from the July Plan. More significantly, however, is an anticipated job decline of 1.35% in 2009; in the July Plan, the number of jobs was expected to modestly grow by 0.59%. The November Plan projects 91 thousand fewer NYC jobs in 2009 than the July Plan assumed for 2009, and the differential increases to almost 146 thousand jobs for 2010.

The variance changes between plans in Timing Adjustments are mostly the result of timing of capital reimbursements, retroactive wage adjustments and maintenance and material re-estimates. NYCT is rescheduling expenses from 2008 to 2009 including station painting contracts, purchases of non-revenue support vehicles and paratransit sedans for service, roof replacements and some bus shop program maintenance requirements. The LIRR is rescheduling expenses from 2008 to 2009 including, bridge painting contracts, bench test equipment, life cycle maintenance and a network strategy study. MTAHQ is rescheduling its Image Campaign funding and some professional service contracts from 2008 to 2009. SIR is rescheduling its R-44 life extension project from 2008 to 2009 and 2010.

The variance changes in Cash Adjustments include primarily Pensions, Other Fringe Benefits related to favorable non-cash offsets to anticipated Workers' Compensation reserve adjustments at NYCT, and Claims adjustments for the establishment of a reserve account for public liability claims at MTA Bus in 2008.

Baseline Re-estimates include re-estimates of maintenance and service new needs, minor baseline PEG re-forecasts and various other adjustments compared with the July Plan. Also contributing to the favorable baseline re-estimate variance are favorable changes in Agency insurance expenses and reimbursable overhead recovery.

## **Accrued Baseline Assumptions**

The following presents Agency baseline assumptions supporting the MTA Consolidated Statement of Operations. Additional detail is available in each Agency section.

### **2008 November Forecast**

The 2008 November Forecast projects a Net Operating Deficit Before Subsidies and Debt Service of \$6,445 million, \$122 million better than the Mid-Year Forecast. Total Operating Revenue and Total Operating Expenses were \$34 million and \$87 million better, respectively.

#### **Revenue**

Farebox Revenue is expected to be \$50 million (1.2%) higher than the 2008 Mid-Year Forecast, reflecting higher ridership growth. Toll Revenue is expected to be minimally (\$3 million) worse.

#### **Expenses**

Pension expenses are expected to decrease \$73 million from the Mid-Year Forecast, due primarily to a change in assumptions on the timing of reimbursement to NYCERS for 55/25 refunds.

Other Fringe Benefit Costs are increasing \$47 million from the Mid-Year Forecast primarily to an adjustment in the Worker's Compensation reserve at NYCT. Higher costs for payroll, overtime and claims at MTA Bus are offset by lower costs for Maintenance and Professional Services contracts. Some of the reduction, however, is the result of timing. In addition, the remaining \$37 million in 2008 General Reserve funding is being eliminated since the year is almost over.

### **2009 Final Proposed Budget**

MTA's 2009 Final Proposed Baseline Budget projects a Net Operating Deficit before Subsidies and Debt Service of \$7,263 million. Total Operating Revenue of \$5,971 million is virtually unchanged from the 2008 November Forecast due to a slow-down in projected increases for Farebox Revenue. This is based primarily on employment assumptions and the resulting impact on ridership. When compared with the 2009 Preliminary Budget from the July Plan, revenue is \$31 million worse due in part to lower toll revenue based on revised estimates for vehicle crossings. Other Revenue is also lower based on reduced forecasts for FMTAC investment income (non-cash item).

Total 2009 Operating Expenses of \$13,235 million are \$811 million higher than the 2008 November Forecast due to increases in Health & Welfare, Fuel, Pension, Materials, Other Fringe Benefits, Paratransit, inflationary Payroll

(including contractual requirements) and the traditional re-establishment of a General Reserve. Some of the growth is in the non-cash areas of Depreciation, OPEB and Environmental Remediation. When compared with the 2009 Preliminary Budget in the July Plan, expenses are \$231 million higher. Virtually all of this increase is the result of higher uncontrollable expenses, especially Paratransit and timing adjustments from 2008.

### **2010 – 2012 Forecast**

The November Forecast includes increases to the baseline in the out years mainly as a result of higher costs for Fuel, Inflation, Paratransit and Maintenance. In addition, it includes lower projections for Toll/Fare and Other Revenue.

The following pages provide a more detailed description of the assumptions used in formulating the 2009 Final Proposed Budget and the forecasts for the years 2010 through 2012. Additional detail can be found in individual Agency sections.

## **OTHER OPERATING REVENUE**

Other Operating Revenue growth from 2008 through 2012 was influenced by a number of different factors including government reimbursements, fees and contractual and inflationary increases.

NYCT's year-to-year increases (\$13.0 million in 2009, \$16.9 million in 2010, \$21.0 million in 2011, and \$24.6 million in 2012) are primarily due to advertising revenue, NYC contractual reimbursements for Paratransit expenses and non-recurring cash receipts. B&T's Other Operating Revenue in 2008 is projected at \$11.5 million and is estimated to increase to \$12.0 million in 2009 reflecting modest growth in parking receipts from the Battery Parking Garage. At MNR, the increase of \$3.2 million in 2009 reflects the resumption of retail and event activities in the newly restored Vanderbilt Hall, a lower level of funding for the GCT restoration projects during the year and higher revenues from parking expansions and advertising. The increases in 2010-2012 reflect contracted increases in advertising revenue and higher GCT retail revenue, offset by a higher provision for GCT restoration projects. MTAHQ's year-to-year increases (\$1.2 million in 2009, \$1.0 million in 2010, and \$1.2 million in each year from 2011 and 2012) are due to inflationary assumptions applied to charge backs to Agencies for work performed on their behalf. LI Bus' annual changes are reflective of estimated grant funding levels and changes in contract rates tied to advertising. The LIRR's year-to-year growth (\$0.3 million in 2009, \$1.2 million in 2010, \$1.9 million in 2011 and \$1.7 million in 2012) is primarily due to scrap sales, Mineola Parking and rental revenue.

The 2008-2012 November Plan decreases, compared with the July Plan, are primarily the result of lower investment income at FMTAC which have no direct impact on net MTA cash. There are also decreases (\$3.0 million in 2008, \$3.5 million in 2009, \$4.1 million in 2010, \$4.6 million in 2011 and \$5.2 million in 2012) in 2008-2012 at MTA Bus due to lower predictions for Other Operating Revenue. These decreases are partially offset by an increase at MNR in 2008 due to higher GCT retail revenue. At B&T, higher Other Operating Revenues in 2008 are attributable to higher yields in existing E-ZPass administrative fee collections. 2009-2102 projections are lower mainly due to lower Battery Parking Garage income resulting from a projected slowdown in the economy. There is an increase at the LIRR in 2008 largely due to higher scrap sales, advertising and rental income. Decreases in 2009-2012 at the LIRR are mostly due to lower Special Services revenue, partially offset by higher Mineola Parking revenue.

## **PAYROLL**

MTA consolidated payroll expenses from 2008 through 2012 are influenced by a number of factors including position levels, Global Insight inflation assumptions, labor agreements, deferred salaries & wages and capital project activity. NYCT's TWU contract expires in January 2009 and included a 3.5% increase in 2008.

Subsequent years are assumed to grow with CPI inflation forecasts based upon figures from Global Insight (2.94% in 2009, 1.87% in 2010, 2.23% in 2011 and 2.20% in 2012). The LIRR's recently settled labor agreement saw its 2009 contractual rate increase to 3.0%; however, the 3.0% is for an 18 month period which saves money in the following years. Afterwards, CPI is assumed. Similar to the LIRR, Metro-North's assumptions are based on a recently negotiated labor settlement assuming 3.0% for 2009 (18 months) followed by CPI. Non-represented employee salaries are generally 3.0% in 2009 followed by CPI. Global Insight's CPI figures are generally higher than the rates assumed in the July Plan.

### **2008 November Forecast**

Consolidated payroll expenses of \$4,093 million are forecasted to be \$20 million or 0.5% higher than the 2008 July Plan. The increase is mainly due to MTA Bus, MTAHQ, NYCT and the LIRR. MTA Bus' payroll increases \$7 million due to timing-related expense changes and higher-than-forecasted costs than were in the July Plan. MTAHQ's increase of \$6 million is due partly to the impact of an under accrual for an MTA Police retroactive payment, higher MTA Police holiday pay and higher employee vacation accruals. NYCT's payroll increase of \$5 million is due to miscellaneous base pay increases and lump-sum vacation and sick leave balance payouts for terminal leave professional employees. The LIRR is \$2 million higher due primarily to increased employee vacation accruals.

### **2009 Final Proposed Budget**

MTA consolidated payroll expenses of \$4,250 million are \$157 million (3.8%) more than 2008. This change is primarily caused by assumed labor rate increases and an increase of non-reimbursable positions including the capture of IESS expenses within baseline expenses.

Payroll expenses are forecast to be \$48 million higher than the July Plan for 2009. The increases are composed of NYCT (\$38 million), MTA Bus (\$4 million) and MNR (\$2 million). The NYCT increase is primarily caused by labor rate inflation, the impact of the IESS assumptions and increased workforce requirements for a new bus depot on Staten Island. MTA Bus payroll increases mainly due to the impact of 39 additional Bus Operators needed to meet service requirements. MNR's payroll increase is due in part the expense re-estimates for the Maintenance Facility in New Haven.

B&T's decrease of \$1 million is due to the change in rates caused by the settlement of labor contracts. In the July Plan the full impact of the settlement was carried in the Payroll line. The plan-to-plan changes are primarily caused by the allocation of the Payroll and Overtime assumptions.

## **2010 – 2012 Forecasts**

Consolidated payroll expenses in 2010 of \$4,362 million are \$112 million (2.6%) more than 2009. On a year-to-year basis, payroll expenses in 2011 and 2012 of \$4,462 million and \$4,544 million increase \$100 million (2.3%) and \$82 million (1.8%) from the respective previous years. These increases are due mostly to assumed labor rate inflators.

Compared to July, consolidated payroll expenses increase by \$48 million in 2010, \$59 million in 2011 and \$68 million in 2012. NYCT's payroll increases from 2010 to 2012 by \$40 million, \$48 million and \$54 million, respectively. NYCT's increases are mostly due to the impacts of labor rate inflation, incorporation of IESS assumptions and increased workforce requirements for a new depot on Staten Island and revised estimates of service delivery. Payroll for MTA Bus increases from 2010 to 2012 by \$4 million, \$5 million and \$5 million, respectively due to the impact of additional Bus Operators. The LIRR's payroll expenses increase from the July Plan for 2010 to 2012 by \$3 million, \$4 million and \$5 million, respectively. The LIRR's increases are from more positions mainly due to various maintenance requirements (such as toilet maintenance, capital program re-estimates and changes at the Arch Street facility) and the impact of revised labor rate assumptions.

B&T's decreases of \$1 million each year are due to the changes in rates caused by the settlement of labor contracts.

## **OVERTIME**

MTA consolidated overtime expenses from 2008 to 2012 are influenced by a number of factors including position levels, vacancy assumptions, Global Insight inflation assumptions, service requirements, labor agreements, deferred salaries & wages, and capital project activity. Inflation assumptions match those identified in the Payroll discussion.

## **2008 November Forecast**

Consolidated overtime expenses of \$490 million are forecasted to be \$21 million more than the July Plan. NYCT's Overtime is \$7 million higher primarily due to additional Subway coverage for vacancies and other requirements partly offset by base pay vacancy savings. MTA Bus' November Forecast is \$6 million higher than the July Plan mainly due to higher bus route run times and service demands than calculated in the July Plan. These result from higher-than-expected ridership, vacancies and availability shortfalls. The LIRR's overtime expenses increase \$5 million over the July Plan due to vacancies and open job coverage. MNR's overtime is nearly \$2 million more than the July Plan due to increased requirements for equipment, facilities and right of way maintenance.

## **2009 Final Proposed Budget**

MTA consolidated overtime expenses of \$471 million are \$19 million (3.9%) less than 2008. This change is primarily caused by those trends and activities in 2008 (described above) that are not assumed to recur.

Overtime expenses are forecast to be \$15 million higher than the July Plan. MTA Bus increases \$14 million due to higher bus route run times and service demands than calculated in the July Plan. B&T's increase of \$2 million is due to the change in rates caused by the settlement of labor contracts.

NYCT's Overtime expenses decrease \$3 million due to revised labor assumptions.

## **2010 – 2012 Forecasts**

Consolidated overtime expenses in 2010 of \$478 million are \$7 million (1.5%) more than 2009 and increase \$11 million (2.3%) in 2011 and \$10 million (2.0%) in 2012. These changes closely reflect assumed labor rate inflators.

The consolidated overtime assumptions for 2010 to 2012 are \$13 million, \$15 million and \$15 million more than the July Plan, respectively. Increases are primarily due to continuations of trends at MTA Bus and B&T that begin in 2009. NYCT's Overtime expenses decrease about \$3 million each year from 2010 to 2012 reflects re-estimates.

## **HEALTH & WELFARE**

Year-to-year increases are primarily driven by inflators provided by The NYS Department of Civil Service (DCS). For individual coverage, an increase of 4.5% is applied over 2007 premium rates, an increase of 7.4% for 2009, and an increase of 7.7% for 2010-2012. For family coverage, an increase of 5.9% is applied over 2007 premium rates, an increase of 8.0% for 2009, and an increase of 6.9% for 2010-2012. Also contributing to the Health & Welfare variances are changes in employee levels.

Compared to the July Plan, NYCT's changes were favorable due to revised assumptions provided by the MTA and Global Insight; however these savings were offset by the impact of increases to headcount and a reforecast of the 1.5% withholding contribution for GASB which reduced savings by \$1.2M per year.

## **OTHER POST EMPLOYMENT BENEFITS (OPEB) and GASB FUND**

In the MTA Consolidated Financial Statements for the first quarter ending, March 31, 2007, MTA implemented the Governmental Accounting Standard Board

Statement No. 45 (“GASB-45”) -- the “Accounting and Financial Reporting for Employers for Post Employment Benefits Other Than Pensions”.

For the MTA and other governmental employers, the Other Post-Employment Benefits have been funded on a “pay-as-you-go” basis and have been reported in the financial statements when the “promised” benefits were paid. GASB-45 now requires that state and local governmental entities’ financial reports reflect systematic, accrual-based measurements and the recognition of OPEB costs (expense) over a period that approximates the employee’s years of services and provides information about actuarial accrued liabilities and to what extent progress is made in the funding.

To provide the valuation of the various elements, the MTA engaged the firm of Milliman Consultants and Actuaries. The results of their report were reviewed and approved by the MTA’s independent auditors, Deloitte and Touche LLP and PricewaterhouseCoopers, LLC. The projected 2008 end of year liability is \$13,241 million.

While the GASB standard only requires the disclosure of this future liability, the MTA has created a GASB fund which appears only on the Cash Receipts and Expenditures Statement and not on the accrual-based Statement of Operations. In June, 2008, the MTA Board approved the establishment of the “MTA Retiree Welfare Benefits Trust” to govern the administration and investment of the OPEB trust assets. Contributions to this fund began in 2006 and include additional revenues generated by increased real-estate-related tax activity (MRT-2).

The November Plan projects Agency contributions of \$59 million in 2008, \$63 million in 2009, \$65 million in 2010, \$68 million in 2011, and \$71 million in 2012. Included in these contributions are the Health & Welfare contributions made by those represented employees required to do so.

The November Financial Plan reflects the pay-as-you-go component for OPEBs in the expense category called “OPEB Current Payment”. Growth in this category is consistent with the assumptions described under Health & Welfare. The accrued liability is captured in a separate line called “OPEB Obligation” which appears only on the Statement of Operations.

## CONSOLIDATED PENSIONS

MTA Consolidated Pensions November Financial Plan (\$ in millions)					
	2008	2009	2010	2011	2012
Accrual					
Non-Reimbursable	\$889	\$913	\$896	\$871	\$876
Reimbursable	54	47	45	45	45
Total Accrual	943	960	941	916	921
Cash	709	922	926	897	895

### Year-to-Year Changes:

Pension expenses increase from 2008 to 2009 due to moderate increases at NYCERS (the City plan), NYSLRS (the State plan) and the MTA Defined Benefit Plan (MTA DB Plan) partially offset by reductions at MaBSTOA. Between 2009 and 2011, consolidated pension expenses generally decrease due to reductions in NYCERS and MaBSTOA payroll expenses. NYCERS reductions reflect the valuation assumptions by the City's Chief Actuary. The MaBSTOA decreases are the result of assumed savings in projected amortization payments resulting from funds transferred from the MTA to the plan in 2006. Partly offsetting these year-to-year reductions are general increases in the MTA DB Plan that affect multiple agencies. Other pension plans change little from year-to-year.

Cash differs significantly from accrued expenses in 2008. In 2007, the MTA made a prepayment of \$200 million to the MaBSTOA, MTA DB and LIRR Pension plans. This resulted in \$216 million in lower costs in 2008. As a result, cash pension expenses increases significantly from 2008 to 2009. After 2008, the differences between cash and accrual are primarily due to B&T's pension expenses that are not included in the cash pension figures (the B&T Financial Plan is presented on an accrual basis only; the impact of B&T on cash is reflected in the B&T Operating Surplus Transfer). Year-to-year cash increases generally reflect accrued expenses.

### Plan-to-Plan Changes:

NYCT's expenses decrease in 2008 by a net \$89 million, \$14 million of which is mainly due to revised assumptions for the NYCERS Plan anticipated to be included in upcoming major revisions to the pension projections from the City's Actuary. From 2009 to 2012, pension expenses increase due to MaBSTOA re-forecasting assumptions partly due to investment returns in 2007 and actual average rate changes. Some of these impacts will be incorporated in the upcoming 2008 valuation.

The November Plan assumes that \$75 million of funds designated in the July Plan for a lump sum reimbursement to NYCERS in 2008 for 55/25 pension refunds will not occur. It also reflects the actual \$18 million in lump sum payments to MaBSTOA that did occur for the 55/25 pension refunds in September 2008.

The recent fall in capital markets will have a negative impact on the portfolios of the MTA's pension plans and will increase future required pension contributions. A below-the-line contingency has been placed within the Updated Forecast in Volume 1.

## **OTHER FRINGE BENEFITS**

Other Fringe Benefit assumptions are consistent with payroll rate increase assumptions. In 2008, NYCT includes unfavorable cash timing adjustments from 2007. For 2008-2012, the LIRR includes slight annual increases in the amount paid per employee for Railroad Unemployment. MNR includes Railroad Retirement tax rates for Tier I and II as well as other cost adjustments, which reflect inflationary salary increases and changes in staffing levels.

Compared with the July Plan, expenses are higher for 2008-2012 by \$47 million, \$44 million, \$42 million, \$45 million and \$46 million, respectively, primarily due to adjustments of approximately \$42 million in each year of the Plan to the Worker's Compensation Reserve at NYCT. The cash impact of these adjustments is significantly less. These adjustments are on an accrued basis in recognition of future liability for Worker's Compensation as determined by the latest actuarial estimates of cash needs in future years.

## **TRACTION AND PROPULSION POWER**

MTA has a Long-Term Agreement (LTA) through 2017 with the New York Power Authority (NYPA) to supply electricity within the City of New York and Westchester County. The LTA requires that many of NYPA's assets be allocated to serve its New York City governmental customers, including two power plants in New York City (with a new plant under construction), dedicated transmission lines from upstate, and a purchase power agreement with Entergy for below-market nuclear energy. The above-described assets limit the exposure of volatility in the energy markets but do not eliminate it completely. In that regard, the MTA, City of New York and other government customers have worked with NYPA to implement a hedge program, with customers responsible for marginal gains or losses due to market prices.

NYPA has provided cost of service projections for 2008-2012. Rates for 2008 are expected to increase by 6.0%. Rates for 2009 and 2010 are expected to increase by 11.0% and 19.3%, respectively, which are substantially higher than

2008, as a result of expiring power contracts and the closing of the Astoria Poletti power plant. Rates are expected to increase by 7.0% in each of 2011 and 2012. Rates for 2008 are slightly unfavorable compared with the July Plan, however for the period 2009-2012 rates remain unchanged from the July Plan.

Con Edison delivers the NYPA power in New York City and Westchester County. In accordance with the most recent Con Ed rate case, costs for the period 2008-2012 are expected to increase by 24.0%, 10.0%, 3.0%, 7.0% and 7.0%, respectively. These rates are slightly favorable in comparison to the rates assumed in the July Plan.

The Long Island Power Authority (LIPA) reports an increase of 4.0% in 2008, and an estimated increase of 6.0% in each year from 2009 through 2012. These rates are slightly unfavorable in comparison to the rates assumed in the July Plan. Connecticut Light & Power (CL&P) reports an increase of 9.0% in 2008, and an estimated increase of 5.0% in each year from 2009 to 2012. These rates are unfavorable compared with the July Plan, particularly in 2009 and 2010 which had assumed rate decreases of 2.8% and 6.1%, respectively.

NYCT and the LIRR each updated their usage based on current and historical performance in addition to the aforementioned rate increases. MNR's forecast also reflects current consumption trends as well as the incorporation of service additions. In years 2009-2012, MNR has incorporated the net effect of the Equipment Replacement Plans for the New Haven, Harlem and Hudson Lines. Changes over the period are primarily due to the incorporation of the new M8 cars into New Haven Line service offset by the gradual retirement of the M2 car fleet.

Compared with the July Plan, the LIRR is unfavorable by approximately \$4 million in each year from 2008 to 2010, increasing to \$5 million in years 2011 and 2012, in each case due to expected higher rates. NYCT and MNR are slightly favorable compared to the July Plan due to modest revisions in rates. Compared with the July Plan, expenses are slightly unfavorable by approximately \$1 million in each of 2008 and 2009, but favorable by \$5 million in each of 2010 and 2011 and \$9 million in 2012.

## **FUEL FOR BUSES AND TRAINS**

Fuel prices reached historic highs in the spring and early summer months of 2008 and have dropped significantly since peaking in early July. MTA uses the New York Mercantile Exchange's (NYMEX) futures and option markets to forecast future price changes for diesel fuel and natural gas. The NYMEX forecasts extend out 36 months for diesel and 60 months for natural gas.

Using NYMEX projections as a basis for Ultra Low Sulfur Diesel (ULSD), in early October 2008 MTA instructed Agencies to apply an annual average price per

gallon of \$3.47 in 2008, \$3.39 in 2009, \$3.24 in 2010, \$3.12 in 2011 and \$3.30 in 2012. These projections were consistent with fuel hedge contracts that were made at that time. The average annual price per therm for Compressed Natural Gas (CNG) at this time was expected to be \$1.09 in 2008, \$1.01 in 2009, \$1.05 in 2010, \$1.03 in 2011 and \$1.01 in 2012.

Compared with the July Plan, expenses for the period 2008-2012 are unfavorable by \$9 million, \$3 million, \$39 million, \$44 million, and \$70 million, respectively. The variances are primarily the result of higher fuel delivery costs at NYCT and MTA Bus, which is \$26 million more than assumed in the July Plan, and higher CNG costs at LI Bus. Lower diesel fuel prices partially offset some of these increases. For 2010-2012, expenses are unfavorable compared with the July Plan, which had projected a steep decline in prices beginning in 2010.

Subsequent to the instructions issued in early October, prices dropped significantly. Savings from these lower prices are net of the hedge and captured below-the-line and discussed in Volume 1.

## **INSURANCE**

Year-to-year increases in Insurance expenses are primarily driven by assessments of market conditions made by MTA's Risk Management Department in conjunction with its brokers. The Paratransit (Access-A-Ride) policy is inflated by 15% per annum in anticipation of the addition of new carriers.

In 2008, expenses are lower than the outer years due to the purchase in 2007 of several policies, such as All-Agency Property and Sabotage and Terrorism, on an eighteen-month basis that are not due for renewal until May 2009. In 2011, the additional increase in Insurance expenses reflects the renewal of several multi-year policies, including All-Agency Environmental Liability, Travel Accident, Lead Abatement and Comprehensive Automotive Liability policies.

Compared with the July Plan, Insurance expenses are lower in the November Plan for all years of the Plan primarily due to changes in First Mutual Transportation Assurance Company (FMTAC) insurance premium assumptions.

FMTAC is incorporated into MTA consolidated financials. Increases in Insurance premiums paid by MTA Agencies to FMTAC are necessary in order to maintain the appropriate capital and reserve levels pursuant to the State of New York Insurance guidelines.

## **CLAIMS**

For all agencies, Claims expenses are based on inflationary assumptions, actuarial evaluations and historical performance. Claims expenses are lower in 2009 than in 2008 because MTA Bus' 2008 forecast included an increase that

established a reserve account for public liability claims and also reflected adjustments. On a year-to-year basis, NYCT's forecast includes an annual inflation rate of 2.5% in addition to historical performance and 2008 includes a \$3.7 million favorable cash timing adjustment from 2007. The LIRR's claims expenses reflect actual experience through July and the anticipated settlement and payout of claims for the balance of 2008. Year-to-year changes are \$0.9 million higher in 2008 than in 2009 at LI Bus due to increases in claims reserves. SIR is \$2.6 million favorable in 2009 followed by inflationary adjustments in the out-years. Offsetting these favorable decreases is an increase of \$3.9 million in 2009 at FMTAC as expenses are determined by actuarial projections of the actual claims expense paid and any adjustments to reserves.

On a plan-to-plan basis, MTA Bus is \$12.0 million unfavorable in 2008 due to an increase to the reserve account for public liability claims based on actuarial guideline adjustments.

### **PARATRANSIT SERVICE CONTRACTS**

Expenses increase from \$284 million in 2008 to \$561 million in 2012 or 98% over the period. The annual percentage increase per year is 29% in 2009, 15% in 2010, 14% in 2011 and 17% in 2012. The primary driver of these expense increases is projected annual ridership growth of 15% and cost-per-trip inflation projections based upon current carrier contracts.

Compared to the July Plan, Paratransit costs increase in each year from 2009 to 2012 due primarily due to cost increases resulting from new vendor contracts (fixed and maintenance costs), new vendor mobilization (start-up costs), financial plan re-estimates/corrections and higher-than-planned ridership. Ridership increases are based on 2008 estimated trips which are projected to be 1.6% higher than the July Plan. This increase is assumed as recurring and affects the continuing years. Overall, there are increases of \$50 million in 2009, \$57 million in 2010, \$41 million in 2011 and \$38 million in 2012.

### **MAINTENANCE AND OTHER OPERATING CONTRACTS**

Expenses for Maintenance and Other Operating Contracts for all MTA Agencies are inflated by Global Insight's CPI-U forecasts in each year from 2009 through 2012.

In addition to inflationary increases, NYCT includes the NYPA/Con Edison energy rate increases for non-traction power of 10.9% in 2009, 17.7% in 2010, 7.0% in 2011, and 7.0% in 2012 (in addition to inflationary increases). 2008 includes a \$3.2 million unfavorable cash timing adjustment from 2007.

For 2008 to 2009, the LIRR includes additional expenses for M7 Threshold plates, but these expenses resume at normal levels in 2010.

For MNR, 2009-2012 includes fluctuating costs for East and West of Hudson locomotive overhauls. In 2009 these costs increase by \$3.6 million; 2010-2012 include reductions of \$3.0 million, \$1.2 million and \$5.6 million, respectively, as program costs wind down or are completed. Also, included in 2009 are additional costs for office space renovations, football train service to the Meadowlands, and security monitoring services. In addition, 2009-2012 includes rising West of Hudson subsidy payments due to contract cost escalations and increases in services. 2010-2012 includes equipment disposal costs primarily for M2 cars.

B&T's expenses are \$11.9 million lower in 2009 than 2008 primarily due to lower maintenance expenses resulting from various projects at the Verrazano-Narrows, Triborough, and Throgs Neck Bridges and lower bridge painting expenses. Other expenses contributing to this favorable variance are lower EZPass Customer Service Center (CSC) expenses due to a new operating contract. In 2010, expenses are \$7.6 million higher than 2009 due primarily to higher major maintenance, bridge painting expenses and EZPass CSC program growth. In 2011, expenses are \$6.7 million lower than 2010 primarily due to a reduction in bridge painting expenses after the completion of work at the Henry Hudson, Triborough and Throgs Neck Bridges. In 2012, expenses are \$12.4 million higher than 2011 primarily due to higher bridge painting expenses resulting from anticipated construction start-up for new painting work.

SIR's expenses for 2009-2012 reflect the NYPA annual increases consistent with the Global Insight inflation forecast. 2008-2012 include an estimated \$11 million of one-time fleet maintenance expenses to maintain the safety and reliability of the 64-car fleet until anticipated replacement in 2014.

Compared with the July Plan, B&T is favorable in 2008 due to lower projected expenses for maintenance of PC/copiers and other equipment and E-ZPass Customer Service Center operating costs. NYCT's favorable variance of \$11 million in 2008 is due to the rescheduling of maintenance expenses for station painting, vehicle replacement, and car equipment programs to 2009. The LIRR is favorable in 2008 due to the deferral of bridge painting and diesel retrofit expenses to 2009. 2009-2012 is unfavorable due to an IT capitalization adjustment, expense re-estimates, inflationary increases, and timing.

## **PROFESSIONAL SERVICE CONTRACTS**

Increases in Professional Service Contracts for all agencies for 2009 through 2012 are inflated primarily by Global Insight's Regional CPI-U forecasts.

B&T's expenses in 2009 are \$5.7 million higher than 2008 primarily due to the addition of a cashless toll study and re-estimates of MTA chargeback expenses

for increased technical support. NYCT's year-to-year increases are largely due to inflation and 2008 includes a \$1.9 million unfavorable cash timing adjustment from 2007. MTA Bus' increase of \$5.2 million from 2008 to 2009 is mainly due to the institution of a rigorous traffic checking program in conjunction with NYCT. The LIRR's year-to-year increase of \$4.5 million from 2008 to 2009 are primarily associated with expenses related to various new Information Technology initiatives. MNR's increase of \$4.1 million in 2009 includes the restoration of a cost provision for general advertising fees. Expenses at MTAHQ are higher in 2009 than 2008 due to one-time West Side Yard development fees.

Overall decreases from the July Plan are primarily driven by MNR due to lower professional service requirements in 2008. MTAHQ's \$8.3 million favorable variance in 2008 is due a shifting of expenses to 2009 as well as some under spending for the year. There is a decrease of \$7.7 million in 2008 at NYCT largely due to miscellaneous rollovers from 2008 to 2009 and the out-years, workers' compensation board reductions and a reforecast of Automatic Train Supervision (ATS) on the "A" Division/CBTC. There is also a decrease at the LIRR of \$2.4 million in 2008 due to a shifting of the network strategy study to 2009. MTA Bus' favorable decrease of \$1.3 million from the July Plan is due to expense re-estimates and the application of favorable CPI's. B&T's plan-to-plan changes in 2009 are driven by lower planning studies expenses and lower MTA chargeback expenses.

## **MATERIALS & SUPPLIES**

All-Agency increases in Materials and Supplies for 2009 through 2012 are inflated primarily by Global Insight's Regional CPI-U forecasts.

Materials and Supplies costs increase \$60 million or 11% between 2008 and 2009. NYCT year-to-year increases were primarily due to the timing of subway and bus fleet maintenance programs. The LIRR reflects an increase of \$8.9 million between 2008 and 2009 primarily due to higher East Side Access material costs and Life Cycle Maintenance (LCM) production plan activities. MNR reflects an increase of \$9.2 million between 2008 and 2009 due to the M-7 five year LCM program, office space renovations, and the overhaul of M1 cars. 2008-2012 includes the net cost impacts of Metro-North's equipment maintenance and replacement strategies to maintain and improve service reliability and performance. B&T's expenses increase in 2009, 2010, and 2011 by \$1 million, \$16.5 million, and \$2.4 million, respectively and are the result of increases in the E-ZPass replacement program. For 2012, expenses are \$7.2 million lower primarily due to lower tag replacement requirements than in previous years.

Compared to the July Plan, expenses are favorable for the LIRR by \$12.6 million in 2008 due to a shift of various LCM and production Plan activities to 2009-2012. 2009-2012 changes are due to re-estimates of material costs associated with LCM. NYCT is \$6 million favorable in 2008 primarily due to a delayed award

for R62 converter replacements (propulsion system). These savings will be offset in 2009-2012. MNR's expenses increase in 2009-2012 due to higher material usage. B&T is unfavorable in 2008 and 2009 due higher re-estimates of E-ZPass tag purchases.

## **OTHER BUSINESS EXPENSES**

Increases in Other Business Expenses in 2009-2012 are inflated primarily by MTA Regional CPI-U forecasts provided by Global Insight.

The consolidated increase of \$7.0 million in 2009 from 2008 is driven by MTAHQ's internal subsidy support requirements for SIR and LI Bus and the Cross Bay Toll subsidy. There are increases in Other Business expenses in 2009-2012 at NYCT due to inflationary changes. Increased credit card fees associated with higher ridership and an increase in customer use of credit cards to purchase tickets and football train service to the Meadowlands account for the increases in 2009-2012 at MNR. There is an increase at MTAHQ of \$2.4 million in 2009 as a result of a shift in expenses from 2008. Partially offsetting these increases is a decrease at MTA Bus of \$2.8 million primarily due to a misclassification of snow fighting equipment as an operating expense. The LIRR's decrease of \$0.2 million from 2008 to 2009 reflects changes in credit/debit authorization fees (allowing debit and credit card sales at the ticket windows).

November Plan expense changes compared with the July Plan are primarily driven by MTAHQ due to higher promotional & marketing expenses in 2009 transferred from 2008 and higher support for SIR in 2009 and 2010. Partially offsetting these increases at MTAHQ is a reduction to Cross Bay Toll. There are also increases from the July Plan in 2009-2012 at NYCT largely due to higher fare media transaction costs. MTA Bus also had an unfavorable increase in 2008 due to expenses for snow fighting equipment. MNR's decreases reflect a rescheduling of the Kronos timekeeping project to 2009.

## **Positions (Headcount)**

## **BASELINE POSITIONS (Headcount)**

Note: Agency headcount levels in the July Financial Plan were modified to reflect the allocation of Integrated Electronic Security Systems' (IESS) positions to Agencies. IESS was a top-sided adjustment in the July Plan. Baseline positions exclude below-the-line Gap Closing Actions.

### Plan-to-Plan (2008) November Forecast

MTA consolidated baseline positions of 70,718 are 46 positions higher than the 2008 modified Mid-Year Forecast. Non-Reimbursable positions are forecast to increase by 89 and Reimbursable positions to decrease by 43. By Agency, total positions increase by 43 at NYCT and 20 at MNR, while positions decrease by 17 at the LIRR. On a positions by function basis, an increase is forecast in Operations (+103) and Engineering/Capital (+10), and decrease in Maintenance (-34) and Administration (-33).

NYCT's increase is comprised of 51 Reimbursable position increases partially offset by 8 Non-Reimbursable position reductions. Specifically, positions increase in Operations (+50), Maintenance (+9) and Engineering (+2), and decrease in Administration (-18). NYCT's net increase is largely for providing MTA Bus traffic checking support.

MNR's increase is made up of 48 Non-Reimbursable position increases and 28 Reimbursable position reductions. Positions increase in Operations (+21) and Administration (+19), and decrease in Maintenance (-12) and Engineering/Capital (-8). The net increase reflects a change in vacancy assumptions, the reallocation of staff between non-reimbursable and reimbursable program requirements and a reorganization of capital program administration support staff.

LIRR's reduction is comprised of 67 Reimbursable position reductions and 50 Non-Reimbursable position increases. Positions decrease in Maintenance (-41) and increase in Operations (+16) and Administration (+8). The timing of project activity is the primary reason for the reduction of Reimbursable positions and increase in Non-Reimbursable positions.

### Plan-to-Plan (2009) Final Proposed

When compared with the July Financial Plan, MTA consolidated baseline positions increase by 172. Non-Reimbursable positions increase by (+213) and Reimbursable positions decrease by (-41). By Agency, positions increase by 302 positions at NYCT and 54 at MTA Bus, while positions decrease by 135 at LIRR and 49 at MNR.

NYCT's total increase consists of 158 Non-Reimbursable positions and 144 Reimbursable positions. The non-reimbursable increase consists primarily of 95 positions to support overtime adjustments and 67 positions for a fourth Staten Island depot. The Reimbursable increase includes 53 positions for tunnel lighting, 50 for MTA Bus traffic checkers and 35 for SIR fleet maintenance. On a functional basis, NYCT's

positions increase in Maintenance (+315), Security (+34) and Engineering/Capital (+2), and decrease in Operations (-41) and Administration (-8).

MTA Bus' increase consists entirely of Non-Reimbursable positions. Positions increase in Operations (+68) and Maintenance (+12) and decrease in Administration (-17) and Engineering/Capital (-9). Position increases are made up of 39 Bus Operators to support service levels, and 15 positions mostly for maintenance support, material control, and safety & training.

LIRR's total decrease consists of 160 Reimbursable position reductions partially offset by 25 Non-Reimbursable position increases. On a functional basis, positions decrease in Maintenance (-155) and increase in Administration (+15), Engineering/Capital (+3) and Operations (+2). The timing of project activity is the primary reason for the reduction of Reimbursable positions and increase in Non-Reimbursable positions.

MNR's net decrease is made up of 31 Non-Reimbursable reductions and 18 Reimbursable increases. By function, positions decrease in Maintenance (-28), Operations (-15) and Engineering/Capital (-8) and increase in Administration (+2). The total decrease results from the continuation of 2008 initiatives.

#### Plan-to-Plan (2010 – 2012)

When compared with the July Plan, positions are projected to increase by (+347) in 2010, (+278) in 2011 and (+339) in 2012.

Positions increase in 2010 at NYCT (+264), LIRR (+80) and MTA Bus (+54) and decrease at MNR (-51). These Plan-to-Plan changes remain virtually unchanged in 2011 and 2012. Position changes at NYCT, the LIRR, MTA Bus and MNR over the period are primarily due to a continuation of November Plan initiatives commencing in 2009 (noted above).

**METROPOLITAN TRANSPORTATION AUTHORITY**  
**November Financial Plan 2009 - 2012**  
**Baseline Change Between 2008 July Financial Plan vs. 2008 November Financial Plan**  
**Favorable/(Unfavorable)**

Category	Change				
	2008	2009	2010	2011	2012
<b>Baseline Total Positions</b>	<b>(46)</b>	<b>(172)</b>	<b>(347)</b>	<b>(278)</b>	<b>(339)</b>
NYC Transit	(43)	(302)	(264)	(197)	(248)
Long Island Rail Road	17	135	(80)	(78)	(88)
Metro-North Railroad	(20)	49	51	51	51
Bridges & Tunnels	0	0	0	0	0
Headquarters	0	0	0	0	0
Long Island Bus	0	0	0	0	0
Staten Island Railway	0	0	0	0	0
Capital Construction Company	0	0	0	0	0
Bus Company	0	(54)	(54)	(54)	(54)
<b>Non-Reimbursable</b>	<b>(89)</b>	<b>(213)</b>	<b>(251)</b>	<b>(245)</b>	<b>(338)</b>
NYC Transit	8	(152)	(178)	(175)	(258)
Long Island Rail Road	(50)	(25)	(47)	(45)	(55)
Metro-North Railroad	(48)	31	33	33	33
Bridges & Tunnels	0	(8)	0	0	0
Headquarters	1	1	1	1	1
Long Island Bus	0	0	0	0	0
Staten Island Railway	0	(6)	(6)	(5)	(5)
Capital Construction Company	0	0	0	0	0
Bus Company	0	(54)	(54)	(54)	(54)
<b>Reimbursable</b>	<b>43</b>	<b>41</b>	<b>(96)</b>	<b>(33)</b>	<b>(1)</b>
NYC Transit	(51)	(150)	(86)	(22)	10
Long Island Rail Road	67	160	(33)	(33)	(33)
Metro-North Railroad	28	18	18	18	18
Bridges & Tunnels	0	8	0	0	0
Headquarters	(1)	(1)	(1)	(1)	(1)
Long Island Bus	0	0	0	0	0
Staten Island Railway	0	6	6	5	5
Capital Construction Company	0	0	0	0	0
Bus Company	0	0	0	0	0
<b>Total Full-Time</b>	<b>(31)</b>	<b>(167)</b>	<b>(342)</b>	<b>(273)</b>	<b>(334)</b>
NYC Transit	(28)	(291)	(253)	(187)	(238)
Long Island Rail Road	17	135	(80)	(78)	(88)
Metro-North Railroad	(20)	49	51	51	51
Bridges & Tunnels	0	0	0	0	0
Headquarters	0	0	0	0	0
Long Island Bus	0	0	0	0	0
Staten Island Railway	0	(6)	(6)	(5)	(5)
Capital Construction Company	0	0	0	0	0
Bus Company	0	(54)	(54)	(54)	(54)
<b>Total Full-Time-Equivalents</b>	<b>(15)</b>	<b>(5)</b>	<b>(5)</b>	<b>(5)</b>	<b>(5)</b>
NYC Transit	(15)	(5)	(5)	(5)	(5)
Long Island Rail Road	0	0	0	0	0
Metro-North Railroad	0	0	0	0	0
Bridges & Tunnels	0	0	0	0	0
Headquarters	0	0	0	0	0
Long Island Bus	0	0	0	0	0
Staten Island Railway	0	0	0	0	0
Capital Construction Company	0	0	0	0	0
Bus Company	0	0	0	0	0

**METROPOLITAN TRANSPORTATION AUTHORITY**  
**November Financial Plan 2009 - 2012**  
**Baseline Change Between 2008 July Financial Plan vs. 2008 November Financial Plan**  
**Total Non-Reimbursable - Reimbursable Positions**  
**Full-Time Positions and Full Time Equivalents by Function and Agency**  
**Favorable/(Unfavorable)**

Function Category	Change				
	2008	2009	2010	2011	2012
<b>Administration</b>	<b>33</b>	<b>11</b>	<b>13</b>	<b>18</b>	<b>18</b>
NYC Transit	18	8	3	7	7
Long Island Rail Road	(8)	(15)	(7)	(6)	(6)
Metro-North Railroad	(19)	(2)	(3)	(3)	(3)
Bridges & Tunnels	0	0	0	0	0
Headquarters	0	0	0	0	0
Long Island Bus	0	3	3	3	3
Staten Island Railway	0	0	0	0	0
Capital Construction Company	25	0	0	0	0
Bus Company	17	17	17	17	17
<b>Operations</b>	<b>(103)</b>	<b>(18)</b>	<b>(86)</b>	<b>(88)</b>	<b>(88)</b>
NYC Transit	(50)	41	(28)	(30)	(30)
Long Island Rail Road	(16)	(2)	(1)	(1)	(1)
Metro-North Railroad	(21)	15	15	15	15
Bridges & Tunnels	0	0	0	0	0
Headquarters	0	0	0	0	0
Long Island Bus	0	(4)	(4)	(4)	(4)
Staten Island Railway	0	0	0	0	0
Capital Construction Company	0	0	0	0	0
Bus Company	(16)	(68)	(68)	(68)	(68)
<b>Maintenance</b>	<b>34</b>	<b>(146)</b>	<b>(255)</b>	<b>(192)</b>	<b>(253)</b>
NYC Transit	(9)	(315)	(203)	(141)	(192)
Long Island Rail Road	41	155	(69)	(68)	(78)
Metro-North Railroad	12	28	31	31	31
Bridges & Tunnels	0	0	0	0	0
Headquarters	0	0	0	0	0
Long Island Bus	0	(2)	(2)	(2)	(2)
Staten Island Railway	0	0	0	0	0
Capital Construction Company	0	0	0	0	0
Bus Company	(10)	(12)	(12)	(12)	(12)
<b>Engineering/Capital</b>	<b>(10)</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>
NYC Transit	(2)	(2)	(2)	(2)	(2)
Long Island Rail Road	0	(3)	(3)	(3)	(3)
Metro-North Railroad	8	8	8	8	8
Bridges & Tunnels	0	0	0	0	0
Headquarters	0	0	0	0	0
Long Island Bus	0	2	2	2	2
Staten Island Railway	0	0	0	0	0
Capital Construction Company	(25)	0	0	0	0
Bus Company	9	9	9	9	9
<b>Public Safety</b>	<b>0</b>	<b>(33)</b>	<b>(33)</b>	<b>(30)</b>	<b>(30)</b>
NYC Transit	0	(34)	(34)	(31)	(31)
Long Island Rail Road	0	0	0	0	0
Metro-North Railroad	0	0	0	0	0
Bridges & Tunnels	0	0	0	0	0
Headquarters	0	0	0	0	0
Long Island Bus	0	1	1	1	1
Staten Island Railway	0	0	0	0	0
Capital Construction Company	0	0	0	0	0
Bus Company	0	0	0	0	0

NOTE: Table reflects a correction to Bridges & Tunnels' positions of (+2) in Maintenance and (-2) in Administration, which was made subsequent to the printing of the November Plan book.

**Metropolitan Transportation Authority**  
**November Financial Plan 2009 - 2012**  
**Baseline Change Between 2009 July Financial Plan vs. 2009 November Financial Plan**  
**Full-time Positions and Full-time Equivalents by Occupational Group and Agency**  
**Favorable/(Unfavorable)**

FUNCTION/OCCUPATIONAL GROUP	Change				
	2008	2009	2010	2011	2012
<b>Administration</b>					
Managers/Supervisors	19	12	12	12	12
Professional, Technical, Clerical	14	(6)	4	9	9
Operational Hourlies	-	5	(3)	(3)	(3)
<b>Total Administration</b>	<b>33</b>	<b>11</b>	<b>13</b>	<b>18</b>	<b>18</b>
<b>Operations</b>					
Managers/Supervisors	(15)	2	(17)	(17)	(17)
Professional, Technical, Clerical	(12)	(5)	(6)	(9)	(9)
Operational Hourlies	(76)	(15)	(63)	(62)	(62)
<b>Total Operations</b>	<b>(103)</b>	<b>(18)</b>	<b>(86)</b>	<b>(88)</b>	<b>(88)</b>
<b>Maintenance</b>					
Managers/Supervisors	(60)	(87)	(62)	(49)	(62)
Professional, Technical, Clerical	18	(23)	(17)	(9)	(1)
Operational Hourlies	76	(36)	(176)	(134)	(190)
<b>Total Maintenance</b>	<b>34</b>	<b>(146)</b>	<b>(255)</b>	<b>(192)</b>	<b>(253)</b>
<b>Engineering/Capital</b>					
Managers/Supervisors	7	6	6	6	6
Professional, Technical, Clerical	(17)	8	8	8	8
Operational Hourlies	-	-	-	-	-
<b>Total Engineering/Capital</b>	<b>(10)</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>
<b>Public Safety</b>					
Managers/Supervisors	(3)	(4)	(4)	(4)	(4)
Professional, Technical, Clerical	(3)	(14)	(14)	(11)	(11)
Operational Hourlies	6	(15)	(15)	(15)	(15)
<b>Total Public Safety</b>	<b>-</b>	<b>(33)</b>	<b>(33)</b>	<b>(30)</b>	<b>(30)</b>
<b>Baseline Total Positions</b>					
Managers/Supervisors	(52)	(71)	(65)	(52)	(65)
Professional, Technical, Clerical	-	(40)	(25)	(12)	(4)
Operational Hourlies	6	(61)	(257)	(214)	(270)
<b>Baseline Total Positions</b>	<b>(46)</b>	<b>(172)</b>	<b>(347)</b>	<b>(278)</b>	<b>(339)</b>

**METROPOLITAN TRANSPORTATION AUTHORITY**  
**November Financial Plan 2009 - 2012**  
**Baseline Total Non-Reimbursable - Reimbursable Positions**  
**Full-Time Positions and Full Time Equivalents by Agency**

Category	2007 Actual	2008 November Forecast	2009 Final Proposed	2010	2011	2012
<b>Baseline Total Positions</b>	<b>69,117</b>	<b>70,718</b>	<b>71,071</b>	<b>71,228</b>	<b>71,136</b>	<b>70,741</b>
NYC Transit	48,910	49,290	49,544	49,396	49,266	48,828
Long Island Rail Road	6,471	6,961	6,910	7,143	7,120	7,114
Metro-North Railroad	5,855	6,054	6,140	6,209	6,262	6,310
Bridges & Tunnels	1,772	1,832	1,832	1,832	1,839	1,839
Headquarters	1,347	1,489	1,494	1,497	1,499	1,500
Long Island Bus	1,103	1,153	1,153	1,153	1,153	1,153
Staten Island Railway	268	278	283	283	282	282
Capital Construction Company	90	150	150	150	150	150
Bus Company	3,301	3,511	3,565	3,565	3,565	3,565
<b>Non-Reimbursable</b>	<b>62,940</b>	<b>63,372</b>	<b>63,959</b>	<b>64,196</b>	<b>64,336</b>	<b>63,984</b>
NYC Transit	44,025	43,637	44,113	44,242	44,335	43,941
Long Island Rail Road	5,829	6,136	6,134	6,181	6,169	6,163
Metro-North Railroad	5,386	5,466	5,511	5,580	5,633	5,681
Bridges & Tunnels	1,720	1,779	1,787	1,779	1,786	1,786
Headquarters	1,324	1,445	1,446	1,446	1,446	1,446
Long Island Bus	1,090	1,139	1,139	1,139	1,139	1,139
Staten Island Railway	265	275	280	280	279	279
Capital Construction Company	0	0	0	0	0	0
Bus Company	3,301	3,495	3,549	3,549	3,549	3,549
<b>Reimbursable</b>	<b>6,177</b>	<b>7,346</b>	<b>7,112</b>	<b>7,032</b>	<b>6,800</b>	<b>6,757</b>
NYC Transit	4,885	5,653	5,431	5,154	4,931	4,887
Long Island Rail Road	642	825	776	962	951	951
Metro-North Railroad	469	588	629	629	629	629
Bridges & Tunnels	52	53	45	53	53	53
Headquarters	23	44	48	51	53	54
Long Island Bus	13	14	14	14	14	14
Staten Island Railway	3	3	3	3	3	3
Capital Construction Company	90	150	150	150	150	150
Bus Company	0	16	16	16	16	16
<b>Total Full-Time</b>	<b>68,737</b>	<b>70,394</b>	<b>70,765</b>	<b>70,922</b>	<b>70,830</b>	<b>70,435</b>
NYC Transit	48,630	49,080	49,352	49,204	49,074	48,636
Long Island Rail Road	6,471	6,961	6,910	7,143	7,120	7,114
Metro-North Railroad	5,850	6,049	6,135	6,204	6,257	6,305
Bridges & Tunnels	1,772	1,832	1,832	1,832	1,839	1,839
Headquarters	1,347	1,489	1,494	1,497	1,499	1,500
Long Island Bus	1,008	1,044	1,044	1,044	1,044	1,044
Staten Island Railway	268	278	283	283	282	282
Capital Construction Company	90	150	150	150	150	150
Bus Company	3,301	3,511	3,565	3,565	3,565	3,565
<b>Total Full-Time-Equivalents</b>	<b>380</b>	<b>324</b>	<b>306</b>	<b>306</b>	<b>306</b>	<b>306</b>
NYC Transit	280	210	192	192	192	192
Long Island Rail Road	0	0	0	0	0	0
Metro-North Railroad	5	5	5	5	5	5
Bridges & Tunnels	0	0	0	0	0	0
Headquarters	0	0	0	0	0	0
Long Island Bus	95	109	109	109	109	109
Staten Island Railway	0	0	0	0	0	0
Capital Construction Company	0	0	0	0	0	0
Bus Company	0	0	0	0	0	0
Business Service Center - Savings	0	33	33	33	367	620
Business Service Center - HQ Additions	0	(55)	(100)	(100)	(413)	(371)
Net Agency-Wide Impact	0	(22)	(67)	(67)	(46)	249



**Metropolitan Transportation Authority**  
**November Financial Plan 2009 - 2012**  
**Baseline Consolidated Positions by Function and Occupational Group**  
**Baseline Total Full-time Positions and Full-time Equivalents**

FUNCTION/OCCUPATIONAL GROUP	2007 Actuals	2008 November Forecast	2009 Final Proposed Budget	2010	2011	2012
<b>Administration</b>						
Managers/Supervisors	1,692	1,837	1,844	1,839	1,837	1,836
Professional, Technical, Clerical	3,063	3,258	3,279	3,277	3,275	3,277
Operational Hourlies	128	70	64	72	72	72
<b>Total Administration</b>	<b>4,883</b>	<b>5,165</b>	<b>5,187</b>	<b>5,188</b>	<b>5,184</b>	<b>5,185</b>
<b>Operations</b>						
Managers/Supervisors	3,175	3,332	3,282	3,279	3,271	3,269
Professional, Technical, Clerical	1,054	1,086	1,096	1,095	1,095	1,095
Operational Hourlies	26,711	26,776	26,701	26,731	26,751	26,764
<b>Total Operations</b>	<b>30,940</b>	<b>31,194</b>	<b>31,079</b>	<b>31,105</b>	<b>31,117</b>	<b>31,128</b>
<b>Maintenance</b>						
Managers/Supervisors	4,762	4,907	5,004	4,966	4,937	4,894
Professional, Technical, Clerical	2,525	2,671	2,710	2,676	2,643	2,627
Operational Hourlies	22,555	23,133	23,443	23,646	23,611	23,263
<b>Total Maintenance</b>	<b>29,842</b>	<b>30,711</b>	<b>31,157</b>	<b>31,288</b>	<b>31,191</b>	<b>30,784</b>
<b>Engineering/Capital</b>						
Managers/Supervisors	487	530	534	534	534	534
Professional, Technical, Clerical	1,435	1,522	1,490	1,490	1,490	1,490
Operational Hourlies	2	2	2	2	2	2
<b>Total Engineering/Capital</b>	<b>1,924</b>	<b>2,054</b>	<b>2,026</b>	<b>2,026</b>	<b>2,026</b>	<b>2,026</b>
<b>Public Safety</b>						
Managers/Supervisors	121	147	147	147	147	147
Professional, Technical, Clerical	98	146	158	158	155	155
Operational Hourlies	1,309	1,301	1,317	1,316	1,316	1,316
<b>Total Public Safety</b>	<b>1,528</b>	<b>1,594</b>	<b>1,622</b>	<b>1,621</b>	<b>1,618</b>	<b>1,618</b>
<b>Baseline Total Positions</b>						
Managers/Supervisors	10,237	10,753	10,811	10,765	10,726	10,680
Professional, Technical, Clerical	8,175	8,683	8,733	8,696	8,658	8,644
Operational Hourlies	50,705	51,282	51,527	51,767	51,752	51,417
<b>Baseline Total Positions</b>	<b>69,117</b>	<b>70,718</b>	<b>71,071</b>	<b>71,228</b>	<b>71,136</b>	<b>70,741</b>

## **BASELINE POSITIONS (Headcount)**

This section excludes below-the-line Agency PEG reductions.

### Year-to-Year (2009 vs 2008)

The MTA consolidated 2009 baseline reflects positions of 71,071, which are 353 more than 2008. Non-Reimbursable positions increase by 587 and Reimbursable positions decrease by 234. Positions increase by 254 at NYCT, 86 at MNR, 54 at MTA Bus, 5 at SIR, and 5 at MTA HQ, while positions decrease by 51 at the LIRR.

NYCT's increase is composed of 476 Non-Reimbursable position increases and 222 Reimbursable position reductions. Positions increase in Maintenance (+360), Security (+29), and Administration (+23), and decrease in Operations (-126), and Engineering (-32). Non-Reimbursable position increases are primarily due to the opening of the Charleston Annex, increased staffing to reduce overtime, increased staffing for the Scheduled Maintenance System (SMS), and staffing for a fourth Staten Island depot. Reimbursable position reductions are primarily due to reductions in tunnel lighting, delays in Scheduled Maintenance System (SMS) work (on behalf of SIR), R160 acceptance testing, and reductions in Capital Program Management forces, partially offset by increases in traffic checkers for MTA Bus.

MNR's increase is made up of 45 Non-Reimbursable and 41 Reimbursable positions. Positions increase in Maintenance (+121) and Engineering (+2), and decrease in Operations (-24) and Administration (-13). Position increases are related to staffing in support of increased maintenance for the New Haven Line car fleet and the start of an M7 life cycle maintenance program, Grand Central Terminal Maintenance, maintenance support of new security systems, Mid-Hudson station improvements, additional training personnel, Grand Central Terminal maintenance, and additions for fleet management, training and recruiting.

MTA Bus' increase is made up entirely of Non-Reimbursable positions. Positions increase in Operations (+52) and Maintenance (+2). Position increases are made up of 39 Bus Operators to support service levels, and 15 positions mostly for maintenance support, material control, and safety & training.

The LIRR's decrease is made up of 49 Reimbursable positions and 2 Non-Reimbursable positions. Positions decrease in Maintenance (-38) and Operations (-27), and increase in Administration (+10) and Engineering/Capital (+4). Position decreases are primarily due to the timing of capital project activity.

### Year-to-Year (2010 – 2012)

Total forecasted position levels drop by 330 from the end of 2009 to the end of 2012. Positions increase by 157 in 2010, and decrease 92 in 2011 and 395 in 2012. Agencies with the largest position changes at the end of the three-year period are NYCT with a decrease of 716, the LIRR with an increase of 204, and MNR with an increase of 170.

NYCT's decrease is made up of decreases of 544 Reimbursable positions and 273 Non-Reimbursable positions. Reimbursable positions decrease due to the warranty period ending (and consequently capital funding) for the R160 subway cars, as well as completion of the following projects: Antenna Cable Replacement, Battery Cable Replacement, Signal Circuit Key-By, R68/68A Passenger Emergency Intercom, and various security projects. Non-reimbursable positions drop as a result of reduced staffing requirements for the Scheduled Maintenance System (SMS).

The LIRR's increase is made up of increases of 175 Reimbursable positions and 29 Non-Reimbursable positions. Reimbursable position increases are mostly in the maintenance category and result from position reductions in 2009 related to the timing of capital project activity.

MNR's increase is made up entirely of Non-Reimbursable positions. Positions increase in Maintenance (+98), Operations (+60) and Administration (+12). Position increases primarily result from increased maintenance positions to support the new M8 cars, the establishment of a second shift coach shop at Harmon, on-board train service positions required for new train service, staffing required to support security improvements, maintenance positions to support completed right-of-way and facility improvements, and positions to support signal improvements on the Danbury branch.

**METROPOLITAN TRANSPORTATION AUTHORITY**  
**November Financial Plan 2009 - 2012**  
**Year to Year Changes for Baseline Positions by Function and Agency**  
**Favorable/(Unfavorable)**

Function	Change			
	2009-2008	2010-2009	2011-2010	2012-2011
<b>Baseline Total Positions</b>	<b>(353)</b>	<b>(157)</b>	<b>92</b>	<b>395</b>
NYC Transit	(254)	148	130	438
Long Island Rail Road	51	(233)	23	6
Metro-North Railroad	(86)	(69)	(53)	(48)
Bridges & Tunnels	0	0	(7)	0
Headquarters	(5)	(3)	(2)	(1)
Long Island Bus	0	0	0	0
Staten Island Railway	(5)	0	1	0
Capital Construction Company	0	0	0	0
Bus Company	(54)	0	0	0
<b>Non-Reimbursable</b>	<b>(587)</b>	<b>(237)</b>	<b>(140)</b>	<b>352</b>
NYC Transit	(476)	(129)	(93)	394
Long Island Rail Road	2	(47)	12	6
Metro-North Railroad	(45)	(69)	(53)	(48)
Bridges & Tunnels	(8)	8	(7)	0
Headquarters	(1)	0	0	0
Long Island Bus	0	0	0	0
Staten Island Railway	(5)	0	1	0
Capital Construction Company	0	0	0	0
Bus Company	(54)	0	0	0
<b>Reimbursable</b>	<b>234</b>	<b>80</b>	<b>232</b>	<b>43</b>
NYC Transit	222	277	223	44
Long Island Rail Road	49	(186)	11	0
Metro-North Railroad	(41)	0	0	0
Bridges & Tunnels	8	(8)	0	0
Headquarters	(4)	(3)	(2)	(1)
Long Island Bus	0	0	0	0
Staten Island Railway	0	0	0	0
Capital Construction Company	0	0	0	0
Bus Company	0	0	0	0
<b>Total Full-Time</b>	<b>(371)</b>	<b>(157)</b>	<b>(58)</b>	<b>395</b>
NYC Transit	(272)	148	130	438
Long Island Rail Road	51	(233)	23	6
Metro-North Railroad	(86)	(69)	(53)	(48)
Bridges & Tunnels	0	0	(7)	0
Headquarters	(5)	(3)	(2)	(1)
Long Island Bus	0	0	0	0
Staten Island Railway	(5)	0	1	0
Capital Construction Company	0	0	(150)	0
Bus Company	(54)	0	0	0
<b>Total Full-Time-Equivalents</b>	<b>18</b>	<b>0</b>	<b>0</b>	<b>0</b>
NYC Transit	18	0	0	0
Long Island Rail Road	0	0	0	0
Metro-North Railroad	0	0	0	0
Bridges & Tunnels	0	0	0	0
Headquarters	0	0	0	0
Long Island Bus	0	0	0	0
Staten Island Railway	0	0	0	0
Capital Construction Company	0	0	0	0
Bus Company	0	0	0	0

**METROPOLITAN TRANSPORTATION AUTHORITY**  
**November Financial Plan 2009 - 2012**  
**Year to Year Changes for Baseline Positions by Function and Agency**  
**Favorable/(Unfavorable)**

Function	Change			
	2009-2008	2010-2009	2011-2010	2012-2011
<b>Administration</b>	<b>(22)</b>	<b>(1)</b>	<b>4</b>	<b>(1)</b>
NYC Transit	(23)	6	7	1
Long Island Rail Road	(10)	6	0	0
Metro-North Railroad	13	(10)	(1)	(1)
Bridges & Tunnels	0	0	0	0
Headquarters	(5)	(3)	(2)	(1)
Long Island Bus	3	0	0	0
Staten Island Railway	0	0	0	0
Capital Construction Company	0	0	0	0
Bus Company	0	0	0	0
<b>Operations</b>	<b>115</b>	<b>(26)</b>	<b>(12)</b>	<b>(11)</b>
NYC Transit	126	(6)	8	7
Long Island Rail Road	27	1	0	0
Metro-North Railroad	24	(21)	(21)	(18)
Bridges & Tunnels	0	0	0	0
Headquarters	0	0	0	0
Long Island Bus	(4)	0	0	0
Staten Island Railway	(6)	0	1	0
Capital Construction Company	0	0	0	0
Bus Company	(52)	0	0	0
<b>Maintenance</b>	<b>(446)</b>	<b>(131)</b>	<b>97</b>	<b>407</b>
NYC Transit	(360)	147	112	430
Long Island Rail Road	38	(240)	23	6
Metro-North Railroad	(121)	(38)	(31)	(29)
Bridges & Tunnels	0	0	(7)	0
Headquarters	0	0	0	0
Long Island Bus	(2)	0	0	0
Staten Island Railway	1	0	0	0
Capital Construction Company	0	0	0	0
Bus Company	(2)	0	0	0
<b>Engineering/Capital</b>	<b>28</b>	<b>0</b>	<b>0</b>	<b>0</b>
NYC Transit	32	0	0	0
Long Island Rail Road	(4)	0	0	0
Metro-North Railroad	(2)	0	0	0
Bridges & Tunnels	0	0	0	0
Headquarters	0	0	0	0
Long Island Bus	2	0	0	0
Staten Island Railway	0	0	0	0
Capital Construction Company	0	0	0	0
Bus Company	0	0	0	0
<b>Public Safety</b>	<b>(28)</b>	<b>1</b>	<b>3</b>	<b>0</b>
NYC Transit	(29)	1	3	0
Long Island Rail Road	0	0	0	0
Metro-North Railroad	0	0	0	0
Bridges & Tunnels	0	0	0	0
Headquarters	0	0	0	0
Long Island Bus	1	0	0	0
Staten Island Railway	0	0	0	0
Capital Construction Company	0	0	0	0
Bus Company	0	0	0	0

**Metropolitan Transportation Authority  
November Financial Plan 2009 - 2012**

**Year to Year Changes for Positions by Function and Occupational Group  
Baseline Total Full-time Positions and Full-time Equivalents  
Favorable/(Unfavorable)**

FUNCTION/OCCUPATIONAL GROUP	Change			
	2009-2008	2010-2009	2011-2010	2012-2011
<b>Administration</b>				
Managers/Supervisors	(7)	5	2	1
Professional, Technical, Clerical	(21)	2	2	(2)
Operational Hourlies	6	(8)	-	-
<b>Total Administration</b>	<b>(22)</b>	<b>(1)</b>	<b>4</b>	<b>(1)</b>
<b>Operations</b>				
Managers/Supervisors	50	3	8	2
Professional, Technical, Clerical	(10)	1	-	-
Operational Hourlies	75	(30)	(20)	(13)
<b>Total Operations</b>	<b>115</b>	<b>(26)</b>	<b>(12)</b>	<b>(11)</b>
<b>Maintenance</b>				
Managers/Supervisors	(97)	38	29	43
Professional, Technical, Clerical	(39)	34	33	16
Operational Hourlies	(310)	(203)	35	348
<b>Total Maintenance</b>	<b>(446)</b>	<b>(131)</b>	<b>97</b>	<b>407</b>
<b>Engineering/Capital</b>				
Managers/Supervisors	(4)	-	-	-
Professional, Technical, Clerical	32	-	-	-
Operational Hourlies	-	-	-	-
<b>Total Engineering/Capital</b>	<b>28</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Public Safety</b>				
Managers/Supervisors	-	-	-	-
Professional, Technical, Clerical	(12)	-	3	-
Operational Hourlies	(16)	1	-	-
<b>Total Public Safety</b>	<b>(28)</b>	<b>1</b>	<b>3</b>	<b>-</b>
<b>Baseline Total Positions</b>				
Managers/Supervisors	(58)	46	39	46
Professional, Technical, Clerical	(50)	37	38	14
Operational Hourlies	(245)	(240)	15	335
<b>Baseline Total Positions</b>	<b>(353)</b>	<b>(157)</b>	<b>92</b>	<b>395</b>

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## **Status of 2008 Agency PEGs**

## STATUS OF THE 2008 PEGs

As reflected on the chart below, the February Plan included within its baseline, 2008 Program to Eliminate the GAP (PEG) savings of \$51 million and 338 positions in 2008. Savings increase to \$62 million in 2009 and then fall to \$58 million in 2010 and \$55 million in 2011. PEG position savings increase to 366 positions in 2009 and remain constant through 2011. In the July Plan the value of these PEGs was slightly increased by \$0.5 million in 2008, and by \$0.8 million in 2009. Long Island Bus re-estimated the savings associated with its “CNG tax credit” PEG upward by \$0.7 million and \$0.8 million in 2008 and 2009. B&T re-estimated its “Reductions of Headcount in the Operations Dept.” PEG downward by \$0.2 million in 2008 to reflect changes in the estimated date of attrition (from March, 2008 to October, 2008).

Re-estimates included in the November Plan resulted in reductions of \$2 million and 0 positions in 2008, while out-year PEG savings remain unchanged. Reductions in PEG savings resulted from re-estimates of planned savings associated with NYCT’s “Vacancy Savings-MOW/Rolling Stock” PEG, and NYCT’s “Holiday Schedule Savings” PEG.

METROPOLITAN TRANSPORTATION AUTHORITY						
November Financial Plan 2009 - 2012						
Summary of the 2008 PEG Program						
(\$ in millions)						
	<u>February Plan</u>		<u>July Plan</u>		<u>November Plan</u>	
	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>	<u>Positions</u>	<u>Dollars</u>
2008	338	\$51	338	\$50	338	\$48
2009	366	\$62	366	\$63	366	\$63
2010	366	\$58	230	\$58	230	\$58
2011	366	\$55	230	\$55	230	\$55
2012	366	\$55	230	\$55	230	\$55

In addition to the 2008 PEG Program re-estimates listed above, the July Financial Plan includes re-estimates to the 2005 and 2007 PEG Programs. SIR re-estimated the savings associated with its 2005 “Tompkinsville Fare Collection” PEG due to delays in construction work at Tompkinsville station. This resulted in a reduction to savings of \$0.2 million in 2009, and then increases to savings of \$0.1 million in 2010 and 2011. B&T re-estimated the savings associated with its 2007 “Net Reduction of Headcount in the Operations Department” PEG downward by \$1.0 million in 2008 and upward by \$0.1 million in each of the out-years to reflect changes in the estimated date of attrition (from March, 2008 to October, 2008). There were no re-estimates to prior year PEGs (2007 and earlier) in the November Plan.

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