

**MTA 2014 BUDGET AND 2014-2017 FINANCIAL PLAN
ADOPTION MATERIALS**

**MTA Finance Committee
MTA Board**

**December 16, 2013
December 18, 2013**

NOTICE CONCERNING THIS WEB-POSTED COPY

The MTA Consolidated and agency staff summaries included in this web version of the **MTA 2014 Budget and 2014-2017 Financial Plan Adoption Materials** are in searchable format and hence do not include the signatures and initials that appear in the original documents. Copies of the signed and initialed originals of these staff summaries have been included in Section III, as an addendum.

MTA 2014 Budget and 2014-2017 Financial Plan Adoption Materials

Table of Contents

I.	Staff Summary MTA Consolidated 2014 Budget and 2014-2017 Financial Plan.....	I-1
II.	Agencies' Staff Summaries – 2014 Budget and 2014-2017 Financial Plan:	
	Bridges and Tunnels.....	II-1
	Capital Construction Company.....	II-11
	Long Island Rail Road.....	II-17
	Metro-North Railroad.....	II-29
	MTA Headquarters.....	II-41
	Inspector General.....	II-51
	First Mutual Transportation Assurance Co. (FMTAC).....	II-57
	New York City Transit.....	II-61
	MTA Bus Company.....	II-71
	Staten Island Railway.....	II-83
III.	Addendum – Copies of Signed and Initialed Staff Summaries (web version only).....	III-1

**I. Staff Summary MTA Consolidated
2014 Budget and 2014-2017
Financial Plan**

Staff Summary

Subject MTA 2014 Budget and 2014-2017 Financial Plan
Department Chief Financial Officer
Department Head Name Robert E. Foran
Department Head Signature
Project Manager/Division Head Douglas F. Johnson

Date December 16, 2013
Vendor Name
Contract Number
Contract Manager Name
Table of Contents Ref #

Board Action					
Order	To	Date	Approval	Info	Other
1	Finance Comm.	12/16			
2	Board	12/18			

Internal Approvals			
Order	Approval	Order	Approval
		1	Chief Financial Officer
		2	Legal
		3	Chief of Staff
		4	Chief Executive Officer

Purpose:

To secure MTA Board (i) adoption of the accompanying 2014 Final Proposed Budget and the Four-Year Financial Plan 2014-2017 ("November Plan" or "Plan"), which includes approving the 2013 Final Estimate and all Plan Adjustments (items below the baseline), and (ii) authorization of Budget and Plan adjustments, budget and cash management actions and other staff actions as set forth below in this Staff Summary.

Discussion:

This document summarizes the November Plan presented to the Board for information purposes at the November Board meeting, which projects ending cash balances of \$212 million in 2013, \$106 million in 2014, \$44 million in 2015, \$61 million in 2016 with a projected cash deficit of \$191 million in 2017 (see attachment A).

The November Plan

The November Plan, consistent with previous plans, is disciplined, totally transparent, and adheres to a financial strategy that includes three key elements: the continuous pursuit of recurring cost reductions, "net-zero" wage growth for represented employees, and biennial fare and toll increases. This Plan also seeks to preserve and enhance funding for the capital program, while addressing "uncontrollable" expenses, such as pension, health care, paratransit, debt service, energy and insurance.

This Plan features significantly lower fare increases than previously projected and new customer initiatives. It maintains the \$18 million in service investments proposed in July, funds critical operational and maintenance investments, contains increased support for the Capital Program, and makes additional investments to pay down unfunded pension and health & welfare liabilities, which will result in ongoing savings in the future. The November Plan includes favorable expense re-estimates, cost reduction measures and debt-service management actions that combine with existing expense reduction actions to constrain expense growth in the 2014 Budget to only 1.96% over 2013.

Changes from the July Plan

Consistent with the MTA Budget process, the November Plan updates the July Financial Plan with more current results, new developments and risks, and input from our Board, customers and other stakeholders. The 2013 July Plan provided a detailed look at 2014 in the form of the proposed 2014 Preliminary Budget. The July Plan included new and restored service and other customer enhancements, resources to improve operations through better maintenance, and additional financial support for the 2015–2019 Capital Program.

The July Plan funded the local match to Federal funds for the Sandy repair and recovery projects as well as long-term resiliency projects. That Plan was in balance through 2014 with modest out-year deficits totaling \$240 million. Since July, there have been both favorable and unfavorable changes that, when combined, have improved the bottom line by a cumulative \$724 million over the Plan Period.

The favorable changes include:

- Higher passenger/toll revenues;
- Higher real estate tax receipts;
- Lower health & welfare costs;
- Lower debt service;
- Lower pension costs; and
- Higher paratransit savings.

Partially offsetting those results are:

- Higher overtime re-estimates;
- Lower PBT receipts; and
- Greater operational and maintenance needs.

Certain of these changes merit special discussion.

Higher Real Estate Receipts. The November Plan projects an increase from the July Plan in real estate tax receipts of \$287 million over the Plan Period. MTA's real estate tax revenues are mortgage recording tax and real property transfer tax revenues that do not provide the stability and predictability provided by property tax revenues. They are transactional fees assessed on real estate transactions that, because of their inherent lack of predictability, are problematic from a capital and operating budgeting perspective. This has been proven twice for real estate transactional revenues. The first time was in 1988 when MRT revenue was pledged by the MTA as security for a new bonding credit for the capital program. Based on a thorough analysis and forecast by recognized experts, bonds were rated and issued to a receptive investor base. These revenues proved to be so unreliable that the MTA refunded the bonds within three years. The second was in the early-2000s, when the MTA began increasingly to rely upon these revenues for its operating budget, foregoing fare/toll increases, as these revenues began to rise. By 2007, these annual revenues were approximately \$1.6 billion; however, by 2009, these revenues had fallen to less than \$400 million and were a major reason for the MTA's fiscal crisis in 2009. Solving this fiscal crisis required implementation of the PMT and MTA Aid, and agreed-upon fare/toll revenue increases of 10%, 7.5% and 7.5% in 2009, 2011 and 2013, respectively.

These transactional real estate revenues are increasing again and MTA is incorporating them into the Financial Plan carefully. While the Plan is reflecting the forecasted receipts in the budget, it is investing a portion of the projected receipts as one-time expenditures, which will provide annually recurring savings by reducing unfunded pension or OPEB liabilities, retiring unscheduled higher cost debt, or avoiding new debt with PAYGO funding. Use of these less-predictable revenues in such ways allows the MTA to reduce or eliminate the expenditures if the forecasted revenues are not fully realized without having to take drastic budget actions as we did in 2009 and 2010.

Higher Overtime Re-estimates. In 2010, the MTA responded to its fiscal crisis by implementing a number of cost savings initiatives that included an aggressive program to reduce overtime costs. This program has been captured within the overtime goals of subsequent Financial Plans. However, the MTA has not been able to meet those goals due in large part to uncontrollable factors, including weather incidents (e.g., Sandy, Irene, major storms) and emergency conditions. Other factors that contributed to the overages were the additional cost to perform regular maintenance while responding to Sandy-related work, major maintenance programs (e.g., FASTRACK and backlog reduction initiatives for signals, track and structures), as well as on-going employee availability and vacancy issues.

In retrospect, the original 2010 goals were not realistic, as was highlighted in a special report to the September Finance Committee. To that end, the November Plan includes a re-baselining of overtime based on additional analysis conducted subsequent to the report. The re-baselining, which now reflects levels that are more in line with documented/historical usage and overall coverage requirements, will provide greater accountability for overruns. Further analysis on overtime will be conducted and addressed in the coming months. It is expected that efficiencies can be identified that will result in realistic savings within this category.

“Projected” biennial fare/toll revenue increases reduced to 4%. The MTA is cognizant of the impact that fare and toll increases have on its customers. Following the fare and toll increases of 2009, 2011 and 2013 of 10.0%, 7.5%, and 7.5%, respectively, this Plan reduces projected fare and toll increases for 2015 and 2017 to 4% over the two-year period, or approximately a 2% annual increase. While reducing the burden on MTA customers, this lower fare/toll increase will reduce revenues during the Plan Period by more than \$900 million; favorable re-estimates in revenues and a substantial increase in targeted savings efficiency initiatives described below make this possible.

Important Operational (including Service) and Maintenance Needs Funded. The November Plan makes investments in critical maintenance and operational work including fleet overhauls, necessary improvements to the right-of-way, and the upgrade of critical systems. These investments reflect a careful analysis of where new resources will deliver the greatest benefit. It also reflects the increasing operating budget impacts of new services as “Mega Projects” are completed.

This Plan maintains those investments first proposed in July, including \$76 million in operational and maintenance needs, \$18 million of new or restored service and service quality investments (detailed below), \$12 million in increased “platform” service to meet loading and headway guidelines, and \$11 million in additional customer enhancements. Included within these investments is the implementation of an Authority-wide Enterprise Asset Management initiative to protect and optimize our extensive infrastructure by promoting best standards and procedures. That system will also offer proactive maintenance, cost efficiencies, and tools for managing the life-cycle process of MTA's assets. NYCT will carry out a life-extending overhaul of R-46 cars, increased structural inspections and repairs, and water intrusion remediation. The LIRR will improve maintenance to rolling stock and elevators/escalators. Metro-North will purchase additional snow fighting equipment, and improve maintenance and cleanup of its right-of-way. MTA Bus will perform engine and structure upgrades and overhauls on 247 MCI series buses for purposes of extending their useful life. The Plan retains B&T's July-Plan funding of long-term restoration and mitigation projects resulting from Sandy.

The service investments that were identified with the Preliminary Budget and July Financial Plan in July (listed again below) are funded in the Plan and are being implemented by NYCT, LIRR and MNR, following, where required, the conclusion of the public hearing process. The service and service quality Investments are:

NYCT Service:

- Increase G service to eight-minute headways 3 p.m. to 9 p.m.
- Add S93 service middays and evenings until 10 p.m.
- Extend M service to the Delancey Street-Essex Street station from the Myrtle Avenue station on weekends
- Add Q77 service on Sundays
- Extend the Bx24 to Hutchinson Metro Center from Westchester Square
- Restore service on the B37 along 3rd Avenue between Bay Ridge and Atlantic Avenue-Barclays Ctr. Station 6 a.m. to 11 p.m.
- Restore the B70 to 7th Avenue
- Restore B8 service to Bay Ridge-95th Street R station at all times
- Implement a to-be-determined Select Bus Service route
- Restore Q31 service on weekends
- Restructuring Staten Island - Eltingville area super express bus
- Restore M8 service on weekends
- Reroute the M100 in Northern Manhattan via Dyckman Street and 10th Avenue to serve the Sherman Creek neighborhood.
- Conduct a NYCT/MTA Bus Co-Op City bus study as a comprehensive review of existing bus operations and ridership in the vicinity of Co-op City to assess the reliability of existing service and where there may be opportunities for improved connectivity.

NYCT Service Quality:

- Improved track cleaning (hiring of two additional crews)
- Additional improved station cleaning at heavily used stations/complexes in each borough (ten stations)
- Improved “A” Division service management at the Rail Control Center
- Modification of fare control areas in high priority areas and installation of remote gate control at 54 stations with a staffed booth on one side and no crossover capability for passengers
- Installation of cameras at ten key fare control areas to assist the NYPD in arresting MVM vandals and swipe sellers.

LIRR Service:

- Extend half hourly weekend service westbound and eastbound to Ronkonkoma Station
- Restore half hourly weekend service on the Port Washington Branch
- Add a new Ronkonkoma train to Farmingdale (4:09 p.m. from Penn Station) and a reverse train to Penn Station (7:00 p.m. from Farmingdale) on weekdays
- Restore the 4:37 p.m. weekday express train from Penn Station to Wantagh
- Restore the 4:57 p.m. weekday train from Penn Station to Freeport
- Add a new weekday train to Hicksville (8:22 p.m. from Penn Station)
- Extend summer season weekend service between Ronkonkoma and Greenport by ten weeks so that it runs from April to November.

Metro-North Service Quality:

- Expansion of real-time train status information at all New York State stations via LCD monitors that use cellular connectivity. These monitors display the departure time, real-time train status, track information and station stops for the next nine trains. At least the first three stations will be completed in 2013, with an average of ten stations to be completed each year thereafter until the installation project is concluded in 2020.

The November Plan funds additional operational and maintenance needs totaling \$71 million, or \$217 million over the Plan Period: NYCT will expand its successful “FASTRACK” program; Metro-North will implement a comprehensive right-of-way infrastructure program and enhance maintenance of the GCT facility and systems; LIRR is also investing in track maintenance and replacing the oldest vehicles in its non-revenue fleet; MTA Bus is revising its Shop Overhaul Plan beginning in 2015 to perform engine upgrades, overhauls and structural enhancements on 247 MCI series buses to extend the useful life of these buses from 12 years to 15 years. In addition, NYCT is making additional “platform” service adjustments of \$10 million to meet loading and headway guidelines. The increased investments proposed here, when combined with those investments first proposed in July, total \$705 over the Plan Period.

During this Plan Period a number of MTA’s new “Mega Projects” are targeted to begin operations. The first phase of the Second Avenue Subway will provide a new way to travel between the Upper East Side and Midtown’s Broadway corridor and, upon completion of all phases, to Lower Manhattan, reducing congestion on the Lexington Avenue line by as much as 13%. The extension to the 7 line will serve the rapidly developing Far West Side of Manhattan. The new Fulton Center will ease transfers for thousands of daily customers, improve access to and from the complex, provide new connectivity to the new PATH station and the World Trade Center, enhance the resiliency of the system, as well as provide a magnificent new station in lower Manhattan. While these new services will benefit our customers, they will also increase our baseline operating expenses. The increasing operating budget impacts (“OBIs”) associated with these capital projects as well as the ramp-up for East Side Access are included in this Plan. Annual OBIs increase from \$16 million in 2014 to \$194 million in 2017, for a total OBI of \$361 million over the Plan Period.

Support for Capital Program Increased. This Plan increases annual “Pay-As-You-Go” (PAYGO) funding by an additional \$40 million a year on top of the \$80 million increase included in the July Plan for a total of \$370 million beginning in 2015. This will serve as a “down payment” for the 2015-2019 Capital Program, providing \$2.96 billion over the expected eight-year expenditure period. Alternatively, this funding could be used to support \$6.5 billion in funding (\$5.2 billion in bonding capacity if used for debt service and \$1.3 billion of residual PAYGO). This amount continues to be derived primarily from debt service savings from the 2012 and 2013 refunding and lower re-estimates of interest rate and cash flow requirements.

New MTA Fare Reduction Efficiencies Established. The MTA continues to focus on cost control and finding new ways to do business more efficiently; in this Plan MTA savings targets have been increased substantially. To help fund the proposed fare and tolls reduction initiative, the MTA is increasing its annual recurring savings targets by \$50 million beginning in 2014, increasing by \$50 million each year for total annual savings of \$200 million by 2017, or a cumulative increase of \$500 million during the Plan Period. This will increase projected overall savings from the \$1.3 billion that was assumed in July, to \$1.5 billion by 2017. Initiatives are being identified that are expected to result in savings from the following targeted sources: prompt payment discounts, workers compensation efficiencies, energy efficiencies, further consolidations, additional procurement and inventory efficiencies, and employee benefit savings.

Unfunded Pension Liability Addressed. Consistent with its increased emphasis on addressing previously considered “uncontrollable” costs, the MTA will continue to use non-recurring revenues, receipts or resources to make one-time payments toward long-term obligations to reduce annual expenses, minimizing pressure on future fares and tolls. The July Plan included an \$80 million investment to reduce the LIRR’s unfunded pension liability funded by a non-recurring increase in real estate receipts, the result of a high volume of large transactions that occurred early this year. The July Plan also recommended the adoption of a policy of using monies remaining in the general reserve at year-end to reduce long-term obligations such as pension or health & welfare unfunded obligations, retire long-term debt or avoid new debt with PAYGO funding. The 2013 November Forecast captures the \$80 million investment that was made, applies the unused 2013 General Reserve and makes additional annual investments of \$30 million (relating to real estate revenues) beginning next year to further reduce the unfunded pension liability. Every dollar invested in the unfunded pension obligation results in a 7% return every year. Together, these investments will result in annual recurring savings that grow to over \$22 million by the end of the Plan Period, with increased savings thereafter.

Unfunded OPEB Liability Addressed. Other post-employment benefits, or OPEBs, are primarily healthcare costs for current and future retirees. Unlike with its pensions, MTA and other governmental entities are not required to fund amounts necessary to provide for the future healthcare costs of current and expected retirees, only the current costs. As required, the MTA funds only the annual cost for current retirees, approximately \$450 million in 2013; however, if MTA were to fully fund this future obligation, it would cost approximately \$2.3 billion a year. As disclosed in its audited financial statements, the MTA currently has an unfunded liability of \$17.8 billion. The NYS Comptroller has strongly encouraged governments to recognize these expenses and to set aside funds in trust to meet this obligation. MTA created a trust and has been setting aside funds each year for this purpose. Currently, it has \$300 million in its OPEB trust and another \$310 million in an OPEB reserve, held by the Treasurer for deposit into the trust. Based upon the projected contributions during the Plan Period, the amount held in these two accounts is expected to exceed \$1.1 billion by 2017.

The “Bottom Line”. Taken in total, these re-estimates, changes and recommendations result in a significant net improvement to MTA’s financial projections. The November Plan is balanced through 2016 (\$212 million in 2013, \$106 million in 2014, \$44 million in 2015 and \$61 million in 2016) with a manageable deficit of \$191 million in 2017.

Key Elements Remain Essential in Addressing Deficits

It should be noted that even with successful execution of these key elements, a deficit of \$191 million is projected for 2017 and large post-2017 deficits are looming.

Driving down costs through recurring expense reductions and efficiencies. The Plan continues the strategy developed in 2010 to “make every dollar count”. Existing efficiency programs, combined with the additional cost reduction targets proposed in this Plan, will increase projected annual savings to \$1.5 billion by 2017. It is critical that MTA continue to increase its annual savings targets to minimize pressure on future fares and tolls and protect MTA’s ability to make important investments in its capital program, operations and maintenance and customer service.

Much of MTA’s efforts have focused on “controllable” expenses, primarily payroll, but also maintenance, operating and service contracts and materials and supplies. The operating budget impacts of the “Mega Projects” (Fulton Center, 7 West Extension, Second Avenue Subway, and East Side Access) are starting to put additional pressure on MTA’s operating budgets. Nevertheless, controllable costs are projected to grow slightly less than 0.5% in 2014, with average growth over the Plan Period of 1.46%.

“Uncontrollable” costs, which continue to outpace inflation, are increasingly the focus of MTA’s cost saving efforts. These costs, which include employee and retiree health care, paratransit, pensions, debt service, energy, and insurance, are driven by factors that are largely outside the control of the MTA. The Plan includes investments that will reduce the liabilities (and future expenses) for pensions and OPEB.

The growth of paratransit costs has been reduced significantly in recent years due to proactive management initiatives that have reduced unit costs and diverted customers to more efficient ADA-compliant modes of transportation, generating annual savings of over \$280 million. It is important to note that continuing to contain rapidly-growing paratransit costs is essential. Before these paratransit savings initiatives were begun, the subsidy for paratransit services was approaching that received by Metro-North and expenses were growing at 18% percent a year. Through these management actions, the paratransit expense budget is expected to grow by only 7% a year, a significant reduction but still much greater than the expense growth of other MTA services.

Aggressive management of its debt portfolio has enabled MTA to capture savings from lower interest rates to reduce the burden of future capital programs on the farebox. The MTA continues to hedge its fuel purchases, which adds an element of certainty to those expenses. Insurance costs would be even higher were it not for the issuance of “catastrophe” bonds in place of higher cost insurance for a portion of the MTA’s risk coverage. These and other management actions result in a MTA-wide expense growth that is under 2% in 2014.

Three years of “net-zero” wage growth. The November Plan baseline continues to capture three years of “net-zero” wage growth for represented employees. To achieve net zero, wage increases may be granted if offset by savings from work rules or other non-wage concessions. MTA is committed to this reasonable assumption, as non-represented employees have not had a raise in over four and a half years. To further place this net zero assumption in context, in 2012, the State’s largest unions agreed to contracts that include three years of zero wage increases as well as contributions towards health care benefits. Similarly, this Plan assumes that the three “net-zero” contracts will be achieved through collective bargaining with MTA’s unions.

Continue biennial fare/toll increases. As described earlier, the November Plan continues to project biennial fare/toll increases in 2015 and 2017, but at a lower increase of approximately 2% per year, which will be in line with projected rates of inflation. The 2015 fare/toll increase is projected to produce annualized revenue of \$268 million, while the 2017 increase will net \$283 million annualized. Consistent with the July Plan, a March 1st implementation for both the 2015 and 2017 increases is anticipated.

Risks Identified in the November Plan

Despite an improved outlook, significant risks remain. Labor agreements currently open must include settlements with three years of net-zero wage growth. The failure to achieve this desired settlement would increase costs by approximately \$300 million per year going forward.

The Plan also assumes that State budget actions will reflect full remittance to the MTA of all funds collected on its behalf. While the MTA has been successful in the face of challenges to the Payroll Mobility Tax, there continues to be outside pressures on this funding source. Any modifications to this tax could adversely affect this vital MTA revenue stream. For example, if the tax were to be repealed in the suburban counties, MTA would lose approximately \$300 million per year.

If the MTA fails to achieve the three “net zero” labor settlement, or if the PMT were to be repealed for those counties outside of New York City, deficits would increase by approximately \$1.2 billion over the Plan Period. Either of those occurrences would require significant “one-shot” actions, increased fares/tolls or a reduction in the MTA’s self-generated funding capacity of \$5.3 billion, which would be a devastating blow to the anticipated 2015-2019 Capital Program.

The finances of the MTA are highly dependent on the economy. While the regional economy continues to improve, though unevenly, the national economy has had difficulty gaining momentum and is growing at a rate much slower than typically expected at this stage of economic recovery.

Finally, the MTA faces long-term vulnerabilities. Increased operating costs associated with the “mega” projects reflected in this Plan rise to \$194 million by 2017; to the extent that significant new ridership does not follow, the relative burden on customers and taxpayers will increase. There has been little movement to negotiate a comprehensive budget plan in Washington and federal support for the upcoming MTA Capital Program remains uncertain. With two major weather events in two years, the importance of resiliency investments cannot be overstated and, given the competitive process to allocate resiliency funding within the region, some of these costs may fall to the MTA. As noted above, long-term costs such as pension and retiree health costs continue to grow. Consequently, the MTA must continue to set aside funds for these expenses while also building reserves to meet the cash flow needs of its day to day operations and unbudgeted, but foreseeable situations.

Recommendation:

It is recommended that the Board:

- Adopt the 2014 Final Proposed Budget and Four-Year Financial Plan 2014-2017 (November Plan), which includes approving the 2013 Final Estimate and all Plan Adjustments (items below the baseline). The approval of this Plan will supersede prior Board Plan approvals for this period.
- Authorize staff, under the guidance of the Chief Executive Officer and the Chief Financial Officer to take actions to implement the subsidy and other adjustments set forth in the Plan.
- Authorize staff to invest \$80 million in 2013 and \$30 million in 2014, and each year thereafter, to reduce the amount of unfunded pension liability associated with the "LIRR Additional Plan". These funds are from real estate transactional (MRT-1, MRT-2, Urban Tax) revenue projections that are in excess of previous Plan estimates. These additional revenues are considered "less certain" than other revenue streams; therefore, investments in 2014 and beyond are predicated on the forecast for these revenues being met.
- Authorize staff to invest the unexpended 2013 general reserve to further reduce the unfunded pension liability associated with the "LIRR Additional Plan."
- Authorize staff to accelerate \$100 million in repayment to the "Capital Finance Fund" from 2016 to 2013.
- Authorize staff to make additional contributions to the Capital Program of \$60 million in 2014, and \$120 million in 2015, and each year thereafter. This brings total committed to capital contributions to \$60 million in 2014 and \$370 million annually thereafter.
- Authorize staff to use \$160 million of Pay as You Go (PAYGO) funding to help fund the local share of costs for recovery and resiliency from Superstorm Sandy.
- Authorize technical adjustments to MTA budgets and forecasts of a non-material nature in the February Plan.
- Authorize adjustment of MTA budgets and forecasts to reflect labor settlements approved from time to time by the Board.
- Approve additional budget and cash management actions, as has been done in past budget adoptions, as further described below:

Advance of Bridges and Tunnels Operating Surplus

As has been done on previous occasions, the Board is requested to authorize Bridges and Tunnels to advance to MTA and NYC Transit, to the extent funds are available, all or part of the estimated operating surplus for the year 2014, when and as directed by the Chief Executive Officer, the Chief Financial Officer, or their designees.

Uses of MTA MRT-2 Corporate Account Monies

Unlike many other forms of intergovernmental aid, these subsidy monies, by statute, can be allocated at the Board's discretion. It is recommended that the Board authorize that these funds be used as set forth in the Plan, authorize staff under direction of the Chief Executive Officer, the Chief Financial Officer or their designees, to administer these funds in a manner consistent with the Plan, and to temporarily help stabilize cash-flow requirements. As in the past, the advance of funds to the MTA and its affiliates and subsidiaries to stabilize cash-flow requirements may be made, provided that such advances are repaid prior to the end of the fiscal year in which made.

Uses of Payroll Mobility Tax (and Replacement Funds) and MTA Aid

Like the MRT-2 Corporate Account moneys, these subsidy moneys, by statute, can be allocated at the Board's discretion. It is recommended that the Board authorize that the revenues from the PMT (and Replacement Funds) be released as needed: (i) for pledged revenues by MTA to secure and be applied to the payment of bonds to be issued in the future, to fund capital projects of MTA, its subsidiaries, and MTA New York City Transit and its subsidiary and (ii) to pay capital costs, including debt service of MTA, its subsidiaries, and MTA New York City Transit and its subsidiary. It is further recommended that the Board authorize that subject to the provisions of any such pledge, or in the event there is no such pledge, the PMT Revenues be used by MTA to pay for costs, including operating costs of MTA, its subsidiaries and MTA New York City Transit and its subsidiary, and that the Chief Executive Officer, the Chief Financial Officer, or their designees be authorized to release these funds as needed in any of these areas described above.

Further, it is recommended that the Board authorize that the revenues in the MTA Aid Trust Account (derived from four fees and taxes imposed in the Metropolitan Commuter Transportation District - a supplemental motor vehicle license fee, a supplemental motor vehicle registration fee, a tax on medallion taxicab rides, and a supplemental tax on passenger car rentals) be released as needed and used as pledged revenues by MTA or pledged to the Triborough Bridge and Tunnel Authority to secure debt of MTA Bridges and Tunnels. Further subject to the provisions of such pledge, or in the event there is no such pledge, it is recommended that the Chief Executive Officer, the Chief Financial Officer or their designees be authorized to direct the release of these funds to be used by MTA for the payment of operating and capital costs of the MTA, its subsidiaries, and MTA New York City Transit and its subsidiary.

Inter-Agency Loans

The Board is requested to authorize the Chief Executive Officer, the Chief Financial Officer, or their designees, acting under Section 1266 (6-a) of the Public Authorities Law, to enter into inter-agency loan agreements among the MTA and its affiliates and subsidiaries. This authorization would allow the temporary movement of funds among agencies to meet cash flow requirements for operating or capital purposes resulting from a mismatch between the receipt of subsidies and other monies and cash flow needs. The statute requires that any such inter-agency loans be repaid no later than the end of the next succeeding calendar year.

Use of Stabilization Reserve: Provision for Prompt Payment of Contractual Obligations

In 1996, the Board approved the establishment of a Stabilization Reserve, to be held by the MTA Treasurer (the "Treasurer"), to stabilize MTA Agencies' cash flow requirements. The fund consists of two accounts, the MTA New York City Transit Account (the "Transit Account") and the MTA Commuter Railroad Account (the "Commuter Railroad Account"). The Board is requested to authorize the use of any balances in such accounts, plus any amounts authorized to be transferred to such accounts, to meet the cash flow requirements of MTA New York City Transit and the MTA Commuter Railroads and to authorize MTA New York City Transit to pay to the Treasurer for deposit in the Transit Account such amounts as it deems necessary to accomplish the purpose thereof, consistent with this Plan; and the Treasurer, subject to the approval of the Chief Executive Officer, the Chief Financial Officer or their designees, to pay into the Commuter Railroad Account, such amounts as are deemed necessary to accomplish the purpose thereof, consistent with this Plan. The Treasurer, upon request of MTA New York City Transit, shall pay to NYCT such amounts as are necessary to meet cash flow requirements of NYCT and as authorized by the Chief Executive Officer, the Chief Financial Officer, or their designees, shall transfer from the Commuter Railroad Account such amounts as are necessary to meet the cash flow requirements of MTA Commuter Railroads. The Treasurer shall also use such funds as from time to time may be necessary or convenient to timely make debt service payments on MTA bonds.

Government Accounting Standards Board (GASB) Contributions

In June 2008, the MTA approved the establishment of the “MTA Retiree Welfare Benefits Trust” (“OPEB Trust”) to govern the administration and investment of the OPEB trust assets. Through 2013, \$300 million was moved into the trust. The Treasurer will continue to hold the remaining funds set aside in discrete sub-accounts that comprise the GASB Account. Moreover, the MTA and its Agencies are expected to make contributions of over \$100 million as set forth in the 2014 Budget to the GASB Account in 2014 (with additional contributions in the out-years of the Plan). The Treasurer is authorized to use the GASB accounts to fund intra-agency loans as well as inter-agency loans. If an agency uses its own GASB funds to meet 2014 cash flow needs, the amounts withdrawn in 2014 must be paid back by December 31, 2016. If the GASB funds are used as inter-agency loans in 2014, they would be subject to repayment no later than December 31, 2015, consistent with the Inter-Agency Loan provision described above.

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

Line No.	2012	2013	2014	2015	2016	2017	
7	Actual	Final Estimate	Final Proposed Budget				
8	Non-Reimbursable						
9							
10	Operating Revenue						
11	Farebox Revenue	\$5,079	\$5,483	\$5,646	\$5,718	\$5,790	\$5,824
12	Toll Revenue	1,491	1,629	1,649	1,653	1,662	1,666
13	Other Revenue	564	779	656	610	638	673
14	Capital and Other Reimbursements	0	0	0	0	0	0
15	Total Operating Revenue	\$7,134	\$7,892	\$7,951	\$7,981	\$8,090	\$8,163
16							
17	Operating Expense						
18	Labor Expenses:						
19	Payroll	\$4,194	\$4,259	\$4,342	\$4,453	\$4,563	\$4,689
20	Overtime	574	594	560	554	557	566
21	Health & Welfare	813	920	1,023	1,095	1,177	1,268
22	OPEB Current Payment	413	453	496	537	585	633
23	Pensions	1,328	1,296	1,324	1,335	1,357	1,360
24	Other-Fringe Benefits	650	591	586	614	638	662
25	Reimbursable Overhead	(309)	(309)	(315)	(305)	(301)	(297)
26	Sub-total Labor Expenses	\$7,663	\$7,804	\$8,015	\$8,283	\$8,576	\$8,881
27							
28	Non-Labor Expenses:						
29	Electric Power	\$472	\$509	\$537	\$567	\$602	\$639
30	Fuel	252	275	268	267	267	274
31	Insurance	8	33	52	68	87	110
32	Claims	136	204	201	210	215	219
33	Paratransit Service Contracts	361	368	394	412	457	526
34	Maintenance and Other Operating Contracts	452	546	581	622	640	639
35	Professional Service Contracts	277	314	337	319	316	321
36	Materials & Supplies	431	498	527	548	555	564
37	Other Business Expenses	144	165	161	166	172	175
38	Sub-total Non-Labor Expenses	\$2,530	\$2,913	\$3,058	\$3,179	\$3,311	\$3,467
39							
40	Other Expense Adjustments:						
41	Other	\$63	\$46	\$47	\$48	\$51	\$52
42	General Reserve	0	0	135	140	145	150
43	Sub-total Other Expense Adjustments	\$63	\$46	\$182	\$188	\$196	\$202
44							
45	Total Operating Expense before Non-Cash Liability Adj.	\$10,256	\$10,763	\$11,256	\$11,650	\$12,083	\$12,550
46							
47	Depreciation	\$2,149	\$2,176	\$2,265	\$2,384	\$2,453	\$2,637
48	OPEB Obligation	1,786	1,819	1,900	1,982	2,069	2,156
49	Environmental Remediation	25	5	6	6	6	6
50							
51	Total Operating Expense after Non-Cash Liability Adj.	\$14,216	\$14,762	\$15,426	\$16,022	\$16,610	\$17,349
52							
53	Net Deficit Before Subsidies and Debt Service	(\$7,082)	(\$6,871)	(\$7,475)	(\$8,042)	(\$8,520)	(\$9,186)
54							
55	Conversion to Cash Basis: Non-Cash Liability Adjs.	\$3,959	\$4,000	\$4,171	\$4,372	\$4,527	\$4,799
56							
57	Debt Service (excludes Service Contract Bonds)	(2,058)	(2,191)	(2,393)	(2,481)	(2,642)	(2,818)
58							
59	Total Operating Expense with Debt Service	\$12,315	\$12,953	\$13,649	\$14,131	\$14,725	\$15,369
60							
61	Dedicated Taxes and State/Local Subsidies	\$5,492	\$5,890	\$6,039	\$6,373	\$6,609	\$6,813
62							
63	Net Deficit After Subsidies and Debt Service	\$311	\$828	\$342	\$222	(\$26)	(\$393)
64							
65	Conversion to Cash Basis: GASB Account	(90)	(84)	(98)	(106)	(114)	(123)
66	Conversion to Cash Basis: All Other	(290)	(235)	(398)	(335)	(268)	(304)
67							
68	CASH BALANCE BEFORE PRIOR-YEAR CARRY-OVER	(\$68)	\$509	(\$154)	(\$218)	(\$409)	(\$820)
69	ADJUSTMENTS	0	(525)	48	156	426	567
70	PRIOR-YEAR CARRY-OVER	297	229	212	106	44	61
71	NET CASH BALANCE	\$229	\$212	\$106	\$44	\$61	(\$191)

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

Line No.		2013 Final Estimate	2014 Final Proposed Budget	2015	2016	2017
11	Cash Balance Before Prior Year Carryover	\$509	(\$154)	(\$218)	(\$409)	(\$820)
13	Fare/Toll Increases:					
14	<i>Fare/Toll Increase on 3/1/15 (4%)</i>	-	-	228	277	279
15	<i>Fare/Toll Increase on 3/1/17 (4%)</i>	-	-	-	-	240
16	Subtotal	\$0	\$0	\$228	\$277	\$519
18	MTA Initiatives:					
19	<i>Unidentified MTA Efficiencies</i>	-	-	21	63	56
20	<i>New MTA Fare Reduction Initiatives</i>	-	50	100	150	200
21	Subtotal	\$0	\$50	\$121	\$213	\$256
23	MTA Re-estimates:					
24	<i>MTA Re-estimates</i>	(16)	36	(25)	-	-
25	Subtotal	(\$16)	\$36	(\$25)	\$0	\$0
27	Policy Actions:					
28	<i>Service Investments (Proposed in July)</i>	(5)	(18)	(18)	(18)	(18)
29	<i>Unexpended 2013 Gen'l Reserve used to Reduce Pension Liability</i>	(130)	-	-	-	-
30	<i>Additional Investment to Reduce Pension Liability</i>	-	(30)	(30)	(30)	(30)
31	<i>Return on Investments to Reduce Pension Liability</i>	-	9	11	13	15
32	<i>Debt Service - Cash Management Actions</i>	(113)	68	7	33	14
33	<i>Superstorm Sandy - Debt Local Match</i>	(1)	(8)	(17)	(42)	(69)
34	<i>Superstorm Sandy - PAYGO Local Match</i>	(160)	-	-	-	-
35	<i>Committed to Capital</i>	-	(60)	(120)	(120)	(120)
36	<i>Acceleration of the Repayment of Capital Financing Loan</i>	(100)	-	-	100	-
37	Subtotal	(\$509)	(\$38)	(\$167)	(\$63)	(\$208)
39	TOTAL ADJUSTMENTS	(\$525)	\$48	\$156	\$426	\$567
41	<i>Prior-Year Carryover</i>	229	212	106	44	61
43	Net Cash Surplus/(Deficit)	\$212	\$106	\$44	\$61	(\$191)

[THIS PAGE INTENTIONALLY LEFT BLANK]

**II. Agencies' Staff Summaries
2014 Budget and 2014-2017
Financial Plan**

Bridges and Tunnels

Staff Summary

Subject B&T 2014 Budget and 2014–2017 Financial Plan Adoption
Department Office of the Chief Financial Officer
Department Head Name Don Spero
Department Head Signature
Project Manager Name Dore Abrams

Date 12/3/2013
Vendor Name
Contract Number
Contract Manager Name
Table of Contents Ref #

Board Action					
Order	To	Date	Approval	Info	Other
1	B&T Committee	12/16/13	X		
2	Finance Committee	12/16/13	X		
3	MTA Board	12/18/13	X		

Internal Approvals			
Order	Approval	Order	Approval
3	President		VP Staff Services
2	Executive Vice President		VP Procurement & Materials
	General Counsel		VP Labor Relations
	VP Operations		VP & Chief Engineer

Internal Approvals (cont.)							
Order	Approval	Order	Approval	Order	Approval	Order	Approval
1	Chief Financial Officer		Chief Technology Officer		Chief Health & Safety Officer		Other
	Chief Security Officer		Chief Maintenance Officer		Chief EEO Officer		

PURPOSE:

To secure MTA Board adoption of the MTA Bridges and Tunnels' (B&T) 2013 November Forecast, 2014 Final Proposed Budget, and the Four-Year Financial Plan for 2014–2017.

DISCUSSION:

The 2014 Final Proposed Budget, which is consistent with information presented to the Board in November, provides sufficient funding to maintain B&T's planned service levels, as well as MTA's commitment to provide safe, reliable and efficient transportation service to the metropolitan New York region. The baseline projections that follow do not include the impacts of toll increases which are carried below-the-line in the MTA Consolidated Financial Plan.

B&T estimates that for 2013 and 2014 combined, \$2,416.1 million will be provided in baseline net operating income.

2013 NOVEMBER FORECAST-BASELINE

The 2013 November Forecast projects \$1,652.5 million in non-reimbursable revenues, of which \$1,628.8 million is from Toll Revenue. Total non-reimbursable expenses before depreciation and other post-employment benefits are projected to be \$431.7 million, consisting of \$226.4 million in labor expenses and \$205.3 million in non-labor expenses. Total Support to Mass Transit is projected to be \$975.0 million. Total end-of-year positions are projected at 1,746, including 1,658 non-reimbursable positions and 88 reimbursable positions.

2014 FINAL PROPOSED BUDGET–BASELINE

The 2014 Final Proposed Budget projects \$1,665.7 million in non-reimbursable revenues, of which \$1,649.5 million is from Toll Revenue. Total non-reimbursable expenses before depreciation and other post-employment benefits are projected to be \$470.5 million, consisting of \$244.0 million in labor expenses and \$226.5 million in non-labor expenses. Total Support to Mass Transit is projected to be \$901.9 million. Total end-of-year positions are projected at 1,746, including 1,658 non-reimbursable positions and 88 reimbursable positions.

MAJOR PROGRAMMATIC INITIATIVES

- **Programs to increase E-ZPass usage:**
 - **E-ZPass On-The-Go:** This program enables customers to purchase a prepaid E-ZPass tag and account kit in the cash toll lanes at each facility. To date, more than 253,000 tags and account kits have been sold.
 - **MTA Reload Card:** Introduced in February 2012, this initiative makes it easier for customers to replenish their E-ZPass account with cash. To date, more than 73,000 cards have been issued to customers and approximately 14% of total cash replenishments are currently made using the reload cards.
 - **E-ZPass Pay Per Trip:** This initiative was launched in November 2012 and enables customers to set up an E-ZPass account without a pre-paid balance by debiting their checking account through an Automated Clearinghouse (ACH) deduction on days when tolls are posted. To date, over 17,000 account holders have signed up for this initiative.
- **All Electronic Tolling Pilot at the Henry Hudson Bridge:** The implementation of cashless tolling at the gateless facility began on November 10, 2012. All motorists are able to use any lane to drive through the toll plaza without stopping. There is no change for drivers who use E-ZPass. For customers without an E-ZPass tag, an image is taken of their license plate and the registered driver receives a bill in the mail. The data collected from this pilot will be used to evaluate and guide future toll collection and toll plaza reconstruction plans. Thus far, the equipment and technology have met expectations, with the readable photo image rate at nearly 100%. The revenue collection rate is also nearly 100%, through a combination of tolls collected through the billing process and fees assessed and collected for late payment.
- **E-ZPass Tag Replacement Program:** This program, which began toward the end of 2010 and will continue through the financial plan period, ensures that tags are replaced before the tag components expire, greatly decreasing the possibility that customers will experience tag performance problems. To date, more than 1.4 million tags have been replaced.

IMPACT ON FUNDING

The 2013 November Forecast, the 2014 Final Proposed Budget, and the Four-Year Financial Plan 2014–2017, which are presented in the attached tables, are consistent with the proposed MTA Financial Plan.

RECOMMENDATION

It is recommended that the MTA Board adopt the 2013 November Forecast, the 2014 Final Proposed Budget, and the Four-Year Financial Plan for 2014–2017 for MTA Bridges and Tunnels.

MTA BRIDGES AND TUNNELS
November Financial Plan 2014-2017
Accrual Statement of Operations by Category
(\$ in millions)

NON-REIMBURSABLE

	2012 <u>Actual</u>	2013 November <u>Forecast</u>	2014 Final Proposed <u>Budget</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Operating Revenue						
Vehicle Toll Revenue	\$1,490.982	\$1,628.823	\$1,649.488	\$1,652.899	\$1,661.859	\$1,665.930
Other Operating Revenue	17.679	23.613	16.098	15.932	16.101	16.281
Capital and Other Reimbursements	0.000	0.000	0.000	0.000	0.000	0.000
Investment Income	0.136	0.110	0.162	0.737	2.180	2.866
Total Revenue	\$1,508.797	\$1,652.547	\$1,665.748	\$1,669.568	\$1,680.140	\$1,685.077
Operating Expenses						
<u>Labor:</u>						
Payroll	\$114.911	\$120.979	\$132.900	\$136.313	\$138.740	\$142.746
Overtime	20.921	20.882	21.228	21.656	22.103	22.523
Health and Welfare	22.171	25.022	27.340	28.363	29.971	31.678
OPEB Current Payment	13.988	15.384	16.168	16.783	17.757	18.786
Pensions	35.117	32.745	33.849	34.661	35.481	36.163
Other Fringe Benefits	18.226	16.493	17.595	17.902	18.158	18.386
Reimbursable Overhead	(4.758)	(5.114)	(5.095)	(5.145)	(5.196)	(5.442)
Total Labor Expenses	\$220.576	\$226.391	\$243.984	\$250.533	\$257.014	\$264.840
<u>Non-Labor:</u>						
Electric Power	\$5.706	\$7.480	\$7.561	\$7.805	\$8.170	\$8.540
Fuel	3.198	2.894	2.959	2.794	2.681	2.733
Insurance	7.020	12.589	16.466	19.914	23.163	26.980
Claims	0.000	0.000	0.000	0.000	0.000	0.000
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	92.229	113.232	129.870	136.876	142.371	145.505
Professional Service Contracts	22.194	36.390	36.537	36.826	36.527	37.763
Materials & Supplies	2.413	4.050	4.300	4.378	4.532	4.659
Other Business Expenses	24.649	28.707	28.808	29.451	30.115	30.835
Total Non-Labor Expenses	\$157.409	\$205.344	\$226.501	\$238.044	\$247.559	\$257.015
<u>Other Expense Adjustments:</u>						
Other	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Other Expense Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenses Before Depreciation and GASB Adjs.	\$377.985	\$431.735	\$470.485	\$488.578	\$504.573	\$521.855
Add: Depreciation	\$87.926	\$94.429	\$104.389	\$111.667	\$119.521	\$127.853
Add: OPEB Obligation	73.000	76.650	80.483	84.507	88.732	93.169
Add: Environmental Remediation	0.055	0.000	0.000	0.000	0.000	0.000
Total Expenses After Depreciation and GASB Adjs.	\$538.966	\$602.814	\$655.356	\$684.751	\$712.826	\$742.877
Less: Depreciation	\$87.926	\$94.429	\$104.389	\$111.667	\$119.521	\$127.853
Less: OPEB Obligation	73.000	76.650	80.483	84.507	88.732	93.169
Total Expenses	\$378.040	\$431.735	\$470.485	\$488.578	\$504.573	\$521.855
Baseline Income/(Deficit)	\$1,130.757	\$1,220.812	\$1,195.263	\$1,180.990	\$1,175.567	\$1,163.221

MTA BRIDGES AND TUNNELS
November Financial Plan 2014-2017
Accrual Statement of Operations by Category
(\$ in millions)

NON-REIMBURSABLE / REIMBURSABLE
Page 1 of 2

	2012	2013	2014			
	<u>Actual</u>	November <u>Forecast</u>	Final Proposed <u>Budget</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Revenue						
Vehicle Toll Revenue	\$1,490.982	\$1,628.823	\$1,649.488	\$1,652.899	\$1,661.859	\$1,665.930
Other Operating Revenue	17.679	23.613	16.098	15.932	16.101	16.281
Capital and Other Reimbursements	14.152	17.228	21.230	21.628	22.108	22.809
Investment Income	0.136	0.110	0.162	0.737	2.180	2.866
Total Revenue	\$1,522.949	\$1,669.774	\$1,686.978	\$1,691.196	\$1,702.248	\$1,707.885
Expenses						
<u>Labor:</u>						
Payroll	\$120.920	\$128.300	\$142.635	\$146.123	\$148.634	\$152.722
Overtime	21.058	21.282	21.635	22.071	22.523	22.949
Health and Welfare	23.669	26.600	29.517	30.650	32.417	34.285
OPEB Current Payment	13.988	15.384	16.168	16.783	17.757	18.786
Pensions	36.184	34.636	36.420	37.363	38.342	39.185
Other Fringe Benefits	18.909	17.417	18.840	19.171	19.449	19.722
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenses	\$234.728	\$243.619	\$265.214	\$272.161	\$279.122	\$287.649
<u>Non-Labor:</u>						
Electric Power	\$5.706	\$7.480	\$7.561	\$7.805	\$8.170	\$8.540
Fuel	3.198	2.894	2.959	2.794	2.681	2.733
Insurance	7.020	12.589	16.466	19.914	23.163	26.980
Claims	0.000	0.000	0.000	0.000	0.000	0.000
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	92.229	113.232	129.870	136.876	142.371	145.505
Professional Service Contracts	22.194	36.390	36.537	36.826	36.527	37.763
Materials & Supplies	2.413	4.050	4.300	4.378	4.532	4.659
Other Business Expenses	24.649	28.707	28.808	29.451	30.115	30.835
Total Non-Labor Expenses	\$157.409	\$205.344	\$226.501	\$238.044	\$247.559	\$257.015
<u>Other Expense Adjustments:</u>						
Other	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Other Expense Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenses Before Depreciation and GASB Adjs.	\$392.137	\$448.963	\$491.715	\$510.205	\$526.681	\$544.664
Add: Depreciation	\$87.926	\$94.429	\$104.389	\$111.667	\$119.521	\$127.853
Add: OPEB Obligation	73.000	76.650	80.483	84.507	88.732	93.169
Add: Environmental Remediation	0.055	0.000	0.000	0.000	0.000	0.000
Total Expenses After Depreciation and GASB Adjs.	\$553.118	\$620.042	\$676.586	\$706.379	\$734.934	\$765.686
Less: Depreciation	\$87.926	\$94.429	\$104.389	\$111.667	\$119.521	\$127.853
Less: OPEB Obligation	73.000	76.650	80.483	84.507	88.732	93.169
Total Expenses	\$392.192	\$448.963	\$491.715	\$510.205	\$526.681	\$544.664
Baseline Income/(Deficit)	\$1,130.757	\$1,220.812	\$1,195.263	\$1,180.990	\$1,175.567	\$1,163.221

MTA BRIDGES AND TUNNELS
November Financial Plan 2014-2017
Accrual Statement of Operations by Category
(\$ in millions)

NON-REIMBURSABLE / REIMBURSABLE
Page 2 of 2

	2012 <u>Actual</u>	2013 November <u>Forecast</u>	2014 Final Proposed <u>Budget</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Baseline Income/(Deficit)	\$1,130.757	\$1,220.812	\$1,195.263	\$1,180.990	\$1,175.567	\$1,163.221
<u>Deductions from Income:</u>						
Less: Capitalized Assets	\$11.251	\$17.165	\$17.843	\$17.849	\$20.635	\$21.056
Reserves	27.965	25.415	25.895	26.382	26.881	27.338
GASB 45 Reserves	2.309	3.077	3.234	3.357	3.551	3.757
Adjusted Baseline Income/(Deficit)	\$1,089.232	\$1,175.155	\$1,148.291	\$1,133.402	\$1,124.500	\$1,111.071
Less: Debt Service	591.453	578.888	617.559	631.859	650.466	677.229
Income Available for Distribution	\$497.779	\$596.267	\$530.731	\$501.543	\$474.034	\$433.842
<u>Distributable To:</u>						
MTA - Investment Income	\$0.136	\$0.110	\$0.162	\$0.737	\$2.180	\$2.866
MTA - Distributable Income	308.424	358.049	321.717	306.818	292.469	272.689
NYCT - Distributable Income	189.219	238.108	208.853	193.988	179.384	158.286
Total Distributable Income:	\$497.779	\$596.267	\$530.731	\$501.543	\$474.034	\$433.842
<u>Actual Cash Transfers:</u>						
MTA - Investment Income	\$0.085	\$0.136	\$0.110	\$0.162	\$0.737	\$2.180
MTA - Transfers	315.723	361.176	325.350	308.308	293.904	274.667
NYCT - Transfers	193.604	235.054	211.779	195.474	180.845	160.396
Total Cash Transfers:	\$509.412	\$596.366	\$537.239	\$503.944	\$475.486	\$437.243
<u>SUPPORT TO MASS TRANSIT:</u>						
Total Revenues	\$1,522.949	\$1,669.774	\$1,686.978	\$1,691.196	\$1,702.248	\$1,707.885
Less: Net Operating Expenses	392.192	448.963	491.715	510.205	526.681	544.664
Net Operating Income:	\$1,130.757	\$1,220.812	\$1,195.263	\$1,180.990	\$1,175.567	\$1,163.221
<u>Deductions from Operating Income:</u>						
B&T Debt Service	\$196.526	\$200.148	\$246.438	\$260.793	\$278.761	\$302.030
Capitalized Assets	11.251	17.165	17.843	17.849	20.635	21.056
Reserves	27.965	25.415	25.895	26.382	26.881	27.338
GASB Reserves	2.309	3.077	3.234	3.357	3.551	3.757
Total Deductions from Operating Income:	\$238.051	\$245.804	\$293.410	\$308.382	\$329.827	\$354.181
Total Support to Mass Transit:	\$892.706	\$975.007	\$901.853	\$872.608	\$845.740	\$809.041

MTA BRIDGES AND TUNNELS
November Financial Plan 2014-2017
Traffic Volume (Utilization)

	2013		2014		2015	2016	2017
	2012 Actual	November Forecast	Final Budget	Proposed Budget			
<u>Traffic Volume</u>	282.754	281.462	281.570		282.861	284.766	285.834
<u>Toll Revenue</u>	\$ 1,490.982	\$ 1,628.823	\$ 1,649.488		\$ 1,652.899	\$ 1,661.859	\$ 1,665.930

MTA BRIDGES AND TUNNELS
November Financial Plan 2014-2017
Total Positions by Function and Department
Non-Reimbursable/Reimbursable and Full-time/Full-time Equivalents

FUNCTION/DEPARTMENT	2012 Actual	2013 November Forecast	2014 Final Proposed Budget	2015	2016	2017
Administration						
Executive	2	2	2	2	2	2
Law	8	20	20	20	20	20
CFO ⁽¹⁾	26	21	21	21	21	21
Labor Relations	4	5	5	5	5	5
Staff Services ⁽²⁾	21	16	16	16	16	16
EEO	1	1	1	1	1	1
Total Administration	62	65	65	65	65	65
Operations						
Revenue Management	36	41	41	41	41	41
Operations (Non-Security)	642	748	748	748	748	748
Total Operations	678	789	789	789	789	789
Maintenance						
Maintenance	169	171	171	171	171	171
Operations - Maintainers	163	172	172	172	172	172
Technology	54	54	54	54	54	54
Internal Security - Tech Svcs	10	8	8	8	8	8
Total Maintenance	396	405	405	405	405	405
Engineering/Capital						
Engineering & Construction	120	169	169	169	169	169
Health & Safety	8	10	10	10	10	10
Law ⁽³⁾	0	16	16	16	16	16
Planning & Budget Capital	13	23	23	23	23	23
Total Engineering/Capital	141	218	218	218	218	218
Public Safety						
Operations (Security)	232	232	232	232	232	232
Internal Security - Operations	36	37	37	37	37	37
Total Public Safety	268	269	269	269	269	269
Total Baseline Positions	1,545	1,746	1,746	1,746	1,746	1,746
<i>Non-Reimbursable</i>	1,501	1,658	1,658	1,658	1,658	1,658
<i>Reimbursable</i>	44	88	88	88	88	88
<i>Total Full-Time</i>	1,545	1,746	1,746	1,746	1,746	1,746
<i>Total Full-Time Equivalents</i>	0	0	0	0	0	0

(1) Includes Legal and Procurement staff.

(2) Includes Accounts Payable, Accounting, Payroll and Operating Budget staff.

(3) Includes Human Resources and Administration staff.

MTA BRIDGES AND TUNNELS
November Financial Plan 2014-2017
Total Positions by Function and Occupation

FUNCTION/OCCUPATIONAL GROUP	2012	2013	2014	2015	2016	2017
	Actual	November Forecast	Final Proposed Budget			
Administration						
Managers/Supervisors	24	20	20	20	20	20
Professional, Technical, Clerical	38	45	45	45	45	45
Operational Hourlies	-	-	-	-	-	-
Total Administration	62	65	65	65	65	65
Operations						
Managers/Supervisors	51	56	56	56	56	56
Professional, Technical, Clerical	49	55	55	55	55	55
Operational Hourlies ⁽¹⁾	578	678	678	678	678	678
Total Operations	678	789	789	789	789	789
Maintenance						
Managers/Supervisors	33	34	34	34	34	34
Professional, Technical, Clerical	50	52	52	52	52	52
Operational Hourlies ⁽²⁾	313	319	319	319	319	319
Total Maintenance	396	405	405	405	405	405
Engineering/Capital						
Managers/Supervisors	31	49	49	49	49	49
Professional, Technical, Clerical	110	169	169	169	169	169
Operational Hourlies	-	-	-	-	-	-
Total Engineering/Capital	141	218	218	218	218	218
Public Safety						
Managers/Supervisors	7	7	7	7	7	7
Professional, Technical, Clerical	27	28	28	28	28	28
Operational Hourlies ⁽³⁾	234	234	234	234	234	234
Total Public Safety	268	269	269	269	269	269
Total Positions						
Managers/Supervisors	146	166	166	166	166	166
Professional, Technical, Clerical	274	349	349	349	349	349
Operational Hourlies	1,125	1,231	1,231	1,231	1,231	1,231
Total Positions	1,545	1,746	1,746	1,746	1,746	1,746

(1) Represents Bridge and Tunnel Officers, Sergeants and Lieutenants. These positions are paid annually, not hourly.

(2) Represents maintenance personnel. These positions are paid annually, not hourly.

(3) Represents Bridge and Tunnel Officers, Sergeants and Lieutenants performing public safety. These positions are paid annually, not hourly.

[THIS PAGE INTENTIONALLY LEFT BLANK]

Capital Construction Company

Staff Summary



Subject MTACC 2014 Budget and 2014-2017 Financial Plan Adoption
Department Office of the Chief Financial Officer
Department Head Name Anthony D'Amico
Department Head Signature
Project Manager Name Laurie Lombardi

Date December 3, 2013
Vendor Name NA
Contract Number NA
Contract Manager Name NA
Table of Contents Ref # NA

Board Action					
Order	To	Date	Approval	Info	Other
1	Finance Committee	12/16/13	X		
2	MTA Board	12/18/13	X		

Internal Approvals			
Order	Approval	Order	Approval
	President MTACC		
	Executive VP		
	Chief Financial Officer		

Purpose:

To secure MTA Board adoption of the MTA Capital Construction's (MTACC) 2013 November Forecast, 2014 Final Proposed Budget, and the Four-Year Financial Plan for 2014-2017.

Discussion:

MTACC costs are 100 percent reimbursable from the MTA Capital Program. The Financial Plan contains costs that are non-project specific and are for the provision of company-wide construction support from specialty contractors and oversight agencies. The 2013 November Forecast and the 2014 Final Proposed Budget project a staffing level of 140.

2013 November Forecast:

MTACC projects 2013 reimbursable expenses of \$34.4 million. Non-labor costs are projected at \$7.6 million. Approximately \$1.4 million of those costs are required to fund audits of quarterly chargebacks and All-Agency Protective Liability (AAPL) insurance. Monies are also budgeted for risk management software, federal mentoring program, archeological and environmental services, reimbursement of NYCT for administrative support staff and services, and miscellaneous office costs.

2014 Final Proposed Budget:

MTACC projects 2014 expenses of \$35.2 million. The 2014 Final Proposed Budget contains non-labor costs projected at \$7.5 million. Similar to the 2013 November Forecast, non-labor costs include funding for audits of quarterly chargebacks and AAPL insurance, as well as reimbursement of NYCT for administrative support staff and services, temporary services to support project controls, change orders and claims management, legal and engineering services, employee training, the federal mentoring program, and costs for communications and computer equipment.

Impact on Funding:

The 2013 November Forecast, the 2014 Final Proposed Budget, and the Four-Year Financial Plan for 2014-2017, which are presented in the attached tables, are consistent with the proposed MTA Financial Plan.

Recommendations:

It is recommended that the MTA Board adopt the 2013 November Forecast, the 2014 Final Proposed Budget, and the Four-Year Financial Plan for 2014-2017 for the MTA Capital Construction Company.

MTA CAPITAL CONSTRUCTION
November Financial Plan 2014-2017
Total Positions by Function and Occupation

FUNCTION/OCCUPATIONAL GROUP	2012	2013	2014	2015	2016	2017
	Actual	November Forecast	Final Proposed Budget			
Administration						
Managers/Supervisors						
Professional, Technical, Clerical	14	16	16	16	16	16
Operational Hourlies						
Total Administration	14	16	16	16	16	16
Operations						
Managers/Supervisors						
Professional, Technical, Clerical						
Operational Hourlies						
Total Operations	-	-	-	-	-	-
Maintenance						
Managers/Supervisors						
Professional, Technical, Clerical						
Operational Hourlies						
Total Maintenance	-	-	-	-	-	-
Engineering/Capital						
Managers/Supervisors						
Professional, Technical, Clerical	115	124	124	124	124	124
Operational Hourlies						
Total Engineering/Capital	115	124	124	124	124	124
Public Safety						
Managers/Supervisors						
Professional, Technical, Clerical						
Operational Hourlies						
Total Public Safety	-	-	-	-	-	-
Total Baseline Positions						
Managers/Supervisors						
Professional, Technical, Clerical	129	140	140	140	140	140
Operational Hourlies						
Total Baseline Positions	129	140	140	140	140	140

¹Includes Full Time Equivalent

Long Island Rail Road



Subject LIRR 2014 Budget & 2014-2017 Financial Plan Adoption
Department Office of Management & Budget
Department Head Name Gerard E. Ring
Department Head Signature
Project Manager Name

Date December 4, 2013
Vendor Name
Contract Number
Contract Manager Name
Table of Contents Ref #

Board Action					
Order	To	Date	Approval	Info	Other
1	MNR & LIRR Committee		X		
2	Finance Committee		X		
3	MTA Board		X		

Internal Approvals			
Order	Approval	Order	Approval
3	President		VP Svc PIng Tech & CPM
	Exec Vice President		VP Mkt Dev & Public Affairs
	Sr. VP Operations		General Counsel
	VP Labor Relations	2	VP & CFO

Internal Approvals (cont.)							
Order	Approval	Order	Approval	Order	Approval	Order	Approval
1	Exec Dir Mgmt & Budget						

Purpose

To request MTA Board adoption of the MTA Long Island Rail Road’s (MTA LIRR) 2013 November Forecast, 2014 Final Proposed Budget, and the Four-Year Financial Plan for 2014 – 2017.

Discussion

The 2014 Final Proposed Budget, which is consistent with information presented to the Board in November, provides funding to maintain the MTA’s commitment to provide safe, reliable and efficient commuter rail service to the metropolitan New York region. In addition, funding is provided to support key customer oriented initiatives. The baseline projections, which are outlined below, reflect continued financial savings from non-service related budget reduction initiatives that were included in the MTA Long Island Rail Road’s budget during prior financial plans. However, the MTA Long Island Rail Road’s baseline budget excludes certain items that are captured “below-the-line” in the MTA Consolidated Financial Plan: fare increases, unidentified MTA efficiencies, MTA re-estimates and policy actions and service investments. These impacts will be presented as part of MTA consolidated materials.

The 2014 Final Proposed Budget provides sufficient funding to maintain the LIRR’s commitment to safe, secure, and reliable transportation and customer service. Achievement of on-time-performance and other operating goals is made possible through investments in reliability centered maintenance for rolling stock to ensure fleet availability and maintenance of the right-of way to maintain a state of good repair.

Additionally, the 2014 Final Proposed Budget includes funding for new needs, investments, and initiatives proposed in the July 2013 Financial Plan as follows:

- Increases in normal “platform” service for Montauk Summer Service and to events at Barclays Center
- Developing an Enterprise Asset Management System for right-of-way assets
- Implementing enhanced third rail safety procedures
- Establishing a customer-only waiting area in Jamaica Station, modeled after Penn Station

This plan also includes an additional overtime expense based on analyses performed in accordance with the presentation of a special report to the Finance Committee in September. Accordingly, overtime now reflects levels more in line with documented/historical usage and overall coverage requirements. Most of the operating budget plan-to-plan increases in overtime (approximately \$1.6 million in 2013, \$6.9 million in 2014, \$5.9 million in 2015, \$6.1 million in 2016 and \$6.5 million 2017), are attributable to this review.

2013 November Forecast - Baseline

Non-Reimbursable/Reimbursable expenses for the 2013 November Forecast before non-cash liability adjustments total \$1,541.9 million. This is comprised of \$1,311.6 million of Non-Reimbursable expenses and \$230.3 million Reimbursable expenses. The total Non-Reimbursable/Reimbursable revenue for the 2013 November Forecast is \$930.6 million. This is comprised of \$700.3 million of Non-Reimbursable revenue and \$230.3 million of Reimbursable revenue.

The Non-Reimbursable revenue for the 2013 November Forecast of \$700.3 million includes Passenger Revenue projections of \$631.2 million and \$69.1 million in other revenue from advertising, rental fees, special services and reimbursement for Sandy related costs. The Farebox revenue is based on a projected annual ridership of 83.2 million passengers.

Excluding non-cash liability adjustments, Non-Reimbursable expenses for the 2013 November Forecast totals \$1,311.6 million. Including non-cash liability adjustments, total Non-Reimbursable expenses for the 2013 November Forecast increases to \$1,718.4 million. The cash adjustments for non-cash items and timing of expenses/receipts total \$386.2 million. The resulting Net Cash Deficit is projected to be \$631.9 million in 2013.

Total Non-Reimbursable headcount is 6,134 positions. Total Reimbursable headcount is 767 positions.

2014 Final Proposed Budget - Baseline

Non-Reimbursable/Reimbursable expenses for the 2014 Final Proposed Budget before non-cash liability adjustments are \$1,674.9 million, comprised of \$1,394.8 million of Non-Reimbursable expenses and \$280.1 million of Reimbursable expenses. The total Non-Reimbursable/Reimbursable revenue for the 2014 Final Proposed Budget is \$978.8 million, comprised of \$698.7 million of Non-Reimbursable revenue and \$280.1 million of Reimbursable revenue.

The Non-Reimbursable revenue for the 2014 Final Proposed Budget of \$698.7 million includes Passenger Revenue projections of \$644.3 million and \$54.4 million in other revenue from advertising, rental fees, and special services. The Farebox revenue is based on a projected annual ridership of 83.9 million passengers.

Excluding non-cash liability adjustments, Non-Reimbursable expenses for the 2014 Final Proposed Non-Reimbursable Budget total \$1,394.8 million. Including non-cash liability adjustments, total Non-Reimbursable expenses for the 2014 Final Proposed Non-Reimbursable Budget increases to \$1,792.8 million. Cash adjustments for non-cash items and timing of expenses/receipts total \$357.0 million. The resulting Net Cash Deficit is projected to be \$737.1 million in 2014.

The Non-Reimbursable expense budget, before non-cash liability adjustments, of \$1,394.8 million is comprised of \$978.5 million in labor expenses (payroll and benefits), which represent 70 percent of total expenses. The balance of the expenses are non-payroll and are related to the operation and maintenance of the fleet and infrastructure, with expenses allocated for electric power and fuel of \$133.8 million, materials & supplies of \$126.4 million, professional and maintenance services contracts of \$111.0 million and all other costs of \$45.1 million.

Total Non-Reimbursable headcount is 6,159 positions of which approximately 91 percent are in the operating departments. Total Reimbursable headcount is 794 positions. The increase in headcount over the 2013 November Forecast is attributable to major new needs, investments, and both operating and capital initiatives.

Impact on Funding

The 2013 November Forecast, 2014 Final Proposed Budget and the Four-Year Financial Plan 2014 – 2017, which are presented in the attached schedules, are consistent with the proposed MTA Financial Plan.

Recommendation

It is recommended that the MTA Board adopt the MTA Long Island Rail Road's 2013 November Forecast, the 2014 Final Proposed Budget and the Four-Year Financial Plan for 2014 – 2017.

MTA LONG ISLAND RAIL ROAD
November Financial Plan 2014-2017
Accrual Statement of Operations by Category
(\$ in millions)

NON-REIMBURSABLE						
	2012	2013	2014			
	Actual	November	Final Proposed	2015	2016	2017
		Forecast	Budget			
Operating Revenue						
Farebox Revenue	\$581.371	\$631.193	\$644.345	\$648.993	\$652.946	\$655.779
Toll Revenue	-	-	-	-	-	-
Other Operating Revenue	63.718	69.060	54.399	46.483	47.465	47.320
Capital and Other Reimbursements	-	-	-	-	-	-
Total Revenue	\$645.089	\$700.253	\$698.744	\$695.476	\$700.411	\$703.099
Operating Expenses						
<u>Labor:</u>						
Payroll	\$407.904	\$434.307	\$450.308	\$471.482	\$503.582	\$536.751
Overtime	90.276	90.258	91.545	91.740	92.501	93.337
Health and Welfare	85.795	93.946	102.799	109.549	121.704	133.731
OPEB Current Payment	54.845	62.966	66.731	69.857	74.471	79.371
Pensions	164.459	183.003	177.353	178.778	182.754	184.409
Other Fringe Benefits	98.779	109.914	115.875	121.465	129.425	136.312
Reimbursable Overhead	(22.511)	(29.189)	(26.094)	(20.539)	(20.375)	(17.847)
Total Labor Expenses	\$879.546	\$945.206	\$978.518	\$1,022.333	\$1,084.062	\$1,146.064
<u>Non-Labor:</u>						
Electric Power	\$89.144	\$99.348	\$103.125	\$105.957	\$110.456	\$114.777
Fuel	26.374	31.363	30.671	29.790	29.985	30.767
Insurance	15.617	20.570	25.343	29.313	33.862	39.228
Claims	5.665	4.085	4.156	4.229	4.303	4.370
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	53.026	58.632	71.551	64.822	70.824	89.589
Professional Service Contracts	30.497	31.301	39.397	30.121	29.978	31.046
Materials & Supplies	88.365	108.081	126.358	124.466	130.675	140.546
Other Business Expenses	34.465	13.019	15.654	15.790	16.481	16.896
Total Non-Labor Expenses	\$343.154	\$366.398	\$416.255	\$404.487	\$426.564	\$467.219
<u>Other Expenses Adjustments:</u>						
Other	-	-	-	-	-	-
Total Other Expense Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenses before Depreciation and GASB Adjs.	\$1,222.700	\$1,311.604	\$1,394.772	\$1,426.820	\$1,510.626	\$1,613.283
Depreciation	317.340	322.744	311.549	320.849	324.042	327.267
OPEB Obligation	80.186	82.051	84.513	87.048	89.660	89.660
Environmental Remediation	6.441	2.000	2.000	2.000	2.000	2.000
Total Expenses	\$1,626.667	\$1,718.399	\$1,792.834	\$1,836.717	\$1,926.328	\$2,032.210
Baseline Surplus/(Deficit)	(\$981.578)	(\$1,018.146)	(\$1,094.090)	(\$1,141.241)	(\$1,225.916)	(\$1,329.111)
<u>Cash Conversion Adjustments</u>						
Depreciation	\$317.340	\$322.744	\$311.549	\$320.849	\$324.042	\$327.267
Operating/Capital	(4.840)	(19.972)	(33.575)	(11.956)	(12.125)	(12.336)
Other Cash Adjustment	77.446	83.475	79.001	72.926	70.602	67.582
Total Cash Conversion Adjustments	\$389.945	\$386.247	\$356.975	\$381.819	\$382.518	\$382.512
Net Cash Surplus/(Deficit)	(\$591.633)	(\$631.899)	(\$737.115)	(\$759.422)	(\$843.398)	(\$946.599)

MTA LONG ISLAND RAIL ROAD
November Financial Plan 2014-2017
Accrual Statement of Operations by Category
(\$ in millions)

NON-REIMBURSABLE / REIMBURSABLE	2012	2013	2014	2015	2016	2017
	Actual	November Forecast	Final Proposed Budget			
Revenue						
Farebox Revenue	\$581.371	\$631.193	\$644.345	\$648.993	\$652.946	\$655.779
Toll Revenue	-	-	-	-	-	-
Other Operating Revenue	63.718	69.060	54.399	46.483	47.465	47.320
Capital and Other Reimbursements	190.936	230.331	280.084	249.048	244.688	242.986
Total Revenue	\$836.025	\$930.584	\$978.828	\$944.524	\$945.099	\$946.085
Expenses						
<u>Labor:</u>						
Payroll	\$469.859	\$506.927	\$540.409	\$564.144	\$594.157	\$627.330
Overtime	103.515	105.186	106.871	105.935	106.190	107.393
Health and Welfare	97.577	108.136	118.951	126.050	137.748	149.794
OPEB Current Payment	54.845	62.966	66.731	69.857	74.471	79.371
Pensions	186.501	203.006	198.858	200.788	204.194	205.904
Other Fringe Benefits	112.318	125.447	135.328	141.337	148.747	155.657
Reimbursable Overhead	-	-	-	-	-	-
Total Labor Expenses	\$1,024.615	\$1,111.669	\$1,167.149	\$1,208.112	\$1,265.507	\$1,325.449
<u>Non-Labor:</u>						
Electric Power	\$89.337	\$99.451	\$103.171	\$105.991	\$110.456	\$114.777
Fuel	26.374	31.363	30.671	29.790	29.985	30.767
Insurance	19.263	24.610	30.941	35.054	39.413	44.756
Claims	5.665	4.085	4.156	4.229	4.303	4.370
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	65.371	70.802	85.441	75.197	81.229	99.998
Professional Service Contracts	31.967	38.410	47.732	33.813	33.143	34.451
Materials & Supplies	116.010	148.034	188.536	167.788	174.695	184.702
Other Business Expenses	35.033	13.512	17.060	15.895	16.583	16.999
Total Non-Labor Expenses	\$389.020	\$430.266	\$507.708	\$467.756	\$489.807	\$530.820
<u>Other Expenses Adjustments:</u>						
Other	-	-	-	-	-	-
Total Other Expense Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenses before Depreciation and GASB Adjs.	\$1,413.636	\$1,541.935	\$1,674.856	\$1,675.868	\$1,755.314	\$1,856.269
Depreciation	\$317.340	\$322.744	\$311.549	\$320.849	\$324.042	\$327.267
OPEB Obligation	80.186	82.051	84.513	87.048	89.660	89.660
Environmental Remediation	6.441	2.000	2.000	2.000	2.000	2.000
Total Expenses	\$1,817.603	\$1,948.730	\$2,072.918	\$2,085.765	\$2,171.016	\$2,275.196
Baseline Surplus/(Deficit)	(\$981.578)	(\$1,018.146)	(\$1,094.090)	(\$1,141.241)	(\$1,225.916)	(\$1,329.111)
<u>Cash Conversion Adjustments</u>						
Depreciation	\$317.340	\$322.744	\$311.549	\$320.849	\$324.042	\$327.267
Operating/Capital	(4.840)	(19.972)	(33.575)	(11.956)	(12.125)	(12.336)
Other Cash Adjustment	77.446	83.475	79.001	72.926	70.602	67.582
Total Cash Conversion Adjustments	\$389.945	\$386.247	\$356.975	\$381.819	\$382.518	\$382.512
Net Cash Surplus/(Deficit)	(\$591.633)	(\$631.899)	(\$737.115)	(\$759.422)	(\$843.398)	(\$946.599)

MTA LONG ISLAND RAIL ROAD
November Financial Plan 2014-2017
Cash Receipts & Expenditures
(\$ in millions)

CASH RECEIPTS AND EXPENDITURES						
	2012	2013	2014			
	Actual	November	Final Proposed	2015	2016	2017
		Forecast	Budget			
Receipts						
Farebox Revenue	\$606.767	\$655.916	\$668.345	\$672.993	\$676.946	\$679.779
Vehicle Toll Revenue	-	-	-	-	-	-
Other Operating Revenue	41.670	111.134	45.976	37.785	38.485	38.023
Capital and Other Reimbursements	203.686	207.647	240.887	231.362	226.487	224.485
Total Receipts	\$852.122	\$974.697	\$955.208	\$942.140	\$941.918	\$942.287
Expenditures						
<u>Labor:</u>						
Payroll	\$476.980	\$507.577	\$537.697	\$561.371	\$591.320	\$624.499
Overtime	102.957	105.186	106.871	105.935	106.190	107.393
Health and Welfare	99.888	108.136	118.951	126.050	137.748	149.794
OPEB Current Payment	54.752	62.966	66.731	69.857	74.471	79.371
Pensions	187.173	203.701	198.858	200.788	204.194	205.904
Other Fringe Benefits	103.975	126.847	135.328	141.337	148.747	155.657
GASB Account	10.010	12.593	13.346	13.971	14.894	15.874
Reimbursable Overhead	-	-	-	-	-	-
Total Labor Expenditures	\$1,035.734	\$1,127.006	\$1,177.782	\$1,219.309	\$1,277.564	\$1,338.492
<u>Non-Labor:</u>						
Electric Power	\$84.058	\$132.822	\$103.171	\$105.991	\$110.456	\$114.777
Fuel	27.475	31.711	30.671	29.790	29.985	30.767
Insurance	26.528	23.588	30.751	34.857	39.196	45.516
Claims	7.142	2.953	2.346	2.400	2.455	2.505
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	77.095	77.745	85.441	75.197	81.229	99.998
Professional Service Contracts	23.406	39.672	44.382	30.305	29.470	30.604
Materials & Supplies	123.795	129.550	177.452	164.465	175.039	185.903
Other Business Expenses	11.038	17.549	16.327	15.248	15.922	16.324
Total Non-Labor Expenditures	\$380.537	\$455.590	\$490.541	\$458.253	\$483.752	\$526.394
<u>Other Expenditure Adjustments:</u>						
Other	25.684	24.000	24.000	24.000	24.000	24.000
Total Other Expenditure Adjustments	\$25.684	\$24.000	\$24.000	\$24.000	\$24.000	\$24.000
Total Expenditures	\$1,441.955	\$1,606.596	\$1,692.323	\$1,701.562	\$1,785.316	\$1,888.886
Cash Timing and Availability Adjustment	(1.799)	-	-	-	-	-
Baseline Cash Surplus/(Deficit)	(\$591.632)	(\$631.899)	(\$737.115)	(\$759.422)	(\$843.398)	(\$946.599)

MTA LONG ISLAND RAIL ROAD
November Financial Plan 2014-2017
Cash Conversion (Cash Flow Adjustments)
(\$ in millions)

CASH FLOW ADJUSTMENTS						
	2012	2013	2014			
	Actual	November Forecast	Final Proposed Budget	2015	2016	2017
Receipts						
Farebox Revenue	\$25.396	\$24.723	\$24.000	\$24.000	\$24.000	\$24.000
Vehicle Toll Revenue	-	-	-	-	-	-
Other Operating Revenue	(22.048)	42.074	(8.423)	(8.698)	(8.980)	(9.297)
Capital and Other Reimbursements	12.750	(22.684)	(39.197)	(17.686)	(18.201)	(18.501)
Total Receipts	\$16.097	\$44.113	(\$23.620)	(\$2.384)	(\$3.181)	(\$3.798)
Expenditures						
Labor:						
Payroll	(\$7.121)	(\$0.650)	\$2.712	\$2.773	\$2.837	\$2.831
Overtime	0.558	0.000	0.000	0.000	0.000	0.000
Health and Welfare	(2.311)	0.000	(0.000)	0.000	0.000	0.000
OPEB Current Payment	0.093	-	-	-	-	-
Pensions	(0.672)	(0.695)	-	-	-	-
Other Fringe Benefits	8.343	(1.400)	0.000	0.000	(0.000)	(0.000)
GASB Account	(10.010)	(12.593)	(13.346)	(13.971)	(14.894)	(15.874)
Reimbursable Overhead	-	-	-	-	-	-
Total Labor Expenditures	(\$11.119)	(\$15.337)	(\$10.633)	(\$11.197)	(\$12.057)	(\$13.043)
Non-Labor:						
Electric Power	\$5.279	(\$33.371)	\$0.000	\$0.000	\$0.000	\$0.000
Fuel	(1.101)	(0.348)	(0.000)	(0.000)	(0.000)	(0.000)
Insurance	(7.265)	1.022	0.190	0.197	0.217	(0.760)
Claims	(1.477)	1.132	1.810	1.829	1.848	1.865
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	(11.724)	(6.943)	-	-	-	-
Professional Service Contracts	8.561	(1.262)	3.350	3.508	3.673	3.847
Materials & Supplies	(7.784)	18.484	11.084	3.323	(0.344)	(1.201)
Other Business Expenditures	23.995	(4.037)	0.733	0.647	0.661	0.675
Total Non-Labor Expenditures	\$8.483	(\$25.324)	\$17.167	\$9.503	\$6.055	\$4.426
Other Expenditures Adjustments:						
Other	(25.684)	(24.000)	(24.000)	(24.000)	(24.000)	(24.000)
Total Other Expenditures Adjustments	(\$25.684)	(\$24.000)	(\$24.000)	(\$24.000)	(\$24.000)	(\$24.000)
Total Cash Conversion Adjustments before Depreciation and GASB Adjs.	(\$12.222)	(\$20.548)	(\$41.087)	(\$28.078)	(\$33.184)	(\$36.415)
Depreciation Adjustment	\$317.340	\$322.744	\$311.549	\$320.849	\$324.042	\$327.267
OPEB Obligation	80.186	82.051	84.513	87.048	89.660	89.660
Environmental Remediation	6.441	2.000	2.000	2.000	2.000	2.000
Cash Timing and Availability Adjustment	(1.799)	-	-	-	-	-
Baseline Total Cash Conversion Adjustments	\$389.945	\$386.247	\$356.975	\$381.819	\$382.518	\$382.512

MTA LONG ISLAND RAIL ROAD
November Financial Plan 2014-2017
Ridership/(Utilization)
(\$ in millions)

	2012 Actual	2013 November Forecast	2014 Final Proposed Budget	2015	2016	2017
--	----------------	------------------------------	-------------------------------------	------	------	------

RIDERSHIP

Monthly	44.965	46.206	46.538	46.866	47.166	47.196
Weekly	1.823	1.787	1.797	1.809	1.820	1.828
Total Commutation	46.788	47.993	48.335	48.675	48.986	49.024
One-Way Full Fare	7.904	8.117	8.184	8.240	8.291	8.327
One-Way Off Peak	17.514	17.477	17.637	17.759	17.868	17.946
All Other	9.548	9.594	9.728	9.827	9.885	9.926
Total Non-Commutation	34.966	35.188	35.548	35.827	36.044	36.199
Total Ridership	81.753	83.181	83.884	84.502	85.030	85.223

FAREBOX REVENUE

Total Passenger Revenue	\$581.371	\$631.193	\$644.345	\$648.993	\$652.946	\$655.779
--------------------------------	------------------	------------------	------------------	------------------	------------------	------------------

MTA LONG ISLAND RAIL ROAD
November Financial Plan 2014-2017
Total Positions by Function and Occupation

FUNCTION/OCCUPATIONAL GROUP	2012 Actual	2013 November Forecast	2014 Final Proposed Budget	2015	2016	2017
Administration						
Managers/Supervisors	281	332	342	348	357	368
Professional, Technical, Clerical	303	313	312	311	309	309
Operational Hourlies	-	-	-	-	-	-
Total Administration	584	645	654	659	666	677
Operations						
Managers/Supervisors	298	325	335	334	335	353
Professional, Technical, Clerical	160	167	167	167	163	163
Operational Hourlies	1,696	1,793	1,801	1,935	2,028	2,162
Total Operations	2,154	2,285	2,303	2,436	2,526	2,678
Maintenance						
Managers/Supervisors	639	744	760	770	813	807
Professional, Technical, Clerical	255	277	269	267	267	267
Operational Hourlies	2,661	2,808	2,831	2,887	3,026	3,077
Total Maintenance	3,555	3,829	3,860	3,924	4,106	4,151
Engineering/Capital						
Managers/Supervisors	97	106	99	99	99	99
Professional, Technical, Clerical	24	36	37	37	37	37
Operational Hourlies	-	-	-	-	-	-
Total Engineering/Capital	121	142	136	136	136	136
Public Safety						
Managers/Supervisors	-	-	-	-	-	-
Professional, Technical, Clerical	-	-	-	-	-	-
Operational Hourlies	-	-	-	-	-	-
Total Public Safety	-	-	-	-	-	-
Total Baseline Positions						
Managers/Supervisors	1,315	1,507	1,536	1,551	1,604	1,627
Professional, Technical, Clerical	742	793	785	782	776	776
Operational Hourlies	4,357	4,601	4,632	4,822	5,054	5,239
Total Baseline Positions	6,414	6,901	6,953	7,155	7,434	7,642

[THIS PAGE INTENTIONALLY LEFT BLANK]

Metro-North Railroad



Staff Summary

Subject MNR 2014 Budget and 2014-2017 Financial Plan Adoption	Date December 5, 2013
Department Budget	Vendor Name
Department Head Name Joseph Pavone	Contract Number
Department Head Signature	Contract Manager Name
Project Manager Name	Table of Contents Ref#

Board Action					
Order	To	Date	Approval	Info	Other
1	MNR&LIRR Comm. Mtg.	12/17			
2	MTA Fin. Comm.	12/17			
3	MTA Board Mtg.	12/19			

Internal Approvals			
Order	Approval	Order	Approval
3	President		Budget
	VP Operations		VP Capital Programs
2	VP Finance & IT		Engr/Const
	Controller		Project Reporting

Internal Approvals (cont.)							
Order	Approval	Order	Approval	Order	Approval	Order	Approval
	VP Planning & Development		Corporate & Public Affairs		Labor Relations		General Counsel
	Press		VP Human Resources		Human Resources		Other

Purpose

To secure MTA Board adoption of the MTA Metro-North Railroad's (MNR) 2013 November Forecast, 2014 Final Proposed Budget, and the Four-Year Financial Plan 2014-2017.

Discussion:

The November 2014-2017 Financial Plan includes the resources to support Metro-North's mission to provide safe, secure and reliable transportation service to its customers and incorporates several strategic investments that will enable the Railroad to achieve its core performance goals and reduce operating risk. These investments address strategic priorities to improve safety and create a culture of safe work, continue Maintenance of Way infrastructure improvements, institute a Maintenance of Way organizational change, reorganize forces to improve customer service and facility maintenance at GCT and outlying locations, and invest in resources to hire and train all new employees company wide. In addition to these areas of focus, the Financial Plan incorporates programs that improve service reliability, and enhance customer service delivery, convenience and communication. (Cost projections do not include the estimated impacts from additional service investments in New York State which will be presented as part of MTA consolidated materials).

2013 November Forecast-Baseline

The 2013 non-reimbursable forecast reflects revenues totaling \$693.6 million, including \$621.3 million of farebox revenues and \$72.3 million in other operating revenue. Total operating expense projections of \$1,373.4 million consist of labor costs of \$731.8 million, non-labor costs of \$351.9 million and non-cash accruals of \$289.8 million for Depreciation (\$224.8 million), Other Post-Employment Benefits (\$62.1 million) and Environmental Remediation (\$2.9 million). After including additional cash adjustment requirements of \$12.9 million, the projected net cash deficit is \$402.9 million of which \$306.6 million represents the MTA share and \$96.3 million the ConnDOT share. Projected reimbursable expenses of \$164.8 million are fully offset by capital reimbursements. Total end-of-year positions are projected at 6,478 and include 5,900 non-reimbursable positions and 578 reimbursable positions.

2014 Final Proposed Budget-Baseline

The 2014 final proposed non-reimbursable budget reflects revenues totaling \$716.5 million. Farebox Revenue of \$660.1 million is supported by ridership growth of 1.6% (85.9 million total riders) and a State of Connecticut fare increase of

5.04% in 2013, and 1.0% in 2015 through 2018. Other Operating Revenue of \$56.4 million reflects GCT net retail revenues, advertising, commissary operations and outlying station & parking revenue. Total Operating Expense projections of \$1,421.4 million consist of labor costs of \$758.5 million, non-labor costs of \$366.8 million and non-cash accruals of \$296.1 million which are comprised of: Depreciation (\$227.2 million), Other Post-Employment Benefits (\$65.1 million) and Environmental Remediation (\$3.8 million). After additional cash adjustments of \$60.3 million, the projected net cash deficit is \$469.1 million of which \$372.0 million represents the MTA share and \$97.1 million the ConnDOT share. Projected reimbursable expenses of \$190.8 million are fully offset by capital reimbursements. Total end-of-year positions are projected at 6,583 and include 6,005 non-reimbursable positions and 578 reimbursable positions.

Major Programmatic Initiatives

Improve Safety and Create a Culture of Safe Work – by improving operational and employee safety, and continuing efforts to create a culture of safe work:

- Improve roadway worker protection with state of the art Enhanced Employee Protection System (EEPS)
- Staff an incident investigation team that will have responsibility over operational incidents and close calls
- Develop a more structured risk assessment program that will conduct root cause analysis
- Increase Safety and Security Dept. field support for operating districts

Continue Maintenance of Way Infrastructure Improvement Program

- Right-of-Way Track Improvement Program includes in-depth testing and inspection, track and drainage improvements, tie replacement, and fencing repairs for Metro-North's entire territory
- Maintenance of Way Track Maintenance and Inspection Program
- Re-organization Strategy for Grand Central Terminal and Maintenance of Way Facilities

Training

Invest additional resources to hire and train all new employees companywide to meet higher levels of attrition, ensure a properly trained workforce, support expanded MofW training and efforts to enhance the diversity of the workforce

Ridership

2014-2017 ridership is projected to grow approximately 1.6% annually with growth across all commuter lines and assumes no fare increase in New York State, and an approved fare increases in the State of Connecticut of 5.04% in 2014, with annual increases of 1.0% in 2015 through 2018.

Improved Service Reliability with new M8's

Through 2013, approximately 300 of the 405 new M-8 cars will be in service with the remaining cars arriving in 2014. Includes the resources necessary to support them, and the effect of the retirement of the old NHL electric cars.

On-going Infrastructure Improvements and Maintenance Programs

Includes improvements in snow removal capability, additional Hot Bearing/Wheel Impact Load Detection systems, emergency generators, the continuation of locomotive overhauls, and IT Infrastructure updates.

Customer Service initiatives are underway that improve customer communication and convenience

Cyclical station inspection, maintenance and enhancement programs; joint commuter railroad replacement of on-board Ticket Issuing Machines (TIMs) that support credit/debit payment; customer information monitors and platform signage at New York State outlying stations; improvements to the Public Address Systems including a new system at New Haven station and; improvements to the Integrated Voice Response Customer Call-in System with enhanced call routing

2013 Budget Reduction Initiatives were enacted that will continue in the 2014 Budget and 2014-2017 Financial Plan. These initiatives average \$8 million in annual savings starting in 2014 and include lower consumption of inventory and supplies, increase in GCT retail revenue, and a reduction of contract service costs.

Impact on Funding: The 2013 November Forecast, the 2014 Final Proposed Budget and the Four-Year Financial Plan for 2014-2017, which are presented in the attached schedules, are consistent with the proposed MTA Financial Plan

Recommendation: It is recommended that the MTA Board adopt MTA Metro-North Railroad's 2013 November Forecast, 2014 Final Proposed Budget, and the Four-Year Financial Plan for 2014-2017

MTA Metro-North Railroad
November Financial Plan 2014 - 2017
Accrual Statement of Operations by Category
(\$ in millions)

NON-REIMBURSABLE						
	2012	2013	2014			
	Actual	November	Final Proposed	2015	2016	2017
		Forecast	Budget			
Operating Revenue						
Farebox Revenue	\$587.493	\$621.318	\$660.112	\$673.953	\$685.453	\$696.281
Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	51.428	72.322	56.389	54.173	54.772	56.473
MNR - MTA	0.000	0.000	0.000	0.000	0.000	0.000
MNR - CDOT	0.000	0.000	0.000	0.000	0.000	0.000
MNR - Other	0.000	0.000	0.000	0.000	0.000	0.000
Capital and Other Reimbursements	0.000	0.000	0.000	0.000	0.000	0.000
Total Revenue	\$638.921	\$693.640	\$716.501	\$728.126	\$740.226	\$752.753
Operating Expenses						
Labor:						
Payroll	\$393.854	\$412.986	\$431.522	\$441.131	\$446.587	\$455.364
Overtime	55.224	62.620	60.376	58.950	56.086	57.146
Health and Welfare	81.664	96.604	106.748	112.373	116.509	123.318
OPEB Current Payment	19.456	21.000	22.049	22.877	24.169	25.536
Pensions	67.126	75.972	75.961	77.027	76.872	77.775
Other Fringe Benefits	92.904	98.582	102.307	106.609	108.291	111.052
Reimbursable Overhead	(33.434)	(35.949)	(40.514)	(40.136)	(40.883)	(41.640)
Total Labor	\$676.793	\$731.815	\$758.450	\$778.832	\$787.632	\$808.551
Non-Labor:						
Electric Power	\$69.985	\$77.901	\$86.801	\$92.079	\$98.011	\$103.915
Fuel	28.789	29.073	26.607	25.756	25.918	26.660
Insurance	10.790	14.802	18.313	21.124	24.217	27.835
Claims	0.356	0.393	0.535	0.535	0.535	0.535
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	89.262	98.732	107.353	110.283	108.073	109.085
Professional Service Contracts	24.083	27.973	28.940	28.019	29.201	28.963
Materials & Supplies	62.520	71.135	72.718	72.212	73.935	74.113
Other Business Expenses	17.957	31.848	25.548	27.203	29.333	30.965
Total Non-Labor	\$303.742	\$351.857	\$366.814	\$377.211	\$389.223	\$402.071
Other Expenses Adjustments:						
Other	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Other Expense Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenses before Depreciation and GASB Adjs.	\$980.535	\$1,083.673	\$1,125.265	\$1,156.043	\$1,176.855	\$1,210.622
Depreciation	\$223.143	\$224.771	\$227.237	\$225.487	\$227.487	\$229.487
OPEB Obligation	56.244	62.070	65.098	67.542	71.356	75.392
Environmental Remediation	0.130	2.885	3.800	3.800	3.800	3.800
Total Expenses	\$1,260.052	\$1,373.399	\$1,421.400	\$1,452.872	\$1,479.498	\$1,519.301
Baseline Surplus/(Deficit)	(\$621.131)	(\$679.759)	(\$704.899)	(\$724.746)	(\$739.273)	(\$766.548)
Cash Conversion Adjustments:						
Depreciation	\$223.143	\$224.771	\$227.237	\$225.487	\$227.487	\$229.487
Operating/Capital	(16.264)	(31.537)	(43.007)	(30.151)	(17.000)	(17.000)
Other Cash Adjustments	105.224	83.624	51.550	70.038	65.019	65.398
Total Cash Conversion Adjustments	\$312.103	\$276.858	\$235.780	\$265.374	\$275.506	\$277.885
Baseline Cash Surplus/(Deficit)	(\$309.028)	(\$402.901)	(\$469.119)	(\$459.372)	(\$463.766)	(\$488.663)

MTA Metro-North Railroad
November Financial Plan 2014 - 2017
Accrual Statement of Operations by Category
(\$ in millions)

NON-REIMBURSABLE / REIMBURSABLE	2013		2014			
	2012	November	Final Proposed			
	Actual	Forecast	Budget	2015	2016	2017
Revenue						
Farebox Revenue	\$587.493	\$621.318	\$660.112	\$673.953	\$685.453	\$696.281
Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	51.428	72.322	56.389	54.173	54.772	56.473
MNR - MTA	83.828	86.168	113.125	116.679	119.424	122.085
MNR - CDOT	77.499	68.887	61.342	78.402	86.283	93.466
MNR - Other	10.870	9.747	16.278	16.621	16.976	17.312
Capital and Other Reimbursements	172.197	164.802	190.745	211.703	222.683	232.863
Total Revenue	\$811.118	\$858.442	\$907.247	\$939.829	\$962.908	\$985.616
Expenses						
Labor:						
Payroll	\$433.573	\$449.533	\$476.229	\$486.700	\$493.007	\$502.656
Overtime	73.229	78.951	76.239	75.120	72.560	73.928
Health and Welfare	93.421	108.900	121.774	127.818	132.658	140.079
OPEB Current Payment	19.456	21.000	22.049	22.877	24.169	25.536
Pensions	73.857	83.336	84.865	85.426	85.108	85.812
Other Fringe Benefits	103.873	107.894	112.678	117.795	119.793	122.866
Reimbursable Overhead	1.381	(1.057)	(1.678)	(0.556)	(0.564)	(0.571)
Total Labor	\$798.790	\$848.557	\$892.155	\$915.180	\$926.730	\$950.306
Non-Labor:						
Electric Power	\$70.285	\$77.901	\$86.801	\$92.079	\$98.011	\$103.915
Fuel	28.791	29.073	26.607	25.756	25.918	26.660
Insurance	14.666	17.720	22.131	25.053	28.220	31.913
Claims	0.356	0.393	0.535	0.535	0.535	0.535
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	108.642	122.564	119.363	130.847	135.095	140.723
Professional Service Contracts	33.189	33.565	48.570	56.326	58.160	59.756
Materials & Supplies	79.085	85.982	93.662	94.118	96.875	98.042
Other Business Expenses	18.929	32.720	26.187	27.852	29.994	31.636
Total Non-Labor	\$353.942	\$399.917	\$423.855	\$452.565	\$472.808	\$493.180
Other Adjustments:						
Other	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Other Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenses before Depreciation and GASB Adjs.	\$1,152.732	\$1,248.475	\$1,316.010	\$1,367.746	\$1,399.538	\$1,443.485
Depreciation	\$223.143	\$224.771	\$227.237	\$225.487	\$227.487	\$229.487
OPEB Obligation	56.244	62.070	65.098	67.542	71.356	75.392
Environmental Remediation	0.130	2.885	3.800	3.800	3.800	3.800
Total Expenses	\$1,432.249	\$1,538.201	\$1,612.146	\$1,664.575	\$1,702.181	\$1,752.165
Baseline Surplus/(Deficit)	(\$621.131)	(\$679.759)	(\$704.899)	(\$724.746)	(\$739.273)	(\$766.548)
Cash Conversion Adjustments:						
Depreciation	\$223.143	\$224.771	\$227.237	\$225.487	\$227.487	\$229.487
Operating/Capital	(16.264)	(31.537)	(43.007)	(30.151)	(17.000)	(17.000)
Other Cash Adjustments	105.224	83.624	51.550	70.038	65.019	65.398
Total Cash Conversion Adjustments	\$312.103	\$276.858	\$235.780	\$265.374	\$275.506	\$277.885
Baseline Cash Surplus/(Deficit)	(\$309.028)	(\$402.901)	(\$469.119)	(\$459.372)	(\$463.766)	(\$488.663)

**MTA Metro-North Railroad
November Financial Plan 2014 - 2017
Cash Receipts & Expenditures
(\$ in millions)**

CASH RECEIPTS AND EXPENDITURES						
	2012	2013	2014			
	Actual	November Forecast	Final Proposed Budget	2015	2016	2017
Receipts						
Farebox Revenue	\$593.830	\$627.245	\$666.414	\$680.953	\$692.953	\$704.781
Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	77.864	85.091	71.957	70.444	71.154	72.068
MNR - MTA	135.587	80.462	112.376	118.068	120.765	123.277
MNR - CDOT	97.795	68.627	64.076	80.307	86.275	93.458
MNR - Other	19.269	20.938	16.707	16.983	17.771	17.237
Capital and Other Reimbursements	252.651	170.027	193.159	215.358	224.811	233.972
Total Receipts	\$924.345	\$882.363	\$931.530	\$966.755	\$988.918	\$1,010.821
Expenditures						
Labor:						
Payroll	\$432.215	\$456.525	\$487.892	\$488.518	\$490.761	\$502.255
Overtime	73.162	79.302	78.852	75.675	73.131	74.881
Health and Welfare	98.906	109.088	126.105	132.425	137.405	144.967
OPEB Current Payment	19.456	21.000	22.049	22.877	24.169	25.536
Pensions	76.168	67.940	85.856	86.316	85.504	86.211
Other Fringe Benefits	98.524	103.903	114.252	119.113	118.626	122.167
GASB Account	24.869	0.000	8.917	9.105	9.291	9.474
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor	\$823.300	\$837.758	\$923.923	\$934.029	\$938.887	\$965.491
Non-Labor:						
Electric Power	\$75.243	\$79.914	\$88.795	\$93.875	\$99.861	\$105.821
Fuel	22.004	25.473	23.007	22.156	22.318	23.060
Insurance	17.221	18.765	22.406	26.250	28.514	32.306
Claims	1.434	1.039	0.681	0.681	0.681	0.681
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	118.509	135.137	119.979	128.565	144.514	149.587
Professional Service Contracts	36.013	36.491	59.681	62.981	61.025	62.549
Materials & Supplies	90.334	101.003	111.723	104.815	101.863	101.865
Other Business Expenses	49.315	49.683	50.454	52.775	55.020	58.124
Total Non-Labor	\$410.073	\$447.505	\$476.725	\$492.098	\$513.796	\$533.993
Other Adjustments:						
Other	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Cash Timing and Availability Adjustmen	0.000	0.000	0.000	0.000	0.000	0.000
Total Other Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenditures	\$1,233.373	\$1,285.263	\$1,400.648	\$1,426.127	\$1,452.683	\$1,499.484
Baseline Cash Deficit	(\$309.028)	(\$402.900)	(\$469.118)	(\$459.372)	(\$463.765)	(\$488.663)
Subsidies						
MTA	\$229.158	\$306.640	\$371.950	\$363.410	\$369.309	\$390.381
CDOT	80.718	96.260	97.168	95.962	94.456	98.282
Total Subsidies	\$309.876	\$402.900	\$469.118	\$459.372	\$463.765	\$488.663

MTA Metro-North Railroad
November Financial Plan 2014 - 2017
Cash Conversion (Cash Flow Adjustments)
(\$ in millions)

CASH FLOW ADJUSTMENTS						
	2012	2013	2014			
	Actual	November Forecast	Final Proposed Budget	2015	2016	2017
Receipts						
Farebox Revenue	\$6.337	\$5.927	\$6.302	\$7.000	\$7.500	\$8.500
Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	26.436	12.770	15.569	16.272	16.382	15.596
MNR - MTA	51.759	(5.706)	(0.749)	1.389	1.341	1.192
MNR - CDOT	20.296	(0.260)	2.734	1.905	(0.008)	(0.008)
MNR - Other	8.399	11.191	0.429	0.362	0.795	(0.075)
Capital and Other Reimbursements	80.454	5.225	2.414	3.655	2.128	1.109
Total Receipts	\$113.227	\$23.921	\$24.284	\$26.927	\$26.010	\$25.205
Expenditures						
Labor:						
Payroll	\$1.358	(\$6.992)	(\$11.663)	(\$1.818)	\$2.245	\$0.401
Overtime	0.067	(0.351)	(2.613)	(0.555)	(0.571)	(0.953)
Health and Welfare	(5.485)	(0.188)	(4.331)	(4.607)	(4.747)	(4.888)
OPEB Current Payment	0.000	0.000	0.000	0.000	0.000	0.000
Pensions	(2.311)	15.396	(0.991)	(0.890)	(0.396)	(0.399)
Other Fringe Benefits	5.349	3.991	(1.574)	(1.318)	1.167	0.699
GASB Account	(24.869)	0.000	(8.917)	(9.105)	(9.291)	(9.474)
Reimbursable Overhead	1.381	(1.057)	(1.678)	(0.556)	(0.564)	(0.571)
Total Labor	(\$24.510)	\$10.799	(\$31.768)	(\$18.849)	(\$12.157)	(\$15.185)
Non-Labor:						
Electric Power	(\$4.958)	(\$2.013)	(\$1.994)	(\$1.796)	(\$1.850)	(\$1.906)
Fuel	6.787	3.600	3.600	3.600	3.600	3.600
Insurance	(2.555)	(1.045)	(0.275)	(1.197)	(0.294)	(0.393)
Claims	(1.078)	(0.646)	(0.146)	(0.146)	(0.146)	(0.146)
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	(9.867)	(12.573)	(0.616)	2.282	(9.419)	(8.864)
Professional Service Contracts	(2.824)	(2.926)	(11.111)	(6.655)	(2.865)	(2.793)
Materials & Supplies	(11.249)	(15.021)	(18.061)	(10.697)	(4.988)	(3.823)
Other Business Expenditures	(30.386)	(16.964)	(24.268)	(24.924)	(25.026)	(26.489)
Total Non-Labor	(\$56.131)	(\$47.588)	(\$52.871)	(\$39.533)	(\$40.988)	(\$40.814)
Other Adjustments:						
Other	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Other Expenditure Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Cash Conversion Adjustments before Depreciation and GASB Adjs.						
	\$32.586	(\$12.867)	(\$60.355)	(\$31.455)	(\$27.136)	(\$30.794)
Depreciation Adjustment	\$223.143	\$224.771	\$227.237	\$225.487	\$227.487	\$229.487
OPEB Obligation	56.244	62.070	65.098	67.542	71.356	75.392
Environmental Remediation	0.130	2.885	3.800	3.800	3.800	3.800
Baseline Total Cash Conversion Adjustments	\$312.103	\$276.859	\$235.781	\$265.374	\$275.508	\$277.885

**MTA Metro-North Railroad
November Financial Plan 2014 - 2017
Ridership (Utilization) *
(in millions)**

	2013		2014		2015	2016	2017
	2012 Actual	November Forecast	Final Proposed Budget				
<u>Ridership</u>							
Harlem Line	26.648	27.065	27.768	28.322	28.765	29.131	
Hudson Line	15.853	16.016	16.401	16.682	16.935	17.173	
New Haven Line	38.840	39.331	40.081	40.633	41.062	41.511	
Baseline Total Ridership	81.341	82.412	84.249	85.636	86.763	87.815	
West of Hudson	1.612	1.605	1.623	1.650	1.679	1.693	
Total Ridership - All MNR Lines	82.954	84.018	85.873	87.287	88.441	89.507	
<u>Farebox Revenue</u>							
Harlem Line	\$174.927	\$189.307	\$197.487	\$201.889	\$205.379	\$208.143	
Hudson Line	127.698	137.572	142.990	145.627	148.060	150.304	
New Haven Line	284.313	293.958	319.144	325.935	331.504	337.319	
West of Hudson Mail & Ride	0.555	0.481	0.492	0.501	0.510	0.514	
Baseline Total Farebox Revenue	\$587.493	\$621.318	\$660.112	\$673.953	\$685.453	\$696.281	

* Reflects East of Hudson Service

MTA Metro-North Railroad
November Financial Plan 2014 - 2017
2013 Budget Reduction Plan Summary
(\$ in millions)

	Favorable/(Unfavorable)									
	Pos.	2013	Pos.	2014	Pos.	2015	Pos.	2016	Pos.	2017
<u>Administration</u>										
None	---	0.000	---	0.000	---	0.000	---	0.000	---	0.000
Subtotal Administration	-	0.000	-	0.000	-	0.000	-	0.000	-	0.000
<u>Customer Convenience/Amenities</u>										
None	---	0.000	---	0.000	---	0.000	---	0.000	---	0.000
Subtotal Customer Convenience/Amenities	-	0.000	-	0.000	-	0.000	-	0.000	-	0.000
<u>Maintenance</u>										
Review and Monitor Contract Services	-	0.600	-	0.600	-	0.600	-	0.600	-	0.600
Reduce Rolling Stock Material Usage	---	1.259	---	5.249	---	4.801	---	4.912	---	6.512
Subtotal Maintenance	-	1.859	-	5.849	-	5.401	-	5.512	-	7.112
<u>Revenue Enhancement</u>										
Increase Non-Passenger Revenue	-	0.802	-	2.168	-	2.909	-	2.613	-	2.916
Subtotal Revenue Enhancement	-	0.802	-	2.168	-	2.909	-	2.613	-	2.916
<u>Safety/Security</u>										
None	---	0.000	---	0.000	---	0.000	---	0.000	---	0.000
Subtotal Safety	-	0.000	-	0.000	-	0.000	-	0.000	-	0.000
<u>Service</u>										
None	---	0.000	---	0.000	---	0.000	---	0.000	---	0.000
Subtotal Service	-	0.000	-	0.000	-	0.000	-	0.000	-	0.000
<u>Service Support</u>										
None	---	0.000	---	0.000	---	0.000	---	0.000	---	0.000
Subtotal Service Support	-	0.000	-	0.000	-	0.000	-	0.000	-	0.000
<u>Other</u>										
None	---	0.000	---	0.000	---	0.000	---	0.000	---	0.000
Subtotal Other	-	0.000	-	0.000	-	0.000	-	0.000	-	0.000
Agency Submission	-	\$2.661	-	\$8.017	-	\$8.310	-	\$8.125	-	\$10.028

MTA METRO-NORTH RAILROAD
November Financial Plan 2014 - 2017
Total Positions by Function and Department
Non-Reimbursable/Reimbursable and Full-Time/Full-Time Equivalents

FUNCTION/DEPARTMENT	2013		2014		2015	2016	2017
	2012 Actual	November Forecast	Final Proposed Budget				
Administration							
President	3	3	3	3	3	3	3
Labor Relations	7	9	9	9	9	9	9
Safety	17	22	33	33	33	33	33
COS/ Corporate & Public Affairs	16	16	16	16	16	16	16
Customer Service	39	48	48	48	48	48	48
Legal	16	18	18	18	18	18	18
Claims	12	14	14	14	14	14	14
Environmental Compliance & Svce	7	7	7	7	7	7	7
VP Administration	3	3	3	3	3	3	3
VP Human Resources	3	7	7	7	7	7	7
Human Resources & Diversity	26	28	28	28	28	28	28
Training	45	50	58	58	58	58	58
Employee Relations & Diversity	2	5	5	5	5	5	5
VP Planning	2	2	2	2	2	2	2
Operations Planning & Analysis	16	18	18	18	18	18	18
Capital Planning & Programming	13	16	16	16	16	16	16
Business Development Facilities & Mktg	22	24	24	24	24	24	24
Long Range Planning	7	8	8	8	8	8	8
VP Finance & Info Systems	1	1	1	1	1	1	1
Controller	79	80	81	81	81	81	81
Information Technology & Project Mgmt	82	124	125	125	125	125	125
Budget	17	20	20	20	20	20	20
Procurement & Material Management	34	46	46	46	46	46	46
Corporate	0	0	0	0	0	0	0
Total Administration	469	569	590	590	590	590	590
Operations							
Operations Administration	49	61	61	61	61	61	61
Operations Services ⁽¹⁾	1,749	1,798	1,457	1,471	1,477	1,489	1,489
Customer Service	219	239	240	240	240	240	240
Business Development Facilities & Mktg	32	38	38	38	38	38	38
Metro-North West	30	27	34	34	34	34	34
Total Operations	2,079	2,163	1,830	1,844	1,850	1,862	1,862
Maintenance							
GCT	357	389	389	389	389	389	389
Maintenance of Equipment ⁽¹⁾	1,252	1,351	1,735	1,735	1,745	1,745	1,745
Maintenance of Way	1,637	1,776	1,809	1,809	1,792	1,787	1,787
Procurement & Material Management	118	120	120	120	120	120	120
Total Maintenance	3,364	3,636	4,053	4,053	4,046	4,041	4,041
Engineering/Capital							
Construction Management	35	42	42	42	42	42	42
Engineering & Design	55	68	68	68	68	68	68
Total Engineering/Capital	90	110	110	110	110	110	110
Baseline Total Positions	6,002	6,478	6,583	6,597	6,596	6,603	6,603
<i>Non-Reimbursable</i>	5,592	5,900	6,005	5,982	5,971	5,978	5,978
<i>Reimbursable</i>	410	578	578	615	625	625	625
<i>Total Full-Time</i>	6,001	6,477	6,582	6,596	6,595	6,602	6,602
<i>Total Full-Time-Equivalents</i>	1	1	1	1	1	1	1

⁽¹⁾Reflects the January 2014 transfer of the Car Appearance Unit (370 positions) from Operations (Operation Services Dept.) to Maintenance (Maintenance of Equipment Dept.).

MTA METRO-NORTH RAILROAD
November Financial Plan 2014 - 2017
Total Positions by Function and Occupation

FUNCTION/OCCUPATIONAL GROUP	2012	2013	2014	2015	2016	2017
	Actual	November Forecast	Final Proposed Budget			
Administration						
Managers/Supervisors	165	192	193	193	193	193
Professional, Technical, Clerical	304	377	397	397	397	397
Operational Hourlies	-	-	-	-	-	-
Total Administration	469	569	590	590	590	590
Operations						
Managers/Supervisors ⁽¹⁾	149	156	149	149	149	149
Professional, Technical, Clerical	224	238	239	239	239	239
Operational Hourlies ⁽¹⁾	1,706	1,770	1,443	1,457	1,463	1,475
Total Operations	2,079	2,163	1,830	1,844	1,850	1,862
Maintenance						
Managers/Supervisors ⁽¹⁾	502	541	548	548	548	548
Professional, Technical, Clerical	466	502	519	519	519	519
Operational Hourlies ⁽¹⁾	2,396	2,594	2,987	2,987	2,980	2,975
Total Maintenance	3,364	3,636	4,053	4,053	4,046	4,041
Engineering/Capital						
Managers/Supervisors	43	49	49	49	49	49
Professional, Technical, Clerical	47	61	61	61	61	61
Operational Hourlies	-	-	-	-	-	-
Total Engineering/Capital	90	110	110	110	110	110
Public Safety						
Managers/Supervisors	-	-	-	-	-	-
Professional, Technical, Clerical	-	-	-	-	-	-
Operational Hourlies	-	-	-	-	-	-
Total Public Safety	-	-	-	-	-	-
Total Baseline Positions						
Managers/Supervisors	859	938	939	939	939	939
Professional, Technical, Clerical	1,041	1,177	1,215	1,215	1,215	1,215
Operational Hourlies	4,102	4,363	4,429	4,443	4,442	4,449
Total Baseline Positions	6,002	6,478	6,583	6,597	6,596	6,603

⁽¹⁾Reflects the January 2014 transfer of the Car Appearance Unit (363 in Operational Hourly positions & 7 in Managers/Supervisors) from Operations (Operation Services Dept.) to Maintenance (Maintenance of Equipment Dept.).

[THIS PAGE INTENTIONALLY LEFT BLANK]

MTA Headquarters

Staff Summary

Subject MTA HQ 2014 Budget and 2014-2017 Financial Plan Adoption
Department Chief Financial Officer
Department Head Name Robert E. Foran, Chief Financial Officer
Department Head Signature
Project Manager/Division Head

Date December 2, 2013
Vendor Name
Contract Number
Contract Manager Name
Table of Contents Ref #

Board Action					
Order	To	Date	Approval	Info	Other
1	Finance	12/16			
2	Board	12/18			

Internal Approvals			
Order	Approval	Order	Approval
	Executive Director		Office of Civil Rights
2	Chief Operating Officer	1	Legal
	Chief Financial Officer		Procurement
3	Chief of Staff		Administrator

Purpose:

To secure MTA Board adoption of the Metropolitan Transportation Authority Headquarters 2013 November Forecast, 2014 Final Proposed Budget, and the Four-Year Financial Plan for 2014-2017.

Discussion:

The 2013 Final Proposed Budget, which is consistent with information presented to the Board in November, provides sufficient funding to maintain MTA Headquarters' operations, which includes Policy and Oversight, Consolidated Functions, the Business Service Center (BSC), and MTA Security, including the MTA Police Department. The baseline projections that follow exclude any below-the-line items captured in the MTA Consolidated Financial Plan.

2013 November Forecast - Baseline:

The 2013 November Forecast Baseline Deficit of \$429.8 million includes total Non-Reimbursable Operating Revenues of \$62.5 million and total expenses before depreciation and other post-employment benefits of \$349.4 million, consisting of \$209.8 million in labor expenses and \$139.5 million in non-labor expenses. Total Capital and Other Reimbursements are projected to be \$71.9 million. Total reimbursable labor expenses are \$61.1 million and non-labor expenses are \$10.8 million. Cash Adjustments prior to depreciation and OPEB obligation are favorable by \$103.2 million, reflecting advertising revenue receipts reassigned from the agencies to MTA Headquarters.

The Baseline Cash Deficit is projected to be \$183.7 million. Total end-of-year positions are projected to be 1,722, including 1,672 non-reimbursable positions and 50 reimbursable positions.

2014 Final Proposed Budget - Baseline:

The 2014 Final Proposed Budget Baseline Deficit of \$445.0 million includes Total Non-Reimbursable Operating Revenues of \$57.2 million and total expenses before depreciation and other post-employment benefits of \$369.0 million, consisting of \$214.5 million in labor expenses and \$154.5 million in non-labor expenses. Capital and Other Reimbursements are projected to be \$80.3 million. Total reimbursable labor expenses are \$63.9 million and non-labor expenses are \$16.4 million. Cash Adjustments prior to depreciation and OPEB obligation are unfavorable by \$14.8 million, reflecting Headquarters' Operating Capital needs of \$72.0 million, and Headquarters' relocation costs, which are partially offset by advertising revenue receipts reassigned from the agencies to MTA Headquarters.

Staff Summary

The Baseline Cash Deficit is projected to be \$326.6 million. Total end-of-year positions are projected to be 1,765, including 1,704 non-reimbursable positions and 61 reimbursable positions.

Major Programmatic Initiatives/Investments:

- IT “cloud” system for continuous e-mail service during major disasters and for other critical public applications.
- Evaluation of “Procure-to-Pay” process to improve efficiency and effectiveness.
- Evaluation of business processes for operating and capital cost savings and increased revenue generation potential.
- Increase police presence on the Metro North Railroad’s New Haven Line, which is the most heavily traveled and fastest growing line within the Agency’s service territory.
- Upgrade BSC hardware and software to ensure uninterrupted operation of critical MTA information systems.

Budget Reduction Initiative:

Streamlining costs in maintenance and other operating contracts and professional services contracts result in savings of \$5.1 million in 2013, \$3.7 million in 2014, and \$2.9 million every year thereafter.

Impact on Funding:

The 2013 November Forecast, the 2014 Final Proposed Budget, and the Four-Year Financial Plan 2014-2017, which are presented in the attached tables, are consistent with the proposed MTA Financial Plan.

Recommendation:

It is recommended that the MTA Board adopt the MTA Headquarters’ 2013 November Forecast, the 2014 Final Proposed Budget, and the Four-Year Financial Plan for 2014-2017.

MTA HEADQUARTERS
November Financial Plan 2014-2017
Accrual Statement of Operations by Category
(\$ in millions)

NON-REIMBURSABLE						
	2012	2013	2014			
	Actual	November	Final Proposed	2015	2016	2017
		Forecast	Budget			
Operating Revenue						
Fare Revenue	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Vehicle Toll Revenue	-	-	-	-	-	-
<i>Other Operating Revenue</i>						
Rental Income	52.535	53.302	51.945	45.322	47.002	48.723
Advertising	0.000	0.000	0.000	0.000	0.000	0.000
Other	<u>5.130</u>	<u>9.190</u>	<u>5.208</u>	<u>2.936</u>	<u>2.991</u>	<u>3.035</u>
Total Other Operating Revenue	57.665	62.492	57.153	48.258	49.993	51.758
Capital and Other Reimbursements						
Total Revenue	\$57.665	\$62.492	\$57.153	\$48.258	\$49.993	\$51.758
Operating Expenses						
<i>Labor:</i>						
Payroll	\$154.472	\$157.318	\$160.524	\$162.358	\$165.794	\$171.110
Overtime	12.954	9.090	9.403	9.092	9.121	9.293
Health and Welfare	23.164	23.369	26.075	27.480	29.610	32.150
OPEB Current Payment	7.741	11.520	13.080	14.640	16.200	17.760
Pensions	34.326	42.474	41.821	42.767	44.145	46.090
Other Fringe Benefits	17.391	14.728	14.045	14.556	15.094	15.764
Reimbursable Overhead	(59.852)	(48.677)	(50.492)	(51.309)	(52.269)	(53.043)
Total Labor Expenses	\$190.196	\$209.823	\$214.455	\$219.583	\$227.696	\$239.124
<i>Non-Labor:</i>						
Electric Power	\$7.087	5.284	6.777	6.440	6.610	6.903
Fuel	2.417	1.939	1.258	1.168	1.129	1.162
Insurance	0.347	1.671	1.874	1.998	2.191	2.460
Claims	(0.015)	1.099	1.209	1.330	1.463	1.609
Paratransit Service Contracts	-					
Maintenance and Other Operating Contracts	54.910	66.383	66.279	62.841	63.599	64.540
Professional Service Contracts	56.314	50.591	68.447	64.214	61.477	61.930
Materials & Supplies	0.000	0.000	0.002	0.002	0.002	0.002
<i>Other Business Expenses</i>						
MTA Internal Subsidy	(17.168)	4.200	3.500	4.600	4.600	4.600
Other	<u>5.553</u>	<u>8.371</u>	<u>5.157</u>	<u>5.075</u>	<u>5.171</u>	<u>5.258</u>
Total Other Business Expenses	(11.615)	12.571	8.657	9.675	9.771	9.858
Total Non-Labor Expenses	\$109.445	\$139.538	\$154.502	\$147.668	\$146.241	\$148.464
<i>Other Expenses Adjustments:</i>						
Other	-	-	-	-	-	-
Total Other Expense Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenses before Depreciation and GASB Adjs.	\$299.641	\$349.360	\$368.957	\$367.251	\$373.937	\$387.588
Depreciation	49.676	49.598	27.275	37.674	42.810	37.812
OPEB Obligation	83.759	93.325	105.962	118.600	131.238	143.875
Environmental Remediation	-	-	-	-	-	-
Total Expenses	\$433.076	\$492.282	\$502.194	\$523.525	\$547.985	\$569.276
Baseline Surplus/(Deficit)	(\$375.411)	(\$429.791)	(\$445.041)	(\$475.267)	(\$497.992)	(\$517.518)

MTA HEADQUARTERS
November Financial Plan 2014-2017
Accrual Statement of Operations by Category
(\$ in millions)

NON-REIMBURSABLE / REIMBURSABLE						
	2012	2013	2014			
	<u>Actual</u>	<u>November Forecast</u>	<u>Final Proposed Budget</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Revenue						
Fare Revenue	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Vehicle Toll Revenue	-	-	-	-	-	-
<u>Other Operating Revenue</u>						
Rental Income	52.535	53.302	51.945	45.322	47.002	48.723
Other	5.130	9.190	5.208	2.936	2.991	3.035
Total Other Operating Revenue	57.665	62.492	57.153	48.258	49.993	51.758
Capital and Other Reimbursements	69.293	71.903	80.304	83.964	90.266	91.288
Total Revenue	\$126.958	\$134.395	\$137.458	\$132.221	\$140.259	\$143.046
Expenses						
<u>Labor:</u>						
Payroll	\$157.955	\$161.032	\$165.419	\$167.333	\$170.862	\$176.253
Overtime	12.961	16.088	15.754	14.092	14.121	14.293
Health and Welfare	23.684	23.949	26.962	28.422	30.607	33.204
OPEB Current Payment	7.741	11.520	13.080	14.640	16.200	17.760
Pensions	35.009	43.148	42.741	43.704	45.105	47.073
Other Fringe Benefits	17.983	15.148	14.433	14.985	15.539	16.222
Reimbursable Overhead	-	-	-	-	-	-
Total Labor Expenses	\$255.333	\$270.885	\$278.389	\$283.175	\$292.433	\$304.805
<u>Non-Labor:</u>						
Electric Power	\$7.087	\$5.284	\$6.777	\$6.440	\$6.610	\$6.903
Fuel	2.417	1.939	1.258	1.168	1.129	1.162
Insurance	0.347	1.671	1.874	1.998	2.191	2.460
Claims	(0.015)	1.099	1.209	1.330	1.463	1.609
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	54.910	66.389	66.299	62.861	63.619	64.561
Professional Service Contracts	60.435	60.768	84.683	84.448	86.866	87.395
Materials & Supplies	-	-	0.002	0.002	0.002	0.002
<u>Other Business Expenses</u>						
MTA Internal Subsidy	(17.168)	4.200	3.500	4.600	4.600	4.600
Other Business Expenses	5.588	9.027	5.272	5.192	5.291	5.379
Total Other Business Expenses	(11.580)	13.227	8.772	9.792	9.891	9.979
Total Non-Labor Expenses	\$113.601	\$150.378	\$170.872	\$168.039	\$171.770	\$174.071
<u>Other Expenses Adjustments:</u>						
Other	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Other Expense Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenses before Depreciation and GASB Adjs.	\$368.934	\$421.263	\$449.261	\$451.214	\$464.203	\$478.876
Depreciation	49.676	49.598	27.275	37.674	42.810	37.812
OPEB Obligation	83.759	93.325	105.962	118.600	131.238	143.875
Environmental Remediation	-	-	-	-	-	-
Total Expenses	\$502.369	\$564.185	\$582.498	\$607.489	\$638.251	\$660.563
Baseline Surplus/(Deficit)	(\$375.411)	(\$429.791)	(\$445.041)	(\$475.267)	(\$497.992)	(\$517.518)

MTA HEADQUARTERS
November Financial Plan 2014-2017
Cash Receipts & Expenditures
(\$ in millions)

CASH RECEIPTS AND EXPENDITURES						
	2012	2013	2014			
	Actual	November	Final Proposed	2015	2016	2017
Receipts						
Fare Revenue	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Vehicle Toll Revenue	-	-	-	-	-	-
<u>Other Operating Revenue</u>						
Rental Income	52.457	53.187	51.945	45.322	47.002	48.723
Advertising	0.000	115.025	118.946	122.782	126.420	130.168
Other	<u>4.688</u>	<u>9.117</u>	<u>5.307</u>	<u>16.180</u>	<u>77.198</u>	<u>3.139</u>
Total Other Operating Revenue	57.145	177.329	176.199	184.284	250.621	182.030
Capital and Other Reimbursements	66.477	70.327	80.604	83.964	90.266	91.288
Total Receipts	\$123.622	\$247.656	\$256.803	\$268.248	\$340.887	\$273.318
Expenditures						
<u>Labor:</u>						
Payroll	\$154.364	164.388	158.890	160.687	164.156	169.490
Overtime	12.975	16.088	15.754	14.092	14.121	14.293
Health and Welfare	22.164	22.920	25.890	27.305	29.467	32.039
OPEB Current Payment	7.741	11.520	13.080	14.640	16.200	17.760
Pensions	47.679	43.082	42.156	43.248	44.639	46.606
Other Fringe Benefits	17.376	15.839	14.371	14.920	15.474	16.157
GASB Account	1.029	1.451	1.512	1.542	1.575	1.606
Reimbursable Overhead	-	-	-	-	-	-
Total Labor Expenditures	\$263.328	\$275.289	\$271.652	\$276.434	\$285.632	\$297.952
<u>Non-Labor:</u>						
Electric Power	\$6.473	5.284	6.777	6.440	6.610	6.903
Fuel	2.122	1.939	1.258	1.168	1.129	1.162
Insurance	2.622	\$1.648	\$1.855	\$1.978	\$2.169	\$2.435
Claims	2.426	\$0.939	\$1.209	\$1.330	\$1.463	\$1.609
Paratransit Service Contracts	-					
Maintenance and Other Operating Contracts	55.541	\$64.964	\$63.581	\$60.284	\$61.011	\$61.914
Professional Service Contracts	54.930	\$63.187	\$78.332	\$78.114	\$80.351	\$80.841
Materials & Supplies	0.025	\$0.000	\$0.002	\$0.002	\$0.002	\$0.002
<u>Other Business Expenses</u>						
MTA Internal Subsidy	(6.239)	\$4.200	\$3.500	\$4.600	\$4.600	\$4.600
Other Business Expenses	<u>19.661</u>	(\$4.461)	\$83.189	\$4.652	\$4.736	\$4.812
Total Other Business Expenses	13.422	(0.261)	86.69	9.252	9.336	9.412
Total Non-Labor Expenditures	\$137.561	\$137.700	\$239.701	\$158.568	\$162.069	\$164.278
<u>Other Expenditure Adjustments:</u>						
Capital	7.572	18.384	72.016	31.266	29.716	18.316
Unallocated Service Enhancement Policy Action	-	-	-	-	-	-
Total Other Expenditure Adjustments	\$7.572	\$18.384	\$72.016	\$31.266	\$29.716	\$18.316
Total Expenditures	\$408.461	\$431.373	\$583.369	\$466.267	\$477.418	\$480.546
Baseline Cash Deficit	(\$284.839)	(\$183.717)	(\$326.566)	(\$198.020)	(\$136.531)	(\$207.229)

MTA HEADQUARTERS
November Financial Plan 2014-2017
Cash Conversion (Cash Flow Adjustments)
(\$ in millions)

CASH FLOW ADJUSTMENTS						
	2012	2013	2014			
	<u>Actual</u>	<u>November</u>	<u>Final Proposed</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
		<u>Forecast</u>	<u>Budget</u>			
Receipts						
Fare Revenue	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Rental Income	(0.078)	(0.115)	0.000	0.000	0.000	0.000
Advertising Revenue	-	115.025	118.946	122.782	126.420	130.168
Other Operating Revenue	(0.442)	(0.073)	0.099	13.245	74.207	0.104
Capital and Other Reimbursements	(2.816)	(1.576)	0.300	-	-	-
Total Receipts	(\$3.336)	\$113.261	\$119.345	\$136.026	\$200.628	\$130.272
Expenditures						
<u>Labor:</u>						
Payroll	\$3.591	(\$3.356)	\$6.529	\$6.646	\$6.705	\$6.762
Overtime	(0.014)	-	-	-	-	-
Health and Welfare	1.520	1.029	1.073	1.118	1.140	1.165
OPEB Current Payment	0.000	0.000	0.000	0.000	0.000	0.000
Pensions	(12.670)	0.066	0.585	0.456	0.466	0.467
Other Fringe Benefits	0.607	(0.691)	0.062	0.065	0.065	0.065
GASB Account	(1.029)	(1.451)	(1.512)	(1.542)	(1.575)	(1.606)
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenditures	(\$7.995)	(\$4.403)	\$6.737	\$6.742	\$6.801	\$6.853
<u>Non-Labor:</u>						
Electric Power	\$0.614					
Fuel	0.295		-	-	-	-
Insurance	(2.275)	0.023	0.019	0.020	0.022	0.025
Claims	(2.441)	0.160	-	-	-	-
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	(0.631)	1.426	2.718	2.577	2.608	2.647
Professional Service Contracts	5.505	(2.419)	6.351	6.334	6.515	6.555
Materials & Supplies	(0.025)	-	0.000	0.000	0.000	0.000
<u>Other Business Expenses</u>						
MTA Internal Subsidy	(10.929)	-	-	-	-	-
Other Business Expenses	(14.073)	13.488	(77.917)	0.541	0.555	0.566
Total Other Business Expenses	(25.002)	13.488	(77.917)	0.541	0.555	0.566
Total Non-Labor Expenditures	(\$23.960)	\$12.678	(\$68.829)	\$9.472	\$9.700	\$9.793
<u>Other Expenditure Adjustments:</u>						
Capital	(\$7.572)	(\$18.384)	(\$72.016)	(\$31.266)	(\$29.716)	(\$18.316)
Total Other Expenditure Adjustments	(\$7.572)	(\$18.384)	(\$72.016)	(\$31.266)	(\$29.716)	(\$18.316)
Total Cash Conversion Adjustments before Depreciation and GASB Adjs.	(\$42.863)	\$103.152	(\$14.762)	\$120.973	\$187.413	\$128.602
Depreciation Adjustment	49.676	49.598	27.275	37.674	42.810	37.812
OPEB Obligation	83.759	93.325	105.962	118.600	131.238	143.875
Environmental Remediation	-	-	-	-	-	-
Baseline Total Cash Conversion Adjustments	\$90.572	\$246.074	\$118.475	\$277.248	\$361.461	\$310.289

MTA HEADQUARTERS
November Financial Plan 2014-2017
2013 Budget Reduction Summary
(\$ in millions)

	Favorable/(Unfavorable)									
	Pos.	2013	Pos.	2014	Pos.	2015	Pos.	2016	Pos.	2017
Administration										
Reduction of IESS Maintenance Expenses		2.834		0.976		0.126		0.000		0.000
Reduction in Maintenance & Other Operating Expenses		0.825		0.951		0.965		0.982		0.997
Professional Service Reduction		0.299		0.610		0.619		0.629		0.639
MTAPD Miscellaneous Reductions		0.748		0.728		0.739		0.751		0.763
HQ Miscellaneous Reductions	-	0.434	-	0.472	-	0.479	-	0.488	-	0.495
<i>Subtotal Administration</i>	-	5.140	-	3.736	-	2.929	-	2.850	-	2.894
Customer Convenience/Amenities										
None	-	0.000	-	0.000	-	0.000	-	0.000	-	0.000
<i>Subtotal Customer Convenience/Amenities</i>	-	0.000	-	0.000	-	0.000	-	0.000	-	0.000
Maintenance										
None	-	0.000	-	0.000	-	0.000	-	0.000	-	0.000
<i>Subtotal Maintenance</i>	-	0.000	-	0.000	-	0.000	-	0.000	-	0.000
Revenue Enhancement										
None	-	0.000	-	0.000	-	0.000	-	0.000	-	0.000
<i>Subtotal Revenue Enhancement</i>	-	0.000	-	0.000	-	0.000	-	0.000	-	0.000
Safety										
None	-	0.000	-	0.000	-	0.000	-	0.000	-	0.000
<i>Subtotal Safety</i>	-	0.000	-	0.000	-	0.000	-	0.000	-	0.000
Security										
None	-	0.000	-	0.000	-	0.000	-	0.000	-	0.000
<i>Subtotal Security</i>	-	0.000	-	0.000	-	0.000	-	0.000	-	0.000
Service										
None	-	0.000	-	0.000	-	0.000	-	0.000	-	0.000
<i>Subtotal Service</i>	-	0.000	-	0.000	-	0.000	-	0.000	-	0.000
Service Support										
None	-	0.000	-	0.000	-	0.000	-	0.000	-	0.000
<i>Subtotal Service Support</i>	-	0.000	-	0.000	-	0.000	-	0.000	-	0.000
Other										
None	-	0.000	-	0.000	-	0.000	-	0.000	-	0.000
<i>Subtotal Other</i>	-	0.000	-	0.000	-	0.000	-	0.000	-	0.000
Total	-	\$5.140	-	\$3.736	-	\$2.929	-	\$2.850	-	\$2.894

MTA HEADQUARTERS
November Financial Plan 2014-2017
Total Positions by Function and Occupation

FUNCTION/OCCUPATIONAL GROUP	2012 Actual	2013 November Forecast	2014 Final Proposed Budget	2015	2016	2017
Administration						
Managers/Supervisors	407	437	450	450	450	450
Professional, Technical, Clerical	473	495	515	514	514	514
Operational Hourlies						
Total Administration	880	932	965	964	964	964
Operations						
Managers/Supervisors						
Professional, Technical, Clerical						
Operational Hourlies						
Total Operations	-	-	-	-	-	-
Maintenance						
Managers/Supervisors						
Professional, Technical, Clerical						
Operational Hourlies						
Total Maintenance	-	-	-	-	-	-
Engineering/Capital						
Managers/Supervisors						
Professional, Technical, Clerical						
Operational Hourlies						
Total Engineering/Capital	-	-	-	-	-	-
Public Safety						
Managers/Supervisors	36	35	35	35	35	36
Professional, Technical, Clerical	64	75	76	76	76	76
Operational Hourlies (Uniformed)	643	680	689	694	724	767
Total Public Safety	743	790	800	805	835	879
Total Positions						
Managers/Supervisors	443	472	485	485	485	486
Professional, Technical, Clerical	537	570	591	590	590	590
Operational Hourlies	643	680	689	694	724	767
Total Baseline Positions	1,623	1,722	1,765	1,769	1,799	1,843

Inspector General

Staff Summary

Subject: MTA 2014 Budget and 2014-2017 Financial Plan Adoption
Department MTA Inspector General
Department Head Name Barry L. Kluger
Department Head Signature
Project Manager/Division Head

Date December 4, 2013
Vendor Name
Contract Number
Contract Manager Name
Table of Contents Ref #

Board Action					
Order	To	Date	Approval	Info	Other
1	Finance Comm.	12/16	X		
2	Board	12/18	X		

Internal Approvals			
Order	Approval	Order	Approval
	Executive Director		
	Budgets and Financial Mgmt		

Purpose:

To secure MTA Board adoption of the MTA Inspector General's 2013 November Forecast, 2014 Final Proposed Budget, and the Four-Year Financial Plan for 2014-2017.

Discussion:

The 2014 Final Proposed Budget provides sufficient funding to maintain the MTA Office of the Inspector General's operations.

2013 November Forecast - Baseline

Total Capital and Other Reimbursements are projected to be \$14.1 million. Total reimbursable labor expenses are \$10.3 million and non-labor expenses are \$3.7 million.

2014 Final Proposed Budget - Baseline

Total Capital and Other Reimbursements are projected to be \$13.7 million. Total reimbursable labor expenses are \$10.7 million and non-labor expenses are \$2.9 million.

Impact on Funding

The 2013 November Forecast, the 2014 Final Proposed Budget and the Four-Year Financial Plan 2014-2017, which are presented in the attached tables, are consistent with the proposed MTA Financial Plan.

Recommendation:

It is recommended that the MTA Board adopt the MTA Inspector General's 2013 November Forecast, the 2014 Final Proposed Budget, and the Four-Year Financial Plan for 2014-2017.

[THIS PAGE INTENTIONALLY LEFT BLANK]

**First Mutual Transportation Assurance Co.
(FMTAC)**

Staff Summary

Subject FMTAC 2014 Budget & 2014-2017 Financial Plan Adoption
Department Risk and Insurance Management
Department Head Name James Henly, General Counsel
Department Head Signature
Project Manager Name Laureen Coyne, Director Risk and Insurance Mgmt.

Date December 4, 2013
Vendor Name N/A
Contract Number N/A
Contract Manager Name N/A
Table of Contents Ref # N/A

Board Action					
Order	To	Date	Approval	Info	Other
1	Finance Committee	12/16	x		
2	Board	12/18	x		

Internal Approvals			
Order	Approval	Order	Approval
1	Risk and Insurance Management		
2	Legal		
3	Budget		

Purpose

To secure MTA Board adoption of the MTA First Mutual Transportation Assurance Company's (FMTAC) 2013 November Forecast, the 2014 Final Proposed Budget, and the Four-Year Financial Plan for 2014-2017.

Discussion

FMTAC generates a net cash deficit of zero and has no impact on MTA cash balances. FMTAC cash reserves are separate and distinct from MTA and are necessary to maintain the appropriate capital and reserve levels pursuant to the State of New York Insurance guidelines.

The 2014 Final Proposed Budget, which is consistent with information presented to the Board in November, provides sufficient resources to address the challenges related to insurance and risk management of the MTA. This is accomplished by maximizing the efficiency and flexibility of the insurance programs while minimizing costs to the MTA and its subsidiaries.

2013 November Forecast-Baseline

Total operating revenues are projected at \$0.180 million. Total operating expenses are projected to be \$5.5 million, resulting in a net deficit of \$5.3 million.

2014 Final Proposed Budget-Baseline

Total operating revenues are projected at \$0.182 million. Total operating expenses are projected to be \$2.8 million, resulting in a net deficit of \$2.6 million.

Impact of Funding

The 2013 November Forecast, the 2014 Final Proposed Budget, and the Four-Year Financial Plan 2014-2017, which are presented in the attached tables, are consistent with the proposed MTA Financial Plan.

Recommendation

It is recommended that the MTA Board adopt MTA First Mutual Transportation Assurance Company's 2013 November Forecast, the 2014 Final Proposed Budget, and the Four-Year Financial Plan for 2014-2017.

MTA FIRST MUTUAL TRANSPORTATION ASSURANCE COMPANY
November Financial Plan 2014 - 2017
Accrual Statement of Operations by Category
(\$ in millions)

NON-REIMBURSABLE

	2012	2013	2014			
	Actual	November Forecast	Final Proposed Budget	2015	2016	2017
Operating Revenue						
Farebox Revenue	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Toll Revenue	-	-	-	-	-	-
Other Operating Revenue	12.473	11.853	12.004	12.198	12.426	12.610
Investment Income	7.567	(11.673)	(11.821)	(12.013)	(12.237)	(12.419)
Capital and Other Reimbursements	-	-	-	-	-	-
Total Revenue	\$20.040	\$0.180	\$0.182	\$0.185	\$0.189	\$0.191

Operating Expenses

Labor:

Payroll	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Overtime	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	-
Pensions	-	-	-	-	-	-
Other Fringe Benefits	-	-	-	-	-	-
Reimbursable Overhead	-	-	-	-	-	-
Total Labor Expenses	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000

Non-Labor:

Electric Power	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Fuel	-	-	-	-	-	-
Insurance	(82.502)	(82.411)	(88.421)	(95.815)	(104.704)	(115.233)
Claims	55.473	77.618	80.723	81.440	81.119	81.925
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	-	-	-	-	-	-
Professional Service Contracts	-	-	-	-	-	-
Materials & Supplies	-	-	-	-	-	-
Other Business Expenses	10.836	10.273	10.478	10.688	10.902	11.120
Total Non-Labor Expenses	(\$16.193)	\$5.480	\$2.780	(\$3.687)	(\$12.683)	(\$22.188)

Other Expenses Adjustments:

Other	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Other Expense Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000

Total Expenses before Depreciation	(\$16.193)	\$5.480	\$2.780	(\$3.687)	(\$12.683)	(\$22.188)
---	-------------------	----------------	----------------	------------------	-------------------	-------------------

Depreciation	-	-	-	-	-	-
--------------	---	---	---	---	---	---

Total Expenses	(\$16.193)	\$5.480	\$2.780	(\$3.687)	(\$12.683)	(\$22.188)
-----------------------	-------------------	----------------	----------------	------------------	-------------------	-------------------

Baseline Surplus/(Deficit)	\$36.233	(\$5.300)	(\$2.598)	\$3.872	\$12.872	\$22.380
-----------------------------------	-----------------	------------------	------------------	----------------	-----------------	-----------------

MTA FIRST MUTUAL TRANSPORTATION ASSURANCE COMPANY
November Financial Plan 2014 - 2017
Cash Conversion (Cash Flow Adjustments)
(\$ in millions)

CASH FLOW ADJUSTMENTS

	2012	2013	2014	2015	2016	2017
	Actual	November Forecast	Final Proposed Budget			
Receipts						
Farebox Revenue	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Vehicle Toll Revenue	-	-	-	-	-	-
Other Operating Revenue	0.000	0.000	0.000	0.000	0.000	0.000
Investment Income	0.000	0.000	0.000	0.000	0.000	0.000
Capital and Other Reimbursements	-	-	-	-	-	-
Total Receipts	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Expenditures						
<u>Labor:</u>						
Payroll	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Overtime	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	-
Pensions	-	-	-	-	-	-
Other Fringe Benefits	-	-	-	-	-	-
Reimbursable Overhead	-	-	-	-	-	-
Total Labor Expenditures	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
<u>Non-Labor:</u>						
Electric Power	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Fuel	-	-	-	-	-	-
Insurance	0.000	0.000	0.000	0.000	0.000	0.000
Claims	0.000	5.077	5.281	6.033	6.698	7.448
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	-	-	-	-	-	-
Professional Service Contracts	-	-	-	-	-	-
Materials & Supplies	-	-	-	-	-	-
Other Business Expenditures	-	-	-	-	-	-
Total Non-Labor Expenditures	\$0.000	\$5.077	\$5.281	\$6.033	\$6.698	\$7.448
<u>Other Expenditures Adjustments:</u>						
Other	(\$36.233)	\$0.223	(\$2.683)	(\$9.905)	(\$19.570)	(\$29.828)
Total Other Expenditures Adjustments	(\$36.233)	\$0.223	(\$2.683)	(\$9.905)	(\$19.570)	(\$29.828)
Total Cash Conversion Adjustments before Depreciation						
	(\$36.233)	\$5.300	\$2.598	(\$3.872)	(\$12.872)	(\$22.380)
Depreciation Adjustment	-	-	-	-	-	-
Total Cash Conversion Adjustments	(\$36.233)	\$5.300	\$2.598	(\$3.872)	(\$12.872)	(\$22.380)

New York City Transit

Staff Summary

Subject NYCT 2014 Budget and 2014-2017 Financial Plan Adoption
Department Office of Management & Budget
Department Head Name Aaron Stern
Department Head Signature
Project Manager Name

Date December 4, 2013
Vendor Name NA
Contract Number NA
Contract Manager Name NA
Table of Contents Ref #

Board Action					
Order	To	Date	Approval	Info	Other
1	TA Committee		X		
2	Finance Committee		X		
3	MTA Board		X		

Internal Approvals			
Order	Approval	Order	Approval
1	OMB – Director		
2	Executive VP		
3	President		

Purpose

To secure MTA Board adoption of MTA New York City Transit’s 2013 November Forecast, 2014 Final Proposed Budget, and the Four-Year Financial Plan for 2014-2017.

Discussion

The 2014 Final Proposed Budget, which is consistent with information presented to the Board in November, provides sufficient funding to support MTA New York City Transit’s planned service levels, as well as MTA’s commitment to provide safe, reliable and efficient transportation service to the metropolitan New York region. The baseline projections that follow for MTA New York City Transit include several new programmatic initiatives and support for current projects. Projections also capture reductions in projected paratransit costs and savings from several re-estimates, most notably from projected lower power prices, health & welfare rates and pension expenses. NYCT projections do not include the estimated impacts from projected fare increases, unidentified MTA efficiencies, MTA re-estimates and policy actions. These impacts will be presented as part of MTA consolidated materials.

2013 November Forecast-Baseline

Total operating revenues are projected at \$4.548 billion, including \$4.027 billion of farebox revenues. Total operating expenses are projected to be \$6.917 billion, consisting of labor costs of \$5.225 billion and non-labor expenses of \$1.692 billion. Non-cash depreciation expense is projected at \$1.433 billion and other post-employment benefit expenses are projected at \$1.447 billion. After including favorable cash adjustments of \$3.013 billion, the projected net cash deficit is \$2.235 billion. Projected reimbursable expenses of \$914.8 million are fully offset by capital reimbursements. Total end-of-year positions are projected at 46,454, including 41,801 non-reimbursable positions and 4,653 reimbursable positions.

2014 Final Proposed Budget-Baseline

Total operating revenues are projected at \$4.576 billion, including farebox revenues of \$4.134 billion. Total operating expenses are projected to be \$7.089 billion, consisting of labor costs of \$5.352 billion and non-labor expenses of \$1.737 billion. Non-cash depreciation expense is projected at \$1.544 billion and other post-employment benefit expenses are projected at \$1.504 billion. After including favorable cash adjustments of \$2.826 billion, the projected net cash deficit is \$2.737 billion. Projected reimbursable expenses of \$943.5 million are fully offset by capital reimbursements. Total end-of-year positions are projected at 47,047, including 42,302 non-reimbursable positions and 4,745 reimbursable positions.

Key Programmatic Initiatives

- Regular and timely **Critical Structure Inspections** will now be conducted by adding 29 positions with costs of \$4.0 million in 2014 and \$3.2 million in subsequent years.
- **Special Structure Inspections** such as for viaducts over water, high elevated structures, bridges and structural ceilings concealed by other structural elements, which have not been inspected previously due to a lack of in-house expertise, will now be conducted based on a contract providing for specialized expertise with costs of \$1.7 million in 2013 and \$2.2 million for both 2014 and 2015.
- In order to address the problems resulting from **Water Intrusion** in the subway system, this plan provides for 35 positions effective 2014 with annual costs of \$3.5 million to inject grout into subway tunnel walls and ceilings.
- Based on an agreement with the Department of Homeless Services, NYCT funding will increase annually by \$2.2 million beginning 2014, in support of the **Homeless Outreach Program**.
- In an effort to prevent subway flooding and insulator fires that can cause significant service disruptions, 12 positions will be added with annual costs of \$1.3 million effective 2014 to support a **Vent Bay Maintenance Project**, whereby personnel would enter through grates at street level to clear out debris and flush leader lines.
- This plan establishes one supervisory position and additional costs of \$0.5 million in 2013, \$1.1 million in 2014 and \$0.8 million in subsequent years to implement an aggressive **Rodent Eradication Program** to address 347 refuse rooms, including the sealing of foundations and wall openings, replacement of doors and the installation of door sweeps. These rooms will also be baited monthly.
- This plan requires eight positions with annual costs of \$0.8 million beginning 2014 to establish a dedicated inspection program to cover over 11,000 cable manholes system-wide. These inspections are needed for **Manhole Security** purposes and to inhibit the theft of copper cable, which results in service disruptions.
- A new need has arisen requiring the **R46 fleet** to undergo a **three-year maintenance life extension** cycle to maintain fleet reliability/safety until anticipated replacement. Additional required positions are 98 in 2014, growing to 188 positions in 2016. Incremental costs are \$11.7 million in 2014, \$10.7 million in 2015 and \$15.7 million in 2016.

This plan also includes a re-baselining of overtime based on additional analyses performed subsequent to the presentation of a special report to the Finance Committee in September. Accordingly, overtime now reflects levels more in line with documented/historical usage and overall coverage requirements. Most of the operating budget plan-to-plan increases in overtime (approximately \$26.2 million in 2013, \$35.3 million in 2014, \$27.0 million in 2015, and \$34.6 million in both 2016 and 2017), are attributable to this re-baselining.

Budget Reduction Initiatives

Projected Net Reductions in Paratransit expenses of \$30.3 million in 2014, \$16.5 million in 2015, \$44.3 million in 2016 and \$51.6 million in 2017, due to lower trip projections and zero-fare implementation timing adjustments.

Impact on Funding

The 2013 November Forecast, the 2014 Final Proposed Budget and the Four-Year Financial Plan for 2014-2017, which are presented in the attached tables, are consistent with the proposed MTA Financial Plan.

Recommendation

It is recommended that the MTA Board adopt the 2013 November Forecast, the 2014 Final Proposed Budget and the Four-Year Financial Plan for 2014-2017 for MTA New York City Transit and the related authorization to draw down Transit Adjudication Bureau (TAB) receipts and interest consistent with this Final Proposed Budget.

MTA NEW YORK CITY TRANSIT
November Financial Plan 2014 - 2017
Accrual Statement of Operations by Category
(\$ in millions)

NON-REIMBURSABLE	2012	2013	2014	2015	2016	2017
	Actual	November Forecast	Final Proposed Budget			
Operating Revenue						
<u>Farebox Revenue:</u>						
Subway	\$2,742.049	\$3,021.461	\$3,111.715	\$3,153.695	\$3,196.805	\$3,214.947
Bus	870.480	937.425	962.999	972.209	982.961	982.953
Paratransit	15.086	16.285	18.343	19.810	21.395	23.106
Fare Media Liability	95.366	52.221	41.221	40.221	40.221	40.221
Farebox Revenue	\$3,722.981	\$4,027.392	\$4,134.278	\$4,185.935	\$4,241.382	\$4,261.227
Vehicle Toll Revenue	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Other Operating Revenue:						
Fare Reimbursement	84.016	84.016	84.016	84.016	84.016	84.016
Paratransit Reimbursement	135.510	162.693	176.969	188.079	208.816	236.828
Other	112.166	274.148	180.321	150.573	153.748	157.015
Other Operating Revenue	\$331.692	\$520.857	\$441.306	\$422.668	\$446.580	\$477.859
Capital and Other Reimbursements	0.000	0.000	0.000	0.000	0.000	0.000
Total Revenue	\$4,054.673	\$4,548.249	\$4,575.584	\$4,608.603	\$4,687.962	\$4,739.086
Expenses						
Labor:						
Payroll	\$2,869.509	\$2,886.565	\$2,922.368	\$2,983.783	\$3,043.216	\$3,115.497
Overtime	345.432	363.153	331.477	325.673	330.017	335.352
Total Salaries & Wages	\$3,214.941	\$3,249.718	\$3,253.845	\$3,309.456	\$3,373.233	\$3,450.849
Health and Welfare	554.422	628.461	702.703	755.464	812.101	874.641
OPEB Current Payment	297.965	322.453	356.612	390.410	427.690	465.289
Pensions	981.908	910.969	943.274	949.435	964.228	961.283
Other Fringe Benefits	361.697	303.323	286.677	302.085	313.471	327.241
Total Fringe Benefits	\$2,195.992	\$2,165.206	\$2,289.266	\$2,397.394	\$2,517.490	\$2,628.454
Reimbursable Overhead	(188.844)	(190.215)	(190.705)	(185.655)	(181.479)	(179.088)
Total Labor Expenses	\$5,222.089	\$5,224.709	\$5,352.406	\$5,521.195	\$5,709.244	\$5,900.215
Non-Labor:						
Electric Power	\$295.202	\$312.679	\$326.243	\$347.173	\$370.791	\$397.037
Fuel	163.697	168.461	165.858	167.418	167.405	171.384
Insurance	53.949	61.725	72.920	85.895	101.600	120.248
Claims	63.790	100.934	91.682	94.590	98.056	100.534
Paratransit Service Contracts	360.500	368.324	394.216	411.506	456.590	525.734
Maintenance and Other Operating Contracts	140.511	183.165	183.000	185.314	197.264	187.130
Professional Service Contracts	136.745	149.927	143.895	139.350	137.901	140.260
Materials & Supplies	246.839	281.836	289.224	306.002	304.221	306.835
Other Business Expenses	63.971	64.987	69.953	71.816	73.517	71.557
Total Non-Labor Expenses	\$1,525.204	\$1,692.038	\$1,736.991	\$1,809.064	\$1,907.345	\$2,020.719
Other Expense Adjustments:						
Other	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Other Expense Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenses before						
Depreciation and GASB Adjustments	\$6,747.293	\$6,916.747	\$7,089.397	\$7,330.259	\$7,616.589	\$7,920.934
Depreciation	\$1,416.063	\$1,433.225	\$1,544.334	\$1,638.144	\$1,688.144	\$1,863.292
OPEB Obligation	1,390.966	1,446.605	1,504.469	1,564.648	1,627.233	1,692.323
Environmental Remediation	15.813	0.000	0.000	0.000	0.000	0.000
Total Expenses	\$9,570.135	\$9,796.577	\$10,138.200	\$10,533.051	\$10,931.966	\$11,476.549
Net Surplus/(Deficit)	(\$5,515.462)	(\$5,248.328)	(\$5,562.616)	(\$5,924.448)	(\$6,244.004)	(\$6,737.463)

MTA NEW YORK CITY TRANSIT
November Financial Plan 2014 - 2017
Accrual Statement of Operations by Category
(\$ in millions)

NON-REIMBURSABLE/REIMBURSABLE	2012	2013	2014	2015	2016	2017
	Actual	November Forecast	Final Proposed Budget			
Revenue						
<u>Farebox Revenue:</u>						
Subway	\$2,742.049	\$3,021.461	\$3,111.715	\$3,153.695	\$3,196.805	\$3,214.947
Bus	870.480	937.425	962.999	972.209	982.961	982.953
Paratransit	15.086	16.285	18.343	19.810	21.395	23.106
Fare Media Liability	95.366	52.221	41.221	40.221	40.221	40.221
Farebox Revenue	\$3,722.981	\$4,027.392	\$4,134.278	\$4,185.935	\$4,241.382	\$4,261.227
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000
<u>Other Operating Revenue:</u>						
Fare Reimbursement	84.016	84.016	84.016	84.016	84.016	84.016
Paratransit Reimbursement	135.510	162.693	176.969	188.079	208.816	236.828
Other	112.166	274.148	180.321	150.573	153.748	157.015
Other Operating Revenue	331.692	520.857	441.306	422.668	446.580	477.859
Capital and Other Reimbursements	866.340	914.824	943.492	908.164	894.760	878.483
Total Revenue	\$4,921.013	\$5,463.073	\$5,519.076	\$5,516.767	\$5,582.722	\$5,617.569
Expenses						
<u>Labor:</u>						
Payroll	\$3,205.500	\$3,230.841	\$3,314.968	\$3,364.724	\$3,416.836	\$3,479.770
Overtime	420.286	458.148	400.980	392.156	397.202	401.201
Total Salaries & Wages	\$3,625.786	\$3,688.989	\$3,715.948	\$3,756.880	\$3,814.038	\$3,880.971
Health and Welfare	576.715	653.406	730.223	784.874	842.819	906.456
OPEB Current Payment	297.965	322.453	356.612	390.410	427.690	465.289
Pensions	1,013.595	940.197	973.305	979.995	994.858	991.362
Other Fringe Benefits	462.150	415.364	417.794	427.454	435.850	446.263
Total Fringe Benefits	\$2,350.425	\$2,331.420	\$2,477.934	\$2,582.733	\$2,701.217	\$2,809.370
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenses	\$5,976.211	\$6,020.409	\$6,193.882	\$6,339.613	\$6,515.255	\$6,690.341
<u>Non-Labor:</u>						
Electric Power	\$295.509	\$312.931	\$326.495	\$347.425	\$371.043	\$397.289
Fuel	163.718	168.483	165.881	167.441	167.428	171.407
Insurance	53.949	61.725	72.920	85.895	101.600	120.248
Claims	63.790	100.934	91.682	94.588	98.054	100.532
Paratransit Service Contracts	361.993	368.324	394.216	411.506	456.590	525.734
Maintenance and Other Operating Contracts	177.861	213.831	209.841	212.005	223.955	213.947
Professional Service Contracts	155.797	177.386	161.049	155.589	154.493	156.584
Materials & Supplies	297.891	340.305	345.060	350.635	347.504	349.868
Other Business Expenses	66.914	67.243	71.863	73.726	75.427	73.467
Total Non-Labor Expenses	\$1,637.422	\$1,811.162	\$1,839.007	\$1,898.810	\$1,996.094	\$2,109.076
<u>Other Expense Adjustments:</u>						
Other	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Other Expense Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenses before Depreciation and GASB Adjustments						
Depreciation and GASB Adjustments	\$7,613.633	\$7,831.571	\$8,032.889	\$8,238.423	\$8,511.349	\$8,799.417
Depreciation	\$1,416.063	\$1,433.225	\$1,544.334	\$1,638.144	\$1,688.144	\$1,863.292
OPEB Obligation	1,390.966	1,446.605	1,504.469	1,564.648	1,627.233	1,692.323
Environmental Remediation	15.813	0.000	0.000	0.000	0.000	0.000
Total Expenses	\$10,436.475	\$10,711.401	\$11,081.692	\$11,441.215	\$11,826.726	\$12,355.032
Net Surplus/(Deficit)	(\$5,515.462)	(\$5,248.328)	(\$5,562.616)	(\$5,924.448)	(\$6,244.004)	(\$6,737.463)

MTA NEW YORK CITY TRANSIT
November Financial Plan 2014 - 2017
Cash Receipts & Expenditures

CASH RECEIPTS AND EXPENDITURES						
	2012	2013	2014			
	Actual	November	Final Proposed	2015	2016	2017
		Forecast	Budget			
Receipts						
Farebox Revenue	\$3,691.202	\$4,043.223	\$4,143.509	\$4,196.166	\$4,251.613	\$4,271.458
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000
<u>Other Operating Revenue:</u>						
Fare Reimbursement	84.052	99.016	84.016	84.016	84.016	84.016
Paratransit Reimbursement	133.401	163.978	176.660	187.770	208.569	236.697
Other	100.376	191.326	86.431	53.867	54.140	54.419
Other Operating Revenue	\$317.829	\$454.320	\$347.107	\$325.653	\$346.725	\$375.132
Capital and Other Reimbursements	881.443	937.173	1,023.016	925.017	897.045	881.367
Total Receipts	\$4,890.474	\$5,434.716	\$5,513.632	\$5,446.836	\$5,495.383	\$5,527.957
Expenditures						
<u>Labor:</u>						
Payroll	\$3,178.370	\$3,182.822	\$3,490.411	\$3,340.479	\$3,382.377	\$3,454.420
Overtime	407.383	451.339	422.202	389.330	393.196	398.278
Total Salaries & Wages	\$3,585.753	\$3,634.161	\$3,912.613	\$3,729.809	\$3,775.573	\$3,852.698
Health and Welfare	566.294	671.460	724.264	778.468	835.933	899.053
OPEB Current Payment	297.965	322.453	356.612	390.410	427.690	465.289
Pensions	1,118.280	783.082	960.996	973.648	985.668	981.871
Other Fringe Benefits	360.702	375.792	394.406	385.592	391.932	401.885
Total Fringe Benefits	\$2,343.241	\$2,152.787	\$2,436.278	\$2,528.118	\$2,641.223	\$2,748.098
GASB Account	47.641	64.473	69.488	75.731	83.187	90.706
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenditures	\$5,976.635	\$5,851.421	\$6,418.379	\$6,333.658	\$6,499.983	\$6,691.502
<u>Non-Labor:</u>						
Electric Power	\$294.842	\$312.931	\$326.495	\$347.425	\$371.043	\$397.289
Fuel	160.035	168.483	165.881	167.441	167.428	171.407
Insurance	56.660	75.367	74.818	91.393	105.079	123.728
Claims	90.959	92.687	83.154	83.958	85.268	87.748
Paratransit Service Contracts	354.466	366.324	392.216	409.506	454.590	523.734
Maintenance and Other Operating Contracts	190.607	228.531	224.541	226.705	238.655	228.647
Professional Service Contracts	131.700	170.969	152.049	146.589	145.493	147.584
Materials & Supplies	285.690	336.018	340.623	346.635	343.504	345.868
Other Business Expenditures	63.358	67.288	72.276	73.726	75.427	73.467
Total Non-Labor Expenditures	\$1,628.317	\$1,818.598	\$1,832.053	\$1,893.378	\$1,986.487	\$2,099.472
<u>Other Expenditure Adjustments:</u>						
Other	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Other Expenditure Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenditures	\$7,604.952	\$7,670.019	\$8,250.432	\$8,227.036	\$8,486.470	\$8,790.974
Net Cash Deficit	(\$2,714.478)	(\$2,235.303)	(\$2,736.800)	(\$2,780.200)	(\$2,991.087)	(\$3,263.017)

MTA NEW YORK CITY TRANSIT
November Financial Plan 2014 - 2017
Cash Conversion (Cash Flow Adjustments)
(\$ in millions)

	2012 Actual	2013 November Forecast	2014 Final Proposed Budget	2015	2016	2017
Receipts						
Fare Revenue	(\$31.779)	\$15.831	\$9.231	\$10.231	\$10.231	\$10.231
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue:						
Fare Reimbursement	0.036	15.000	0.000	0.000	0.000	0.000
Paratransit Reimbursement	(2.109)	1.285	(0.309)	(0.309)	(0.247)	(0.131)
Other	(11.790)	(82.822)	(93.890)	(96.706)	(99.608)	(102.596)
Other Operating Revenue	(\$13.863)	(\$66.537)	(\$94.199)	(\$97.015)	(\$99.855)	(\$102.727)
Capital and Other Reimbursements	15.103	22.349	79.524	16.853	2.285	2.884
Total Receipt Adjustments	(\$30.539)	(\$28.357)	(\$5.444)	(\$69.931)	(\$87.339)	(\$89.612)
Expenditures						
Labor:						
Payroll	\$27.130	\$48.019	(\$175.443)	\$24.245	\$34.459	\$25.350
Overtime	12.903	6.809	(21.222)	2.826	4.006	2.923
Total Salaries & Wages	\$40.033	\$54.828	(\$196.665)	\$27.071	\$38.465	\$28.273
Health and Welfare	10.421	(18.054)	5.959	6.406	6.886	7.403
OPEB Current Payment	0.000	0.000	0.000	0.000	0.000	0.000
Pensions	(104.685)	157.115	12.309	6.347	9.190	9.491
Other Fringe Benefits	101.448	39.572	23.388	41.862	43.918	44.378
Total Fringe Benefits	\$7.184	\$178.633	\$41.656	\$54.615	\$59.994	\$61.272
GASB Account	(47.641)	(64.473)	(69.488)	(75.731)	(83.187)	(90.706)
Reimbursable Overhead						
Total Labor Expenditures	(\$0.424)	\$168.988	(\$224.497)	\$5.955	\$15.272	(\$1.161)
Non-Labor:						
Electric Power	\$0.667	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Fuel	3.683	0.000	0.000	0.000	0.000	0.000
Insurance	(2.711)	(13.642)	(1.898)	(5.498)	(3.479)	(3.480)
Claims	(27.169)	8.247	8.528	10.630	12.786	12.784
Paratransit Service Contracts	7.527	2.000	2.000	2.000	2.000	2.000
Maintenance and Other Operating Contracts	(12.746)	(14.700)	(14.700)	(14.700)	(14.700)	(14.700)
Professional Service Contracts	24.097	6.417	9.000	9.000	9.000	9.000
Materials & Supplies	12.201	4.287	4.437	4.000	4.000	4.000
Other Business Expenditures	3.556	(0.045)	(0.413)	0.000	0.000	0.000
Total Non-Labor Expenditures	\$9.105	(\$7.436)	\$6.954	\$5.432	\$9.607	\$9.604
Other Expenditure Adjustments:						
Other	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Other Expenditure Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenditure Adjustments	\$8.681	\$161.552	(\$217.543)	\$11.387	\$24.879	\$8.443
Total Cash Conversion Adjustments before Depreciation and GASB Adjustments	(\$21.858)	\$133.195	(\$222.987)	(\$58.544)	(\$62.460)	(\$81.169)
Depreciation Adjustment	\$1,416.063	\$1,433.225	\$1,544.334	\$1,638.144	\$1,688.144	\$1,863.292
OPEB Obligation	1,390.966	1,446.605	1,504.469	1,564.648	1,627.233	1,692.323
Environmental Remediation	15.813	0.000	0.000	0.000	0.000	0.000
Total Cash Conversion Adjustments	\$2,800.984	\$3,013.025	\$2,825.816	\$3,144.248	\$3,252.917	\$3,474.446

MTA NEW YORK CITY TRANSIT
November Financial Plan 2014 - 2017
Ridership/(Utilization)
(\$ in millions)

	2012 Actual	2013 November Forecast	2014 Proposed Budget	Final 2015	2016	2017
RIDERSHIP						
Subway	1,654.582	1,707.192	1,735.501	1,757.993	1,781.090	1,790.810
Bus	667.911	677.656	688.285	694.686	702.082	702.077
Paratransit	9.343	9.341	10.155	10.967	11.844	12.792
Total Ridership	2,331.836	2,394.189	2,433.941	2,463.646	2,495.016	2,505.679

FAREBOX REVENUE (Excluding fare media liability)

Subway	\$ 2,742.049	\$ 3,021.461	\$ 3,111.715	\$ 3,153.695	\$ 3,196.805	\$ 3,214.947
Bus	870.480	937.425	962.999	972.209	982.961	982.953
Paratransit	15.086	16.285	18.343	19.810	21.395	23.106
Total Farebox Revenue	\$ 3,627.615	\$ 3,975.171	\$ 4,093.057	\$ 4,145.714	\$ 4,201.161	\$ 4,221.006

MTA New York City Transit
November Financial Plan 2014-2017
Total Positions by Function and Department
Non-Reimbursable/Reimbursable and Full-Time/Full-Time Equivalents

	2012 Actual	2013 November Forecast	2014 Final Proposed Budget	2015	2016	2017
Administration						
Office of the President	28	59	59	59	56	56
Law	258	267	267	267	267	267
Office of the EVP	37	41	41	41	39	39
Human Resources	237	230	219	215	214	214
Office of Management and Budget	37	39	39	39	39	39
Capital Planning & Budget	30	31	31	31	31	31
Corporate Communications	244	252	253	253	251	251
AFC Program Management & Sales	51	-	-	-	-	-
Technology & Information Services	439	446	446	443	441	441
Non-Departmental	-	84	49	63	84	84
Labor Relations	94	96	96	96	96	96
Materiel	236	252	253	238	228	227
Controller	136	137	137	137	130	130
Total Administration	1,827	1,934	1,890	1,882	1,876	1,875
Operations						
Subways Rapid Transit Operations	7,382	7,431	7,647	7,534	7,509	7,537
Subways Operation Support /Admin	320	319	319	319	319	319
Subways Stations	2,663	2,617	2,632	2,631	2,631	2,631
Subtotal - Subways	10,365	10,367	10,598	10,484	10,459	10,487
Buses	10,375	10,457	10,548	10,498	10,498	10,498
Paratransit	157	209	208	208	208	208
Operations Planning	368	416	403	376	371	371
Revenue Control	390	461	463	476	476	476
Total Operations	21,655	21,910	22,220	22,042	22,012	22,040
Maintenance						
Subways Operation Support /Admin	158	226	233	216	191	191
Subways Engineering	294	318	311	299	287	285
Subways Car Equipment	4,143	4,214	4,341	4,388	4,269	4,135
Subways Infrastructure	1,320	1,373	1,449	1,420	1,409	1,409
Subways Elevator & Escalators	345	385	394	394	396	396
Subways Stations	3,540	3,535	3,594	3,566	3,571	3,726
Subways Track	2,669	2,730	2,735	2,735	2,735	2,735
Subways Power	614	584	616	596	582	582
Subways Signals	1,403	1,390	1,403	1,384	1,362	1,362
Subways Electronics Maintenance	1,361	1,431	1,445	1,432	1,406	1,406
Subtotal - Subways	15,847	16,186	16,521	16,430	16,208	16,227
Buses	3,754	3,735	3,743	3,725	3,703	3,787
Revenue Control	137	137	137	137	137	137
Supply Logistics	552	558	560	557	557	557
System Safety	83	91	91	91	88	88
Total Maintenance	20,373	20,707	21,052	20,940	20,693	20,796
Engineering/Capital						
Capital Program Management	1,193	1,319	1,274	1,299	1,244	1,244
Total Engineering/Capital	1,193	1,319	1,274	1,299	1,244	1,244
Public Safety						
Security	489	584	611	611	611	611
Total Public Safety	489	584	611	611	611	611
Total Baseline Positions	45,537	46,454	47,047	46,774	46,436	46,566
Non-Reimbursable	40,597	41,801	42,302	42,180	42,088	42,347
Reimbursable	4,940	4,653	4,745	4,594	4,348	4,219
Total Full-Time	45,329	46,290	46,889	46,631	46,293	46,423
Total Full-Time Equivalents	208	164	158	143	143	143

MTA New York City Transit
November Financial Plan 2014-2017
Total Positions by Function and Occupation

FUNCTION/OCCUPATIONAL GROUP	2012 Actual	2013 November Forecast	2014 Final Proposed Budget	2015	2016	2017
Administration						
Managers/Supervisors	577	657	647	635	626	625
Professional, Technical, Clerical	1,225	1,162	1,128	1,132	1,135	1,135
Operational Hourlies	25	115	115	115	115	115
Total Administration	1,827	1,934	1,890	1,882	1,876	1,875
Operations						
Managers/Supervisors	2,407	2,523	2,571	2,561	2,546	2,547
Professional, Technical, Clerical	369	454	452	449	447	447
Operational Hourlies	18,879	18,933	19,197	19,032	19,019	19,046
Total Operations	21,655	21,910	22,220	22,042	22,012	22,040
Maintenance						
Managers/Supervisors	3,650	3,800	3,856	3,816	3,775	3,777
Professional, Technical, Clerical	964	1,069	1,059	1,025	981	979
Operational Hourlies	15,759	15,838	16,137	16,099	15,937	16,040
Total Maintenance	20,373	20,707	21,052	20,940	20,693	20,796
Engineering/Capital						
Managers/Supervisors	255	295	285	290	283	283
Professional, Technical, Clerical	936	1,022	987	1,007	959	959
Operational Hourlies	2	2	2	2	2	2
Total Engineering/Capital	1,193	1,319	1,274	1,299	1,244	1,244
Public Safety						
Managers/Supervisors	128	210	239	239	239	239
Professional, Technical, Clerical	29	37	38	38	38	38
Operational Hourlies	332	337	334	334	334	334
Total Public Safety	489	584	611	611	611	611
Total Baseline Positions						
Managers/Supervisors	7,017	7,485	7,598	7,541	7,469	7,471
Professional, Technical, Clerical	3,523	3,744	3,664	3,651	3,560	3,558
Operational Hourlies	34,997	35,225	35,785	35,582	35,407	35,537
Total Baseline Positions	45,537	46,454	47,047	46,774	46,436	46,566

MTA Bus Company

Staff Summary



Subject MTABC 2014 Budget and 2014-2017 Financial Plan Adoption
Department Finance
Department Head Name Craig Cipriano
Department Head Signature
Project Manager Name William E. Cronin

Date December 3, 2013
Vendor Name NA
Contract Number NA
Contract Manager Name NA
Table of Contents Ref #

Board Action					
Order	To	Date	Approval	Info	Other
1	NYCT/MTA Bus	12/16/13	X		
2	Finance Committee	12/16/13	X		
3	MTA Board	12/18/13	X		

Internal Approvals			
Order	Approval	Order	Approval
1	EVP, Business Strategies & Operations Support		
2	President		

Purpose

To secure MTA Board adoption of MTA Bus Company’s 2013 November Forecast, 2014 Final Proposed Budget, and the Four-Year Financial Plan for 2014-2017.

Discussion

The 2014 Final Proposed Budget, which is consistent with information presented to the Board in November, provides sufficient funding to support MTA Bus Company’s planned service levels, as well as MTA’s commitment to provide safe, reliable and efficient transportation service to the metropolitan New York region. The baseline projections that follow for MTA Bus Company, include the impact of budget reduction initiatives and recoveries of expenses related to Tropical Storm Sandy. The baseline projections do not include the impact of fare increases. These impacts will be presented as part of MTA consolidated materials. The MTA is reimbursed from the City of New York for the operating deficits of MTA Bus.

2013 November Forecast-Baseline

Total operating revenues are projected at \$224.6 million, including \$198.0 million of farebox revenues. Total non-reimbursable expenses before depreciation and GASB adjustments are projected to be \$572.1 million in 2013, consisting of labor costs of \$433.7 million and non-labor expenses of \$138.3 million. Non-cash depreciation expense is projected at \$42.2 million and other post-employment benefit expenses are projected at \$56.3 million. After including favorable cash adjustments of \$52.9 million, the projected net cash deficit is \$393.1 million. Projected reimbursable expenses of \$8.4 million are fully offset by capital reimbursements. Total end-of-year positions are projected at 3,657, consisting of 3,593 non-reimbursable positions and 64 reimbursable positions.

2014 Final Proposed Budget-Baseline

Total operating revenues are budgeted at \$227.7 million, including farebox revenues of \$201.5 million. Total non-reimbursable expenses before depreciation and GASB adjustments are budgeted to be \$579.7 million in 2014, consisting of labor costs of \$437.5 million and non-labor expenses of \$142.2 million. Non-cash depreciation expense is projected at \$42.2 million and other post-employment benefit expenses are projected at \$57.0 million. After including favorable cash adjustments of \$114.6 million, the projected net cash deficit is \$336.4 million. Projected reimbursable expenses of \$8.6 million are fully offset by capital reimbursements.

Total 2014 end-of-year positions are projected at 3,704 consisting of 3,640 non-reimbursable positions and 64 reimbursable positions.

The 2014 Final Proposed Budget and the Four-Year Financial Plan for 2014-2017 include the following key initiatives:

- **Shop Plan - Hybrid Fleet Re-Powering/Conversion to Diesel.**

MTA Bus has a fleet of hybrid electric buses that are exhibiting a steep downward trend in MDBF and a significant level of component failures compared to other fleets. MTA Bus is seeking to convert 283 hybrid buses placed in service in 2006 and 2007, as well as the remaining 105 hybrid buses in the MTA Bus fleet that were placed in service during 2009 and 2010. The conversion will extend the useful life of all 389 buses by three years and will defer bus replacement expenses from the 2015 - 2019 Capital Program to the 2020 - 2024 Capital Program for the 2006 and 2007 models.

- **Shop Plan – MCI Engines / ICO Rebuild**

The 2006 to 2008 MCI Coach Express buses' engine warranty has begun to expire on the 2006 fleet. According to most recent 2015-2019 Capital Plan projections, these buses are required to be kept until 2021. Based on the duty cycle, the engines for this fleet are not expected to perform for 15 years without requiring significant engine work. In anticipation of keeping these buses for 15 years, MTABC is investing in a program to overhaul/rebuild the engines on these buses, beginning in 2015.

- **Shop Plan – MCI Structure Upgrade**

The current MCI buses have a 12 year structure warranty. MCI corporation has reviewed the structure failures in the past and repaired those on a case by case basis. The anticipated 2015-2019 Capital Plan necessitates an extension of the life cycle of 247 MCI buses to 15 years. Therefore, an upgrade to the structural components of these buses is required to maintain a state of good repair as MCI (Manufacturer) has declined to provide an extended warranty for these additional three years.

This plan also includes a re-baselining of overtime based on additional analyses performed subsequent to the presentation of a special report to the Finance Committee in September. Accordingly, overtime now reflects levels more in line with documented/historical usage and overall coverage requirements. Most of the operating budget plan-to-plan increases in overtime (approximately \$3.6 million in 2013, \$3.2 million in 2014, \$3.8 million in 2015, 2016 and 2017), are attributable to this re-baselining.

Budget Reduction Initiative

The Plan includes recurring savings of approximately \$5.2 million in each year.

Impact on Funding

The 2013 November Forecast, the 2014 Final Proposed Budget and the Four-Year Financial Plan for 2014-2017 revenues, expenses and positions, which are presented in the attached tables, are consistent with the proposed MTA financial plan.

Recommendation

It is recommended that the MTA Board adopt the 2013 November Forecast, the 2014 Final Proposed Budget and the Four-Year Financial Plan for 2014-2017 for MTA Bus Company.

MTA BUS COMPANY
November Financial Plan 2014 - 2017
Accrual Statement of Operations by Category
(\$ in millions)

NON-REIMBURSABLE	2012	2013	2014			
	Actual	November Forecast	Final Proposed Budget	2015	2016	2017
Operating Revenue						
Farebox Revenue	\$181.904	\$198.049	\$201.484	\$202.889	\$204.557	\$204.833
Other Operating Revenue	19.313	26.553	26.258	20.169	20.578	20.939
Capital and Other Reimbursements	-	-	-	-	-	-
Total Revenue	\$201.217	\$224.602	\$227.742	\$223.058	\$225.135	\$225.772
Operating Expenses						
<u>Labor:</u>						
Payroll	\$235.577	\$229.397	\$226.167	\$239.745	\$246.457	\$248.885
Overtime	47.968	45.364	43.986	45.807	46.716	47.470
Health and Welfare	42.435	48.511	53.065	57.653	62.569	67.342
OPEB Current Payment	18.375	18.576	20.166	21.844	23.679	25.669
Pensions	40.606	45.635	45.694	47.157	47.867	48.460
Other Fringe Benefits	58.326	46.240	48.415	49.487	52.159	51.829
Reimbursable Overhead	-	-	-	-	-	-
Total Labor Expenses	\$443.287	\$433.723	\$437.493	\$461.693	\$479.447	\$489.655
<u>Non-Labor:</u>						
Electric Power	\$1.288	\$1.162	\$1.253	\$1.349	\$1.454	\$1.568
Fuel	26.970	41.116	40.331	39.563	40.019	41.074
Insurance	2.007	2.771	3.413	4.079	4.870	5.820
Claims	10.235	20.000	22.256	28.000	29.000	29.447
Maintenance and Other Operating Contracts	20.133	22.373	19.905	51.110	46.911	32.998
Professional Service Contracts	6.465	17.400	19.801	20.058	20.531	20.797
Materials & Supplies	28.370	29.768	33.246	39.690	40.417	35.845
Other Business Expenses	3.431	3.744	1.960	1.827	1.985	4.090
Total Non-Labor Expenses	\$98.899	\$138.334	\$142.165	\$185.676	\$185.187	\$171.639
<u>Other Expenses Adjustments:</u>						
Other	-	-	-	-	-	-
Total Other Expense Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenses before Depreciation & GASB Adj.	\$542.186	\$572.057	\$579.658	\$647.369	\$664.634	\$661.294
Depreciation	\$45.792	\$42.234	\$42.235	\$42.236	\$42.236	\$42.887
OPEB Obligation	99.587	56.296	56.919	57.663	58.264	59.162
Environmental Remediation	2.320	-	-	-	-	-
Total Expenses	\$689.885	\$670.587	\$678.812	\$747.268	\$765.134	\$763.343
Baseline Surplus/(Deficit)	(\$488.668)	(\$445.985)	(\$451.070)	(\$524.210)	(\$539.999)	(\$537.571)

MTA BUS COMPANY
November Financial Plan 2014 - 2017
Accrual Statement of Operations by Category
(\$ in millions)

NON-REIMBURSABLE / REIMBURSABLE						
	2012	2013	2014			
	Actual	November Forecast	Final Proposed Budget	2015	2016	2017
Revenue						
Farebox Revenue	\$181.904	\$198.049	\$201.484	\$202.889	\$204.557	\$204.833
Other Operating Revenue	19.313	26.553	26.258	20.169	20.578	20.939
Capital and Other Reimbursements	7.728	8.423	8.551	8.679	8.809	8.877
Total Revenue	\$208.945	\$233.025	\$236.293	\$231.737	\$233.944	\$234.649
Expenses						
Labor:						
Payroll	\$241.295	\$234.887	\$231.739	\$245.400	\$252.197	\$254.667
Overtime	47.968	45.364	43.986	45.807	46.716	47.470
Health and Welfare	43.487	49.519	54.088	58.691	63.622	68.402
OPEB Current Payment	18.375	18.576	20.166	21.844	23.679	25.669
Pensions	41.098	46.096	46.159	47.627	48.340	48.933
Other Fringe Benefits	58.792	46.688	48.871	49.949	52.628	52.301
Reimbursable Overhead	-	-	-	-	-	-
Total Labor Expenses	\$451.015	\$441.130	\$445.009	\$469.318	\$487.182	\$497.442
Non-Labor:						
Electric Power	\$1.288	\$1.162	\$1.253	\$1.349	\$1.454	\$1.568
Fuel	26.970	41.116	40.331	39.563	40.019	41.074
Insurance	2.007	2.771	3.413	4.079	4.870	5.820
Claims	10.235	20.000	22.256	28.000	29.000	29.447
Maintenance and Other Operating Contracts	20.133	22.592	20.128	51.337	47.142	33.233
Professional Service Contracts	6.465	17.400	19.801	20.058	20.531	20.797
Materials & Supplies	28.370	30.565	34.058	40.517	41.260	36.700
Other Business Expenses	3.431	3.744	1.960	1.827	1.985	4.090
Total Non-Labor Expenses	\$98.899	\$139.350	\$143.200	\$186.730	\$186.261	\$172.729
Other Expenses Adjustments:						
Other	-	-	-	-	-	-
Total Other Expense Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenses before Depreciation & GASB Adj.	\$549.914	\$580.480	\$588.209	\$656.048	\$673.443	\$670.171
Depreciation	\$45.792	\$42.234	\$42.235	\$42.236	\$42.236	\$42.887
OPEB Obligation	99.587	56.296	56.919	57.663	58.264	59.162
Environmental Remediation	2.320	-	-	-	-	-
Total Expenses	\$697.612	\$679.010	\$687.363	\$755.947	\$773.943	\$772.220
Baseline Surplus/(Deficit)	(\$488.668)	(\$445.985)	(\$451.070)	(\$524.210)	(\$539.999)	(\$537.571)

MTA BUS COMPANY
November Financial Plan 2014 - 2017
Cash Receipts & Expenditures
(\$ in millions)

CASH RECEIPTS AND EXPENDITURES						
	2012	2013	2014			
	Actual	November Forecast	Final Proposed Budget	2015	2016	2017
Receipts						
Farebox Revenue	\$178.889	\$198.049	\$201.484	\$202.889	\$204.557	\$204.833
Other Operating Revenue	19.607	26.553	26.257	20.169	20.578	20.939
Capital and Other Reimbursements	3.734	16.013	13.271	13.531	13.897	14.068
Total Receipts	\$202.230	\$240.615	\$241.012	\$236.589	\$239.032	\$239.840
Expenditures						
Labor:						
Payroll	\$224.088	\$259.921	\$229.746	\$243.389	\$250.170	\$252.625
Overtime	47.968	45.364	43.986	45.807	46.716	47.470
Health and Welfare	78.837	49.112	53.677	58.277	63.205	67.982
OPEB Current Payment	18.375	18.576	20.166	21.844	23.679	25.669
Pensions	43.801	45.921	45.986	47.454	48.168	48.763
Other Fringe Benefits	21.026	49.375	38.701	49.778	52.455	52.128
GASB Account	5.862	4.909	4.975	5.094	5.216	5.306
Reimbursable Overhead	-	-	-	-	-	-
Total Labor Expenditures	\$439.957	\$473.178	\$437.237	\$471.643	\$489.609	\$499.943
Non-Labor:						
Electric Power	\$1.118	\$1.162	\$1.253	\$1.349	\$1.454	\$1.568
Fuel	40.055	45.616	40.331	39.563	40.019	41.074
Insurance	12.049	3.322	3.413	4.079	4.870	5.820
Claims	15.261	22.574	19.256	24.000	25.000	25.385
Maintenance and Other Operating Contracts	15.282	30.792	20.128	51.337	47.142	33.234
Professional Service Contracts	4.382	19.605	19.801	20.058	20.531	20.797
Materials & Supplies	33.267	33.636	34.058	40.517	41.260	36.700
Other Business Expenses	1.886	3.785	1.961	1.827	1.986	4.090
Total Non-Labor Expenditures	\$123.300	\$160.492	\$140.201	\$182.730	\$182.262	\$168.668
Other Expenditure Adjustments:						
Other	-	-	-	-	-	-
Total Other Expenditure Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenditures	\$563.257	\$633.670	\$577.438	\$654.373	\$671.871	\$668.611
Baseline Cash Deficit	(\$361.027)	(\$393.055)	(\$336.426)	(\$417.784)	(\$432.839)	(\$428.771)

MTA BUS COMPANY
November Financial Plan 2014 - 2017
Cash Conversion (Cash Flow Adjustments)
(\$ in millions)

CASH FLOW ADJUSTMENTS						
	2012	2013	2014			
	<u>Actual</u>	<u>November Forecast</u>	<u>Final Proposed Budget</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Receipts						
Farebox Revenue	(\$3.015)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Other Operating Revenue	0.294	-	(0.001)	-	-	-
Capital and Other Reimbursements	(3.994)	7.590	4.720	4.852	5.088	5.191
Total Receipts	(\$6.715)	\$7.590	\$4.719	\$4.852	\$5.088	\$5.191
Expenditures						
<u>Labor:</u>						
Payroll	\$17.207	(\$25.034)	\$1.993	\$2.011	\$2.027	\$2.042
Overtime	0.000	-	-	-	-	-
Health and Welfare	(35.350)	0.407	0.411	0.414	0.417	0.420
OPEB Current Payment	0.000	-	-	-	-	-
Pensions	(2.703)	0.175	0.173	0.173	0.172	0.170
Other Fringe Benefits	37.766	(2.687)	10.170	0.171	0.173	0.173
GASB Account	(5.862)	(4.909)	(4.975)	(5.094)	(5.216)	(5.306)
Reimbursable Overhead	-	-	-	-	-	-
Total Labor Expenditures	\$11.058	(\$32.048)	\$7.772	(\$2.325)	(\$2.427)	(\$2.501)
<u>Non-Labor:</u>						
Electric Power	\$0.170	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Fuel	(13.085)	(4.500)	-	-	-	-
Insurance	(10.042)	(0.551)	-	-	-	-
Claims	(5.026)	(2.574)	3.000	4.000	4.000	4.062
Maintenance and Other Operating Contracts	4.851	(8.200)	-	-	-	(0.001)
Professional Service Contracts	2.083	(2.205)	-	-	-	-
Materials & Supplies	(4.897)	(3.071)	-	-	-	-
Other Business Expenses	1.545	(0.041)	(0.001)	-	(0.001)	-
Total Non-Labor Expenditures	(\$24.401)	(\$21.142)	\$2.999	\$4.000	\$3.999	\$4.061
<u>Other Expenditures Adjustments:</u>						
Other	-	-	-	-	-	-
Total Other Expenditures Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Cash Conversion Adjustments before Depreciation	(\$20.058)	(\$45.600)	\$15.490	\$6.527	\$6.660	\$6.751
Depreciation Adjustment	\$45.792	\$42.234	\$42.235	\$42.236	\$42.236	\$42.887
OPEB Obligation	99.587	56.296	56.919	57.663	58.264	59.162
Environmental Remediation	2.320	-	-	-	-	-
Baseline Total Cash Conversion Adjustments	\$127.641	\$52.930	\$114.644	\$106.426	\$107.160	\$108.800

MTA BUS COMPANY
November Financial Plan 2014 - 2017
Ridership/(Utilization)
(in millions)

	2012	2013	2014			
	Actual	November	Final Proposed	2015	2016	2017
		Forecast	Budget			
<u>RIDERSHIP</u>						
Fixed Route	120.227	124.373	124.674	125.315	126.125	126.180
Baseline Total Ridership	120.227	124.373	124.674	125.315	126.125	126.180
<u>FAREBOX REVENUE</u>						
Fixed Route	\$181.904	\$198.049	\$201.484	\$202.889	\$204.557	\$204.833
Baseline Total Revenue	\$181.904	\$198.049	\$201.484	\$202.889	\$204.557	\$204.833

MTA BUS COMPANY
November Financial Plan 2014 - 2017
2013 Budget Reduction Plan Summary
(\$ in millions)

	Favorable/(Unfavorable)									
	<u>Pos.</u>	<u>2013</u>	<u>Pos.</u>	<u>2014</u>	<u>Pos.</u>	<u>2015</u>	<u>Pos.</u>	<u>2016</u>	<u>Pos.</u>	<u>2017</u>
<u>Administration</u>										
None	-	0.000	-	0.000	-	0.000	-	0.000	-	0.000
Subtotal Administration	-	0.000	-	0.000	-	\$0.000	-	\$0.000	-	\$0.000
<u>Customer Convenience/Amenities</u>										
None	-	0.000	-	0.000	-	0.000	-	0.000	-	0.000
Subtotal Customer Convenience/Amenities	-	0.000	-	0.000	-	0.000	-	0.000	-	0.000
<u>Maintenance</u>										
None	-	0.000	-	0.000	-	0.000	-	0.000	-	0.000
Subtotal Maintenance	-	0.000	-	0.000	-	0.000	-	0.000	-	0.000
<u>Revenue Enhancement</u>										
None	-	0.000	-	0.000	-	0.000	-	0.000	-	0.000
Subtotal Revenue Enhancement	-	0.000	-	0.000	-	0.000	-	0.000	-	0.000
<u>Safety</u>										
None	-	0.000	-	0.000	-	0.000	-	0.000	-	0.000
Subtotal Safety	-	0.000	-	0.000	-	0.000	-	0.000	-	0.000
<u>Security</u>										
None	-	0.000	-	0.000	-	0.000	-	0.000	-	0.000
Subtotal Security	-	0.000	-	0.000	-	0.000	-	0.000	-	0.000
<u>Service</u>										
None	-	0.000	-	0.000	-	0.000	-	0.000	-	0.000
Subtotal Service	-	0.000	-	0.000	-	0.000	-	0.000	-	0.000
<u>Service Support</u>										
None	-	0.000	-	0.000	-	0.000	-	0.000	-	0.000
Subtotal Service Support	-	0.000	-	0.000	-	0.000	-	0.000	-	0.000
<u>Other</u>										
OTPS (July Plan)	-	1.435	-	1.435	-	1.435	-	1.435	-	1.435
OTPS (November Plan)	-	3.787	-	3.787	-	3.787	-	3.787	-	3.787
OTPS (November Plan Cash Only)	-	1.200	-	0.000	-	0.000	-	0.000	-	0.000
Subtotal Other	-	6.422	-	5.222	-	5.222	-	5.222	-	5.222
Agency Submission	-	\$6.422	-	\$5.222	-	\$5.222	-	\$5.222	-	\$5.222

MTA BUS COMPANY
November Financial Plan 2014 - 2017
Total Positions by Function & Department
Non-Reimbursable/Reimbursable and Full-Time/Full-Time Equivalents

FUNCTION/DEPARTMENT	2012 Actual	2013 November Forecast	2014 Final Proposed Budget	2015	2016	2017
Administration						
Office of the EVP	4	3	3	3	3	3
Human Resources	8	6	6	6	6	6
Office of Management and Budget	12	14	15	15	15	15
Technology & Information Services	16	16	16	16	16	16
Materiel	16	18	18	18	18	18
Controller	24	15	15	15	15	15
Office of the President	8	6	6	6	6	6
System Safety Administration	2	5	5	5	5	5
Law	23	24	24	24	24	24
Corporate Communications	2	3	3	3	3	3
Strategic Office	6	12	12	12	16	16
Labor Relations	-	4	4	4	4	4
Non Departmental	-	8	17	20	12	16
Total Administration	121	134	144	147	143	147
Operations						
Buses	2,199	2,181	2,211	2,211	2,211	2,211
Office of the Executive Vice President, Regional	2	1	1	1	1	1
Safety & Training	52	18	28	28	28	28
Road Operations	117	116	116	116	116	116
Transportation Support	20	20	20	20	20	20
Operations Planning	30	32	32	32	32	32
Revenue Control	21	21	21	21	21	21
Total Operations	2,441	2,389	2,429	2,429	2,429	2,429
Maintenance						
Buses	741	749	755	751	751	751
Maintenance Support/CMF	160	166	156	235	254	216
Facilities	38	72	73	73	73	73
Supply Logistics	81	92	92	92	92	92
Total Maintenance	1,020	1,079	1,076	1,151	1,170	1,132
Engineering/Capital						
Capital Program Management	34	37	37	37	37	37
Public Safety						
Office of the Senior Vice President	14	18	18	18	18	18
Total Positions	3,630	3,657	3,704	3,782	3,797	3,763
Non-Reimbursable	3,572	3,593	3,640	3,718	3,733	3,699
Reimbursable	58	64	64	64	64	64
Total Full-Time	3,611	3,642	3,689	3,767	3,782	3,748
Total Full-Time Equivalents	19	15	15	15	15	15

MTA BUS COMPANY
November Financial Plan 2014 - 2017
Total Positions by Function and Occupation

FUNCTION/OCCUPATIONAL GROUP	2012	2013	2014	2015	2016	2017
	Actual	November Forecast	Final Proposed Budget			
Administration						
Managers/Supervisors	43	56	56	56	56	56
Professional, Technical, Clerical	78	70	71	71	75	75
Operational Hourlies	-	8	17	20	12	16
Total Administration	121	134	144	147	143	147
Operations						
Managers/Supervisors	295	296	298	298	298	298
Professional, Technical, Clerical	55	51	51	51	51	51
Operational Hourlies	2,091	2,042	2,080	2,080	2,080	2,080
Total Operations	2,441	2,389	2,429	2,429	2,429	2,429
Maintenance						
Managers/Supervisors	194	205	205	207	207	207
Professional, Technical, Clerical	13	16	17	17	17	17
Operational Hourlies	813	858	854	927	946	908
Total Maintenance	1,020	1,079	1,076	1,151	1,170	1,132
Engineering/Capital						
Managers/Supervisors	19	21	21	21	21	21
Professional, Technical, Clerical	15	16	16	16	16	16
Operational Hourlies	-	-	-	-	-	-
Total Engineering/Capital	34	37	37	37	37	37
Public Safety						
Managers/Supervisors	7	14	14	14	14	14
Professional, Technical, Clerical	5	4	4	4	4	4
Operational Hourlies	2	-	-	-	-	-
Total Public Safety	14	18	18	18	18	18
Total Positions						
Managers/Supervisors	558	592	594	596	596	596
Professional, Technical, Clerical	166	157	159	159	163	163
Operational Hourlies	2,906	2,908	2,951	3,027	3,038	3,004
Total Baseline Positions	3,630	3,657	3,704	3,782	3,797	3,763

[THIS PAGE INTENTIONALLY LEFT BLANK]

Staten Island Railway

Staff Summary

Subject SIR 2014 Budget and 2014 – 2017 Financial Plan Adoption
Department Office of Management & Budget
Department Head Name Aaron Stern
Department Head Signature
Project Manager Name

Date December 4, 2013
Vendor Name
Contract Number NA
Contract Manager Name NA
Table of Contents Ref #

Board Action					
Order	To	Date	Approval	Info	Other
1	TA Committee		X		
2	Finance Committee		X		
3	MTA Board		X		

Internal Approvals			
Order	Approval	Order	Approval
1	OMB – Director		
2	Executive VP		
3	President		

Purpose

To secure MTA Board adoption of MTA Staten Island Railway’s 2013 November Forecast, 2014 Final Proposed Budget, and the Four-Year Financial Plan for 2014-2017.

Discussion

The 2014 Final Proposed Budget, which is consistent with information presented to the Board in November, provides sufficient funding to support MTA Staten Island Railway’s planned service levels, as well as MTA’s commitment to provide safe, reliable and efficient transportation service. The baseline projections that follow for MTA Staten Island Railway include additional investments to meet R44 fleet maintenance life extension requirements. Projections also capture budget reduction initiatives. SIR projections do not include the estimated impacts from projected fare increases, unidentified MTA efficiencies, MTA re-estimates and policy actions. These impacts will be presented as part of MTA consolidated materials.

2013 November Forecast-Baseline

Total operating revenues are projected at \$9.7 million, including farebox revenues of \$5.5 million. Total operating expenses are projected to be \$46.4 million, consisting of labor costs of \$32.1 million and non-labor expenses of \$14.2 million. Non-cash depreciation expense is projected at \$8.6 million and other post-employment benefit expenses are projected at \$2.3 million. After including favorable cash adjustments of \$10.6 million, the projected net cash deficit is \$37.0 million. Projected reimbursable expenses of \$1.8 million are fully offset by capital reimbursements. Total end-of-year positions are projected at 276, including 268 non-reimbursable positions and 8 reimbursable positions.

2014 Final Proposed Budget-Baseline

Total operating revenues are projected at \$9.9 million, including farebox revenues of \$5.7 million. Total operating expenses are projected to be \$42.3 million, consisting of labor costs of \$30.0 million and non-labor expenses of \$12.3 million. Non-cash depreciation expense is projected at \$8.3 million and other post-employment benefit expenses are projected at \$2.3 million. After including favorable cash adjustments of \$10.4 million, the projected net cash deficit is \$32.6 million. Projected reimbursable expenses of \$6.0 million are fully offset by capital reimbursements. Total end-of-year positions are projected at 305, including 268 non-reimbursable positions and 37 reimbursable positions.

Major Programmatic Initiative-R44 Fleet Maintenance Requirements

- The current fleet is comprised of 63 cars now over forty years old, which is considered to be the full useful life of these vehicles. In order to maintain this fleet in a state of good repair to be able to operate safely and reliably towards eventual replacement, it will be necessary for this fleet to undergo a full maintenance program to be performed mostly at MTA New York City Transit's subway's facilities. In the July 2012 Financial Plan, preliminary assumptions then were for a three-year program from 2014 through 2016, with a total estimated cost of \$12.9 million spread evenly over the three years. A recent evaluation update of two cars indicated that significantly more maintenance would be required, increasing the previous cost estimate by \$12.5 million or an updated total estimate of \$25.4 million, now to be performed over the three year period 2015 through 2017. In the interim, an additional estimate of \$0.5 million of overtime and material expenses for 2014 is also necessary in order to enable SIR to deal directly with more immediate component problems that can be addressed locally in the Staten Island Shop. These assumptions remain preliminary, as management continues to evaluate various options.

Budget Reduction Initiatives included in this financial plan project annual savings of \$0.260 million beginning 2014, to result mostly from material efficiency savings.

Impact on Funding

The 2013 November Forecast, the 2014 Final Proposed Budget and the Four-Year Financial Plan for 2014-2017, which are presented in the attached tables, are consistent with the proposed MTA Financial Plan.

Recommendation

It is recommended that the MTA Board adopt the 2013 November Forecast, the 2014 Final Proposed Budget and the Four-Year Financial Plan for 2014-2017 for MTA Staten Island Railway.

MTA STATEN ISLAND RAILWAY
November Financial Plan 2014-2017
Accrual Statement of Operations by Category
(\$ in millions)

Non-Reimbursable						
	2012	2013	2014			
	Actual	November Forecast	Final Proposed Budget	2015	2016	2017
Operating Revenue						
Farebox Revenue	\$5.389	\$5.517	\$5.727	\$5.806	\$5.877	\$5.911
Toll Revenue						
Other Operating Revenue	2.304	4.165	4.149	2.358	2.379	2.401
Capital and Other Reimbursements	0.000	0.000	0.000	0.000	0.000	0.000
Total Revenue	\$7.693	\$9.682	\$9.876	\$8.164	\$8.256	\$8.312
Operating Expenses						
<u>Labor:</u>						
Payroll	\$17.432	\$17.518	\$17.761	\$18.070	\$18.437	\$18.832
Overtime	1.541	2.507	2.269	0.734	0.748	0.761
Health and Welfare	3.206	4.035	4.212	4.353	4.586	4.833
OPEB Current Payment	0.794	0.864	0.859	0.887	0.937	0.988
Pensions	4.900	5.620	5.551	5.651	5.751	5.851
Other Fringe Benefits	3.107	1.650	1.535	1.558	1.584	1.609
Reimbursable Overhead	0.000	(0.057)	(2.205)	(2.205)	(1.102)	0.000
Total Labor Expenses	\$30.980	\$32.137	\$29.982	\$29.048	\$30.941	\$32.874
<u>Non-Labor:</u>						
Electric Power	\$3.101	\$5.042	\$5.643	\$5.917	\$6.287	\$6.642
Fuel	0.318	0.360	0.368	0.350	0.335	0.342
Insurance	0.389	1.180	1.680	1.859	2.174	2.656
Claims	0.148	0.079	0.083	0.088	0.093	0.099
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	1.695	3.667	2.760	10.816	10.508	10.256
Professional Service Contracts	0.700	0.423	0.420	0.425	0.435	0.444
Materials & Supplies	2.297	3.493	1.528	1.025	1.329	1.637
Other Business Expenses	0.113	0.005	(0.170)	0.005	0.005	0.005
Total Non-Labor Expenses	\$8.761	\$14.249	\$12.312	\$20.485	\$21.166	\$22.081
<u>Other Expenses Adjustments:</u>						
Other	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Other Expense Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenses before Depreciation and GASB Ac	\$39.741	\$46.386	\$42.294	\$49.533	\$52.107	\$54.955
Depreciation	\$8.880	\$8.600	\$8.300	\$8.300	\$8.300	\$8.300
OPEB Obligation	2.139	2.300	2.300	2.300	2.300	2.300
Environmental Remediation	(0.017)	0.000	0.000	0.000	0.000	0.000
Total Expenses	\$50.743	\$57.286	\$52.894	\$60.133	\$62.707	\$65.555
Baseline Surplus/(Deficit)	(\$43.050)	(\$47.604)	(\$43.018)	(\$51.969)	(\$54.451)	(\$57.243)

MTA STATEN ISLAND RAILWAY
November Financial Plan 2014-2017
Accrual Statement of Operations by Category
(\$ in millions)

NON-REIMBURSABLE / REIMBURSABLE						
	2012	2013	2014			
	Actual	November	Final Proposed	2015	2016	2017
		Forecast	Budget			
Revenue						
Farebox Revenue	\$5.389	\$5.517	\$5.727	\$5.806	\$5.877	\$5.911
Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	2.304	4.165	4.149	2.358	2.379	2.401
Capital and Other Reimbursements	0.918	1.787	6.049	6.049	3.864	1.680
Total Revenue	\$8.611	\$11.469	\$15.925	\$14.213	\$12.120	\$9.992
Expenses						
<u>Labor:</u>						
Payroll	\$17.615	\$17.861	\$20.210	\$20.519	\$19.806	\$19.120
Overtime	1.829	3.211	2.976	1.441	1.453	1.465
Health and Welfare	3.520	4.548	4.729	4.870	5.103	5.350
OPEB Current Payment	0.794	0.864	0.859	0.887	0.937	0.988
Pensions	4.900	5.714	5.645	5.745	5.845	5.945
Other Fringe Benefits	3.111	1.726	1.612	1.635	1.661	1.686
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenses	\$31.769	\$33.924	\$36.031	\$35.097	\$34.805	\$34.554
<u>Non-Labor:</u>						
Electric Power	\$3.101	\$5.042	\$5.643	\$5.917	\$6.287	\$6.642
Fuel	0.318	0.360	0.368	0.350	0.335	0.342
Insurance	0.389	1.180	1.680	1.859	2.174	2.656
Claims	0.148	0.079	0.083	0.088	0.093	0.099
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	1.695	3.667	2.760	10.816	10.508	10.256
Professional Service Contracts	0.700	0.423	0.420	0.425	0.435	0.444
Materials & Supplies	2.426	3.493	1.528	1.025	1.329	1.637
Other Business Expenses	0.113	0.005	(0.170)	0.005	0.005	0.005
Total Non-Labor Expenses	\$8.890	\$14.249	\$12.312	\$20.485	\$21.166	\$22.081
<u>Other Expenses Adjustments:</u>						
Other	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Other Expense Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenses before Depreciation	\$40.659	\$48.173	\$48.343	\$55.582	\$55.971	\$56.635
Depreciation	\$8.880	\$8.600	\$8.300	\$8.300	\$8.300	\$8.300
OPEB Obligation	2.139	2.300	2.300	2.300	2.300	2.300
Environmental Remediation	(0.017)	0.000	0.000	0.000	0.000	0.000
Total Expenses	\$51.661	\$59.073	\$58.943	\$66.182	\$66.571	\$67.235
Baseline Surplus/(Deficit)	(\$43.050)	(\$47.604)	(\$43.018)	(\$51.969)	(\$54.451)	(\$57.243)

MTA STATEN ISLAND RAILWAY
November Financial Plan 2014-2017
Cash Receipts & Expenditures
(\$ in millions)

CASH RECEIPTS AND EXPENDITURES						
	2012	2013	2014			
	Actual	November Forecast	Final Proposed Budget	2015	2016	2017
Receipts						
Farebox Revenue	\$5.827	\$5.097	\$5.727	\$5.805	\$5.877	\$5.911
Vehicle Toll Revenue						
Other Operating Revenue	1.442	4.794	4.149	2.358	2.379	2.401
Capital and Other Reimbursements	0.275	2.430	6.049	6.049	3.864	1.680
Total Receipts	\$7.544	\$12.321	\$15.925	\$14.212	\$12.120	\$9.992
Expenditures						
<u>Labor:</u>						
Payroll	\$19.493	\$17.861	\$20.210	\$20.519	\$19.806	\$19.120
Overtime	1.891	3.211	2.976	1.441	1.453	1.465
Health and Welfare	4.196	4.548	4.729	4.870	5.103	5.350
OPEB Current Payment	0.650	0.864	0.859	0.887	0.937	0.988
Pensions	4.951	5.714	5.645	5.745	5.845	5.945
Other Fringe Benefits	1.555	1.726	1.612	1.635	1.661	1.686
GASB Account	0.137	0.500	0.175	0.180	0.191	0.202
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenditures	\$32.873	\$34.424	\$36.206	\$35.277	\$34.996	\$34.756
<u>Non-Labor:</u>						
Electric Power	\$4.045	\$5.042	\$5.643	\$5.917	\$6.287	\$6.642
Fuel	0.168	0.360	0.368	0.350	0.335	0.342
Insurance	0.229	1.180	1.680	1.859	2.174	2.656
Claims	0.275	0.079	0.083	0.088	0.093	0.099
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	1.106	4.067	2.760	10.816	10.508	10.256
Professional Service Contracts	0.352	0.638	0.420	0.425	0.435	0.444
Materials & Supplies	3.405	3.493	1.528	1.025	1.329	1.637
Other Business Expenses	0.047	0.005	(0.170)	0.005	0.005	0.005
Total Non-Labor Expenditures	\$9.627	\$14.864	\$12.312	\$20.485	\$21.166	\$22.081
<u>Other Expenditure Adjustments:</u>						
Other	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Other Expenditure Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Expenditures	\$42.500	\$49.288	\$48.518	\$55.762	\$56.162	\$56.837
Baseline Cash Deficit	(\$34.956)	(\$36.967)	(\$32.593)	(\$41.550)	(\$44.042)	(\$46.845)

MTA STATEN ISLAND RAILWAY
November Financial Plan 2014-2017
Cash Conversion (Cash Flow Adjustments)
(\$ in millions)

CASH FLOW ADJUSTMENTS						
	2012	2013	2014			
	Actual	November Forecast	Final Proposed Budget	2015	2016	2017
Receipts						
Farebox Revenue	\$0.438	(\$0.420)	\$0.000	(\$0.001)	\$0.000	\$0.000
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	(0.862)	0.629	0.000	0.000	0.000	0.000
Capital and Other Reimbursements	(0.643)	0.643	0.000	0.000	0.000	0.000
Total Receipts	(\$1.067)	\$0.852	\$0.000	(\$0.001)	\$0.000	\$0.000
Expenditures						
<u>Labor:</u>						
Payroll	(\$1.878)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Overtime	(0.062)	0.000	0.000	0.000	0.000	0.000
Health and Welfare	(0.676)	0.000	0.000	0.000	0.000	0.000
OPEB Current Payment	0.144	0.000	0.000	0.000	0.000	0.000
Pensions	(0.051)	0.000	0.000	0.000	0.000	0.000
Other Fringe Benefits	1.556	0.000	0.000	0.000	0.000	0.000
GASB Account	(0.137)	(0.500)	(0.175)	(0.180)	(0.191)	(0.202)
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
Total Labor Expenditures	(\$1.104)	(\$0.500)	(\$0.175)	(\$0.180)	(\$0.191)	(\$0.202)
<u>Non-Labor:</u>						
Traction and Propulsion Power	(\$0.944)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Fuel for Buses and Trains	0.150	0.000	0.000	0.000	0.000	0.000
Insurance	0.160	0.000	0.000	0.000	0.000	0.000
Claims	(0.127)	0.000	0.000	0.000	0.000	0.000
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	0.589	(0.400)	0.000	0.000	0.000	0.000
Professional Service Contracts	0.348	(0.215)	0.000	0.000	0.000	0.000
Materials & Supplies	(0.979)	0.000	0.000	0.000	0.000	0.000
Other Business Expenditures	0.066	0.000	0.000	0.000	0.000	0.000
Total Non-Labor Expenditures	(\$0.737)	(\$0.615)	\$0.000	\$0.000	\$0.000	\$0.000
<u>Other Expenditures Adjustments:</u>						
Other	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Other Expenditures Adjustments	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Cash Conversion Adjustments before Depreciation and GASB Adjs.	(\$2.908)	(\$0.263)	(\$0.175)	(\$0.181)	(\$0.191)	(\$0.202)
Depreciation Adjustment	\$8.880	\$8.600	\$8.300	\$8.300	\$8.300	\$8.300
OPEB Obligation	2.139	2.300	2.300	2.300	2.300	2.300
Environmental Remediation	(0.017)	0.000	0.000	0.000	0.000	0.000
Baseline Total Cash Conversion Adjustments	\$8.094	\$10.637	\$10.425	\$10.419	\$10.409	\$10.398
Total Cash Conversion Adjustments	\$8.094	\$10.637	\$10.425	\$10.419	\$10.409	\$10.398

**MTA STATEN ISLAND RAILWAY
November Financial Plan 2014-2017
Ridership/(Utilization)
(in millions)**

	2012 Actual	2013 November Forecast	2014 Final Proposed Budget	2015	2016	2017
--	----------------	------------------------------	-------------------------------------	------	------	------

RIDERSHIP

Fixed Route	4.445	4.238	4.320	4.370	4.415	4.436
-------------	-------	-------	-------	-------	-------	-------

Baseline Total Ridership	4.445	4.238	4.320	4.370	4.415	4.436
---------------------------------	--------------	--------------	--------------	--------------	--------------	--------------

FAREBOX REVENUE

Fixed Route	\$5.389	\$5.517	\$5.727	\$5.806	\$5.877	\$5.911
-------------	---------	---------	---------	---------	---------	---------

Baseline Total Revenue	\$5.389	\$5.517	\$5.727	\$5.806	5.877	5.911
-------------------------------	----------------	----------------	----------------	----------------	--------------	--------------

MTA Staten Island Railway
November Financial Plan 2014-2017
2013 Budget Reduction Plan Summary
(\$ in millions)

	Favorable/(Unfavorable)									
	Pos.	2013	Pos.	2014	Pos.	2015	Pos.	2016	Pos.	2017
Administration										
Office Equipment and Supplies Savings (July Plan)	-	0.000	-	0.010	-	0.010	-	0.010	-	0.010
Subtotal Administration	-	0.000	-	0.010	-	\$0.010	-	\$0.010	-	\$0.010
Customer Convenience/Amenities										
None	-	0.000	-	0.000	-	0.000	-	0.000	-	0.000
Subtotal Customer Convenience/Amenities	-	0.000	-	0.000	-	0.000	-	0.000	-	0.000
Maintenance										
Material Efficiency Savings-R44 Fleet, Other (July Plan)	-	0.000	-	0.250	-	0.250	-	0.250	-	0.250
Subtotal Maintenance	-	0.000	-	0.250	-	0.250	-	0.250	-	0.250
Revenue Enhancement										
None	-	0.000	-	0.000	-	0.000	-	0.000	-	0.000
Subtotal Revenue Enhancement	-	0.000	-	0.000	-	0.000	-	0.000	-	0.000
Safety										
None	-	0.000	-	0.000	-	0.000	-	0.000	-	0.000
Subtotal Safety	-	0.000	-	0.000	-	0.000	-	0.000	-	0.000
Security										
None	-	0.000	-	0.000	-	0.000	-	0.000	-	0.000
Subtotal Security	-	0.000	-	0.000	-	0.000	-	0.000	-	0.000
Service										
None	-	0.000	-	0.000	-	0.000	-	0.000	-	0.000
Subtotal Service	-	0.000	-	0.000	-	0.000	-	0.000	-	0.000
Service Support										
None	-	0.000	-	0.000	-	0.000	-	0.000	-	0.000
Subtotal Service Support	-	0.000	-	0.000	-	0.000	-	0.000	-	0.000
Other										
None	-	0.000	-	0.000	-	0.000	-	0.000	-	0.000
Subtotal Other	-	0.000	-	0.000	-	0.000	-	0.000	-	0.000
Agency Submission	-	\$0.000	-	\$0.260	-	\$0.260	-	\$0.260	-	\$0.260

MTA STATEN ISLAND RAILWAY
November Financial Plan 2014-2017
Total Positions by Function and Department
Non-Reimbursable/Reimbursable and Full-Time/Full Time Equivalents

FUNCTION/DEPARTMENT	2012 Actual	2013 November Forecast	2014 Final Proposed Budget	2015	2016	2017
Administration						
Executive	14	13	13	13	13	13
General Office	6	6	6	6	6	6
Purchasing/Stores	6	6	6	6	6	6
Total Administration	26	25	25	25	25	25
Operations						
Transportation	100	91	91	91	91	91
Maintenance						
Mechanical	41	43	43	43	43	43
Electronic/Electrical	8	15	15	15	15	15
Power/Signals	25	26	26	26	26	26
Maintenance of Way	45	46	46	46	46	46
Infrastructure	26	25	25	25	25	25
Total Maintenance	145	155	155	155	155	155
Engineering/Capital						
Sandy Recovery	-	5	34	34	-	-
Public Safety						
Police						
Baseline Total Positions	271	276	305	305	271	271
Non-Reimbursable	268	268	268	268	268	268
Reimbursable	3	8	37	37	3	3
Total Full-Time	271	276	305	305	271	271
Total Full-Time Equivalents						

MTA STATEN ISLAND RAILWAY
November Financial Plan 2014-2017
Total Positions by Function and Occupation

FUNCTION/OCCUPATIONAL GROUP	2012 Actual	2013 November Forecast	2014 Final Proposed Budget	2015	2016	2017
Administration						
Managers/Supervisors	13	14	14	14	14	14
Professional, Technical, Clerical	13	11	11	11	11	11
Operational Hourlies	-	-	-	-	-	-
Total Administration	26	25	25	25	25	25
Operations						
Managers/Supervisors	4	5	5	5	5	5
Professional, Technical, Clerical	3	3	3	3	3	3
Operational Hourlies	93	83	83	83	83	83
Total Operations	100	91	91	91	91	91
Maintenance						
Managers/Supervisors	13	8	8	8	8	8
Professional, Technical, Clerical	1	3	3	3	3	3
Operational Hourlies	131	144	144	144	144	144
Total Maintenance	145	155	155	155	155	155
Engineering/Capital (Sandy Recovery)						
Managers/Supervisors	-	1	4	4	-	-
Professional, Technical, Clerical	-	2	2	2	-	-
Operational Hourlies	-	2	28	28	-	-
Total Engineering/Capital	-	5	34	34	-	-
Public Safety						
Managers/Supervisors						
Professional, Technical, Clerical						
Operational Hourlies						
Total Public Safety	-	-	-	-	-	-
Total Positions						
Managers/Supervisors	30	28	31	31	27	27
Professional, Technical, Clerical	17	19	19	19	17	17
Operational Hourlies	224	229	255	255	227	227
Baseline Total Positions	271	276	305	305	271	271

[THIS PAGE INTENTIONALLY LEFT BLANK]



**III. Addendum – Copies of
Signed and Initialed Staff Summaries
(web version only)**

NOTICE CONCERNING THIS WEB-POSTED COPY

The MTA Consolidated and agency staff summaries included in Section I and Section II of this web version of the **MTA 2014 Budget and 2014-2017 Financial Plan Adoption Materials** are in searchable format and hence do not include the signatures and initials that appear in the original documents.





This section provides scanned copies of those signed and initialed staff summaries. The page numbers found at the bottom of each scanned copy refer to the pages in the earlier sections of this volume where searchable formats of the staff summaries are situated.

Staff Summary

Subject MTA 2014 Budget and 2014-2017 Financial Plan
Department Chief Financial Officer
Department Head Name Robert E. Foran
Department Head Signature 
Project Manager/Division Head Douglas F. Johnson 

Date December 16, 2013
Vendor Name
Contract Number
Contract Manager Name
Table of Contents Ref #

Board Action					
Order	To	Date	Approval	Info	Other
1	Finance Comm.	12/16			
2	Board	12/18			

Internal Approvals			
Order	Approval	Order	Approval
		1	Chief Financial Officer 
		2	Legal 
		3	Chief of Staff 
		4	Chief Executive Officer 

Purpose:

To secure MTA Board (i) adoption of the accompanying 2014 Final Proposed Budget and the Four-Year Financial Plan 2014-2017 ("November Plan" or "Plan"), which includes approving the 2013 Final Estimate and all Plan Adjustments (items below the baseline), and (ii) authorization of Budget and Plan adjustments, budget and cash management actions and other staff actions as set forth below in this Staff Summary.

Discussion:

This document summarizes the November Plan presented to the Board for information purposes at the November Board meeting, which projects ending cash balances of \$212 million in 2013, \$106 million in 2014, \$44 million in 2015, \$61 million in 2016 with a projected cash deficit of \$191 million in 2017 (see attachment A).

The November Plan

The November Plan, consistent with previous plans, is disciplined, totally transparent, and adheres to a financial strategy that includes three key elements: the continuous pursuit of recurring cost reductions, "net-zero" wage growth for represented employees, and biennial fare and toll increases. This Plan also seeks to preserve and enhance funding for the capital program, while addressing "uncontrollable" expenses, such as pension, health care, paratransit, debt service, energy and insurance.

This Plan features significantly lower fare increases than previously projected and new customer initiatives. It maintains the \$18 million in service investments proposed in July, funds critical operational and maintenance investments, contains increased support for the Capital Program, and makes additional investments to pay down unfunded pension and health & welfare liabilities, which will result in ongoing savings in the future. The November Plan includes favorable expense re-estimates, cost reduction measures and debt-service management actions that combine with existing expense reduction actions to constrain expense growth in the 2014 Budget to only 1.96% over 2013.

Changes from the July Plan

Consistent with the MTA Budget process, the November Plan updates the July Financial Plan with more current results, new developments and risks, and input from our Board, customers and other stakeholders. The 2013 July Plan provided a detailed look at 2014 in the form of the proposed 2014 Preliminary Budget. The July Plan included new and restored service and other customer enhancements, resources to improve operations through better maintenance, and additional financial support for the 2015-2019 Capital Program.

The July Plan funded the local match to Federal funds for the Sandy repair and recovery projects as well as long-term resiliency projects. That Plan was in balance through 2014 with modest out-year deficits totaling \$240 million. Since July, there have been both favorable and unfavorable changes that, when combined, have improved the bottom line by a cumulative \$724 million over the Plan Period.

The favorable changes include:

- Higher passenger/toll revenues;
- Higher real estate tax receipts;
- Lower health & welfare costs;
- Lower debt service;
- Lower pension costs; and
- Higher paratransit savings.

Partially offsetting those results are:

- Higher overtime re-estimates;
- Lower PBT receipts; and
- Greater operational and maintenance needs.

Certain of these changes merit special discussion.

Higher Real Estate Receipts. The November Plan projects an increase from the July Plan in real estate tax receipts of \$287 million over the Plan Period. MTA's real estate tax revenues are mortgage recording tax and real property transfer tax revenues that do not provide the stability and predictability provided by property tax revenues. They are transactional fees assessed on real estate transactions that, because of their inherent lack of predictability, are problematic from a capital and operating budgeting perspective. This has been proven twice for real estate transactional revenues. The first time was in 1988 when MRT revenue was pledged by the MTA as security for a new bonding credit for the capital program. Based on a thorough analysis and forecast by recognized experts, bonds were rated and issued to a receptive investor base. These revenues proved to be so unreliable that the MTA refunded the bonds within three years. The second was in the early-2000s, when the MTA began increasingly to rely upon these revenues for its operating budget, foregoing fare/toll increases, as these revenues began to rise. By 2007, these annual revenues were approximately \$1.6 billion; however, by 2009, these revenues had fallen to less than \$400 million and were a major reason for the MTA's fiscal crisis in 2009. Solving this fiscal crisis required implementation of the PMT and MTA Aid, and agreed-upon fare/toll revenue increases of 10%, 7.5% and 7.5% in 2009, 2011 and 2013, respectively.

These transactional real estate revenues are increasing again and MTA is incorporating them into the Financial Plan carefully. While the Plan is reflecting the forecasted receipts in the budget, it is investing a portion of the projected receipts as one-time expenditures, which will provide annually recurring savings by reducing unfunded pension or OPEB liabilities, retiring unscheduled higher cost debt, or avoiding new debt with PAYGO funding. Use of these less-predictable revenues in such ways allows the MTA to reduce or eliminate the expenditures if the forecasted revenues are not fully realized without having to take drastic budget actions as we did in 2009 and 2010.

Higher Overtime Re-estimates. In 2010, the MTA responded to its fiscal crisis by implementing a number of cost savings initiatives that included an aggressive program to reduce overtime costs. This program has been captured within the overtime goals of subsequent Financial Plans. However, the MTA has not been able to meet those goals due in large part to uncontrollable factors, including weather incidents (e.g., Sandy, Irene, major storms) and emergency conditions. Other factors that contributed to the overages were the additional cost to perform regular maintenance while responding to Sandy-related work, major maintenance programs (e.g., FASTRACK and backlog reduction initiatives for signals, track and structures), as well as on-going employee availability and vacancy issues.

In retrospect, the original 2010 goals were not realistic, as was highlighted in a special report to the September Finance Committee. To that end, the November Plan includes a re-baselining of overtime based on additional analysis conducted subsequent to the report. The re-baselining, which now reflects levels that are more in line with documented/historical usage and overall coverage requirements, will provide greater accountability for overruns. Further analysis on overtime will be conducted and addressed in the coming months. It is expected that efficiencies can be identified that will result in realistic savings within this category.

“Projected” biennial fare/toll revenue increases reduced to 4%. The MTA is cognizant of the impact that fare and toll increases have on its customers. Following the fare and toll increases of 2009, 2011 and 2013 of 10.0%, 7.5%, and 7.5%, respectively, this Plan reduces projected fare and toll increases for 2015 and 2017 to 4% over the two-year period, or approximately a 2% annual increase. While reducing the burden on MTA customers, this lower fare/toll increase will reduce revenues during the Plan Period by more than \$900 million; favorable re-estimates in revenues and a substantial increase in targeted savings efficiency initiatives described below make this possible.

Important Operational (including Service) and Maintenance Needs Funded. The November Plan makes investments in critical maintenance and operational work including fleet overhauls, necessary improvements to the right-of-way, and the upgrade of critical systems. These investments reflect a careful analysis of where new resources will deliver the greatest benefit. It also reflects the increasing operating budget impacts of new services as “Mega Projects” are completed.

This Plan maintains those investments first proposed in July, including \$76 million in operational and maintenance needs, \$18 million of new or restored service and service quality investments (detailed below), \$12 million in increased “platform” service to meet loading and headway guidelines, and \$11 million in additional customer enhancements. Included within these investments is the implementation of an Authority-wide Enterprise Asset Management initiative to protect and optimize our extensive infrastructure by promoting best standards and procedures. That system will also offer proactive maintenance, cost efficiencies, and tools for managing the life-cycle process of MTA's assets. NYCT will carry out a life-extending overhaul of R-46 cars, increased structural inspections and repairs, and water intrusion remediation. The LIRR will improve maintenance to rolling stock and elevators/escalators. Metro-North will purchase additional snow fighting equipment, and improve maintenance and cleanup of its right-of-way. MTA Bus will perform engine and structure upgrades and overhauls on 247 MCI series buses for purposes of extending their useful life. The Plan retains B&T's July-Plan funding of long-term restoration and mitigation projects resulting from Sandy.

The service investments that were identified with the Preliminary Budget and July Financial Plan in July (listed again below) are funded in the Plan and are being implemented by NYCT, LIRR and MNR, following, where required, the conclusion of the public hearing process. The service and service quality Investments are:

NYCT Service:

- Increase G service to eight-minute headways 3 p.m. to 9 p.m.
- Add S93 service middays and evenings until 10 p.m.
- Extend M service to the Delancey Street-Essex Street station from the Myrtle Avenue station on weekends
- Add Q77 service on Sundays
- Extend the Bx24 to Hutchinson Metro Center from Westchester Square
- Restore service on the B37 along 3rd Avenue between Bay Ridge and Atlantic Avenue-Barclays Ctr. Station 6 a.m. to 11 p.m.
- Restore the B70 to 7th Avenue
- Restore B8 service to Bay Ridge-95th Street R station at all times
- Implement a to-be-determined Select Bus Service route
- Restore Q31 service on weekends
- Restructuring Staten Island - Eltingville area super express bus
- Restore M8 service on weekends
- Reroute the M100 in Northern Manhattan via Dyckman Street and 10th Avenue to serve the Sherman Creek neighborhood.
- Conduct a NYCT/MTA Bus Co-Op City bus study as a comprehensive review of existing bus operations and ridership in the vicinity of Co-op City to assess the reliability of existing service and where there may be opportunities for improved connectivity.

NYCT Service Quality:

- Improved track cleaning (hiring of two additional crews)
- Additional improved station cleaning at heavily used stations/complexes in each borough (ten stations)
- Improved “A” Division service management at the Rail Control Center
- Modification of fare control areas in high priority areas and installation of remote gate control at 54 stations with a staffed booth on one side and no crossover capability for passengers
- Installation of cameras at ten key fare control areas to assist the NYPD in arresting MVM vandals and swipe sellers.

LIRR Service:

- Extend half hourly weekend service westbound and eastbound to Ronkonkoma Station
- Restore half hourly weekend service on the Port Washington Branch
- Add a new Ronkonkoma train to Farmingdale (4:09 p.m. from Penn Station) and a reverse train to Penn Station (7:00 p.m. from Farmingdale) on weekdays
- Restore the 4:37 p.m. weekday express train from Penn Station to Wantagh
- Restore the 4:57 p.m. weekday train from Penn Station to Freeport
- Add a new weekday train to Hicksville (8:22 p.m. from Penn Station)
- Extend summer season weekend service between Ronkonkoma and Greenport by ten weeks so that it runs from April to November.

Metro-North Service Quality:

- Expansion of real-time train status information at all New York State stations via LCD monitors that use cellular connectivity. These monitors display the departure time, real-time train status, track information and station stops for the next nine trains. At least the first three stations will be completed in 2013, with an average of ten stations to be completed each year thereafter until the installation project is concluded in 2020.

The November Plan funds additional operational and maintenance needs totaling \$71 million, or \$217 million over the Plan Period: NYCT will expand its successful "FASTRACK" program; Metro-North will implement a comprehensive right-of-way infrastructure program and enhance maintenance of the GCT facility and systems; LIRR is also investing in track maintenance and replacing the oldest vehicles in its non-revenue fleet; MTA Bus is revising its Shop Overhaul Plan beginning in 2015 to perform engine upgrades, overhauls and structural enhancements on 247 MCI series buses to extend the useful life of these buses from 12 years to 15 years. In addition, NYCT is making additional "platform" service adjustments of \$10 million to meet loading and headway guidelines. The increased investments proposed here, when combined with those investments first proposed in July, total \$705 over the Plan Period.

During this Plan Period a number of MTA's new "Mega Projects" are targeted to begin operations. The first phase of the Second Avenue Subway will provide a new way to travel between the Upper East Side and Midtown's Broadway corridor and, upon completion of all phases, to Lower Manhattan, reducing congestion on the Lexington Avenue line by as much as 13%. The extension to the 7 line will serve the rapidly developing Far West Side of Manhattan. The new Fulton Center will ease transfers for thousands of daily customers, improve access to and from the complex, provide new connectivity to the new PATH station and the World Trade Center, enhance the resiliency of the system, as well as provide a magnificent new station in lower Manhattan. While these new services will benefit our customers, they will also increase our baseline operating expenses. The increasing operating budget impacts ("OBIs") associated with these capital projects as well as the ramp-up for East Side Access are included in this Plan. Annual OBIs increase from \$16 million in 2014 to \$194 million in 2017, for a total OBI of \$361 million over the Plan Period.

Support for Capital Program Increased. This Plan increases annual "Pay-As-You-Go" (PAYGO) funding by an additional \$40 million a year on top of the \$80 million increase included in the July Plan for a total of \$370 million beginning in 2015. This will serve as a "down payment" for the 2015-2019 Capital Program, providing \$2.96 billion over the expected eight-year expenditure period. Alternatively, this funding could be used to support \$6.5 billion in funding (\$5.2 billion in bonding capacity if used for debt service and \$1.3 billion of residual PAYGO). This amount continues to be derived primarily from debt service savings from the 2012 and 2013 refunding and lower re-estimates of interest rate and cash flow requirements.

New MTA Fare Reduction Efficiencies Established. The MTA continues to focus on cost control and finding new ways to do business more efficiently; in this Plan MTA savings targets have been increased substantially. To help fund the proposed fare and tolls reduction initiative, the MTA is increasing its annual recurring savings targets by \$50 million beginning in 2014, increasing by \$50 million each year for total annual savings of \$200 million by 2017, or a cumulative increase of \$500 million during the Plan Period. This will increase projected overall savings from the \$1.3 billion that was assumed in July, to \$1.5 billion by 2017. Initiatives are being identified that are expected to result in savings from the following targeted sources: prompt payment discounts, workers compensation efficiencies, energy efficiencies, further consolidations, additional procurement and inventory efficiencies, and employee benefit savings.

Unfunded Pension Liability Addressed. Consistent with its increased emphasis on addressing previously considered “uncontrollable” costs, the MTA will continue to use non-recurring revenues, receipts or resources to make one-time payments toward long-term obligations to reduce annual expenses, minimizing pressure on future fares and tolls. The July Plan included an \$80 million investment to reduce the LIRR’s unfunded pension liability funded by a non-recurring increase in real estate receipts, the result of a high volume of large transactions that occurred early this year. The July Plan also recommended the adoption of a policy of using monies remaining in the general reserve at year-end to reduce long-term obligations such as pension or health & welfare unfunded obligations, retire long-term debt or avoid new debt with PAYGO funding. The 2013 November Forecast captures the \$80 million investment that was made, applies the unused 2013 General Reserve and makes additional annual investments of \$30 million (relating to real estate revenues) beginning next year to further reduce the unfunded pension liability. Every dollar invested in the unfunded pension obligation results in a 7% return every year. Together, these investments will result in annual recurring savings that grow to over \$22 million by the end of the Plan Period, with increased savings thereafter.

Unfunded OPEB Liability Addressed. Other post-employment benefits, or OPEBs, are primarily healthcare costs for current and future retirees. Unlike with its pensions, MTA and other governmental entities are not required to fund amounts necessary to provide for the future healthcare costs of current and expected retirees, only the current costs. As required, the MTA funds only the annual cost for current retirees, approximately \$450 million in 2013; however, if MTA were to fully fund this future obligation, it would cost approximately \$2.3 billion a year. As disclosed in its audited financial statements, the MTA currently has an unfunded liability of \$17.8 billion. The NYS Comptroller has strongly encouraged governments to recognize these expenses and to set aside funds in trust to meet this obligation. MTA created a trust and has been setting aside funds each year for this purpose. Currently, it has \$300 million in its OPEB trust and another \$310 million in an OPEB reserve, held by the Treasurer for deposit into the trust. Based upon the projected contributions during the Plan Period, the amount held in these two accounts is expected to exceed \$1.1 billion by 2017.

The “Bottom Line”. Taken in total, these re-estimates, changes and recommendations result in a significant net improvement to MTA’s financial projections. The November Plan is balanced through 2016 (\$212 million in 2013, \$106 million in 2014, \$44 million in 2015 and \$61 million in 2016) with a manageable deficit of \$191 million in 2017.

Key Elements Remain Essential in Addressing Deficits

It should be noted that even with successful execution of these key elements, a deficit of \$191 million is projected for 2017 and large post-2017 deficits are looming.

Driving down costs through recurring expense reductions and efficiencies. The Plan continues the strategy developed in 2010 to “make every dollar count”. Existing efficiency programs, combined with the additional cost reduction targets proposed in this Plan, will increase projected annual savings to \$1.5 billion by 2017. It is critical that MTA continue to increase its annual savings targets to minimize pressure on future fares and tolls and protect MTA’s ability to make important investments in its capital program, operations and maintenance and customer service.

Much of MTA’s efforts have focused on “controllable” expenses, primarily payroll, but also maintenance, operating and service contracts and materials and supplies. The operating budget impacts of the “Mega Projects” (Fulton Center, 7 West Extension, Second Avenue Subway, and East Side Access) are starting to put additional pressure on MTA’s operating budgets. Nevertheless, controllable costs are projected to grow slightly less than 0.5% in 2014, with average growth over the Plan Period of 1.46%.

“Uncontrollable” costs, which continue to outpace inflation, are increasingly the focus of MTA’s cost saving efforts. These costs, which include employee and retiree health care, paratransit, pensions, debt service, energy, and insurance, are driven by factors that are largely outside the control of the MTA. The Plan includes investments that will reduce the liabilities (and future expenses) for pensions and OPEB.

The growth of paratransit costs has been reduced significantly in recent years due to proactive management initiatives that have reduced unit costs and diverted customers to more efficient ADA-compliant modes of transportation, generating annual savings of over \$280 million. It is important to note that continuing to contain rapidly-growing paratransit costs is essential. Before these paratransit savings initiatives were begun, the subsidy for paratransit services was approaching that received by Metro-North and expenses were growing at 18% percent a year. Through these management actions, the paratransit expense budget is expected to grow by only 7% a year, a significant reduction but still much greater than the expense growth of other MTA services.

Aggressive management of its debt portfolio has enabled MTA to capture savings from lower interest rates to reduce the burden of future capital programs on the farebox. The MTA continues to hedge its fuel purchases, which adds an element of certainty to those expenses. Insurance costs would be even higher were it not for the issuance of "catastrophe" bonds in place of higher cost insurance for a portion of the MTA's risk coverage. These and other management actions result in a MTA-wide expense growth that is under 2% in 2014.

Three years of "net-zero" wage growth. The November Plan baseline continues to capture three years of "net-zero" wage growth for represented employees. To achieve net zero, wage increases may be granted if offset by savings from work rules or other non-wage concessions. MTA is committed to this reasonable assumption, as non-represented employees have not had a raise in over four and a half years. To further place this net zero assumption in context, in 2012, the State's largest unions agreed to contracts that include three years of zero wage increases as well as contributions towards health care benefits. Similarly, this Plan assumes that the three "net-zero" contracts will be achieved through collective bargaining with MTA's unions.

Continue biennial fare/toll increases. As described earlier, the November Plan continues to project biennial fare/toll increases in 2015 and 2017, but at a lower increase of approximately 2% per year, which will be in line with projected rates of inflation. The 2015 fare/toll increase is projected to produce annualized revenue of \$268 million, while the 2017 increase will net \$283 million annualized. Consistent with the July Plan, a March 1st implementation for both the 2015 and 2017 increases is anticipated.

Risks Identified in the November Plan

Despite an improved outlook, significant risks remain. Labor agreements currently open must include settlements with three years of net-zero wage growth. The failure to achieve this desired settlement would increase costs by approximately \$300 million per year going forward.

The Plan also assumes that State budget actions will reflect full remittance to the MTA of all funds collected on its behalf. While the MTA has been successful in the face of challenges to the Payroll Mobility Tax, there continues to be outside pressures on this funding source. Any modifications to this tax could adversely affect this vital MTA revenue stream. For example, if the tax were to be repealed in the suburban counties, MTA would lose approximately \$300 million per year.

If the MTA fails to achieve the three "net zero" labor settlement, or if the PMT were to be repealed for those counties outside of New York City, deficits would increase by approximately \$1.2 billion over the Plan Period. Either of those occurrences would require significant "one-shot" actions, increased fares/tolls or a reduction in the MTA's self-generated funding capacity of \$5.3 billion, which would be a devastating blow to the anticipated 2015-2019 Capital Program.

The finances of the MTA are highly dependent on the economy. While the regional economy continues to improve, though unevenly, the national economy has had difficulty gaining momentum and is growing at a rate much slower than typically expected at this stage of economic recovery.

Finally, the MTA faces long-term vulnerabilities. Increased operating costs associated with the "mega" projects reflected in this Plan rise to \$194 million by 2017; to the extent that significant new ridership does not follow, the relative burden on customers and taxpayers will increase. There has been little movement to negotiate a comprehensive budget plan in Washington and federal support for the upcoming MTA Capital Program remains uncertain. With two major weather events in two years, the importance of resiliency investments cannot be overstated and, given the competitive process to allocate resiliency funding within the region, some of these costs may fall to the MTA. As noted above, long-term costs such as pension and retiree health costs continue to grow. Consequently, the MTA must continue to set aside funds for these expenses while also building reserves to meet the cash flow needs of its day to day operations and unbudgeted, but foreseeable situations.

Recommendation:

It is recommended that the Board:

- Adopt the 2014 Final Proposed Budget and Four-Year Financial Plan 2014-2017 (November Plan), which includes approving the 2013 Final Estimate and all Plan Adjustments (items below the baseline). The approval of this Plan will supersede prior Board Plan approvals for this period.
- Authorize staff, under the guidance of the Chief Executive Officer and the Chief Financial Officer to take actions to implement the subsidy and other adjustments set forth in the Plan.
- Authorize staff to invest \$80 million in 2013 and \$30 million in 2014, and each year thereafter, to reduce the amount of unfunded pension liability associated with the "LIRR Additional Plan". These funds are from real estate transactional (MRT-1, MRT-2, Urban Tax) revenue projections that are in excess of previous Plan estimates. These additional revenues are considered "less certain" than other revenue streams; therefore, investments in 2014 and beyond are predicated on the forecast for these revenues being met.
- Authorize staff to invest the unexpended 2013 general reserve to further reduce the unfunded pension liability associated with the "LIRR Additional Plan."
- Authorize staff to accelerate \$100 million in repayment to the "Capital Finance Fund" from 2016 to 2013.
- Authorize staff to make additional contributions to the Capital Program of \$60 million in 2014, and \$120 million in 2015, and each year thereafter. This brings total committed to capital contributions to \$60 million in 2014 and \$370 million annually thereafter.
- Authorize staff to use \$160 million of Pay as You Go (PAYGO) funding to help fund the local share of costs for recovery and resiliency from Superstorm Sandy.
- Authorize technical adjustments to MTA budgets and forecasts of a non-material nature in the February Plan.
- Authorize adjustment of MTA budgets and forecasts to reflect labor settlements approved from time to time by the Board.
- Approve additional budget and cash management actions, as has been done in past budget adoptions, as further described below:

Advance of Bridges and Tunnels Operating Surplus

As has been done on previous occasions, the Board is requested to authorize Bridges and Tunnels to advance to MTA and NYC Transit, to the extent funds are available, all or part of the estimated operating surplus for the year 2014, when and as directed by the Chief Executive Officer, the Chief Financial Officer, or their designees.

Uses of MTA MRT-2 Corporate Account Monies

Unlike many other forms of intergovernmental aid, these subsidy monies, by statute, can be allocated at the Board's discretion. It is recommended that the Board authorize that these funds be used as set forth in the Plan, authorize staff under direction of the Chief Executive Officer, the Chief Financial Officer or their designees, to administer these funds in a manner consistent with the Plan, and to temporarily help stabilize cash-flow requirements. As in the past, the advance of funds to the MTA and its affiliates and subsidiaries to stabilize cash-flow requirements may be made, provided that such advances are repaid prior to the end of the fiscal year in which made.

Uses of Payroll Mobility Tax (and Replacement Funds) and MTA Aid

Like the MRT-2 Corporate Account moneys, these subsidy moneys, by statute, can be allocated at the Board's discretion. It is recommended that the Board authorize that the revenues from the PMT (and Replacement Funds) be released as needed: (i) for pledged revenues by MTA to secure and be applied to the payment of bonds to be issued in the future, to fund capital projects of MTA, its subsidiaries, and MTA New York City Transit and its subsidiary and (ii) to pay capital costs, including debt service of MTA, its subsidiaries, and MTA New York City Transit and its subsidiary. It is further recommended that the Board authorize that subject to the provisions of any such pledge, or in the event there is no such pledge, the PMT Revenues be used by MTA to pay for costs, including operating costs of MTA, its subsidiaries and MTA New York City Transit and its subsidiary, and that the Chief Executive Officer, the Chief Financial Officer, or their designees be authorized to release these funds as needed in any of these areas described above.

Further, it is recommended that the Board authorize that the revenues in the MTA Aid Trust Account (derived from four fees and taxes imposed in the Metropolitan Commuter Transportation District - a supplemental motor vehicle license fee, a supplemental motor vehicle registration fee, a tax on medallion taxicab rides, and a supplemental tax on passenger car rentals) be released as needed and used as pledged revenues by MTA or pledged to the Triborough Bridge and Tunnel Authority to secure debt of MTA Bridges and Tunnels. Further subject to the provisions of such pledge, or in the event there is no such pledge, it is recommended that the Chief Executive Officer, the Chief Financial Officer or their designees be authorized to direct the release of these funds to be used by MTA for the payment of operating and capital costs of the MTA, its subsidiaries, and MTA New York City Transit and its subsidiary.

Inter-Agency Loans

The Board is requested to authorize the Chief Executive Officer, the Chief Financial Officer, or their designees, acting under Section 1266 (6-a) of the Public Authorities Law, to enter into inter-agency loan agreements among the MTA and its affiliates and subsidiaries. This authorization would allow the temporary movement of funds among agencies to meet cash flow requirements for operating or capital purposes resulting from a mismatch between the receipt of subsidies and other monies and cash flow needs. The statute requires that any such inter-agency loans be repaid no later than the end of the next succeeding calendar year.

Use of Stabilization Reserve: Provision for Prompt Payment of Contractual Obligations

In 1996, the Board approved the establishment of a Stabilization Reserve, to be held by the MTA Treasurer (the "Treasurer"), to stabilize MTA Agencies' cash flow requirements. The fund consists of two accounts, the MTA New York City Transit Account (the "Transit Account") and the MTA Commuter Railroad Account (the "Commuter Railroad Account"). The Board is requested to authorize the use of any balances in such accounts, plus any amounts authorized to be transferred to such accounts, to meet the cash flow requirements of MTA New York City Transit and the MTA Commuter Railroads and to authorize MTA New York City Transit to pay to the Treasurer for deposit in the Transit Account such amounts as it deems necessary to accomplish the purpose thereof, consistent with this Plan; and the Treasurer, subject to the approval of the Chief Executive Officer, the Chief Financial Officer or their designees, to pay into the Commuter Railroad Account, such amounts as are deemed necessary to accomplish the purpose thereof, consistent with this Plan. The Treasurer, upon request of MTA New York City Transit, shall pay to NYCT such amounts as are necessary to meet cash flow requirements of NYCT and as authorized by the Chief Executive Officer, the Chief Financial Officer, or their designees, shall transfer from the Commuter Railroad Account such amounts as are necessary to meet the cash flow requirements of MTA Commuter Railroads. The Treasurer shall also use such funds as from time to time may be necessary or convenient to timely make debt service payments on MTA bonds.

Government Accounting Standards Board (GASB) Contributions

In June 2008, the MTA approved the establishment of the "MTA Retiree Welfare Benefits Trust" ("OPEB Trust") to govern the administration and investment of the OPEB trust assets. Through 2013, \$300 million was moved into the trust. The Treasurer will continue to hold the remaining funds set aside in discrete sub-accounts that comprise the GASB Account. Moreover, the MTA and its Agencies are expected to make contributions of over \$100 million as set forth in the 2014 Budget to the GASB Account in 2014 (with additional contributions in the out-years of the Plan). The Treasurer is authorized to use the GASB accounts to fund intra-agency loans as well as inter-agency loans. If an agency uses its own GASB funds to meet 2014 cash flow needs, the amounts withdrawn in 2014 must be paid back by December 31, 2016. If the GASB funds are used as inter-agency loans in 2014, they would be subject to repayment no later than December 31, 2015, consistent with the Inter-Agency Loan provision described above.

Staff Summary

Subject B&T 2014 Budget and 2014-2017 Financial Plan Adoption
Department Office of the Chief Financial Officer
Department Head Name Don Spero
Department Head Signature
Project Manager Name Dore Abrams

Date 12/3/2013
Vendor Name
Contract Number
Contract Manager Name
Table of Contents Ref #

Board Action					
Order	To	Date	Approval	Info	Other
1	B&T Committee	12/16/13	X		
2	Finance Committee	12/16/13	X		
3	MTA Board	12/18/13	X		

Internal Approvals			
Order	Approval	Order	Approval
3	President		VP Staff Services
2	Executive Vice President		VP Procurement & Materials
	General Counsel		VP Labor Relations
	VP Operations		VP & Chief Engineer

Internal Approvals (cont.)							
Order	Approval	Order	Approval	Order	Approval	Order	Approval
1	Chief Financial Officer		Chief Technology Officer		Chief Health & Safety Officer		Other
	Chief Security Officer		Chief Maintenance Officer		Chief EEO Officer		

PURPOSE:

To secure MTA Board adoption of the MTA Bridges and Tunnels' (B&T) 2013 November Forecast, 2014 Final Proposed Budget, and the Four-Year Financial Plan for 2014-2017.

DISCUSSION:

The 2014 Final Proposed Budget, which is consistent with information presented to the Board in November, provides sufficient funding to maintain B&T's planned service levels, as well as MTA's commitment to provide safe, reliable and efficient transportation service to the metropolitan New York region. The baseline projections that follow do not include the impacts of toll increases which are carried below-the-line in the MTA Consolidated Financial Plan.

B&T estimates that for 2013 and 2014 combined, \$2,416.1 million will be provided in baseline net operating income.

2013 NOVEMBER FORECAST-BASELINE

The 2013 November Forecast projects \$1,652.5 million in non-reimbursable revenues, of which \$1,628.8 million is from Toll Revenue. Total non-reimbursable expenses before depreciation and other post-employment benefits are projected to be \$431.7 million, consisting of \$226.4 million in labor expenses and \$205.3 million in non-labor expenses. Total Support to Mass Transit is projected to be \$975.0 million. Total end-of-year positions are projected at 1,746, including 1,658 non-reimbursable positions and 88 reimbursable positions.

2014 FINAL PROPOSED BUDGET-BASELINE

The 2014 Final Proposed Budget projects \$1,665.7 million in non-reimbursable revenues, of which \$1,649.5 million is from Toll Revenue. Total non-reimbursable expenses before depreciation and other post-employment benefits are projected to be \$470.5 million, consisting of \$244.0 million in labor expenses and \$226.5 million in non-labor expenses. Total Support to Mass Transit is projected to be \$901.9 million. Total end-of-year positions are projected at 1,746, including 1,658 non-reimbursable positions and 88 reimbursable positions.

MAJOR PROGRAMMATIC INITIATIVES

- **Programs to increase E-ZPass usage:**
 - **E-ZPass On-The-Go:** This program enables customers to purchase a prepaid E-ZPass tag and account kit in the cash toll lanes at each facility. To date, more than 253,000 tags and account kits have been sold.
 - **MTA Reload Card:** Introduced in February 2012, this initiative makes it easier for customers to replenish their E-ZPass account with cash. To date, more than 73,000 cards have been issued to customers and approximately 14% of total cash replenishments are currently made using the reload cards.
 - **E-ZPass Pay Per Trip:** This initiative was launched in November 2012 and enables customers to set up an E-ZPass account without a pre-paid balance by debiting their checking account through an Automated Clearinghouse (ACH) deduction on days when tolls are posted. To date, over 17,000 account holders have signed up for this initiative.
- **All Electronic Tolling Pilot at the Henry Hudson Bridge:** The implementation of cashless tolling at the gateless facility began on November 10, 2012. All motorists are able to use any lane to drive through the toll plaza without stopping. There is no change for drivers who use E-ZPass. For customers without an E-ZPass tag, an image is taken of their license plate and the registered driver receives a bill in the mail. The data collected from this pilot will be used to evaluate and guide future toll collection and toll plaza reconstruction plans. Thus far, the equipment and technology have met expectations, with the readable photo image rate at nearly 100%. The revenue collection rate is also nearly 100%, through a combination of tolls collected through the billing process and fees assessed and collected for late payment.
- **E-ZPass Tag Replacement Program:** This program, which began toward the end of 2010 and will continue through the financial plan period, ensures that tags are replaced before the tag components expire, greatly decreasing the possibility that customers will experience tag performance problems. To date, more than 1.4 million tags have been replaced.

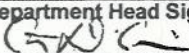
IMPACT ON FUNDING

The 2013 November Forecast, the 2014 Final Proposed Budget, and the Four-Year Financial Plan 2014-2017, which are presented in the attached tables, are consistent with the proposed MTA Financial Plan.

RECOMMENDATION




It is recommended that the MTA Board adopt the 2013 November Forecast, the 2014 Final Proposed Budget, and the Four-Year Financial Plan for 2014-2017 for MTA Bridges and Tunnels.

Staff Summary

Subject MTACC 2014 Budget and 2014-2017 Financial Plan Adoption
Department Office of the Chief Financial Officer
Department Head Name Anthony D'Amico
Department Head Signature 
Project Manager Name Laurie Lombardi

Date December 3, 2013
Vendor Name NA
Contract Number NA
Contract Manager Name NA
Table of Contents Ref # NA

Board Action					
Order	To	Date	Approval	Info	Other
1	Finance Committee	12/16/13	X		
2	MTA Board	12/18/13	X		

Internal Approvals			
Order	Approval	Order	Approval
	President MTACC		
	Executive VP		
	Chief Financial Officer 		

Purpose:

To secure MTA Board adoption of the MTA Capital Construction's (MTACC) 2013 November Forecast, 2014 Final Proposed Budget, and the Four-Year Financial Plan for 2014-2017.

Discussion:

MTACC costs are 100 percent reimbursable from the MTA Capital Program. The Financial Plan contains costs that are non-project specific and are for the provision of company-wide construction support from specialty contractors and oversight agencies. The 2013 November Forecast and the 2014 Final Proposed Budget project a staffing level of 140.

2013 November Forecast:

MTACC projects 2013 reimbursable expenses of \$34.4 million. Non-labor costs are projected at \$7.6 million. Approximately \$1.4 million of those costs are required to fund audits of quarterly chargebacks and All-Agency Protective Liability (AAPL) insurance. Monies are also budgeted for risk management software, federal mentoring program, archeological and environmental services, reimbursement of NYCT for administrative support staff and services, and miscellaneous office costs.

2014 Final Proposed Budget:

MTACC projects 2014 expenses of \$35.2 million. The 2014 Final Proposed Budget contains non-labor costs projected at \$7.5 million. Similar to the 2013 November Forecast, non-labor costs include funding for audits of quarterly chargebacks and AAPL insurance, as well as reimbursement of NYCT for administrative support staff and services, temporary services to support project controls, change orders and claims management, legal and engineering services, employee training, the federal mentoring program, and costs for communications and computer equipment.

Impact on Funding:

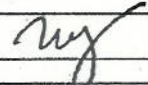
The 2013 November Forecast, the 2014 Final Proposed Budget, and the Four-Year Financial Plan for 2014-2017, which are presented in the attached tables, are consistent with the proposed MTA Financial Plan.


Recommendations:

It is recommended that the MTA Board adopt the 2013 November Forecast, the 2014 Final Proposed Budget, and the Four-Year Financial Plan for 2014-2017 for the MTA Capital Construction Company.

Subject LIRR 2014 Budget & 2014-2017 Financial Plan Adoption	Date December 4, 2013
Department Office of Management & Budget	Vendor Name
Department Head Name Gerard E. Ring	Contract Number
Department Head Signature 	Contract Manager Name
Project Manager Name	Table of Contents Ref #

Board Action					
Order	To	Date	Approval	Info	Other
1	MNR & LIRR Committee		X		
2	Finance Committee		X		
3	MTA Board		X		

Internal Approvals			
Order	Approval	Order	Approval
3	President		VP Svc PIng Tech & CPM
	Exec Vice President		VP Mkt Dev & Public Affairs
	Sr. VP Operations		General Counsel
	VP Labor Relations	2	VP & CFO 

Internal Approvals (cont.)							
Order	Approval	Order	Approval	Order	Approval	Order	Approval
1	Exec Dir Mgmt & Budget 						

Purpose

To request MTA Board adoption of the MTA Long Island Rail Road's (MTA LIRR) 2013 November Forecast, 2014 Final Proposed Budget, and the Four-Year Financial Plan for 2014 – 2017.

Discussion

The 2014 Final Proposed Budget, which is consistent with information presented to the Board in November, provides funding to maintain the MTA's commitment to provide safe, reliable and efficient commuter rail service to the metropolitan New York region. In addition, funding is provided to support key customer oriented initiatives. The baseline projections, which are outlined below, reflect continued financial savings from non-service related budget reduction initiatives that were included in the MTA Long Island Rail Road's budget during prior financial plans. However, the MTA Long Island Rail Road's baseline budget excludes certain items that are captured "below-the-line" in the MTA Consolidated Financial Plan: fare increases, unidentified MTA efficiencies, MTA re-estimates and policy actions and service investments. These impacts will be presented as part of MTA consolidated materials.

The 2014 Final Proposed Budget provides sufficient funding to maintain the LIRR's commitment to safe, secure, and reliable transportation and customer service. Achievement of on-time-performance and other operating goals is made possible through investments in reliability centered maintenance for rolling stock to ensure fleet availability and maintenance of the right-of way to maintain a state of good repair.

Additionally, the 2014 Final Proposed Budget includes funding for new needs, investments, and initiatives proposed in the July 2013 Financial Plan as follows:

- Increases in normal "platform" service for Montauk Summer Service and to events at Barclays Center
- Developing an Enterprise Asset Management System for right-of-way assets
- Implementing enhanced third rail safety procedures
- Establishing a customer-only waiting area in Jamaica Station, modeled after Penn Station

This plan also includes an additional overtime expense based on analyses performed in accordance with the presentation of a special report to the Finance Committee in September. Accordingly, overtime now reflects levels more in line with documented/historical usage and overall coverage requirements. Most of the operating budget plan-to-plan increases in overtime (approximately \$1.6 million in 2013, \$6.9 million in 2014, \$5.9 million in 2015, \$6.1 million in 2016 and \$6.5 million 2017), are attributable to this review.

2013 November Forecast - Baseline

Non-Reimbursable/Reimbursable expenses for the 2013 November Forecast before non-cash liability adjustments total \$1,541.9 million. This is comprised of \$1,311.6 million of Non-Reimbursable expenses and \$230.3 million Reimbursable expenses. The total Non-Reimbursable/Reimbursable revenue for the 2013 November Forecast is \$930.6 million. This is comprised of \$700.3 million of Non-Reimbursable revenue and \$230.3 million of Reimbursable revenue.

The Non-Reimbursable revenue for the 2013 November Forecast of \$700.3 million includes Passenger Revenue projections of \$631.2 million and \$69.1 million in other revenue from advertising, rental fees, special services and reimbursement for Sandy related costs. The Farebox revenue is based on a projected annual ridership of 83.2 million passengers.

Excluding non-cash liability adjustments, Non-Reimbursable expenses for the 2013 November Forecast totals \$1,311.6 million. Including non-cash liability adjustments, total Non-Reimbursable expenses for the 2013 November Forecast increases to \$1,718.4 million. The cash adjustments for non-cash items and timing of expenses/receipts total \$386.2 million. The resulting Net Cash Deficit is projected to be \$631.9 million in 2013.

Total Non-Reimbursable headcount is 6,134 positions. Total Reimbursable headcount is 767 positions.

2014 Final Proposed Budget - Baseline

Non-Reimbursable/Reimbursable expenses for the 2014 Final Proposed Budget before non-cash liability adjustments are \$1,674.9 million, comprised of \$1,394.8 million of Non-Reimbursable expenses and \$280.1 million of Reimbursable expenses. The total Non-Reimbursable/Reimbursable revenue for the 2014 Final Proposed Budget is \$978.8 million, comprised of \$698.7 million of Non-Reimbursable revenue and \$280.1 million of Reimbursable revenue.

The Non-Reimbursable revenue for the 2014 Final Proposed Budget of \$698.7 million includes Passenger Revenue projections of \$644.3 million and \$54.4 million in other revenue from advertising, rental fees, and special services. The Farebox revenue is based on a projected annual ridership of 83.9 million passengers.

Excluding non-cash liability adjustments, Non-Reimbursable expenses for the 2014 Final Proposed Non-Reimbursable Budget total \$1,394.8 million. Including non-cash liability adjustments, total Non-Reimbursable expenses for the 2014 Final Proposed Non-Reimbursable Budget increases to \$1,792.8 million. Cash adjustments for non-cash items and timing of expenses/receipts total \$357.0 million. The resulting Net Cash Deficit is projected to be \$737.1 million in 2014.

The Non-Reimbursable expense budget, before non-cash liability adjustments, of \$1,394.8 million is comprised of \$978.5 million in labor expenses (payroll and benefits), which represent 70 percent of total expenses. The balance of the expenses are non-payroll and are related to the operation and maintenance of the fleet and infrastructure, with expenses allocated for electric power and fuel of \$133.8 million, materials & supplies of \$126.4 million, professional and maintenance services contracts of \$111.0 million and all other costs of \$45.1 million.

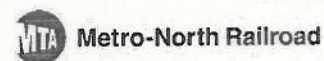
Total Non-Reimbursable headcount is 6,159 positions of which approximately 91 percent are in the operating departments. Total Reimbursable headcount is 794 positions. The increase in headcount over the 2013 November Forecast is attributable to major new needs, investments, and both operating and capital initiatives.

Impact on Funding

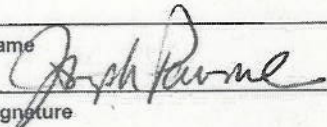
The 2013 November Forecast, 2014 Final Proposed Budget and the Four-Year Financial Plan 2014 – 2017, which are presented in the attached schedules, are consistent with the proposed MTA Financial Plan.

Recommendation

It is recommended that the MTA Board adopt the MTA Long Island Rail Road's 2013 November Forecast, the 2014 Final Proposed Budget and the Four-Year Financial Plan for 2014 – 2017.





Staff Summary

Subject MNR 2014 Budget and 2014-2017 Financial Plan Adoption
Department Budget
Department Head Name Joseph Pavone 
Department Head Signature
Project Manager Name

Date December 5, 2013
Vendor Name
Contract Number
Contract Manager Name
Table of Contents Ref#

Board Action					
Order	To	Date	Approval	Info	Other
1	MNR&LIRR Comm. Mtg.	12/17			
2	MTA Fin. Comm.	12/17			
3	MTA Board Mtg.	12/19			

Internal Approvals			
Order	Approval	Order	Approval
3 	President		Budget
	VP Operations		VP Capital Programs
2 	VP Finance & IT		Engr/Const
	Controller		Project Reporting

Internal Approvals (cont.)							
Order	Approval	Order	Approval	Order	Approval	Order	Approval
	VP Planning & Development		Corporate & Public Affairs		Labor Relations		General Counsel
	Press		VP Human Resources		Human Resources		Other

Purpose

To secure MTA Board adoption of the MTA Metro-North Railroad's (MNR) 2013 November Forecast, 2014 Final Proposed Budget, and the Four-Year Financial Plan 2014-2017.

Discussion:

The November 2014-2017 Financial Plan includes the resources to support Metro-North's mission to provide safe, secure and reliable transportation service to its customers and incorporates several strategic investments that will enable the Railroad to achieve its core performance goals and reduce operating risk. These investments address strategic priorities to improve safety and create a culture of safe work, continue Maintenance of Way infrastructure improvements, institute a Maintenance of Way organizational change, reorganize forces to improve customer service and facility maintenance at GCT and outlying locations, and invest in resources to hire and train all new employees company wide. In addition to these areas of focus, the Financial Plan incorporates programs that improve service reliability, and enhance customer service delivery, convenience and communication. (Cost projections do not include the estimated impacts from additional service investments in New York State which will be presented as part of MTA consolidated materials).

2013 November Forecast-Baseline

The 2013 non-reimbursable forecast reflects revenues totaling \$693.6 million, including \$621.3 million of farebox revenues and \$72.3 million in other operating revenue. Total operating expense projections of \$1,373.4 million consist of labor costs of \$731.8 million, non-labor costs of \$351.9 million and non-cash accruals of \$289.8 million for Depreciation (\$224.8 million), Other Post-Employment Benefits (\$62.1 million) and Environmental Remediation (\$2.9 million). After including additional cash adjustment requirements of \$12.9 million, the projected net cash deficit is \$402.9 million of which \$306.6 million represents the MTA share and \$96.3 million the ConnDOT share. Projected reimbursable expenses of \$164.8 million are fully offset by capital reimbursements. Total end-of-year positions are projected at 6,478 and include 5,900 non-reimbursable positions and 578 reimbursable positions.

2014 Final Proposed Budget-Baseline

The 2014 final proposed non-reimbursable budget reflects revenues totaling \$716.5 million. Farebox Revenue of \$660.1 million is supported by ridership growth of 1.6% (85.9 million total riders) and a State of Connecticut fare increase of

The legal name of MTA Metro-North Railroad is Metro-North Commuter Railroad Company

5.04% in 2013, and 1.0% in 2015 through 2018. Other Operating Revenue of \$56.4 million reflects GCT net retail revenues, advertising, commissary operations and outlying station & parking revenue. Total Operating Expense projections of \$1,421.4 million consist of labor costs of \$758.5 million, non-labor costs of \$366.8 million and non-cash accruals of \$296.1 million which are comprised of: Depreciation (\$227.2 million), Other Post-Employment Benefits (\$65.1 million) and Environmental Remediation (\$3.8 million). After additional cash adjustments of \$60.3 million, the projected net cash deficit is \$469.1 million of which \$372.0 million represents the MTA share and \$97.1 million the ConnDOT share. Projected reimbursable expenses of \$190.8 million are fully offset by capital reimbursements. Total end-of-year positions are projected at 6,583 and include 6,005 non-reimbursable positions and 578 reimbursable positions.

Major Programmatic Initiatives

Improve Safety and Create a Culture of Safe Work – by improving operational and employee safety, and continuing efforts to create a culture of safe work:

- Improve roadway worker protection with state of the art Enhanced Employee Protection System (EEPS)
- Staff an incident investigation team that will have responsibility over operational incidents and close calls
- Develop a more structured risk assessment program that will conduct root cause analysis
- Increase Safety and Security Dept. field support for operating districts

Continue Maintenance of Way Infrastructure Improvement Program

- Right-of-Way Track Improvement Program includes in-depth testing and inspection, track and drainage improvements, tie replacement, and fencing repairs for Metro-North's entire territory
- Maintenance of Way Track Maintenance and Inspection Program
- Re-organization Strategy for Grand Central Terminal and Maintenance of Way Facilities

Training

Invest additional resources to hire and train all new employees companywide to meet higher levels of attrition, ensure a properly trained workforce, support expanded MofW training and efforts to enhance the diversity of the workforce

Ridership

2014-2017 ridership is projected to grow approximately 1.6% annually with growth across all commuter lines and assumes no fare increase in New York State, and an approved fare increases in the State of Connecticut of 5.04% in 2014, with annual increases of 1.0% in 2015 through 2018.

Improved Service Reliability with new M8's

Through 2013, approximately 300 of the 405 new M-8 cars will be in service with the remaining cars arriving in 2014. Includes the resources necessary to support them, and the effect of the retirement of the old NHL electric cars.

On-going Infrastructure Improvements and Maintenance Programs

Includes improvements in snow removal capability, additional Hot Bearing/Wheel Impact Load Detection systems, emergency generators, the continuation of locomotive overhauls, and IT Infrastructure updates.

Customer Service initiatives are underway that improve customer communication and convenience



Cyclical station inspection, maintenance and enhancement programs; joint commuter railroad replacement of on-board Ticket Issuing Machines (TIMs) that support credit/debit payment; customer information monitors and platform signage at New York State outlying stations; improvements to the Public Address Systems including a new system at New Haven station and; improvements to the Integrated Voice Response Customer Call-in System with enhanced call routing

2013 Budget Reduction Initiatives were enacted that will continue in the 2014 Budget and 2014-2017 Financial Plan. These initiatives average \$8 million in annual savings starting in 2014 and include lower consumption of inventory and supplies, increase in GCT retail revenue, and a reduction of contract service costs.

Impact on Funding: The 2013 November Forecast, the 2014 Final Proposed Budget and the Four-Year Financial Plan for 2014-2017, which are presented in the attached schedules, are consistent with the proposed MTA Financial Plan

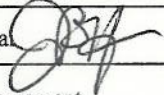
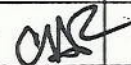
Recommendation: It is recommended that the MTA Board adopt MTA Metro-North Railroad's 2013 November Forecast, 2014 Final Proposed Budget, and the Four-Year Financial Plan for 2014-2017

Staff Summary

Subject MTA HQ 2014 Budget and 2014-2017 Financial Plan Adoption
Department Chief Financial Officer
Department Head Name Robert E. Foran, Chief Financial Officer
Department Head Signature 
Project Manager/Division Head 

Date December 2, 2013
Vendor Name
Contract Number
Contract Manager Name
Table of Contents Ref #

Board Action					
Order	To	Date	Approval	Info	Other
1	Finance	12/16			
2	Board	12/18			

Internal Approvals			
Order	Approval	Order	Approval
	Executive Director		Office of Civil Rights
	Chief Operating Officer	1	Legal 
	Chief Financial Officer		Procurement
2	Chief of Staff 		Administrator

Purpose:

To secure MTA Board adoption of the Metropolitan Transportation Authority Headquarters 2013 November Forecast, 2014 Final Proposed Budget, and the Four-Year Financial Plan for 2014-2017.

Discussion:

The 2013 Final Proposed Budget, which is consistent with information presented to the Board in November, provides sufficient funding to maintain MTA Headquarters' operations, which includes Policy and Oversight, Consolidated Functions, the Business Service Center (BSC), and MTA Security, including the MTA Police Department. The baseline projections that follow exclude any below-the-line items captured in the MTA Consolidated Financial Plan.

2013 November Forecast - Baseline:

The 2013 November Forecast Baseline Deficit of \$429.8 million includes total Non-Reimbursable Operating Revenues of \$62.5 million and total expenses before depreciation and other post-employment benefits of \$349.4 million, consisting of \$209.8 million in labor expenses and \$139.5 million in non-labor expenses. Total Capital and Other Reimbursements are projected to be \$71.9 million. Total reimbursable labor expenses are \$61.1 million and non-labor expenses are \$10.8 million. Cash Adjustments prior to depreciation and OPEB obligation are favorable by \$103.2 million, reflecting advertising revenue receipts reassigned from the agencies to MTA Headquarters.

The Baseline Cash Deficit is projected to be \$183.7 million. Total end-of-year positions are projected to be 1,722, including 1,672 non-reimbursable positions and 50 reimbursable positions.

2014 Final Proposed Budget - Baseline:

The 2014 Final Proposed Budget Baseline Deficit of \$445.0 million includes Total Non-Reimbursable Operating Revenues of \$57.2 million and total expenses before depreciation and other post-employment benefits of \$369.0 million, consisting of \$214.5 million in labor expenses and \$154.5 million in non-labor expenses. Capital and Other Reimbursements are projected to be \$80.3 million. Total reimbursable labor expenses are \$63.9 million and non-labor expenses are \$16.4 million. Cash Adjustments prior to depreciation and OPEB obligation are unfavorable by \$14.8 million, reflecting Headquarters' Operating Capital needs of \$72.0 million, and Headquarters' relocation costs, which are partially offset by advertising revenue receipts reassigned from the agencies to MTA Headquarters.

Staff Summary

The Baseline Cash Deficit is projected to be \$326.6 million. Total end-of-year positions are projected to be 1,765, including 1,704 non-reimbursable positions and 61 reimbursable positions.

Major Programmatic Initiatives/Investments:

- IT “cloud” system for continuous e-mail service during major disasters and for other critical public applications.
- Evaluation of “Procure-to-Pay” process to improve efficiency and effectiveness.
- Evaluation of business processes for operating and capital cost savings and increased revenue generation potential.
- Increase police presence on the Metro North Railroad’s New Haven Line, which is the most heavily traveled and fastest growing line within the Agency’s service territory.
- Upgrade BSC hardware and software to ensure uninterrupted operation of critical MTA information systems.

Budget Reduction Initiative:

Streamlining costs in maintenance and other operating contracts and professional services contracts result in savings of \$5.1 million in 2013, \$3.7 million in 2014, and \$2.9 million every year thereafter.


Impact on Funding:

The 2013 November Forecast, the 2014 Final Proposed Budget, and the Four-Year Financial Plan 2014-2017, which are presented in the attached tables, are consistent with the proposed MTA Financial Plan.

Recommendation:

It is recommended that the MTA Board adopt the MTA Headquarters’ 2013 November Forecast, the 2014 Final Proposed Budget, and the Four-Year Financial Plan for 2014-2017.

Staff Summary

Subject: MTA 2014 Budget and 2014-2017 Financial Plan Adoption
Department MTA Inspector General
Department Head Name Barry L. Kluger
Department Head Signature 
Project Manager/Division Head

Date December 3, 2013
Vendor Name
Contract Number
Contract Manager Name
Table of Contents Ref #

Board Action					
Order	To	Date	Approval	Info	Other
1	Finance Comm.	12/16	X		
2	Board	12/18	X		

Internal Approvals			
Order	Approval	Order	Approval
	Executive Director		
	Budgets and Financial Mgmt		

Purpose:

To secure MTA Board adoption of the MTA Inspector General's 2013 November Forecast, 2014 Final Proposed Budget, and the Four-Year Financial Plan for 2014-2017.

Discussion:

The 2014 Final Proposed Budget provides sufficient funding to maintain the MTA Office of the Inspector General's operations.

2013 November Forecast - Baseline

Total Capital and Other Reimbursements are projected to be \$14.1 million. Total reimbursable labor expenses are \$10.3 million and non-labor expenses are \$3.7 million.

2014 Final Proposed Budget - Baseline

Total Capital and Other Reimbursements are projected to be \$13.7 million. Total reimbursable labor expenses are \$10.7 million and non-labor expenses are \$2.9 million.


Impact on Funding

The 2013 November Forecast, the 2014 Final Proposed Budget and the Four-Year Financial Plan 2014-2017, which are presented in the attached tables, are consistent with the proposed MTA Financial Plan.

Recommendation:

It is recommended that the MTA Board adopt the MTA Inspector General's 2013 November Forecast, the 2014 Final Proposed Budget, and the Four-Year Financial Plan for 2014-2017.

Staff Summary

Subject FMTAC 2014 Budget & 2014-2017 Financial Plan Adoption
Department Risk and Insurance Management
Department Head Name James Henly, General Counsel
Department Head Signature 
Project Manager Name Laureen Coyne, Director Risk and Insurance Mgmt.

Date December 4, 2013
Vendor Name N/A
Contract Number N/A
Contract Manager Name N/A
Table of Contents Ref # N/A

Board Action					
Order	To	Date	Approval	Info	Other
1	Finance Committee	12/16	x		
2	Board	12/18	x		

Internal Approvals			
Order	Approval	Order	Approval
1	Risk and Insurance Management 		
2	Legal 		

Purpose

To secure MTA Board adoption of the MTA First Mutual Transportation Assurance Company's (FMTAC) 2013 November Forecast, the 2014 Final Proposed Budget, and the Four-Year Financial Plan for 2014-2017.

Discussion

FMTAC generates a net cash deficit of zero and has no impact on MTA cash balances. FMTAC cash reserves are separate and distinct from MTA and are necessary to maintain the appropriate capital and reserve levels pursuant to the State of New York Insurance guidelines.

The 2014 Final Proposed Budget, which is consistent with information presented to the Board in November, provides sufficient resources to address the challenges related to insurance and risk management of the MTA. This is accomplished by maximizing the efficiency and flexibility of the insurance programs while minimizing costs to the MTA and its subsidiaries.

2013 November Forecast-Baseline

Total operating revenues are projected at \$0.180 million. Total operating expenses are projected to be \$5.5 million, resulting in a net deficit of \$5.3 million.

2014 Final Proposed Budget-Baseline

Total operating revenues are projected at \$0.182 million. Total operating expenses are projected to be \$2.8 million, resulting in a net deficit of \$2.6 million.

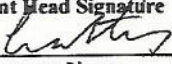
Impact of Funding

The 2013 November Forecast, the 2014 Final Proposed Budget, and the Four-Year Financial Plan 2014-2017, which are presented in the attached tables, are consistent with the proposed MTA Financial Plan.

Recommendation




It is recommended that the MTA Board adopt MTA First Mutual Transportation Assurance Company's 2013 November Forecast, the 2014 Final Proposed Budget, and the Four-Year Financial Plan for 2014-2017.

Staff Summary

Subject NYCT 2014 Budget and 2014-2017 Financial Plan Adoption
Department Office of Management & Budget
Department Head Name Aaron Stern
Department Head Signature 
Project Manager Name

Date December 4, 2013
Vendor Name NA
Contract Number NA
Contract Manager Name NA
Table of Contents Ref #

Board Action					
Order	To	Date	Approval	Info	Other
1	TA Committee		X		
2	Finance Committee		X		
3	MTA Board		X		

Internal Approvals			
Order	Approval	Order	Approval
1	OMB - Director 		
2	Executive VP 		
3	President 		

Purpose

To secure MTA Board adoption of MTA New York City Transit's 2013 November Forecast, 2014 Final Proposed Budget, and the Four-Year Financial Plan for 2014-2017.

Discussion

The 2014 Final Proposed Budget, which is consistent with information presented to the Board in November, provides sufficient funding to support MTA New York City Transit's planned service levels, as well as MTA's commitment to provide safe, reliable and efficient transportation service to the metropolitan New York region. The baseline projections that follow for MTA New York City Transit include several new programmatic initiatives and support for current projects. Projections also capture reductions in projected paratransit costs and savings from several re-estimates, most notably from projected lower power prices, health & welfare rates and pension expenses. NYCT projections do not include the estimated impacts from projected fare increases, unidentified MTA efficiencies, MTA re-estimates and policy actions. These impacts will be presented as part of MTA consolidated materials.

2013 November Forecast-Baseline

Total operating revenues are projected at \$4.548 billion, including \$4.027 billion of farebox revenues. Total operating expenses are projected to be \$6.917 billion, consisting of labor costs of \$5.225 billion and non-labor expenses of \$1.692 billion. Non-cash depreciation expense is projected at \$1.433 billion and other post-employment benefit expenses are projected at \$1.447 billion. After including favorable cash adjustments of \$3.013 billion, the projected net cash deficit is \$2.235 billion. Projected reimbursable expenses of \$914.8 million are fully offset by capital reimbursements. Total end-of-year positions are projected at 46,454, including 41,801 non-reimbursable positions and 4,653 reimbursable positions.

2014 Final Proposed Budget-Baseline

Total operating revenues are projected at \$4.576 billion, including farebox revenues of \$4.134 billion. Total operating expenses are projected to be \$7.089 billion, consisting of labor costs of \$5.352 billion and non-labor expenses of \$1.737 billion. Non-cash depreciation expense is projected at \$1.544 billion and other post-employment benefit expenses are projected at \$1.504 billion. After including favorable cash adjustments of \$2.826 billion, the projected net cash deficit is \$2.737 billion. Projected reimbursable expenses of \$943.5 million are fully offset by capital reimbursements. Total end-of-year positions are projected at 47,047, including 42,302 non-reimbursable positions and 4,745 reimbursable positions.

Key Programmatic Initiatives

- Regular and timely **Critical Structure Inspections** will now be conducted by adding 29 positions with costs of \$4.0 million in 2014 and \$3.2 million in subsequent years.
- **Special Structure Inspections** such as for viaducts over water, high elevated structures, bridges and structural ceilings concealed by other structural elements, which have not been inspected previously due to a lack of in-house expertise, will now be conducted based on a contract providing for specialized expertise with costs of \$1.7 million in 2013 and \$2.2 million for both 2014 and 2015.
- In order to address the problems resulting from **Water Intrusion** in the subway system, this plan provides for 35 positions effective 2014 with annual costs of \$3.5 million to inject grout into subway tunnel walls and ceilings.
- Based on an agreement with the Department of Homeless Services, NYCT funding will increase annually by \$2.2 million beginning 2014, in support of the **Homeless Outreach Program**.
- In an effort to prevent subway flooding and insulator fires that can cause significant service disruptions, 12 positions will be added with annual costs of \$1.3 million effective 2014 to support a **Vent Bay Maintenance Project**, whereby personnel would enter through grates at street level to clear out debris and flush leader lines.
- This plan establishes one supervisory position and additional costs of \$0.5 million in 2013, \$1.1 million in 2014 and \$0.8 million in subsequent years to implement an aggressive **Rodent Eradication Program** to address 347 refuse rooms, including the sealing of foundations and wall openings, replacement of doors and the installation of door sweeps. These rooms will also be baited monthly.
- This plan requires eight positions with annual costs of \$0.8 million beginning 2014 to establish a dedicated inspection program to cover over 11,000 cable manholes system-wide. These inspections are needed for **Manhole Security** purposes and to inhibit the theft of copper cable, which results in service disruptions.
- A new need has arisen requiring the **R46 fleet** to undergo a **three-year maintenance life extension cycle** to maintain fleet reliability/safety until anticipated replacement. Additional required positions are 98 in 2014, growing to 188 positions in 2016. Incremental costs are \$11.7 million in 2014, \$10.7 million in 2015 and \$15.7 million in 2016.

This plan also includes a re-baselining of overtime based on additional analyses performed subsequent to the presentation of a special report to the Finance Committee in September. Accordingly, overtime now reflects levels more in line with documented/historical usage and overall coverage requirements. Most of the operating budget plan-to-plan increases in overtime (approximately \$26.2 million in 2013, \$35.3 million in 2014, \$27.0 million in 2015, and \$34.6 million in both 2016 and 2017), are attributable to this re-baselining.

Budget Reduction Initiatives

Projected Net Reductions in Paratransit expenses of \$30.3 million in 2014, \$16.5 million in 2015, \$44.3 million in 2016 and \$51.6 million in 2017, due to lower trip projections and zero-fare implementation timing adjustments.


Impact on Funding

The 2013 November Forecast, the 2014 Final Proposed Budget and the Four-Year Financial Plan for 2014-2017, which are presented in the attached tables, are consistent with the proposed MTA Financial Plan.

Recommendation

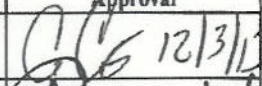
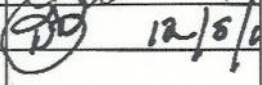
It is recommended that the MTA Board adopt the 2013 November Forecast, the 2014 Final Proposed Budget and the Four-Year Financial Plan for 2014-2017 for MTA New York City Transit and the related authorization to draw down Transit Adjudication Bureau (TAB) receipts and interest consistent with this Final Proposed Budget.

Staff Summary

Subject MTABC 2014 Budget and 2014-2017 Financial Plan Adoption
Department Finance
Department Head Name Craig Cipriano
Department Head Signature 
Project Manager Name William E. Cronin

Date December 3, 2013
Vendor Name NA
Contract Number NA
Contract Manager Name NA
Table of Contents Ref #

Board Action					
Order	To	Date	Approval	Info	Other
1	NYCT/MTA Bus	12/16/13	X		
2	Finance Committee	12/16/13	X		
3	MTA Board	12/18/13	X		

Internal Approvals			
Order	Approval	Order	Approval
1	EVP, Business Strategies & Operations Support		 12/3/13
2	President		 12/5/13

Purpose

To secure MTA Board adoption of MTA Bus Company's 2013 November Forecast, 2014 Final Proposed Budget, and the Four-Year Financial Plan for 2014-2017.

Discussion

The 2014 Final Proposed Budget, which is consistent with information presented to the Board in November, provides sufficient funding to support MTA Bus Company's planned service levels, as well as MTA's commitment to provide safe, reliable and efficient transportation service to the metropolitan New York region. The baseline projections that follow for MTA Bus Company, include the impact of budget reduction initiatives and recoveries of expenses related to Tropical Storm Sandy. The baseline projections do not include the impact of fare increases. These impacts will be presented as part of MTA consolidated materials. The MTA is reimbursed from the City of New York for the operating deficits of MTA Bus.

2013 November Forecast-Baseline

Total operating revenues are projected at \$224.6 million, including \$198.0 million of farebox revenues. Total non-reimbursable expenses before depreciation and GASB adjustments are projected to be \$572.1 million in 2013, consisting of labor costs of \$433.7 million and non-labor expenses of \$138.3 million. Non-cash depreciation expense is projected at \$42.2 million and other post-employment benefit expenses are projected at \$56.3 million. After including favorable cash adjustments of \$52.9 million, the projected net cash deficit is \$393.1 million. Projected reimbursable expenses of \$8.4 million are fully offset by capital reimbursements. Total end-of-year positions are projected at 3,657, consisting of 3,593 non-reimbursable positions and 64 reimbursable positions.

2014 Final Proposed Budget-Baseline

Total operating revenues are budgeted at \$227.7 million, including farebox revenues of \$201.5 million. Total non-reimbursable expenses before depreciation and GASB adjustments are budgeted to be \$579.7 million in 2014, consisting of labor costs of \$437.5 million and non-labor expenses of \$142.2 million. Non-cash depreciation expense is projected at \$42.2 million and other post-employment benefit expenses are projected at \$57.0 million. After including favorable cash adjustments of \$114.6 million, the projected net cash deficit is \$336.4 million. Projected reimbursable expenses of \$8.6 million are fully offset by capital reimbursements.

Total 2014 end-of-year positions are projected at 3,704 consisting of 3,640 non-reimbursable positions and 64 reimbursable positions.

The 2014 Final Proposed Budget and the Four-Year Financial Plan for 2014-2017 include the following key initiatives:

- **Shop Plan - Hybrid Fleet Re-Powering/Conversion to Diesel**

MTA Bus has a fleet of hybrid electric buses that are exhibiting a steep downward trend in MDBF and a significant level of component failures compared to other fleets. MTA Bus is seeking to convert 283 hybrid buses placed in service in 2006 and 2007, as well as the remaining 105 hybrid buses in the MTA Bus fleet that were placed in service during 2009 and 2010. The conversion will extend the useful life of all 389 buses by three years and will defer bus replacement expenses from the 2015 - 2019 Capital Program to the 2020 - 2024 Capital Program for the 2006 and 2007 models.

- **Shop Plan - MCI Engines / ICO Rebuild**

The 2006 to 2008 MCI Coach Express buses' engine warranty has begun to expire on the 2006 fleet. According to most recent 2015-2019 Capital Plan projections, these buses are required to be kept until 2021. Based on the duty cycle, the engines for this fleet are not expected to perform for 15 years without requiring significant engine work. In anticipation of keeping these buses for 15 years, MTABC is investing in a program to overhaul/rebuild the engines on these buses, beginning in 2015.

- **Shop Plan - MCI Structure Upgrade**

The current MCI buses have a 12 year structure warranty. MCI corporation has reviewed the structure failures in the past and repaired those on a case by case basis. The anticipated 2015-2019 Capital Plan necessitates an extension of the life cycle of 247 MCI buses to 15 years. Therefore, an upgrade to the structural components of these buses is required to maintain a state of good repair as MCI (Manufacturer) has declined to provide an extended warranty for these additional three years.

This plan also includes a re-baselining of overtime based on additional analyses performed subsequent to the presentation of a special report to the Finance Committee in September. Accordingly, overtime now reflects levels more in line with documented/historical usage and overall coverage requirements. Most of the operating budget plan-to-plan increases in overtime (approximately \$3.6 million in 2013, \$3.2 million in 2014, \$3.8 million in 2015, 2016 and 2017), are attributable to this re-baselining.

Budget Reduction Initiative

The Plan includes recurring savings of approximately \$5.2 million in each year.

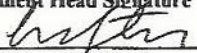
Impact on Funding

The 2013 November Forecast, the 2014 Final Proposed Budget and the Four-Year Financial Plan for 2014-2017 revenues, expenses and positions, which are presented in the attached tables, are consistent with the proposed MTA financial plan.

Recommendation




It is recommended that the MTA Board adopt the 2013 November Forecast, the 2014 Final Proposed Budget and the Four-Year Financial Plan for 2014-2017 for MTA Bus Company.

Staff Summary

Subject SIR 2014 Budget and 2014 – 2017 Financial Plan Adoption
Department Office of Management & Budget
Department Head Name Aaron Stern
Department Head Signature 
Project Manager Name

Date December 4, 2013
Vendor Name
Contract Number NA
Contract Manager Name NA
Table of Contents Ref #

Board Action					
Order	To	Date	Approval	Info	Other
1	TA Committee		X		
2	Finance Committee		X		
3	MTA Board		X		

Internal Approvals			
Order	Approval	Order	Approval
1	OMB - Director 		
2	Executive VP 		
3	President 		

Purpose

To secure MTA Board adoption of MTA Staten Island Railway's 2013 November Forecast, 2014 Final Proposed Budget, and the Four-Year Financial Plan for 2014-2017.

Discussion

The 2014 Final Proposed Budget, which is consistent with information presented to the Board in November, provides sufficient funding to support MTA Staten Island Railway's planned service levels, as well as MTA's commitment to provide safe, reliable and efficient transportation service. The baseline projections that follow for MTA Staten Island Railway include additional investments to meet R44 fleet maintenance life extension requirements. Projections also capture budget reduction initiatives. SIR projections do not include the estimated impacts from projected fare increases, unidentified MTA efficiencies, MTA re-estimates and policy actions. These impacts will be presented as part of MTA consolidated materials.

2013 November Forecast-Baseline

Total operating revenues are projected at \$9.7 million, including farebox revenues of \$5.5 million. Total operating expenses are projected to be \$46.4 million, consisting of labor costs of \$32.1 million and non-labor expenses of \$14.2 million. Non-cash depreciation expense is projected at \$8.6 million and other post-employment benefit expenses are projected at \$2.3 million. After including favorable cash adjustments of \$10.6 million, the projected net cash deficit is \$37.0 million. Projected reimbursable expenses of \$1.8 million are fully offset by capital reimbursements. Total end-of-year positions are projected at 276, including 268 non-reimbursable positions and 8 reimbursable positions.

2014 Final Proposed Budget-Baseline

Total operating revenues are projected at \$9.9 million, including farebox revenues of \$5.7 million. Total operating expenses are projected to be \$42.3 million, consisting of labor costs of \$30.0 million and non-labor expenses of \$12.3 million. Non-cash depreciation expense is projected at \$8.3 million and other post-employment benefit expenses are projected at \$2.3 million. After including favorable cash adjustments of \$10.4 million, the projected net cash deficit is \$32.6 million. Projected reimbursable expenses of \$6.0 million are fully offset by capital reimbursements. Total end-of-year positions are projected at 305, including 268 non-reimbursable positions and 37 reimbursable positions.

Major Programmatic Initiative-R44 Fleet Maintenance Requirements

- The current fleet is comprised of 63 cars now over forty years old, which is considered to be the full useful life of these vehicles. In order to maintain this fleet in a state of good repair to be able to operate safely and reliably towards eventual replacement, it will be necessary for this fleet to undergo a full maintenance program to be performed mostly at MTA New York City Transit's subway's facilities. In the July 2012 Financial Plan, preliminary assumptions then were for a three-year program from 2014 through 2016, with a total estimated cost of \$12.9 million spread evenly over the three years. A recent evaluation update of two cars indicated that significantly more maintenance would be required, increasing the previous cost estimate by \$12.5 million or an updated total estimate of \$25.4 million, now to be performed over the three year period 2015 through 2017. In the interim, an additional estimate of \$0.5 million of overtime and material expenses for 2014 is also necessary in order to enable SIR to deal directly with more immediate component problems that can be addressed locally in the Staten Island Shop. These assumptions remain preliminary, as management continues to evaluate various options.

Budget Reduction Initiatives included in this financial plan project annual savings of \$0.260 million beginning 2014, to result mostly from material efficiency savings.

Impact on Funding

The 2013 November Forecast, the 2014 Final Proposed Budget and the Four-Year Financial Plan for 2014-2017, which are presented in the attached tables, are consistent with the proposed MTA Financial Plan.

Recommendation

It is recommended that the MTA Board adopt the 2013 November Forecast, the 2014 Final Proposed Budget and the Four-Year Financial Plan for 2014-2017 for MTA Staten Island Railway.