

**MTA 2013 BUDGET AND 2013-2016 FINANCIAL PLAN  
ADOPTION MATERIALS**

**MTA Finance Committee  
MTA Board**

**December 17, 2012  
December 19, 2012**

**NOTICE CONCERNING THIS WEB-POSTED COPY**

The MTA Consolidated and agency staff summaries included in this web version of the **MTA 2013 Budget 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 2013 Budget and 2013-2016 Financial Plan Adoption Materials

## Table of Contents

I.	Staff Summary MTA Consolidated 2013 Budget and 2013-2016 Financial Plan.....	I-1
II.	Agencies' Staff Summaries – 2013 Budget and 2013-2016 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-63
	MTA Bus Company.....	II-75
	Staten Island Railway.....	II-87
III.	Addendum - Copies of Signed and Initialed Staff Summaries (web version only).....	III-1

**I. Staff Summary MTA Consolidated  
2013 Budget**



# Staff Summary

<b>Subject</b> MTA 2013 Budget and 2013-2016 Financial Plan
<b>Department</b> Chief Financial Officer
<b>Department Head Name</b> Robert E. Foran
<b>Department Head Signature</b>
<b>Project Manager/Division Head</b> Douglas F. Johnson

<b>Date</b> December 11, 2011
<b>Vendor Name</b>
<b>Contract Number</b>
<b>Contract Manager Name</b>
<b>Table of Contents Ref #</b>

Board Action					
Order	To	Date	Approval	Info	Other
1	Finance Comm.	12/17			
2	Board	12/19			

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

**Purpose:**

To secure MTA Board (i) adoption of the accompanying 2013 Final Proposed Budget and the Four Year Financial Plan 2013-2016 (“November Plan” or “Plan”), which includes approving the 2012 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, which included a summary of the financial impacts of Tropical Storm Sandy on the MTA and a proposed strategy to fund those impacts.

**The November Financial Plan 2013-2016**

This Plan, which is consistent, disciplined, and totally transparent, adheres to a financial strategy that includes continuous pursuit of recurring cost reductions, “net-zero” wage growth, biennial fare and toll increases, and increased reserves and liquidity, while addressing long-term healthcare, pension and debt service vulnerabilities. This Plan does not include budget-driven service reductions; in fact, it includes the \$29.5 million service investment package first proposed in July. Beginning in 2015, this Plan also includes \$250 million annually as a “down payment” for the 2015–2019 Capital Program. The funding for this support is largely attributable to debt service savings achieved in the 2012 refunding program and re-estimates of debt service, which are attributable to lower interest rates and cash flow requirements on approved, but unissued, bonds.

These strategies have positioned the MTA to meet the challenges of this Financial Plan period while also maintaining budgetary balance through 2013, with manageable out-year deficits. This Plan absorbs the financial impacts of Sandy, which include a 2012 operating loss, projected increased debt service on bridge-financing and long-term financing for estimated unreimbursed infrastructure losses.

**Changes between the July and November Plans**

The 2013 Preliminary Budget and July Financial Plan for 2013-2016 (“July Plan”) was balanced through 2013 with manageable out-year deficits. Since presentation of the July Plan, there have been both favorable and unfavorable re-estimates and other changes.

Favorable re-estimates include: lower debt service expenses; higher real estate subsidies; additional Paratransit savings; and improved Agency results in 2012 (related both to spending reductions, the timing of certain expenditures and higher operating revenue).

Offsetting those results are higher health and welfare costs; higher overtime expenses; increased electric power costs; and an unfavorable payroll adjustment for 27<sup>th</sup> pay period in 2014 that was not recognized in prior Plans. Beginning in 2015, the Plan now includes the additional \$250 million annual “down payment” in support of the 2015-2019 Capital Program.

Taken in total, these changes result in: a net improvement to MTA's cash balance in 2012; a modest worsening in 2013; and improvements in 2014, 2015 and 2016.

### Financial Impact of Tropical Storm Sandy

The development of the November Plan needed to be reconsidered in light of the destruction left by Tropical Storm Sandy. Computation and estimation of Tropical Storm Sandy-related losses is ongoing, and it is too early to have more than highly provisional estimates. Early estimates have put MTA losses, excluding costs relating to any future plans for “hardening” various facilities against similar storms, at approximately \$5 billion, including an estimated \$4.755 billion in damages to MTA's infrastructure, and an estimated \$268 million operating loss (lost fare and toll revenue along with expenses necessary to prepare for and re-establish service after Tropical Storm Sandy). Losses are expected to be covered by a combination of insurance, federal programs (including FEMA) and MTA resources.

*Infrastructure damage:* After insurance (\$1.075 billion of maximum coverage) and standard FEMA recoveries (75% of approved loss), an estimated \$950 million of infrastructure damage may need to be covered by the MTA. The actual amount of losses that MTA ultimately will need to cover will depend upon a number of future developments, including the amount of insurance and federal recoveries, and the costs actually incurred in restoring MTA's infrastructure.

*Operating loss:* MTA anticipates substantial recoveries from business interruption/extra expense insurance coverage and federal sources.

While MTA expects to receive advances from insurers and the federal government, final settlement could take 2 to 3 years. While the operating loss will impact MTA's 2012 budget, multi-year expenditures will begin almost immediately and bridge loan financing will be necessary until reimbursement is received.

MTA expects that the 2012 operating loss will be funded internally. Favorable MTA agency results (related to actual spending reductions, the timing of certain expenditures, and higher operating revenues), lower than budgeted debt service and higher than expected subsidies, in combination with the release of the remaining \$63 million in the general reserve and a \$75 million internal loan, are anticipated to enable MTA to balance the 2012 budget. Proceeds from insurance and federal reimbursements are expected to cover most of this loss and enable MTA to repay the loan.

The infrastructure losses sustained by the transit and commuter systems will require interim, and may require longer term, external borrowings. In order to facilitate the external borrowings, MTA is seeking approval by the MTA Board and subsequently the Capital Plan Review Board for an amendment to add the capital costs related to Tropical Storm Sandy damage to the 2010-2014 Capital Plan. If such approvals are obtained, MTA currently expects that any interim borrowings will be structured as bond anticipation notes under MTA's Transportation Revenue Bond, Dedicated Tax Fund Bond, or TBTA General Revenue Bond resolutions.

Any external borrowing will increase debt service in 2013 and beyond. For example, assuming that the MTA and MTA Bridges and Tunnels issue bond anticipation notes of \$2.9 billion in 2013 and an additional \$1.9 billion in 2014, annualized debt service costs are estimated to increase by \$29 million in 2013 and by \$19 million (total increase of \$48 million) in 2014 until the notes are repaid from insurance or federal reimbursements or proceeds of bonds. If bonds are issued in 2016 to take out anticipation notes related to unreimbursed losses of \$950 million, estimated debt service is projected to increase by \$62 million annually for the life of such bonds. Additional recurring cost reductions would be required to offset this increase in debt service. The MTA has reflected both this estimated additional debt service and additional annual MTA Efficiency targets of \$25 million beginning in 2013, increasing by an additional \$25 million each year and reaching \$75 million by 2015, for a total of \$225 million in aggregate additional savings in the November Plan.

### Other Significant Elements of the November Plan

The November Plan continues to respond to the financial challenges facing the MTA while also investing in customer priorities.

Service investments/service support - The Plan retains the \$29.5 million in annual MTA service investments that were announced in July, restoring, extending and adding service on bus, subway and commuter rail lines to better serve

customers. These investments will connect customers across the MTA's service area, enhance access to mass transit, accommodate ridership growth and attract new transit riders. In addition, Agencies will continue to make necessary service adjustments to meet frequency and loading guidelines. The service investments come at a time when ridership on the MTA network is steadily increasing. Subway ridership has reached levels not seen since the 1940s, while commuter train ridership is approaching all-time records. Ridership growth is especially pronounced outside of the traditional rush hours, prompting increased investment in night, weekend and off-peak weekday service. Implementation of the service investments has already begun and will continue over the next year.

In addition to the \$29.5 million service investment package announced in July, the Plan includes additional service by MTA Bus to address schedule gaps and overcrowding. It also adds a new route in Queens to enhance service to LaGuardia Airport.

Addressing new needs - While maintaining its focus on cost reduction, the MTA continues to improve the reliability and performance of its fleet and infrastructure through increased maintenance and better business practices. In the July Plan there was a strong emphasis on addressing customer priorities by enhancing service reliability, investing in the station environment, and making more and better travel information readily available. While this emphasis continues, the November Plan also increases resources to address additional maintenance needs. NYC Transit is establishing a scheduled maintenance program to extend the useful life of its 120-car non-revenue work car fleet, adding more refuse trains and crews for station platform trash removal, and improving security with increased inspection of ancillary rooms in stations and tunnels. MTA Bus is revising its bus overhaul programs to ensure sufficient fleet as a consequence of the delay in the procurement of new buses.

Additional support for Capital Program - This Plan continues to provide the "Contribution to Capital" funding included in the approved 2010-2014 Capital Program. Beginning in 2015, it includes an additional \$250 million annually as a "down payment" in support of the 2015-2019 Capital Program. The funding for this support is largely attributable to debt service savings derived from the 2012 refunding program as well as re-estimates of assumed interest rates and cash flow requirements.

Driving down costs through expense reductions and efficiencies - The Plan continues the strategy developed in 2010 to "make every dollar count." The November Plan raises the "to be identified" annual savings target by \$25 million in 2013, \$50 million in 2014, and \$75 million in 2015 and beyond. This increases the value of annual, recurring savings to over \$800 million in 2013, growing to \$1.2 billion by 2016. The MTA continues to control discretionary expense growth. In fact, after adjustments for service expansion, wage growth (after the expected three years of "net zero"), and additional maintenance programs, projected 2013 spending is essentially flat compared with 2012 (up 0.6%), and is actually lower than 2011 in absolute dollars. However, non-discretionary expenses (i.e., pensions, health & welfare, energy, Paratransit and debt service), continue to grow at a significantly greater rate.

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. Non-represented employees are already in their fourth year of real zero wage growth. 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 moderate biennial fare/toll increases - The Plan continues to project moderate biennial fare/toll increases to help offset continuing growth in non-discretionary expenses (pensions, health & welfare, energy, Paratransit and debt service). The 2013 fare/toll increase is projected to produce annualized revenue of \$450 million, while the 2015 increase will net \$500 million annualized. Over the Plan period, fare and toll increases equate to only 38% of the increase in these non-discretionary expenses, with the remainder coming largely from dedicated tax and subsidy growth, and continuing cost efficiencies. Consistent with the July Plan, MTA will seek to use its improved finances to push back the start date for both the 2013 and 2015 increases to the beginning of March, reducing the impact of these increases on customers.

Increasing General Reserve and OPEB deposits - Consistent with prior plans, this Plan includes a General Reserve that approximates 1% of the MTA's annual operating budget. This year, the General Reserve has helped to provide the liquidity needed for the short-term funding of losses occasioned by Sandy. The Plan continues to make annual payments to address the increasing OPEB liability, with \$250 million transferred from the OPEB account held by MTA into the OPEB Trust. From the remaining 2012 balance of \$254 million, the MTA expects to borrow (and re-borrow) \$75 million to offset Sandy impacts until reimbursement is received and the internal loan is repaid, at which time it is anticipated that such monies will be transferred into the OPEB Trust.

## The November Plan "Bottom Line"

The MTA's projected near term operating results has worsened slightly from the July Plan, while projecting modest improvements in total out-year deficits. The Plan projects ending cash balances of \$26 million in 2012 and \$40 million in 2013, with projected cash deficits of \$85 million in 2014, \$19 million in 2015, and \$229 million in 2016 (see Attachment A). As stated earlier, MTA finances have improved because of favorable results and re-estimates of operating revenues and expenses and additional increases in MTA savings targets. This created the financial capacity to absorb the immediate and longer term impacts of Sandy, continue to fund new service and other investments presented in the July Plan, maintain the projected 2013 and 2015 fare/toll increases at the moderate yields first presented in the July 2010 Plan, and provide additional support for the Capital Program.

## Risks Identified in the November Plan

The November Plan reflects the commitment to continually improve MTA's financial and operating performance and respond to customer concerns and needs. As with the July Plan, however, this commitment must be tempered by the reality that out-year deficits remain and there are risks inherent in this Plan. This Plan continues to assume that labor settlements will include three years of net-zero wage growth. It assumes there will be a continued focus on cost reductions and that those efforts will be successful. The Plan assumes that State budget actions will reflect full remittance to the MTA of all funds collected on its behalf.

Additionally, while there have been indications of regional economic recovery, the effects of Sandy are unknown and the national recovery remains tepid. Should the recovery falter and adversely affect the regional economy, the MTA has limited financial reserves to offset lower-than-expected operating revenues, taxes and subsidies. Of more immediate concern on a national level are upcoming negotiations between the White House and the Congress regarding strategies to reduce the federal budget deficit and the impact that any agreement ultimately reached may have on ongoing support for the MTA Capital Program and the scope of post-Sandy disaster relief. There are also vulnerabilities beyond the Plan period including rising employee and retiree healthcare costs, the risk of lower investment returns on pensions, and the possibility of higher interest rates, which would have a significant impact on debt service payments to support the MTA Capital Program.

## Recommendation:

It is recommended that the Board:

- Adopt the 2013 Final Proposed Budget and Four Year Financial Plan 2013-2016 (November Plan), which includes approving the 2012 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 technical adjustments set forth in the Plan.
- Authorize technical adjustments to Agency Budgets and forecasts of a non-material nature in the February Plan.
- Authorize adjustment of Agency 2013 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 2013, 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 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. In 2012, \$250 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 will make contributions of \$85 million as set forth in the 2013 Budget to the GASB Account in 2013 (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 2013 cash flow needs, the amounts withdrawn in 2013 must be paid back by December 31, 2015. If the GASB funds are used as inter-agency loans in 2013, they would be subject to repayment no later than December 31, 2014, consistent with the Inter-Agency Loan provision described above.

## Attachment A

**METROPOLITAN TRANSPORTATION AUTHORITY**  
**November Financial Plan 2013-2016**  
**MTA Consolidated Statement Of Operations By Category**  
(\$ in millions)

Line No.	2011 Actual	2012 November Forecast	2013 Final Proposed Budget	2014	2015	2016	
7	<b>Non-Reimbursable</b>						
10	<b>Operating Revenue</b>						
11	Farebox Revenue	\$4,999	\$5,110	\$5,173	\$5,260	\$5,333	\$5,396
12	Toll Revenue	1,502	1,505	1,499	1,503	1,508	1,519
13	Other Revenue	510	536	561	594	633	680
14	Capital and Other Reimbursements	0	0	0	0	0	0
15	<b>Total Operating Revenue</b>	<b>\$7,011</b>	<b>\$7,151</b>	<b>\$7,234</b>	<b>\$7,357</b>	<b>\$7,473</b>	<b>\$7,595</b>
17	<b>Operating Expense</b>						
18	<b>Labor Expenses:</b>						
19	Payroll	\$4,160	\$4,207	\$4,276	\$4,314	\$4,421	\$4,529
20	Overtime	539	527	506	495	504	513
21	Health & Welfare	810	863	979	1,045	1,132	1,239
22	OPEB Current Payment	394	428	480	521	571	626
23	Pensions	1,075	1,329	1,366	1,393	1,449	1,483
24	Other-Fringe Benefits	582	550	561	573	590	606
25	Reimbursable Overhead	(324)	(317)	(300)	(298)	(292)	(297)
26	<b>Sub-total Labor Expenses</b>	<b>\$7,235</b>	<b>\$7,586</b>	<b>\$7,869</b>	<b>\$8,043</b>	<b>\$8,375</b>	<b>\$8,699</b>
28	<b>Non-Labor Expenses:</b>						
29	Electric Power	\$457	\$502	\$561	\$596	\$635	\$679
30	Fuel	283	264	270	266	264	280
31	Insurance	14	20	32	45	53	65
32	Claims	316	190	198	213	221	233
33	Paratransit Service Contracts	349	367	385	420	426	494
34	Maintenance and Other Operating Contracts	451	498	540	551	582	607
35	Professional Service Contracts	226	274	277	274	271	275
36	Materials & Supplies	438	470	493	510	565	573
37	Other Business Expenses	170	121	152	158	163	168
38	<b>Sub-total Non-Labor Expenses</b>	<b>\$2,704</b>	<b>\$2,707</b>	<b>\$2,907</b>	<b>\$3,032</b>	<b>\$3,178</b>	<b>\$3,374</b>
40	<b>Other Expense Adjustments:</b>						
41	Other	(\$2)	\$58	\$45	\$46	\$46	\$49
42	General Reserve	0	0	130	135	140	150
43	<b>Sub-total Other Expense Adjustments</b>	<b>(\$2)</b>	<b>\$58</b>	<b>\$175</b>	<b>\$181</b>	<b>\$186</b>	<b>\$199</b>
45	<b>Total Operating Expense before Non-Cash Liability Adj.</b>	<b>\$9,937</b>	<b>\$10,351</b>	<b>\$10,952</b>	<b>\$11,255</b>	<b>\$11,740</b>	<b>\$12,273</b>
47	Depreciation	\$2,019	\$2,182	\$2,252	\$2,329	\$2,425	\$2,525
48	OPEB Obligation	1,707	1,721	1,774	1,845	1,919	1,996
49	Environmental Remediation	59	5	6	6	6	6
51	<b>Total Operating Expense after Non-Cash Liability Adj.</b>	<b>\$13,722</b>	<b>\$14,259</b>	<b>\$14,983</b>	<b>\$15,436</b>	<b>\$16,090</b>	<b>\$16,799</b>
53	<b>Net Deficit Before Subsidies and Debt Service</b>	<b>(\$6,711)</b>	<b>(\$7,108)</b>	<b>(\$7,749)</b>	<b>(\$8,078)</b>	<b>(\$8,617)</b>	<b>(\$9,204)</b>
55	Conversion to Cash Basis: Non-Cash Liability Adjs.	\$3,785	\$3,908	\$4,032	\$4,180	\$4,350	\$4,527
57	Debt Service (excludes Service Contract Bonds)	(1,934)	(2,072)	(2,246)	(2,401)	(2,547)	(2,785)
59	<b>Total Operating Expense with Debt Service</b>	<b>\$11,870</b>	<b>\$12,423</b>	<b>\$13,198</b>	<b>\$13,657</b>	<b>\$14,287</b>	<b>\$15,058</b>
61	Dedicated Taxes and State/Local Subsidies	\$5,151	\$5,500	\$5,775	\$6,006	\$6,279	\$6,509
63	<b>Net Deficit After Subsidies and Debt Service</b>	<b>\$292</b>	<b>\$227</b>	<b>(\$190)</b>	<b>(\$293)</b>	<b>(\$535)</b>	<b>(\$954)</b>
65	Conversion to Cash Basis: GASB Account	(38)	(77)	(83)	(88)	(90)	(94)
66	Conversion to Cash Basis: All Other	(117)	(192)	(178)	(292)	(106)	(71)
68	<b>CASH BALANCE BEFORE PRIOR-YEAR CARRY-OVER</b>	<b>\$137</b>	<b>(\$42)</b>	<b>(\$451)</b>	<b>(\$673)</b>	<b>(\$732)</b>	<b>(\$1,120)</b>
69	<b>ADJUSTMENTS</b>	<b>0</b>	<b>(228)</b>	<b>464</b>	<b>549</b>	<b>712</b>	<b>891</b>
70	<b>PRIOR-YEAR CARRY-OVER</b>	<b>160</b>	<b>297</b>	<b>26</b>	<b>40</b>	<b>0</b>	<b>0</b>
71	<b>NET CASH BALANCE</b>	<b>\$297</b>	<b>\$26</b>	<b>\$40</b>	<b>(\$85)</b>	<b>(\$19)</b>	<b>(\$229)</b>

**METROPOLITAN TRANSPORTATION AUTHORITY**  
**November Financial Plan 2013-2016**  
**Plan Adjustments**  
(\$ in millions)

Line No.	2012 November Forecast	2013 Final Proposed Budget	2014	2015	2016
11	<b>Cash Balance Before Prior-Year Carry-over</b>				
	(\$42)	(\$451)	(\$673)	(\$732)	(\$1,120)
13	<b>Fare/Toll Increases:</b>				
14	-	382	465	473	476
15	-	-	-	425	515
16	<b>Sub-Total</b>	<b>\$0</b>	<b>\$465</b>	<b>\$897</b>	<b>\$991</b>
18	<b>MTA Initiatives:</b>				
19	-	25	50	75	120
20	-	20	20	20	20
21	<b>Sub-Total</b>	<b>\$0</b>	<b>\$45</b>	<b>\$95</b>	<b>\$140</b>
23	<b>MTA Re-estimates:</b>				
24	(15)	(44)	(22)	10	71
25	(20)	20	-	-	-
26	<b>Sub-Total</b>	<b>(\$35)</b>	<b>(\$22)</b>	<b>\$10</b>	<b>\$71</b>
28	<b>Policy Actions:</b>				
29	(268)	90	83	83	-
30	-	(29)	(48)	(48)	(62)
31	75	0	0	(75)	0
32	-	-	-	(250)	(250)
33	<b>Sub-Total</b>	<b>(\$193)</b>	<b>\$61</b>	<b>(\$290)</b>	<b>(\$312)</b>
35	<b>TOTAL ADJUSTMENTS</b>				
	<b>(\$228)</b>	<b>\$464</b>	<b>\$549</b>	<b>\$712</b>	<b>\$891</b>
37	297	26	40	0	0
39	<b>Net Cash Surplus/(Deficit)</b>				
	<b>\$26</b>	<b>\$40</b>	<b>(\$85)</b>	<b>(\$19)</b>	<b>(\$229)</b>

[THIS PAGE INTENTIONALLY LEFT BLANK]



## **II. Staff Summaries Agencies' 2013 Budgets**

# **Bridges and Tunnels**

# Staff Summary

<b>Subject</b> 2013 Budget and 2013–2016 Financial Plan Adoption
<b>Department</b> Office of the Chief Financial Officer
<b>Department Head Name</b> Don Spero
<b>Department Head Signature</b>
<b>Project Manager Name</b> Dore Abrams

<b>Date</b> 12/3/2012
<b>Vendor Name</b>
<b>Contract Number</b>
<b>Contract Manager Name</b>
<b>Table of Contents Ref #</b>

Board Action					
Order	To	Date	Approval	Info	Other
1	B&T Committee	12/17/12	X		
2	Finance Committee	12/17/12	X		
3	MTA Board	12/19/12	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) 2012 November Forecast and 2013 Final Proposed Budget, and the Four-Year Financial Plan for 2013–2016 (December Plan).

**DISCUSSION:**

The 2013 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 for B&T exclude the impact of toll increases and expenses arising from Tropical Storm Sandy. These impacts will be presented as part of MTA consolidated materials.

B&T estimates that for 2012 and 2013 combined, it will provide \$2,232.8 million in baseline net operating income.

2012 November Forecast-Baseline

The 2012 November Forecast projects \$1,520.8 million in non-reimbursable revenues, of which \$1,504.6 million is from Toll Revenue. Total non-reimbursable expenses before depreciation and other post-employment benefits are projected to be \$388.2 million, consisting of nearly \$222.5 million in labor expenses and nearly \$165.8 million in non-labor expenses. Total Support to Mass Transit is projected to be \$898.5 million. Total end-of-year positions are projected at 1,648, including 1,604 non-reimbursable positions and 44 reimbursable positions.

## 2013 Final Proposed Budget–Baseline

The 2013 Final Proposed Budget projects \$1,514.2 million in non-reimbursable revenues, of which \$1,499.5 million is from Toll Revenue. Total non-reimbursable expenses before depreciation and other post-employment benefits are projected to be \$413.9 million, consisting of \$233.4 million in labor expenses and \$180.5 million in non-labor expenses. Total Support to Mass Transit is projected to be \$824.2 million. Total end-of-year positions are projected at 1,652, including 1,608 non-reimbursable positions and 44 reimbursable positions.

## MAJOR PROGRAMMATIC INITIATIVES:

- **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 the pilot will be used to evaluate its success and guide future policy decisions in regard to the means of toll collection.
- **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 at participating retailers. B&T also sells On-The-Go pre-paid tags in the cash toll lanes at each facility. As of December 1, more than 128,000 tags have been sold in the lanes.
  - **MTA Reload Card:** Introduced in February of this year, this initiative makes it easier for customers to replenish their E-ZPass account with cash. Customers can go to any Visa ReadyLink retail merchant and use the card to reload their E-ZPass accounts through a self-service kiosk or through a sales clerk, eliminating the need to travel to one of three walk-in centers to add cash to their E-ZPass accounts. Through November, more than 36,000 cards have been issued to customers.
  - **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 incurred.
- **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. Through October 2012, more than 1 million tags have been replaced.
- **Travel Time Information:** Real time travel times are now posted on electronic signs at seven crossings. Travel time information to major regional destinations like airports, sports stadiums and connecting highways can now be displayed on 26 electronic signs at these B&T facilities. The same information is also now available as a free iPhone and iPad app, MTA EZTravel, as well as on the MTA website.

## IMPACT ON FUNDING

The 2012 November Forecast, the 2013 Final Proposed Budget, and the Four-Year Financial Plan 2013–2016, 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 2012 November Forecast, the 2013 Final Proposed Budget, and the Four-Year Financial Plan for 2013–2016 for MTA Bridges and Tunnels.

**MTA BRIDGES AND TUNNELS**  
**November Financial Plan 2013-2016**  
**Accrual Statement of Operations by Category**  
(\$ in millions)

**NON-REIMBURSABLE**

	2011	2012 November	2013 Final Proposed	2014	2015	2016
	<u>Actual</u>	<u>Forecast</u>	<u>Budget</u>			
<b>Operating Revenue</b>						
Vehicle Toll Revenue	\$1,501.589	\$1,504.576	\$1,499.483	\$1,503.259	\$1,507.573	\$1,519.312
Other Operating Revenue	15.105	16.097	14.616	14.249	14.072	14.240
Capital and Other Reimbursements	0.000	0.000	0.000	0.000	0.000	0.000
Investment Income	0.085	0.110	0.110	0.294	1.457	2.975
<b>Total Revenue</b>	<b>\$1,516.779</b>	<b>\$1,520.783</b>	<b>\$1,514.210</b>	<b>\$1,517.802</b>	<b>\$1,523.102</b>	<b>\$1,536.527</b>
<b>Operating Expenses</b>						
<b><u>Labor:</u></b>						
Payroll	\$117.515	\$119.018	\$125.862	\$128.475	\$131.802	\$134.147
Overtime	18.601	20.137	20.882	21.228	21.656	22.103
Health and Welfare	21.130	23.029	25.894	26.475	28.414	30.495
OPEB Current Payment	14.145	14.623	16.349	16.741	17.913	19.167
Pensions	26.665	34.818	32.823	36.224	39.118	38.829
Other Fringe Benefits	15.666	15.954	16.731	17.023	17.318	17.564
Reimbursable Overhead	(5.379)	(5.116)	(5.114)	(5.095)	(5.145)	(5.196)
<b>Total Labor Expenses</b>	<b>\$208.343</b>	<b>\$222.464</b>	<b>\$233.427</b>	<b>\$241.071</b>	<b>\$251.077</b>	<b>\$257.109</b>
<b><u>Non-Labor:</u></b>						
Electric Power	\$6.178	\$6.500	\$7.180	\$7.322	\$7.900	\$8.530
Fuel	3.037	2.862	2.894	2.797	2.738	2.932
Insurance	4.812	6.657	8.055	9.783	11.430	13.413
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	91.350	96.609	106.117	122.140	137.677	143.268
Professional Service Contracts	17.744	23.968	25.184	25.493	25.873	26.380
Materials & Supplies	3.434	4.296	4.209	4.329	4.410	4.567
Other Business Expenses	24.113	24.869	26.856	27.448	28.051	28.674
<b>Total Non-Labor Expenses</b>	<b>\$150.668</b>	<b>\$165.761</b>	<b>\$180.496</b>	<b>\$199.312</b>	<b>\$218.079</b>	<b>\$227.764</b>
<b><u>Other Expense Adjustments:</u></b>						
Other	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
<b>Total Other Expense Adjustments</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Total Expenses Before Depreciation and GASB Adjs</b>	<b>\$359.011</b>	<b>\$388.225</b>	<b>\$413.923</b>	<b>\$440.382</b>	<b>\$469.156</b>	<b>\$484.873</b>
Add: Depreciation	\$86.545	\$89.928	\$94.429	\$104.389	\$111.667	\$119.521
Add: OPEB Obligation	66.680	73.000	76.650	80.483	84.507	88.732
Add: Environmental Remediation	0.006	0.000	0.000	0.000	0.000	0.000
<b>Total Expenses After Depreciation and GASB Adjs.</b>	<b>\$512.242</b>	<b>\$551.153</b>	<b>\$585.002</b>	<b>\$625.254</b>	<b>\$665.329</b>	<b>\$693.126</b>
Less: Depreciation	86.545	89.928	94.429	104.389	111.667	119.521
Less: OPEB Obligation	66.680	73.000	76.650	80.483	84.507	88.732
<b>Total Expenses</b>	<b>\$359.017</b>	<b>\$388.225</b>	<b>\$413.923</b>	<b>\$440.382</b>	<b>\$469.156</b>	<b>\$484.873</b>
<b>Baseline Income/(Deficit)</b>	<b>\$1,157.762</b>	<b>\$1,132.559</b>	<b>\$1,100.287</b>	<b>\$1,077.420</b>	<b>\$1,053.946</b>	<b>\$1,051.654</b>



**MTA BRIDGES AND TUNNELS**  
**November Financial Plan 2013-2016**  
**Accrual Statement of Operations by Category**  
(\$ in millions)

**NON-REIMBURSABLE / REIMBURSABLE**  
Page 1 of 2

	2011	2012	2013			
	<u>Actual</u>	<u>November Forecast</u>	<u>Final Proposed Budget</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Revenue</b>						
Vehicle Toll Revenue	\$1,501.589	\$1,504.576	\$1,499.483	\$1,503.259	\$1,507.573	\$1,519.312
Other Operating Revenue	15.105	16.097	14.616	14.249	14.072	14.240
Capital and Other Reimbursements	14.222	14.051	14.454	14.575	14.833	15.132
Investment Income	0.085	0.110	0.110	0.294	1.457	2.975
<b>Total Revenue</b>	<b>\$1,531.001</b>	<b>\$1,534.834</b>	<b>\$1,528.663</b>	<b>\$1,532.377</b>	<b>\$1,537.935</b>	<b>\$1,551.659</b>
<b>Expenses</b>						
<b><u>Labor:</u></b>						
Payroll	\$123.147	\$124.595	\$131.428	\$133.997	\$137.324	\$139.669
Overtime	18.821	20.339	21.282	21.634540	22.071223	22.522968
Health and Welfare	22.483	24.144	27.096	27.751	29.772	31.953
OPEB Current Payment	14.145	14.623	16.349	16.741	17.913	19.167
Pensions	27.671	36.184	34.298	37.798	40.797	40.640
Other Fringe Benefits	16.298	16.629	17.428	17.724	18.032	18.289
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total Labor Expenses</b>	<b>\$222.565</b>	<b>\$236.515</b>	<b>\$247.881</b>	<b>\$255.646</b>	<b>\$265.910</b>	<b>\$272.240</b>
<b><u>Non-Labor:</u></b>						
Electric Power	\$6.178	\$6.500	\$7.180	\$7.322	\$7.900	\$8.530
Fuel	3.037	2.862	2.894	2.797	2.738	2.932
Insurance	4.812	6.657	8.055	9.783	11.430	13.413
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	91.350	96.609	106.117	122.140	137.677	143.268
Professional Service Contracts	17.744	23.968	25.184	25.493	25.873	26.380
Materials & Supplies	3.434	4.296	4.209	4.329	4.410	4.567
Other Business Expenses	24.113	24.869	26.856	27.448	28.051	28.674
<b>Total Non-Labor Expenses</b>	<b>\$150.668</b>	<b>\$165.761</b>	<b>\$180.496</b>	<b>\$199.312</b>	<b>\$218.079</b>	<b>\$227.764</b>
<b><u>Other Expense Adjustments:</u></b>						
Other	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
<b>Total Other Expense Adjustments</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Total Expenses Before Depreciation and GASB Adjs</b>	<b>\$373.233</b>	<b>\$402.276</b>	<b>\$428.377</b>	<b>\$454.957</b>	<b>\$483.988</b>	<b>\$500.005</b>
Add: Depreciation	\$86.545	\$89.928	\$94.429	\$104.389	\$111.667	\$119.521
Add: OPEB Obligation	66.680	73.000	76.650	80.483	84.507	88.732
Add: Environmental Remediation	0.006	0.000	0.000	0.000	0.000	0.000
<b>Total Expenses After Depreciation and GASB Adjs.</b>	<b>\$526.464</b>	<b>\$565.204</b>	<b>\$599.456</b>	<b>\$639.829</b>	<b>\$680.162</b>	<b>\$708.258</b>
Less: Depreciation	\$86.545	\$89.928	\$94.429	\$104.389	\$111.667	\$119.521
Less: OPEB Obligation	66.680	73.000	76.650	80.483	84.507	88.732
<b>Total Expenses</b>	<b>\$373.239</b>	<b>\$402.276</b>	<b>\$428.377</b>	<b>\$454.957</b>	<b>\$483.988</b>	<b>\$500.005</b>
<b>Baseline Income/(Deficit)</b>	<b>\$1,157.762</b>	<b>\$1,132.559</b>	<b>\$1,100.287</b>	<b>\$1,077.420</b>	<b>\$1,053.946</b>	<b>\$1,051.654</b>

**MTA BRIDGES AND TUNNELS**  
**November Financial Plan 2013-2016**  
**Accrual Statement of Operations by Category**  
(\$ in millions)

**NON-REIMBURSABLE / REIMBURSABLE**  
Page 2 of 2

	2011 <u>Actual</u>	2012 November <u>Forecast</u>	2013 Final Proposed <u>Budget</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Baseline Income/(Deficit)</b>	<b>\$1,157.762</b>	<b>\$1,132.559</b>	<b>\$1,100.287</b>	<b>\$1,077.420</b>	<b>\$1,053.946</b>	<b>\$1,051.654</b>
<b><u>Deductions from Income:</u></b>						
Less: Capitalized Assets	4.364	\$10.370	\$17.781	\$17.843	\$17.849	\$20.635
Reserves	15.276	25.000	25.415	25.895	26.382	26.881
GASB 45 Reserves	1.787	1.700	1.815	1.841	1.904	1.940
<b>Adjusted Baseline Income/(Deficit)</b>	<b>\$1,136.335</b>	<b>\$1,095.488</b>	<b>\$1,055.276</b>	<b>\$1,031.841</b>	<b>\$1,007.811</b>	<b>\$1,002.199</b>
Less: Debt Service	608.592	589.860	610.747	623.988	643.794	667.722
<b>Income Available for Distribution</b>	<b>\$527.743</b>	<b>\$505.629</b>	<b>\$444.529</b>	<b>\$407.852</b>	<b>\$364.017</b>	<b>\$334.477</b>
<b><u>Distributable To:</u></b>						
MTA - Investment Income	\$0.085	\$0.110	\$0.110	\$0.294	\$1.457	\$2.975
MTA - Distributable Income	326.113	315.600	280.274	262.081	239.539	224.113
NYCT - Distributable Income	201.545	189.919	164.145	145.477	123.021	107.389
<b>Total Distributable Income:</b>	<b>\$527.743</b>	<b>\$505.629</b>	<b>\$444.529</b>	<b>\$407.852</b>	<b>\$364.017</b>	<b>\$334.477</b>
<b><u>Actual Cash Transfers:</u></b>						
MTA - Investment Income	\$0.147	\$0.085	\$0.110	\$0.110	\$0.294	\$1.457
MTA - Transfers	317.328	330.271	283.807	263.901	241.794	225.656
NYCT - Transfers	192.402	196.069	166.722	147.344	125.266	108.952
<b>Total Cash Transfers:</b>	<b>\$509.877</b>	<b>\$526.425</b>	<b>\$450.639</b>	<b>\$411.355</b>	<b>\$367.353</b>	<b>\$336.065</b>
<b><u>SUPPORT TO MASS TRANSIT:</u></b>						
Total Revenues	\$1,531.001	\$1,534.834	\$1,528.663	\$1,532.377	\$1,537.935	\$1,551.659
Less: Net Operating Expenses	373.239	402.276	428.377	454.957	483.988	500.005
<b>Net Operating Income:</b>	<b>\$1,157.762</b>	<b>\$1,132.559</b>	<b>\$1,100.287</b>	<b>\$1,077.420</b>	<b>\$1,053.946</b>	<b>\$1,051.654</b>
<b><u>Deductions from Operating Income:</u></b>						
B&T Debt Service	\$196.750	\$196.958	\$231.101	\$243.094	\$263.106	\$286.536
Capitalized Assets	4.364	10.370	17.781	17.843	17.849	20.635
Reserves	15.276	25.000	25.415	25.895	26.382	26.881
GASB Reserves	1.787	1.700	1.815	1.841	1.904	1.940
<b>Total Deductions from Operating Income:</b>	<b>\$218.177</b>	<b>\$234.028</b>	<b>\$276.112</b>	<b>\$288.673</b>	<b>\$309.242</b>	<b>\$335.991</b>
<b>Total Support to Mass Transit:</b>	<b>\$939.585</b>	<b>\$898.530</b>	<b>\$824.175</b>	<b>\$788.747</b>	<b>\$744.704</b>	<b>\$715.663</b>



**MTA BRIDGES AND TUNNELS**  
**November Financial Plan 2013-2016**  
**Traffic Volume (Utilization)**

	<b>2011 Actual</b>	<b>2012 November Forecast</b>	<b>2013 Final Proposed Budget</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b><u>Traffic Volume</u></b>	283.575	286.097	285.997	287.437	288.900	291.375
<b><u>Toll Revenue</u></b>	\$ 1,501.589	\$ 1,504.576	\$ 1,499.483	\$ 1,503.259	\$ 1,507.573	\$ 1,519.312

**MTA BRIDGES & TUNNELS**  
**November Financial Plan 2013-2016**  
**2012 Budget Reduction Plan Summary**  
(\$ in millions)

	Favorable/(Unfavorable)									
	Pos.	2012	Pos.	2013	Pos.	2014	Pos.	2015	Pos.	2016
<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/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
<b>Agency Submission</b>	-	<b>\$0.000</b>	-	<b>\$0.000</b>	-	<b>\$0.000</b>	-	<b>\$0.000</b>	-	<b>\$0.000</b>

**MTA BRIDGES AND TUNNELS**  
**November Financial Plan 2013-2016**  
**Total Positions by Function and Department**  
**Non-Reimbursable/Reimbursable and Full-time/Full-time Equivalents**

FUNCTION/DEPARTMENT	2011 Actual	2012 November Forecast	2013 Final Proposed Budget	2014	2015	2016
<b>Administration</b>						
Executive	2	2	2	2	2	2
Law	8	7	7	7	7	7
CFO <sup>(1)</sup>	26	20	20	20	20	20
Labor Relations	3	5	5	5	5	5
Procurement & Materials	26	17	17	17	17	17
Staff Services <sup>(2)</sup>	1	1	1	1	1	1
EEO						
<b>Total Administration</b>	<b>66</b>	<b>52</b>	<b>52</b>	<b>52</b>	<b>52</b>	<b>52</b>
<b>Operations</b>						
Revenue Management	36	39	39	39	39	39
Operations (Non-Security)	668	729	729	729	729	729
<b>Total Operations</b>	<b>704</b>	<b>768</b>	<b>768</b>	<b>768</b>	<b>768</b>	<b>768</b>
<b>Maintenance</b>						
Maintenance	180	179	183	183	183	183
Operations - Maintainers	167	172	172	172	172	172
Technology	52	52	52	52	52	52
Internal Security - Tech Svcs	10	8	8	8	8	8
<b>Total Maintenance</b>	<b>409</b>	<b>411</b>	<b>415</b>	<b>415</b>	<b>415</b>	<b>415</b>
<b>Engineering/Capital</b>						
Engineering & Construction	119	127	127	127	127	127
Health & Safety	8	8	8	8	8	8
Planning & Budget Capital	12	12	12	12	12	12
<b>Total Engineering/Capital</b>	<b>139</b>	<b>147</b>	<b>147</b>	<b>147</b>	<b>147</b>	<b>147</b>
<b>Public Safety</b>						
Operations (Security)	233	232	232	232	232	232
Internal Security - Operations	33	38	38	38	38	38
<b>Total Public Safety</b>	<b>266</b>	<b>270</b>	<b>270</b>	<b>270</b>	<b>270</b>	<b>270</b>
<b>Total Baseline Positions</b>	<b>1,584</b>	<b>1,648</b>	<b>1,652</b>	<b>1,652</b>	<b>1,652</b>	<b>1,652</b>
<i>Non-Reimbursable</i>	1,540	1,604	1,608	1,608	1,608	1,608
<i>Reimbursable</i>	44	44	44	44	44	44
<i>Total Full-Time</i>	1,584	1,648	1,652	1,652	1,652	1,652
<i>Total Full-Time Equivalents</i>	0	0	0	0	0	0

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

(2) Includes Human Resources and Administration staff.

**MTA BRIDGES AND TUNNELS**  
**November Financial Plan 2013-2016**  
**Total Positions by Function and Occupation**

FUNCTION/OCCUPATIONAL GROUP	2011 Actual	2012 November Forecast	2013 Final Proposed Budget	2014	2015	2016
<b>Administration</b>						
Managers/Supervisors	28	19	19	19	19	19
Professional, Technical, Clerical	38	33	33	33	33	33
Operational Hourlies	-	-	-	-	-	-
<b>Total Administration</b>	<b>66</b>	<b>52</b>	<b>52</b>	<b>52</b>	<b>52</b>	<b>52</b>
<b>Operations</b>						
Managers/Supervisors	51	54	54	54	54	54
Professional, Technical, Clerical	31	35	35	35	35	35
Operational Hourlies <sup>(1)</sup>	622	679	679	679	679	679
<b>Total Operations</b>	<b>704</b>	<b>768</b>	<b>768</b>	<b>768</b>	<b>768</b>	<b>768</b>
<b>Maintenance</b>						
Managers/Supervisors	33	34	34	34	34	34
Professional, Technical, Clerical	55	62	62	62	62	62
Operational Hourlies <sup>(2)</sup>	321	315	319	319	319	319
<b>Total Maintenance</b>	<b>409</b>	<b>411</b>	<b>415</b>	<b>415</b>	<b>415</b>	<b>415</b>
<b>Engineering/Capital</b>						
Managers/Supervisors	30	31	31	31	31	31
Professional, Technical, Clerical	109	116	116	116	116	116
Operational Hourlies	-	-	-	-	-	-
<b>Total Engineering/Capital</b>	<b>139</b>	<b>147</b>	<b>147</b>	<b>147</b>	<b>147</b>	<b>147</b>
<b>Public Safety</b>						
Managers/Supervisors	8	7	7	7	7	7
Professional, Technical, Clerical	24	29	29	29	29	29
Operational Hourlies <sup>(3)</sup>	234	234	234	234	234	234
<b>Total Public Safety</b>	<b>266</b>	<b>270</b>	<b>270</b>	<b>270</b>	<b>270</b>	<b>270</b>
<b>Total Positions</b>						
Managers/Supervisors	150	145	145	145	145	145
Professional, Technical, Clerical	257	275	275	275	275	275
Operational Hourlies	1,177	1,228	1,232	1,232	1,232	1,232
<b>Total Positions</b>	<b>1,584</b>	<b>1,648</b>	<b>1,652</b>	<b>1,652</b>	<b>1,652</b>	<b>1,652</b>

(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.

# **Capital Construction Company**

# Staff Summary



<b>Subject</b> MTA 2013 Budget and 2013-2016 Financial Plan Adoption
<b>Department</b> Office of the Chief Financial Officer
<b>Department Head Name</b> Anthony D'Amico
<b>Department Head Signature</b>
<b>Project Manager Name</b> Laurie Lombardi

<b>Date</b> December 3, 2012
<b>Vendor Name</b> NA
<b>Contract Number</b> NA
<b>Contract Manager Name</b> NA
<b>Table of Contents Ref #</b> NA

Board Action					
Order	To	Date	Approval	Info	Other
1	Finance Committee	12/17/12	X		
2	MTA Board	12/19/12	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) 2012 November Forecast, 2013 Final Proposed Budget, and the Four-Year Financial Plan for 2013-2016 (December Plan).

**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 2012 November Forecast and the 2013 Final Proposed Budget project a staffing level of 132 and 140 respectively by year end.

**2012 November Forecast:**

MTACC projects 2012 reimbursable expenses of \$30.1 million. Non-labor costs are projected at \$5.2 million. Approximately \$1.4 million of the projected non-labor costs are required by MTAHQ to fund MTA Audit quarterly chargebacks and All-Agency Protective Liability (AAPL) insurance. Monies are also budgeted for legal, engineering, archeological and environmental services, risk management software, reimbursement of NYCT for administrative support staff and services, and other office costs including computer equipment and supplies.

**2013 Final Proposed Budget:**

MTACC projects 2013 expenses of \$35.2 million. The 2013 Final Proposed Budget contains non-labor costs projected at \$8.1 million. Similar to the 2012 November Forecast, non-labor costs include MTA Audit quarterly chargebacks and AAPL insurance. Additional projections include the reimbursement of NYCT for administrative support staff and services, temporary services (e.g. consultants and firms to support project controls, change orders and claims management), legal and engineering services, workforce development through employee training, and other office costs such as communications and computer equipment.

**Impact on Funding:**

The 2012 November Forecast, the 2013 Final Proposed Budget, and the Four-Year Financial Plan for 2013-2016, 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 2012 November Forecast, the 2013 Final Proposed Budget, and the Four-Year Financial Plan for 2013-2016 for the MTA Capital Construction Company.











**MTA CAPITAL CONSTRUCTION**  
**November Financial Plan 2013-2016**  
**Total Positions by Function and Occupation**

FUNCTION/OCCUPATIONAL GROUP	2011 Actual	2012 November Forecast	Final Proposed Budget	2014	2015	2016
<b>Administration</b>						
Managers/Supervisors						
Professional, Technical, Clerical	22	16	18	18	18	18
Operational Hourlies						
<b>Total Administration</b>	22	16	18	18	18	18
<b>Operations</b>						
Managers/Supervisors						
Professional, Technical, Clerical						
Operational Hourlies						
<b>Total Operations</b>	-	-	-	-	-	-
<b>Maintenance</b>						
Managers/Supervisors						
Professional, Technical, Clerical						
Operational Hourlies						
<b>Total Maintenance</b>	-	-	-	-	-	-
<b>Engineering/Capital</b>						
Managers/Supervisors						
Professional, Technical, Clerical	101	116	122	122	122	122
Operational Hourlies						
<b>Total Engineering/Capital</b>	101	116	122	122	122	122
<b>Public Safety</b>						
Managers/Supervisors						
Professional, Technical, Clerical						
Operational Hourlies						
<b>Total Public Safety</b>	-	-	-	-	-	-
<b>Total Baseline Positions</b>						
Managers/Supervisors						
Professional, Technical, Clerical	123	132	140	140	140	140
Operational Hourlies						
<b>Total Baseline Positions</b>	123	132	140	140	140	140

# **Long Island Rail Road**

<b>Subject</b> MTA 2013 Budget & 2013-2016 Financial Plan Adoption
<b>Department</b> Office of Management & Budget
<b>Department Head Name</b> Gerard E. Ring
<b>Department Head Signature</b>
<b>Project Manager Name</b>

<b>Date</b> December 4, 2012
<b>Vendor Name</b>
<b>Contract Number</b>
<b>Contract Manager Name</b>
<b>Table of Contents Ref #</b>

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 Plng 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 secure MTA Board adoption of the MTA Long Island Rail Road's (MTA LIRR) 2012 November Forecast, 2013 Final Proposed Budget and the Four-Year Financial Plan for 2013 – 2016 (December Plan).

**Discussion**

The 2013 Final Proposed Budget, which is consistent with information presented to the Board in November, provides funding to expand the MTA Long Island Rail Road's current service levels, as well as 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 for MTA Long Island Rail Road, 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 does not include the impacts of fare/toll increases or those arising from Tropical Storm Sandy. These impacts will be presented as part of MTA consolidated materials.

**2012 November Forecast - Baseline**

Non-Reimbursable/Reimbursable expenses for the 2012 November Forecast before non-cash liability adjustments total \$1,440.1 million. This is composed of \$1,234.7 million of Non-Reimbursable expenses and \$205.4 million Reimbursable expenses. The total Non-Reimbursable/Reimbursable revenue for the 2012 November Forecast is \$829.1 million. This is composed of \$623.7 million of Non-Reimbursable revenue and \$205.4 million of Reimbursable revenue.

The Non-Reimbursable revenue for the 2012 November Forecast of \$623.7 million includes Passenger Revenue projections of \$586.8 million and \$36.9 million in other revenue from advertising, rental fees, and special services. The Farebox revenue is based on a projected annual ridership of 83.4 million passengers.

Excluding non-cash liability adjustments, Non-Reimbursable expenses for the 2012 November Forecast totals \$1,234.7 million. Including non-cash liability adjustments, total Non-Reimbursable expenses for the 2012 November Forecast increases to \$1,634.3 million. The cash adjustments for non-cash items and timing of expenses/receipts total \$404.0 million. The resulting Net Cash Deficit is projected to be \$606.6 million in 2012.

Total Non-Reimbursable headcount is 6,053 positions. Total Reimbursable headcount is 544 positions.

### **2013 Final Proposed Budget - Baseline**

Non-Reimbursable/Reimbursable expenses for the 2013 Final Proposed Budget before non-cash liability adjustments are \$1,560.2 million. This is composed of \$1,319.1 million of Non-Reimbursable expenses and \$241.1 million of Reimbursable expenses. The total Non-Reimbursable/Reimbursable revenue for the 2013 Final Proposed Budget is \$873.8 million. This is composed of \$632.7 million of Non-Reimbursable revenue and \$241.1 million of Reimbursable revenue.

The Non-Reimbursable revenue for the 2013 Final Proposed Budget of \$632.7 million includes Passenger Revenue projections of \$593.8 million and \$38.9 million in other revenue from advertising, rental fees, and special services. The Farebox revenue is based on a projected annual ridership of 84.4 million passengers.

Excluding non-cash liability adjustments, Non-Reimbursable expenses for the 2013 Final Proposed Non-Reimbursable Budget total \$1,319.1 million. Including non-cash liability adjustments, total Non-Reimbursable expenses for the 2013 Final Proposed Non-Reimbursable Budget increases to \$1,712.8 million. Cash adjustments for non-cash items and timing of expenses/receipts total \$398.7 million. The resulting Net Cash Deficit is projected to be \$681.4 million in 2013.

The Non-Reimbursable expense budget, before non-cash liability adjustments, of \$1,319.1 million is comprised of \$949.4 million in labor expenses (payroll and benefits), which represent 72 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 \$135.1 million, materials & supplies of \$109.0 million, professional and maintenance services contracts of \$94.5 million and all other costs of \$31.1 million.

Total Non-Reimbursable headcount is 6,058 positions of whom approximately 91 percent are in the operating departments. Total Reimbursable headcount is 673 positions.

### **Major Programmatic Initiatives**

The 2013 Final Proposed Budget provides funding to achieve the MTA LIRR's On-Time-Performance target, to continue Reliability Centered Maintenance of rolling stock to ensure fleet availability, and to maintain the right-of way in a state of good repair.

The financial plan includes funding for several customer oriented initiatives:

- Investments in increased train service necessary to meet strong ridership growth, particularly in the off-peak market, and promote increased ridership to new destination options.
  - Enhanced service to Atlantic Terminal to accommodate new ridership to the Barclay's Center.
  - Added service to Mets/Willets Point to serve customers attending the All Star Game and associated events.
  - Ronkonkoma Branch half-hour service on the weekends and off-peak week days during key hours.
  - Extra peak trains will be added on the Long beach, Port Jefferson, and Montauk branches to accommodate increased ridership.
  - Evening train service between Jamaica and Atlantic Terminal will be extended until 2 am.
  - Additional holiday service will be provided on the Port Washington, Huntington, Babylon, and Long Beach Branches starting this holiday season (2012).
- Expand the pilot program where train crews use hand held devices on-board the train. Explore the potential for e-ticketing options for customers.
- Strengthen investments in infrastructure improvements through increased field forces to support planned capital project activity, in particular substation replacement, East Side Access construction, and Speonk to Montauk Signalization.

### **Budget Reduction Initiatives**

This 2013 Final Proposed Budget includes a budget reduction initiative that improves revenue collection. The introduction of an address verification system at ticket vending machines will significantly reduce credit card chargebacks. The BRP is projected to save \$3.7 million in 2012.

### **Impact on Funding**

The 2012 November Forecast, 2013 Final Proposed Budget and the Four-Year Financial Plan baseline projections for 2013 – 2016, which are presented on 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 2012 November Forecast, the 2013 Final Proposed Budget and the Four-Year Financial Plan for 2013 – 2016.

**MTA LONG ISLAND RAIL ROAD**  
**November Financial Plan 2013-2016**  
**Accrual Statement of Operations by Category**  
(\$ in millions)

<b>NON-REIMBURSABLE</b>						
	<b>2011</b>	<b>2012</b>	<b>2013</b>			
	<b>Actual</b>	<b>November</b>	<b>Final Proposed</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
		<b>Forecast</b>	<b>Budget</b>			
<b>Operating Revenue</b>						
Farebox Revenue	\$571.706	\$586.812	\$593.844	\$598.247	\$602.615	\$605.857
Toll Revenue	-	-	-	-	-	-
Other Operating Revenue	34.185	36.902	38.879	38.449	39.301	40.589
Capital and Other Reimbursements	-	-	-	-	-	-
<b>Total Revenue</b>	<b>\$605.891</b>	<b>\$623.714</b>	<b>\$632.723</b>	<b>\$636.696</b>	<b>\$641.916</b>	<b>\$646.446</b>
<b>Operating Expenses</b>						
<b><u>Labor:</u></b>						
Payroll	\$409.228	\$422.656	\$434.365	\$446.539	\$471.539	\$502.168
Overtime	84.707	83.570	76.994	78.204	79.969	81.282
Health and Welfare	83.356	88.142	102.993	106.659	117.956	132.403
OPEB Current Payment	54.292	59.105	66.847	69.104	74.457	80.278
Pensions	142.163	161.902	181.046	178.009	180.736	184.770
Other Fringe Benefits	96.138	103.183	109.459	113.367	119.746	127.308
Reimbursable Overhead	(23.305)	(25.559)	(22.312)	(24.587)	(17.534)	(17.322)
<b>Total Labor Expenses</b>	<b>\$846.579</b>	<b>\$892.999</b>	<b>\$949.392</b>	<b>\$967.295</b>	<b>\$1,026.869</b>	<b>\$1,090.887</b>
<b><u>Non-Labor:</u></b>						
Electric Power	\$90.897	\$91.735	\$103.895	\$106.436	\$111.546	\$117.082
Fuel	26.139	27.599	31.171	30.634	29.900	31.643
Insurance	14.869	15.621	17.661	20.427	23.708	27.554
Claims	1.628	3.400	3.401	3.456	3.513	3.570
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	52.635	58.902	59.446	57.059	57.044	63.220
Professional Service Contracts	23.885	29.183	35.067	30.076	28.347	29.347
Materials & Supplies	67.022	101.860	108.998	119.294	120.766	126.432
Other Business Expenses	11.008	13.437	10.093	13.104	14.616	15.306
<b>Total Non-Labor Expenses</b>	<b>\$288.083</b>	<b>\$341.737</b>	<b>\$369.732</b>	<b>\$380.486</b>	<b>\$389.440</b>	<b>\$414.154</b>
<b><u>Other Expenses Adjustments:</u></b>						
Other	-	-	-	-	-	-
<b>Total Other Expense Adjustments</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Total Expenses before Depreciation and GASB Adjs.</b>	<b>\$1,134.662</b>	<b>\$1,234.736</b>	<b>\$1,319.124</b>	<b>\$1,347.781</b>	<b>\$1,416.309</b>	<b>\$1,505.041</b>
Depreciation	316.199	317.917	309.649	298.649	307.649	316.832
OPEB Obligation	74.596	79.662	82.051	84.513	87.048	89.660
Environmental Remediation	3.496	2.000	2.000	2.000	2.000	2.000
<b>Total Expenses</b>	<b>\$1,528.953</b>	<b>\$1,634.315</b>	<b>\$1,712.824</b>	<b>\$1,732.943</b>	<b>\$1,813.006</b>	<b>\$1,913.533</b>
<b>Baseline Surplus/(Deficit)</b>	<b>(\$923.062)</b>	<b>(\$1,010.601)</b>	<b>(\$1,080.101)</b>	<b>(\$1,096.247)</b>	<b>(\$1,171.090)</b>	<b>(\$1,267.087)</b>
<b><u>Cash Conversion Adjustments</u></b>						
Depreciation	\$316.199	\$317.917	\$309.649	\$298.649	\$307.649	\$316.832
Operating/Capital	(2.435)	(8.074)	(23.921)	(16.646)	(10.079)	(10.148)
Other Cash Adjustment	92.159	94.206	112.996	90.848	94.336	92.171
<b>Total Cash Conversion Adjustments</b>	<b>\$405.923</b>	<b>\$404.049</b>	<b>\$398.724</b>	<b>\$372.851</b>	<b>\$391.906</b>	<b>\$398.855</b>
<b>Net Cash Surplus/(Deficit)</b>	<b>(\$517.139)</b>	<b>(\$606.552)</b>	<b>(\$681.377)</b>	<b>(\$723.396)</b>	<b>(\$779.184)</b>	<b>(\$868.232)</b>





**MTA LONG ISLAND RAIL ROAD**  
**November Financial Plan 2013-2016**  
**Accrual Statement of Operations by Category**  
(\$ in millions)

<b>NON-REIMBURSABLE / REIMBURSABLE</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
	<b>Actual</b>	<b>November Forecast</b>	<b>Final Proposed Budget</b>			
<b>Revenue</b>						
Farebox Revenue	\$571.706	\$586.812	\$593.844	\$598.247	\$602.615	\$605.857
Toll Revenue	-	-	-	-	-	-
Other Operating Revenue	34.185	36.902	38.879	38.449	39.301	40.589
Capital and Other Reimbursements	197.076	205.368	241.097	255.436	236.108	235.023
<b>Total Revenue</b>	<b>\$802.967</b>	<b>\$829.082</b>	<b>\$873.820</b>	<b>\$892.132</b>	<b>\$878.024</b>	<b>\$881.469</b>
<b>Expenses</b>						
<b>Labor:</b>						
Payroll	\$474.267	\$489.492	\$515.434	\$533.763	\$559.064	\$589.776
Overtime	97.302	95.661	89.897	91.348	92.736	93.796
Health and Welfare	95.281	100.246	117.237	122.033	133.398	147.828
OPEB Current Payment	54.292	59.105	66.847	69.104	74.457	80.278
Pensions	164.573	183.100	201.000	199.458	202.188	206.194
Other Fringe Benefits	110.172	117.375	126.614	131.883	138.343	145.886
Reimbursable Overhead	(0.000)	-	-	-	-	-
<b>Total Labor Expenses</b>	<b>\$995.887</b>	<b>\$1,044.979</b>	<b>\$1,117.029</b>	<b>\$1,147.589</b>	<b>\$1,200.186</b>	<b>\$1,263.758</b>
<b>Non-Labor:</b>						
Electric Power	\$91.103	\$91.880	\$103.895	\$106.436	\$111.546	\$117.082
Fuel	26.139	27.599	31.171	30.634	29.900	31.643
Insurance	19.605	19.807	24.343	27.893	31.121	34.874
Claims	1.628	3.400	3.401	3.456	3.513	3.570
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	63.132	71.326	73.074	68.797	66.831	73.135
Professional Service Contracts	28.061	31.235	39.101	31.829	29.803	30.584
Materials & Supplies	94.646	135.554	156.753	172.078	164.802	170.013
Other Business Expenses	11.260	14.324	11.454	14.505	14.715	15.405
<b>Total Non-Labor Expenses</b>	<b>\$335.574</b>	<b>\$395.125</b>	<b>\$443.192</b>	<b>\$455.628</b>	<b>\$452.231</b>	<b>\$476.306</b>
<b>Other Expenses Adjustments:</b>						
Other	-	-	-	-	-	-
<b>Total Other Expense Adjustments</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Total Expenses before Depreciation and GASB Adjs.</b>	<b>\$1,331.461</b>	<b>\$1,440.104</b>	<b>\$1,560.221</b>	<b>\$1,603.217</b>	<b>\$1,652.417</b>	<b>\$1,740.064</b>
Depreciation	\$316.199	\$317.917	\$309.649	\$298.649	\$307.649	\$316.832
OPEB Obligation	74.596	79.662	82.051	84.513	87.048	89.660
Environmental Remediation	3.773	2.000	2.000	2.000	2.000	2.000
<b>Total Expenses</b>	<b>\$1,726.029</b>	<b>\$1,839.683</b>	<b>\$1,953.921</b>	<b>\$1,988.379</b>	<b>\$2,049.114</b>	<b>\$2,148.556</b>
<b>Baseline Surplus/(Deficit)</b>	<b>(\$923.062)</b>	<b>(\$1,010.601)</b>	<b>(\$1,080.101)</b>	<b>(\$1,096.247)</b>	<b>(\$1,171.090)</b>	<b>(\$1,267.087)</b>
<b>Cash Conversion Adjustments</b>						
Depreciation	\$316.199	\$317.917	\$309.649	\$298.649	\$307.649	\$316.832
Operating/Capital	(2.435)	(8.074)	(23.921)	(16.646)	(10.079)	(10.148)
Other Cash Adjustment	92.159	94.206	112.996	90.848	94.336	92.171
<b>Total Cash Conversion Adjustments</b>	<b>\$405.923</b>	<b>\$404.049</b>	<b>\$398.724</b>	<b>\$372.851</b>	<b>\$391.906</b>	<b>\$398.855</b>
<b>Net Cash Surplus/(Deficit)</b>	<b>(\$517.139)</b>	<b>(\$606.552)</b>	<b>(\$681.377)</b>	<b>(\$723.396)</b>	<b>(\$779.184)</b>	<b>(\$868.232)</b>

**MTA LONG ISLAND RAIL ROAD**  
**November Financial Plan 2013-2016**  
**Cash Receipts & Expenditures**  
(\$ in millions)

<b>CASH RECEIPTS AND EXPENDITURES</b>						
	<b>2011 Actual</b>	<b>2012 November Forecast</b>	<b>2013 Final Proposed Budget</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Receipts</b>						
Farebox Revenue	\$596.699	\$614.940	\$622.844	\$627.247	\$631.615	\$634.857
Vehicle Toll Revenue	-	-	-	-	-	-
Other Operating Revenue	35.350	91.391	51.765	51.077	52.046	53.455
Capital and Other Reimbursements	184.416	209.391	210.953	232.721	219.844	218.335
<b>Total Receipts</b>	<b>\$816.465</b>	<b>\$915.722</b>	<b>\$885.562</b>	<b>\$911.045</b>	<b>\$903.505</b>	<b>\$906.647</b>
<b>Expenditures</b>						
<b><u>Labor:</u></b>						
Payroll	\$477.441	\$486.115	\$513.006	\$531.262	\$556.488	\$587.123
Overtime	99.126	95.661	89.897	91.348	92.736	93.796
Health and Welfare	96.648	100.246	117.237	122.033	133.398	147.828
OPEB Current Payment	52.858	59.105	66.847	69.104	74.457	80.278
Pensions	164.450	183.100	201.000	199.458	202.188	206.194
Other Fringe Benefits	111.163	120.375	126.614	131.883	138.343	145.886
GASB Account	7.233	7.371	7.909	9.176	9.593	10.636
Reimbursable Overhead	-	-	-	-	-	-
<b>Total Labor Expenditures</b>	<b>\$1,008.918</b>	<b>\$1,051.973</b>	<b>\$1,122.510</b>	<b>\$1,154.264</b>	<b>\$1,207.203</b>	<b>\$1,271.741</b>
<b><u>Non-Labor:</u></b>						
Electric Power	\$85.686	\$131.097	\$101.678	\$109.405	\$114.714	\$120.462
Fuel	23.226	31.239	31.171	30.634	29.900	31.643
Insurance	15.649	25.189	23.589	28.435	30.761	34.499
Claims	1.209	2.934	1.609	1.646	1.684	1.722
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	48.866	83.882	73.374	69.097	67.131	73.435
Professional Service Contracts	22.694	30.461	36.101	28.679	26.496	27.111
Materials & Supplies	91.452	124.465	136.871	169.208	161.532	170.323
Other Business Expenses	8.785	14.034	11.036	14.073	14.268	14.943
<b>Total Non-Labor Expenditures</b>	<b>\$297.567</b>	<b>\$443.301</b>	<b>\$415.429</b>	<b>\$451.177</b>	<b>\$446.486</b>	<b>\$474.138</b>
<b><u>Other Expenditure Adjustments:</u></b>						
Other	28.982	27.000	29.000	29.000	29.000	29.000
<b>Total Other Expenditure Adjustments</b>	<b>\$28.982</b>	<b>\$27.000</b>	<b>\$29.000</b>	<b>\$29.000</b>	<b>\$29.000</b>	<b>\$29.000</b>
<b>Total Expenditures</b>	<b>\$1,335.467</b>	<b>\$1,522.274</b>	<b>\$1,566.939</b>	<b>\$1,634.441</b>	<b>\$1,682.689</b>	<b>\$1,774.879</b>
Cash Timing and Availability Adjustment	1.863	0.000	0.000	0.000	0.000	0.000
<b>Baseline Cash Surplus/(Deficit)</b>	<b>(\$517.139)</b>	<b>(\$606.552)</b>	<b>(\$681.377)</b>	<b>(\$723.396)</b>	<b>(\$779.184)</b>	<b>(\$868.232)</b>

**MTA LONG ISLAND RAIL ROAD**  
**November Financial Plan 2013-2016**  
**Cash Conversion (Cash Flow Adjustments)**  
(\$ in millions)

CASH FLOW ADJUSTMENTS						
	2011	2012	2013			
	<u>Actual</u>	<u>November Forecast</u>	<u>Final Proposed Budget</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Receipts</b>						
Farebox Revenue	\$24.993	\$28.128	\$29.000	\$29.000	\$29.000	\$29.000
Vehicle Toll Revenue	-	-	-	-	-	-
Other Operating Revenue	1.165	54.489	12.886	12.628	12.745	12.866
Capital and Other Reimbursements	(12.660)	4.023	(30.144)	(22.715)	(16.264)	(16.688)
<b>Total Receipts</b>	<b>\$13.498</b>	<b>\$86.640</b>	<b>\$11.742</b>	<b>\$18.913</b>	<b>\$25.481</b>	<b>\$25.178</b>
<b>Expenditures</b>						
<b><u>Labor:</u></b>						
Payroll	(\$3.174)	\$3.377	\$2.428	\$2.501	\$2.576	\$2.653
Overtime	(1.824)	-	-	-	-	-
Health and Welfare	(1.367)	-	-	-	-	-
OPEB Current Payment	1.434	-	-	-	-	-
Pensions	0.123	-	-	-	-	-
Other Fringe Benefits	(0.991)	(3.000)	-	-	-	-
GASB Account	(7.233)	(7.371)	(7.909)	(9.176)	(9.593)	(10.636)
Reimbursable Overhead	(0.000)	-	-	-	-	-
<b>Total Labor Expenditures</b>	<b>(\$13.032)</b>	<b>(\$6.994)</b>	<b>(\$5.481)</b>	<b>(\$6.675)</b>	<b>(\$7.017)</b>	<b>(\$7.983)</b>
<b><u>Non-Labor:</u></b>						
Electric Power	\$5.417	(\$39.217)	\$2.217	(\$2.969)	(\$3.168)	(\$3.380)
Fuel	2.913	(3.640)	-	-	-	-
Insurance	3.956	(5.382)	0.754	(0.542)	0.360	0.375
Claims	0.419	0.466	1.792	1.810	1.829	1.848
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	14.266	(12.556)	(0.300)	(0.300)	(0.300)	(0.300)
Professional Service Contracts	5.367	0.774	3.000	3.150	3.307	3.473
Materials & Supplies	3.194	11.089	19.882	2.870	3.270	(0.310)
Other Business Expenditures	2.475	0.290	0.418	0.432	0.447	0.462
<b>Total Non-Labor Expenditures</b>	<b>\$38.007</b>	<b>(\$48.176)</b>	<b>\$27.763</b>	<b>\$4.451</b>	<b>\$5.745</b>	<b>\$2.168</b>
<b><u>Other Expenditures Adjustments:</u></b>						
Other	(28.982)	(27.000)	(29.000)	(29.000)	(29.000)	(29.000)
<b>Total Other Expenditures Adjustments</b>	<b>(\$28.982)</b>	<b>(\$27.000)</b>	<b>(\$29.000)</b>	<b>(\$29.000)</b>	<b>(\$29.000)</b>	<b>(\$29.000)</b>
<b>Total Cash Conversion Adjustments before Depreciation and GASB Adjs.</b>	<b>\$9.492</b>	<b>\$4.470</b>	<b>\$5.024</b>	<b>(\$12.311)</b>	<b>(\$4.791)</b>	<b>(\$9.637)</b>
Depreciation Adjustment	\$316.199	\$317.917	\$309.649	\$298.649	\$307.649	\$316.832
OPEB Obligation	74.596	79.662	82.051	84.513	87.048	89.660
Environmental Remediation	3.773	2.000	2.000	2.000	2.000	2.000
Cash Timing and Availability Adjustment	1.863	-	-	-	-	-
<b>Baseline Total Cash Conversion Adjustments</b>	<b>\$405.923</b>	<b>\$404.049</b>	<b>\$398.724</b>	<b>\$372.851</b>	<b>\$391.906</b>	<b>\$398.855</b>

**MTA LONG ISLAND RAIL ROAD**  
**November Financial Plan 2013-2016**  
**Ridership/(Utilization)**  
(\$ in millions)

	2011 Actual	2012 November Forecast	2013 Final Proposed Budget	2014	2015	2016
<b><u>RIDERSHIP</u></b>						
Monthly	45.292	46.402	46.749	47.064	47.401	47.670
Weekly	1.668	1.717	1.730	1.741	1.753	1.762
<i>Addtl. Actions for Budget Balance</i>						
<b>Total Commutation</b>	<b>46.960</b>	<b>48.119</b>	<b>48.480</b>	<b>48.806</b>	<b>49.154</b>	<b>49.432</b>
One-Way Full Fare	7.697	8.095	8.158	8.211	8.269	8.314
One-Way Off Peak	17.132	17.621	18.025	18.168	18.296	18.395
All Other	9.239	9.581	9.697	9.779	9.876	9.927
<b>Total Commutation</b>	<b>34.067</b>	<b>35.298</b>	<b>35.880</b>	<b>36.159</b>	<b>36.441</b>	<b>36.636</b>
<b>Total Ridership</b>	<b>81.027</b>	<b>83.416</b>	<b>84.359</b>	<b>84.965</b>	<b>85.596</b>	<b>86.068</b>
<b><u>FAREBOX REVENUE</u></b>						
Passenger Revenue						
<b>Total Revenue</b>	<b>\$571.706</b>	<b>\$586.812</b>	<b>\$593.844</b>	<b>\$598.247</b>	<b>\$602.615</b>	<b>\$605.857</b>

**MTA LONG ISLAND RAIL ROAD**  
**November Financial Plan 2013-2016**  
**2012 Budget Reduction Plan Summary**  
(\$ in millions)

	Favorable/(Unfavorable)									
	Pos.	2012	Pos.	2013	Pos.	2014	Pos.	2015	Pos.	2016
<u>Administration</u>										
None	-	0.000	-	0.000	-	0.000	-	0.000	-	0.000
<i>Subtotal Administration</i>	-	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
<i>Subtotal Customer Convenience/Amenities</i>	-	0.000	-	0.000	-	0.000	-	0.000	-	0.000
<u>Maintenance</u>										
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
<u>Revenue Enhancement</u>										
Address Verification System (AVS)		3.663		3.663		3.663		3.663		3.663
<i>Subtotal Revenue Enhancement</i>	-	3.663	-	3.663	-	3.663	-	3.663	-	3.663
<u>Safety</u>										
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
<u>Security</u>										
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
<u>Service</u>										
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
<u>Service Support</u>										
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
<u>Other</u>										
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
<b>Agency Submission</b>	-	<b>\$3.663</b>	-	<b>\$3.663</b>	-	<b>\$3.663</b>	-	<b>\$3.663</b>	-	<b>\$3.663</b>



**MTA LONG ISLAND RAIL ROAD**  
**November Financial Plan 2013 - 2016**  
**Total Positions by Function and Occupation**

FUNCTION/DEPARTMENT	2011 Actual	2012 November Forecast	2013 Final Proposed Budget	2014	2015	2016
<b>Administration</b>						
Managers/Supervisors	287	311	325	325	331	339
Professional, Technical, Clerical	324	309	303	305	305	305
Operational Hourlies	-	-	-	-	-	-
<b>Total Administration</b>	<b>611</b>	<b>620</b>	<b>628</b>	<b>630</b>	<b>636</b>	<b>644</b>
<b>Operations</b>						
Managers/Supervisors	287	329	322	321	321	322
Professional, Technical, Clerical	155	162	161	161	161	161
Operational Hourlies	1,616	1,738	1,761	1,760	1,918	2,010
<b>Total Operations</b>	<b>2,058</b>	<b>2,229</b>	<b>2,244</b>	<b>2,242</b>	<b>2,400</b>	<b>2,493</b>
<b>Maintenance</b>						
Managers/Supervisors	643	688	723	715	751	794
Professional, Technical, Clerical	238	272	269	265	267	267
Operational Hourlies	2,656	2,661	2,723	2,831	2,825	2,972
<b>Total Maintenance</b>	<b>3,537</b>	<b>3,621</b>	<b>3,715</b>	<b>3,811</b>	<b>3,843</b>	<b>4,033</b>
<b>Engineering/Capital</b>						
Managers/Supervisors	90	106	113	113	113	113
Professional, Technical, Clerical	16	21	31	31	31	31
Operational Hourlies	-	-	-	-	-	-
<b>Total Engineering/Capital</b>	<b>106</b>	<b>127</b>	<b>144</b>	<b>144</b>	<b>144</b>	<b>144</b>
<b>Public Safety</b>						
Managers/Supervisors	-	-	-	-	-	-
Professional, Technical, Clerical	-	-	-	-	-	-
Operational Hourlies	-	-	-	-	-	-
<b>Total Public Safety</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Baseline Positions</b>						
Managers/Supervisors	1,307	1,434	1,483	1,474	1,516	1,568
Professional, Technical, Clerical	733	764	764	762	764	764
Operational Hourlies	4,272	4,399	4,484	4,591	4,743	4,982
<b>Total Baseline Positions</b>	<b>6,312</b>	<b>6,597</b>	<b>6,731</b>	<b>6,827</b>	<b>7,023</b>	<b>7,314</b>



# **Metro-North Railroad**



## Staff Summary

<b>Subject</b> 2013 Budget and 2013-2016 Financial Plan Adoption	<b>Date</b> December 5, 2012
<b>Department</b> Budget	<b>Vendor Name</b>
<b>Department Head Name</b> Joseph Pavone	<b>Contract Number</b>
<b>Department Head Signature</b>	<b>Contract Manager Name</b>
<b>Project Manager Name</b>	<b>Table of Contents Ref#</b>

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) 2012 November Forecast, 2013 Final Proposed Budget, and the Four-Year Financial Plan 2013-2016 (December Plan).

### Discussion:

The 2013 Final Proposed Budget, which is consistent with information presented to the MTA Board in November, provides sufficient funding to support MTA Metro-North Railroad's planned service levels, as well as MTA's commitment to provide safe, reliable and efficient transportation service to customers in New York State and Connecticut. The baseline projections that follow sustain previously instituted budget reduction programs, include new service investments and incorporate new or on-going programs that increase revenue, improve service delivery, quality and reliability, expand real-time customer information, enhance the GCT experience and address higher levels of staff attrition. The Financial Plan also includes fare increases in the State of Connecticut of 5.0% in 2013 and 2014, and 1.0% in 2015 and 2016.

Metro-North's projections do not include the estimated impacts from Tropical Storm Sandy or projected New York State fare increases. These impacts will be presented as part of MTA consolidated materials.

### 2012 November Forecast-Baseline

The 2012 non-reimbursable forecast reflects revenues totaling \$644.3 million, including \$595.3 million of farebox revenues and \$49.0 million in other operating revenue. Total operating expense projections of \$1,301.7 million consist of labor costs of \$673.7 million, non-labor costs of \$328.0 million and non-cash accruals of \$299.9 million for Depreciation (\$229.2 million), Other Post-Employment Benefits (\$68.0 million) and Environmental Remediation (\$2.7 million). After including favorable cash adjustments of \$313.6 million, the projected net cash deficit is \$343.7 million of which \$263.9 million represents the MTA share and \$79.8 million the ConnDOT share. Projected reimbursable expenses of \$192.7 million are fully offset by capital reimbursements. Total end-of-year positions are projected at 6,340 and include 5,773 non-reimbursable positions and 567 reimbursable positions.

### **2013 Final Proposed Budget-Baseline**

The 2013 final proposed non-reimbursable budget reflects revenues totaling \$669.5 million. Farebox revenues of \$621.2 million are supported by ridership growth of 2.4% (86.8 million total riders) and a 5% State of Connecticut fare increase on the New Haven Line starting January 1, 2013. Other operating revenues of \$48.3 million reflect GCT net retail revenues, advertising, commissary operations and outlying station & parking revenue. Total operating expense projections of \$1,387.1 million consist of labor costs of \$721.5 million, non-labor costs of \$343.4 million and non-cash accruals of \$322.2 million which are comprised of: Depreciation (\$242.2 million), Other Post-Employment Benefits (\$76.1 million) and Environmental Remediation (\$4.0 million). After including favorable cash adjustments of \$248.8 million, the projected net cash deficit is \$468.8 million of which \$367.0 million represents the MTA share and \$101.8 million the ConnDOT share. Projected reimbursable expenses of \$191.1 million are fully offset by capital reimbursements. Total end-of-year positions are projected at 6,418 and include 5,850 non-reimbursable positions and 568 reimbursable positions.

### **Major Programmatic Initiatives**

- **Improve Customer Service Delivery, Quality and Reliability**
  - **The service investment program** will expand train service by more than 5% resulting in:
    - Increased train frequency during reverse peak, weekday off-peak and on weekends through the implementation of half-hour service at a majority of stations and 20 minute service at major stations.
    - Faster travel times.
    - Improved comfort by adding cars and seats on weekends.
  - **Improved service reliability with new M8 cars.** In partnership with CDOT, Metro-North continues to phase-in the replacement of the entire New Haven Line electric car fleet with new M-8 cars. With the integration of this equipment into daily train operations, service reliability will be improved as the aging and lesser performing M-2, M-4 and M-6 cars are retired. The financial plan not only includes the additional staffing required for M-8 car maintenance and inspection, but also incorporates the savings in material consumption that will be recognized as the older, less reliable, NHL electric cars are retired.
  - **Continue locomotive overhaul programs** that maintain equipment reliability, improve the mean distance between failures, and reduce out-of-service rates which avoid extraordinary operating costs for major component repairs. In 2013, \$7 million will be invested in the overhaul of Genesis and GP-35 locomotives.
  - **Cyclical station inspection, maintenance and enhancement program will continue** to improve Metro North's overall station environment. Between 8-10 stations are planned for this comprehensive maintenance program in 2013.
  - **Joint commuter railroad purchase of additional Ticket Vending Machines (TVM) to improve customer convenience.** Metro-North will purchase an additional 20 TVM machines to accommodate growing ridership, supplement high volume stations and serve two new stations on the New Haven Line (Fairfield Metro and West Haven). This initiative also includes the creation of a new GCT service center to increase capacity, mitigate overcrowding and improve pedestrian flow.
  - **Joint commuter railroad Mobile Ticketing options and replacement of current on-board Ticket Issuing Machines (TIMs) with a smartphone that supports credit/debit smart-card and bar-scanning technology.**
- **Expand Real-Time Customer Information**
  - **Continue installation of real-time customer information monitors** and the cyclical replacement of signage at passenger stations.
  - **Provide real-time service status information to customers:**
    - Install information displays devoted to NYCT service updates in GCT.
  - **Pilot the use of smartphones** to enable GCT Customer Service Representatives to provide on-the-spot information to customers.

## Major Programmatic Initiatives cont'd

- **Enhance the Grand Central Terminal Experience**
  - **Continue partnership with NYPA** to install new energy efficient infrastructure.
  - **Continue escalator state-of-good-repair initiative** to improve service reliability.
  - **Initiate the program to replace all 11 GCT and GC North escalators** over the next several years.
  - **Complete the interior Trainshed re-development in 2013.**
  - **Celebrate GCT's 100th Anniversary with large scaled themed events funded by the Centennial sponsorship program:**
    - Creation of a lasting capital improvement to the Terminal, including the revitalization of the Pershing Square exterior entrance and entrance to the Terminal on 42nd Street
    - Public performances, festivities, and a rededication slated for February 1st
    - An interactive, multimedia exhibit on GCT by the New York Transit Museum
  
- **Addressing Higher Levels of Staff Attrition**
  - **Resources have been added to accommodate accelerated attrition levels in 2013 and to continue succession planning strategies:**
    - **Human Resources recruiters added** to handle increased hiring volume.
    - **Continue the advance hiring of critical positions** to ensure effective knowledge transfer, management continuity, and the availability of qualified replacements for positions that have extended training requirements to meet job qualifications and regulatory guidelines.
    - **Rightsizing of Conductor and Operations Control Center workforce.**
    - **Continue successful Internship program.**
    - **Continue Associate Engineer program** to attract a pool of technical professionals to support capital, infrastructure, and rolling stock programs.

## 2012 Budget Reduction Initiatives

In 2012, several budget reduction initiatives were enacted that will continue in the 2013 Budget and 2013-2106 Financial Plan. These initiatives total \$3.5 million and include:

- **Reduced payroll costs by \$2.5 million** through more accurate projection of vacancies.
- **Installation of credit card address verification software on Ticket Vending Machines** will safeguard against the illegal use of credit cards in the purchase of tickets and improve revenue collection, resulting in additional passenger revenues of \$0.5 million annually.
- **Increase in GCT retail revenue** will be realized through Metro-North's continued partnership with MTA Real Estate and Jones Lang LaSalle to more closely manage retail operations and leverage revenue opportunities. These efforts will result in an annual increase of \$0.5 million in other operating revenues.

## Impact on Funding

The 2012 November Forecast, the 2013 Final Proposed Budget and the Four-Year Financial Plan for 2013-2016, 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 2012 November Forecast, 2013 Final Proposed Budget, and the Four-Year Financial Plan for 2013-2016.

**MTA Metro-North Railroad**  
**November Financial Plan 2013 - 2016**  
**Accrual Statement of Operations by Category**  
**(\$ in millions)**

NON-REIMBURSABLE						
	2011	2012	2013			
	Actual	November Forecast	Final Proposed Budget	2014	2015	2016
<b>Operating Revenue</b>						
Farebox Revenue	\$567.533	\$595.325	\$621.194	\$648.200	\$662.443	\$675.899
Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	47.757	48.962	48.274	49.301	50.769	52.593
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
<b>Total Revenue</b>	<b>\$615.290</b>	<b>\$644.287</b>	<b>\$669.467</b>	<b>\$697.501</b>	<b>\$713.212</b>	<b>\$728.492</b>
<b>Operating Expenses</b>						
<b>Labor:</b>						
Payroll	\$385.061	\$399.286	\$413.523	\$424.546	\$432.737	\$442.195
Overtime	60.094	53.856	54.917	53.889	54.901	55.928
Health and Welfare	77.195	84.397	104.466	105.827	114.186	123.196
OPEB Current Payment	16.748	18.000	19.000	21.000	21.500	22.000
Pensions	50.895	62.697	73.268	72.254	73.214	74.639
Other Fringe Benefits	87.746	92.440	94.703	99.180	100.843	102.884
Reimbursable Overhead	(36.894)	(36.986)	(38.395)	(39.072)	(39.812)	(40.575)
<b>Total Labor</b>	<b>\$640.845</b>	<b>\$673.690</b>	<b>\$721.482</b>	<b>\$737.624</b>	<b>\$757.568</b>	<b>\$780.267</b>
<b>Non-Labor:</b>						
Electric Power	\$72.980	\$74.369	\$84.823	\$87.390	\$92.643	\$98.097
Fuel	30.427	28.318	28.000	27.513	26.924	28.612
Insurance	10.027	10.942	12.551	14.396	16.564	19.056
Claims	1.926	0.483	0.535	0.510	0.510	0.510
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	88.204	99.328	96.185	97.035	103.287	103.974
Professional Service Contracts	21.459	25.767	29.312	29.018	28.703	29.280
Materials & Supplies	69.646	69.632	65.190	75.538	76.921	80.778
Other Business Expenses	24.647	19.186	26.797	29.448	30.923	33.271
<b>Total Non-Labor</b>	<b>\$319.316</b>	<b>\$328.025</b>	<b>\$343.393</b>	<b>\$360.848</b>	<b>\$376.475</b>	<b>\$393.578</b>
<b>Other Expenses Adjustments:</b>						
Other	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total Other Expense Adjustments</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Total Expenses before Depreciation and GASB Adjts.</b>	<b>\$960.161</b>	<b>\$1,001.715</b>	<b>\$1,064.875</b>	<b>\$1,098.473</b>	<b>\$1,134.044</b>	<b>\$1,173.844</b>
Depreciation	\$213.811	229.177	242.189	247.189	252.189	257.258
OPEB Obligation	57.015	68.044	76.073	77.899	83.352	89.187
Environmental Remediation	4.460	2.726	3.955	3.955	3.955	3.955
<b>Total Expenses</b>	<b>\$1,235.447</b>	<b>\$1,301.662</b>	<b>\$1,387.092</b>	<b>\$1,427.516</b>	<b>\$1,473.539</b>	<b>\$1,524.244</b>
<b>Baseline Surplus/(Deficit)</b>	<b>(\$620.157)</b>	<b>(\$657.375)</b>	<b>(\$717.625)</b>	<b>(\$730.014)</b>	<b>(\$760.328)</b>	<b>(\$795.752)</b>
<b>Cash Conversion Adjustments:</b>						
Depreciation	\$213.811	229.177	242.189	247.189	252.189	257.258
Operating/Capital	(8.981)	(22.606)	(33.046)	(26.687)	(18.600)	(18.601)
Other Cash Adjustments	16.000	107.071	39.678	71.413	89.427	99.731
<b>Total Cash Conversion Adjustments</b>	<b>\$220.830</b>	<b>\$313.642</b>	<b>\$248.821</b>	<b>\$291.915</b>	<b>\$323.016</b>	<b>\$338.388</b>
<b>Baseline Cash Surplus/(Deficit)</b>	<b>(\$399.327)</b>	<b>(\$343.733)</b>	<b>(\$468.804)</b>	<b>(\$438.099)</b>	<b>(\$437.312)</b>	<b>(\$457.365)</b>



**MTA Metro-North Railroad**  
**November Financial Plan 2013 - 2016**  
**Accrual Statement of Operations by Category**  
(\$ in millions)

NON-REIMBURSABLE / REIMBURSABLE						
	2011	2012	2013			
	Actual	November Forecast	Final Proposed Budget	2014	2015	2016
<b>Revenue</b>						
Farebox Revenue	\$567.533	\$595.325	\$621.194	\$648.200	\$662.443	\$675.899
Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	47.757	48.962	48.274	49.301	50.769	52.593
MNR - MTA	94.510	99.187	117.803	121.229	124.615	128.081
MNR - CDOT	96.857	83.940	62.911	90.409	77.624	77.432
MNR - Other	19.198	9.549	10.358	11.737	11.994	12.272
Capital and Other Reimbursements	210.565	192.676	191.073	223.375	214.233	217.786
<b>Total Revenue</b>	<b>\$825.855</b>	<b>\$836.963</b>	<b>\$860.540</b>	<b>\$920.877</b>	<b>\$927.444</b>	<b>\$946.277</b>
<b>Expenses</b>						
<b>Labor:</b>						
Payroll	\$427.359	\$441.438	\$456.766	\$468.623	\$477.636	\$487.935
Overtime	78.582	70.420	71.165	70.452	71.776	73.118
Health and Welfare	88.459	96.668	119.457	121.135	130.577	140.714
OPEB Current Payment	16.748	18.000	19.000	21.000	21.500	22.000
Pensions	56.280	69.970	82.057	80.893	81.980	83.562
Other Fringe Benefits	99.041	103.185	104.628	109.679	111.537	113.777
Reimbursable Overhead	1.168	(0.677)	(0.655)	(0.599)	(0.608)	(0.618)
<b>Total Labor</b>	<b>\$767.637</b>	<b>\$799.004</b>	<b>\$852.417</b>	<b>\$871.183</b>	<b>\$894.396</b>	<b>\$920.489</b>
<b>Non-Labor:</b>						
Electric Power	\$73.248	\$74.369	\$84.823	\$87.390	\$92.643	\$98.097
Fuel	30.427	28.318	28.000	27.513	26.924	28.612
Insurance	14.328	14.963	16.792	18.749	20.998	23.573
Claims	1.926	0.483	0.535	0.510	0.510	0.510
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	144.163	123.887	118.241	132.952	136.481	137.835
Professional Service Contracts	27.782	33.322	36.468	40.528	35.640	34.174
Materials & Supplies	86.068	97.936	91.244	112.933	109.106	114.402
Other Business Expenses	25.147	22.108	27.428	30.091	31.577	33.938
<b>Total Non-Labor</b>	<b>\$403.089</b>	<b>\$395.387</b>	<b>\$403.531</b>	<b>\$450.665</b>	<b>\$453.880</b>	<b>\$471.141</b>
<b>Other Expenses Adjustments:</b>						
Other	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total Other Expense Adjustments</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Total Expenses before Depreciation and GASB Adjs.</b>	<b>\$1,170.726</b>	<b>\$1,194.391</b>	<b>\$1,255.948</b>	<b>\$1,321.848</b>	<b>\$1,348.276</b>	<b>\$1,391.630</b>
Depreciation	\$213.811	\$229.177	\$242.189	\$247.189	\$252.189	\$257.258
OPEB Obligation	57.015	68.044	76.073	77.899	83.352	89.187
Environmental Remediation	4.460	2.726	3.955	3.955	3.955	3.955
<b>Total Expenses</b>	<b>\$1,446.012</b>	<b>\$1,494.338</b>	<b>\$1,578.165</b>	<b>\$1,650.891</b>	<b>\$1,687.772</b>	<b>\$1,742.030</b>
<b>Baseline Surplus/(Deficit)</b>	<b>(\$620.157)</b>	<b>(\$657.375)</b>	<b>(\$717.625)</b>	<b>(\$730.014)</b>	<b>(\$760.328)</b>	<b>(\$795.752)</b>
<b>Cash Conversion Adjustments:</b>						
Depreciation	\$213.811	\$229.177	\$242.189	\$247.189	\$252.189	\$257.258
Operating/Capital	(8.981)	(22.606)	(33.046)	(26.687)	(18.600)	(18.601)
Other Cash Adjustments	16.000	107.071	39.678	71.413	89.427	99.731
<b>Total Cash Conversion Adjustments</b>	<b>\$220.830</b>	<b>\$313.642</b>	<b>\$248.821</b>	<b>\$291.915</b>	<b>\$323.016</b>	<b>\$338.388</b>
<b>Baseline Cash Surplus/(Deficit)</b>	<b>(\$399.327)</b>	<b>(\$343.733)</b>	<b>(\$468.804)</b>	<b>(\$438.099)</b>	<b>(\$437.312)</b>	<b>(\$457.365)</b>

**MTA Metro-North Railroad**  
**November Financial Plan 2013 - 2016**  
**Cash Receipts & Expenditures**  
(\$ in millions)

CASH RECEIPTS AND EXPENDITURES						
	2011	2012	2013			
	Actual	November Forecast	Final Proposed Budget	2014	2015	2016
<b>Receipts</b>						
Farebox Revenue	\$574.623	\$602.930	\$629.144	\$656.300	\$670.943	\$684.399
Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	68.645	73.801	75.143	79.085	80.118	81.160
MNR - MTA	54.611	128.693	113.451	124.747	129.289	132.792
MNR - CDOT	78.599	101.399	61.417	92.768	78.957	77.785
MNR - Other	16.037	19.561	9.847	11.393	11.917	12.190
Capital and Other Reimbursements	149.247	249.653	184.715	228.908	220.163	222.767
<b>Total Receipts</b>	<b>\$792.515</b>	<b>\$926.384</b>	<b>\$889.002</b>	<b>\$964.293</b>	<b>\$971.224</b>	<b>\$988.326</b>
<b>Expenditures</b>						
<b>Labor:</b>						
Payroll	\$427.153	\$444.960	\$461.007	\$477.166	\$477.367	\$486.097
Overtime	79.601	71.278	71.671	73.021	72.272	73.608
Health and Welfare	89.595	105.422	123.998	125.298	134.821	144.042
OPEB Current Payment	15.699	18.000	19.000	21.000	21.500	22.000
Pensions	72.659	67.581	82.203	81.037	82.126	83.711
Other Fringe Benefits	97.196	103.297	105.225	111.727	111.420	113.095
GASB Account	0.000	8.746	9.607	10.512	11.366	12.334
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total Labor</b>	<b>\$781.903</b>	<b>\$819.284</b>	<b>\$872.711</b>	<b>\$899.761</b>	<b>\$910.872</b>	<b>\$934.887</b>
<b>Non-Labor:</b>						
Electric Power	\$73.070	\$76.183	\$87.016	\$89.634	\$94.939	\$100.447
Fuel	27.470	24.718	24.400	23.913	23.324	25.012
Insurance	12.222	17.178	16.295	18.163	21.270	22.807
Claims	0.355	0.629	0.681	0.656	0.656	0.656
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	148.699	135.137	141.969	145.774	142.527	140.241
Professional Service Contracts	18.728	34.896	38.538	42.355	37.218	35.755
Materials & Supplies	107.907	108.241	115.604	121.326	115.286	120.950
Other Business Expenses	21.488	49.351	56.992	57.210	58.844	61.336
<b>Total Non-Labor</b>	<b>\$409.939</b>	<b>\$446.333</b>	<b>\$481.495</b>	<b>\$499.031</b>	<b>\$494.064</b>	<b>\$507.204</b>
<b>Other Adjustments:</b>						
Other (CDOT Fuel Billing Adjustment)	\$0.000	4.500	3.600	3.600	3.600	3.600
Cash Timing and Availability Adjustment	(4.209)	0.000	0.000	0.000	0.000	0.000
<b>Total Other Adjustments</b>	<b>(\$4.209)</b>	<b>\$4.500</b>	<b>\$3.600</b>	<b>\$3.600</b>	<b>\$3.600</b>	<b>\$3.600</b>
<b>Total Expenditures</b>	<b>\$1,187.633</b>	<b>\$1,270.117</b>	<b>\$1,357.806</b>	<b>\$1,402.392</b>	<b>\$1,408.536</b>	<b>\$1,445.691</b>
<b>Baseline Cash Deficit</b>	<b>(\$395.118)</b>	<b>(\$343.733)</b>	<b>(\$468.804)</b>	<b>(\$438.099)</b>	<b>(\$437.312)</b>	<b>(\$457.365)</b>
<b>Subsidies</b>						
MTA	(\$306.042)	(\$263.912)	(\$367.014)	(\$352.864)	(\$348.240)	(\$364.458)
CDOT	(\$89.076)	(79.821)	(101.790)	(85.235)	(89.072)	(92.907)
<b>Total Subsidies</b>	<b>(\$395.118)</b>	<b>(\$343.733)</b>	<b>(\$468.804)</b>	<b>(\$438.099)</b>	<b>(\$437.312)</b>	<b>(\$457.365)</b>



**MTA Metro-North Railroad**  
**November Financial Plan 2013 - 2016**  
**Cash Conversion (Cash Flow Adjustments)**  
**(\$ in millions)**

CASH FLOW ADJUSTMENTS						
	2011	2012	2013			
	Actual	November Forecast	Final Proposed Budget	2014	2015	2016
<b>Receipts</b>						
Farebox Revenue	\$7.090	\$7.605	\$7.950	\$8.100	\$8.500	\$8.500
Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	20.888	24.839	26.869	29.784	29.349	28.567
MNR - MTA	(39.899)	29.506	(4.352)	3.518	4.674	4.711
MNR - CDOT	(18.258)	17.459	(1.494)	2.359	1.333	0.353
MNR - Other	(3.161)	10.012	(0.511)	(0.344)	(0.077)	(0.082)
Capital and Other Reimbursements	(61.318)	56.977	(6.358)	5.533	5.930	4.981
<b>Total Receipts</b>	<b>(\$33.340)</b>	<b>\$89.421</b>	<b>\$28.462</b>	<b>\$43.416</b>	<b>\$43.780</b>	<b>\$42.049</b>
<b>Expenditures</b>						
<b>Labor:</b>						
Payroll	\$0.206	(\$3.522)	(\$4.241)	(\$8.543)	\$0.269	\$1.838
Overtime	(1.019)	(0.858)	(0.506)	(2.569)	(0.496)	(0.489)
Health and Welfare	(1.136)	(8.754)	(4.541)	(4.163)	(4.244)	(3.328)
OPEB Current Payment	1.049	0.000	0.000	0.000	0.000	0.000
Pensions	(16.379)	2.389	(0.146)	(0.144)	(0.146)	(0.149)
Other Fringe Benefits	1.845	(0.112)	(0.597)	(2.048)	0.117	0.682
GASB Account	0.000	(8.746)	(9.607)	(10.512)	(11.366)	(12.334)
Reimbursable Overhead	1.168	(0.677)	(0.655)	(0.599)	(0.608)	(0.618)
<b>Total Labor</b>	<b>(\$14.266)</b>	<b>(\$20.280)</b>	<b>(\$20.294)</b>	<b>(\$28.578)</b>	<b>(\$16.476)</b>	<b>(\$14.398)</b>
<b>Non-Labor:</b>						
Electric Power	\$0.178	(\$1.814)	(\$2.193)	(\$2.244)	(\$2.296)	(\$2.350)
Fuel	2.957	3.600	3.600	3.600	3.600	3.600
Insurance	2.106	(2.215)	0.497	0.586	(0.272)	0.766
Claims	1.571	(0.146)	(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	(4.536)	(11.250)	(23.728)	(12.822)	(6.046)	(2.406)
Professional Service Contracts	9.054	(1.574)	(2.070)	(1.827)	(1.578)	(1.581)
Materials & Supplies	(21.839)	(10.305)	(24.360)	(8.393)	(6.180)	(6.548)
Other Business Expenditures	3.659	(27.243)	(29.564)	(27.119)	(27.267)	(27.398)
<b>Total Non-Labor</b>	<b>(\$6.850)</b>	<b>(\$50.946)</b>	<b>(\$77.964)</b>	<b>(\$48.366)</b>	<b>(\$40.184)</b>	<b>(\$36.063)</b>
<b>Other Adjustments:</b>						
Other	0.000	(4.500)	(3.600)	(3.600)	(3.600)	(3.600)
<b>Total Other Expenditure Adjustments</b>	<b>\$0.000</b>	<b>(\$4.500)</b>	<b>(\$3.600)</b>	<b>(\$3.600)</b>	<b>(\$3.600)</b>	<b>(\$3.600)</b>
<b>Total Cash Conversion Adjustments before Depreciation and GASB Adjs.</b>						
	<b>(\$54.456)</b>	<b>\$13.695</b>	<b>(\$73.396)</b>	<b>(\$37.128)</b>	<b>(\$16.480)</b>	<b>(\$12.012)</b>
Depreciation Adjustment	\$213.811	\$229.177	\$242.189	\$247.189	\$252.189	\$257.258
OPEB Obligation	57.015	68.044	76.073	77.899	83.352	89.187
Environmental Remediation	4.460	2.726	3.955	3.955	3.955	3.955
<b>Baseline Total Cash Conversion Adjustments</b>	<b>\$220.830</b>	<b>\$313.642</b>	<b>\$248.821</b>	<b>\$291.915</b>	<b>\$323.016</b>	<b>\$338.387</b>

**MTA Metro-North Railroad**  
**November Financial Plan 2013 - 2016**  
**Ridership (Utilization) \***  
(in millions)

	<b>2011</b>	<b>2012</b>	<b>2013</b>			
	<b>Actual</b>	<b>November</b>	<b>Final Proposed</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
		<b>Forecast</b>	<b>Budget</b>			
<b><u>Ridership</u></b>						
Harlem Line	26.364	27.175	27.973	28.669	29.304	29.888
Hudson Line	15.760	16.160	16.645	17.073	17.438	17.761
New Haven Line	38.240	39.663	40.406	41.156	41.734	42.286
<b>Total East of Hudson Ridership</b>	<b>80.364</b>	<b>82.999</b>	<b>85.024</b>	<b>86.898</b>	<b>88.477</b>	<b>89.935</b>
West of Hudson	1.680	1.757	1.787	1.814	1.850	1.887
<b>Total Ridership</b>	<b>82.044</b>	<b>84.756</b>	<b>86.812</b>	<b>88.712</b>	<b>90.327</b>	<b>91.822</b>
<b><u>Farebox Revenue</u></b>						
Harlem Line	\$172.341	\$177.038	\$182.363	\$187.418	\$191.880	\$196.043
Hudson Line	126.169	129.518	133.547	137.269	140.364	143.117
New Haven Line	268.249	288.195	304.702	322.923	329.597	336.125
West of Hudson Mail & Ride	0.774	0.574	0.582	0.590	0.602	0.614
<b>Baseline Total Farebox Revenue</b>	<b>\$567.533</b>	<b>\$595.325</b>	<b>\$621.194</b>	<b>\$648.200</b>	<b>\$662.443</b>	<b>\$675.899</b>

\* Reflects East of Hudson Service

**MTA Metro-North Railroad**  
**November Financial Plan 2013 - 2016**  
**2012 Budget Reduction Plan Summary**  
(\$ in millions)

	Favorable/(Unfavorable)									
	<u>Pos.</u>	<u>2012</u>	<u>Pos.</u>	<u>2013</u>	<u>Pos.</u>	<u>2014</u>	<u>Pos.</u>	<u>2015</u>	<u>Pos.</u>	<u>2016</u>
<b>Administration</b>										
None	-	0.000	-	0.000	-	0.000	-	0.000	-	0.000
<i>Subtotal Administration</i>	-	0.000	-	0.000	-	0.000	-	0.000	-	0.000
<b>Customer Convenience/Amenities</b>										
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
<b>Maintenance</b>										
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
<b>Revenue Enhancement</b>										
Passenger Revenue - Credit Card Address Verification Software	-	0.500	-	0.500	-	0.500	-	0.500	-	0.500
Non Passenger Revenue - Increase in GCT Retail Revenue	-	0.500	-	0.500	-	0.500	-	0.500	-	0.500
<i>Subtotal Revenue Enhancement</i>	-	1.000	-	1.000	-	1.000	-	1.000	-	1.000
<b>Safety/Security</b>										
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
<b>Service</b>										
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
<b>Service Support</b>										
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
<b>Other</b>										
Lower Payroll Costs from Increase in Vacancies	-	2.500	-	2.500	-	2.500	-	2.500	-	2.500
<i>Subtotal Other</i>	-	2.500	-	2.500	-	2.500	-	2.500	-	2.500
<b>Agency Submission</b>	-	<b>\$3.500</b>	-	<b>\$3.500</b>	-	<b>\$3.500</b>	-	<b>\$3.500</b>	-	<b>\$3.500</b>



**MTA METRO-NORTH RAILROAD**  
**November Financial Plan 2013-2016**  
**Total Positions by Function and Occupation**

FUNCTION/OCCUPATIONAL GROUP	2011 Actual	2012 November Forecast	2013 Final Proposed Budget	2014	2015	2016
<b>Administration</b>						
Managers/Supervisors	55	58	65	65	65	65
Professional, Technical, Clerical	408	474	475	475	472	472
Operational Hourlies	-	-	-	-	-	-
<b>Total Administration</b>	<b>463</b>	<b>532</b>	<b>540</b>	<b>540</b>	<b>537</b>	<b>537</b>
<b>Operations</b>						
Managers/Supervisors	24	30	31	31	31	31
Professional, Technical, Clerical	461	495	512	512	512	512
Operational Hourlies	1,521	1,615	1,627	1,633	1,647	1,653
<b>Total Operations</b>	<b>2,006</b>	<b>2,140</b>	<b>2,170</b>	<b>2,176</b>	<b>2,190</b>	<b>2,196</b>
<b>Maintenance</b>						
Managers/Supervisors	56	59	54	54	54	54
Professional, Technical, Clerical	956	1,032	1,043	1,043	1,043	1,043
Operational Hourlies	2,253	2,477	2,511	2,548	2,548	2,548
<b>Total Maintenance</b>	<b>3,265</b>	<b>3,568</b>	<b>3,608</b>	<b>3,645</b>	<b>3,645</b>	<b>3,645</b>
<b>Engineering/Capital</b>						
Managers/Supervisors	23	28	28	28	28	28
Professional, Technical, Clerical	68	72	72	72	72	72
Operational Hourlies	-	-	-	-	-	-
<b>Total Engineering/Capital</b>	<b>91</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Public Safety</b>						
Managers/Supervisors	-	-	-	-	-	-
Professional, Technical, Clerical	-	-	-	-	-	-
Operational Hourlies	-	-	-	-	-	-
<b>Total Public Safety</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Baseline Positions</b>						
Managers/Supervisors	158	175	178	178	178	178
Professional, Technical, Clerical	1,893	2,073	2,102	2,102	2,099	2,099
Operational Hourlies	3,774	4,092	4,138	4,181	4,195	4,201
<b>Total Baseline Positions</b>	<b>5,825</b>	<b>6,340</b>	<b>6,418</b>	<b>6,461</b>	<b>6,472</b>	<b>6,478</b>

# **MTA Headquarters**

# Staff Summary

<b>Subject</b> MTA 2013 Budget and 2013-2016 Financial Plan Adoption
<b>Department</b> Chief Financial Officer
<b>Department Head Name</b> Robert E. Foran, Chief Financial Officer
<b>Department Head Signature</b>
<b>Project Manager/Division Head</b>

<b>Date</b> December 3, 2012
<b>Vendor Name</b>
<b>Contract Number</b>
<b>Contract Manager Name</b>
<b>Table of Contents Ref #</b>

Board Action					
Order	To	Date	Approval	Info	Other
1	Finance	12/17			
2	Board	12/19			

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 2012 November Forecast, 2013 Final Proposed Budget, and the Four-Year Financial Plan for 2013-2016 (December Plan).

**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 for MTA Headquarters, which include the impact of budget reduction initiatives, do not include the impacts arising from Tropical Storm Sandy. These impacts will be presented as part of MTA consolidated materials.

**2012 November Forecast:**

The 2012 November Forecast Baseline Deficit of \$390.7 million includes total Non-Reimbursable Operating Revenues of \$59.0 million and total expenses before depreciation and other post-employment benefits of \$313.2 million, consisting of \$189.5 million in labor expenses and \$123.7 million in non-labor expenses. Total Capital and Other Reimbursements are projected to be \$67.1 million. Total reimbursable labor expenses are \$60.0 million and non-labor expenses are \$7.0 million. Cash Adjustments prior to depreciation and OPEB obligation are unfavorable by \$42.7 million, reflecting Headquarters' Operating Capital needs of \$13.6 million and unfavorable pension and non-labor expense adjustments.

The Baseline Cash Deficit is projected to be \$297.0 million. Total end-of-year positions are projected to be 1,737, including 1,687 non-reimbursable positions and 50 reimbursable positions.

**2013 Final Proposed Budget:**

The 2013 Final Proposed Budget Baseline Deficit of \$408.1 million includes Total Non-Reimbursable Operating Revenues of \$55.9 million and total expenses before depreciation and other post-employment benefits of \$354.6 million, consisting of \$211.7 million in labor expenses and \$142.9 million in non-labor expenses. Capital and Other Reimbursements are projected to be \$66.8 million. Total reimbursable labor expenses are \$55.3 million and non-labor expenses are \$11.5 million. Cash Adjustments prior to depreciation and OPEB obligation are unfavorable by \$12.4 million, reflecting Headquarters' Operating Capital needs of \$23.3 million, which are partially offset by favorable non-labor expense adjustments.

The Baseline Cash Deficit is projected to be \$311.1 million. Total end-of-year positions are projected to be 1,732, including 1,682 non-reimbursable positions and 50 reimbursable positions.

# Staff Summary

## **Major Programmatic Initiatives/Investments:**

- Rationalization and consolidation of Information Technology equipment and services.
- Evaluation and improvement of procuring goods and services processes.
- Oversight of the West Side Yard Development project with all funding reimbursable by the project developer.
- Increased police patrol at the Atlantic Avenue Terminal for enhanced customer safety.
- Data center hosting for disaster recovery to ensure uninterrupted operation of critical MTA information systems.

## **Budget Reduction Initiative:**

Savings of \$10.1 million in 2012 result from reductions derived from reviews of maintenance and other operating contracts, professional services contracts and other business expenses. Savings of \$4.3 million in these categories continue into 2013.

## **Impact on Funding:**

The 2012 November Forecast, the 2013 Final Proposed Budget, and the Four-Year Financial Plan 2013-2016, 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 2012 November Forecast, the 2013 Final Proposed Budget, and the Four-Year Financial Plan for 2013-2016.



**MTA HEADQUARTERS**  
**November Financial Plan 2013-2016**  
**Accrual Statement of Operations by Category**  
(\$ in millions)

<b>NON-REIMBURSABLE</b>
-------------------------

	2011	2012	2013			
	<u>Actual</u>	<u>November Forecast</u>	<u>Final Proposed Budget</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Operating Revenue</b>						
Fare Revenue	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Vehicle Toll Revenue	-	-	-	-	-	-
<u>Other Operating Revenue</u>						
Rental Income	54.972	53.900	52.874	53.788	54.676	55.775
Other	<u>4.757</u>	<u>5.060</u>	<u>2.999</u>	<u>3.051</u>	<u>3.102</u>	<u>3.164</u>
Total Other Operating Revenue	59.729	58.960	55.873	56.840	57.777	58.939
Capital and Other Reimbursements	-	-	-	-	-	-
<b>Total Revenue</b>	<b>\$59.729</b>	<b>\$58.960</b>	<b>\$55.873</b>	<b>\$56.840</b>	<b>\$57.777</b>	<b>\$58.939</b>
<b>Operating Expenses</b>						
<u>Labor:</u>						
Payroll	\$159.886	\$153.181	\$162.519	\$161.810	\$163.463	\$167.189
Overtime	14.174	8.728	8.932	9.092	9.092	9.135
Health and Welfare	20.391	21.622	22.729	22.313	23.946	26.131
OPEB Current Payment	6.847	6.896	9.600	10.900	12.200	13.500
Pensions	27.899	36.534	43.339	42.899	43.915	45.474
Other Fringe Benefits	16.036	17.347	14.127	13.394	13.769	14.344
Reimbursable Overhead	(40.392)	(54.817)	(49.528)	(50.386)	(51.218)	(52.248)
<b>Total Labor Expenses</b>	<b>\$204.841</b>	<b>\$189.490</b>	<b>\$211.717</b>	<b>\$210.022</b>	<b>\$215.166</b>	<b>\$223.526</b>
<u>Non-Labor:</u>						
Electric Power	\$6.777	\$7.573	\$8.666	\$8.296	\$8.810	\$9.385
Fuel	2.543	2.451	2.805	2.685	2.610	2.781
Insurance	4.873	(0.391)	2.935	3.395	3.826	4.381
Claims	2.266	(1.159)	1.099	1.209	1.330	1.463
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	44.572	64.462	65.923	65.392	66.393	67.728
Professional Service Contracts	44.896	61.123	52.177	51.175	51.175	50.505
Materials & Supplies	0.322	0.005	0.005	0.005	0.005	0.005
<u>Other Business Expenses</u>	0.000	0.000	-	-	-	-
MTA Internal Subsidy	27.845	(17.168)	4.000	4.000	4.000	4.000
Other	<u>3.703</u>	<u>6.853</u>	<u>5.312</u>	<u>5.376</u>	<u>5.478</u>	<u>5.638</u>
Total Other Business Expenses	31.548	(10.315)	9.312	9.376	9.478	9.638
<b>Total Non-Labor Expenses</b>	<b>\$137.797</b>	<b>\$123.748</b>	<b>\$142.922</b>	<b>\$141.534</b>	<b>\$143.627</b>	<b>\$145.887</b>
<u>Other Expense Adjustments:</u>						
Other	-	-	-	-	-	-
<b>Total Other Expense Adjustments</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Total Expenses before Depreciation and GASB Adjs.</b>	<b>\$342.638</b>	<b>\$313.238</b>	<b>\$354.639</b>	<b>\$351.556</b>	<b>\$358.793</b>	<b>\$369.413</b>
Depreciation	41.088	48.641	34.345	32.970	32.473	32.085
OPEB Obligation	78.142	87.767	75.000	79.300	83.600	87.900
Environmental Remediation	-	-	-	-	-	-
<b>Total Expenses</b>	<b>\$461.868</b>	<b>\$449.646</b>	<b>\$463.984</b>	<b>\$463.826</b>	<b>\$474.866</b>	<b>\$489.397</b>
<b>Baseline Surplus/(Deficit)</b>	<b>(\$402.139)</b>	<b>(\$390.686)</b>	<b>(\$408.111)</b>	<b>(\$406.986)</b>	<b>(\$417.089)</b>	<b>(\$430.459)</b>

**MTA HEADQUARTERS**  
**November Financial Plan 2013-2016**  
**Accrual Statement of Operations by Category**  
(\$ in millions)

<b>REIMBURSABLE</b>
---------------------

	2011 <u>Actual</u>	2012 November <u>Forecast</u>	2013 Final Proposed <u>Budget</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Revenue</b>						
Fare Revenue	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Vehicle Toll Revenue	-	-	-	-	-	-
Other Operating Revenue	-	-	-	-	-	-
Capital and Other Reimbursements	47.672	67.077	66.760	76.846	82.988	84.313
<b>Total Revenue</b>	<b>\$47.672</b>	<b>\$67.077</b>	<b>\$66.760</b>	<b>\$76.846</b>	<b>\$82.988</b>	<b>\$84.313</b>
<b>Expenses</b>	0.000					
<b><u>Labor:</u></b>	-					
Payroll	\$2.085	\$3.603	\$4.100	\$4.171	\$4.239	\$4.325
Overtime	0.001	-	-	-	-	-
Health and Welfare	0.250	0.528	0.528	0.579	0.625	0.678
OPEB Current Payment	0.000	0.000	0.000	0.000	0.000	0.000
Pensions	0.291	0.580	0.756	0.794	0.816	0.837
Other Fringe Benefits	0.345	0.517	0.342	0.333	0.345	0.359
Reimbursable Overhead	40.392	54.817	49.528	50.386	51.218	52.248
<b>Total Labor Expenses</b>	<b>\$43.364</b>	<b>\$60.045</b>	<b>\$55.253</b>	<b>\$56.261</b>	<b>\$57.243</b>	<b>\$58.446</b>
<b><u>Non-Labor:</u></b>	-					
Electric Power	\$0.000	\$0.014	\$0.014	\$0.013	\$0.014	\$0.015
Fuel	-	-	-	-	-	-
Insurance	-	0.112	0.112	0.124	0.136	0.149
Claims	-	-	-	-	-	-
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	0.000	0.048	0.093	0.094	0.096	0.098
Professional Service Contracts	4.271	6.749	11.176	20.240	25.383	25.487
Materials & Supplies	0.006	0.000	0.000	0.000	0.000	0.000
<u>Other Business Expenses</u>	0.000	0.000				
MTA Internal Subsidy	0.000	0.000	0.000	0.000	0.000	0.000
Other	0.031	0.110	0.112	0.114	0.116	0.118
Total Other Business Expenses	0.031	0.110	0.112	0.114	0.116	0.118
<b>Total Non-Labor Expenses</b>	<b>\$4.308</b>	<b>\$7.032</b>	<b>\$11.506</b>	<b>\$20.585</b>	<b>\$25.745</b>	<b>\$25.867</b>
<b><u>Other Expenses Adjustments:</u></b>	-					
Other	-	-	-	-	-	-
<b>Total Other Expense Adjustments</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Total Expenses before Depreciation</b>	<b>\$47.672</b>	<b>\$67.077</b>	<b>\$66.760</b>	<b>\$76.846</b>	<b>\$82.988</b>	<b>\$84.313</b>
<b>Depreciation</b>	-	-	-	-	-	-
<b>Total Expenses</b>	<b>\$47.672</b>	<b>\$67.077</b>	<b>\$66.760</b>	<b>\$76.846</b>	<b>\$82.988</b>	<b>\$84.313</b>
<b>Baseline Surplus/(Deficit)</b>	<b>\$0.000</b>	<b>(\$0.000)</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>

**MTA HEADQUARTERS**  
**November Financial Plan 2013-2016**  
**Accrual Statement of Operations by Category**  
(\$ in millions)

<b>NON-REIMBURSABLE / REIMBURSABLE</b>
--

	2011	2012	2013			
	Actual	November Forecast	Final Proposed Budget	2014	2015	2016
<b>Revenue</b>						
Fare Revenue	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Vehicle Toll Revenue	-	-	-	-	-	-
<u>Other Operating Revenue</u>						
Rental Income	54.972	53.900	52.874	53.788	54.676	55.775
Other	4.757	5.060	2.999	3.051	3.102	3.164
Total Other Operating Revenue	59.729	58.960	55.873	56.840	57.777	58.939
Capital and Other Reimbursements	47.672	67.077	66.760	76.846	82.988	84.313
<b>Total Revenue</b>	<b>\$107.401</b>	<b>\$126.037</b>	<b>\$122.633</b>	<b>\$133.685</b>	<b>\$140.765</b>	<b>\$143.252</b>
<b>Expenses</b>						
<u>Labor:</u>						
Payroll	\$161.971	\$156.784	\$166.618	\$165.981	\$167.702	\$171.514
Overtime	14.175	8.728	8.932	9.092	9.092	9.135
Health and Welfare	20.641	22.149	23.256	22.892	24.571	26.809
OPEB Current Payment	6.847	6.896	9.600	10.900	12.200	13.500
Pensions	28.190	37.114	44.095	43.693	44.731	46.311
Other Fringe Benefits	16.381	17.864	14.469	13.727	14.113	14.703
Reimbursable Overhead	-	-	-	-	-	-
<b>Total Labor Expenses</b>	<b>\$248.205</b>	<b>\$249.534</b>	<b>\$266.970</b>	<b>\$266.284</b>	<b>\$272.409</b>	<b>\$281.972</b>
<u>Non-Labor:</u>						
Electric Power	\$6.777	\$7.587	\$8.680	\$8.309	\$8.824	\$9.400
Fuel	2.543	2.451	2.805	2.685	2.610	2.781
Insurance	4.873	(0.279)	3.047	3.519	3.961	4.530
Claims	2.266	(1.159)	1.099	1.209	1.330	1.463
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	44.572	64.510	66.016	65.486	66.489	67.826
Professional Service Contracts	49.167	67.872	63.353	71.414	76.559	75.992
Materials & Supplies	0.328	0.005	0.005	0.005	0.005	0.005
<u>Other Business Expenses</u>						
MTA Internal Subsidy	27.845	(17.168)	4.000	4.000	4.000	4.000
Other Business Expenses	3.734	6.963	5.424	5.490	5.593	5.756
Total Other Business Expenses	31.579	(10.205)	9.424	9.490	9.593	9.756
<b>Total Non-Labor Expenses</b>	<b>\$142.105</b>	<b>\$130.781</b>	<b>\$154.428</b>	<b>\$162.118</b>	<b>\$169.372</b>	<b>\$171.754</b>
<u>Other Expenses Adjustments:</u>						
Other	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
<b>Total Other Expense Adjustments</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Total Expenses before Depreciation and GASB Adjs.</b>	<b>\$390.310</b>	<b>\$380.315</b>	<b>\$421.398</b>	<b>\$428.402</b>	<b>\$441.781</b>	<b>\$453.726</b>
Depreciation	41.088	48.641	34.345	32.970	32.473	32.085
OPEB Obligation	78.142	87.767	75.000	79.300	83.600	87.900
Environmental Remediation	-	-	-	-	-	-
<b>Total Expenses</b>	<b>\$509.540</b>	<b>\$516.723</b>	<b>\$530.743</b>	<b>\$540.672</b>	<b>\$557.854</b>	<b>\$573.710</b>
<b>Baseline Surplus/(Deficit)</b>	<b>(\$402.139)</b>	<b>(\$390.686)</b>	<b>(\$408.111)</b>	<b>(\$406.986)</b>	<b>(\$417.089)</b>	<b>(\$430.459)</b>

**MTA HEADQUARTERS**  
**November Financial Plan 2013-2016**  
**Cash Receipts & Expenditures**  
(\$ in millions)

<b>CASH RECEIPTS AND EXPENDITURES</b>						
	<b>2011</b>	<b>2012</b>	<b>2013</b>			
	<b>Actual</b>	<b>November Forecast</b>	<b>Final Proposed Budget</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Receipts</b>						
Fare Revenue	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Vehicle Toll Revenue	-	-	-	-	-	-
<u>Other Operating Revenue</u>	0.000					
Rental Income	71.489	53.694	52.874	53.788	54.676	55.775
Other	<u>4.658</u>	<u>5.148</u>	<u>3.097</u>	<u>3.150</u>	<u>3.202</u>	<u>3.267</u>
Total Other Operating Revenue	76.147	58.842	55.970	56.939	57.878	59.041
Capital and Other Reimbursements	44.621	67.037	66.760	76.846	82.988	84.313
<b>Total Receipts</b>	<b>\$120.768</b>	<b>\$125.879</b>	<b>\$122.730</b>	<b>\$133.785</b>	<b>\$140.866</b>	<b>\$143.354</b>
<b>Expenditures</b>						
<b>Labor:</b>						
Payroll	\$145.516	\$152.168	\$163.587	\$159.335	\$160.997	\$164.751
Overtime	14.175	8.728	8.932	9.092	9.092	9.135
Health and Welfare	18.192	21.120	22.183	21.774	23.430	25.644
OPEB Current Payment	6.847	6.896	9.600	10.900	12.200	13.500
Pensions	21.314	48.783	44.271	43.811	44.851	46.428
Other Fringe Benefits	15.980	17.501	14.665	13.665	14.049	14.638
GASB Account	1.000	1.029	1.073	1.118	1.140	1.165
Reimbursable Overhead	-	-	-	-	-	-
<b>Total Labor Expenditures</b>	<b>\$223.024</b>	<b>\$256.224</b>	<b>\$264.310</b>	<b>\$259.694</b>	<b>\$265.760</b>	<b>\$275.262</b>
<b>Non-Labor:</b>						
Electric Power	\$6.317	\$7.587	\$8.680	\$8.309	\$8.824	\$9.400
Fuel	1.233	2.451	2.805	2.685	2.610	2.781
Insurance	2.562	2.513	2.780	3.225	3.638	4.174
Claims	3.631	0.988	1.099	1.209	1.330	1.463
Paratransit Service Contracts	-					
Maintenance and Other Operating Contracts	52.651	67.620	63.309	62.801	63.762	65.045
Professional Service Contracts	39.700	69.169	58.634	66.058	70.817	70.292
Materials & Supplies	0.099	0.557	0.005	0.005	0.005	0.005
<u>Other Business Expenses</u>	-					
MTA Internal Subsidy	22.500	(5.952)	4.000	4.000	4.000	4.000
Other Business Expenses	<u>2.658</u>	<u>8.100</u>	<u>4.900</u>	<u>4.959</u>	<u>5.053</u>	<u>5.201</u>
Total Other Business Expenses	25.158	2.148	8.900	8.959	9.053	9.201
<b>Total Non-Labor Expenditures</b>	<b>\$131.351</b>	<b>\$153.032</b>	<b>\$146.211</b>	<b>\$153.252</b>	<b>\$160.039</b>	<b>\$162.362</b>
<b>Other Expenditure Adjustments:</b>						
Capital	7.095	13.605	23.338	17.316	17.316	17.316
Unallocated Service Enhancement Policy Action	-	-	-	-	-	-
<b>Total Other Expenditure Adjustments</b>	<b>\$7.095</b>	<b>\$13.605</b>	<b>\$23.338</b>	<b>\$17.316</b>	<b>\$17.316</b>	<b>\$17.316</b>
<b>Total Expenditures</b>	<b>\$361.470</b>	<b>\$422.861</b>	<b>\$433.860</b>	<b>\$430.262</b>	<b>\$443.115</b>	<b>\$454.940</b>
<b>Baseline Cash Deficit</b>	<b>(\$240.702)</b>	<b>(\$296.982)</b>	<b>(\$311.130)</b>	<b>(\$296.477)</b>	<b>(\$302.249)</b>	<b>(\$311.586)</b>

**MTA HEADQUARTERS**  
**November Financial Plan 2013-2016**  
**Cash Conversion (Cash Flow Adjustments)**  
(\$ in millions)

<b>CASH FLOW ADJUSTMENTS</b>
------------------------------

	<u>2011</u>	<u>2012</u>	<u>2013</u>			
	<u>Actual</u>	<u>November</u>	<u>Final Proposed</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
		<u>Forecast</u>	<u>Budget</u>			
<b>Receipts</b>						
Fare Revenue	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Rental Income	16.517	(0.206)	-	-	-	-
Other Operating Revenue	(0.099)	0.088	0.097	0.099	0.101	0.103
Capital and Other Reimbursements	(3.051)	(0.040)	0.000	0.000	0.000	0.000
<b>Total Receipts</b>	<b>\$13.367</b>	<b>(\$0.158)</b>	<b>\$0.097</b>	<b>\$0.099</b>	<b>\$0.101</b>	<b>\$0.103</b>
<b>Expenditures</b>						
<b><u>Labor:</u></b>						
Payroll	\$16.455	\$4.616	\$3.031	\$6.646	\$6.705	\$6.762
Overtime	0.000	-	-	-	-	-
Health and Welfare	2.449	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	6.876	(11.669)	(0.176)	(0.118)	(0.120)	(0.117)
Other Fringe Benefits	0.401	0.363	(0.196)	0.062	0.065	0.065
GASB Account	(1.000)	(1.029)	(1.073)	(1.118)	(1.140)	(1.165)
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total Labor Expenditures</b>	<b>\$25.181</b>	<b>(\$6.690)</b>	<b>\$2.660</b>	<b>\$6.590</b>	<b>\$6.650</b>	<b>\$6.710</b>
<b><u>Non-Labor:</u></b>						
Electric Power	\$0.460	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Fuel	1.310	(0.000)	-	-	-	-
Insurance	2.311	(2.792)	0.268	0.294	0.324	0.356
Claims	(1.365)	(2.147)	-	-	-	-
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	(8.079)	(3.110)	2.707	2.685	2.726	2.781
Professional Service Contracts	9.467	(1.297)	4.718	5.356	5.742	5.699
Materials & Supplies	0.229	(0.552)	0.000	0.000	0.000	0.000
<u>Other Business Expenses</u>	0.000	0.000	-	-	-	-
<u>MTA Internal Subsidy</u>	5.345	(11.216)	-	-	-	-
<u>Other Business Expenses</u>	<u>1.076</u>	<u>(1.137)</u>	<u>0.524</u>	<u>0.531</u>	<u>0.541</u>	<u>0.555</u>
Total Other Business Expenses	6.421	(12.353)	0.524	0.531	0.541	0.555
<b>Total Non-Labor Expenditures</b>	<b>\$10.754</b>	<b>(\$22.251)</b>	<b>\$8.217</b>	<b>\$8.866</b>	<b>\$9.332</b>	<b>\$9.391</b>
<b><u>Other Expenditure Adjustments:</u></b>						
Capital	(\$7.095)	(\$13.605)	(\$23.338)	(\$17.316)	(\$17.316)	(\$17.316)
<b>Total Other Expenditure Adjustments</b>	<b>(\$7.095)</b>	<b>(\$13.605)</b>	<b>(\$23.338)</b>	<b>(\$17.316)</b>	<b>(\$17.316)</b>	<b>(\$17.316)</b>
<b>Total Cash Conversion Adjustments before Depreciation and GASB Adjs.</b>	<b>\$42.207</b>	<b>(\$42.704)</b>	<b>(\$12.364)</b>	<b>(\$1.761)</b>	<b>(\$1.233)</b>	<b>(\$1.112)</b>
Depreciation Adjustment	41.088	48.641	34.345	32.970	32.473	32.085
OPEB Obligation	78.142	87.767	75.000	79.300	83.600	87.900
Environmental Remediation	-	-	-	-	-	-
<b>Baseline Total Cash Conversion Adjustments</b>	<b>\$161.437</b>	<b>\$93.704</b>	<b>\$96.981</b>	<b>\$110.509</b>	<b>\$114.840</b>	<b>\$118.873</b>

**MTA HEADQUARTERS**  
**November Financial Plan 2013-2016**  
**2012 Budget Reduction Plan Summary**  
(\$ in millions)

	2012		2013		2014		2015		2016	
	Positions <sup>1</sup>	Dollars	Positions <sup>1</sup>	Dollars	Positions <sup>1</sup>	Dollars	Positions <sup>1</sup>	Dollars	Positions <sup>1</sup>	Dollars
<u>Administration</u>										
Reduced IESS Maint & HQ needs prior to move to 2 Broadway		4.142		2.152		2.172		2.192		2.216
Reduced IT Expenses		1.043		0.524		0.533		0.540		0.554
Review and Reduction of 2012 Spending		3.365		-		-		-		-
Reduced Temp Services needs		0.214		0.214		0.218		0.222		0.226
<i>Sub-Total Administration</i>	0	\$8.764	0	\$2.890	0	\$2.923	0	\$2.954	0	\$2.996
<u>Customer Convenience &amp; Amenities</u>										
None	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00
<i>Sub-Total Customer Convenience &amp; Amenities</i>	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00
<u>Maintenance</u>										
None	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00
<i>Sub-Total Maintenance</i>	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00
<u>Revenue Enhancement</u>										
None	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00
<i>Sub-Total Revenue Enhancement</i>	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00
<u>Service</u>										
None	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00
<i>Sub-Total Service</i>	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00
<u>Service Support</u>										
None	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00
<i>Sub-Total Service Support</i>	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00
<u>Safety/Security</u>										
MTAPD Working in house with MTA Bus for Fleet Needs		0.150		0.150		0.153		0.155		0.158
Consolidation of Wireless Devices and Services		0.400		0.400		0.407		0.415		0.423
MTAPD Reduced Needs Prior to Move from Madison Avenue		0.823		0.823		0.837		0.854		0.869
<i>Sub-Total Safety/Security</i>		1.373		1.373		1.397		1.424		1.450
<u>Other</u>										
None	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00
<i>Sub-Total Other</i>	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00
<b>Total BRPs</b>	<b>0</b>	<b>\$10.137</b>	<b>0</b>	<b>\$4.263</b>	<b>0</b>	<b>\$4.320</b>	<b>0</b>	<b>\$4.378</b>	<b>0</b>	<b>\$4.446</b>

<sup>1</sup> Reflects the impact of amendments on year-end positions.



**MTA HEADQUARTERS**  
**November Financial Plan 2013 - 2016**  
**Total Positions by Function and Occupation**

FUNCTION/OCCUPATIONAL GROUP	2011 Actual	2012 November Forecast	2013 Final Proposed Budget	2014	2015	2016
<b>Administration</b>						
Managers/Supervisors	425	444	444	444	444	444
Professional, Technical, Clerical	434	512	495	495	495	495
Operational Hourlies						
<b>Total Administration</b>	859	956	939	939	939	939
<b>Operations</b>						
Managers/Supervisors						
Professional, Technical, Clerical						
Operational Hourlies						
<b>Total Operations</b>	-	-	-	-	-	-
<b>Maintenance</b>						
Managers/Supervisors						
Professional, Technical, Clerical						
Operational Hourlies						
<b>Total Maintenance</b>	-	-	-	-	-	-
<b>Engineering/Capital</b>						
Managers/Supervisors						
Professional, Technical, Clerical						
Operational Hourlies						
<b>Total Engineering/Capital</b>	-	-	-	-	-	-
<b>Public Safety</b>						
Managers/Supervisors	37	38	38	38	38	38
Professional, Technical, Clerical	66	75	75	75	75	75
Operational Hourlies (Uniformed)	641	668	680	680	685	715
<b>Total Public Safety</b>	744	781	793	793	798	828
<b>Total Positions</b>						
Managers/Supervisors	462	482	482	482	482	482
Professional, Technical, Clerical	500	587	570	570	570	570
Operational Hourlies	641	668	680	680	685	715
<b>Total Baseline Positions</b>	1,603	1,737	1,732	1,732	1,737	1,767



**Inspector General**

# Staff Summary

Subject: 2013 Budget and 2013-2016 Financial Plan Adoption
Department MTA Inspector General
Department Head Name Barry L. Kluger
Department Head Signature
Project Manager/Division Head

Date November 29, 2012
Vendor Name
Contract Number
Contract Manager Name
Table of Contents Ref #

Board Action					
Order	To	Date	Approval	Info	Other
1	Finance Comm.	12/17	X		
2	Board	12/19	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 2012 November Forecast, the 2013 Final Proposed Budget, and the Four-Year Financial Plan for 2013-2016 (December Plan).

**Discussion:**

The 2013 Final Proposed Budget, which is consistent with information presented to the Board in November, provides sufficient funding to maintain MTA Office of the Inspector General's operations.

**2012 November Forecast - Baseline**

Total Capital and Other Reimbursements are projected to be \$12.7 million. Total reimbursable labor expenses are \$9.5 million and non-labor expenses are \$3.1 million.

**2013 Final Proposed Budget - Baseline**

Total Capital and Other Reimbursements are projected to be \$13.6 million. Total reimbursable labor expenses are \$10.2 million and non-labor expenses are \$3.3 million.

**Major Programmatic Initiative:**

**IT Refresh Project,** requires \$0.7 million of expenses in 2013 for the procurement of IT hardware, software and consulting services to design and install obsolete IT equipment and to migrate data. The procurement of the software, design and installation costing \$0.3 million has been allocated to the operating budget and the procurement of the hardware costing \$0.4 million has been allocated to the capital operating budget. The project has been primarily funded with a reimbursement of hard and soft costs incurred during the office relocation. The remainder of funding was derived from reductions to the rental and IT hardware and maintenance expense categories.

**Impact on Funding**

The 2012 November Forecast, the 2013 Final Proposed Budget and the Four-Year Financial Plan for 2013-2016, 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 2012 November Forecast, the 2013 Final Proposed Budget, and the Four-Year Financial Plan for 2013-2016.









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



<b>Subject</b> 2013 Budget and 2013-2016 Financial Plan Adoption
<b>Department</b> Risk and Insurance Management
<b>Department Head Name</b> James Henly, General Counsel
<b>Department Head Signature</b>
<b>Project Manager Name</b> Laureen Coyne, Director Risk and Insurance Mgmt.

<b>Date</b> December 3, 2012
<b>Vendor Name</b> N/A
<b>Contract Number</b> N/A
<b>Contract Manager Name</b> N/A
<b>Table of Contents Ref #</b> N/A

Board Action					
Order	To	Date	Approval	Info	Other
1	Finance Committee	12/17	x		
2	Board	12/19	x		

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

**Purpose:**  
To secure MTA Board adoption of the First Mutual Transportation Assurance Company's (FMTAC) 2012 November Forecast, the 2013 Final Proposed Budget, and the Four-Year Financial Plan for 2013-2016 (December Plan).

**Discussion:**  
On an annual and cash basis, 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 2013 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.

FMTAC projections do not include the estimated impacts from Tropical Storm Sandy. These impacts will be presented as part of MTA consolidated materials.

**2012 November Forecast-Baseline**  
Total operating revenues are projected at \$24.8 million. Total operating expenses are projected to be \$4.6 million, resulting in a net surplus of \$29.5 million.

**2013 Final Proposed Budget-Baseline**  
Total operating revenues are projected at \$25.2 million. Total operating expenses are projected to be \$2.6 million, resulting in a net surplus of \$27.8 million.

**Impact of Funding:**  
The 2012 November Forecast, the 2013 Final Proposed Budget, and the Four-Year Financial Plan 2013-2016,

which are presented in the attached tables, are consistent with the proposed MTA Financial Plan.

**Recommendation:**

It is recommended that the MTA Board adopt FMTAC's 2012 November Forecast, the 2013 Final Proposed Budget, and the Four-Year Financial Plan for 2013-2016.

**MTA FIRST MUTUAL TRANSPORTATION ASSURANCE COMPANY**  
**November Financial Plan 2013 - 2016**  
**Accrual Statement of Operations by Category**  
(\$ in millions)

<b>NON-REIMBURSABLE</b>						
	<b>2011</b>	<b>2012</b>	<b>2013</b>			
	<b>Actual</b>	<b>November</b>	<b>Final Proposed</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
		<b>Forecast</b>	<b>Budget</b>			
<b>Operating Revenue</b>						
Farebox Revenue	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Toll Revenue	-	-	-	-	-	-
Other Operating Revenue	21.928	11.718	11.888	12.094	12.293	12.540
Investment Income	0.361	13.110	13.300	13.530	13.753	14.030
Capital and Other Reimbursements	-	-	-	-	-	-
<b>Total Revenue</b>	<b>\$22.289</b>	<b>\$24.828</b>	<b>\$25.188</b>	<b>\$25.624</b>	<b>\$26.047</b>	<b>\$26.570</b>
<b>Operating Expenses</b>						
<b><u>Labor:</u></b>						
Payroll	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Overtime	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	-
Pensions	-	-	-	-	-	-
Other Fringe Benefits	-	-	-	-	-	-
Reimbursable Overhead	-	-	-	-	-	-
<b>Total Labor Expenses</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b><u>Non-Labor:</u></b>						
Electric Power	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Fuel	-	-	-	-	-	-
Insurance	(95.837)	(82.033)	(87.599)	(98.647)	(113.572)	(132.720)
Claims	94.673	69.782	77.263	88.865	92.463	100.315
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	-	-	-	-	-	-
Professional Service Contracts	-	-	-	-	-	-
Materials & Supplies	-	-	-	-	-	-
Other Business Expenses	9.570	7.601	7.753	7.908	8.066	8.228
<b>Total Non-Labor Expenses</b>	<b>\$8.406</b>	<b>(\$4.650)</b>	<b>(\$2.583)</b>	<b>(\$1.874)</b>	<b>(\$13.043)</b>	<b>(\$24.177)</b>
<b><u>Other Expenses Adjustments:</u></b>						
Other	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
<b>Total Other Expense Adjustments</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Total Expenses before Depreciation</b>	<b>\$8.406</b>	<b>(\$4.650)</b>	<b>(\$2.583)</b>	<b>(\$1.874)</b>	<b>(\$13.043)</b>	<b>(\$24.177)</b>
Depreciation	-	-	-	-	-	-
<b>Total Expenses</b>	<b>\$8.406</b>	<b>(\$4.650)</b>	<b>(\$2.583)</b>	<b>(\$1.874)</b>	<b>(\$13.043)</b>	<b>(\$24.177)</b>
<b>Baseline Surplus/(Deficit)</b>	<b>\$13.883</b>	<b>\$29.478</b>	<b>\$27.771</b>	<b>\$27.498</b>	<b>\$39.089</b>	<b>\$50.748</b>



**MTA FIRST MUTUAL TRANSPORTATION ASSURANCE COMPANY**  
**November Financial Plan 2013 - 2016**  
**Cash Conversion (Cash Flow Adjustments)**  
(\$ in millions)

<b>CASH FLOW ADJUSTMENTS</b>						
	<b>2011</b>	<b>2012</b>	<b>2013</b>			
	<b>Actual</b>	<b>November Forecast</b>	<b>Final Proposed Budget</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Receipts</b>						
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	-	-	-	-	-	-
<b>Total Receipts</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Expenditures</b>						
<b><u>Labor:</u></b>						
Payroll	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Overtime	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	-
Pensions	-	-	-	-	-	-
Other Fringe Benefits	-	-	-	-	-	-
Reimbursable Overhead	-	-	-	-	-	-
<b>Total Labor Expenditures</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b><u>Non-Labor:</u></b>						
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	4.565	5.055	10.223	12.060	14.576
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	-	-	-	-	-	-
Professional Service Contracts	-	-	-	-	-	-
Materials & Supplies	-	-	-	-	-	-
Other Business Expenditures	-	-	-	-	-	-
<b>Total Non-Labor Expenditures</b>	<b>\$0.000</b>	<b>\$4.565</b>	<b>\$5.055</b>	<b>\$10.223</b>	<b>\$12.060</b>	<b>\$14.576</b>
<b><u>Other Expenditures Adjustments:</u></b>						
Other	(\$13.883)	(\$34.043)	(\$32.826)	(\$37.721)	(\$51.149)	(\$65.324)
<b>Total Other Expenditures Adjustments</b>	<b>(\$13.883)</b>	<b>(\$34.043)</b>	<b>(\$32.826)</b>	<b>(\$37.721)</b>	<b>(\$51.149)</b>	<b>(\$65.324)</b>
<b>Total Cash Conversion Adjustments before Depreciation</b>	<b>(\$13.883)</b>	<b>(\$29.478)</b>	<b>(\$27.771)</b>	<b>(\$27.498)</b>	<b>(\$39.089)</b>	<b>(\$50.748)</b>
Depreciation Adjustment	-	-	-	-	-	-
<b>Total Cash Conversion Adjustments</b>	<b>(\$13.883)</b>	<b>(\$29.478)</b>	<b>(\$27.771)</b>	<b>(\$27.498)</b>	<b>(\$39.089)</b>	<b>(\$50.748)</b>

[THIS PAGE INTENTIONALLY LEFT BLANK]

# **New York City Transit**

# Staff Summary

<b>Subject</b> 2013 Budget and 2013-2016 Financial Plan Adoption
<b>Department</b> Office of Management & Budget
<b>Department Head Name</b> Aaron Stern
<b>Department Head Signature</b>
<b>Project Manager Name</b>

<b>Date</b> November 30, 2012
<b>Vendor Name</b> NA
<b>Contract Number</b> NA
<b>Contract Manager Name</b> NA
<b>Table of Contents Ref #</b> <b>DRAFT 11-30-12 REVISED</b>

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 2012 November Forecast, 2013 Final Proposed Budget, and the Four-Year Financial Plan for 2013-2016 (December Plan).

## Discussion

The 2013 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 increased service and investments in improved maintenance. Projections also capture budget reduction initiatives, most notably within paratransit and fare evasion enforcement.

NYCT projections do not include the estimated impacts from Tropical Storm Sandy or of projected fare increases. These impacts will be presented as part of MTA consolidated materials.

### 2012 November Forecast-Baseline

Total operating revenues are projected at \$4.069 billion, including \$3.740 billion of farebox revenues. Total operating expenses are projected to be \$6.771 billion in 2012, consisting of labor costs of \$5.177 billion and non-labor expenses of \$1.595 billion. Non-cash depreciation expense is projected at \$1.445 billion and other post-employment benefit expenses are projected at \$1.355 billion. After including favorable cash adjustments of \$2.923 billion, the projected net cash deficit is \$2.579 billion. Projected reimbursable expenses of \$884.3 million are fully offset by capital reimbursements. Total end-of-year positions are projected at 45,663, including 41,158 non-reimbursable positions and 4,505 reimbursable positions.

### 2013 Final Proposed Budget-Baseline

Total operating revenues are projected at \$4.126 billion, including farebox revenues of \$3.770 billion. Total operating expenses are projected to be \$7.021 billion in 2013, consisting of labor costs of \$5.306 billion and non-labor expenses of \$1.714 billion. Non-cash depreciation expense is projected at \$1.520 billion and other post-employment benefit expenses are projected at \$1.405 billion. After including favorable cash adjustments of \$3.017 billion, the projected net cash deficit is \$2.803 billion. Projected reimbursable expenses of \$860.1 million are fully offset by capital reimbursements. Total end-of-year positions are projected at 46,063, including 41,731 non-reimbursable positions and 4,332 reimbursable positions.



## Major Programmatic Initiatives

- **A Service Investment Program**, requiring 220 positions with expenses of \$17.7 million in 2013 and \$22.6 million in subsequent years, to restore or add bus services that improve network coverage and connections as well as to service new markets. It is projected that farebox revenue will increase by \$4.0 million in 2013 and \$4.6 million in subsequent years.
- **FasTrack Overtime/Planning and Quality Control Unit** requires \$6.0 million of expenses in 2013 and subsequent years to ensure completion of maintenance tasks within this limited-duration line segment closure program that would be impractical or cost prohibitive under normal maintenance operations, and add a new Track Planning and Quality Control Unit that is needed to improve the maintenance planning process and implementation of needed quality controls.
- **Signals Inspection/Maintenance Backlog Reduction**, requiring additional overtime costing \$5.0 million in 2013 and \$2.0 million in subsequent years in order to properly address the current significant backlog in signal inspection, testing and maintenance activities.
- **Track Defect Backlog Reduction** requires the addition of 38 positions (includes the equivalent of 13 positions in overtime) and \$3.3 million of expenses annually in order to slow the growth in the high priority track defect backlog.
- **Work Car SMS (Scheduled Maintenance)**, requiring 7 positions with expenses of \$2.2 million in 2013 and \$7.0 million in subsequent years to provide for vital maintenance work on about 120 non-revenue vehicle work cars which are currently beyond their useful lives.
- A restart of the **Employee Facility Maintenance Program** requires the addition of 20 positions and \$2.2 million of annual expenses to meet a targeted upgrade of about 22 locations per year and to result in safe and sanitary employee facilities.

## Budget Reduction Initiatives

- **Projected Reductions in Paratransit Trip Activity** and the continued diversion of primary vehicle trips to lower cost taxis and vouchers are planned to result in net savings of \$71.8 million in 2013, \$105.3 million in 2014, \$141.7 million in 2015 and \$191.1 million in 2016.
- **Paratransit Fare Incentives**, specifically offering paratransit riders free trips on buses/subway to replace expensive paratransit trips, are projected to result in expense savings of \$31.0 million in 2013, \$46.0 million in 2014 and \$96.0 million in subsequent years.
- **Bus Fare Evasion Reduction**, requiring 70 mostly Special Investigator positions with expenses of \$7.0 million in 2013 and \$6.7 million in subsequent years, is projected to result in increased farebox revenues of \$7.0 million in 2013, \$14.1 million in 2014, \$21.1 million in 2015 and \$28.2 million in 2016.

## Impact on Funding

The 2012 November Forecast, the 2013 Final Proposed Budget and the Four-Year Financial Plan for 2013-2016, 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 2012 November Forecast, the 2013 Final Proposed Budget and the Four-Year Financial Plan for 2013-2016 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 2013 - 2016**  
**Accrual Statement of Operations by Category**  
(\$ in millions)

<b>NON-REIMBURSABLE</b>						
	<b>2011</b>	<b>2012</b>	<b>2013</b>			
	<b>Actual</b>	<b>November</b>	<b>Final Proposed</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
		<b>Forecast</b>	<b>Budget</b>			
<b>Operating Revenue</b>						
<u>Farebox Revenue:</u>						
Subway	2,698.747	2,771.386	2,812.275	2,851.278	2,890.460	2,922.083
Bus	868.194	876.882	887.583	900.516	912.130	923.429
Paratransit	14.613	15.625	17.642	19.591	21.756	24.158
Fare Media Liability	47.475	76.221	52.221	52.221	52.221	52.221
<b>Farebox Revenue</b>	<b>\$3,629.029</b>	<b>\$3,740.114</b>	<b>\$3,769.721</b>	<b>\$3,823.606</b>	<b>\$3,876.567</b>	<b>\$3,921.891</b>
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	111.660	132.111	156.505	184.726	218.274	258.042
Other	111.509	113.011	115.909	118.891	120.450	122.000
<b>Other Operating Revenue</b>	<b>\$307.185</b>	<b>\$329.138</b>	<b>\$356.430</b>	<b>\$387.633</b>	<b>\$422.740</b>	<b>\$464.058</b>
Capital and Other Reimbursements	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total Revenue</b>	<b>\$3,936.214</b>	<b>\$4,069.252</b>	<b>\$4,126.151</b>	<b>\$4,211.239</b>	<b>\$4,299.307</b>	<b>\$4,385.949</b>
<b>Expenses</b>						
<b>Labor:</b>						
Payroll	2,791.486	2,870.814	2,896.330	2,907.897	2,964.406	3,020.598
Overtime	304.743	315.791	301.245	289.413	293.466	299.211
Total Salaries & Wages	3,096.229	3,186.605	3,197.575	3,197.310	3,257.872	3,319.809
Health and Welfare	548.888	595.536	667.432	722.238	785.736	852.923
OPEB Current Payment	283.092	313.732	351.847	386.558	427.418	472.226
Pensions	780.581	986.753	981.691	1,009.753	1,057.213	1,083.130
Other Fringe Benefits	324.932	288.344	292.609	297.220	304.589	308.619
Total Fringe Benefits	1,937.493	2,184.365	2,293.579	2,415.769	2,574.956	2,716.898
Reimbursable Overhead	(218.036)	(194.279)	(184.729)	(179.207)	(178.667)	(181.262)
<b>Total Labor Expenses</b>	<b>\$4,815.686</b>	<b>\$5,176.691</b>	<b>\$5,306.425</b>	<b>\$5,433.872</b>	<b>\$5,654.161</b>	<b>\$5,855.445</b>
<b>Non-Labor:</b>						
Electric Power	275.971	316.273	349.737	355.165	382.508	411.973
Fuel	170.517	163.173	166.682	164.649	164.929	174.943
Insurance	57.861	53.698	60.902	73.642	89.586	108.841
Claims	174.448	91.978	89.291	91.682	94.590	98.056
Paratransit Service Contracts	348.553	366.797	385.183	419.621	425.611	493.753
Maintenance and Other Operating Contracts	139.908	149.186	186.105	176.770	178.976	195.842
Professional Service Contracts	111.923	128.340	128.889	129.346	127.451	129.945
Materials & Supplies	261.923	262.934	280.714	280.147	324.866	320.083
Other Business Expenses	65.101	62.421	66.825	67.786	69.117	70.676
<b>Total Non-Labor Expenses</b>	<b>\$1,606.205</b>	<b>\$1,594.800</b>	<b>\$1,714.328</b>	<b>\$1,758.808</b>	<b>\$1,857.634</b>	<b>\$2,004.112</b>
<b>Other Expense Adjustments:</b>						
Other	3.529	0.000	0.000	0.000	0.000	0.000
<b>Total Other Expense Adjustments</b>	<b>\$3.529</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Total Expenses before</b>						
<b>Depreciation and GASB Adjustments</b>	<b>\$6,425.420</b>	<b>\$6,771.491</b>	<b>\$7,020.753</b>	<b>\$7,192.680</b>	<b>\$7,511.795</b>	<b>\$7,859.557</b>
Depreciation	1,312.102	1,445.000	1,520.000	1,595.000	1,670.000	1,748.000
OPEB Obligation	1,323.381	1,354.951	1,405.331	1,463.500	1,520.834	1,579.644
Environmental Remediation	48.727	0.000	0.000	0.000	0.000	0.000
<b>Total Expenses</b>	<b>\$9,109.630</b>	<b>\$9,571.442</b>	<b>\$9,946.084</b>	<b>\$10,251.180</b>	<b>\$10,702.629</b>	<b>\$11,187.201</b>
<b>Net Surplus/(Deficit)</b>	<b>(\$5,173.416)</b>	<b>(\$5,502.190)</b>	<b>(\$5,819.933)</b>	<b>(\$6,039.941)</b>	<b>(\$6,403.322)</b>	<b>(\$6,801.252)</b>



**MTA NEW YORK CITY TRANSIT**  
**November Financial Plan 2013 - 2016**  
**Accrual Statement of Operations by Category**  
(\$ in millions)

<b>NON-REIMBURSABLE/REIMBURSABLE</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
	<b>Actual</b>	<b>November Forecast</b>	<b>Final Proposed Budget</b>			
<b>Revenue</b>						
<b>Farebox Revenue:</b>						
Subway	\$2,698.747	\$2,771.386	\$2,812.275	\$2,851.278	\$2,890.460	\$2,922.083
Bus	868.194	876.882	887.583	900.516	912.130	923.429
Paratransit	14.613	15.625	17.642	19.591	21.756	24.158
Fare Media Liability	47.475	76.221	52.221	52.221	52.221	52.221
<b>Farebox Revenue</b>	<b>\$3,629.029</b>	<b>\$3,740.114</b>	<b>\$3,769.721</b>	<b>\$3,823.606</b>	<b>\$3,876.567</b>	<b>\$3,921.891</b>
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000
<b>Other Operating Revenue:</b>						
Fare Reimbursement	84.016	84.016	84.016	84.016	84.016	84.016
Paratransit Reimbursement	111.660	132.111	156.505	184.726	218.274	258.042
Other	111.509	113.011	115.909	118.891	120.450	122.000
<b>Other Operating Revenue</b>	<b>307.185</b>	<b>329.138</b>	<b>356.430</b>	<b>387.633</b>	<b>422.740</b>	<b>464.058</b>
Capital and Other Reimbursements	939.882	884.251	860.118	844.211	840.561	852.473
<b>Total Revenue</b>	<b>\$4,876.096</b>	<b>\$4,953.503</b>	<b>\$4,986.269</b>	<b>\$5,055.450</b>	<b>\$5,139.868</b>	<b>\$5,238.422</b>
<b>Expenses</b>						
<b>Labor:</b>						
Payroll	3,165.165	3,218.584	3,252.826	3,257.344	3,313.710	3,375.010
Overtime	388.901	391.431	364.703	351.975	356.493	363.385
Total Salaries & Wages	3,554.066	3,610.015	3,617.529	3,609.319	3,670.203	3,738.395
Health and Welfare	572.401	619.065	693.440	749.708	815.137	884.392
OPEB Current Payment	283.092	313.732	351.847	386.558	427.418	472.226
Pensions	799.948	1,019.816	1,006.712	1,034.884	1,082.685	1,108.832
Other Fringe Benefits	438.051	392.926	402.506	405.055	412.062	417.605
Total Fringe Benefits	2,093.492	2,345.539	2,454.505	2,576.205	2,737.302	2,883.055
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total Labor Expenses</b>	<b>\$5,647.558</b>	<b>\$5,955.554</b>	<b>\$6,072.034</b>	<b>\$6,185.524</b>	<b>\$6,407.505</b>	<b>\$6,621.450</b>
<b>Non-Labor:</b>						
Electric Power	276.283	316.541	350.261	355.417	382.760	412.225
Fuel	170.534	163.216	166.705	164.671	164.951	174.965
Insurance	57.861	53.698	60.902	73.642	89.586	108.841
Claims	174.448	91.978	89.291	91.682	94.588	98.054
Paratransit Service Contracts	348.950	366.797	385.183	419.621	425.611	493.753
Maintenance and Other Operating Contracts	171.311	181.687	210.048	201.216	203.422	220.288
Professional Service Contracts	134.255	150.470	149.434	146.504	143.989	146.483
Materials & Supplies	313.576	311.291	328.398	329.269	369.268	363.735
Other Business Expenses	66.997	64.510	68.615	69.345	70.676	72.236
<b>Total Non-Labor Expenses</b>	<b>\$1,714.215</b>	<b>\$1,700.188</b>	<b>\$1,808.837</b>	<b>\$1,851.367</b>	<b>\$1,944.851</b>	<b>\$2,090.580</b>
<b>Other Expense Adjustments:</b>						
Other	3.529	0.000	0.000	0.000	0.000	0.000
<b>Total Other Expense Adjustments</b>	<b>\$3.529</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Total Expenses before Depreciation and GASB Adjustments</b>						
<b>Depreciation and GASB Adjustments</b>	<b>\$7,365.302</b>	<b>\$7,655.742</b>	<b>\$7,880.871</b>	<b>\$8,036.891</b>	<b>\$8,352.356</b>	<b>\$8,712.030</b>
Depreciation	1,312.102	1,445.000	1,520.000	1,595.000	1,670.000	1,748.000
OPEB Obligation	1,323.381	1,354.951	1,405.331	1,463.500	1,520.834	1,579.644
Environmental Remediation	48.727	0.000	0.000	0.000	0.000	0.000
<b>Total Expenses</b>	<b>\$10,049.512</b>	<b>\$10,455.693</b>	<b>\$10,806.202</b>	<b>\$11,095.391</b>	<b>\$11,543.190</b>	<b>\$12,039.674</b>
<b>Net Surplus/(Deficit)</b>	<b>(\$5,173.416)</b>	<b>(\$5,502.190)</b>	<b>(\$5,819.933)</b>	<b>(\$6,039.941)</b>	<b>(\$6,403.322)</b>	<b>(\$6,801.252)</b>

**MTA NEW YORK CITY TRANSIT**  
**November Financial Plan 2013 - 2016**  
**Cash Receipts & Expenditures**

<b>CASH RECEIPTS AND EXPENDITURES</b>						
	<b>2011</b>	<b>2012</b>	<b>2013</b>			
	<b>Actual</b>	<b>November</b>	<b>Final Proposed</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
		<b>Forecast</b>	<b>Budget</b>			
<b>Receipts</b>						
Farebox Revenue	3,647.200	3,726.645	3,785.652	3,833.837	3,886.798	3,932.122
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000
<b>Other Operating Revenue:</b>						
Fare Reimbursement	69.000	99.016	84.016	84.016	84.016	84.016
Paratransit Reimbursement	112.100	131.833	156.280	184.481	218.012	257.875
Other	114.600	114.011	116.909	119.891	121.450	123.000
<b>Other Operating Revenue</b>	<b>\$295.700</b>	<b>\$344.860</b>	<b>\$357.205</b>	<b>\$388.388</b>	<b>\$423.478</b>	<b>\$464.891</b>
Capital and Other Reimbursements	865.600	992.199	902.549	847.021	840.815	849.484
<b>Total Receipts</b>	<b>\$4,808.500</b>	<b>\$5,063.704</b>	<b>\$5,045.406</b>	<b>\$5,069.246</b>	<b>\$5,151.091</b>	<b>\$5,246.497</b>
<b>Expenditures</b>						
<b>Labor:</b>						
Payroll	3,133.851	3,247.227	3,242.846	3,334.319	3,289.677	3,341.093
Overtime	379.349	394.915	363.584	360.293	353.907	359.733
Total Salaries & Wages	3,513.200	3,642.142	3,606.430	3,694.612	3,643.584	3,700.826
Health and Welfare	597.908	608.345	687.897	743.749	808.731	877.506
OPEB Current Payment	283.092	313.732	351.847	386.558	427.418	472.226
Pensions	775.700	976.760	998.439	1,026.292	1,073.980	1,101.969
Other Fringe Benefits	348.400	365.959	364.853	375.779	375.637	381.552
Total Fringe Benefits	2,005.100	2,264.796	2,403.036	2,532.378	2,685.766	2,833.253
GASB Account	24.800	34.756	36.861	36.827	37.431	38.245
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total Labor Expenditures</b>	<b>\$5,543.100</b>	<b>\$5,941.694</b>	<b>\$6,046.327</b>	<b>\$6,263.817</b>	<b>\$6,366.781</b>	<b>\$6,572.324</b>
<b>Non-Labor:</b>						
Electric Power	272.653	319.541	350.261	355.417	382.760	412.225
Fuel	176.952	155.016	166.705	164.671	164.951	174.965
Insurance	44.400	68.247	62.706	75.540	95.084	112.320
Claims	102.000	84.005	81.044	83.154	83.958	85.269
Paratransit Service Contracts	360.600	364.797	383.183	417.621	423.611	491.753
Maintenance and Other Operating Contracts	193.100	196.394	224.748	215.916	218.122	234.988
Professional Service Contracts	120.093	141.470	140.434	137.504	134.989	137.483
Materials & Supplies	280.427	307.277	324.398	325.269	365.268	359.735
Other Business Expenditures	66.875	64.510	68.615	69.345	70.676	72.236
<b>Total Non-Labor Expenditures</b>	<b>\$1,617.100</b>	<b>\$1,701.257</b>	<b>\$1,802.094</b>	<b>\$1,844.437</b>	<b>\$1,939.419</b>	<b>\$2,080.974</b>
<b>Other Expenditure Adjustments:</b>						
Other	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total Other Expenditure Adjustments</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Total Expenditures</b>	<b>\$7,160.200</b>	<b>\$7,642.951</b>	<b>\$7,848.421</b>	<b>\$8,108.254</b>	<b>\$8,306.200</b>	<b>\$8,653.298</b>
<b>Net Cash Deficit</b>	<b>(\$2,351.700)</b>	<b>(\$2,579.247)</b>	<b>(\$2,803.015)</b>	<b>(\$3,039.008)</b>	<b>(\$3,155.109)</b>	<b>(\$3,406.801)</b>

**MTA NEW YORK CITY TRANSIT**  
**November Financial Plan 2013 - 2016**  
**Cash Conversion (Cash Flow Adjustments)**  
(\$ in millions)

	2011 Actual	2012 November Forecast	2013 Final Proposed Budget	2014	2015	2016
<b>Receipts</b>						
Fare Revenue	18.171	(13.469)	15.931	10.231	10.231	10.231
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000
<b>Other Operating Revenue:</b>						
Fare Reimbursement	(15.016)	15.000	0.000	0.000	0.000	0.000
Paratransit Reimbursement	0.440	(0.278)	(0.225)	(0.245)	(0.262)	(0.167)
Other	3.091	1.000	1.000	1.000	1.000	1.000
<b>Other Operating Revenue</b>	<b>(\$11.485)</b>	<b>\$15.722</b>	<b>\$0.775</b>	<b>\$0.755</b>	<b>\$0.738</b>	<b>\$0.833</b>
Capital and Other Reimbursements	(74.282)	107.948	42.431	2.810	0.254	(2.989)
<b>Total Receipt Adjustments</b>	<b>(\$67.596)</b>	<b>\$110.201</b>	<b>\$59.137</b>	<b>\$13.796</b>	<b>\$11.223</b>	<b>\$8.075</b>
<b>Expenditures</b>						
<b>Labor:</b>						
Payroll	31.314	(28.643)	9.980	(76.975)	24.033	33.917
Overtime	9.552	(3.484)	1.119	(8.318)	2.586	3.652
Total Salaries & Wages	40.866	(32.127)	11.099	(85.293)	26.619	37.569
Health and Welfare	(25.507)	10.720	5.543	5.959	6.406	6.886
OPEB Current Payment	0.000	0.000	0.000	0.000	0.000	0.000
Pensions	24.248	43.056	8.273	8.592	8.705	6.863
Other Fringe Benefits	89.651	26.967	37.653	29.276	36.425	36.053
Total Fringe Benefits	88.392	80.743	51.469	43.827	51.536	49.802
GASB Account	(24.800)	(34.756)	(36.861)	(36.827)	(37.431)	(38.245)
Reimbursable Overhead						
<b>Total Labor Expenditures</b>	<b>\$104.458</b>	<b>\$13.860</b>	<b>\$25.707</b>	<b>(\$78.293)</b>	<b>\$40.724</b>	<b>\$49.126</b>
<b>Non-Labor:</b>						
Electric Power	3.630	(3.000)	0.000	0.000	0.000	0.000
Fuel	(6.418)	8.200	0.000	0.000	0.000	0.000
Insurance	13.461	(14.549)	(1.804)	(1.898)	(5.498)	(3.479)
Claims	72.448	7.973	8.247	8.528	10.630	12.785
Paratransit Service Contracts	(11.650)	2.000	2.000	2.000	2.000	2.000
Maintenance and Other Operating Contracts	(21.789)	(14.707)	(14.700)	(14.700)	(14.700)	(14.700)
Professional Service Contracts	14.162	9.000	9.000	9.000	9.000	9.000
Materials & Supplies	33.149	4.014	4.000	4.000	4.000	4.000
Other Business Expenditures	0.122	0.000	0.000	0.000	0.000	0.000
<b>Total Non-Labor Expenditures</b>	<b>\$97.115</b>	<b>(\$1.069)</b>	<b>\$6.743</b>	<b>\$6.930</b>	<b>\$5.432</b>	<b>\$9.606</b>
<b>Other Expenditure Adjustments:</b>						
Other	3.529	0.000	0.000	0.000	0.000	0.000
<b>Total Other Expenditure Adjustments</b>	<b>\$3.529</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Total Expenditure Adjustments</b>	<b>\$205.102</b>	<b>\$12.791</b>	<b>\$32.450</b>	<b>(\$71.363)</b>	<b>\$46.156</b>	<b>\$58.732</b>
<b>Total Cash Conversion Adjustments before Depreciation and GASB Adjustments</b>	<b>\$137.506</b>	<b>\$122.992</b>	<b>\$91.587</b>	<b>(\$57.567)</b>	<b>\$57.379</b>	<b>\$66.807</b>
Depreciation Adjustment	1,312.102	1,445.000	1,520.000	1,595.000	1,670.000	1,748.000
OPEB Obligation	1,323.381	1,354.951	1,405.331	1,463.500	1,520.834	1,579.644
Environmental Remediation	48.727	0.000	0.000	0.000	0.000	0.000
<b>Total Cash Conversion Adjustments</b>	<b>\$2,821.716</b>	<b>\$2,922.943</b>	<b>\$3,016.918</b>	<b>\$3,000.933</b>	<b>\$3,248.213</b>	<b>\$3,394.451</b>

**MTA NEW YORK CITY TRANSIT**  
**November Financial Plan 2013 - 2016**  
**Ridership/Traffic Volume (Utilization)**  
(\$ in millions)

	<b>2011 Actual</b>	<b>2012 November Forecast</b>	<b>2013 Final Proposed Budget</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>RIDERSHIP</b>						
Subway	1,640.435	1,684.899	1,708.871	1,731.629	1,754.480	1,772.923
Bus	665.314	672.919	680.900	690.669	699.494	708.099
Paratransit	8.947	9.622	10.686	11.861	13.166	14.614
<b>Total Ridership</b>	<b>2,314.696</b>	<b>2,367.440</b>	<b>2,400.457</b>	<b>2,434.159</b>	<b>2,467.140</b>	<b>2,495.636</b>
<b>FAREBOX REVENUE (Excluding fare media liability)</b>						
Subway	2,698.747	\$2,771.386	2,812.275	2,851.278	2,890.460	2,922.083
Bus	868.194	876.882	887.583	900.516	912.130	923.429
Paratransit	14.613	15.625	17.642	19.591	21.756	24.158
<b>Total Farebox Revenue</b>	<b>3,581.554</b>	<b>3,663.893</b>	<b>3,717.500</b>	<b>3,771.385</b>	<b>3,824.346</b>	<b>3,869.670</b>

**NEW YORK CITY TRANSIT**  
**November Financial Plan 2013 - 2016**  
**2012 Budget Reduction Plan Summary**  
(\$ in millions)

	Favorable/(Unfavorable)									
	Pos.	2012	Pos.	2013	Pos.	2014	Pos.	2015	Pos.	2016
<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>										
Bus Fare Evasion Reduction	(70)	(2.038)	(70)	(0.004)	(70)	7.377	(70)	14.415	(70)	21.452
Subtotal Revenue Enhancement	(70)	(2.038)	(70)	(0.004)	(70)	7.377	(70)	14.415	(70)	21.452
<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>										
Paratransit Additional Savings - July FP	(22)	27.803	(22)	40.726	(22)	71.448	(22)	102.038	(22)	138.180
Paratransit Additional Savings - Nov FP	-	23.968	(2)	31.120	-	33.852	-	39.690	-	52.958
Paratransit Fare Incentives	-	0.000	-	31.000	-	46.000	-	96.000	-	96.000
Subtotal Service	(22)	51.771	(24)	102.846	(22)	151.300	(22)	237.728	(22)	287.138
<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
<b>Agency Submission</b>	<b>(92)</b>	<b>\$49.733</b>	<b>(94)</b>	<b>\$102.842</b>	<b>(92)</b>	<b>\$158.677</b>	<b>(92)</b>	<b>\$252.143</b>	<b>(92)</b>	<b>\$308.590</b>



**MTA New York City Transit**  
**November Financial Plan 2013-2016**  
**Total Positions by Function and Department**  
**Non-Reimbursable/Reimbursable and Full-Time/Full-Time Equivalents**

	2011	2012	2013			
	Actual	November Forecast	Final Proposed Budget	2014	2015	2016
<b>Administration</b>						
Office of the President	20	29	33	33	33	33
Law	247	266	266	266	266	266
Office of the EVP	37	41	39	39	39	39
Human Resources	298	184	221	221	221	221
Office of Management and Budget	36	39	39	39	39	39
Capital Planning & Budget	28	31	31	31	31	31
Corporate Communications	235	249	249	249	249	249
AFC Program Management & Sales	52	54	54	54	54	54
Technology & Information Services	421	436	443	440	438	437
Non-Departmental	-	-	84	84	84	84
Labor Relations	95	96	96	96	96	96
Materiel	231	237	233	227	225	225
Controller	151	121	126	126	126	126
<b>Total Administration</b>	<b>1,851</b>	<b>1,783</b>	<b>1,914</b>	<b>1,905</b>	<b>1,901</b>	<b>1,900</b>
<b>Operations</b>						
Subways Service Delivery	7,411	7,388	7,432	7,398	7,398	7,395
Subways Operation Support /Admin	282	312	312	312	312	312
Subways Stations	2,660	2,693	2,636	2,642	2,642	2,642
<b>Subtotal - Subways</b>	<b>10,353</b>	<b>10,393</b>	<b>10,380</b>	<b>10,352</b>	<b>10,352</b>	<b>10,349</b>
Buses	10,335	10,272	10,416	10,398	10,398	10,398
Paratransit	139	170	170	170	170	170
Operations Planning	377	394	388	373	373	373
Revenue Control	393	421	421	421	421	421
<b>Total Operations</b>	<b>21,597</b>	<b>21,650</b>	<b>21,775</b>	<b>21,714</b>	<b>21,714</b>	<b>21,711</b>
<b>Maintenance</b>						
Subways Operation Support /Admin	167	162	170	167	160	156
Subways Engineering	307	311	307	269	258	256
Subways Car Equipment	4,002	4,118	4,200	4,117	4,125	4,034
Subways Infrastructure	1,661	1,292	1,334	1,331	1,330	1,330
Subways Elevators & Escalators	-	381	377	374	374	374
Subways Stations	3,498	3,540	3,541	3,658	3,648	3,648
Subways Track	2,684	2,730	2,730	2,730	2,730	2,730
Subways Power	650	596	591	590	570	570
Subways Signals	1,372	1,417	1,374	1,350	1,347	1,347
Subways Electronics Maintenance	1,356	1,378	1,403	1,390	1,385	1,382
<b>Subtotal - Subways</b>	<b>15,697</b>	<b>15,925</b>	<b>16,027</b>	<b>15,976</b>	<b>15,927</b>	<b>15,827</b>
Buses	3,683	3,731	3,780	3,752	3,736	3,732
Revenue Control	137	137	137	137	150	150
Supply Logistics	544	557	556	556	556	556
System Safety	86	88	88	88	88	88
<b>Total Maintenance</b>	<b>20,147</b>	<b>20,438</b>	<b>20,588</b>	<b>20,509</b>	<b>20,457</b>	<b>20,353</b>
<b>Engineering/Capital</b>						
Capital Program Management	1,249	1,218	1,218	1,218	1,218	1,218
<b>Total Engineering/Capital</b>	<b>1,249</b>	<b>1,218</b>	<b>1,218</b>	<b>1,218</b>	<b>1,218</b>	<b>1,218</b>
<b>Public Safety</b>						
Security	495	574	568	568	568	568
<b>Total Public Safety</b>	<b>495</b>	<b>574</b>	<b>568</b>	<b>568</b>	<b>568</b>	<b>568</b>
<b>Total Baseline Positions</b>	<b>45,339</b>	<b>45,663</b>	<b>46,063</b>	<b>45,914</b>	<b>45,858</b>	<b>45,750</b>
Non-Reimbursable	40,606	41,158	41,731	41,674	41,698	41,603
Reimbursable	4,733	4,505	4,332	4,240	4,160	4,147
Total Full-Time	45,143	45,504	45,907	45,766	45,710	45,602
Total Full-Time Equivalents	196	159	156	148	148	148

**MTA New York City Transit**  
**November Financial Plan 2013-2016**  
**Total Positions by Function and Occupation**

FUNCTION/OCCUPATIONAL GROUP	2011 Actual	2012 November Forecast	2013 Final Proposed Budget	2014	2015	2016
<b>Administration</b>						
Managers/Supervisors	583	628	633	627	624	624
Professional, Technical, Clerical	1,243	1,123	1,165	1,162	1,161	1,160
Operational Hourlies	25	32	116	116	116	116
<b>Total Administration</b>	<b>1,851</b>	<b>1,783</b>	<b>1,914</b>	<b>1,905</b>	<b>1,901</b>	<b>1,900</b>
<b>Operations</b>						
Managers/Supervisors	2,429	2,516	2,439	2,437	2,437	2,434
Professional, Technical, Clerical	373	379	379	376	376	376
Operational Hourlies	18,795	18,755	18,957	18,901	18,901	18,901
<b>Total Operations</b>	<b>21,597</b>	<b>21,650</b>	<b>21,775</b>	<b>21,714</b>	<b>21,714</b>	<b>21,711</b>
<b>Maintenance</b>						
Managers/Supervisors	3,619	3,871	3,919	3,910	3,905	3,893
Professional, Technical, Clerical	1,016	1,027	1,027	1,000	976	970
Operational Hourlies	15,512	15,540	15,642	15,599	15,576	15,490
<b>Total Maintenance</b>	<b>20,147</b>	<b>20,438</b>	<b>20,588</b>	<b>20,509</b>	<b>20,457</b>	<b>20,353</b>
<b>Engineering/Capital</b>						
Managers/Supervisors	261	272	272	272	272	272
Professional, Technical, Clerical	986	944	944	944	944	944
Operational Hourlies	2	2	2	2	2	2
<b>Total Engineering/Capital</b>	<b>1,249</b>	<b>1,218</b>	<b>1,218</b>	<b>1,218</b>	<b>1,218</b>	<b>1,218</b>
<b>Public Safety</b>						
Managers/Supervisors	120	195	195	195	195	195
Professional, Technical, Clerical	32	36	36	36	36	36
Operational Hourlies	343	343	337	337	337	337
<b>Total Public Safety</b>	<b>495</b>	<b>574</b>	<b>568</b>	<b>568</b>	<b>568</b>	<b>568</b>
<b>Total Baseline Positions</b>						
Managers/Supervisors	7,012	7,482	7,458	7,441	7,433	7,418
Professional, Technical, Clerical	3,650	3,509	3,551	3,518	3,493	3,486
Operational Hourlies	34,677	34,672	35,054	34,955	34,932	34,846
<b>Total Baseline Positions</b>	<b>45,339</b>	<b>45,663</b>	<b>46,063</b>	<b>45,914</b>	<b>45,858</b>	<b>45,750</b>

[THIS PAGE INTENTIONALLY LEFT BLANK]

**MTA BUS COMPANY**

# Staff Summary



<b>Subject</b> MTA 2013 Budget and 2013-2016 Financial Plan Adoption
<b>Department</b> Finance
<b>Department Head Name</b> Thomas Del Sorbo
<b>Department Head Signature</b>
<b>Project Manager Name</b> William E. Cronin

<b>Date</b> November 30, 2012
<b>Vendor Name</b> NA
<b>Contract Number</b> NA
<b>Contract Manager Name</b> NA
<b>Table of Contents Ref #</b>

Board Action					
Order	To	Date	Approval	Info	Other
1	Bus Ops Committee	12/17/12	X		
2	Finance Committee	12/17/12	X		
3	MTA Board	12/19/12	X		

Internal Approvals			
Order	Approval	Order	Approval
1	EVP, Finance & Admin		
2	President		

**Purpose**

To secure MTA Board adoption of MTA Bus Company’s 2012 November Forecast, 2013 Final Proposed Budget, and the Four-Year Financial Plan for 2013-2016 (December Plan).

**Discussion**

The 2013 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, which include the impact of budget reduction initiatives, do not include the impact of fare increases or those arising from Tropical Storm Sandy. 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.

**2012 November Forecast-Baseline**

Total operating revenues are projected at \$201.3 million, including \$182.3 million of farebox revenues. Total non-reimbursable expenses before depreciation and GASB adjustments are projected to be \$550.0 million in 2012, consisting of labor costs of \$401.8 million and non-labor expenses of \$148.1 million. Non-cash depreciation expense is projected at \$42.2 million and other post-employment benefit expenses are projected at \$55.4 million. After including favorable cash adjustments of \$31.5 million, the projected net cash deficit is \$414.8 million. Projected reimbursable expenses of \$8.7 million are fully offset by capital reimbursements. Total end-of-year positions are projected at 3,553, consisting of 3,489 non-reimbursable positions and 64 reimbursable positions.

**2013 Final Proposed Budget-Baseline**

Total operating revenues are budgeted at \$202.3 million, including farebox revenues of \$183.0 million. Total non-reimbursable expenses before depreciation and GASB adjustments are budgeted to be \$563.3 million in 2013, consisting of labor costs of \$417.0 million and non-labor expenses of \$146.3 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 \$96.5 million, the projected net cash deficit is \$363.0 million. Projected reimbursable expenses of \$8.4 million are fully offset by capital reimbursements.

Total 2013 end-of-year positions are projected at 3,599 consisting of 3,535 non-reimbursable positions and 64 reimbursable positions.

The 2013 Final Proposed Budget and the Four-Year Financial Plan for 2013-2016 include the following key initiatives:

- **Platform Budget\Running Time\Enhance Bus Service** - Since investing in HASTUS, MTA Bus has utilized the software tools to produce efficient vehicle and operator/crew schedules, passenger information & relations, performance analysis, and to develop a full year Platform Budget. As a result, inconsistencies and deficiencies in running time in the schedule were identified. Addressing these issues supported efforts to improve customer service by providing more reliable and accurate operating schedules. This also includes bus management strategies that will improve reliability as well as ability to respond to changing ridership patterns and volume in conformance with Board approved Loading Guidelines. A new direct limited-stop route from two transit hubs in northeast Queens to support the MTA's regional joint effort with NYCDOT and PANYNJ to enhance transit service to LaGuardia Airport is also included.
- **Contractual Payroll Obligations** - As a result of more detailed data available due to the 2012 migration of payroll services to the Business Services Center, and unbudgeted miscellaneous payroll expenses related to collective bargaining provisions were identified.
- **Depot Training Supervisors** – A NYCT Strategic Initiative review of bus maintenance productivity revealed that additional depot and shop based training staff is required to provide additional on-site training to maintenance hourly personnel. This will bring MTABC in line with NYCT depot based training levels.
- **Driver Barriers** – Following a rash of attacks on bus drivers, the MTA is increasing the installation of shields to protect operators from violent riders.

### **Budget Reduction Initiative**

The Plan includes recurring savings of approximately \$3 million in each year.

### **Impact on Funding**

The 2012 November Forecast, the 2013 Final Proposed Budget and the Four-Year Financial Plan for 2013-2016 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 2012 November Forecast, the 2013 Final Proposed Budget and the Four-Year Financial Plan for 2013-2016 for MTA Bus Company.

**MTA BUS COMPANY**  
**November Financial Plan 2013 - 2016**  
**Accrual Statement of Operations by Category**  
(\$ in millions)

NON-REIMBURSABLE	2011	2012	2013			
	Actual	November Forecast	Final Proposed Budget	2014	2015	2016
<b>Operating Revenue</b>						
Farebox Revenue	\$179.042	\$182.270	\$182.951	\$184.186	\$185.285	\$186.280
Vehicle Toll Revenue						
Other Operating Revenue	20.871	19.019	19.391	19.771	20.169	20.578
Capital and Other Reimbursements	-	-	-	-	-	-
<b>Total Revenue</b>	<b>\$199.913</b>	<b>\$201.289</b>	<b>\$202.342</b>	<b>\$203.957</b>	<b>\$205.454</b>	<b>\$206.858</b>
<b>Operating Expenses</b>						
<b>Labor:</b>						
Payroll	\$221.432	\$224.887	\$226.646	\$227.410	\$239.332	\$245.125
Overtime	45.458	43.869	42.727	42.565	43.926	44.998
Health and Welfare	42.612	46.976	51.699	57.213	57.376	68.640
OPEB Current Payment	16.238	14.586	15.315	16.081	16.885	17.729
Pensions	32.683	40.357	48.450	48.296	48.930	50.039
Other Fringe Benefits	29.878	31.159	32.197	31.505	32.843	33.714
Reimbursable Overhead	-	-	-	-	-	-
<b>Total Labor Expenses</b>	<b>\$388.301</b>	<b>\$401.834</b>	<b>\$417.035</b>	<b>\$423.069</b>	<b>\$439.292</b>	<b>\$460.245</b>
<b>Non-Labor:</b>						
Electric Power	\$0.000	\$1.051	\$1.162	\$1.188	\$1.283	\$1.385
Fuel	40.596	39.217	38.007	37.335	36.387	38.730
Insurance	17.174	15.356	17.196	21.271	21.536	24.160
Claims	33.558	25.000	26.000	27.000	28.000	29.000
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	25.031	27.823	24.465	26.272	32.288	27.059
Professional Service Contracts	3.286	5.689	5.919	8.423	8.566	8.874
Materials & Supplies	31.840	29.740	29.379	29.315	35.611	39.087
Other Business Expenses	3.862	4.257	4.152	2.466	2.325	2.481
<b>Total Non-Labor Expenses</b>	<b>\$155.347</b>	<b>\$148.133</b>	<b>\$146.280</b>	<b>\$153.271</b>	<b>\$165.996</b>	<b>\$170.777</b>
<b>Other Expenses Adjustments:</b>						
Other	-	-	-	-	-	-
<b>Total Other Expense Adjustments</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Total Expenses before Depreciation &amp; GASB Adj.</b>	<b>\$543.648</b>	<b>\$549.967</b>	<b>\$563.315</b>	<b>\$576.340</b>	<b>\$605.288</b>	<b>\$631.022</b>
Depreciation	\$40.457	\$42.235	\$42.235	\$42.235	\$42.235	\$42.235
OPEB Obligation	96.073	55.415	56.296	56.919	57.663	58.264
Environmental Remediation	2.015	-	-	-	-	-
<b>Total Expenses</b>	<b>\$682.193</b>	<b>\$647.617</b>	<b>\$661.845</b>	<b>\$675.494</b>	<b>\$705.186</b>	<b>\$731.521</b>
<b>Baseline Surplus/(Deficit)</b>	<b>(\$482.280)</b>	<b>(\$446.328)</b>	<b>(\$459.503)</b>	<b>(\$471.538)</b>	<b>(\$499.732)</b>	<b>(\$524.663)</b>





**MTA BUS COMPANY**  
**November Financial Plan 2013 - 2016**  
**Accrual Statement of Operations by Category**  
(\$ in millions)

<b>NON-REIMBURSABLE / REIMBURSABLE</b>						
	<b>2011</b>	<b>2012</b>	<b>2013</b>			
	<b>Actual</b>	<b>November Forecast</b>	<b>Final Proposed Budget</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Revenue</b>						
Farebox Revenue	\$179.042	\$182.270	\$182.951	\$184.186	\$185.285	\$186.280
Vehicle Toll Revenue						
Other Operating Revenue	20.871	19.019	19.391	19.771	20.169	20.578
Capital and Other Reimbursements	5.689	8.729	8.422	8.551	8.678	8.809
<b>Total Revenue</b>	<b>\$205.602</b>	<b>\$210.018</b>	<b>\$210.765</b>	<b>\$212.508</b>	<b>\$214.132</b>	<b>\$215.667</b>
<b>Expenses</b>						
<b><u>Labor:</u></b>						
Payroll	\$224.236	\$230.605	\$232.136	\$232.981	\$244.987	\$250.864
Overtime	45.458	43.869	42.727	42.565	43.926	44.998
Health and Welfare	43.506	48.028	52.707	58.236	58.414	69.693
OPEB Current Payment	16.238	14.586	15.315	16.081	16.885	17.729
Pensions	33.124	40.848	48.910	48.762	49.400	50.512
Other Fringe Benefits	30.068	31.624	32.645	31.961	33.305	34.182
Reimbursable Overhead	0.214	-	-	-	-	-
<b>Total Labor Expenses</b>	<b>\$392.844</b>	<b>\$409.561</b>	<b>\$424.441</b>	<b>\$430.585</b>	<b>\$446.917</b>	<b>\$467.980</b>
<b><u>Non-Labor:</u></b>						
Electric Power	\$0.000	\$1.051	\$1.162	\$1.188	\$1.283	\$1.385
Fuel	40.596	39.217	38.007	37.335	36.387	38.730
Insurance	17.174	15.356	17.196	21.271	21.536	24.160
Claims	33.558	25.000	26.000	27.000	28.000	29.000
Paratransit Service Contracts						
Maintenance and Other Operating Contracts	25.741	28.039	24.684	26.495	32.515	27.290
Professional Service Contracts	3.725	5.689	5.919	8.423	8.566	8.874
Materials & Supplies	31.824	30.526	30.176	30.127	36.438	39.930
Other Business Expenses	3.875	4.257	4.152	2.466	2.325	2.481
<b>Total Non-Labor Expenses</b>	<b>\$156.493</b>	<b>\$149.135</b>	<b>\$147.296</b>	<b>\$154.306</b>	<b>\$167.050</b>	<b>\$171.851</b>
<b><u>Other Expenses Adjustments:</u></b>						
Other	-	-	-	-	-	-
<b>Total Other Expense Adjustments</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Total Expenses before Depreciation &amp; GASB Adj.</b>	<b>\$549.337</b>	<b>\$558.696</b>	<b>\$571.737</b>	<b>\$584.891</b>	<b>\$613.967</b>	<b>\$639.831</b>
Depreciation	\$40.457	\$42.235	\$42.235	\$42.235	\$42.235	\$42.235
OPEB Obligation	96.073	55.415	56.296	56.919	57.663	58.264
Environmental Remediation	2.015	-	-	-	-	-
<b>Total Expenses</b>	<b>\$687.882</b>	<b>\$656.346</b>	<b>\$670.268</b>	<b>\$684.045</b>	<b>\$713.865</b>	<b>\$740.330</b>
<b>Baseline Surplus/(Deficit)</b>	<b>(\$482.280)</b>	<b>(\$446.328)</b>	<b>(\$459.503)</b>	<b>(\$471.538)</b>	<b>(\$499.732)</b>	<b>(\$524.663)</b>

**MTA BUS COMPANY**  
**November Financial Plan 2013 - 2016**  
**Cash Receipts & Expenditures**  
(\$ in millions)

<b>CASH RECEIPTS AND EXPENDITURES</b>						
	2011	2012	2013			
	<u>Actual</u>	<u>November Forecast</u>	<u>Final Proposed Budget</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Receipts</b>						
Farebox Revenue	\$176.335	\$183.287	\$182.951	\$184.186	\$185.285	\$186.280
Vehicle Toll Revenue	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Other Operating Revenue	20.323	19.019	19.391	19.771	20.169	20.578
Capital and Other Reimbursements	6.926	12.840	13.013	13.271	13.531	13.898
<b>Total Receipts</b>	<b>\$203.584</b>	<b>\$215.146</b>	<b>\$215.355</b>	<b>\$217.228</b>	<b>\$218.985</b>	<b>\$220.756</b>
<b>Expenditures</b>						
<b><u>Labor:</u></b>						
Payroll	\$216.720	\$243.104	\$238.154	\$230.989	\$242.976	\$248.838
Overtime	45.458	43.869	42.727	42.565	43.926	44.998
Health and Welfare	36.195	56.710	52.300	57.825	58.000	69.276
OPEB Current Payment	7.608	20.869	15.315	16.081	16.885	17.729
Pensions	37.682	40.674	48.736	48.588	49.227	50.340
Other Fringe Benefits	21.254	33.880	32.478	31.791	33.134	34.010
GASB Account	3.948	4.317	5.317	6.317	6.317	6.317
Reimbursable Overhead	-	-	-	-	-	-
<b>Total Labor Expenditures</b>	<b>\$368.865</b>	<b>\$443.423</b>	<b>\$435.027</b>	<b>\$434.157</b>	<b>\$450.465</b>	<b>\$471.509</b>
<b><u>Non-Labor:</u></b>						
Electric Power	\$0.000	\$1.051	\$1.162	\$1.188	\$1.283	\$1.385
Fuel	27.303	47.382	38.007	37.335	36.387	38.730
Insurance	11.711	32.600	17.196	21.271	21.536	24.160
Claims	13.265	21.835	22.000	24.000	24.000	25.000
Paratransit Service Contracts	-	-	-	-	-	-
Maintenance and Other Operating Contracts	17.894	31.321	24.684	26.495	32.515	27.290
Professional Service Contracts	2.626	7.689	5.919	8.423	8.566	8.874
Materials & Supplies	24.990	39.051	30.176	30.127	36.438	39.930
Other Business Expenses	1.221	5.594	4.152	2.466	2.325	2.481
<b>Total Non-Labor Expenditures</b>	<b>\$99.010</b>	<b>\$186.523</b>	<b>\$143.296</b>	<b>\$151.306</b>	<b>\$163.050</b>	<b>\$167.851</b>
<b><u>Other Expenditure Adjustments:</u></b>						
Other	0.010	-	-	-	-	-
<b>Total Other Expenditure Adjustments</b>	<b>\$0.010</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Total Expenditures</b>	<b>\$467.885</b>	<b>\$629.946</b>	<b>\$578.323</b>	<b>\$585.463</b>	<b>\$613.515</b>	<b>\$639.360</b>
<b>Baseline Cash Deficit</b>	<b>(\$264.301)</b>	<b>(\$414.800)</b>	<b>(\$362.968)</b>	<b>(\$368.236)</b>	<b>(\$394.530)</b>	<b>(\$418.604)</b>

**MTA BUS COMPANY**  
**November Financial Plan 2013 - 2016**  
**Cash Conversion (Cash Flow Adjustments)**  
(\$ in millions)

<b>CASH FLOW ADJUSTMENTS</b>						
	<b>2011</b>	<b>2012</b>	<b>2013</b>			
	<b>Actual</b>	<b>November</b>	<b>Final Proposed</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
		<b>Forecast</b>	<b>Budget</b>			
<b>Receipts</b>						
Farebox Revenue	(\$2.707)	\$1.017	\$0.000	\$0.000	\$0.000	\$0.000
Other Operating Revenue	(0.548)	-	-	-	-	-
Capital and Other Reimbursements	1.237	4.111	4.591	4.720	4.853	5.089
<b>Total Receipts</b>	<b>(\$2.018)</b>	<b>\$5.128</b>	<b>\$4.591</b>	<b>\$4.720</b>	<b>\$4.853</b>	<b>\$5.089</b>
<b>Expenditures</b>						
<b><u>Labor:</u></b>						
Payroll	\$7.516	(\$12.499)	(\$6.018)	\$1.992	\$2.011	\$2.026
Overtime	-	-	-	-	-	-
Health and Welfare	7.311	(8.682)	0.407	0.410	0.414	0.417
OPEB Current Payment	8.630	(6.283)	-	-	-	-
Pensions	(4.558)	0.174	0.175	0.173	0.173	0.171
Other Fringe Benefits	8.814	(2.256)	0.167	0.169	0.171	0.172
GASB Account	(3.948)	(4.317)	(5.317)	(6.317)	(6.317)	(6.317)
Reimbursable Overhead	0.214	-	-	-	-	-
<b>Total Labor Expenditures</b>	<b>\$23.979</b>	<b>(\$33.862)</b>	<b>(\$10.586)</b>	<b>(\$3.572)</b>	<b>(\$3.548)</b>	<b>(\$3.530)</b>
<b><u>Non-Labor:</u></b>						
Electric Power	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Fuel	13.293	(8.165)	-	-	-	-
Insurance	5.463	(17.244)	-	-	-	-
Claims	20.293	3.165	4.000	3.000	4.000	4.000
Maintenance and Other Operating Contracts	7.847	(3.282)	-	-	-	-
Professional Service Contracts	1.099	(2.000)	-	-	-	-
Materials & Supplies	6.834	(8.525)	-	-	-	-
Other Business Expenditures	2.654	(1.337)	-	-	-	-
<b>Total Non-Labor Expenditures</b>	<b>\$57.483</b>	<b>(\$37.388)</b>	<b>\$4.000</b>	<b>\$3.000</b>	<b>\$4.000</b>	<b>\$4.000</b>
<b><u>Other Expenditures Adjustments:</u></b>						
Other	(0.010)	-	-	-	-	-
<b>Total Other Expenditures Adjustments</b>	<b>(\$0.010)</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b><u>Gap Closing Actions:</u></b>						
<b>Total Gap Closing Actions</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Total Cash Conversion Adjustments before Depreciation</b>	<b>\$79.434</b>	<b>(\$66.122)</b>	<b>(\$1.995)</b>	<b>\$4.148</b>	<b>\$5.305</b>	<b>\$5.559</b>
Depreciation Adjustment	\$40.457	\$42.235	\$42.235	\$42.235	\$42.235	\$42.235
OPEB Obligation	96.073	55.415	56.296	56.919	57.663	58.264
Environmental Remediation	2.015	-	-	-	-	-
<b>Baseline Total Cash Conversion Adjustments</b>	<b>\$217.979</b>	<b>\$31.528</b>	<b>\$96.535</b>	<b>\$103.302</b>	<b>\$105.203</b>	<b>\$106.058</b>

**MTA BUS COMPANY**  
**November Financial Plan 2013 - 2016**  
**Ridership/(Utilization)**  
(in millions)

	<b>2011</b>	<b>2012</b>	<b>2013</b>			
	<b>Actual</b>	<b>November Forecast</b>	<b>Final Proposed Budget</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b><u>RIDERSHIP</u></b>						
Fixed Route	120.227	121.495	121.277	121.917	122.658	123.318
<b>Baseline Total Ridership</b>	<b>120.227</b>	<b>121.495</b>	<b>121.277</b>	<b>121.917</b>	<b>122.658</b>	<b>123.318</b>
<b><u>FAREBOX REVENUE</u></b>						
Fixed Route	\$179.042	\$182.270	\$182.951	\$184.186	\$185.285	\$186.280
<b>Baseline Total Revenue</b>	<b>\$179.042</b>	<b>\$182.270</b>	<b>\$182.951</b>	<b>\$184.186</b>	<b>\$185.285</b>	<b>\$186.280</b>

**MTA BUS COMPANY**  
**November Financial Plan 2013 - 2016**  
**2012 Budget Reduction Plan Summary**  
(\$ in millions)

	Favorable/(Unfavorable)									
	<u>Pos.</u>	<u>2012</u>	<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>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/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>										
OTPS	-	3.000	-	3.000	-	3.000	-	3.200	-	3.200
Subtotal Other	-	3.000	-	3.000	-	3.000	-	3.200	-	3.200
<b>Agency Submission</b>	<b>-</b>	<b>\$3.000</b>	<b>-</b>	<b>\$3.000</b>	<b>-</b>	<b>\$3.000</b>	<b>-</b>	<b>\$3.200</b>	<b>-</b>	<b>\$3.200</b>



**MTA BUS COMPANY**  
**November Financial Plan 2013 - 2016**  
**Total Positions by Function and Occupation**

FUNCTION/OCCUPATIONAL GROUP	2011	2012	2013	2014	2015	2016
	Actual	November Forecast	Final Proposed Budget			
<b>Administration</b>						
Managers/Supervisors	44	48	49	49	49	49
Professional, Technical, Clerical	88	73	74	74	74	74
Operational Hourlies	-	61	63	68	71	63
<b>Total Administration</b>	<b>132</b>	<b>182</b>	<b>186</b>	<b>191</b>	<b>194</b>	<b>186</b>
<b>Operations</b>						
Managers/Supervisors	296	300	303	303	303	303
Professional, Technical, Clerical	46	50	50	50	50	50
Operational Hourlies	1,963	1,918	1,952	1,952	1,952	1,952
<b>Total Operations</b>	<b>2,305</b>	<b>2,268</b>	<b>2,305</b>	<b>2,305</b>	<b>2,305</b>	<b>2,305</b>
<b>Maintenance</b>						
Managers/Supervisors	184	199	201	201	201	201
Professional, Technical, Clerical	13	13	14	14	14	14
Operational Hourlies	795	839	841	825	890	903
<b>Total Maintenance</b>	<b>992</b>	<b>1,051</b>	<b>1,056</b>	<b>1,040</b>	<b>1,105</b>	<b>1,118</b>
<b>Engineering/Capital</b>						
Managers/Supervisors	18	22	22	22	22	22
Professional, Technical, Clerical	14	16	16	16	16	16
Operational Hourlies	-	-	-	-	-	-
<b>Total Engineering/Capital</b>	<b>32</b>	<b>38</b>	<b>38</b>	<b>38</b>	<b>38</b>	<b>38</b>
<b>Public Safety</b>						
Managers/Supervisors	5	11	11	11	11	11
Professional, Technical, Clerical	4	3	3	3	3	3
Operational Hourlies	1	-	-	-	-	-
<b>Total Public Safety</b>	<b>10</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>
<b>Total Positions</b>						
Managers/Supervisors	547	580	586	586	586	586
Professional, Technical, Clerical	165	155	157	157	157	157
Operational Hourlies	2,759	2,818	2,856	2,845	2,913	2,918
<b>Total Baseline Positions</b>	<b>3,471</b>	<b>3,553</b>	<b>3,599</b>	<b>3,588</b>	<b>3,656</b>	<b>3,661</b>

[THIS PAGE INTENTIONALLY LEFT BLANK]



# **Staten Island Railway**

# Staff Summary

<b>Subject</b> 2013 Budget and 2013 – 2016 Financial Plan Adoption
<b>Department</b> Office of Management & Budget
<b>Department Head Name</b> Aaron Stern
<b>Department Head Signature</b>
<b>Project Manager Name</b>

<b>Date</b> December 3, 2012
<b>Vendor Name</b>
<b>Contract Number</b> NA
<b>Contract Manager Name</b> NA
<b>Table of Contents Ref #</b>

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 2012 November Forecast, 2013 Final Proposed Budget, and the Four-Year Financial Plan for 2013-2016 (December Plan).

## Discussion

The 2013 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 investments to meet R44 fleet maintenance requirements. Projections also capture budget reduction initiatives.

SIR projections do not include the estimated impacts from Tropical Storm Sandy or of proposed fare increases. These impacts will be presented as part of MTA consolidated materials.

## 2012 November Forecast-Baseline

Total operating revenues are projected at \$7.7 million, including farebox revenues of \$5.6 million. Total operating expenses are projected to be \$38.1 million in 2012, consisting of labor costs of \$28.6 million and non-labor expenses of \$9.5 million. Non-cash depreciation expense is projected at \$9.0 million and other post-employment benefit expenses are projected at \$2.3 million. After including favorable cash adjustments of \$4.0 million, the projected net cash deficit is \$37.8 million. Projected reimbursable expenses of \$1.7 million are fully offset by capital reimbursements. Total end-of-year positions are projected at 271, including 268 non-reimbursable positions and 3 reimbursable positions.

## 2013 Final Proposed Budget-Baseline

Total operating revenues are projected at \$7.8 million, including farebox revenues of \$5.7 million. Total operating expenses are projected to be \$42.5 million in 2013, consisting of labor costs of \$29.8 million and non-labor expenses of \$12.6 million. Non-cash depreciation expense is projected at \$9.0 million and other post-employment benefit expenses are projected at \$2.3 million. After including favorable cash adjustments of \$10.9 million, the projected net cash deficit is \$35.1 million. Projected reimbursable expenses of \$1.7 million are fully offset by capital reimbursements. Total end-of-year positions are projected at 271, including 268 non-reimbursable positions and 3 reimbursable positions.

## **Major Programmatic Initiative-R44 Fleet Maintenance Requirements**

- The current fleet is comprised of 63 cars now forty years old, which is considered to be the full useful life of these vehicles. It is currently estimated that the replacement of this fleet won't occur until around 2020. In order to maintain this fleet in a state of good repair to be able to operate safely and reliably, 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. This program requires three years (2014-2016) of maintenance with an estimated cost of \$12.900 million (\$4.300 million and 21 cars per year).
- An additional estimate of \$0.400 million of overtime/material expenses is planned for 2013 to enable SIR to deal directly with more immediate component problems that can be addressed in the Staten Island Shop.

**Budget Reduction Initiatives** included in this financial plan project annual savings of \$0.433 million beginning 2013. The major components of these initiatives are summarized as follows:

- To date, CCTVs have been installed in the Tompkinsville Station and partly in St. George Terminal. No installations have been made at the remaining twenty stations. Due to the timing of these installations, SIR plans to defer the filling of two electronic maintainer positions until more installations are completed. Savings due to this deferral are \$0.211 million per year.
- Annual savings of \$0.181 million are projected, based on the installation of a new phone system, elimination of phone line redundancies, and better controls regarding erroneous charges.
- Clerical overtime efficiency savings are projected at \$0.041 million annually, based on implementation of a UTS Timekeeping system and a more efficient realignment of clerical personnel.

## **Impact on Funding**

The 2012 November Forecast, the 2013 Final Proposed Budget and the Four-Year Financial Plan for 2013-2016, 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 2012 November Forecast, the 2013 Final Proposed Budget and the Four-Year Financial Plan for 2013-2016 for MTA Staten Island Railway.

**MTA STATEN ISLAND RAILWAY**  
**November Financial Plan 2013-2016**  
**Accrual Statement of Operations by Category**  
(\$ in millions)

Non-Reimbursable						
	2011	2012	2013			
	<u>Actual</u>	<u>Forecast</u>	<u>Final Proposed Budget</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Operating Revenue</b>						
Farebox Revenue	\$5.586	\$5.590	\$5.688	\$5.764	\$5.843	\$5.911
Toll Revenue						
Other Operating Revenue	2.296	2.071	2.071	2.071	2.071	2.071
Capital and Other Reimbursements	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total Revenue</b>	<b>\$7.882</b>	<b>\$7.661</b>	<b>\$7.759</b>	<b>\$7.835</b>	<b>\$7.914</b>	<b>\$7.982</b>
<b>Operating Expenses</b>						
<b><u>Labor:</u></b>						
Payroll	\$15.876	\$16.709	\$17.006	\$17.321	\$17.630	\$17.997
Overtime	1.074	0.661	0.785	0.671	0.686	0.700
Health and Welfare	2.890	3.756	4.201	4.287	4.571	4.875
OPEB Current Payment	0.536	0.675	0.753	0.768	0.819	0.874
Pensions	3.957	5.500	5.800	5.800	5.900	6.000
Other Fringe Benefits	1.438	1.261	1.286	1.310	1.333	1.360
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total Labor Expenses</b>	<b>\$25.771</b>	<b>\$28.562</b>	<b>\$29.831</b>	<b>\$30.157</b>	<b>\$30.939</b>	<b>\$31.806</b>
<b><u>Non-Labor:</u></b>						
Electric Power	\$4.466	\$4.897	\$5.362	\$5.335	\$5.715	\$6.131
Fuel	0.400	0.405	0.410	0.396	0.388	0.415
Insurance	0.349	0.259	0.300	0.444	0.405	0.472
Claims	0.177	0.274	0.279	0.284	0.289	0.295
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	0.792	1.629	1.563	5.896	5.927	5.964
Professional Service Contracts	0.408	0.417	0.424	0.432	0.438	0.448
Materials & Supplies	0.864	1.649	4.299	1.706	2.031	1.791
Other Business Expenses	0.000	0.005	0.005	0.005	0.005	0.005
<b>Total Non-Labor Expenses</b>	<b>\$7.456</b>	<b>\$9.535</b>	<b>\$12.642</b>	<b>\$14.498</b>	<b>\$15.198</b>	<b>\$15.521</b>
<b><u>Other Expenses Adjustments:</u></b>						
Other	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total Other Expense Adjustments</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Total Expenses before Depreciation and GASB Ac</b>						
	<b>\$33.227</b>	<b>\$38.097</b>	<b>\$42.473</b>	<b>\$44.655</b>	<b>\$46.137</b>	<b>\$47.327</b>
Depreciation	\$9.176	\$9.000	\$9.000	\$9.000	\$9.000	\$9.000
OPEB Obligation	2.172	2.300	2.300	2.300	2.300	2.300
Environmental Remediation	0.375	0.000	0.000	0.000	0.000	0.000
<b>Total Expenses</b>	<b>\$44.950</b>	<b>\$49.397</b>	<b>\$53.773</b>	<b>\$55.955</b>	<b>\$57.437</b>	<b>\$58.627</b>
<b>Baseline Surplus/(Deficit)</b>	<b>(\$37.068)</b>	<b>(\$41.736)</b>	<b>(\$46.014)</b>	<b>(\$48.120)</b>	<b>(\$49.523)</b>	<b>(\$50.645)</b>



**MTA STATEN ISLAND RAILWAY**  
**November Financial Plan 2013-2016**  
**Accrual Statement of Operations by Category**  
(\$ in millions)

<b>NON-REIMBURSABLE / REIMBURSABLE</b>						
	<b>2011</b>	<b>2012</b>	<b>2013</b>			
	<b>Actual</b>	<b>November Forecast</b>	<b>Final Proposed Budget</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Revenue</b>						
Farebox Revenue	\$5.586	\$5.590	\$5.688	\$5.764	\$5.843	\$5.911
Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	2.296	2.071	2.071	2.071	2.071	2.071
Capital and Other Reimbursements	0.946	1.672	1.674	1.680	1.680	1.680
<b>Total Revenue</b>	<b>\$8.828</b>	<b>\$9.333</b>	<b>\$9.433</b>	<b>\$9.515</b>	<b>\$9.594</b>	<b>\$9.662</b>
<b>Expenses</b>						
<b><u>Labor:</u></b>						
Payroll	\$16.054	\$16.997	\$17.293	\$17.609	\$17.918	\$18.285
Overtime	1.262	1.365	1.489	1.375	1.390	1.404
Health and Welfare	3.046	4.265	4.714	4.804	5.088	5.392
OPEB Current Payment	0.536	0.675	0.753	0.768	0.819	0.874
Pensions	4.025	5.594	5.894	5.894	5.994	6.094
Other Fringe Benefits	1.456	1.338	1.362	1.387	1.410	1.437
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total Labor Expenses</b>	<b>\$26.379</b>	<b>\$30.234</b>	<b>\$31.505</b>	<b>\$31.837</b>	<b>\$32.619</b>	<b>\$33.486</b>
<b><u>Non-Labor:</u></b>						
Electric Power	\$4.466	\$4.897	\$5.362	\$5.335	\$5.715	\$6.131
Fuel	0.400	0.405	0.410	0.396	0.388	0.415
Insurance	0.349	0.259	0.300	0.444	0.405	0.472
Claims	0.177	0.274	0.279	0.284	0.289	0.295
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	0.792	1.629	1.563	5.896	5.927	5.964
Professional Service Contracts	0.408	0.417	0.424	0.432	0.438	0.448
Materials & Supplies	1.202	1.649	4.299	1.706	2.031	1.791
Other Business Expenses	0.000	0.005	0.005	0.005	0.005	0.005
<b>Total Non-Labor Expenses</b>	<b>\$7.794</b>	<b>\$9.535</b>	<b>\$12.642</b>	<b>\$14.498</b>	<b>\$15.198</b>	<b>\$15.521</b>
<b><u>Other Expenses Adjustments:</u></b>						
Other	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
<b>Total Other Expense Adjustments</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Total Expenses before Depreciation</b>	<b>\$34.173</b>	<b>\$39.769</b>	<b>\$44.147</b>	<b>\$46.335</b>	<b>\$47.817</b>	<b>\$49.007</b>
Depreciation	\$9.176	\$9.000	\$9.000	\$9.000	\$9.000	\$9.000
OPEB Obligation	2.172	2.300	2.300	2.300	2.300	2.300
Environmental Remediation	0.375	0.000	0.000	0.000	0.000	0.000
<b>Total Expenses</b>	<b>\$45.896</b>	<b>\$51.069</b>	<b>\$55.447</b>	<b>\$57.635</b>	<b>\$59.117</b>	<b>\$60.307</b>
<b>Baseline Surplus/(Deficit)</b>	<b>(\$37.068)</b>	<b>(\$41.736)</b>	<b>(\$46.014)</b>	<b>(\$48.120)</b>	<b>(\$49.523)</b>	<b>(\$50.645)</b>

**MTA STATEN ISLAND RAILWAY**  
**November Financial Plan 2013-2016**  
**Cash Receipts & Expenditures**  
(\$ in millions)

<b>CASH RECEIPTS AND EXPENDITURES</b>						
	<b>2011</b>	<b>2012</b>	<b>2013</b>			
	<u>Actual</u>	<u>Forecast</u>	<u>Final Proposed Budget</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Receipts</b>						
Farebox Revenue	\$5.480	\$5.590	\$5.688	\$5.764	\$5.843	\$5.911
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	2.446	2.071	2.071	2.071	2.071	2.071
Capital and Other Reimbursements	0.231	2.387	1.674	1.680	1.680	1.680
<b>Total Receipts</b>	<b>\$8.157</b>	<b>\$10.048</b>	<b>\$9.433</b>	<b>\$9.515</b>	<b>\$9.594</b>	<b>\$9.662</b>
<b>Expenditures</b>						
<b><u>Labor:</u></b>						
Payroll	\$14.542	\$23.168	\$17.293	\$17.609	\$17.918	\$18.285
Overtime	1.483	1.365	1.489	1.375	1.390	1.404
Health and Welfare	3.237	4.265	4.714	4.804	5.088	5.392
OPEB Current Payment	0.587	0.675	0.753	0.768	0.819	0.874
Pensions	4.175	5.636	5.894	5.894	5.994	6.094
Other Fringe Benefits	1.511	1.809	1.362	1.387	1.410	1.437
GASB Account	0.317	0.347	0.379	0.415	0.415	0.415
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total Labor Expenditures</b>	<b>\$25.852</b>	<b>\$37.265</b>	<b>\$31.884</b>	<b>\$32.252</b>	<b>\$33.034</b>	<b>\$33.901</b>
<b><u>Non-Labor:</u></b>						
Electric Power	\$4.159	\$5.227	\$5.362	\$5.335	\$5.715	\$6.131
Fuel	0.400	0.405	0.410	0.396	0.388	0.415
Insurance	0.198	0.259	0.300	0.444	0.405	0.472
Claims	0.261	0.405	0.279	0.284	0.289	0.295
Paratransit Service Contracts	0.000	0.000	0.000	0.000	0.000	0.000
Maintenance and Other Operating Contracts	0.983	1.629	1.563	5.896	5.927	5.964
Professional Service Contracts	0.187	0.567	0.424	0.432	0.438	0.448
Materials & Supplies	1.122	1.707	4.299	1.706	2.031	1.791
Other Business Expenses	0.000	0.369	0.005	0.005	0.005	0.005
<b>Total Non-Labor Expenditures</b>	<b>\$7.310</b>	<b>\$10.568</b>	<b>\$12.642</b>	<b>\$14.498</b>	<b>\$15.198</b>	<b>\$15.521</b>
<b><u>Other Expenditure Adjustments:</u></b>						
<b>Other</b>						
<b>Total Other Expenditure Adjustments</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Total Expenditures</b>	<b>\$33.162</b>	<b>\$47.833</b>	<b>\$44.526</b>	<b>\$46.750</b>	<b>\$48.232</b>	<b>\$49.422</b>
<b>Baseline Cash Deficit</b>	<b>(\$25.005)</b>	<b>(\$37.785)</b>	<b>(\$35.093)</b>	<b>(\$37.235)</b>	<b>(\$38.638)</b>	<b>(\$39.760)</b>

**MTA STATEN ISLAND RAILWAY**  
**November Financial Plan 2013-2016**  
**Cash Conversion (Cash Flow Adjustments)**  
(\$ in millions)

<b>CASH FLOW ADJUSTMENTS</b>						
	<b>2011</b>	<b>2012</b>	<b>2013</b>			
	<b>Actual</b>	<b>November Forecast</b>	<b>Final Proposed Budget</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Receipts</b>						
Farebox Revenue	(\$0.106)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Vehicle Toll Revenue	0.000	0.000	0.000	0.000	0.000	0.000
Other Operating Revenue	0.150	0.000	0.000	0.000	0.000	0.000
Capital and Other Reimbursements	(0.715)	0.715	0.000	0.000	0.000	0.000
<b>Total Receipts</b>	<b>(\$0.671)</b>	<b>\$0.715</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Expenditures</b>						
<b><u>Labor:</u></b>						
Payroll	\$1.512	(\$6.171)	\$0.000	\$0.000	\$0.000	\$0.000
Overtime	(0.221)	0.000	0.000	0.000	0.000	0.000
Health and Welfare	(0.191)	0.000	0.000	0.000	0.000	0.000
OPEB Current Payment	(0.051)	0.000	0.000	0.000	0.000	0.000
Pensions	(0.150)	(0.042)	0.000	0.000	0.000	0.000
Other Fringe Benefits	(0.055)	(0.471)	0.000	0.000	0.000	0.000
GASB Account	(0.317)	(0.347)	(0.379)	(0.415)	(0.415)	(0.415)
Reimbursable Overhead	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total Labor Expenditures</b>	<b>\$0.527</b>	<b>(\$7.031)</b>	<b>(\$0.379)</b>	<b>(\$0.415)</b>	<b>(\$0.415)</b>	<b>(\$0.415)</b>
<b><u>Non-Labor:</u></b>						
Traction and Propulsion Power	\$0.307	(\$0.330)	\$0.000	\$0.000	\$0.000	\$0.000
Fuel for Buses and Trains	0.000	0.000	0.000	0.000	0.000	0.000
Insurance	0.151	0.000	0.000	0.000	0.000	0.000
Claims	(0.084)	(0.131)	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	(0.191)	0.000	0.000	0.000	0.000	0.000
Professional Service Contracts	0.221	(0.150)	0.000	0.000	0.000	0.000
Materials & Supplies	0.080	(0.058)	0.000	0.000	0.000	0.000
Other Business Expenditures	0.000	(0.364)	0.000	0.000	0.000	0.000
<b>Total Non-Labor Expenditures</b>	<b>\$0.484</b>	<b>(\$1.033)</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b><u>Other Expenditures Adjustments:</u></b>						
Other	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
<b>Total Other Expenditures Adjustments</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$0.000</b>
<b>Total Cash Conversion Adjustments before Depreciation and GASB Adjs.</b>	<b>\$0.340</b>	<b>(\$7.349)</b>	<b>(\$0.379)</b>	<b>(\$0.415)</b>	<b>(\$0.415)</b>	<b>(\$0.415)</b>
Depreciation Adjustment	\$9.176	\$9.000	\$9.000	\$9.000	\$9.000	\$9.000
OPEB Obligation	2.172	2.300	2.300	2.300	2.300	2.300
Environmental Remediation	0.375	0.000	0.000	0.000	0.000	0.000
<b>Baseline Total Cash Conversion Adjustments</b>	<b>\$12.063</b>	<b>\$3.951</b>	<b>\$10.921</b>	<b>\$10.885</b>	<b>\$10.885</b>	<b>\$10.885</b>
<b>Total Cash Conversion Adjustments</b>	<b>\$12.063</b>	<b>\$3.951</b>	<b>\$10.921</b>	<b>\$10.885</b>	<b>\$10.885</b>	<b>\$10.885</b>



**MTA STATEN ISLAND RAILWAY**  
**November Financial Plan 2013-2016**  
**Ridership/(Utilization)**  
**(in millions)**

	2011 Actual	2012 November Forecast	2013 Final Proposed Budget	2014	2015	2016
--	----------------	------------------------------	-------------------------------------	------	------	------

**RIDERSHIP**

Fixed Route	4.583	4.609	4.659	4.712	4.767	4.814
<b>Baseline Total Ridership</b>	<b>4.583</b>	<b>4.609</b>	<b>4.659</b>	<b>4.712</b>	<b>4.767</b>	<b>4.814</b>

**FAREBOX REVENUE**

Fixed Route	\$5.586	\$5.590	\$5.688	\$5.764	\$5.843	\$5.911
<b>Baseline Total Revenue</b>	<b>\$5.586</b>	<b>\$5.590</b>	<b>\$5.688</b>	<b>\$5.764</b>	<b>5.843</b>	<b>5.911</b>

**MTA Staten Island Railway**  
**November Financial Plan 2013-2016**  
**2012 Budget Reduction Proposals - Accrual Basis**  
**(\$ in millions)**

	Favorable/(Unfavorable)									
	Pos.	2012	Pos.	2013	Pos.	2014	Pos.	2015	Pos.	2016
<u>Administration</u>										
None	-	0.000	-	0.000	-	0.000	-	0.000	-	0.000
<i>Subtotal Administration</i>	-	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
<i>Subtotal Customer Convenience/Amenities</i>	-	0.000	-	0.000	-	0.000	-	0.000	-	0.000
<u>Maintenance</u>										
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
<u>Revenue Enhancement</u>										
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
<u>Safety</u>										
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
<u>Security</u>										
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
<u>Service</u>										
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
<u>Service Support</u>										
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
<u>Other</u>										
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
<b>Agency Submission</b>	-	<b>\$0.000</b>	-	<b>\$0.000</b>	-	<b>\$0.000</b>	-	<b>\$0.000</b>	-	<b>\$0.000</b>

**MTA STATEN ISLAND RAILWAY**  
**November Financial Plan 2013-2016**  
**Total Positions by Function and Department**  
**Non-Reimbursable/Reimbursable and Full-Time/Full Time Equivalents**

FUNCTION/DEPARTMENT	2011 Actual	2012 November Forecast	2013 Final Proposed Budget	2014	2015	2016
<b>Administration</b>						
Executive	14	14	14	14	14	14
General Office	7	8	8	8	8	8
Purchasing/Stores	7	6	6	6	6	6
<b>Total Administration</b>	<b>28</b>	<b>28</b>	<b>28</b>	<b>28</b>	<b>28</b>	<b>28</b>
<b>Operations</b>						
Transportation	93	91	91	91	91	91
<b>Maintenance</b>						
Mechanical	44	43	43	43	43	43
Electronic/Electrical	12	12	12	12	12	12
Power/Signals	24	26	26	26	26	26
Maintenance of Way	46	46	46	46	46	46
Infrastructure	30	25	25	25	25	25
<b>Total Maintenance</b>	<b>144</b>	<b>152</b>	<b>152</b>	<b>152</b>	<b>152</b>	<b>152</b>
<b>Engineering/Capital</b>						
None						
<b>Public Safety</b>						
Police						
<b>Baseline Total Positions</b>	<b>265</b>	<b>271</b>	<b>271</b>	<b>271</b>	<b>271</b>	<b>271</b>
Non-Reimbursable	262	268	268	268	268	268
Reimbursable	3	3	3	3	3	3
Total Full-Time	265	271	271	271	271	271
Total Full-Time Equivalents						

**MTA STATEN ISLAND RAILWAY**  
**November Financial Plan 2013-2016**  
**Total Positions by Function and Occupation**

FUNCTION/OCCUPATIONAL GROUP	2011 Actual	2012 November Forecast	2013 Final Proposed Budget	2014	2015	2016
<b>Administration</b>						
Managers/Supervisors	16	16	16	16	16	16
Professional, Technical, Clerical	12	12	12	12	12	12
Operational Hourlies						
<b>Total Administration</b>	<u>28</u>	<u>28</u>	<u>28</u>	<u>28</u>	<u>28</u>	<u>28</u>
<b>Operations</b>						
Managers/Supervisors	4	5	5	5	5	5
Professional, Technical, Clerical	4	3	3	3	3	3
Operational Hourlies	85	83	83	83	83	83
<b>Total Operations</b>	<u>93</u>	<u>91</u>	<u>91</u>	<u>91</u>	<u>91</u>	<u>91</u>
<b>Maintenance</b>						
Managers/Supervisors	7	7	7	7	7	7
Professional, Technical, Clerical	4	3	3	3	3	3
Operational Hourlies	133	142	142	142	142	142
<b>Total Maintenance</b>	<u>144</u>	<u>152</u>	<u>152</u>	<u>152</u>	<u>152</u>	<u>152</u>
<b>Engineering/Capital</b>						
Managers/Supervisors						
Professional, Technical, Clerical						
Operational Hourlies						
<b>Total Engineering/Capital</b>	-	-	-	-	-	-
<b>Public Safety</b>						
Managers/Supervisors						
Professional, Technical, Clerical						
Operational Hourlies						
<b>Total Public Safety</b>	-	-	-	-	-	-
<b>Total Positions</b>						
Managers/Supervisors	27	28	28	28	28	28
Professional, Technical, Clerical	20	18	18	18	18	18
Operational Hourlies	218	225	225	225	225	225
<b>Baseline Total Positions</b>	<u>265</u>	<u>271</u>	<u>271</u>	<u>271</u>	<u>271</u>	<u>271</u>

[THIS PAGE INTENTIONALLY LEFT BLANK]

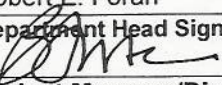

**III. Addendum – Copies of  
Signed and Initialed Staff Summaries  
(web version only)**

**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 2013 Budget Adoption Materials** are in searchable format and hence do not include the signatures and initials that appear in the original documents.


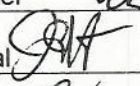

This section provides scanned copies of those signed and initialed staff summaries. The page numbers found at the bottom of each scanned copy refer to the pages in the earlier sections of this volume where searchable formats of the staff summaries are situated.

# Staff Summary

<b>Subject</b> MTA 2013 Budget and 2013-2016 Financial Plan
<b>Department</b> Chief Financial Officer
<b>Department Head Name</b> Robert E. Foran
<b>Department Head Signature</b> 
<b>Project Manager/Division Head</b> Douglas F. Johnson 

<b>Date</b> December 11, 2011
<b>Vendor Name</b>
<b>Contract Number</b>
<b>Contract Manager Name</b>
<b>Table of Contents Ref #</b>

Board Action					
Order	To	Date	Approval	Info	Other
1	Finance Comm.	12/17			
2	Board	12/19			

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

**Purpose:**

To secure MTA Board (i) adoption of the accompanying 2013 Final Proposed Budget and the Four Year Financial Plan 2013-2016 ("November Plan" or "Plan"), which includes approving the 2012 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, which included a summary of the financial impacts of Tropical Storm Sandy on the MTA and a proposed strategy to fund those impacts.

**The November Financial Plan 2013-2016**

This Plan, which is consistent, disciplined, and totally transparent, adheres to a financial strategy that includes continuous pursuit of recurring cost reductions, "net-zero" wage growth, biennial fare and toll increases, and increased reserves and liquidity, while addressing long-term healthcare, pension and debt service vulnerabilities. This Plan does not include budget-driven service reductions; in fact, it includes the \$29.5 million service investment package first proposed in July. Beginning in 2015, this Plan also includes \$250 million annually as a "down payment" for the 2015-2019 Capital Program. The funding for this support is largely attributable to debt service savings achieved in the 2012 refunding program and re-estimates of debt service, which are attributable to lower interest rates and cash flow requirements on approved, but unissued, bonds.

These strategies have positioned the MTA to meet the challenges of this Financial Plan period while also maintaining budgetary balance through 2013, with manageable out-year deficits. This Plan absorbs the financial impacts of Sandy, which include a 2012 operating loss, projected increased debt service on bridge-financing and long-term financing for estimated unreimbursed infrastructure losses.

**Changes between the July and November Plans**

The 2013 Preliminary Budget and July Financial Plan for 2013-2016 ("July Plan") was balanced through 2013 with manageable out-year deficits. Since presentation of the July Plan, there have been both favorable and unfavorable re-estimates and other changes.

Favorable re-estimates include: lower debt service expenses; higher real estate subsidies; additional Paratransit savings; and improved Agency results in 2012 (related both to spending reductions, the timing of certain expenditures and higher operating revenue).



Offsetting those results are higher health and welfare costs; higher overtime expenses; increased electric power costs; and an unfavorable payroll adjustment for 27<sup>th</sup> pay period in 2014 that was not recognized in prior Plans. Beginning in 2015, the Plan now includes the additional \$250 million annual "down payment" in support of the 2015-2019 Capital Program.

Taken in total, these changes result in: a net improvement to MTA's cash balance in 2012; a modest worsening in 2013; and improvements in 2014, 2015 and 2016.

### Financial Impact of Tropical Storm Sandy

The development of the November Plan needed to be reconsidered in light of the destruction left by Tropical Storm Sandy. Computation and estimation of Tropical Storm Sandy-related losses is ongoing, and it is too early to have more than highly provisional estimates. Early estimates have put MTA losses, excluding costs relating to any future plans for "hardening" various facilities against similar storms, at approximately \$5 billion, including an estimated \$4.755 billion in damages to MTA's infrastructure, and an estimated \$268 million operating loss (lost fare and toll revenue along with expenses necessary to prepare for and re-establish service after Tropical Storm Sandy). Losses are expected to be covered by a combination of insurance, federal programs (including FEMA) and MTA resources.

*Infrastructure damage:* After insurance (\$1.075 billion of maximum coverage) and standard FEMA recoveries (75% of approved loss), an estimated \$950 million of infrastructure damage may need to be covered by the MTA. The actual amount of losses that MTA ultimately will need to cover will depend upon a number of future developments, including the amount of insurance and federal recoveries, and the costs actually incurred in restoring MTA's infrastructure.

*Operating loss:* MTA anticipates substantial recoveries from business interruption/extra expense insurance coverage and federal sources.

While MTA expects to receive advances from insurers and the federal government, final settlement could take 2 to 3 years. While the operating loss will impact MTA's 2012 budget, multi-year expenditures will begin almost immediately and bridge loan financing will be necessary until reimbursement is received.

MTA expects that the 2012 operating loss will be funded internally. Favorable MTA agency results (related to actual spending reductions, the timing of certain expenditures, and higher operating revenues), lower than budgeted debt service and higher than expected subsidies, in combination with the release of the remaining \$63 million in the general reserve and a \$75 million internal loan, are anticipated to enable MTA to balance the 2012 budget. Proceeds from insurance and federal reimbursements are expected to cover most of this loss and enable MTA to repay the loan.

The infrastructure losses sustained by the transit and commuter systems will require interim, and may require longer term, external borrowings. In order to facilitate the external borrowings, MTA is seeking approval by the MTA Board and subsequently the Capital Plan Review Board for an amendment to add the capital costs related to Tropical Storm Sandy damage to the 2010-2014 Capital Plan. If such approvals are obtained, MTA currently expects that any interim borrowings will be structured as bond anticipation notes under MTA's Transportation Revenue Bond, Dedicated Tax Fund Bond, or TBTA General Revenue Bond resolutions.

Any external borrowing will increase debt service in 2013 and beyond. For example, assuming that the MTA and MTA Bridges and Tunnels issue bond anticipation notes of \$2.9 billion in 2013 and an additional \$1.9 billion in 2014, annualized debt service costs are estimated to increase by \$29 million in 2013 and by \$19 million (total increase of \$48 million) in 2014 until the notes are repaid from insurance or federal reimbursements or proceeds of bonds. If bonds are issued in 2016 to take out anticipation notes related to unreimbursed losses of \$950 million, estimated debt service is projected to increase by \$62 million annually for the life of such bonds. Additional recurring cost reductions would be required to offset this increase in debt service. The MTA has reflected both this estimated additional debt service and additional annual MTA Efficiency targets of \$25 million beginning in 2013, increasing by an additional \$25 million each year and reaching \$75 million by 2015, for a total of \$225 million in aggregate additional savings in the November Plan.

### Other Significant Elements of the November Plan

The November Plan continues to respond to the financial challenges facing the MTA while also investing in customer priorities.

*Service investments/service support* - The Plan retains the \$29.5 million in annual MTA service investments that were announced in July, restoring, extending and adding service on bus, subway and commuter rail lines to better serve



customers. These investments will connect customers across the MTA's service area, enhance access to mass transit, accommodate ridership growth and attract new transit riders. In addition, Agencies will continue to make necessary service adjustments to meet frequency and loading guidelines. The service investments come at a time when ridership on the MTA network is steadily increasing. Subway ridership has reached levels not seen since the 1940s, while commuter train ridership is approaching all-time records. Ridership growth is especially pronounced outside of the traditional rush hours, prompting increased investment in night, weekend and off-peak weekday service. Implementation of the service investments has already begun and will continue over the next year.

In addition to the \$29.5 million service investment package announced in July, the Plan includes additional service by MTA Bus to address schedule gaps and overcrowding. It also adds a new route in Queens to enhance service to LaGuardia Airport.

Addressing new needs - While maintaining its focus on cost reduction, the MTA continues to improve the reliability and performance of its fleet and infrastructure through increased maintenance and better business practices. In the July Plan there was a strong emphasis on addressing customer priorities by enhancing service reliability, investing in the station environment, and making more and better travel information readily available. While this emphasis continues, the November Plan also increases resources to address additional maintenance needs. NYC Transit is establishing a scheduled maintenance program to extend the useful life of its 120-car non-revenue work car fleet, adding more refuse trains and crews for station platform trash removal, and improving security with increased inspection of ancillary rooms in stations and tunnels. MTA Bus is revising its bus overhaul programs to ensure sufficient fleet as a consequence of the delay in the procurement of new buses.

Additional support for Capital Program - This Plan continues to provide the "Contribution to Capital" funding included in the approved 2010-2014 Capital Program. Beginning in 2015, it includes an additional \$250 million annually as a "down payment" in support of the 2015-2019 Capital Program. The funding for this support is largely attributable to debt service savings derived from the 2012 refunding program as well as re-estimates of assumed interest rates and cash flow requirements.

Driving down costs through expense reductions and efficiencies - The Plan continues the strategy developed in 2010 to "make every dollar count." The November Plan raises the "to be identified" annual savings target by \$25 million in 2013, \$50 million in 2014, and \$75 million in 2015 and beyond. This increases the value of annual, recurring savings to over \$800 million in 2013, growing to \$1.2 billion by 2016. The MTA continues to control discretionary expense growth. In fact, after adjustments for service expansion, wage growth (after the expected three years of "net zero"), and additional maintenance programs, projected 2013 spending is essentially flat compared with 2012 (up 0.6%), and is actually lower than 2011 in absolute dollars. However, non-discretionary expenses (i.e., pensions, health & welfare, energy, Paratransit and debt service), continue to grow at a significantly greater rate.

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. Non-represented employees are already in their fourth year of real zero wage growth. 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 moderate biennial fare/toll increases - The Plan continues to project moderate biennial fare/toll increases to help offset continuing growth in non-discretionary expenses (pensions, health & welfare, energy, Paratransit and debt service). The 2013 fare/toll increase is projected to produce annualized revenue of \$450 million, while the 2015 increase will net \$500 million annualized. Over the Plan period, fare and toll increases equate to only 38% of the increase in these non-discretionary expenses, with the remainder coming largely from dedicated tax and subsidy growth, and continuing cost efficiencies. Consistent with the July Plan, MTA will seek to use its improved finances to push back the start date for both the 2013 and 2015 increases to the beginning of March, reducing the impact of these increases on customers.

Increasing General Reserve and OPEB deposits - Consistent with prior plans, this Plan includes a General Reserve that approximates 1% of the MTA's annual operating budget. This year, the General Reserve has helped to provide the liquidity needed for the short-term funding of losses occasioned by Sandy. The Plan continues to make annual payments to address the increasing OPEB liability, with \$250 million transferred from the OPEB account held by MTA into the OPEB Trust. From the remaining 2012 balance of \$254 million, the MTA expects to borrow (and re-borrow) \$75 million to offset Sandy impacts until reimbursement is received and the internal loan is repaid, at which time it is anticipated that such monies will be transferred into the OPEB Trust.



## The November Plan "Bottom Line"

The MTA's projected near term operating results has worsened slightly from the July Plan, while projecting modest improvements in total out-year deficits. The Plan projects ending cash balances of \$26 million in 2012 and \$40 million in 2013, with projected cash deficits of \$85 million in 2014, \$19 million in 2015, and \$229 million in 2016 (see Attachment A). As stated earlier, MTA finances have improved because of favorable results and re-estimates of operating revenues and expenses and additional increases in MTA savings targets. This created the financial capacity to absorb the immediate and longer term impacts of Sandy, continue to fund new service and other investments presented in the July Plan, maintain the projected 2013 and 2015 fare/toll increases at the moderate yields first presented in the July 2010 Plan, and provide additional support for the Capital Program.

## Risks Identified in the November Plan

The November Plan reflects the commitment to continually improve MTA's financial and operating performance and respond to customer concerns and needs. As with the July Plan, however, this commitment must be tempered by the reality that out-year deficits remain and there are risks inherent in this Plan. This Plan continues to assume that labor settlements will include three years of net-zero wage growth. It assumes there will be a continued focus on cost reductions and that those efforts will be successful. The Plan assumes that State budget actions will reflect full remittance to the MTA of all funds collected on its behalf.

Additionally, while there have been indications of regional economic recovery, the effects of Sandy are unknown and the national recovery remains tepid. Should the recovery falter and adversely affect the regional economy, the MTA has limited financial reserves to offset lower-than-expected operating revenues, taxes and subsidies. Of more immediate concern on a national level are upcoming negotiations between the White House and the Congress regarding strategies to reduce the federal budget deficit and the impact that any agreement ultimately reached may have on ongoing support for the MTA Capital Program and the scope of post-Sandy disaster relief. There are also vulnerabilities beyond the Plan period including rising employee and retiree healthcare costs, the risk of lower investment returns on pensions, and the possibility of higher interest rates, which would have a significant impact on debt service payments to support the MTA Capital Program.

## Recommendation:

It is recommended that the Board:

- Adopt the 2013 Final Proposed Budget and Four Year Financial Plan 2013-2016 (November Plan), which includes approving the 2012 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 technical adjustments set forth in the Plan.
- Authorize technical adjustments to Agency Budgets and forecasts of a non-material nature in the February Plan.
- Authorize adjustment of Agency 2013 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 2013, 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 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. In 2012, \$250 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 will make contributions of \$85 million as set forth in the 2013 Budget to the GASB Account in 2013 (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 2013 cash flow needs, the amounts withdrawn in 2013 must be paid back by December 31, 2015. If the GASB funds are used as inter-agency loans in 2013, they would be subject to repayment no later than December 31, 2014, consistent with the Inter-Agency Loan provision described above.


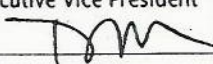



# Staff Summary

<b>Subject</b> 2013 Budget and 2013-2016 Financial Plan Adoption
<b>Department</b> Office of the Chief Financial Officer
<b>Department Head Name</b> Don Spero
<b>Department Head Signature</b> 
<b>Project Manager Name</b> Dore Abrams

<b>Date</b> 12/3/2012
<b>Vendor Name</b>
<b>Contract Number</b>
<b>Contract Manager Name</b>
<b>Table of Contents Ref #</b>

Board Action					
Order	To	Date	Approval	Info	Other
1	B&T Committee	12/17/12	X		
2	Finance Committee	12/17/12	X		
3	MTA Board	12/19/12	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) 2012 November Forecast and 2013 Final Proposed Budget, and the Four-Year Financial Plan for 2013-2016 (December Plan).

**DISCUSSION:**

The 2013 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 for B&T exclude the impact of toll increases and expenses arising from Tropical Storm Sandy. These impacts will be presented as part of MTA consolidated materials.

B&T estimates that for 2012 and 2013 combined, it will provide \$2,232.8 million in baseline net operating income.

**2012 November Forecast-Baseline**

The 2012 November Forecast projects \$1,520.8 million in non-reimbursable revenues, of which \$1,504.6 million is from Toll Revenue. Total non-reimbursable expenses before depreciation and other post-employment benefits are projected to be \$388.2 million, consisting of nearly \$222.5 million in labor expenses and nearly \$165.8 million in non-labor expenses. Total Support to Mass Transit is projected to be \$898.5 million. Total end-of-year positions are projected at 1,648, including 1,604 non-reimbursable positions and 44 reimbursable positions.



## 2013 Final Proposed Budget-Baseline

The 2013 Final Proposed Budget projects \$1,514.2 million in non-reimbursable revenues, of which \$1,499.5 million is from Toll Revenue. Total non-reimbursable expenses before depreciation and other post-employment benefits are projected to be \$413.9 million, consisting of \$233.4 million in labor expenses and \$180.5 million in non-labor expenses. Total Support to Mass Transit is projected to be \$824.2 million. Total end-of-year positions are projected at 1,652, including 1,608 non-reimbursable positions and 44 reimbursable positions.

## MAJOR PROGRAMMATIC INITIATIVES:

- **Electronic Tolling Pilot at the Henry Hudson Bridge:** The implementation of cashless tolling at the 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 the pilot will be used to evaluate its success and guide future policy decisions in regard to the means of toll collection.
- **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 at participating retailers. B&T also sells On-The-Go pre-paid tags in the cash toll lanes at each facility. As of December 1, more than 128,000 tags have been sold in the lanes.
  - **MTA Reload Card:** Introduced in February of this year, this initiative makes it easier for customers to replenish their E-ZPass account with cash. Customers can go to any Visa ReadyLink retail merchant and use the card to reload their E-ZPass accounts through a self-service kiosk or through a sales clerk, eliminating the need to travel to one of three walk-in centers to add cash to their E-ZPass accounts. Through November, more than 36,000 cards have been issued to customers.
  - **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 incurred.
- **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. Through October 2012, more than 1 million tags have been replaced.
- **Travel Time Information:** Real time travel times are now posted on electronic signs at seven crossings. Travel time information to major regional destinations like airports, sports stadiums and connecting highways can now be displayed on 26 electronic signs at these B&T facilities. The same information is also now available as a free iPhone and iPad app, MTA EZTravel, as well as on the MTA website.

## IMPACT ON FUNDING

The 2012 November Forecast, the 2013 Final Proposed Budget, and the Four-Year Financial Plan 2013-2016, 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 2012 November Forecast, the 2013 Final Proposed Budget, and the Four-Year Financial Plan for 2013-2016 for MTA Bridges and Tunnels.



# Staff Summary



<b>Subject</b> MTA 2013 Budget and 2013-2016 Financial Plan Adoption
<b>Department</b> Office of the Chief Financial Officer
<b>Department Head Name</b> Anthony D'Amico <i>(Signature)</i>
<b>Department Head Signature</b>
<b>Project Manager Name</b> Laurie Lombardi

<b>Date</b> December 3, 2012
<b>Vendor Name</b> NA
<b>Contract Number</b> NA
<b>Contract Manager Name</b> NA
<b>Table of Contents Ref #</b> NA

Board Action					
Order	To	Date	Approval	Info	Other
1	Finance Committee	12/17/12	X		
2	MTA Board	12/19/12	X		

Internal Approvals			
Order	Approval	Order	Approval
	President MTACC	<i>(Signature)</i>	
	Executive VP	<i>(Signature)</i>	
	Chief Financial Officer	AD	

**Purpose:**

To secure MTA Board adoption of the MTA Capital Construction's (MTACC) 2012 November Forecast, 2013 Final Proposed Budget, and the Four-Year Financial Plan for 2013-2016 (December Plan).

**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 2012 November Forecast and the 2013 Final Proposed Budget project a staffing level of 132 and 140 respectively by year end.

**2012 November Forecast:**

MTACC projects 2012 reimbursable expenses of \$30.1 million. Non-labor costs are projected at \$5.2 million. Approximately \$1.4 million of the projected non-labor costs are required by MTAHQ to fund MTA Audit quarterly chargebacks and All-Agency Protective Liability (AAPL) insurance. Monies are also budgeted for legal, engineering, archeological and environmental services, risk management software, reimbursement of NYCT for administrative support staff and services, and other office costs including computer equipment and supplies.

**2013 Final Proposed Budget:**

MTACC projects 2013 expenses of \$35.2 million. The 2013 Final Proposed Budget contains non-labor costs projected at \$8.1 million. Similar to the 2012 November Forecast, non-labor costs include MTA Audit quarterly chargebacks and AAPL insurance. Additional projections include the reimbursement of NYCT for administrative support staff and services, temporary services (e.g. consultants and firms to support project controls, change orders and claims management), legal and engineering services, workforce development through employee training, and other office costs such as communications and computer equipment.

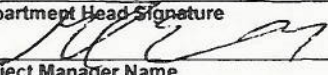
**Impact on Funding:**

The 2012 November Forecast, the 2013 Final Proposed Budget, and the Four-Year Financial Plan for 2013-2016, which are presented in the attached tables, are consistent with the proposed MTA Financial Plan.

**Recommendations:**


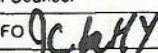
It is recommended that the MTA Board adopt the 2012 November Forecast, the 2013 Final Proposed Budget, and the Four-Year Financial Plan for 2013-2016 for the MTA Capital Construction Company.

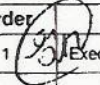


<b>Subject</b> MTA 2013 Budget & 2013-2016 Financial Plan Adoption
<b>Department</b> Office of Management & Budget
<b>Department Head Name</b> Gerard E. Ring
<b>Department Head Signature</b> 
<b>Project Manager Name</b>

<b>Date</b> December 4, 2012
<b>Vendor Name</b>
<b>Contract Number</b>
<b>Contract Manager Name</b>
<b>Table of Contents Ref #</b>

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 Png 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 secure MTA Board adoption of the MTA Long Island Rail Road's (MTA LIRR) 2012 November Forecast, 2013 Final Proposed Budget and the Four-Year Financial Plan for 2013 – 2016 (December Plan).

**Discussion**

The 2013 Final Proposed Budget, which is consistent with information presented to the Board in November, provides funding to expand the MTA Long Island Rail Road's current service levels, as well as 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 for MTA Long Island Rail Road, 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 does not include the impacts of fare/toll increases or those arising from Tropical Storm Sandy. These impacts will be presented as part of MTA consolidated materials.

**2012 November Forecast - Baseline**

Non-Reimbursable/Reimbursable expenses for the 2012 November Forecast before non-cash liability adjustments total \$1,440.1 million. This is composed of \$1,234.7 million of Non-Reimbursable expenses and \$205.4 million Reimbursable expenses. The total Non-Reimbursable/Reimbursable revenue for the 2012 November Forecast is \$829.1 million. This is composed of \$623.7 million of Non-Reimbursable revenue and \$205.4 million of Reimbursable revenue.

The Non-Reimbursable revenue for the 2012 November Forecast of \$623.7 million includes Passenger Revenue projections of \$586.8 million and \$36.9 million in other revenue from advertising, rental fees, and special services. The Farebox revenue is based on a projected annual ridership of 83.4 million passengers.



Excluding non-cash liability adjustments, Non-Reimbursable expenses for the 2012 November Forecast totals \$1,234.7 million. Including non-cash liability adjustments, total Non-Reimbursable expenses for the 2012 November Forecast increases to \$1,634.3 million. The cash adjustments for non-cash items and timing of expenses/receipts total \$404.0 million. The resulting Net Cash Deficit is projected to be \$606.6 million in 2012.

Total Non-Reimbursable headcount is 6,053 positions. Total Reimbursable headcount is 544 positions.

**2013 Final Proposed Budget - Baseline**

Non-Reimbursable/Reimbursable expenses for the 2013 Final Proposed Budget before non-cash liability adjustments are \$1,560.2 million. This is composed of \$1,319.1 million of Non-Reimbursable expenses and \$241.1 million of Reimbursable expenses. The total Non-Reimbursable/Reimbursable revenue for the 2013 Final Proposed Budget is \$873.8 million. This is composed of \$632.7 million of Non-Reimbursable revenue and \$241.1 million of Reimbursable revenue.

The Non-Reimbursable revenue for the 2013 Final Proposed Budget of \$632.7 million includes Passenger Revenue projections of \$593.8 million and \$38.9 million in other revenue from advertising, rental fees, and special services. The Farebox revenue is based on a projected annual ridership of 84.4 million passengers.

Excluding non-cash liability adjustments, Non-Reimbursable expenses for the 2013 Final Proposed Non-Reimbursable Budget total \$1,319.1 million. Including non-cash liability adjustments, total Non-Reimbursable expenses for the 2013 Final Proposed Non-Reimbursable Budget increases to \$1,712.8 million. Cash adjustments for non-cash items and timing of expenses/receipts total \$398.7 million. The resulting Net Cash Deficit is projected to be \$681.4 million in 2013.

The Non-Reimbursable expense budget, before non-cash liability adjustments, of \$1,319.1 million is comprised of \$949.4 million in labor expenses (payroll and benefits), which represent 72 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 \$135.1 million, materials & supplies of \$109.0 million, professional and maintenance services contracts of \$94.5 million and all other costs of \$31.1 million.

Total Non-Reimbursable headcount is 6,058 positions of whom approximately 91 percent are in the operating departments. Total Reimbursable headcount is 673 positions.

### **Major Programmatic Initiatives**

The 2013 Final Proposed Budget provides funding to achieve the MTA LIRR's On-Time-Performance target, to continue Reliability Centered Maintenance of rolling stock to ensure fleet availability, and to maintain the right-of-way in a state of good repair.

The financial plan includes funding for several customer oriented initiatives:

- Investments in increased train service necessary to meet strong ridership growth, particularly in the off-peak market, and promote increased ridership to new destination options.
  - Enhanced service to Atlantic Terminal to accommodate new ridership to the Barclay's Center.
  - Added service to Mets/Willets Point to serve customers attending the All Star Game and associated events.
  - Ronkonkoma Branch half-hour service on the weekends and off-peak week days during key hours.
  - Extra peak trains will be added on the Long beach, Port Jefferson, and Montauk branches to accommodate increased ridership.
  - Evening train service between Jamaica and Atlantic Terminal will be extended until 2 am.
  - Additional holiday service will be provided on the Port Washington, Huntington, Babylon, and Long Beach Branches starting this holiday season (2012).
- Expand the pilot program where train crews use hand held devices on-board the train. Explore the potential for e-ticketing options for customers.
- Strengthen investments in infrastructure improvements through increased field forces to support planned capital project activity, in particular substation replacement, East Side Access construction, and Speonk to Montauk Signalization.

### **Budget Reduction Initiatives**

This 2013 Final Proposed Budget includes a budget reduction initiative that improves revenue collection. The introduction of an address verification system at ticket vending machines will significantly reduce credit card chargebacks. The BRP is projected to save \$3.7 million in 2012.

### **Impact on Funding**

The 2012 November Forecast, 2013 Final Proposed Budget and the Four-Year Financial Plan baseline projections for 2013 – 2016, which are presented on 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 2012 November Forecast, the 2013 Final Proposed Budget and the Four-Year Financial Plan for 2013 – 2016.





## Staff Summary

<b>Subject</b> 2013 Budget and 2013-2016 Financial Plan Adoption	<b>Date</b> December 5, 2012
<b>Department</b> Budget	<b>Vendor Name</b>
<b>Department Head Name</b> Joseph Pavone	<b>Contract Number</b>
<b>Department Head Signature</b> 	<b>Contract Manager Name</b>
<b>Project Manager Name</b>	<b>Table of Contents Ref#</b>

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
1	President	1	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) 2012 November Forecast, 2013 Final Proposed Budget, and the Four-Year Financial Plan 2013-2016 (December Plan).

### Discussion:

The 2013 Final Proposed Budget, which is consistent with information presented to the MTA Board in November, provides sufficient funding to support MTA Metro-North Railroad's planned service levels, as well as MTA's commitment to provide safe, reliable and efficient transportation service to customers in New York State and Connecticut. The baseline projections that follow sustain previously instituted budget reduction programs, include new service investments and incorporate new or on-going programs that increase revenue, improve service delivery, quality and reliability, expand real-time customer information, enhance the GCT experience and address higher levels of staff attrition. The Financial Plan also includes fare increases in the State of Connecticut of 5.0% in 2013 and 2014, and 1.0% in 2015 and 2016.

Metro-North's projections do not include the estimated impacts from Tropical Storm Sandy or projected New York State fare increases. These impacts will be presented as part of MTA consolidated materials.

### 2012 November Forecast-Baseline

The 2012 non-reimbursable forecast reflects revenues totaling \$644.3 million, including \$595.3 million of farebox revenues and \$49.0 million in other operating revenue. Total operating expense projections of \$1,301.7 million consist of labor costs of \$673.7 million, non-labor costs of \$328.0 million and non-cash accruals of \$299.9 million for Depreciation (\$229.2 million), Other Post-Employment Benefits (\$68.0 million) and Environmental Remediation (\$2.7 million). After including favorable cash adjustments of \$313.6 million, the projected net cash deficit is \$343.7 million of which \$263.9 million represents the MTA share and \$79.8 million the ConnDOT share. Projected reimbursable expenses of \$192.7 million are fully offset by capital reimbursements. Total end-of-year positions are projected at 6,340 and include 5,773 non-reimbursable positions and 567 reimbursable positions.



### **2013 Final Proposed Budget-Baseline**

The 2013 final proposed non-reimbursable budget reflects revenues totaling \$669.5 million. Farebox revenues of \$621.2 million are supported by ridership growth of 2.4% (86.8 million total riders) and a 5% State of Connecticut fare increase on the New Haven Line starting January 1, 2013. Other operating revenues of \$48.3 million reflect GCT net retail revenues, advertising, commissary operations and outlying station & parking revenue. Total operating expense projections of \$1,387.1 million consist of labor costs of \$721.5 million, non-labor costs of \$343.4 million and non-cash accruals of \$322.2 million which are comprised of: Depreciation (\$242.2 million), Other Post-Employment Benefits (\$76.1 million) and Environmental Remediation (\$4.0 million). After including favorable cash adjustments of \$248.8 million, the projected net cash deficit is \$468.8 million of which \$367.0 million represents the MTA share and \$101.8 million the ConnDOT share. Projected reimbursable expenses of \$191.1 million are fully offset by capital reimbursements. Total end-of-year positions are projected at 6,418 and include 5,850 non-reimbursable positions and 568 reimbursable positions.

### **Major Programmatic Initiatives**

- **Improve Customer Service Delivery, Quality and Reliability**
  - **The service investment program** will expand train service by more than 5% resulting in:
    - Increased train frequency during reverse peak, weekday off-peak and on weekends through the implementation of half-hour service at a majority of stations and 20 minute service at major stations.
    - Faster travel times.
    - Improved comfort by adding cars and seats on weekends.
  - **Improved service reliability with new M8 cars.** In partnership with CDOT, Metro-North continues to phase-in the replacement of the entire New Haven Line electric car fleet with new M-8 cars. With the integration of this equipment into daily train operations, service reliability will be improved as the aging and lesser performing M-2, M-4 and M-6 cars are retired. The financial plan not only includes the additional staffing required for M-8 car maintenance and inspection, but also incorporates the savings in material consumption that will be recognized as the older, less reliable, NHL electric cars are retired.
  - **Continue locomotive overhaul programs** that maintain equipment reliability, improve the mean distance between failures, and reduce out-of-service rates which avoid extraordinary operating costs for major component repairs. In 2013, \$7 million will be invested in the overhaul of Genesis and GP-35 locomotives.
  - **Cyclical station inspection, maintenance and enhancement program will continue** to improve Metro North's overall station environment. Between 8-10 stations are planned for this comprehensive maintenance program in 2013.
  - **Joint commuter railroad purchase of additional Ticket Vending Machines (TVM) to improve customer convenience.** Metro-North will purchase an additional 20 TVM machines to accommodate growing ridership, supplement high volume stations and serve two new stations on the New Haven Line (Fairfield Metro and West Haven). This initiative also includes the creation of a new GCT service center to increase capacity, mitigate overcrowding and improve pedestrian flow.
  - **Joint commuter railroad Mobile Ticketing options and replacement of current on-board Ticket Issuing Machines (TIMs) with a smartphone that supports credit/debit smart-card and bar-scanning technology.**
- **Expand Real-Time Customer Information**
  - **Continue installation of real-time customer information monitors** and the cyclical replacement of signage at passenger stations.
  - **Provide real-time service status information to customers:**
    - Install information displays devoted to NYCT service updates in GCT.
  - **Pilot the use of smartphones** to enable GCT Customer Service Representatives to provide on-the-spot information to customers.



## Major Programmatic Initiatives cont'd

- **Enhance the Grand Central Terminal Experience**
  - **Continue partnership with NYPA to install new energy efficient infrastructure.**
  - **Continue escalator state-of-good-repair initiative to improve service reliability.**
  - **Initiate the program to replace all 11 GCT and GC North escalators over the next several years.**
  - **Complete the interior Trainshed re-development in 2013.**
  - **Celebrate GCT's 100th Anniversary with large scaled themed events funded by the Centennial sponsorship program:**
    - **Creation of a lasting capital improvement to the Terminal, including the revitalization of the Pershing Square exterior entrance and entrance to the Terminal on 42nd Street**
    - **Public performances, festivities, and a rededication slated for February 1st**
    - **An interactive, multimedia exhibit on GCT by the New York Transit Museum**
  
- **Addressing Higher Levels of Staff Attrition**
  - **Resources have been added to accommodate accelerated attrition levels in 2013 and to continue succession planning strategies:**
    - **Human Resources recruiters added to handle increased hiring volume.**
    - **Continue the advance hiring of critical positions to ensure effective knowledge transfer, management continuity, and the availability of qualified replacements for positions that have extended training requirements to meet job qualifications and regulatory guidelines.**
    - **Rightsizing of Conductor and Operations Control Center workforce.**
    - **Continue successful Internship program.**
    - **Continue Associate Engineer program to attract a pool of technical professionals to support capital, infrastructure, and rolling stock programs.**

## 2012 Budget Reduction Initiatives

In 2012, several budget reduction initiatives were enacted that will continue in the 2013 Budget and 2013-2106 Financial Plan. These initiatives total \$3.5 million and include:

- **Reduced payroll costs by \$2.5 million** through more accurate projection of vacancies.
- **Installation of credit card address verification software on Ticket Vending Machines** will safeguard against the illegal use of credit cards in the purchase of tickets and improve revenue collection, resulting in additional passenger revenues of \$0.5 million annually.
- **Increase in GCT retail revenue** will be realized through Metro-North's continued partnership with MTA Real Estate and Jones Lang LaSalle to more closely manage retail operations and leverage revenue opportunities. These efforts will result in an annual increase of \$0.5 million in other operating revenues.

## Impact on Funding

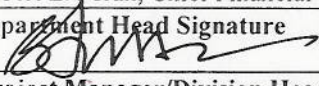

The 2012 November Forecast, the 2013 Final Proposed Budget and the Four-Year Financial Plan for 2013-2016, which are presented in the attached schedules, are consistent with the proposed MTA Financial Plan.

## Recommendation

It is recommended that the MTA Board adopt MTA Metro-North Railroad's 2012 November Forecast, 2013 Final Proposed Budget, and the Four-Year Financial Plan for 2013-2016.


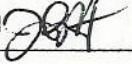



# Staff Summary

<b>Subject</b> MTA 2013 Budget and 2013-2016 Financial Plan Adoption
<b>Department</b> Chief Financial Officer
<b>Department Head Name</b> Robert E. Foran, Chief Financial Officer
<b>Department Head Signature</b> 
<b>Project Manager/Division Head</b> 

<b>Date</b> December 3, 2012
<b>Vendor Name</b>
<b>Contract Number</b>
<b>Contract Manager Name</b>
<b>Table of Contents Ref #</b>

Board Action					
Order	To	Date	Approval	Info	Other
1	Finance	12/17			
2	Board	12/19			

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 2012 November Forecast, 2013 Final Proposed Budget, and the Four-Year Financial Plan for 2013-2016 (December Plan).

**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 for MTA Headquarters, which include the impact of budget reduction initiatives, do not include the impacts arising from Tropical Storm Sandy. These impacts will be presented as part of MTA consolidated materials.

**2012 November Forecast:**

The 2012 November Forecast Baseline Deficit of \$390.7 million includes total Non-Reimbursable Operating Revenues of \$59.0 million and total expenses before depreciation and other post-employment benefits of \$313.2 million, consisting of \$189.5 million in labor expenses and \$123.7 million in non-labor expenses. Total Capital and Other Reimbursements are projected to be \$67.1 million. Total reimbursable labor expenses are \$60.0 million and non-labor expenses are \$7.0 million. Cash Adjustments prior to depreciation and OPEB obligation are unfavorable by \$42.7 million, reflecting Headquarters' Operating Capital needs of \$13.6 million and unfavorable pension and non-labor expense adjustments.

The Baseline Cash Deficit is projected to be \$297.0 million. Total end-of-year positions are projected to be 1,737, including 1,687 non-reimbursable positions and 50 reimbursable positions.

**2013 Final Proposed Budget:**

The 2013 Final Proposed Budget Baseline Deficit of \$408.1 million includes Total Non-Reimbursable Operating Revenues of \$55.9 million and total expenses before depreciation and other post-employment benefits of \$354.6 million, consisting of \$211.7 million in labor expenses and \$142.9 million in non-labor expenses. Capital and Other Reimbursements are projected to be \$66.8 million. Total reimbursable labor expenses are \$55.3 million and non-labor expenses are \$11.5 million. Cash Adjustments prior to depreciation and OPEB obligation are unfavorable by \$12.4 million, reflecting Headquarters' Operating Capital needs of \$23.3 million, which are partially offset by favorable non-labor expense adjustments.

## Staff Summary

The Baseline Cash Deficit is projected to be \$311.1 million. Total end-of-year positions are projected to be 1,732, including 1,682 non-reimbursable positions and 50 reimbursable positions.

### **Major Programmatic Initiatives/Investments:**

- Rationalization and consolidation of Information Technology equipment and services.
- Evaluation and improvement of procuring goods and services processes.
- Oversight of the West Side Yard Development project with all funding reimbursable by the project developer.
- Increased police patrol at the Atlantic Avenue Terminal for enhanced customer safety.
- Data center hosting for disaster recovery to ensure uninterrupted operation of critical MTA information systems.

### **Budget Reduction Initiative:**

Savings of \$10.1 million in 2012 result from reductions derived from reviews of maintenance and other operating contracts, professional services contracts and other business expenses. Savings of \$4.3 million in these categories continue into 2013.

### **Impact on Funding:**

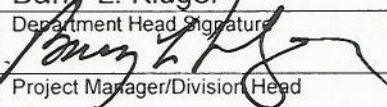
The 2012 November Forecast, the 2013 Final Proposed Budget, and the Four-Year Financial Plan 2013-2016, which are presented in the attached tables, are consistent with the proposed MTA Financial Plan.

### **Recommendation:**

It is recommended that the MTA Board adopt the 2012 November Forecast, the 2013 Final Proposed Budget, and the Four-Year Financial Plan for 2013-2016.



## Staff Summary

Subject: 2013 Budget and 2013-2016 Financial Plan Adoption
Department MTA Inspector General
Department Head Name Barry L. Kluger
Department Head Signature 
Project Manager/Division Head

Date December 7, 2012
Vendor Name
Contract Number
Contract Manager Name
Table of Contents Ref #

Board Action					
Order	To	Date	Approval	Info	Other
1	Finance Comm.	12/17	X		
2	Board	12/19	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 2012 November Forecast, the 2013 Final Proposed Budget, and the Four-Year Financial Plan for 2013-2016 (December Plan).

**Discussion:**

The 2013 Final Proposed Budget, which is consistent with information presented to the Board in November, provides sufficient funding to maintain MTA Office of the Inspector General's operations.

**2012 November Forecast - Baseline**

Total Capital and Other Reimbursements are projected to be \$12.7 million. Total reimbursable labor expenses are \$9.5 million and non-labor expenses are \$3.1 million.

**2013 Final Proposed Budget - Baseline**

Total Capital and Other Reimbursements are projected to be \$13.6 million. Total reimbursable labor expenses are \$10.2 million and non-labor expenses are \$3.3 million.

**Major Programmatic Initiative:**

**IT Refresh Project**, requires \$0.7 million of expenses in 2013 for the procurement of IT hardware, software and consulting services to design and install IT equipment and to migrate data. The procurement of the software, design and installation costing \$0.3 million has been allocated to the operating budget and the procurement of the hardware costing \$0.4 million has been allocated to the capital operating budget. The project has been primarily funded with a reimbursement of hard and soft costs incurred during the office relocation. The remainder of funding was derived from reductions to the rental and IT hardware and maintenance expense categories.



**Impact on Funding**

The 2012 November Forecast, the 2013 Final Proposed Budget and the Four-Year Financial Plan for 2013-2016, 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 2012 November Forecast, the 2013 Final Proposed Budget, and the Four-Year Financial Plan for 2013-2016.

<b>Subject</b> 2013 Budget and 2013-2016 Financial Plan Adoption
<b>Department</b> Risk and Insurance Management
<b>Department Head Name</b> James Henly, General Counsel
<b>Department Head Signature</b>
<b>Project Manager Name</b> <i>Laureen Coyne</i> Laureen Coyne, Director Risk and Insurance Mgmt.

<b>Date</b> December 3, 2012
<b>Vendor Name</b> N/A
<b>Contract Number</b> N/A
<b>Contract Manager Name</b> N/A
<b>Table of Contents Ref #</b> N/A

Board Action					
Order	To	Date	Approval	Info	Other
1	Finance Committee	12/17	x		
2	Board	12/19	x		

Internal Approvals			
Order	Approval	Order	Approval
1	Risk and Insurance Management		
2	Legal <i>[Signature]</i>		
	Budget		

**Purpose:**

To secure MTA Board adoption of the First Mutual Transportation Assurance Company's (FMTAC) 2012 November Forecast, the 2013 Final Proposed Budget, and the Four-Year Financial Plan for 2013-2016 (December Plan).

**Discussion:**

On an annual and cash basis, 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 2013 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.

FMTAC projections do not include the estimated impacts from Tropical Storm Sandy. These impacts will be presented as part of MTA consolidated materials.

**2012 November Forecast-Baseline**

Total operating revenues are projected at \$24.8 million. Total operating expenses are projected to be \$4.6 million, resulting in a net surplus of \$29.5 million.

**2013 Final Proposed Budget-Baseline**

Total operating revenues are projected at \$25.2 million. Total operating expenses are projected to be \$2.6 million, resulting in a net surplus of \$27.8 million.

**Impact of Funding:**

The 2012 November Forecast, the 2013 Final Proposed Budget, and the Four-Year Financial Plan 2013-2016,


which are presented in the attached tables, are consistent with the proposed MTA Financial Plan.

**Recommendation:**

It is recommended that the MTA Board adopt FMTAC's 2012 November Forecast, the 2013 Final Proposed Budget, and the Four-Year Financial Plan for 2013-2016.



# Staff Summary

<b>Subject</b> 2013 Budget and 2013-2016 Financial Plan Adoption
<b>Department</b> Office of Management & Budget
<b>Department Head Name</b> Aaron Stern
<b>Department Head Signature</b> 
<b>Project Manager Name</b>

<b>Date</b> December 3, 2012
<b>Vendor Name</b> NA
<b>Contract Number</b> NA
<b>Contract Manager Name</b> NA
<b>Table of Contents Ref #</b>

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	M	
2	Executive VP	RJS	
3	President	TP	

**Purpose**

To secure MTA Board adoption of MTA New York City Transit's 2012 November Forecast, 2013 Final Proposed Budget, and the Four-Year Financial Plan for 2013-2016 (December Plan).

**Discussion**

The 2013 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 increased service and investments in improved maintenance. Projections also capture budget reduction initiatives, most notably within paratransit and fare evasion enforcement.

NYCT projections do not include the estimated impacts from Tropical Storm Sandy or of projected fare increases. These impacts will be presented as part of MTA consolidated materials.

**2012 November Forecast-Baseline**

Total operating revenues are projected at \$4.069 billion, including \$3.740 billion of farebox revenues. Total operating expenses are projected to be \$6.771 billion in 2012, consisting of labor costs of \$5.177 billion and non-labor expenses of \$1.595 billion. Non-cash depreciation expense is projected at \$1.445 billion and other post-employment benefit expenses are projected at \$1.355 billion. After including favorable cash adjustments of \$2.923 billion, the projected net cash deficit is \$2.579 billion. Projected reimbursable expenses of \$884.3 million are fully offset by capital reimbursements. Total end-of-year positions are projected at 45,663, including 41,158 non-reimbursable positions and 4,505 reimbursable positions.

**2013 Final Proposed Budget-Baseline**

Total operating revenues are projected at \$4.126 billion, including farebox revenues of \$3.770 billion. Total operating expenses are projected to be \$7.021 billion in 2013, consisting of labor costs of \$5.306 billion and non-labor expenses of \$1.714 billion. Non-cash depreciation expense is projected at \$1.520 billion and other post-employment benefit expenses are projected at \$1.405 billion. After including favorable cash adjustments of \$3.017 billion, the projected net cash deficit is \$2.803 billion. Projected reimbursable expenses of \$860.1 million are fully offset by capital reimbursements. Total end-of-year positions are projected at 46,063, including 41,731 non-reimbursable positions and 4,332 reimbursable positions.



## Major Programmatic Initiatives

- **A Service Investment Program**, requiring 220 positions with expenses of \$17.7 million in 2013 and \$22.6 million in subsequent years, to restore or add bus services that improve network coverage and connections as well as to service new markets. It is projected that farebox revenue will increase by \$4.0 million in 2013 and \$4.6 million in subsequent years.
- **FasTrack Overtime/Planning and Quality Control Unit** requires \$6.0 million of expenses in 2013 and subsequent years to ensure completion of maintenance tasks within this limited-duration line segment closure program that would be impractical or cost prohibitive under normal maintenance operations, and add a new Track Planning and Quality Control Unit that is needed to improve the maintenance planning process and implementation of needed quality controls.
- **Signals Inspection/Maintenance Backlog Reduction**, requiring additional overtime costing \$5.0 million in 2013 and \$2.0 million in subsequent years in order to properly address the current significant backlog in signal inspection, testing and maintenance activities.
- **Track Defect Backlog Reduction** requires the addition of 38 positions (includes the equivalent of 13 positions in overtime) and \$3.3 million of expenses annually in order to slow the growth in the high priority track defect backlog.
- **Work Car SMS (Scheduled Maintenance)**, requiring 7 positions with expenses of \$2.2 million in 2013 and \$7.0 million in subsequent years to provide for vital maintenance work on about 120 non-revenue vehicle work cars which are currently beyond their useful lives.
- A restart of the **Employee Facility Maintenance Program** requires the addition of 20 positions and \$2.2 million of annual expenses to meet a targeted upgrade of about 22 locations per year and to result in safe and sanitary employee facilities.

## Budget Reduction Initiatives

- **Projected Reductions in Paratransit Trip Activity** and the continued diversion of primary vehicle trips to lower cost taxis and vouchers are planned to result in net savings of \$71.8 million in 2013, \$105.3 million in 2014, \$141.7 million in 2015 and \$191.1 million in 2016.
- **Paratransit Fare Incentives**, specifically offering paratransit riders free trips on buses/subway to replace expensive paratransit trips, are projected to result in expense savings of \$31.0 million in 2013, \$46.0 million in 2014 and \$96.0 million in subsequent years.
- **Bus Fare Evasion Reduction**, requiring 70 mostly Special Investigator positions with expenses of \$7.0 million in 2013 and \$6.7 million in subsequent years, is projected to result in increased farebox revenues of \$7.0 million in 2013, \$14.1 million in 2014, \$21.1 million in 2015 and \$28.2 million in 2016.

## Impact on Funding

The 2012 November Forecast, the 2013 Final Proposed Budget and the Four-Year Financial Plan for 2013-2016, 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 2012 November Forecast, the 2013 Final Proposed Budget and the Four-Year Financial Plan for 2013-2016 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



<b>Subject</b> MTA 2013 Budget and 2013-2016 Financial Plan Adoption
<b>Department</b> Finance
<b>Department Head Name</b> Thomas Del Sorbo
<b>Department Head Signature</b> <i>Thomas Del Sorbo</i>
<b>Project Manager Name</b> William E. Cronin

<b>Date</b> November 30, 2012
<b>Vendor Name</b> NA
<b>Contract Number</b> NA
<b>Contract Manager Name</b> NA
<b>Table of Contents Ref #</b>

Board Action					
Order	To	Date	Approval	Info	Other
1	Bus Ops Committee	12/17/12	X		
2	Finance Committee	12/17/12	X		
3	MTA Board	12/19/12	X		

Internal Approvals			
Order	Approval	Order	Approval
1	EVP, Finance & Admin	<i>[Signature]</i>	
2	President	<i>[Signature]</i>	

**Purpose**

To secure MTA Board adoption of MTA Bus Company's 2012 November Forecast, 2013 Final Proposed Budget, and the Four-Year Financial Plan for 2013-2016 (December Plan).

**Discussion**

The 2013 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, which include the impact of budget reduction initiatives, do not include the impact of fare increases or those arising from Tropical Storm Sandy. 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.

**2012 November Forecast-Baseline**

Total operating revenues are projected at \$201.3 million, including \$182.3 million of farebox revenues. Total non-reimbursable expenses before depreciation and GASB adjustments are projected to be \$550.0 million in 2012, consisting of labor costs of \$401.8 million and non-labor expenses of \$148.1 million. Non-cash depreciation expense is projected at \$42.2 million and other post-employment benefit expenses are projected at \$55.4 million. After including favorable cash adjustments of \$31.5 million, the projected net cash deficit is \$414.8 million. Projected reimbursable expenses of \$8.7 million are fully offset by capital reimbursements. Total end-of-year positions are projected at 3,553, consisting of 3,489 non-reimbursable positions and 64 reimbursable positions.

**2013 Final Proposed Budget-Baseline**

Total operating revenues are budgeted at \$202.3 million, including farebox revenues of \$183.0 million. Total non-reimbursable expenses before depreciation and GASB adjustments are budgeted to be \$563.3 million in 2013, consisting of labor costs of \$417.0 million and non-labor expenses of \$146.3 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 \$96.5 million, the projected net cash deficit is \$363.0 million. Projected reimbursable expenses of \$8.4 million are fully offset by capital reimbursements.



Total 2013 end-of-year positions are projected at 3,599 consisting of 3,535 non-reimbursable positions and 64 reimbursable positions.

The 2013 Final Proposed Budget and the Four-Year Financial Plan for 2013-2016 include the following key initiatives:

- **Platform Budget\Running Time\Enhance Bus Service** - Since investing in HASTUS, MTA Bus has utilized the software tools to produce efficient vehicle and operator/crew schedules, passenger information & relations, performance analysis, and to develop a full year Platform Budget. As a result, inconsistencies and deficiencies in running time in the schedule were identified. Addressing these issues supported efforts to improve customer service by providing more reliable and accurate operating schedules. This also includes bus management strategies that will improve reliability as well as ability to respond to changing ridership patterns and volume in conformance with Board approved Loading Guidelines. A new direct limited-stop route from two transit hubs in northeast Queens to support the MTA's regional joint effort with NYCDOT and PANYNJ to enhance transit service to LaGuardia Airport is also included.
- **Contractual Payroll Obligations** - As a result of more detailed data available due to the 2012 migration of payroll services to the Business Services Center, and unbudgeted miscellaneous payroll expenses related to collective bargaining provisions were identified.
- **Depot Training Supervisors** - A NYCT Strategic Initiative review of bus maintenance productivity revealed that additional depot and shop based training staff is required to provide additional on-site training to maintenance hourly personnel. This will bring MTABC in line with NYCT depot based training levels.
- **Driver Barriers** - Following a rash of attacks on bus drivers, the MTA is increasing the installation of shields to protect operators from violent riders.

### Budget Reduction Initiative

The Plan includes recurring savings of approximately \$3 million in each year.

### Impact on Funding

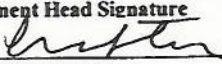
The 2012 November Forecast, the 2013 Final Proposed Budget and the Four-Year Financial Plan for 2013-2016 revenues, expenses and positions, which are presented in the attached tables, are consistent with the proposed MTA Financial Plan.

### Recommendation

It is recommended that the MTA Board adopt the 2012 November Forecast, the 2013 Final Proposed Budget and the Four-Year Financial Plan for 2013-2016 for MTA Bus Company.






# Staff Summary

<b>Subject</b> 2013 Budget and 2013 – 2016 Financial Plan Adoption
<b>Department</b> Office of Management & Budget
<b>Department Head Name</b> Aaron Stern
<b>Department Head Signature</b> 
<b>Project Manager Name</b>

<b>Date</b> December 3, 2012
<b>Vendor Name</b>
<b>Contract Number</b> NA
<b>Contract Manager Name</b> NA
<b>Table of Contents Ref #</b>

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 2012 November Forecast, 2013 Final Proposed Budget, and the Four-Year Financial Plan for 2013-2016 (December Plan).

## Discussion

The 2013 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 investments to meet R44 fleet maintenance requirements. Projections also capture budget reduction initiatives.

SIR projections do not include the estimated impacts from Tropical Storm Sandy or of proposed fare increases. These impacts will be presented as part of MTA consolidated materials.

### 2012 November Forecast-Baseline

Total operating revenues are projected at \$7.7 million, including farebox revenues of \$5.6 million. Total operating expenses are projected to be \$38.1 million in 2012, consisting of labor costs of \$28.6 million and non-labor expenses of \$9.5 million. Non-cash depreciation expense is projected at \$9.0 million and other post-employment benefit expenses are projected at \$2.3 million. After including favorable cash adjustments of \$4.0 million, the projected net cash deficit is \$37.8 million. Projected reimbursable expenses of \$1.7 million are fully offset by capital reimbursements. Total end-of-year positions are projected at 271, including 268 non-reimbursable positions and 3 reimbursable positions.

### 2013 Final Proposed Budget-Baseline

Total operating revenues are projected at \$7.8 million, including farebox revenues of \$5.7 million. Total operating expenses are projected to be \$42.5 million in 2013, consisting of labor costs of \$29.8 million and non-labor expenses of \$12.6 million. Non-cash depreciation expense is projected at \$9.0 million and other post-employment benefit expenses are projected at \$2.3 million. After including favorable cash adjustments of \$10.9 million, the projected net cash deficit is \$35.1 million. Projected reimbursable expenses of \$1.7 million are fully offset by capital reimbursements. Total end-of-year positions are projected at 271, including 268 non-reimbursable positions and 3 reimbursable positions.



## Major Programmatic Initiative-R44 Fleet Maintenance Requirements

- The current fleet is comprised of 63 cars now forty years old, which is considered to be the full useful life of these vehicles. It is currently estimated that the replacement of this fleet won't occur until around 2020. In order to maintain this fleet in a state of good repair to be able to operate safely and reliably, 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. This program requires three years (2014-2016) of maintenance with an estimated cost of \$12.900 million (\$4.300 million and 21 cars per year).
- An additional estimate of \$0.400 million of overtime/material expenses is planned for 2013 to enable SIR to deal directly with more immediate component problems that can be addressed in the Staten Island Shop.

**Budget Reduction Initiatives** included in this financial plan project annual savings of \$0.433 million beginning 2013. The major components of these initiatives are summarized as follows:

- To date, CCTVs have been installed in the Tompkinsville Station and partly in St. George Terminal. No installations have been made at the remaining twenty stations. Due to the timing of these installations, SIR plans to defer the filling of two electronic maintainer positions until more installations are completed. Savings due to this deferral are \$0.211 million per year.
- Annual savings of \$0.181 million are projected, based on the installation of a new phone system, elimination of phone line redundancies, and better controls regarding erroneous charges.
- Clerical overtime efficiency savings are projected at \$0.041 million annually, based on implementation of a UTS Timekeeping system and a more efficient realignment of clerical personnel.

### Impact on Funding

The 2012 November Forecast, the 2013 Final Proposed Budget and the Four-Year Financial Plan for 2013-2016, 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 2012 November Forecast, the 2013 Final Proposed Budget and the Four-Year Financial Plan for 2013-2016 for MTA Staten Island Railway.