

MTA 2015

Final Proposed Budget

November Financial Plan 2015 – 2018



Volume 1
November 2014



Metropolitan Transportation Authority

OVERVIEW

MTA 2015 FINAL PROPOSED BUDGET NOVEMBER FINANCIAL PLAN 2015-2018 VOLUME 1

The MTA's November Plan is divided into two volumes:

Volume 1 consists of financial schedules supporting the complete MTA-Consolidated Financial Plan, including an Executive Summary, the baseline forecast (as detailed in Volume 2 and described below) and certain adjustments captured below the baseline. These "below-the-line" adjustments include: Fare/Toll Increases, MTA Initiatives, Policy Actions, and MTA Re-estimates. Volume 1 also includes descriptions of the "below-the-line" actions as well as the required Certification by the Chairman and Chief Executive Officer, and a description of the MTA Budget Process.

Volume 2 includes MTA-Consolidated detailed financial and position schedules as well as the narratives that support the baseline projections included in the 2015 Final Proposed Budget and the Financial Plan for 2015 through 2018. Also included are the Agency sections which incorporate descriptions of Agency Programs with supporting baseline tables and required information related to the MTA Capital Program.

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I. Introduction

Executive Summary

We are pleased to present the **2014 MTA November Financial Plan** (the “November Plan” or “Plan”). Since 2010, our Plans – which are developed in a disciplined, consistent, and transparent process – have included the pursuit of recurring cost reductions to temper the amount needed from biennial fare and toll increases and protect PAYGO funding for the Capital Program. The Plans also provide funding for safety, new operational and maintenance needs, information technology investments and add or restore service when sustainable, while also addressing long-term costs such as health care, pensions and paratransit previously considered “uncontrollable.”

The November Plan includes the 2014 November Forecast, the 2015 Final Proposed Budget and a Financial Plan for the years 2015 to 2018. The Plan captures the important investments that were first identified in the July Plan and is updated to reflect stakeholder input and the impact of new developments and risks. It includes a revised current year and finalization of the proposed budget for the upcoming year along with projections for the three out-years.

The July Plan

The July Plan was balanced through 2017 with a manageable deficit of \$262 million in 2018. That Plan was based upon four key inter-related elements: (i) funding TWU Local 100 and LIRR Union Coalition pattern settlements through favorable re-estimates and the reallocation of existing resources; (ii) projected fare/toll revenue yield increases of 4% in 2015 and 2017; (iii) annually recurring cost savings (\$1.2 billion in 2015 increasing to over \$1.5 billion by 2018); and (iv) no further legislative erosion of Payroll Mobility Tax (PMT) revenue.

Funding labor settlements will require the temporary diversion of resources originally targeted for addressing long-term costs and liabilities. The Plan included a \$254 million drawdown of Other Post-Employment Benefits (OPEB) reserves, a suspension of annual OPEB contributions of approximately \$120 million through 2017, the elimination of planned supplemental pension contributions of approximately \$25 million per year, and an \$80 million per year reduction in annual PAYGO capital.

Despite these resource diversions, the MTA remains committed to the objective of reducing these long term liabilities, and progress continues to be made. While the settlements required the drawdown of OPEB funds and the suspension of OPEB contributions, the funds remaining in the OPEB Reserve/Trust for future retiree healthcare costs still approximate \$450 million and OPEB contributions are expected to resume in 2018. While the Plan eliminated supplemental pension contributions to reduce the unfunded pension liability of the LIRR, \$240 million has been funded in the past two years - reducing that liability by 19 percent. Finally, while there was a reduction in PAYGO capital, the July Plan still funds annual PAYGO capital of \$290 million beginning in 2015.

The July Plan included funding for many important improvements. The Plan captured an unprecedented level of safety investments, totaling \$363 million over the Plan period. Other investments included \$125 million in new operational and maintenance needs over the Plan period; \$20 million in annual service and service quality investments; and \$5 million in annual service guideline adjustments. The July Plan made additional progress toward greater operational efficiency, implementing more savings programs and reducing the level of unidentified savings.

What Has Changed Since The July Plan?

There have been revenue and expense re-estimates and other changes since the July Plan:

Re-estimates and other changes increasing financial results

- Higher fare/toll projections
- Higher real estate transaction tax receipts
- Lower energy expense forecasts
- Higher Petroleum Business Tax (PBT) revenue

Re-estimates and other changes reducing financial results

- Lower MTA Aid projections
- Higher overtime estimates
- Higher health & welfare expenses
- Higher debt service costs
- Increased safety investments
- Increased service adjustments
- Additional operational and maintenance needs
- New IT investments (Enterprise Asset Management Program)

In total, re-estimates and other changes are \$60 million *net unfavorable* to the Financial Plan through 2018.

Highlights of the November Plan

Fare/Toll increases of only 4% in 2015 and 2017. The Plan continues to project 4% biennial fare/toll increases, equivalent to 2% per year. Consistent with recent Plans, a March 1 implementation for both the 2015 and 2017 increases is anticipated. In November 2013 the MTA raised savings targets in order to fund a reduction in projected fare/toll increases that had been anticipated to be 7.5% for each of those years. In prior Plans, the increases were revenue yield-based increases; due to elasticity and other factors, the resulting increases in fare and toll prices were greater than the stated nominal target rate for some fares and tolls.

The projected 2015 Fare/Toll increase has been changed since the July Plan, and is now calculated based on a simple 4% increase in individual fares and tolls (to the extent practical). This results in a revenue yield increase of only 3.6%; the reduction in annual revenue versus a 4% revenue yield increase is \$25 to \$29 million annually.

Driving down costs through annually recurring expense reductions and efficiencies. The Plan continues the strategy developed in 2010 to “make every dollar count.” In fact, the annually-recurring savings target has been increased every year. This Plan raises the annual target by an additional \$50 million starting in 2018. Annual recurring savings will reach \$1.1 billion in 2014, growing to almost \$1.6 billion by 2018.

To help reach the out-year targets, the MTA identified and implemented new savings initiatives in both the July and November Plans. For this Plan, individual Agencies have been assigned additional reduction targets of \$40 million annually starting in 2015. As a result, the amount of the remaining targeted, but not yet identified, savings has been reduced to \$16 million in 2015, \$102 million in 2016, and \$131 million in 2017. This is an improvement of over \$100 million per year when compared with last November. The \$50 million increase to the 2018 target raises the level of additional savings required in that year to \$168 million.

Consistent with the Board-approved policy to address costs that were previously considered “uncontrollable”, the MTA will continue to use non-recurring revenues, receipts, and other

resources to make one-time payments towards long-term obligations that will reduce recurring annual expenses. The MTA will use the unexpended 2014 General Reserve balance of \$135 million to reduce the LIRR Additional Pension liability, its lowest funded plan. This additional deposit, over our actuarially required contribution, will reduce our future contributions in an amount comparable to achieving a 7% compounded rate of return, producing annual savings of approximately \$10 million. This more than offsets the July Plan elimination of the annual \$25 million contribution and continues our progress in reducing recurring pension costs.

Safety investments. The safety of customers and employees is unquestionably the top priority for the MTA. Given several serious rail incidents in 2013, immediate steps were taken to assure that a process of continuous improvement in system safety and culture would exist within the operations of every MTA Agency. Consequently, swift changes were made to the MTA's executive structure, including the establishment of a Chief Safety Officer position at Headquarters and the formation of a Safety Committee of the MTA Board. At the direction of the Chairman/CEO, the head of safety at each of the MTA Agencies was required to be a direct report to the Agency President. In addition, the Agencies were directed to thoroughly review their current practices and procedures, and to identify areas where opportunities for improvement existed. Additionally, the MTA convened a Blue Ribbon Panel comprised of transportation officials and railroad industry leaders, which recently concluded its review of MTA's safety culture and practices. The Panel's recommendations further support several key initiatives and investments identified by the Agencies.

This Financial Plan captures the unprecedented level of safety funding first proposed in July and adds an additional \$79 million for combined investments of \$442 million over the Plan period. Investments are being made in customer and employee safety programs to promote and adhere to a culture of safety via improved work practices, additional training and investments in technology and equipment, including the use of audio/visual cameras on the commuter rails. Additional safety investments are being made to improve track, signals and communications. The Plan funds more inspections and maintenance of the right-of-way and provides operating resources to support the capital-funded implementation of Positive Train Control (PTC).

Service and service quality investments/platform service adjustments. Since new and restored service adds a recurring level of additional expense to the budget, funding for such service must be sustainable. The affordability of additional service must be evaluated in the context of the entire budget, and not simply as a specific revenue and expense item. As first proposed in July, the MTA is adding or restoring \$20 million per year in service and service quality investments to complement the \$29 million and \$18 million in service investments approved in 2012 and 2013, respectively. These investments, which reflect identified service and customer enhancement priorities, have been evaluated in the context of the budget and are believed to be affordable in the current financial climate. These new investments are in addition to additional platform service guideline adjustments that are captured within Agency baselines in response to higher ridership. These adjustments approximate \$21 million per year; between the July and November Plans, service, service quality and service adjustments investments will total \$172 million over the Plan period.

Addressing new operational and maintenance needs. This Plan adds \$32 million to fund important new and revised estimates of operational and maintenance initiatives over the Plan period; combined investments in the July and November Plans total \$133 million.

The July Plan included NYCT investments in maintaining older buses in its fleet, adding station cleaners to improve station cleanliness and reduce unscheduled overtime, improve track maintenance and increase employee training. MTA Bus investments included tires and tubes for its low floor bus fleet, additional fare box maintainers, and additional maintenance for the older buses in its fleet. LIRR investments included additional maintenance for its M3 fleet and the

replacement of obsolete electronic components on its M7 fleet. MNR investments targeted its warehouse inventory management system, the purchase of catenary maintenance vehicles, replacement of third rail power system components, and other infrastructure improvements. B&T investments include additional positions associated with its All Electronic Tolling and Open Road Tolling programs.

In addition to these investments first proposed in the July Plan, the November Plan includes new investments. New LIRR investments include overhauling the M7 fleet in accordance with its 15/20-year Reliability Cycle Maintenance schedule. An LIRR/MNR partnership is developing a long-term ticket selling/fare collection strategy. B&T is increasing its engineering staff to meet project management and quality assurance demands associated with the Sandy Restoration and Mitigation Program, the Major Maintenance Program, and design-build projects. MTA Bus investments include increased supervision of the Central Maintenance Facility and in out-years of the Plan, accelerating the Hybrid Repowered Conversion Program. MTAHQ investments include implementing changes to meet the requirements of a New York State Executive Order to reduce energy use by 20% by 2020.

The MTA continues to grow in all respects, carrying more passengers and providing more service. Commitments to safety and new technology are also changing the way we do business. Proper training is paramount for the MTA to be successful. Additional investments in training capacity will be made throughout the MTA to address current and projected attrition levels to ensure new hires are prepared to operate in a safe and effective environment.

Utilizing and securing technology. The MTA is making important and necessary investments to secure, fortify, maintain and expand systems. MTA Agencies are investing in an Enterprise Asset Management (EAM) system that will help the MTA make informed decisions that balance operating and capital investments, asset performance and minimize the operational risk inherent in managing our assets.

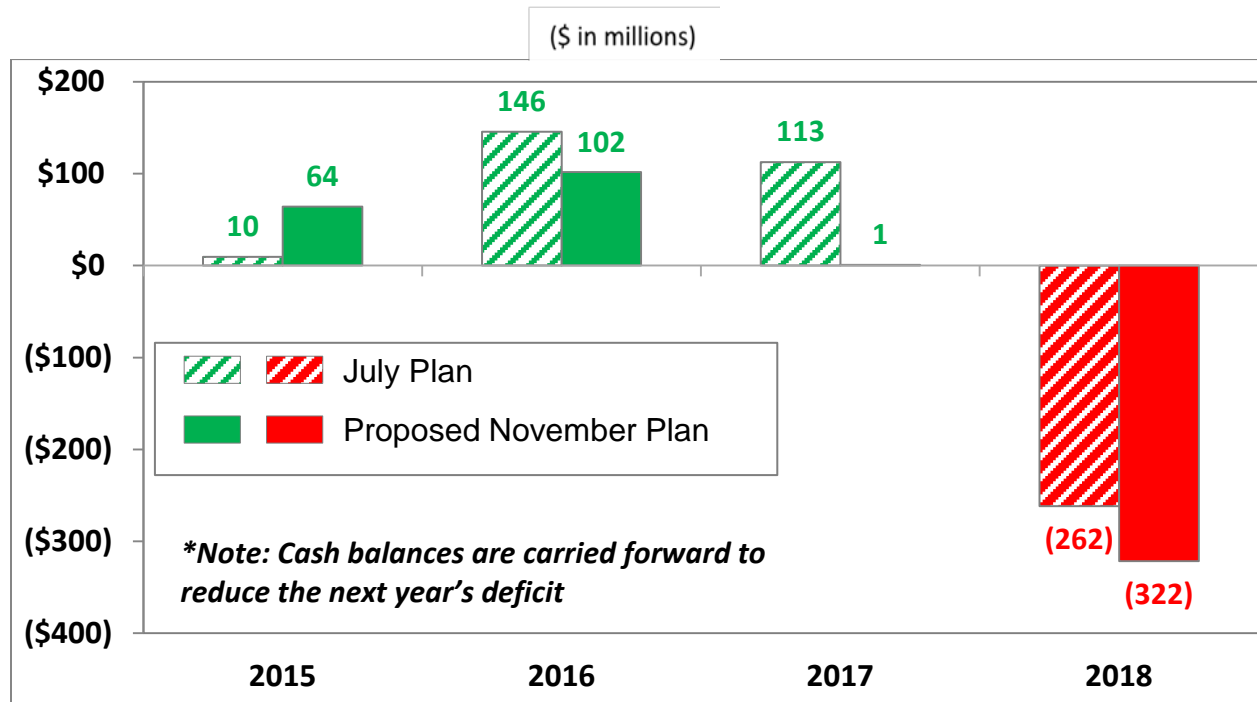
In addition to EAM, the November Plan includes a number of new investments. NYCT is revising its Alternative Desktop Solution Project to increase the ratio of thin-clients to desktops, while MTA Bus is investing in an Intelligent Vehicle Network to increase bus reliability. MTAHQ is procuring consulting services to minimize business function disruptions during the PeopleSoft upgrade, and further increasing resources to improve security of MTA IT assets. This Plan adds \$98 million to existing IT investments over the course of the Plan – combined with needs identified in the July Plan, total investments increase to \$143 million.

Support for the Capital Program. The Plan maintains PAYGO capital contributions for the 2015-2019 Capital Program of \$290 million per year beginning in 2015. This contribution will fund \$2.3 billion of PAYGO over the expected eight-year expenditure period, or \$5.4 billion in funding capacity if PAYGO funds also are used for debt service.

Operating budget impacts of the “Mega” Projects. On November 10th, the Fulton Street Transit Center opened, significantly improving access to, and connections among New York City Subway stations and lines. This important transit center and retail complex will accommodate up to 300,000 daily customers using the A, C, J, R, Z, 2, 3, 4, and 5 lines. The Plan captures the operating budget impacts of Fulton Center, as well as the projected impacts of the 7 Line Extension, Second Avenue Subway and East Side Access projects.

The “Bottom Line”

Taken in total, these re-estimates, changes and recommendations result in an overall cash position that is similar to July. The Plan remains balanced through 2017 and the 2018 deficit is increasing from \$262 million to \$322 million. Although the projected 2018 deficit is \$60 million larger than in July, it reflects a \$52 million real improvement in the “going-out” balance since the 2018 projection in the July Plan included a large 2017 carry-over cash balance that is no longer projected.



A reconciliation of the Plan-to-Plan changes can be found in Section II of this volume, with further details provided in Volume 2.

What is our Strategy Going Forward?

While our cost reduction efforts have yielded impressive results, we must continue to pursue efficiencies and consolidations to maximize annually recurring cost savings. We must also remain focused on existing cost control to avoid backsliding while increasing our focus on chronic cost issues such as overtime, worker’s compensation and claims.

The Plan includes revisions to overtime based on improved forecasting and coverage necessitated by increased maintenance work, training, and vacancies/absentees. It includes a provision to re-baseline weather-related overtime, reflecting a consistent approach across the Agencies. Implementing sustainable programs that reduce overtime levels in routine maintenance and controllable types of overtime, such as vacancy/absentee coverage and unscheduled service, remain at the forefront for MTA management. Areas that continue to be internally scrutinized and require particular focus include: vacancies and employee accidents, optimizing overtime vs. straight-time; impacts on pensions; overtime use for non-essential work; and overtime intensity. It is expected that efficiencies can be identified that will result in realistic savings in overtime.

The costs associated with workers’ compensation (Federal Employers Liability Act, or “FELA”, for the commuter rails) and claims are also cause for concern. The liability of worker’s compensation and FELA alone is over \$1.2 billion, representing 83% growth over the past five

years. Lost availability attributable to workers' compensation/FELA cases also results in higher overtime costs.

Finally, we will continue to use non-recurring revenues, favorable budget variances and unused general reserve funds to reduce long-term unfunded liabilities such as OPEB, and the LIRR Additional Pension Plan or as PAYGO. Simply put, this strategy converts favorable "one-shots" into recurring savings.

Risks to the Plan

The Plan assumes that MTA will successfully execute the Financial Plan strategy. Efforts to reduce costs will continue, but at some point, additional savings may be more difficult to achieve.

The next significant concern will be obtaining approval for a fully funded 2015-2019 Capital Program. Moreover, interest rates remain at historically low levels. Should these rates rise, our debt service payments in support of the Capital Program would increase accordingly.

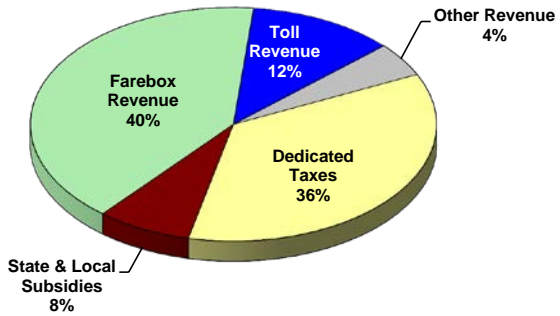
The Plan assumes that State budget actions will reflect full remittance to the MTA of all funds collected on its behalf. Also, PMT remains an unpopular tax with certain constituents who advocate for its repeal. The MTA could not continue to offer its present level of service without the PMT or a comparable replacement funding source.

The finances of the MTA are highly dependent on the economy. Passenger and toll revenues, dedicated taxes and subsidies and debt service, pensions and energy costs are all affected by the economy. If the economic assumptions underlying this Plan are not realized, MTA has limited options.

II. MTA Consolidated 2015-2018 Financial Plan

MTA 2015 Final Proposed Budget
Baseline Expenses After Below-the-Line Adjustments
Non-Reimbursable

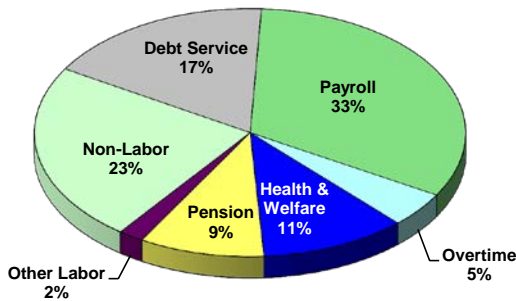
Where the Dollars Come From ...



By Revenue Source (\$ in millions)	
Farebox Revenue ¹	\$5,941
Toll Revenue ¹	1,715
Other Revenue	689
Dedicated Taxes	5,221
State & Local Subsidies	1,133
Total⁴	\$14,700

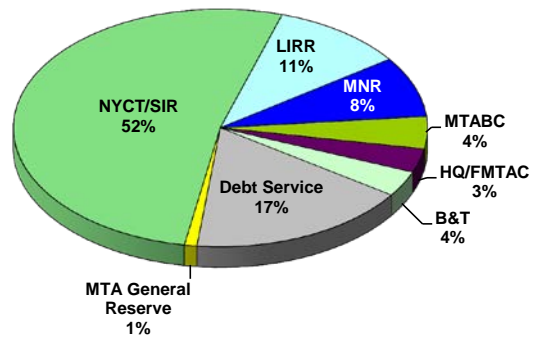
Where the Dollars Go ...

By Expense Category



By Expense Category ² includes below-the-line adjustments (\$ in millions)	
Payroll	\$4,686
Overtime	662
Health & Welfare	1,580
Pension	1,350
Other Labor	272
Non-Labor	3,359
Debt Service	2,482
MTA Below-the-Line Adjustments ³	-7
Total⁴	\$14,384

By MTA Agency



By MTA Agency ² includes below-the-line adjustments (\$ in millions)	
NYCT/SIR	\$7,490
LIRR	1,492
MNR	1,191
MTABC	628
HQ/FMTAC	467
B&T	500
Debt Service	2,482
MTA General Reserve	140
MTA Below-the-Line Adjustments ³	-7
Total⁴	\$14,384

¹ Includes below-the-line adjustments that impact revenue.

² Expenses exclude Depreciation, OPEB Obligation and Environmental Remediation. MTA Capital Construction is not included, as its budget contains reimbursable expenses only.

³ These below-the-line adjustments impact expense dollars and have not been allocated to specific Agencies as yet.

⁴ Totals may not add due to rounding.

Note: The revenues and expenses reflected in these charts are on an accrued basis and exclude cash adjustments and carryover balances. Any comparison of revenues versus expenses will not directly correspond to the cash balances reflected the Statement of Operations.

METROPOLITAN TRANSPORTATION AUTHORITY
November Financial Plan 2015-2018
MTA Consolidated Statement Of Operations By Category
(\$ in millions)

Line No.	Non-Reimbursable	2013 Actual	2014 November Forecast	2015 Final Proposed Budget	2016	2017	2018
10	Operating Revenue						
11	Farebox Revenue	\$5,507	\$5,702	\$5,776	\$5,862	\$5,921	\$5,973
12	Toll Revenue	1,645	1,669	1,670	1,679	1,686	1,694
13	Other Revenue	754	674	689	665	695	720
14	Capital and Other Reimbursements	0	0	0	0	0	0
15	Total Operating Revenue	\$7,906	\$8,044	\$8,135	\$8,206	\$8,301	\$8,387
17	Operating Expense						
18	Labor Expenses:						
19	Payroll ¹	\$4,333	\$4,698	\$4,686	\$4,791	\$4,894	\$4,986
20	Overtime	621	731	662	667	681	693
21	Health & Welfare	896	989	1,066	1,140	1,223	1,315
22	OPEB Current Payment	473	474	513	557	604	657
23	Pensions	1,302	1,359	1,350	1,349	1,334	1,343
24	Other-Fringe Benefits	695	639	634	653	672	697
25	Reimbursable Overhead	(321)	(362)	(362)	(358)	(351)	(350)
26	Sub-total Labor Expenses	\$7,997	\$8,529	\$8,550	\$8,800	\$9,057	\$9,342
28	Non-Labor Expenses:						
29	Electric Power	\$493	\$546	\$499	\$537	\$600	\$644
30	Fuel	259	272	263	256	262	272
31	Insurance	39	52	63	74	86	99
32	Claims	300	223	222	224	233	236
33	Paratransit Service Contracts	367	374	386	421	474	516
34	Maintenance and Other Operating Contracts	497	562	635	668	685	636
35	Professional Service Contracts	297	330	368	338	332	341
36	Materials & Supplies	475	545	556	575	574	568
37	Other Business Expenses	167	178	182	191	193	202
38	Sub-total Non-Labor Expenses	\$2,894	\$3,083	\$3,175	\$3,283	\$3,437	\$3,513
40	Other Expense Adjustments:						
41	Other	\$46	\$45	\$44	\$48	\$48	\$49
42	General Reserve	0	0	140	145	150	155
43	Sub-total Other Expense Adjustments	\$46	\$45	\$184	\$193	\$198	\$204
45	Total Operating Expense before Non-Cash Liability Adj.	\$10,937	\$11,658	\$11,909	\$12,275	\$12,693	\$13,059
47	Depreciation	\$2,174	\$2,292	\$2,411	\$2,473	\$2,662	\$2,720
48	OPEB Obligation	1,920	2,000	2,036	2,121	2,208	2,299
49	Environmental Remediation	14	7	5	5	5	5
51	Total Operating Expense after Non-Cash Liability Adj.	\$15,046	\$15,957	\$16,361	\$16,874	\$17,568	\$18,083
53	Conversion to Cash Basis: Non-Cash Liability Adjs.	\$4,109	\$4,299	\$4,453	\$4,598	\$4,875	\$5,024
55	Debt Service (excludes Service Contract Bonds)	(2,299)	(2,264)	(2,482)	(2,590)	(2,772)	(2,936)
57	Total Operating Expense with Debt Service	\$13,237	\$13,922	\$14,390	\$14,866	\$15,464	\$15,994
59	Dedicated Taxes and State/Local Subsidies	\$5,898	\$6,212	\$6,330	\$6,539	\$6,760	\$6,925
61	Net Surplus/(Deficit) After Subsidies and Debt Service	\$567	\$334	\$75	(\$121)	(\$403)	(\$682)
63	Conversion to Cash Basis: GASB Account	(86)	(49)	(0)	0	0	(10)
64	Conversion to Cash Basis: All Other	(396)	(228)	(389)	(142)	(285)	(320)
66	CASH BALANCE BEFORE PRIOR-YEAR CARRYOVER	\$86	\$57	(\$314)	(\$263)	(\$688)	(\$1,013)
67	ADJUSTMENTS	0	(221)	228	300	587	690
68	PRIOR-YEAR CARRYOVER	229	314	150	64	102	1
69	NET CASH BALANCE	\$314	\$150	\$64	\$102	\$1	(\$322)

Note: ¹ 2013 Payroll includes \$78.3 million of accrued NYC Transit retroactive wages and FICA relating to the recent TWU contract agreement.

METROPOLITAN TRANSPORTATION AUTHORITY
November Financial Plan 2015-2018
Plan Adjustments
(\$ in millions)

Line No.	2013 Actual	2014 November Forecast	2015 Final Proposed Budget	2016	2017	2018
11	\$86	\$57	(\$314)	(\$263)	(\$688)	(\$1,013)
13	Fare/Toll Increases:					
14		-	210	257	260	262
15		-	-	-	250	303
16	Sub-Total	\$0	\$210	\$257	\$510	\$565
18	MTA Initiatives:					
19		-	16	102	131	118
20		-	40	40	40	40
21		-	-	-	-	50
22	Sub-Total	\$0	\$56	\$142	\$171	\$208
23	Policy Actions:					
24		(135)	9	10	11	12
25		(109)	109	-	-	-
26		(32)	(108)	(109)	(102)	(91)
27		(5)	(20)	(19)	(19)	(20)
28	Sub-Total	(\$282)	(\$9)	(\$118)	(\$111)	(\$99)
30		\$60	(\$28)	\$19	\$17	\$16
33			(\$221)	\$228	\$587	\$690
35	229	314	150	64	102	1
37	\$314	\$150	\$64	\$102	\$1	(\$322)

METROPOLITAN TRANSPORTATION AUTHORITY
November Financial Plan 2015-2018
MTA Consolidated Cash Receipts and Expenditures
(\$ in millions)

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Cash Receipts and Expenditures		2014		2015		
	2013	November	Final Proposed			
	Actual	Forecast	Budget	2016	2017	2018
Receipts						
Farebox Revenue	\$5,571	\$5,717	\$5,814	\$5,901	\$5,960	\$6,013
Other Operating Revenue	\$803	\$696	\$717	\$749	\$703	\$727
Capital and Other Reimbursements	\$1,340	\$1,712	\$1,682	\$1,637	\$1,615	\$1,617
Total Receipts	\$7,713	\$8,125	\$8,213	\$8,286	\$8,277	\$8,356
Expenditures						
Labor:						
Payroll	\$4,525	\$5,279	\$5,187	\$5,169	\$5,261	\$5,342
Overtime	736	890	780	758	772	781
Health and Welfare	952	1,014	1,103	1,173	1,260	1,347
OPEB Current Payment	431	458	496	539	586	638
Pensions	1,191	1,348	1,407	1,387	1,366	1,374
Other Fringe Benefits	653	761	764	767	782	801
Contribution to GASB Fund	86	49	0	0	0	10
Reimbursable Overhead	0	0	(0)	0	(0)	0
Total Labor Expenditures	\$8,574	\$9,799	\$9,736	\$9,793	\$10,027	\$10,293
Non-Labor:						
Electric Power	\$498	\$547	\$500	\$532	\$593	\$636
Fuel	252	271	259	252	258	268
Insurance	24	54	61	66	78	91
Claims	213	236	209	201	208	211
Paratransit Service Contracts	373	372	384	419	472	514
Maintenance and Other Operating Contracts	471	545	554	589	613	573
Professional Service Contracts	293	359	363	339	335	343
Materials & Supplies	640	691	684	691	698	704
Other Business Expenditures	165	261	184	191	192	202
Total Non-Labor Expenditures	\$2,929	\$3,337	\$3,197	\$3,280	\$3,448	\$3,543
Other Expenditure Adjustments:						
Other	36	87	108	92	83	133
General Reserve	0	0	140	145	150	155
Total Other Expenditure Adjustments	\$36	\$87	\$248	\$237	\$233	\$288
Total Expenditures	\$11,539	\$13,223	\$13,181	\$13,310	\$13,709	\$14,125
Net Cash Deficit Before Subsidies and Debt Service	(\$3,826)	(\$5,098)	(\$4,968)	(\$5,024)	(\$5,432)	(\$5,769)
Dedicated Taxes and State/Local Subsidies	\$5,576	\$6,816	\$6,477	\$6,680	\$6,820	\$6,975
Debt Service (excludes Service Contract Bonds)	(\$1,664)	(\$1,661)	(\$1,823)	(\$1,919)	(\$2,076)	(\$2,219)
CASH BALANCE BEFORE PRIOR-YEAR CARRY-OVER	\$86	\$57	(\$314)	(\$263)	(\$688)	(\$1,013)
ADJUSTMENTS	\$0	(\$221)	\$228	\$300	\$587	\$690
PRIOR-YEAR CARRY-OVER	\$229	\$314	\$150	\$64	\$102	\$1
NET CASH BALANCE	\$314	\$150	\$64	\$102	\$1	(\$322)

METROPOLITAN TRANSPORTATION AUTHORITY
November Financial Plan 2015-2018
MTA Consolidated November Financial Plan Compared with July Financial Plan
Cash Reconciliation
(\$ in millions)

	Favorable/(Unfavorable)				
	2014	2015	2016	2017	2018
JULY FINANCIAL PLAN 2015-2018					
NET CASH SURPLUS/(DEFICIT)	\$162	\$10	\$146	\$113	(\$262)
Savings Programs	\$5	\$14	\$10	\$10	\$10
2014 BRP (New Savings Programs) ¹	3	8	5	5	5
NYCT Paratransit - Additional Net Savings	2	6	5	5	5
New Needs/Investments	(\$8)	(\$60)	(\$49)	(\$47)	(\$48)
Maintenance/Operations	(1)	(4)	(4)	(11)	(12)
Information Technology	(3)	(34)	(23)	(19)	(19)
Service Adjustments	(3)	(12)	(14)	(15)	(15)
All Other New Needs	(1)	(11)	(7)	(3)	(3)
Agency Baseline Adjustments	\$10	(\$5)	(\$35)	(\$46)	\$17
Farebox/Toll Revenue	57	66	69	78	85
Overtime (includes re-baselining) ²	(23)	(43)	(43)	(43)	(43)
Claims	(34)	(15)	(8)	(8)	(8)
Rates:					
Health & Welfare (including retirees) ²	2	(19)	(30)	(33)	(34)
Energy	2	17	(4)	6	9
Pensions ²	(6)	(6)	(9)	(4)	1
Worker's Compensation	(5)	(6)	(6)	(5)	(4)
Other Baseline Re-estimates (includes timing) ^{3,4}	17	2	(5)	(36)	13
MTA Adjustments					
General Reserve	\$135	\$0	\$0	\$0	\$0
Changes in Subsidies	\$36	\$34	\$41	\$45	\$48
Real Estate Taxes	45	44	51	55	58
Petroleum Business Tax	4	4	4	4	4
Payroll Mobility Tax and MTA Aid	(13)	(14)	(14)	(14)	(14)
Other Subsidy Adjustments	\$2	\$103	(\$6)	\$27	\$28
CDOT Subsidy	(17)	48	(1)	(1)	(7)
B&T Surplus Transfer	36	7	5	8	11
Forward Energy Contracts Program - Gain/(Loss)	(4)	(3)	(1)	0	0
Other Subsidies	(14)	52	(9)	20	24
Debt Service	\$5	(\$34)	(\$17)	(\$15)	(\$13)
Below-the-Line Adjustments	(\$197)	\$15	(\$42)	(\$42)	\$9
Change in Fare/Toll Increase Estimates	0	(24)	(29)	(28)	(27)
MTA Efficiencies - Identified and Captured in Agency Baselines	0	(16)	(15)	(19)	(22)
New MTA Efficiencies - 2018 Program	0	0	0	0	50
Policy Actions:					
Release General Reserve to Reduce Pension Liability	(135)	9	10	11	12
Reserve for Retroactive Wage Payments	(109)	109	0	0	0
Safety Investments	(1)	(23)	(18)	(18)	(19)
Service and Service Quality Investments	1	(2)	1	1	1
MTA Re-estimates	47	(39)	9	11	15
Prior Year Carryover	(\$0)	(\$12)	\$55	(\$44)	(\$112)
NOVEMBER FINANCIAL PLAN 2015-2018					
NET CASH SURPLUS/(DEFICIT)	\$150	\$64	\$102	\$1	(\$322)

* Totals may not add due to rounding.

¹ Captures only the incremental increase from the July Plan.

² Excludes impacts of labor agreements (settled and assumptions).

³ Including timing delays in both retroactive wage payments and the projected opening of East Side Access.

⁴ B&T Operating Surplus Transfer is captured as a subsidy. While B&T's impacts are also captured in individual reconciliation categories in the Agency Baseline Adjustments above, the duplication is eliminated within the line "Other Baseline Re-estimates."

METROPOLITAN TRANSPORTATION AUTHORITY
November Financial Plan 2015-2018
Consolidated Subsidies
Cash Basis
(\$ in millions)

	2013 Actual	2014 November Forecast	2015 Final Proposed Budget	2016	2017	2018
Subsidies						
Dedicated Taxes						
Metropolitan Mass Transportation Operating Assist (MMTOA)	\$1,518.2	\$1,563.9	\$1,632.0	\$1,703.6	\$1,771.1	\$1,851.5
Petroleum Business Tax (PBT) Receipts	586.4	622.7	608.7	605.0	604.4	605.5
Mortgage Recording Tax (MRT)	362.4	350.4	363.5	380.4	390.7	405.2
MRT Transfer to Suburban Counties	(2.4)	(3.4)	(2.7)	(3.1)	(3.0)	(3.0)
Reimburse Agency Security Costs	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)
MTA Bus Debt Service	(24.9)	(24.9)	(24.9)	(24.9)	(24.9)	(23.8)
Interest	4.5	4.7	4.9	5.1	5.3	5.3
Urban Tax	594.7	776.0	677.7	740.2	784.7	823.3
Investment Income	<u>1.0</u>	<u>1.0</u>	<u>1.1</u>	<u>1.1</u>	<u>1.2</u>	<u>1.2</u>
	\$3,029.9	\$3,280.3	\$3,250.2	\$3,397.5	\$3,519.5	\$3,655.2
PMT and MTA Aid						
Payroll Mobility Tax	\$1,215.3	\$1,256.9	\$1,316.0	\$1,376.0	\$1,436.7	\$1,494.2
Payroll Mobility Tax Replacement Funds	307.2	309.3	309.3	309.3	309.3	309.3
MTA Aid	<u>302.9</u>	<u>311.1</u>	<u>314.7</u>	<u>316.1</u>	<u>318.5</u>	<u>320.7</u>
	\$1,825.3	\$1,877.3	\$1,940.0	\$2,001.4	\$2,064.5	\$2,124.1
State and Local Subsidies						
State Operating Assistance	\$187.9	\$187.9	\$187.9	\$187.9	\$187.9	\$187.9
Local Operating Assistance	188.5	187.9	187.9	187.9	187.9	187.9
CDOT Subsidy	70.8	95.0	141.7	96.1	98.7	101.8
Station Maintenance	<u>160.2</u>	<u>162.6</u>	<u>165.1</u>	<u>167.9</u>	<u>170.5</u>	<u>173.1</u>
	\$607.4	\$633.5	\$682.6	\$639.8	\$645.0	\$650.7
Other Subsidy Adjustments						
Resource to Reduce Pension Liability	(\$210.0)	(\$20.9)	\$11.2	\$11.2	\$11.2	\$11.2
GASB Reserves to fund Labor Settlements	0.0	254.5	0.0	0.0	0.0	0.0
Interagency Loan	(120.2)	0.0	0.0	0.0	0.0	0.0
NYCT Charge Back of MTA Bus Debt Service	(11.5)	(11.5)	(11.5)	(11.5)	(11.5)	(11.5)
Forward Energy Contracts Program - Gain/(Loss)	0.6	(0.5)	(1.1)	(0.7)	0.0	0.0
MNR Repayment for 525 North Broadway	(2.4)	(2.4)	(2.4)	(2.4)	(2.4)	(2.4)
NYS Reimbursement Transferred to B&T	(3.9)	0.0	0.0	0.0	0.0	0.0
Repayment of Loan to Capital Financing Fund	(200.0)	(100.0)	(100.0)	0.0	0.0	0.0
Committed to Capital	<u>(283.8)</u>	<u>(144.8)</u>	<u>(328.1)</u>	<u>(290.0)</u>	<u>(363.0)</u>	<u>(368.9)</u>
	(\$831.2)	(\$25.7)	(\$432.0)	(\$293.5)	(\$365.7)	(\$371.7)
Subtotal Dedicated Taxes & State and Local Subsidies	\$4,631.4	\$5,765.3	\$5,440.8	\$5,745.2	\$5,863.3	\$6,058.3
City Subsidy for MTA Bus	\$307.5	\$430.1	\$485.4	\$403.3	\$442.5	\$447.4
City Subsidy for SIRTOA	<u>30.7</u>	<u>24.0</u>	<u>36.0</u>	<u>37.0</u>	<u>49.2</u>	<u>34.7</u>
	\$338.2	\$454.1	\$521.4	\$440.2	\$491.6	\$482.1
Total Dedicated Taxes & State and Local Subsidies	\$4,969.6	\$6,219.5	\$5,962.2	\$6,185.4	\$6,354.9	\$6,540.4
Inter-agency Subsidy Transactions						
B&T Operating Surplus Transfer	<u>\$606.0</u>	<u>\$596.2</u>	<u>\$514.8</u>	<u>\$494.6</u>	<u>\$465.1</u>	<u>\$434.8</u>
	\$606.0	\$596.2	\$514.8	\$494.6	\$465.1	\$434.8
GROSS SUBSIDIES	\$5,575.6	\$6,815.7	\$6,477.1	\$6,680.0	\$6,820.0	\$6,975.2

METROPOLITAN TRANSPORTATION AUTHORITY
Summary of Changes Between the November and July Financial Plans
Consolidated Subsidies
Cash Basis
(\$ in millions)

<u>Subsidies</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Dedicated Taxes					
Metropolitan Mass Transportation Operating Assist (MMTOA)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Petroleum Business Tax (PBT) Receipts	3.7	3.6	3.5	3.5	3.6
Mortgage Recording Tax (MRT)	(25.1)	(24.1)	(22.6)	(22.1)	(23.0)
MRT Transfer to Suburban Counties	0.0	0.0	0.0	0.0	0.0
Reimburse Agency Security Costs	0.0	0.0	0.0	0.0	0.0
MTA Bus Debt Service	0.0	0.0	0.0	0.0	0.0
Interest	0.0	0.0	0.0	0.0	0.0
Urban Tax	70.4	67.9	73.2	77.3	81.1
Investment Income	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
	\$48.9	\$47.5	\$54.2	\$58.8	\$61.7
PMT and MTA Aid					
Payroll Mobility Tax	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Payroll Mobility Tax Replacement Funds	0.0	0.0	0.0	0.0	0.0
MTA Aid	<u>(13.4)</u>	<u>(13.6)</u>	<u>(13.6)</u>	<u>(13.7)</u>	<u>(13.8)</u>
	(\$13.4)	(\$13.6)	(\$13.6)	(\$13.7)	(\$13.8)
State and Local Subsidies					
State Operating Assistance	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Local Operating Assistance (18-b)	0.0	0.0	0.0	0.0	0.0
CDOT Subsidy	(16.5)	47.8	(1.5)	(1.3)	(7.5)
Station Maintenance	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
	(\$16.5)	\$47.8	(\$1.5)	(\$1.3)	(\$7.5)
Other Subsidy Adjustments					
Resource to Reduce Pension Liability	\$0.0	\$20.0	\$28.6	\$26.5	\$24.4
GASB Reserves to fund Labor Settlements	254.5	0.0	0.0	0.0	0.0
Inter-Agency Loan	0.0	0.0	0.0	0.0	0.0
NYCT Charge Back of MTA Bus Debt Service	0.0	0.0	0.0	0.0	0.0
Forward Energy Contracts Program - Gain/(Loss)	(3.8)	(2.7)	(0.5)	0.0	0.0
MNR Repayment for 525 North Broadway	0.0	0.0	0.0	0.0	0.0
NYS Reimbursement Transferred to B&T	0.0	0.0	0.0	0.0	0.0
Repayment of Loan to Capital Financing Fund	0.0	0.0	0.0	0.0	0.0
Committed to Capital	<u>0.0</u>	<u>80.0</u>	<u>80.0</u>	<u>80.0</u>	<u>80.0</u>
	\$250.7	\$97.3	\$108.1	\$106.5	\$104.4
Subtotal Dedicated Taxes & State and Local Subsidies	\$269.7	\$179.0	\$147.2	\$150.2	\$144.8
City Subsidy for MTA Bus	(\$13.5)	\$50.1	(\$9.2)	\$18.6	\$24.1
City Subsidy for SIRTOA	<u>0.0</u>	<u>1.5</u>	<u>(0.1)</u>	<u>1.4</u>	<u>0.3</u>
	(\$13.5)	\$51.5	(\$9.3)	\$20.0	\$24.4
Total Dedicated Taxes & State and Local Subsidies	\$256.2	\$230.5	\$137.9	\$170.2	\$169.2
Inter-agency Subsidy Transactions					
B&T Operating Surplus Transfer	<u>\$35.8</u>	<u>\$6.6</u>	<u>\$4.9</u>	<u>\$8.1</u>	<u>\$11.0</u>
	\$35.8	\$6.6	\$4.9	\$8.1	\$11.0
GROSS SUBSIDIES	\$292.0	\$237.2	\$142.8	\$178.4	\$180.2

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III. Adjustments

III. ADJUSTMENTS

The discussion that follows reflects proposed Fare/Toll Increases, MTA Initiatives, Policy Actions and MTA Re-estimates that are not included in the Baseline (as depicted in Volume 2).

Fare/Toll Increases

Fare and Toll Increase on 3/1/15 – A \$248 million annualized increase in MTA consolidated farebox and toll revenues is assumed for implementation on March 1, 2015. Excluding MTA Bus and SIR, revenues are expected to increase by \$205 million in 2015, \$250 million in 2016, \$253 million in 2017 and \$255 million in 2018. MTA Bus revenue is expected to increase by \$5 million in 2015 and by \$6 million annually for 2016 through 2018, while SIR revenue is expected to increase by \$0.1 million in 2015 and by \$0.2 million in subsequent years; additional MTA Bus and SIR revenues are used to hold down the NYC subsidies that cover the costs associated with these operations. The subsidy impacts are captured within MTA Re-estimates.

These projections, compared with the July Plan, are lower by \$22 million in 2015 and by \$27 million annually in 2016 through 2018; revenue projections for MTA Bus are lower by \$2 million annually, and for SIR are lower by less than \$0.1 million annually. In the July Plan, the additional revenue projected from the fare and toll increases was based on a yield increase of four percent. Fare elasticity impacts would necessitate increases for some fares and tolls of more than 4% to achieve the yield targets. The November Plan reflects additional fare and toll revenue from increasing fares and tolls by a four percent rate, to the extent possible, reducing the revenue generated from this action.

Fare and Toll Increase on 3/1/17 – A \$295 million annualized consolidated farebox and toll increase is assumed for implementation on March 1, 2017, and is estimated to yield an additional \$243 million in 2017 and \$295 million in 2018, excluding yield increases for MTA Bus and SIR. The farebox revenue increase at MTA Bus is expected to yield additional revenues of \$7 million in 2017 and \$9 million in 2018 and in SIR farebox revenue by \$0.2 million in 2017 and \$0.3 million in 2018; these additional revenues will be used to hold down the NYC subsidies to MTA Bus and SIR. The subsidy impacts are captured within MTA Re-estimates. Compared with the July Plan, revenue is higher by \$2 million annually; revenue projections for MTA Bus are higher by less than \$0.1 million annually, and for SIR are essentially unchanged.

MTA Consolidated Utilization

MTA Agency Fare and Toll Revenue Projections, in millions Including the Impact of Fare & Toll Yield Increases

		2014	2015			
		November	Final Proposed			
		<u>Forecast</u>	<u>Budget</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Fare Revenue						
Long Island Rail Road	Baseline	\$654.949	\$662.533	\$667.468	\$671.381	\$673.667
	2015 Fare Yield	0.000	19.556	23.168	23.304	23.384
	2017 Fare Yield	0.000	0.000	0.000	23.630	27.882
		\$654.949	\$682.089	\$690.636	\$718.315	\$724.933
Metro-North Railroad ¹	Baseline	\$653.883	\$672.236	\$686.878	\$703.272	\$715.313
	2015 Fare Yield	0.000	13.137	15.844	16.229	16.505
	2017 Fare Yield	0.000	0.000	0.000	15.974	19.155
		\$653.883	\$685.373	\$702.721	\$735.476	\$750.973
MTA Bus Company ²	Baseline	\$202.701	\$204.965	\$206.574	\$206.935	\$207.926
	2015 Fare Yield	0.000	5.035	6.000	6.010	6.039
	2017 Fare Yield	0.000	0.000	0.000	7.204	8.559
		\$202.701	\$210.000	\$212.573	\$220.150	\$222.523
New York City Transit ³	Baseline	\$4,098.645	\$4,167.906	\$4,231.737	\$4,267.990	\$4,304.030
	2015 Fare Yield	0.000	127.423	153.294	154.649	155.967
	2017 Fare Yield	0.000	0.000	0.000	149.364	178.400
		\$4,098.645	\$4,295.329	\$4,385.031	\$4,572.003	\$4,638.397
Staten Island Railway ²	Baseline	\$5.888	\$6.040	\$6.136	\$6.193	\$6.255
	2015 Fare Yield	0.000	0.148	0.178	0.180	0.182
	2017 Fare Yield	0.000	0.000	0.000	0.215	0.257
		\$5.888	\$6.188	\$6.314	\$6.588	\$6.694
Total Farebox Revenue	Baseline	\$5,616.066	\$5,713.680	\$5,798.792	\$5,855.771	\$5,907.191
	2015 Fare Yield	0.000	165.299	198.484	200.373	202.076
	2017 Fare Yield	0.000	0.000	0.000	196.387	234.253
		\$5,616.066	\$5,878.979	\$5,997.276	\$6,252.532	\$6,343.520
Toll Revenue						
Bridges & Tunnels ⁴	Baseline	\$1,668.844	\$1,669.941	\$1,678.688	\$1,685.778	\$1,694.266
	2015 Toll Yield	0.000	45.143	58.099	59.205	59.498
	2017 Toll Yield	0.000	0.000	0.000	53.704	69.104
		\$1,668.844	\$1,715.084	\$1,736.787	\$1,798.687	\$1,822.868
TOTAL FARE & TOLL REVENUE						
	Baseline	\$7,284.910	\$7,383.621	\$7,477.480	\$7,541.549	\$7,601.457
	2015 Fare / Toll Yield	0.000	210.442	256.583	259.578	261.574
	2017 Fare / Toll Yield	0.000	0.000	0.000	250.092	303.357
		\$7,284.910	\$7,594.063	\$7,734.063	\$8,051.219	\$8,166.388

¹ MNR baseline utilization reflects East-of-Hudson service only; impacts from fare yield changes also include West-of-Hudson utilization.

² MTA Bus and SIR revenues from fare yield changes will be used to reduce NYC subsidies to MTA Bus and SIR.

³ Excludes Paratransit Operations.

⁴ B&T utilization changes reflect a 10% delay in the distribution of surplus toll revenues per MTA Board resolution. This has no impact on traffic.

MTA Initiatives

In 2009 and 2010, the MTA introduced a number of savings initiatives and programs categorized as MTA Efficiencies. These included administrative reductions, operational consolidations, strategic initiatives, paratransit savings and improved MTA-wide business practices. In the November 2010 Plan, savings from these programs were projected to reach an annual level of \$784 million by 2014. This Plan captures total efficiencies of \$1.072 billion for 2014, a 37% increase over the original target. The success of these savings initiatives has generated funding for safety, service and operational needs while reducing the amount of revenue needed from projected fare and toll increases for 2015 and 2017.

MTA Efficiencies (Not Yet Implemented)/Unspecified Deficit Reductions – The November 2013 Plan increased the level of targeted savings from prior Plans by including a to-be-identified recurring savings provision of \$121 million in 2015, \$213 million in 2016 and \$256 million in 2017. Subsequently, the MTA identified new savings in both the July and November Plans. In addition, Agencies are now being tasked to identify additional specific reductions of \$40 million annually starting in 2015. As a result, the amount of the remaining targeted savings (not yet implemented) has been reduced to: \$16 million in 2015; \$102 million in 2016; \$131 million in 2017; and \$118 million in 2018. This improvement of over \$100 million per year has been accomplished in a year's time.

New MTA Initiatives – 2018 Program – The MTA is continuing to identify strategic areas of savings that include prompt payment discounts and other procurement efficiencies, workers compensation savings, energy and insurance efficiencies and consolidation savings. It is increasing the level of targeted savings by \$50 million annually beginning in 2018. This increase will result in annual savings reaching \$1.577 billion by 2018.

Policy Actions

Unexpended 2014 General Reserve Used to Reduce Pension Liability – Consistent with the Board-approved policy to address costs that were previously considered “uncontrollable”, the MTA will continue to use non-recurring revenues, receipts, or resources to make one-time payments towards long-term obligations that will reduce recurring annual expenses. The MTA will release the unexpended 2014 General Reserve balance of \$135 million to reduce the LIRR unfunded pension liability (its lowest funded plan). This investment will yield a compounded 7% rate of return beginning in 2015, producing savings of \$9.5 million in 2015 growing to \$11.6 million in 2018.

Reserve for Retroactive Wage Payments – In 2014, the MTA reached agreements with the vast majority of its represented labor force. Those unions that have not signed are expected to follow similar wage cost patterns. These agreements will result in significant retroactive wage costs that in many cases will not be paid until 2015. A reserve account of \$109 million is being established in 2014 to fund the projected 2015 payments.

Safety Investments – The safety of customers and employees is unquestionably the top priority for the MTA. Given the tragic events that occurred in 2013, immediate steps were taken to assure that a process of continuous improvement in system safety and culture would exist at every MTA Agency. Consequently, swift changes were made to the MTA's executive structure, including the establishment of a Chief Safety Officer position at each Agency, including Headquarters, and the formation of a Safety Committee of the MTA Board. Agencies were directed to thoroughly review their current practices and procedures, and to identify areas where opportunities for improvement existed. Additionally, the MTA convened Blue Ribbon Panel,

comprising of transportation officials and railroad industry leaders, recently concluded its review of MTA's safety culture and practices. The Panel's recommendations further support several key initiatives and investments identified by the Agencies. This Financial Plan updates the unprecedented level of safety funding first proposed in July with an investment of \$32 million in 2014 and an average of \$102 million annually over the remaining years of the Plan. The following table and narrative detail investments by Agency:

Metropolitan Transportation Authority
Summary of Proposed Safety Investments by Agency, Theme & Type
(\$ in millions)

November Financial Plan 2015 - 2018					
	2014	2015	2016	2017	2018
	\$	\$	\$	\$	\$
Investments by Agency					
NYCT	11.371	31.896	22.715	22.715	22.715
LIRR	3.716	17.906	27.143	28.633	29.697
MNR	8.505	46.694	51.836	45.229	32.645
B&T	2.527	5.496	3.066	2.127	2.135
Bus Co	1.313	4.140	3.185	3.363	3.417
HQ	4.536	0.431	0.248	0.254	0.260
SIR	0.359	1.167	0.523	0.000	0.000
FMTAC	0.000	0.000	0.000	0.000	0.000
Total	\$32.327	\$107.731	\$108.716	\$102.321	\$90.869

	2014	2015	2016	2017	2018
	\$	\$	\$	\$	\$
Investments by Theme					
Recommended	7.312	44.099	63.336	54.678	40.050
Improve/Ensure Compliance	13.706	37.046	30.069	32.870	35.742
New MTA Initiative	9.881	19.661	6.766	5.642	5.761
New Mandate	1.428	6.924	8.546	9.131	9.316
Total	\$32.327	\$107.730	\$108.716	\$102.321	\$90.869

	2014	2015	2016	2017	2018
	\$	\$	\$	\$	\$
Investments by Type					
Customer/Employee Safety	8.833	46.541	54.325	44.344	34.433
Track	8.904	27.068	24.530	24.761	20.053
Positive Train Control	0.128	7.487	7.079	10.426	13.301
Training	2.277	8.367	8.955	8.901	9.131
Signals	3.727	8.815	5.333	5.333	5.333
IT/Communications	7.157	5.050	5.273	5.273	5.273
Right-of-Way	1.300	4.402	3.221	3.283	3.346
Total	\$32.326	\$107.730	\$108.716	\$102.321	\$90.869

Highlights of major proposed Safety Investments by Type:

- Customer/Employee Safety: Promote and adhere to a culture of customer and employee safety through improved work practices and investments in technology and equipment.
 - Invest in Audio Visual Recording & Monitoring equipment at the LIRR and MNR to record events inside and outside the Locomotive Engineer cab for accident/incident investigation, as well as in passenger compartments.
 - Implement a pilot program at NYCT on a bus route that will provide audio/visual warning for pedestrians crossing an intersection. Additionally, NYCT is proposing to install an early warning system that uses cameras and radar feed to detect pedestrians, bicycles, motorcycles and lane infringement by other vehicles.
 - Procure safety monitoring services at B&T for increased construction activity associated with upcoming Sandy Restoration/Resiliency projects, and 2015-2019 Capital and major maintenance programs scheduled at the Verrazano-Narrows and RFK Bridges, as well as the Hugh L. Carey and Queens Midtown Tunnels, which will subsequently enable quicker and more targeted intervention to prevent serious accidents and injuries.
 - Limit the use of excessive overtime which will thereby reduce the risk of fatigue-related incidents as applicable MTA-wide.
 - Schedule additional inspections, maintenance, and/or upgrades as necessary to fire alarm systems at MTA facilities.
- Track: More frequent track inspections and repairs
 - Create a dedicated workforce at NYCT to increase inspections and maintenance along the four corridors that have experienced a disproportionate level of rail breaks over the past decade: Queens Boulevard, 8th Avenue, 6th Avenue and Broadway-7th Avenue.
 - Invest in new equipment at the LIRR, such as the Wheel Impact Detector that identifies wheel defects which can cause extra stress and damage to rails.
 - Replace ties in problematic areas around interlockings and stations, reduce infrastructure degradation by methodically addressing drainage issues, and provide a more efficient and productive management structure to the MoW department.
- Signals: Upgrade and repair signals and signal systems
- Training: Enhance employee training MTA-wide
- Positive Train Control: Implement Positive Train Control on LIRR and MNR
 - Positive Train Control (PTC) is a technology that is capable of preventing train-to-train collisions, over-speed derailments, and injuries to workers and customers as the result of unauthorized incursions by a train into a work zone. The PTC system is a capially-funded initiative with a total estimated project cost of \$914 million. The Plan reflects the operating impact of the PTC system once implemented.

- IT/Communications: Enhance safety systems and communications with customers and employees
 - Perform more inspections at NYCT on the Help Point Intercom, Fire Safety and Communications Systems. These critical systems are located in stations, shops, depots and along the right of way, and include fire alarms, emergency alarms & telephones, booth intercoms and Customer Assistance Intercoms.
 - Invest in network security to protect information technology assets MTA-Wide.
- Right-of-Way: Implement a proactive approach to performing inspections and maintenance on the right-of-way.

Service and Service Quality Investments – As first proposed in July, the MTA is adding or restoring \$20 million per year in service and service quality investments to complement the \$29 million and \$18 million in service investments approved in 2012 and 2013, respectively. These investments, which reflect identified service and customer enhancement priorities, have been evaluated in the context of the budget and are believed to be affordable in the current financial climate. These new investments are in addition to the normal platform service guideline adjustments approximating \$21 million per year. Specific information on these proposed initiatives follows at the end of this section of Volume I.

MTA Re-estimates

Subsequent to the close of Volume 2, certain re-estimates of revenues and expenses were made based on more current information. These re-estimates include favorable real estate transaction tax receipts, the timing of retroactive wage payments, and the subsidy (funding) impacts of below-the-line adjustments.

New York City Transit

Service Investments

Proposed Investment	Rationale	Implementation
Add bus service to Gateway Center II Mall	NYCT and MTA Bus will provide bus service as per an agreement with a mall developer who plans to build a new bus terminal near the mall.	Fall 2014
Provide bus connections to meet every Staten Island Ferry	Provide additional service to meet increased Staten Island Ferry service; additional weekend service beginning in summer 2014, expanding to half-hourly service, 24 hours a day, in spring 2015.	Summer 2014 - Spring 2015
Extend J line to Broad Street on weekends	Improve service connectivity by providing a connection at Fulton Street, serving a growing residential market in lower Manhattan.	Mid-2015
Split Bx5 route	Improve on-time performance, extending the weekend service to Bay Plaza Shopping Center and on weekdays the service to the Pelham Bay Park 6 Station.	September 2015
Add select bus service routes	Expands the program, which has successfully increased ridership and reduced travel times.	Spring 2015 - Fall 2015

Service Quality Investments

Proposed Investment	Rationale	Implementation
Establish four permanent Combined Action Teams (CAT)	Establish additional CATs, which are composed of track, third rail, and signals personnel, to provide rapid and coordinated maintenance responses to service disruptions occurring in the Manhattan central business district. Currently underway is a pilot, involving one CAT team that operates from 16th St/8th Ave. and the deployment of additional teams to upper midtown and lower Manhattan is expected.	October 2014
Establish specialized signal teams for the Lexington Avenue Corridor	Provide rapid responses to signal malfunctions, minimizing delays along the most heavily utilized corridor in the NYCT system; four-person signals teams will be staged at Grand Central Terminal, 14th St. Station, and Brooklyn Bridge, during the AM & PM weekday tours.	October 2014

Long Island Rail Road

Service Investments

Proposed Investment	Rationale	Implementation
Restore bi-hourly weekend service on West Hempstead Branch	Restore weekend service between West Hempstead and connecting service at Valley Stream.	November 2014
Extend hourly weekend service between Babylon and Patchogue to year-round	Supports emerging markets.	September 2015
Extend seasonal weekend service to Montauk for an additional ten weeks	Support leisure and tourist travel during early spring and fall seasons.	October 2014
Restore one weekend round-trip service on the Oyster Bay Branch	Restore one round-trip cancelled in May 2010, creating hourly service opportunity in the morning and placing weekend service in line with weekday service for late night travel.	September 2015
Add cars to six peak trains and rebalance consist lengths to others	Accommodate ridership growth on the Ronkonkoma, Port Washington, Hempstead, Huntington and Babylon Branches.	November 2014
Expand service to Barklays Center	Expand number of service days to 250 per year from 150, consistent with expected level of arena events.	November 2014

Service Quality Investments

Proposed Investment	Rationale	Implementation
Improve signage at Penn Station and outlying stations	Implement a unified signage system that improves customer movement and experience of station users.	October 2014 - January 2015
Increase cleaning at Jamaica Station	Increased ridership/foot traffic resulting from new sporting and entertainment venues served by the Railroad.	September 2014

Metro-North Railroad

Service Investments

Proposed Investment	Rationale	Implementation
Add new West of Hudson weekday mid-day train from Hoboken, NJ to Middletown, NY	Addresses a 3-hour gap in mid-day weekday service on the Port Jervis Line.	April 2016

Service Quality Investments

Proposed Investment	Rationale	Implementation
One year pilot program to reduce daily 16-hour parking fee from \$2.75 to \$1.25 at all MNR West of Hudson Stations; implement instant rebate program for annual permits, reducing 12-month permit cost from \$235 to \$20.	Bolsters a challenging market for customers where independent bus operators offer lower fares and free parking. Parking demand is highly localized in this area and there are few "feeder" transit services to MNR stations. Most Orange County bus park-n-rides are overcrowded, while MNR West of Hudson lots have additional capacity.	November 2014

Staten Island Railway

Service Investments

Proposed Investment	Rationale	Implementation
Provide connections to every Staten Island Ferry	Provides additional service to meet increased scheduled Staten Island Ferry service; additional weekend service beginning Summer 2014, expanding to half hourly service, then 24 hours a day by Spring 2015.	Summer 2014 - Spring 2015

Service Quality Investments


Proposed Investment	Rationale	Implementation
Install arrival clocks at 17 stations	Improve customer experience by providing valuable arrival clock information.	July 2014 - December 2015

IV. Appendix

**Certification of the Chairman and Chief Executive Officer
of the
Metropolitan Transportation Authority
in accordance with Section 202.3(l)
of the
State Comptroller's Regulations**

I, Thomas F. Prendergast, Chairman and Chief Executive Officer of the Metropolitan Transportation Authority ("MTA") hereby certify, to the best of my knowledge and belief after reasonable inquiry, including certifications from senior management at the MTA agencies, that the attached budget and financial plan is based on reasonable assumptions and methods of estimation and that the requirements of Section 202.3 and 202.4 of the Regulations referenced above have been satisfied.

Metropolitan Transportation Authority

By: 

Thomas F. Prendergast
Chairman and Chief Executive Officer

Dated: November 7, 2014

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V. Other

The MTA Budget Process

MTA budgeting is a rigorous and thorough on-going process and culminates with the passage of the Budget in December. In the course of a year, MTA prepares a February, July and November Financial Plan, and Adoption Materials in December. In addition to the existing year, each Plan requires Agencies to prepare four-year projections which include the upcoming and three following calendar years.

Both the July and November Financial Plans are divided into two distinct volumes:

- Volume I summarizes the complete financial plan, including the baseline as well as policy items and other “below-the-line” items;
- Volume II includes detailed Agency information supporting baseline revenue, expense, cash and headcount projections. Also included is detailed information supporting actions taken to increase savings as well as individual Agency deficit reduction programs.

July Plan

The July Financial Plan provides the opportunity for the MTA to present a revised forecast of the current year’s finances, a preliminary presentation of the following years proposed budget, and a three year re-forecast of out-year finances. This Plan may include a series of gap closing proposals necessary to maintain a balanced budget and actions requiring public hearings. The Mid-Year Forecast becomes the basis in which monthly results are compared for the remainder of the year.

November Plan

After stakeholders weigh in and the impact of new developments and risks are quantified, a November Plan is prepared, which is an update to the July Financial Plan. The November Plan includes a revised current year and finalization of the proposed budget for the upcoming year and projections for the three out-years.

December Adopted Budget

In December, the November Plan is updated to capture further developments, risks and actions that are necessary to ensure budget balance and is presented to the MTA Board for review and approval.

February Plan

Finally, in the Adopted Budget below-the-line policy issues are moved into the baseline and technical adjustments are made. This results in what is called the February Plan. The Adopted Budget is allocated over the period of 12 months and becomes the basis in which monthly results are compared.

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