

# **MTA 2018**

# **Final Proposed Budget**

## **November Financial Plan 2018 – 2021**



**Volume 1**  
**November 2017**



**Metropolitan Transportation Authority**

## OVERVIEW

### **MTA 2018 Final Proposed Budget November Financial Plan 2018-2021 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 Efficiencies, Policy Actions, and any MTA Re-estimates. Volume 1 also includes descriptions of the "below-the-line" actions as well as the required Certification by the Managing Director, 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 2018 Final Proposed Budget and the Financial Plan for 2018 through 2021. 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**

The **2017 MTA November Financial Plan** (the “November Plan” or “Plan”), which includes the 2017 November Forecast, the 2018 Final Proposed Budget and a Financial Plan for the years 2018-2021, updates the July Financial Plan. Since 2010, MTA financial plans – which are developed in a disciplined, consistent, and transparent process – have included the impact of our continuous pursuit of operational efficiencies and recurring cost reductions which are used to temper the amount of revenues needed from biennial fare and toll increases and governmental subsidies and provide funding for the capital program and enhanced maintenance. The Plans have added service when sustainable while also addressing long-term costs such as pensions, health care, paratransit, and debt service previously considered “uncontrollable.”

### **The July Plan**

The July Plan was based on three key inter-related elements: (i) fare and toll price increases of 4% in 2019 and 2021; (ii) annually recurring cost reduction cost containment targets that will increase the level of annual savings to \$2.3 billion per year by 2021; and (iii) support for \$100 million in additional funding needed for the amended Capital Program. The July Plan also funded important new investments over the plan period including \$484 million for improved maintenance/operations and customer experience enhancements.

The Plan included certain MTA actions to address unfavorable changes from the February Plan, most notably a significant reduction in real estate transaction revenue, which remain in the November Plan assumptions:

- Increased savings targets by \$150 million per year, starting in 2018 with an incremental increase of \$50 million per year thereafter, growing to \$300 million in 2021;
- Restoration of PMT Replacement Funds to \$307 million a year (\$65 million per year);
- Suspended contributions to the B&T Necessary Reconstruction Reserve Fund from 2018-2021 (\$158 million ) instead of PAYGO;
- Use of \$135 million of the \$155 million in the 2017 General Reserve; and
- Suspended planned contributions to the GASB 45 OPEB reserves, set aside to fund Other Post-Employment Benefits (principally, retiree healthcare costs), beginning in 2018 (\$59 million).

The July Plan was balanced through 2019 with funding gaps of \$112 million in 2020 and \$493 million in 2021.

### **What Has Changed Since the July Plan?**

#### **Changes and re-estimates worsening financial results over the Plan period:**

- Lower farebox/toll revenue estimates (\$281 million)
- Lower real estate transaction forecasts (\$147 million)
- Lower advertising revenue (\$143 million)
- Lower MMTOA receipts (\$80 million)

#### **Changes and re-estimates improving financial results over the Plan period:**

- Lower debt service costs (\$189 million)

In total, changes and re-estimates, including the above, are \$309 million unfavorable for the plan period. A reconciliation of Plan-to-Plan changes can be found in Section II of this volume, with further details provided in Volume 2.

Revenue projections for farebox/toll and real estate transactions were reduced in July, and actual collections have fallen short of those lower projections; this Plan, therefore, captures a further reduction of those revenues. Lower subway and bus ridership at NYCT are driving the reduction in passenger revenue while the reduction in toll revenue is the result of greater E-ZPass usage, which has lowered the average paid toll. Urban tax collections have been affected by a continuing slowdown in commercial real estate activity in New York City. The 2018 forecast for MMTOA receipts was also reduced based on slower economic growth in the MTA region.

Finally, the Plan forecasts lower advertising revenue, reflecting the repayment to the vendor for funding the replacement of existing non-digital mediums with a state-of-the-art digital platform. Once completed, the digital screen advertising network will provide opportunities for dynamic messaging that will enable the MTA to quickly disseminate customer and emergency information, target specific customer markets and integrate messaging on mobile devices. An additional benefit of the new advertising contract is that future advertising revenue (beyond this Plan) is expected to substantially increase once the vendor's capital investments are repaid from the revenue streams.

Serving as a partial offset to the lower revenue forecasts are projected debt service savings that reflect: interest rate savings from refunding transactions; the impact of projected favorable interest rates on existing variable rate debt; and, the accelerated use of PAYGO and other cash previously programmed for capital purposes, reducing near-term debt issuance.

### **Highlights of the November Plan**

The November Plan continues to follow the approach reflected in earlier plans and contains many noteworthy items:

***Subway Action Plan (SAP).*** This \$1.5 billion investment over the Plan period will target the key drivers of 79 percent of the major incidents that cause service delays, including signals, track and power issues. It also addresses water-related damage and corrosion, track fires, car breakdowns, police activity and station issues. The investment funds the following core areas: track/infrastructure, signals, power, fleet, stations and communications. The Subway Action Plan will “jump start” improvements over the next 14 months, then maintain this level of effort going forward. The following chart details the projected cost of the program through the Plan period.



## Elements of the Subway Action Plan and ongoing efforts

### Subway Action Plan - Budget

All \$ in Millions	2017	2018	2019	2020	2021	Five-year total
<b>Operating</b>						
Track/Infrastructure	\$ 29	\$ 86	\$ 83	\$ 61	\$ 61	\$ 320
Signals	3	14	22	14	13	66
Power	1	4	3	3	3	14
Car Equipment	25	145	96	104	104	474
Stations	12	89	57	53	53	264
Communications/Other	30	70	81	66	66	313
<b>Total Operating Costs</b>	<b>\$ 100</b>	<b>\$ 408</b>	<b>\$ 342</b>	<b>\$ 301</b>	<b>\$ 300</b>	<b>\$ 1,451</b>
<b>Capital</b>						
Track/Infrastructure	\$ 4	\$ 28	\$ 20	\$ -	\$ -	\$ 52
Signals	1	33	-	-	-	34
Power	56	22	-	-	-	78
Car Equipment	-	175	-	-	-	175
Other	2	7	-	-	-	9
<b>Total Net Capital Investments</b>	<b>\$ 63</b>	<b>\$ 265</b>	<b>\$ 20</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 348</b>
<b>Overall Total</b>	<b>\$ 163</b>	<b>\$ 673</b>	<b>\$ 362</b>	<b>\$ 301</b>	<b>\$ 300</b>	<b>\$ 1,799</b>
<b>Total 2017 and 2018 Costs for SAP:</b>		<b>\$ 836</b>				

Using existing reserves and available cash, the MTA will provide the initial operating and capital cash-flow funding of this work with the expectation of full reimbursement in 2018. The Governor has committed to funding one half of the costs of this program. If new funding commitment for the remaining cost of the program is not forthcoming, the SAP will be scaled back to a sustainable level and the February Plan will be adjusted. The following chart details SAP cash-flow funding assumptions:



## Funding the Subway Action Plan and ongoing efforts

(\$ in millions)

	2017	2018	2019	2020	2021	Five-year total
SAP - Operating Costs	(100)	(408)	(342)	(301)	(300)	(1,451)
Debt Service Expenses for SAP Capital Costs	-	(20)	(21)	(21)	(21)	(83)
Acceleration of 2018 Capital Expenses <sup>1</sup>	(63)	63				-
Additional State Funding for SAP	-	264 <sup>2</sup>	182	161	161	767
New Sources of Funding for SAP	-	264 <sup>2</sup>	182	161	161	767
Drawdown/(Redeposit) GASB Reserves	80	(80)	-	-	-	-
Drawdown/(Redeposit) Remaining 2017 General Reserve	20	(20)	-	-	-	-
<b>Net Total</b>	<b>\$ (63)</b>	<b>\$ 63</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

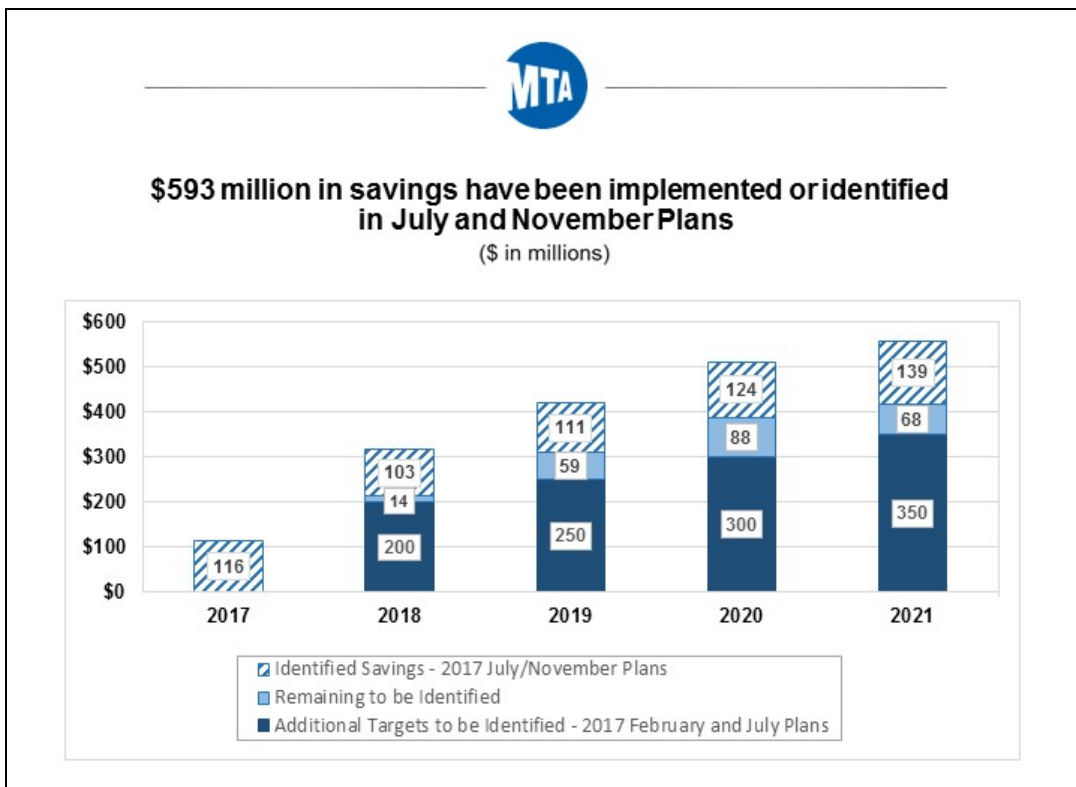
<sup>1</sup> Funded by operating cash until reimbursement with bond proceeds in 2018.

<sup>2</sup> Assumes reimbursement of MTA advances from 9/17.

The 2018 operating costs are reflected in the proposed 2018 budget. All capital costs will be presented in a proposed amendment to the 2015-2019 Capital Plan. The proposed 2018 budget and 2015-2019 Capital Program Amendment will be presented to the Board for approval in December.

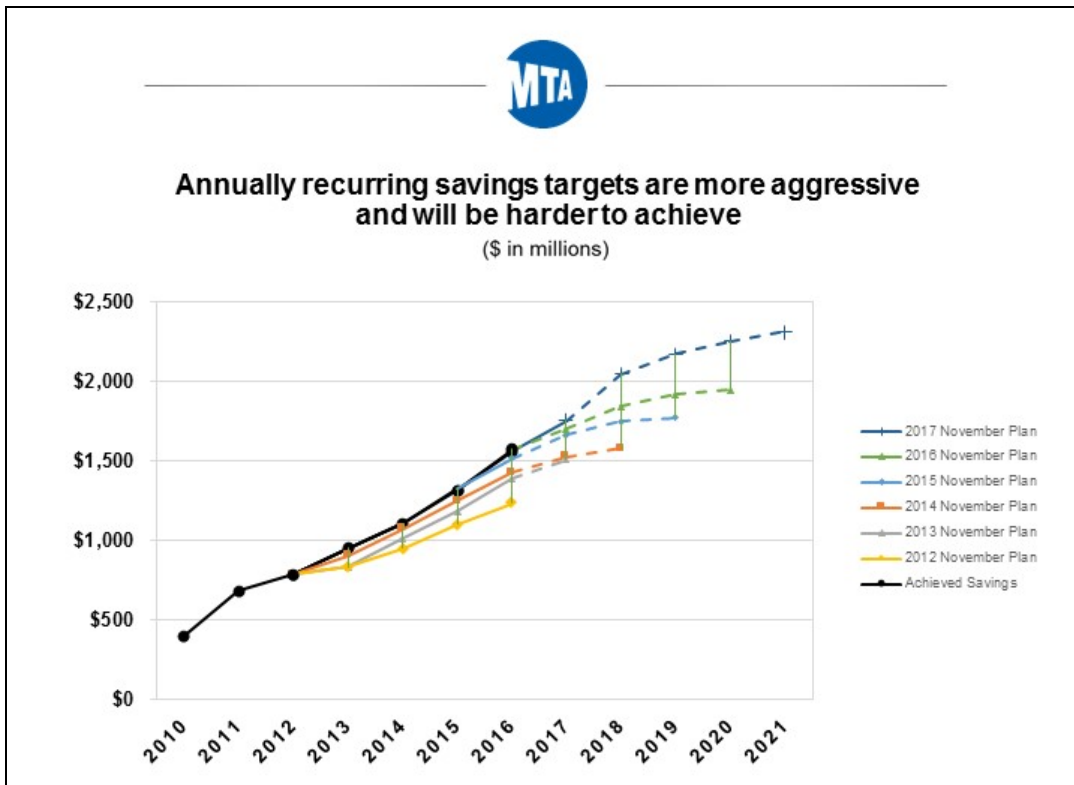
**Hold projected fare/toll increases to 4% in 2019 and 2021.** The Plan continues to project 4% biennial fare/toll increases (the equivalent of 2% per year) which is lower than the projected two-year inflation rates of 5.5% and 5.3% in 2019 and 2021, respectively. Consistent with recent Plans, a March 1<sup>st</sup> implementation is assumed for both the 2019 and 2021 increases. The annualized yield of these increases is projected to be \$321 million and \$336 million, respectively.

**Increase annually recurring savings targets.** The Plan maintains the annual savings targets proposed in February and July (\$200 million in 2018, \$250 million in 2019, \$300 million in 2020 and \$350 million in 2021). While these aggressive targets will be harder to achieve, the MTA remains committed to meeting them. As shown on the bar chart below, \$593 million in savings have been implemented or identified in the July and November Plans. The July Plan captured savings in areas including: health & welfare, headcount efficiencies, Enterprise Asset Management (EAM) program, paratransit, maintenance, and Information Technology (IT). The November Plan identifies \$84 million in additional savings that include reduced prescription benefit costs at NYCT and operational efficiencies at B&T.



The chart below identifies our cost reduction/cost containment targets for the current and prior Financial Plans. As indicated on the chart, we have increased our targets each year and have consistently achieved our goals. Since 2010, the MTA has implemented initiatives with annualized savings of \$1.9 billion. These programs, when combined with the additional targets from February and July will result in annual savings of \$2.3 billion by 2021.



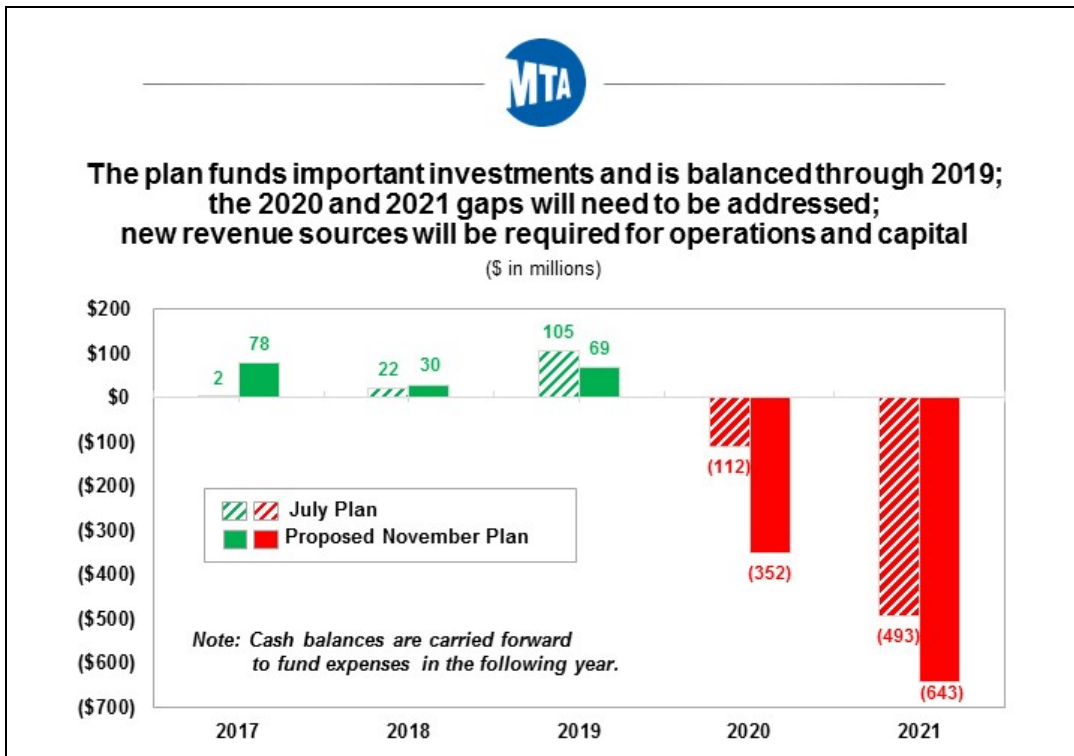


### Other MTA Actions

As previously described, the July Plan was balanced in part by using \$135 million from its \$155 million General Reserve and by suspending planned funding to certain reserve accounts. In addition, the July Plan assumed the restoration of PMT Replacement Funds from NYS of \$307 million (\$65 million per year). This Plan retains all of those assumptions. In addition, it assumes that the \$149 million GASB 45 OPEB Reserve and the remaining \$20 million from the 2017 General Reserve used to advance the funding of the SAP in 2017 and early 2018 will be reimbursed by the State and other funding sponsors and then used to offset operating expenses in 2018.

### The “Bottom Line”

Combined the above noted changes, and re-estimates and recommendations result in a net worsening to MTA’s financial forecast over the plan period. As detailed in the following chart, this Plan is balanced through 2019; however, July projected gaps for 2020 and 2021 of \$112 million and \$362 million are increasing to \$352 million and \$643 million, respectively.



## Challenges Going Forward

There are many challenges and risks ahead:

**Secure full funding for the Subway Action Plan.** The implementation of the SAP will provide critical and measurable improvements to the performance of our subway system and in the quality of service provided to our customers. As previously mentioned, the MTA has received a commitment from the Governor that the State will fund half of the SAP’s cost. If an additional funding commitment is not forthcoming, the SAP will be adjusted commensurate with available funding and the February Plan will be adjusted.

**Secure new sustainable funding for operations and capital.** The plan assumes aggressive cost-cutting yet is still projecting significant out-year gaps. In order to sustain operations and protect investments made to date and/or planned, the MTA will almost certainly require a new source of future funding to support its operating and capital budgets.

**Biennial fare and toll increases.** While we work diligently to control costs, the reality is that combined fares and tolls only cover approximately half of operating costs (“Farebox Operating Ratio”) and a little more than a third of total costs, including capital costs (“Farebox Recovery Ratio”). Moreover, many costs are dependent on pricing factors beyond our direct control (e.g., energy, health & welfare and pensions). If projected fare and toll increases are not implemented, our financial situation will quickly deteriorate as revenue will not be able to keep pace with inflation and other cost growth.

**Achieve cost reduction targets.** Efforts to reduce costs will continue, but it becomes increasingly challenging as much of the “low hanging fruit” has been harvested. Unidentified savings targets are \$214 million in 2018, \$309 million in 2019, \$388 million in 2020, and \$418 million in 2021. We recognize that these targets are aggressive and will be harder to achieve, but we are committed to meeting these goals. If we do not achieve our targets, operating gaps will occur earlier and be larger. We must also remain focused on existing cost control efforts to avoid backsliding, as we cannot afford

to “give back” any of the savings that we have worked so hard to achieve to date.

***Increased investments in maintenance/operations and customer experience enhancements.***

Our challenge is to continue maintaining and improving our operations, even as growing ridership puts more demands on our aging infrastructure, including our 113-year old subway system. We need to find more efficient ways to improve our System, move our customers, and enhance their experience.

***General economic conditions.*** The finances of the MTA are highly influenced by economic factors. Passenger and toll revenues, dedicated taxes and subsidies (including real estate transaction tax revenue), debt service, pensions and energy costs are all impacted by the health of the economy. If the economic assumptions reflected in the Plan are not realized, the November Plan projected results could be adversely affected.

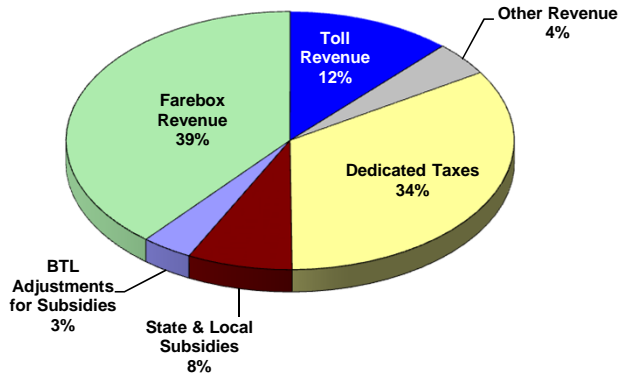
***Potentially higher interest rates higher than forecast.*** Since 2008, we have benefitted from historically low interest rates. In December 2015, the Federal Open Markets Committee (FOMC) increased the federal funds rate for the first time since late 2008, by a quarter point to a target range of 0.25% to 0.50%. This increase has been followed by additional quarter point increases in December 2016, March 2017 and June 2017, with the target range now at 1.00% to 1.25%. The FOMC continues to expect that, with gradual adjustments in the stance of monetary policy, economic activity and labor market conditions will lead inflation to stabilize around the FOMC’s 2 percent objective over the medium term. While the November Financial Plan includes interest rate assumptions in line with the FOMC’s recent actions and policy statements on future actions, a sudden and unexpected increase in economic activity may result in inflationary growth beyond the FOMC’s inflation target, which in turn could lead to a further increasing of the federal funds rate. Such an increase could lead to an increase in bond rates more than projected in the Plan, which would ultimately increase our debt service costs.

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## **II. MTA Consolidated Financial Plan**

**MTA 2018 Proposed Budget**  
**Baseline Expenses After Below-the-Line (BTL) Adjustments**  
**Non-Reimbursable**

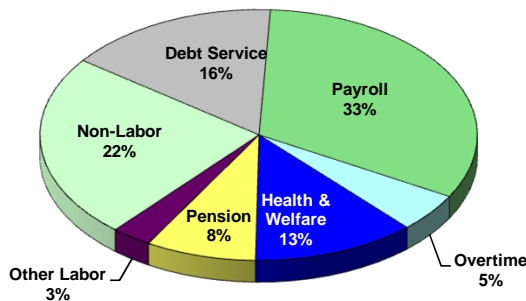
**Where the Dollars Come From ...**



By Revenue Source (\$ in millions)	
Farebox Revenue	\$6,277
Toll Revenue	1,923
Other Revenue	685
Dedicated Taxes	5,434
State & Local Subsidies	1,224
BTL Adjustments for Subsidies	593
<b>Total</b>	<b>\$16,137</b>

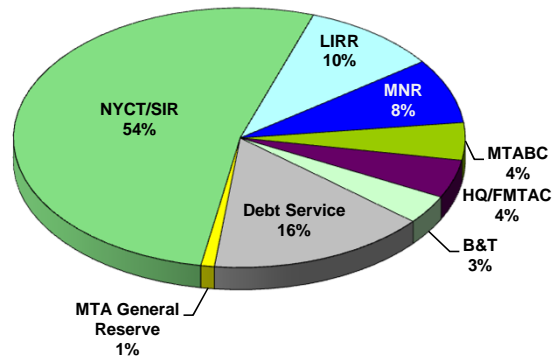
**Where the Dollars Go ...**

**By Expense Category**



By Expense Category <sup>2</sup> includes below-the-line adjustments (\$ in millions)	
Payroll	\$5,360
Overtime	829
Health & Welfare	2,002
Pension	1,351
Other Labor	492
Non-Labor	3,935
Debt Service	2,604
BTL Adjustments for Expenses <sup>3</sup>	(387)
<b>Total</b> <sup>1</sup>	<b>\$16,186</b>

**By MTA Agency**



By MTA Agency <sup>2</sup> includes below-the-line adjustments (\$ in millions)	
NYCT/SIR	\$8,695
LIRR	1,620
MNR	1,339
MTABC	773
HQ/FMTAC	785
B&T	596
Debt Service	2,604
MTA General Reserve	160
BTL Adjustments for Expenses <sup>3</sup>	(387)
<b>Total</b> <sup>1</sup>	<b>\$16,186</b>

<sup>1</sup> Totals may not add due to rounding.

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

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

**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 in the Statement of Operations.

**METROPOLITAN TRANSPORTATION AUTHORITY**  
**November Financial Plan 2018-2021**  
**MTA Consolidated Statement Of Operations By Category**  
(\$ in millions)

Line No.	Non-Reimbursable	Actual 2016	November Forecast 2017	Final Proposed Budget 2018	2019	2020	2021
10	<b>Operating Revenue</b>						
11	Farebox Revenue	\$6,050	\$6,172	\$6,277	\$6,308	\$6,347	\$6,353
12	Toll Revenue	1,870	1,906	1,923	1,937	1,946	1,953
13	Other Revenue	688	668	685	697	730	732
14	Capital and Other Reimbursements	0	0	0	0	0	0
15	<b>Total Operating Revenue</b>	<b>\$8,608</b>	<b>\$8,747</b>	<b>\$8,886</b>	<b>\$8,942</b>	<b>\$9,023</b>	<b>\$9,038</b>
17	<b>Operating Expense</b>						
18	<b>Labor Expenses:</b>						
19	Payroll	\$4,839	\$5,040	\$5,360	\$5,552	\$5,676	\$5,799
20	Overtime	771	879	829	806	819	849
21	Health & Welfare	1,172	1,214	1,364	1,469	1,556	1,655
22	OPEB Current Payment	562	569	638	692	751	816
23	Pensions	1,370	1,326	1,351	1,371	1,369	1,384
24	Other-Fringe Benefits	948	892	918	951	985	1,015
25	Reimbursable Overhead	(425)	(476)	(426)	(410)	(388)	(384)
26	<b>Total Labor Expenses</b>	<b>\$9,238</b>	<b>\$9,444</b>	<b>\$10,033</b>	<b>\$10,433</b>	<b>\$10,768</b>	<b>\$11,133</b>
28	<b>Non-Labor Expenses:</b>						
29	Electric Power	\$406	\$444	\$505	\$519	\$547	\$604
30	Fuel	125	147	153	152	177	187
31	Insurance	(21)	30	30	33	38	44
32	Claims	464	314	320	328	329	330
33	Paratransit Service Contracts	384	391	416	440	467	492
34	Maintenance and Other Operating Contracts	631	746	858	780	783	810
35	Professional Service Contracts	401	573	518	466	460	458
36	Materials & Supplies	586	617	719	709	730	728
37	Other Business Expenses	193	209	206	217	225	230
38	<b>Total Non-Labor Expenses</b>	<b>\$3,168</b>	<b>\$3,471</b>	<b>\$3,726</b>	<b>\$3,644</b>	<b>\$3,757</b>	<b>\$3,883</b>
40	<b>Other Expense Adjustments:</b>						
41	Other	\$47	\$52	\$49	\$50	\$52	\$53
42	General Reserve	0	155	160	165	175	180
43	<b>Total Other Expense Adjustments</b>	<b>\$47</b>	<b>\$207</b>	<b>\$209</b>	<b>\$215</b>	<b>\$227</b>	<b>\$233</b>
45	<b>Total Operating Expense before Non-Cash Liability Adj.</b>	<b>\$12,454</b>	<b>\$13,122</b>	<b>\$13,968</b>	<b>\$14,292</b>	<b>\$14,752</b>	<b>\$15,249</b>
47	Depreciation	\$2,443	\$2,615	\$2,674	\$2,741	\$2,808	\$2,870
48	OPEB Liability Adjustment	1,562	1,681	1,776	1,871	1,975	2,084
49	GASB 68 Pension Expense Adjustment	(219)	(172)	(235)	(229)	(246)	(284)
50	Environmental Remediation	12	4	6	6	6	6
52	<b>Total Operating Expense after Non-Cash Liability Adj.</b>	<b>\$16,252</b>	<b>\$17,250</b>	<b>\$18,190</b>	<b>\$18,681</b>	<b>\$19,294</b>	<b>\$19,926</b>
54	Conversion to Cash Basis: Non-Cash Liability Adjs.	(\$3,798)	(\$4,128)	(\$4,222)	(\$4,390)	(\$4,542)	(\$4,677)
56	Debt Service (excludes Service Contract Bonds)	2,459	2,525	2,604	2,800	3,029	3,225
58	<b>Total Operating Expense with Debt Service</b>	<b>\$14,912</b>	<b>\$15,647</b>	<b>\$16,573</b>	<b>\$17,092</b>	<b>\$17,781</b>	<b>\$18,474</b>
60	Dedicated Taxes and State/Local Subsidies	\$6,666	\$6,470	\$6,659	\$6,949	\$7,119	\$7,340
62	<b>Net Surplus/(Deficit) After Subsidies and Debt Service</b>	<b>\$362</b>	<b>(\$430)</b>	<b>(\$1,028)</b>	<b>(\$1,201)</b>	<b>(\$1,639)</b>	<b>(\$2,097)</b>
64	Conversion to Cash Basis: GASB Account	0	0	(8)	(18)	(29)	(42)
65	Conversion to Cash Basis: All Other	(594)	88	9	207	97	24
67	<b>CASH BALANCE BEFORE PRIOR-YEAR CARRYOVER</b>	<b>(\$232)</b>	<b>(\$342)</b>	<b>(\$1,028)</b>	<b>(\$1,012)</b>	<b>(\$1,572)</b>	<b>(\$2,114)</b>
68	<b>ADJUSTMENTS</b>	<b>0</b>	<b>172</b>	<b>979</b>	<b>1,051</b>	<b>1,150</b>	<b>1,471</b>
69	<b>PRIOR-YEAR CARRYOVER</b>	<b>480</b>	<b>248</b>	<b>78</b>	<b>30</b>	<b>69</b>	<b>0</b>
70	<b>NET CASH BALANCE</b>	<b>\$248</b>	<b>\$78</b>	<b>\$30</b>	<b>\$69</b>	<b>(\$352)</b>	<b>(\$643)</b>

**METROPOLITAN TRANSPORTATION AUTHORITY**  
**November Financial Plan 2018-2021**  
**Plan Adjustments**  
(\$ in millions)

Line No.		Actual 2016	November Forecast 2017	Final Proposed Budget 2018	2019	2020	2021
11	<b>Cash Balance Before Prior-Year Carry-over</b>	(\$232)	(\$342)	(\$1,028)	(\$1,012)	(\$1,572)	(\$2,114)
13	<b>Fare/Toll Increases:</b>						
14	<i>Fare/Toll Increase in March 2019 (4% Yield)</i>	-	-	-	274	323	323
15	<i>Fare/Toll Increase in March 2021 (4% Yield)</i>	-	-	-	-	-	286
16	<i>Subsidy Impacts of 2019/2021 Fare/Toll Increase</i>	-	-	-	(10)	(10)	(20)
17	<b>Sub-Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$263</b>	<b>\$313</b>	<b>\$590</b>
19	<b>MTA Efficiencies:</b>						
20	<i>MTA Efficiencies - Not Yet Implemented</i>	-	(0)	14	59	88	68
21	<i>Additional MTA Efficiencies - 2017 February Plan</i>	-	-	50	50	50	50
22	<i>Additional MTA Efficiencies - 2017 July Plan</i>	-	-	150	200	250	300
23	<b>Sub-Total</b>	<b>\$0</b>	<b>(\$0)</b>	<b>\$214</b>	<b>\$309</b>	<b>\$388</b>	<b>\$418</b>
25	<b>Policy Actions:</b>						
26	2017 July Plan:						
27	<i>Restoration of PMT Replacement Funds</i>	-	-	65	65	65	65
28	<i>GASB 45 OPEB Fund Reserves - Suspend Planned Contributions</i>	-	-	8	19	30	43
29	<i>B&amp;T Necessary Reconstruction - Suspend Planned Contributions</i>	-	-	52	53	54	55
30	<i>Drawdown 2017 General Reserve</i>	-	135	-	-	-	-
31	2017 November Plan:						
32	<u>Subway Action Plan (SAP):</u>						
33	<i>Remove SAP from NYCT Baseline</i>	-	100	408	342	301	301
34	<i>SAP - Operating Costs</i>	-	(100)	(408)	(342)	(301)	(301)
35	<i>Debt Service Expenses for SAP Capital Costs</i>	-	-	(20)	(21)	(21)	(21)
36	<i>Pre-Funding of 2017 Capital Expenses</i>	-	(63)	63	-	-	-
37	<i>Additional State Funding for SAP</i>	-	-	264	181	161	161
38	<i>New Sources of Funding for SAP</i>	-	-	264	181	161	161
39	<i>Drawdown/(Redeposit) GASB 45 OPEB Reserves</i>	-	80	(80)	-	-	-
40	<i>Drawdown/(Redeposit) Remaining 2017 General Reserve</i>	-	20	(20)	-	-	-
41	<i>Drawdown GASB 45 OPEB Reserves</i>	-	-	149	-	-	-
42	<i>Drawdown Remaining 2017 General Reserve</i>	-	-	20	-	-	-
43	<b>Sub-Total</b>	<b>\$0</b>	<b>\$172</b>	<b>\$766</b>	<b>\$478</b>	<b>\$450</b>	<b>\$463</b>
45	<b>TOTAL ADJUSTMENTS</b>	<b>\$0</b>	<b>\$172</b>	<b>\$979</b>	<b>\$1,051</b>	<b>\$1,150</b>	<b>\$1,471</b>
47	<i>Prior-Year Carry-Over</i>	480	248	78	30	69	0
49	<b>Net Cash Surplus/(Deficit)</b>	<b>\$248</b>	<b>\$78</b>	<b>\$30</b>	<b>\$69</b>	<b>(\$352)</b>	<b>(\$643)</b>



**METROPOLITAN TRANSPORTATION AUTHORITY**  
**November Financial Plan 2018-2021**  
**MTA Consolidated Cash Receipts and Expenditures**  
(\$ in millions)

Line No.		Actual	November	Final			
	Cash Receipts and Expenditures		Forecast	Proposed			
		2016	2017	Budget	2019	2020	2021
10	<b>Receipts</b>						
11	Farebox Revenue	\$6,083	\$6,190	\$6,283	\$6,314	\$6,353	\$6,358
12	Other Operating Revenue	706	715	681	819	762	745
13	Capital and Other Reimbursements	1,780	2,150	2,237	2,056	1,890	1,854
14	<b>Total Receipts</b>	<b>\$8,569</b>	<b>\$9,056</b>	<b>\$9,201</b>	<b>\$9,188</b>	<b>\$9,005</b>	<b>\$8,957</b>
15							
16	<b>Expenditures</b>						
17	<u>Labor:</u>						
18	Payroll	\$5,303	\$5,529	\$5,912	\$6,075	\$6,160	\$6,267
19	Overtime	972	1,095	984	945	958	986
20	Health and Welfare	1,192	1,256	1,403	1,507	1,589	1,688
21	OPEB Current Payment	554	559	626	680	739	803
22	Pensions	1,405	1,376	1,412	1,429	1,422	1,438
23	Other Fringe Benefits	841	870	904	920	936	958
24	Contribution to GASB Fund	0	0	8	18	29	42
25	Reimbursable Overhead	(0)	0	0	0	0	0
26	<b>Total Labor Expenditures</b>	<b>\$10,266</b>	<b>\$10,685</b>	<b>\$11,250</b>	<b>\$11,574</b>	<b>\$11,834</b>	<b>\$12,181</b>
27							
28	<u>Non-Labor:</u>						
29	Electric Power	\$405	\$443	\$500	\$514	\$541	\$598
30	Fuel	120	143	150	148	173	184
31	Insurance	(29)	34	31	32	38	38
32	Claims	295	256	252	259	261	264
33	Paratransit Service Contracts	379	391	414	438	465	490
34	Maintenance and Other Operating Contracts	578	701	761	654	636	678
35	Professional Service Contracts	406	614	593	510	470	455
36	Materials & Supplies	698	762	899	845	847	839
37	Other Business Expenditures	200	215	191	202	202	206
38	<b>Total Non-Labor Expenditures</b>	<b>\$3,051</b>	<b>\$3,560</b>	<b>\$3,792</b>	<b>\$3,601</b>	<b>\$3,633</b>	<b>\$3,752</b>
39							
40	<u>Other Expenditure Adjustments:</u>						
41	Other	\$130	\$89	\$143	\$90	\$133	\$144
42	General Reserve	0	155	160	165	175	180
43	<b>Total Other Expenditure Adjustments</b>	<b>\$130</b>	<b>\$244</b>	<b>\$303</b>	<b>\$255</b>	<b>\$308</b>	<b>\$324</b>
44							
45	<b>Total Expenditures</b>	<b>\$13,446</b>	<b>\$14,489</b>	<b>\$15,345</b>	<b>\$15,430</b>	<b>\$15,775</b>	<b>\$16,258</b>
46							
47	<b>Net Cash Deficit Before Subsidies and Debt Service</b>	<b>(\$4,878)</b>	<b>(\$5,433)</b>	<b>(\$6,144)</b>	<b>(\$6,242)</b>	<b>(6,770)</b>	<b>(7,301)</b>
48							
49	Dedicated Taxes and State/Local Subsidies	\$6,439	\$6,952	\$7,036	\$7,294	\$7,447	\$7,591
50	Debt Service (excludes Service Contract Bonds)	(\$1,793)	(\$1,860)	(\$1,920)	(\$2,063)	(\$2,250)	(\$2,404)
51							
52	<b>CASH BALANCE BEFORE PRIOR-YEAR CARRY-OVER</b>	<b>(\$232)</b>	<b>(\$342)</b>	<b>(\$1,028)</b>	<b>(\$1,012)</b>	<b>(\$1,572)</b>	<b>(\$2,114)</b>
53	<b>ADJUSTMENTS</b>	<b>0</b>	<b>172</b>	<b>979</b>	<b>1,051</b>	<b>1,150</b>	<b>1,471</b>
54	<b>PRIOR-YEAR CARRY-OVER</b>	<b>480</b>	<b>248</b>	<b>78</b>	<b>30</b>	<b>69</b>	<b>0</b>
55	<b>NET CASH BALANCE</b>	<b>\$248</b>	<b>\$78</b>	<b>\$30</b>	<b>\$69</b>	<b>(\$352)</b>	<b>(\$643)</b>

**METROPOLITAN TRANSPORTATION AUTHORITY**  
**November Financial Plan 2018-2021**  
**MTA Consolidated November Financial Plan Compared with July Financial Plan**  
**Cash Reconciliation after Below-the-Line Adjustments**  
(\$ in millions)

	Favorable/(Unfavorable)				
	2017	2018	2019	2020	2021
<b>JULY FINANCIAL PLAN 2018-2021</b>					
<b>NET CASH SURPLUS/(DEFICIT)</b>	<b>\$2</b>	<b>\$22</b>	<b>\$105</b>	<b>(\$112)</b>	<b>(\$493)</b>
<b>Agency Baseline Adjustments</b>	<b>\$131</b>	<b>(\$249)</b>	<b>(\$14)</b>	<b>(\$134)</b>	<b>(\$97)</b>
<i>Farebox/Toll Revenue</i>	(56)	(65)	(64)	(54)	(43)
<i>Other Operating Revenue</i> <sup>1</sup>	(17)	(22)	(34)	(34)	(35)
<i>Rates:</i>					
<i>Pensions</i>	(0)	2	0	1	4
<i>Health &amp; Welfare (includes retirees)</i>	10	8	5	2	8
<i>Energy</i>	6	(5)	(1)	(9)	(6)
<i>Timing</i>	178	(203)	72	(31)	(4)
<i>Other Baseline Re-estimates (includes timing)</i> <sup>2</sup>	10	35	7	(10)	(21)
<b>New Needs/Investments</b>	<b>(\$175)</b>	<b>(\$465)</b>	<b>(\$404)</b>	<b>(\$363)</b>	<b>(\$369)</b>
<i>Subway Action Plan</i> <sup>3</sup>	(100)	(408)	(342)	(301)	(301)
<i>Customer Experience Enhancements</i>	(65)	(42)	(32)	(24)	(35)
<i>All Other New Needs</i> <sup>4</sup>	(10)	(15)	(30)	(38)	(34)
<b>Savings Programs</b>	<b>\$27</b>	<b>\$14</b>	<b>\$15</b>	<b>\$16</b>	<b>\$16</b>
<i>2017 BRP Savings</i>	27	14	15	16	16
<b>Changes in Dedicated Taxes &amp; State and Local Subsidies</b>	<b>(\$40)</b>	<b>(\$148)</b>	<b>(\$43)</b>	<b>(\$28)</b>	<b>(\$24)</b>
<i>MMTOA</i>	(0)	(80)	(0)	(0)	(0)
<i>Real Estate Taxes</i>	(38)	(33)	(30)	(28)	(19)
<i>Other Subsidies/Cash Adjustments</i>	(3)	(35)	(13)	(0)	(6)
<b>Other Subsidies</b>	<b>\$8</b>	<b>\$46</b>	<b>\$41</b>	<b>\$25</b>	<b>\$24</b>
<i>Other Funding Agreements</i>	(3)	29	33	20	19
<i>B&amp;T Operating Surplus Transfer</i>	11	17	8	6	6
<b>Debt Service</b>	<b>\$32</b>	<b>\$107</b>	<b>\$35</b>	<b>(\$4)</b>	<b>\$18</b>
<i>Debt Service Savings</i>	32	107	35	(4)	18
<b>Below-the-Line Adjustments:</b>	<b>\$95</b>	<b>626</b>	<b>\$325</b>	<b>\$283</b>	<b>\$282</b>
<i>Adjustments to Fare/Toll Increases</i>	-	-	(2)	(3)	(4)
<i>MTA Efficiencies</i>	0	(14)	(14)	(14)	(15)
<i>Policy Actions:</i>					
2017 July Plan:					
<i>Amtrak Penn Station Emergency Costs (captured in baseline)</i>	58	-	-	-	-
2017 November Plan:					
<u><i>Subway Action Plan (SAP):</i></u>					
<i>Remove SAP from NYCT Baseline</i>	100	408	342	301	301
<i>SAP - Operating Costs</i>	(100)	(408)	(342)	(301)	(301)
<i>Debt Service Expenses for SAP Capital Costs</i>	-	(20)	(21)	(21)	(21)
<i>Pre-Funding of 2017 Capital Expenses</i>	(63)	63	-	-	-
<i>Additional State Funding for SAP</i>	-	264	181	161	161
<i>New Sources of Funding for SAP</i>	-	264	181	161	161
<i>Drawdown/(Redeposit) GASB 45 OPEB Reserves</i>	80	(80)	-	-	-
<i>Drawdown/(Redeposit) Remaining 2017 General Reserve</i>	20	(20)	-	-	-
<i>Drawdown GASB 45 OPEB Reserves</i>	-	149	-	-	-
<i>Drawdown Remaining 2017 General Reserve</i>	-	20	-	-	-
<b>Prior Year Carryover</b>	<b>0</b>	<b>76</b>	<b>8</b>	<b>(36)</b>	<b>-</b>
<b>NOVEMBER FINANCIAL PLAN 2018-2021</b>					
<b>NET CASH SURPLUS/(DEFICIT)</b>	<b>\$78</b>	<b>\$30</b>	<b>\$69</b>	<b>(\$352)</b>	<b>(\$643)</b>

\* Totals may not add due to rounding

<sup>1</sup> Changes capture adjustments to advertising and Railroad commissary revenue.

<sup>2</sup> Changes capture updated reimbursable assumptions, revised inflation forecasts, and adjustments for operating capital and cash. The B&T Operating Surplus Transfer is captured as a subsidy, while B&T's impacts are also capture in the individual reconciliation.

<sup>3</sup> Includes programs with non-rate adjustments to pensions, health and welfare, and energy.

<sup>4</sup> Includes adjustments for safety, information technology and centralized functions.

**METROPOLITAN TRANSPORTATION AUTHORITY**  
**November Financial Plan 2018-2021**  
**Consolidated Subsidies**

**Cash Basis**  
(\$ in millions)

<u>Subsidies</u>	<u>Actual</u> <u>2016</u>	<u>November</u> <u>Forecast</u> <u>2017</u>	<u>Final</u> <u>Proposed</u> <u>Budget</u> <u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b>Dedicated Taxes</b>						
Metropolitan Mass Transportation Operating Assist (MMTOA)	\$1,668.0	\$1,668.0	\$1,748.0	\$1,889.4	\$1,952.4	\$2,017.5
Petroleum Business Tax (PBT) Receipts	617.5	612.5	616.1	615.2	612.4	611.8
Mortgage Recording Tax (MRT)	457.6	465.8	470.9	490.1	506.9	525.4
MRT Transfer to Suburban Counties	(3.0)	(4.1)	(5.1)	(5.6)	(6.0)	(6.4)
Reimburse Agency Security Costs	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)
MTA Bus Debt Service	(24.9)	(24.9)	(23.8)	(23.8)	(23.8)	(23.8)
Interest	5.1	5.3	5.3	5.3	5.3	5.3
Urban Tax	811.0	565.5	527.6	546.5	562.9	584.4
Investment Income	<u>1.1</u>	<u>1.2</u>	<u>1.2</u>	<u>1.2</u>	<u>1.2</u>	<u>1.2</u>
	<b>\$3,522.4</b>	<b>\$3,279.3</b>	<b>\$3,330.2</b>	<b>\$3,508.5</b>	<b>\$3,601.3</b>	<b>\$3,705.4</b>
<b>PMT and MTA Aid</b>						
Payroll Mobility Tax	\$1,372.8	\$1,453.2	\$1,526.4	\$1,602.1	\$1,673.9	\$1,751.2
Payroll Mobility Tax Replacement Funds	309.3	244.3	244.3	244.3	244.3	244.3
MTA Aid	<u>300.3</u>	<u>305.4</u>	<u>306.9</u>	<u>312.9</u>	<u>314.9</u>	<u>316.9</u>
	<b>\$1,982.3</b>	<b>\$2,002.8</b>	<b>\$2,077.6</b>	<b>\$2,159.3</b>	<b>\$2,233.0</b>	<b>\$2,312.3</b>
<b>State and Local Subsidies</b>						
State Operating Assistance (18-b)	\$187.9	\$187.9	\$187.9	\$187.9	\$187.9	\$187.9
Local Operating Assistance (18-b)	190.2	185.7	187.9	187.9	187.9	187.9
Station Maintenance	<u>162.2</u>	<u>165.5</u>	<u>168.0</u>	<u>171.7</u>	<u>176.5</u>	<u>181.2</u>
	<b>\$540.4</b>	<b>\$539.1</b>	<b>\$543.9</b>	<b>\$547.6</b>	<b>\$552.4</b>	<b>\$557.1</b>
<b>Other Subsidy Adjustments</b>						
Resource to Reduce Pension Liability	(\$75.0)	\$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)	(29.9)	(0.0)	2.5	1.9	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	0.0	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	0.0
Committed to Capital 2010-2014 Capital Program	0.0	(73.0)	(78.9)	(49.7)	0.0	0.0
Committed to Capital 2015-2019 Capital Program	<u>(754.1)</u>	<u>(227.9)</u>	<u>(144.5)</u>	<u>(147.2)</u>	<u>(179.4)</u>	<u>(194.4)</u>
	<b>(\$873.0)</b>	<b>(\$314.8)</b>	<b>(\$234.9)</b>	<b>(\$209.0)</b>	<b>(\$193.4)</b>	<b>(\$208.4)</b>
<b>Subtotal Dedicated Taxes &amp; State and Local Subsidies</b>	<b>\$5,172.1</b>	<b>\$5,506.3</b>	<b>\$5,716.7</b>	<b>\$6,006.3</b>	<b>\$6,193.3</b>	<b>\$6,366.4</b>
<b>Other Funding Agreements</b>						
City Subsidy for MTA Bus Company	\$355.0	\$571.9	\$498.4	\$519.1	\$521.1	\$526.6
City Subsidy for Staten Island Railway	36.1	53.0	64.5	45.4	48.0	51.4
CDOT Subsidy for Metro-North Railroad	<u>134.2</u>	<u>123.1</u>	<u>118.5</u>	<u>131.6</u>	<u>132.9</u>	<u>141.0</u>
	<b>\$525.3</b>	<b>\$748.0</b>	<b>\$681.3</b>	<b>\$696.1</b>	<b>\$702.1</b>	<b>\$718.9</b>
<b>Total Dedicated Taxes &amp; State and Local Subsidies</b>	<b>\$5,697.4</b>	<b>\$6,254.3</b>	<b>\$6,398.1</b>	<b>\$6,702.4</b>	<b>\$6,895.4</b>	<b>\$7,085.3</b>
<b>Inter-agency Subsidy Transactions</b>						
B&T Operating Surplus Transfer	<u>\$741.8</u>	<u>\$697.4</u>	<u>\$638.0</u>	<u>\$591.4</u>	<u>\$552.1</u>	<u>\$505.7</u>
	<b>\$741.8</b>	<b>\$697.4</b>	<b>\$638.0</b>	<b>\$591.4</b>	<b>\$552.1</b>	<b>\$505.7</b>
<b>GROSS SUBSIDIES</b>	<b>\$6,439.2</b>	<b>\$6,951.6</b>	<b>\$7,036.0</b>	<b>\$7,293.8</b>	<b>\$7,447.5</b>	<b>\$7,591.0</b>

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

<u>Subsidies</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b><i>Dedicated Taxes</i></b>					
Metropolitan Mass Transportation Operating Assist (MMTOA)	(\$0.0)	(\$80.0)	(\$0.0)	(\$0.0)	(\$0.0)
Petroleum Business Tax (PBT) Receipts	0.0	0.0	0.0	0.0	0.0
Mortgage Recording Tax (MRT)	14.8	17.5	22.8	25.0	28.0
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	(49.7)	(50.7)	(53.3)	(53.7)	(47.0)
Investment Income	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
	<b>(\$34.9)</b>	<b>(\$113.1)</b>	<b>(\$30.5)</b>	<b>(\$28.8)</b>	<b>(\$19.0)</b>
<b><i>PMT and MTA Aid</i></b>					
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>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>
<b><i>State and Local Subsidies</i></b>					
State Operating Assistance (18-b)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Local Operating Assistance (18-b)	(2.3)	0.0	0.0	0.0	0.0
Station Maintenance	<u>(0.8)</u>	<u>(2.6)</u>	<u>(3.2)</u>	<u>(1.7)</u>	<u>(1.0)</u>
	<b>(\$3.1)</b>	<b>(\$2.6)</b>	<b>(\$3.2)</b>	<b>(\$1.7)</b>	<b>(\$1.0)</b>
<b><i>Other Subsidy Adjustments</i></b>					
Resource to Reduce Pension Liability	\$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)	4.0	6.8	2.0	0.0	0.0
MNR Repayment for 525 North Broadway	0.0	0.0	0.0	0.0	0.0
Committed to Capital 2010-2014 Capital Program	0.0	0.0	0.0	0.0	0.0
Committed to Capital 2015-2019 Capital Program	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
	<b>\$4.0</b>	<b>\$6.8</b>	<b>\$2.0</b>	<b>\$0.0</b>	<b>\$0.0</b>
<b>Subtotal Dedicated Taxes &amp; State and Local Subsidies</b>	<b>(\$34.0)</b>	<b>(\$109.0)</b>	<b>(\$31.7)</b>	<b>(\$30.5)</b>	<b>(\$20.0)</b>
<b><i>Other Funding Agreements</i></b>					
City Subsidy for MTA Bus Company	(\$2.5)	\$4.1	\$16.7	\$15.6	\$10.8
City Subsidy for Staten Island Railway	0.0	(1.5)	2.5	4.3	3.7
CDOT Subsidy for Metro-North Railroad	<u>4.1</u>	<u>12.1</u>	<u>9.2</u>	<u>4.7</u>	<u>4.7</u>
	<b>\$1.6</b>	<b>\$14.7</b>	<b>\$28.4</b>	<b>\$24.5</b>	<b>\$19.3</b>
<b>Total Dedicated Taxes &amp; State and Local Subsidies</b>	<b>(\$32.3)</b>	<b>(\$94.2)</b>	<b>(\$3.2)</b>	<b>(\$6.0)</b>	<b>(\$0.7)</b>
<b><i>Inter-agency Subsidy Transactions</i></b>					
B&T Operating Surplus Transfer	<u>\$9.7</u>	<u>\$16.4</u>	<u>\$9.0</u>	<u>\$5.8</u>	<u>\$5.5</u>
	<b>\$9.7</b>	<b>\$16.4</b>	<b>\$9.0</b>	<b>\$5.8</b>	<b>\$5.5</b>
<b>GROSS SUBSIDIES</b>	<b>(\$22.7)</b>	<b>(\$77.9)</b>	<b>\$5.8</b>	<b>(\$0.2)</b>	<b>\$4.8</b>

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### **III. Plan Adjustments**

## **Plan Adjustments**

The discussion that follows reflects proposed Plan Adjustments to the Baseline.

### **Fare/Toll Increases**

Fare and Toll Increase in March 2019 – An increase in fare and toll rates, yielding a 4% increase in farebox and toll revenues, is assumed for implementation in March 2019 and is projected to generate an annualized increase of \$321 million in MTA consolidated farebox and toll revenues. Consolidated farebox and toll revenues are expected to increase by \$274 million in 2019 and by \$323 million in both 2020 and 2021.

Increases in farebox revenues generated at MTA Bus and SIR are used to hold down NYC subsidies that cover the costs associated with these operations. Additionally, 10% of all B&T surplus toll revenues are delayed for distribution to NYCT and the Commuter Railroads, per MTA Board policy, until B&T results are audited. These items are offsets to the consolidated farebox and toll revenue generated from the fare and toll increases and are included within “Subsidy Impacts of 2019/2021 Fare/Toll Increase”; when factored in, the net change to the MTA from the proposed 2019 increase is \$263 million in 2019, \$313 million in 2020, and \$314 million in 2021. These net projections, compared with the July Plan, are lower by \$2 million each year, and are \$3 million lower in 2019 and 2020 compared with the February Plan.

Fare and Toll Increase in March 2021 – An increase in fares and tolls, yielding a 4% overall increase in farebox and toll revenues, is assumed for implementation in March 2021 and is projected to generate a \$336 million annualized increase in MTA consolidated farebox and toll revenues, with consolidated farebox and toll revenues expected to increase by \$286 million in 2021. Factoring in the MTA Bus, SIR and B&T adjustments included in “Subsidy Impacts of the 2019/2021 Fare/Toll Increase”, the net increase to the MTA is \$276 million in 2021; compared with the July Plan, this estimate is \$2 million lower.

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

		November Forecast		Final Proposed Budget			
		2016	2017	2018	2019	2020	2021
<b>Fare Revenue</b>							
Long Island Rail Road	Baseline	\$712.347	\$730.069	\$747.341	\$750.387	\$753.056	\$755.514
	2019 Yield Increase	0.000	0.000	0.000	25.659	30.122	30.221
	2021 Yield Increase	0.000	0.000	0.000	0.000	0.000	26.868
		<b>\$712.347</b>	<b>\$730.069</b>	<b>\$747.341</b>	<b>\$776.046</b>	<b>\$783.178</b>	<b>\$812.602</b>
Metro-North Railroad <sup>1</sup>	Baseline	\$703.791	\$736.985	\$753.806	\$759.144	\$765.070	\$770.954
	2019 Yield Increase	0.000	0.000	0.000	21.071	24.816	24.985
	2021 Yield Increase	0.000	0.000	0.000	0.000	0.000	21.905
		<b>\$703.791</b>	<b>\$736.985</b>	<b>\$753.806</b>	<b>\$780.215</b>	<b>\$789.887</b>	<b>\$817.845</b>
MTA Bus Company <sup>2</sup>	Baseline	\$212.483	\$215.630	\$219.031	\$220.098	\$221.195	\$220.704
	2019 Yield Increase	0.000	0.000	0.000	7.504	8.848	8.828
	2021 Yield Increase	0.000	0.000	0.000	0.000	0.000	7.826
		<b>\$212.483</b>	<b>\$215.630</b>	<b>\$219.031</b>	<b>\$227.602</b>	<b>\$230.043</b>	<b>\$237.358</b>
New York City Transit <sup>3</sup>	Baseline	\$4,415.040	\$4,482.827	\$4,550.361	\$4,571.375	\$4,600.979	\$4,598.410
	2019 Yield Increase	0.000	0.000	0.000	152.595	180.899	180.796
	2021 Yield Increase	0.000	0.000	0.000	0.000	0.000	159.549
		<b>\$4,415.040</b>	<b>\$4,482.827</b>	<b>\$4,550.361</b>	<b>\$4,723.970</b>	<b>\$4,781.878</b>	<b>\$4,938.755</b>
Staten Island Railway <sup>2</sup>	Baseline	\$6.522	\$6.841	\$6.933	\$6.970	\$7.022	\$7.022
	2019 Yield Increase	0.000	0.000	0.000	0.237	0.281	0.281
	2021 Yield Increase	0.000	0.000	0.000	0.000	0.000	0.249
		<b>\$6.522</b>	<b>\$6.841</b>	<b>\$6.933</b>	<b>\$7.207</b>	<b>\$7.303</b>	<b>\$7.551</b>
<b>Total Farebox Revenue</b>							
	Baseline	\$6,050.182	\$6,172.352	\$6,277.472	\$6,307.974	\$6,347.322	\$6,352.604
	2019 Yield Increase	0.000	0.000	0.000	207.067	244.966	245.111
	2021 Yield Increase	0.000	0.000	0.000	0.000	0.000	216.396
		<b>\$6,050.182</b>	<b>\$6,172.352</b>	<b>\$6,277.472</b>	<b>\$6,515.041</b>	<b>\$6,592.289</b>	<b>\$6,814.112</b>
<b>Toll Revenue</b>							
Bridges & Tunnels <sup>4</sup>	Baseline	\$1,869.693	\$1,906.354	\$1,923.208	\$1,936.945	\$1,945.889	\$1,953.136
	2019 Yield Increase	0.000	0.000	0.000	66.815	77.836	78.125
	2021 Yield Increase	0.000	0.000	0.000	0.000	0.000	70.068
		<b>\$1,869.693</b>	<b>\$1,906.354</b>	<b>\$1,923.208</b>	<b>\$2,003.760</b>	<b>\$2,023.725</b>	<b>\$2,101.330</b>
<b>TOTAL FARE &amp; TOLL REVENUE</b>							
	Baseline	\$7,919.875	\$8,078.706	\$8,200.680	\$8,244.920	\$8,293.212	\$8,305.741
	2019 Yield Increase	0.000	0.000	0.000	273.881	322.802	323.237
	2021 Yield Increase	0.000	0.000	0.000	0.000	0.000	286.464
		<b>\$7,919.875</b>	<b>\$8,078.706</b>	<b>\$8,200.680</b>	<b>\$8,518.801</b>	<b>\$8,616.014</b>	<b>\$8,915.442</b>

<sup>1</sup> Metro-North Railroad utilization figures include both East of Hudson and West of Hudson services.

<sup>2</sup> MTA Bus and Staten Island Railway revenues from fare increases are used to reduce NYC subsidies to MTA Bus and SIR.

<sup>3</sup> New York City Transit utilization figures include Paratransit and Fare Media Liability.

<sup>4</sup> Distribution of 10% of B&T surplus toll revenue is delayed to subsequent year per MTA Board resolution.



## **MTA Efficiencies**

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. With each Plan since 2010, the MTA has increased its savings target and continued to whittle away at these targets by identifying savings initiatives that have generated funding for the capital program, safety, service and operational needs and reduced the amount of planned fare and toll increases to a 4% yield. Through 2016, the MTA has implemented programs with annualized savings of \$1.6 billion. These programs, when combined with existing targets (detailed below), will result in annual savings of \$2.3 billion by 2021.

MTA Efficiencies – July 2017 Plan – In the July Plan, the MTA successfully identified savings of \$89 million in 2017 and 2018, \$97 million in 2019, \$110 million in 2020 and \$124 million in 2021. At the same time, to offset a drop in projected revenue from real estate transactions, savings targets were increased, starting with \$150 million in 2018 with incremental \$50 million per year increases in the savings target thereafter, growing to \$300 million in 2021.

MTA Efficiencies – November 2017 Plan – In the November Plan, the MTA identified savings of \$27 million in 2017, \$14 million per year for 2018 through 2020, and \$15 million in 2021.

Unidentified savings targets remaining – after specific savings identified in the July Plan and in this Plan along, with the increase in savings targets from the July Plan – will be \$214 million in 2018, \$309 million in 2019, \$388 million in 2020 and \$418 million in 2021.

## **Policy Actions from the July Plan**

The July Plan captured unfavorable changes from the February Plan, most notably from a significant decline in real estate transaction tax revenues over the plan period. In reaction, the MTA proposed the following actions which remain in the November Plan assumptions:

Restoration of PMT Replacement Funds – As reflected in the February Plan, the State of New York reduced the annual appropriation for Payroll Mobility Tax (PMT) Replacement funds by \$65 million. In the July Plan, the MTA assumed that, beginning in 2018, the subsidy would be restored to the \$307 million annual level.

GASB 45 OPEB Fund Reserves – Suspend Planned Contributions – In July, the MTA proposed the suspension of planned contributions to GASB 45 OPEB Reserves, set aside to fund Other Post-Employment Benefits (OPEB, principally retiree healthcare costs) beginning in 2018. This action would reduce operating-funded contributions by \$101 million over the plan period, still leaving \$149 million in that fund.

B&T Necessary Reconstruction Reserve – Suspend Planned Contributions – In July, the MTA proposed the suspension of contributions to B&T's Necessary Reconstruction Reserve from 2018 to 2021. This action would reduce operating-funded contributions by \$214 million over the plan period, still leaving \$321 million in the fund.

Drawdown 2017 General Reserve – In July, the MTA proposed using \$135 million of the 2017 General Reserve, which would reduce the balance from \$155 million to \$20 million.

## **Policy Actions from the November Plan**

The November Plan includes a series of proposed actions to address the costs associated with the Subway Action Plan (SAP) and a further decline in certain revenues.

### Subway Action Plan:

Remove SAP from NYCT Baseline – The below-the-line adjustments captured here (in Volume I) include all of the projected costs and funding assumptions for the SAP. Since the projected operating expenses associated with the Subway Action Plan (SAP) are also included in the NYCT baseline, this entry “backs-out” those operating costs to eliminate a double-count.

Subway Action Plan – This line captures the projected operating expenses associated with the SAP.

Debt Service Expenses for SAP Capital Costs – The Plan assumes that debt service will be used to fund the capital costs associated with the SAP. The Board will need to approve a Capital Program amendment in order to issue the debt.

Pre-Funding of 2017 Capital Expenses – The operating budget will temporarily fund 2017 capital costs that are expected to be paid back from the Capital Program in 2018.

Additional State Funding for SAP – The Plan assumes NYS funding for half of the costs of the SAP, including debt service. The 2018 value also includes the reimbursement for half of MTA’s advance funding in 2017 and early 2018 (see below).

New Sources of Funding for SAP – The Plan assumes a new source of funding for the other half of the SAP cost. The 2018 value also includes the reimbursement for half of MTA’s advance funding in 2017 and early 2018 (see below). If new funding commitment is not forthcoming, the SAP will be scaled back to a sustainable level and the February Plan will be adjusted.

Drawdown/(Redeposit) GASB 45 OPEB Reserves – GASB 45 OPEB Reserves are required to provide advance cash-flow funding of the SAP in 2017. Funds are assumed to be restored in 2018 upon the reimbursement from NYS and a new funding source.

Drawdown/(Redeposit) Remaining 2017 General Reserve – The remaining \$20 million of the 2017 General Reserve will be used to provide advance cash-flow funding of the SAP in 2017. Funds are assumed to be restored in 2018 upon the reimbursement from NYS and the new funding source.

### Other November Policy Actions:

Drawdown GASB 45 OPEB Reserves – Because of the reduction in revenue forecasts, the MTA will be required to drawdown its GASB 45 OPEB Reserves to offset expenses in 2018.

Drawdown Remaining 2017 General Reserve – The remaining \$20 million balance in the 2017 General Reserve (after reimbursement for 2017 cash-flow funding) will roll into the 2018 cash balance.

## **IV. Appendix**

**Certification of the Managing Director  
of the Metropolitan Transportation Authority  
in accordance with Section 202.3(l) of the  
State Comptroller's Regulations**

I, Veronique Hakim, Managing Director 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: Veronique Hakim  
Veronique Hakim  
Managing Director

Dated: November 7, 2017

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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 year’s 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 on 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, certain below-the-line policy issues included in the December Adopted Budget 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 12 month period and becomes the basis on which monthly results are compared.

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