

THE COUNCIL OF THE CITY OF NEW YORK

Hon. Christine C. Quinn
Speaker of the Council

Hon. James Vacca
Chair, Committee on Transportation



Hearing on the Fiscal 2014 Preliminary Budget & the Fiscal 2013 Preliminary Mayor's Management Report

Metropolitan Transportation Authority

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Metropolitan Transportation Authority (MTA)

The Metropolitan Transportation Authority (the “Authority” or “MTA”) was established under the New York State Public Authorities Law in 1965 as a public benefit corporation. The Authority has responsibility for developing and implementing a unified public transportation policy for New York City and the seven New York metropolitan-area counties of Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk and Westchester. It carries out these responsibilities through its subsidiary and affiliate entities that include the New York City Transit Authority (NYCTA) and its subsidiary, the Manhattan and Bronx Surface Transit Operating Authority (MaBSTOA); the Staten Island Rapid Transit Operating Authority (SIRTOA); the Long Island Rail Road Company (LIRR); the Metro-North Commuter Railroad Company (MNCRC); the Metropolitan Suburban Bus Authority (MSBA); the MTA Bus Company; and the MTA Capital Construction Company. Another affiliate of the MTA, the former Triborough Bridge and Tunnel Authority (TBTA), which is now called the MTA Bridges and Tunnels (B&T), is empowered to construct and operate toll bridges and tunnels and other public facilities in New York City. The revenues from all authorities and subsidiaries support the organization as a whole.

Based on a request by Nassau County, in April 2011 the MTA Board approved a resolution authorizing Nassau County the ability to transition bus and paratransit services to a private operator on or before January 1, 2012. As a result, the MTA’s calendar year 2012 financial plan assumes the cessation of the LI Bus operations as of December 31, 2011 and excludes it from all budget forecasts (revenue, expenses, cash, subsidies, and headcount) in 2012 and beyond.

MTA Financial Plan 2013-2016

MTA Consolidated Statement of Operations – Including MTA Bus Company

(\$ in millions)

Non-Reimbursable	2011 Actual	2012 Final Forecast	2013 Final Proposed	2014 Projected	2015 Projected	2016 Projected
Operating Revenue						
Farebox	\$4,999	\$5,110	\$5,173	\$5,260	\$5,333	\$5,396
Toll Revenue	1,502	1,505	1,499	1,503	1,508	1,519
Other Revenue	510	536	561	594	633	680
Capital & Other Reimburse.	0	0	0	0	0	0
Total Operating Revenue	\$7,011	\$7,151	\$7,234	\$7,357	\$7,473	\$7,595
Operating Expenses						
Labor Expenses	\$7,235	\$7,586	\$7,869	\$8,043	\$8,375	\$8,699
Non-Labor Expenses	2,704	2,707	2,907	3,032	3,178	3,374
Other Expenses Adjustment	(2)	58	45	46	46	49
General Reserve	0	0	130	135	140	150
Total Operating Expenses Before Non-Cash Liability Adj.	\$9,937	\$10,351	\$10,952	\$11,256	\$11,740	\$12,273
Depreciation	\$2,019	\$2,182	\$2,252	\$2,329	\$2,425	\$2,525
Other Post-Employment Benefit	1,707	1,721	1,774	1,845	1,919	1,996
Environmental Remediation	59	5	6	6	6	6
Total Operating Expenses After Non-Cash Liability	\$13,722	\$14,259	\$14,983	\$15,436	\$16,090	\$16,799
Net Operating Deficit	(\$6,711)	(\$7,108)	(\$7,749)	(\$8,078)	(\$8,617)	(\$9,204)
Subsidies	\$5,151	\$5,500	\$5,775	\$6,006	\$6,279	\$6,509
Debt Service	(1,934)	(2,072)	(2,246)	(2,401)	(2,547)	(2,785)
Deficit after Subsidies & Debt	(\$3,494)	(\$3,680)	(\$4,220)	(\$4,473)	(\$4,885)	(\$5,480)
Conversion to Cash						
Non-Cash Liability Adjs.	\$3,785	\$3,908	\$4,032	\$4,180	\$4,350	\$4,527
GASB Account	(38)	(77)	(83)	(88)	(90)	(94)
All Other	(117)	(192)	(178)	(292)	(106)	(71)
Cash Bal. Before Prior-Yr. Carryover	\$137	(\$42)	(\$451)	(\$673)	(\$732)	(\$1,120)
Policy & GAP Closing Actions/Adjs.	\$0	(\$228)	\$464	\$549	\$712	\$891
Prior Year Carryover	160	297	26	40	0	0
Net Cash Surplus/(Deficit)	\$297	\$26	\$40	(\$85)	(\$19)	(\$229)

Source: Metropolitan Transportation Authority

-Numbers may not total due to rounding

MTA Budget Overview

The Calendar Year 2013 Adopted Budget for the MTA includes a four-year financial plan for the years 2013 through 2016. The Authority issued a Preliminary Budget in July of 2012 for public review and comment before issuing a Final Budget in late November that was presented to the MTA Board for a vote on December 19, 2012.

The Adopted Plan (“the Plan”) includes recurring cost reductions but does not include budget driven service reductions. The Plan continues to maintain the gap closing actions implemented by the Authority in 2010. In calendar year 2013, the continued gap closing actions are expected to produce an annualized recurring savings of \$800 million that would grow to \$1.2 billion by Calendar Year 2016. The gap actions include cuts in administrative positions, the freezing of management wages, a reduction in overtime spending, and the renegotiation of certain contracts with major suppliers. Also included in the Plan is the continued assumption of a labor agreement with three years of “net zero” wage growth and the implementation of biennial fare and toll increases. As such, the MTA is implementing a new 7.5 percent fare and toll increase this year that is expected to yield \$382 million in 2013 and \$476 million by 2016, with another 7.5 percent fare and toll increases planned for March 2015 that is expected to yield an additional \$425 million in 2015 and \$515 million in 2016. In addition to the fare increases, the MTA is implementing a MetroCard green fee initiative which it expects to generate \$20 million annually.

Consequently, the 2013 Adopted Budget remains balanced with an anticipated net cash surplus of \$40 million. However, for the outyears, the MTA’s Plan anticipates an end-of-year deficit balance of \$85 million in 2014, \$19 million in 2015 and \$229 million in 2016.

To respond to the increased growth in ridership, particularly for the non-traditional rush hour period of night, weekend and off-peak weekday service, the Plan includes \$29.5 million in annual service investments to restore, extend, and add service on bus, subway and the commuter rail lines.

Lastly, the Adopted Budget includes cash reserves of \$130 million in 2013, \$135 million in 2014, \$140 in 2015 and \$150 million in 2016. Also, the Plan includes cash contribution of \$250 million annually by the MTA beginning in 2015, as a down payment in support of the 2015-2019 Capital Program. As in past years, the impact of rising debt service costs, increasing pension and healthcare expenses and the depletion of non-recurring resources remain the Authority’s major concerns.

The Impact & Funding of Superstorm Sandy

According to the Authority, computation and estimation of Superstorm Sandy related costs is ongoing. However, early estimates put the costs of damages at \$5 billion, which include \$4.6 billion for costs relating to damaged infrastructure and \$268 million in operating losses. The MTA expects the losses to be covered by a combination of insurance, federal funds and in-house resources currently projected at \$950 million. However, the actual amount that it would ultimately cover will depend on the amount of federal recovery dollars and insurance reimbursements it receives. In addition, the Authority’s current estimates do not include costs relating to any future plans that it may have to harden its facilities against future storms. Any external borrowing by the Authority as a result of Superstorm Sandy will most likely increase its debt service costs going forward.

METROPOLITAN TRANSPORTATION AUTHORITY
Projected Financial Impact of Superstorm Sandy
(\$ in millions)

	Operating Impact			Capital Impact	Total Impact
	Revenue Loss	Expenses	Total		
NYCT	\$85.30	\$62.70	\$148.00	\$3,389	\$3,537.00
LIRR	4.5	16.6	21.10	267	288.10
MNR	5.3	21.7	27.00	188	215.00
B&T	24.8	34.1	58.90	778	836.90
MTAHQ	0.1	6	6.10	0	6.10
SIRTOA	0.2	0.7	0.90	60	60.90
MTA Bus	4.1	2	6.10	25	31.10
MTA CC	0	0	-	47.8	47.80
TOTAL	\$124.30	\$143.80	\$268.10	\$4,754.80	\$5,022.90

Payroll Mobility Tax (PMT)

In 2011, the Legislature approved and the Governor signed into law legislation that made significant changes to the Payroll Mobility Tax (PMT), eliminating or reducing the PMT for certain taxpayers including public and private schools, small employers and self-employed individuals with income below a certain threshold. The action at the time was projected to reduce PMT revenues by \$310 million annually. However, it should be noted that the legislation expressly provides that any reductions in transit aid attributable to these reductions “shall be offset through alternative sources that will be included in the state budget”. The MTA’s 2013 Adopted Financial Plan assumes that there will be no reduction in net revenue to the MTA resulting from the enacted legislation.

Capital Program

CAPITAL BUDGET SUMMARY 2010-2014 MTA Proposed Capital Program Amendment (\$ in millions)

Program	MTA Board Approved 2010-2014	Proposed Plan	Change
Core Capital Program			
New York City Transit	\$12,481	\$11,649	(\$1,192)
Long Island Rail Road	2,554	2,316	(238)
Metro-North Railroad	1,703	1,544	(159)
MTA Bus	325	297	(28)
MTA Wide Security Program	335	335	-
MTA Interagency	315	315	-
Core Subtotal	\$18,073	\$16,456	(\$1,617)
Network Expansion Projects	5,739	5,739	-
Total 2010-2014 CPRB Program	\$23,812	\$22,195	(\$1,617)
Bridges and Tunnels	2,453	2,079	(374)
Total 2010-2014 Capital Program	\$26,265	\$24,274	(\$1,991)

Source: Metropolitan Transportation Authority

Numbers may not total due to rounding

Background

On September 29, 2009, the MTA Board approved and submitted a proposed \$28.8 billion 2010-2014 Capital Program to the Capital Program Review Board (CPRB). On December 31, 2009, the CPRB vetoed it allowing the MTA additional time to resolve funding issues relating to the program, particularly federal funding assumptions made by the Authority. Subsequently, the MTA Board approved a revised plan on April 28, 2010 that was later approved by the CPRB on June 1, 2010. However, the approved program was fully funded only in the first two years (2010 and 2011) of the plan, with a commitment to come back to CPRB with a funding proposal for the last three years.

New Revised Capital Program

In December 2011, the MTA Board approved an amended 2010-2014 Capital Plan valued at \$24.3 billion that fully funds all projects in its last three years. Of that amount, \$22.2 billion must be approved by the CPRB. To balance the Plan, the MTA used a combination of innovative financing arrangements, efficiency improvements, real estate initiatives, and additional funding from participating partners. On March 27, 2012, the Amended Program, in accordance with State law, was deemed approved as submitted to the CPRB.

For the New York City Transit (NYCT), the amended 2010-2014 Capital Plan commits \$11.6 billion, a decrease of \$1.2 billion compared to the original Plan of \$12.8 billion, to core programs to maintain a state of good repair. Of the NYCT allocation, approximately \$3.9 billion or 33 percent

is for subway cars, buses, and track replacement. The Plan also includes \$2.1 billion for the rehabilitation of passenger stations including \$272.2 million for disabled accessibility projects.

Signals and Communications continue to be the single largest investment category for the NYCT with an allocation of \$2.9 billion.

MTA 2010-2014 Capital Program Funding Sources

(\$ in millions)

Program Funding Plan		Proposed Plan			Change
		Approved 2010-2011	Proposed 2012-2014	Total	
Federal Formula, Flexible and Misc.	\$6,415	\$2,188	\$3,595	\$5,783	(\$632)
Federal High Speed Rail	-	-	295	295	295
Federal Security	225	90	135	225	-
Federal RRIF Loan	-	-	2,200	2,200	2,200
MTA Bus Federal Formula/Match	160	64	103	167	7
City Capital Funds	500	200	562	762	262
State Assistance	-	-	770	770	770
MTA Bonds	6,000	6,000	4,503	10,503	4,503
Other	600	600	890	1,490	890
Future State and Local Funding	9,912	-	-	-	(9,912)
Total CPRB Program	\$23,812	\$9,142	\$13,053	\$22,195	(\$1,617)
Bridge & Tunnels Dedicated Funds	\$2,453	\$954	\$1,125	\$2,079	(\$374)

Revised 2010-2014 Capital Program Funding Sources

The approved 2010-2014 Capital Program included a \$9.9 billion gap for 2012-2014. However, in the amended 2010-2014 Capital Program, by introducing innovative financing options and securing additional funds from its funding partners, the Authority was able to fill the gap and fully fund the last three years of the program. Listed below are the funding sources that support the MTA's revised CPRB \$22.2 billion Capital Program.

- ✓ **Federal Formula, Flexible and Miscellaneous Funding.** The MTA is assuming 2010-2014 federal formula funding of \$5.8 billion, a reduction of \$632 million from the previous assumption. Pending the advancement of a transportation reauthorization bill by Congress, this amount is consistent with the MTA's current security grant funding receipts.
- ✓ **Federal High Speed Rail Funding.** The amended 2010-2014 Capital Plan includes a \$295 million High Speed Rail grant from the Federal Rail Administration. The funding will be used to advance the Authority's Northeast Corridor Congestion Relief Project, a part of the East Side Access initiative.
- ✓ **Federal Security Funding.** The MTA's assumption for this category remains unchanged in the amended Capital Plan.

- ✓ **Federal RRIF Loan.** The MTA plans to use a \$2.2 billion loan from the Railroad Rehabilitation and Improvement Financing (RRIF) to fund the East Side Access project. By using this RRIF loan, the MTA will be able to borrow at the U.S. Treasury rate and pay it back on a longer maturity and flexible terms.
- ✓ **New York City Funds.** The amended 2010-2014 program includes City reimbursements valued at \$12 million for Select Bus Service MetroCard vending machines and a local match for the MTA Bus purchase of 74 CNG buses. It also includes \$250 million that would come from the disposition of properties that are jointly owned with the City, while continuing to assume an annual contribution of \$100 million from the City's capital budget.
- ✓ **State Assistance.** The amended 2010-2014 program includes additional State funding of \$770 million to support the final three years of the program. Similarly, the State's Fiscal 2012-2013 Executive Budget includes capital funding in the same amount, re-establishing its traditional funding pattern for the MTA.
- ✓ **MTA Bus Funding Federal and City Match.** With the MTA takeover of the City's private bus franchise in 2004, federal funds previously allocated to the City for these properties are now transferred annually to the MTA, with the City providing the match required for the grant funding. The amended Plan anticipates \$167 million from this category, an increase of \$7 million.
- ✓ **MTA Bonds & Payroll Mobility Tax.** During its 2009 session, the New York State legislature approved new revenue sources adequate to support debt service on \$6 billion of new bonds for the first two years of the program. No such funding exists going forward. As such, in the amended Plan, the MTA will use revenue bonds valued at \$4.5 billion and supported with pay-as-you-go (PAYGO) funds from existing dedicated taxes to support the last three years of the program
- ✓ **Future State and Local Funding.** In the original Plan, the MTA planned to work with its funding partners to identify additional funding needed to close the \$9.9 billion gap identified in the 2010-2014 Capital Plan. In the amended Plan, the MTA has devised new ways to fully fund the program.
- ✓ **Other Funds.** The MTA anticipates \$890 million, including \$640 million in 2012-2014 from a combination of asset sales, pay-as-you-go capital or other non-bond sources.

New York City Transit (NYCT)

Mission Statement

The New York City Transit (NYCT), a subsidiary of the Metropolitan Transportation Authority (MTA), provides bus and subway service to New York City. The NYCT is responsible for providing safe, clean, and reliable public transportation services to all persons traveling within the City. The NYCT employs approximately 45,000 workers who are responsible for the operation and maintenance of 4,355 buses and 6,374 subway cars. Over 1.5 billion people ride the City's buses and subways each year.

NYCT Financial Plan 2013-2016

February Financial Plan (\$ in millions)

Non-Reimbursable and Reimbursable	2011 Actual	2012 Final Forecast	2013 Final Proposed	2014 Projected	2015 Projected	2016 Projected
Operating Revenue						
Farebox	\$3,629	\$3,740	\$3,770	\$3,824	\$3,876	\$3,922
Other Revenue	307	329	356	388	423	464
Capital & Other Reimbursement.	940	884	860	844	841	852
Total Operating Revenue	\$4,876	\$4,953	\$4,986	\$5,055	\$5,140	\$5,238
Operating Expenses						
Labor Expenses	\$5,648	\$5,956	\$6,072	\$6,185	\$6,407	\$6,621
Non-Labor Expenses	1,714	1,700	1,809	1,851	1,945	2,090
Gap Closing Expenses/Adjust	3	0	0	0	0	0
Operating Expenses Before Depreciation, OPEB & ER 1	\$7,365	\$7,656	\$7,881	\$8,037	\$8,352	\$8,712
Depreciation	\$1,312	\$1,445	\$1,520	\$1,595	\$1,670	\$1,748
Other Post Employment Benefit.	1,323	1,355	1,405	1,463	1,521	1,580
Environmental Remediation	49	0	0	0	0	0
Total Operating Expenses	\$10,049	\$10,456	\$10,806	\$11,095	\$11,543	\$12,040
Net Operating Deficit/(Deficit)	(\$5,173)	(\$5,502)	(\$5,820)	(\$6,040)	(\$6,403)	(\$6,801)
Projected Gross Subsidies	\$3,322	\$3,587	\$3,537	\$3,741	\$3,811	\$3,955
Deficit after Projected Subsidies	(\$1,851)	(\$1,915)	(\$2,283)	(\$2,299)	(\$2,592)	(\$2,846)
Conversion to Cash						
Depreciation, OPEB & ER	\$2,684	\$2,800	\$2,925	\$3,058	\$3,191	\$3,328
Net Cash Surplus/(Deficit) 2	\$833	\$885	\$642	\$759	\$599	\$482

Source: Metropolitan Transportation Authority

Note: 1- Excludes Debt Service, 2 - Excludes Prior Year Balance & Interagency Transfers.

-Numbers may not total due to rounding

- **Budget.** As approved by the MTA Board of Directors, the NYCT Operating Budget (reimbursable and non-reimbursable costs) before depreciation and other post-employment benefits is approximately \$7.9 billion for Calendar Year (CY) 2013. Of that amount, \$6.1 billion is for labor costs and \$1.8 billion is for non-labor expenses. In addition, the Adopted Budget contains non-cash depreciation expenses of \$1.5 billion and other post-employment benefit expenses, in accordance with GASB number 45, of \$1.4 billion. The budget funds 46,063 positions, of which 4,332 are reimbursable and 41,731 are non-reimbursable. Reimbursable positions are those generally paid with Capital funds.
- **Operating Revenue/Expense Projections.** The NYCT projects approximately \$5.0 billion in operating revenues for CY 2013, which is primarily derived from farebox revenues of \$3.8 billion, Capital and other reimbursements of \$860 million and other revenues of \$356 million. These funds will support the NYCT's proposed reimbursable and non-reimbursable expenditures of \$7.9 billion, excluding depreciation and other post-employment benefits, in 2013.
- **Transit Tax Revenue.** The NYCT is funded, in part, with tax revenues from the Metropolitan Mass Transportation Operating Assistance Account (Metro Account), Petroleum Business Tax (PBT), Mortgage Recording Tax, and the Urban Mass Transportation Operating Account (Urban Account). The revenue from these accounts is projected to be \$1.9 billion in CY 2013, which is \$127 million more than the CY 2012 amount of \$1.8 billion (it was \$2.1 billion in CY 2008). The Urban Account consists of two separate taxes, the Mortgage Recording Tax (MRT) and the Real Property Transfer Tax (RPTT) imposed on New York City commercial real property transactions of more than \$500,000.
- **Payroll Mobility Tax and MTA Aid.** The Payroll Mobility Tax and the MTA Aid are a set of new taxes, fees and surcharges enacted by the State in 2009 (Chapter 25 of the Laws of 2009) for the benefit of the MTA. The State law was recently amended to exclude employers with payroll expenses of less than \$312,500 per quarter per calendar year and certain eligible education institutions. For the NYCT, subsidies from the mobility tax and MTA Aid are projected to be \$1.3 billion in Calendar Year 2013.
- **The City's Contribution.** For CY 2013, the City's contribution, excluding Capital commitments, to the NYCT's budget is expected to be approximately \$824 million. The subsidy is comprised of the following: \$45 million for the reduced student fare; \$14 million for the reduced fare for the elderly and the disabled; \$127 million for paratransit reimbursement; \$158 million to match State Operating Assistance; \$363 million for private bus subsidy; \$31 million for SIRTOA and \$86 million for the maintenance and operation of Long Island Railroad and Metro North Railroad stations in the City.
- **Paratransit.** Pursuant to an agreement between the City and the MTA, the NYCT assumed operating responsibility for all paratransit services required under the Americans with Disability Act of 1990. The City reimburses the NYCT for thirty-three percent of net paratransit operating expenses less fare revenues and urban tax proceeds. Total paratransit revenue is expected to be \$174 million in CY 2013, which includes \$127 million from City reimbursements.
- **State Subsidies.** For CY 2013, the State's subsidy to the NYCT's budget is expected to be \$183 million. Of this amount, \$25 million is for school fare reimbursement and \$158 million is to

match City operating assistance. This funding does not include State dedicated tax revenues of \$3.2 billion expected in 2013.

The MTA Bus Company (MTABC)

The MTA Bus Company was created in September 2004 pursuant to an agreement between the City of New York and the MTA to consolidate the operations of seven private franchise bus companies. The purpose of the takeover was to improve the quality and efficiency of bus service formerly provided by the private bus franchise operators. The agreement calls for the City to pay MTABC the difference between the actual cost of operating the bus routes and all revenues and subsidies received by the MTABC and allocable to the operation of the bus routes. As a result, the cost of MTABC operations are fully reimbursable by the City to the MTA.

MTA Bus operates the tenth largest transit fleet in the nation providing service on 80 routes with over 1,252 local and express buses that include 170 Clean Natural Gas (CNG) buses and 389 low floor hybrid electric buses.

MTA Bus Financial Plan 2013-2016

(\$ in millions)

Non-Reimbursable and Reimbursable	2011 Actual	2012 Final Forecast	2013 Final Proposed	2014 Projected	2015 Projected	2016 Projected
Operating Revenue						
Farebox	\$179	\$182	\$183	\$184	\$185	\$186
Other Revenue	21	19	19	20	20	21
Capital & Other Reimbursements	6	9	8	8	9	9
Total Operating Revenue	\$206	\$210	\$211	\$212	\$214	\$216
Operating Expenses						
Labor Expenses	\$393	\$410	\$424	\$431	\$447	\$468
Non-Labor Expenses	156	149	147	154	167	172
Operating Expenses Before Depreciation & GASB Adjs. 1	\$549	\$559	\$572	\$585	\$614	\$640
Depreciation	\$40	\$42	\$42	\$42	\$42	\$42
Other Post Employment Benefit	96	55	56	57	58	58
Environmental Remediation	2	0	0	0	0	0
Total Operating Expenses	\$688	\$656	\$670	\$684	\$714	\$740
Net Operating Surplus/(Deficit)	(\$482)	(\$446.0)	(\$459)	(\$472)	(\$500)	(\$524)
Post-2010 Prog to Eliminate the Gap	\$0	\$0	\$0	\$0	\$0	\$0
Deficit after GAP Actions	(\$482)	(\$446.0)	(\$459)	(\$472)	(\$500)	(\$524)
Conversion to Cash						
Depreciation, OPEB & ER	\$138	\$97	\$98	\$99	\$100	\$100
Net Cash Surplus/(Deficit) 2	(\$344)	(\$349)	(\$361)	(\$373)	(\$400)	(\$424)

Source: Metropolitan Transportation Authority

Note: 1 - Excludes Debt Service, 2 - Excludes Prior Year Balance & Interagency Transfers & Subsidies

-Numbers may not total due to rounding

- **Operating Revenue/Expense Projections.** The MTABC's operating revenue for CY 2013 is projected to be \$211 million, which includes farebox revenue of \$183 million, Capital and other reimbursement of \$8 million, and other operating revenue of \$19 million. The budget projects the combined reimbursable and non-reimbursable expenses before depreciation to be \$572 million for CY 2013. These expenses include \$424 million in labor costs and \$147 million in non-labor costs. The depreciation expense and the other post-employment benefit expenses are projected to be \$42 million and \$56 million respectively.

Capital Program

Capital Budget Summary (City's Contribution)

The New York City subway system operates on more than 660 miles of track in over 238 directional route-miles serving the boroughs of Manhattan, the Bronx, Queens, and Brooklyn. The Staten Island Rapid Transit Authority (SIRTOA) operates a 14-mile rapid transit line linking 22 communities and the Staten Island-Manhattan Ferry service. The Authority's bus system, including the newly created MTA Bus, serves all five boroughs. On average, the combined transit (6,290 subway cars) and bus systems (5,838 buses) transport over 2.3 billion riders annually.

Capital expenditures for the NYCT are coordinated by the MTA. NYCT's capital program includes major infrastructure improvements to subway stations (for example, track and signal replacements and upgrading of security), modernization of subway stations, major equipment replacements and the implementation of an Automated Fare System.

2013-2016 Commitment Plan: Adopted and Preliminary Budget

Dollars in Thousands

	FY13	FY14	FY15	FY16	Total
Adopted					
Total Capital Plan	\$331,054	\$100,000	\$100,000	\$40,000	\$571,054
Prelim					
Total Capital Plan	\$331,054	\$100,000	\$100,000	\$40,000	\$571,054
Change					
Level	\$0	\$0	\$0	\$0	\$0
Percentage	0.00%	0.00%	0.00%	0.00%	0.00%

Preliminary 2014 Capital Commitment Plan

Dollars in thousands

	2013	2014	2015	2016	2013-2016
MTA Bus (MT)	\$50,658	\$0	\$0	\$0	\$50,658
Staten Island Rail (ST)	3,700	900	900	0	\$5,500
New York City Transit (T)	276,696	99,100	99,100	40,000	\$514,896
TOTAL	\$331,054	\$100,000	\$100,000	\$40,000	\$571,054

The Preliminary 2014 Capital Commitment Plan includes \$571.1 million in Fiscal 2013 -2016 for the New York City Transit (NYCT) including City and Non-City funds. This represents approximately 1.4 percent of the City's total \$39.3 billion Preliminary Plan for Fiscal 2012-2015. The agency's Preliminary Commitment Plan for Fiscal 2013 - 2016 remains unchanged from the September Commitment Plan.

The majority of the capital projects span multiple fiscal years as such, it is common practice for an agency to roll unspent capital funds into future fiscal years. In Fiscal Year 2012, the Authority

committed \$34.9 million or 13.7 percent of its \$253.8 million annual capital plan. Therefore, it is assumed that a portion of the agency's Fiscal 2013 Capital Plan will be rolled into Fiscal 2014, thus increasing the size of the Fiscal 2014-2017 Capital Plan. The Authority's 2010-2014 Capital Program includes approximately \$407.6 million that would be funded with proceeds of City general obligation bonds.

Preliminary Ten Year Capital Strategy

The NYCT's Fiscal 2014-2023 Preliminary Ten-Year Capital Strategy, as proposed by the City, is divided into three program areas that include track work, transit improvement, and Staten Island Rapid Transit Operating Authority (SIRTOA). In the Plan, the City will contribute \$520 million to the Transit Authority. Of that amount, \$350 million will be committed to track work, \$168.2 million to various transit improvement project, and \$1.8 million to the Staten Island Rapid Transit Authority (SIRTOA).

Over the past 30 years, the MTA has committed over \$50 billion to fund the NYCT Capital Program. As discussed earlier, the amended 2010-2014 Capital Program as approved by the MTA Board and the Capital Program Review Board (CPRB) contains \$22.2 billion, of which \$11.6 billion would be invested in the NYCT core system.