

THE COUNCIL OF THE CITY OF NEW YORK

Hon. Melissa Mark-Viverito
Speaker of the Council

Hon. Ydanis Rodriguez
Chair, Committee on Transportation



Report on the Fiscal 2017 Preliminary Budget and the Fiscal 2016 Preliminary Mayor's Management Report Metropolitan Transportation Authority

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Rui Xu, Legislative Financial Analyst
Chima Obichere, Unit Head

Finance Division

Latonia McKinney, Director
Regina Poreda Ryan, Deputy Director
Nathan Toth, Deputy Director
Emre Edev, Assistant Director

Table of Contents

Metropolitan Transportation Authority (MTA) Overview 1
 MTA Financial Plan 2016-2019 2
MTA Budget Overview 3
Issues / Highlights 5
Capital Program 6
 Capital Budget Summary 6
 Revised 2015-2019 Capital Program Funding Sources 7
New York City Transit Authority (NYCTA) 9
 NYCTA Financial Plan 2016-2019 9
The MTA Bus Company (MTABC) 12
 MTA Bus Financial Plan 2016-2019 12
MTA Staten Island Railway (SIR) 14
 MTA Staten Island Railway (SIR) Financial Plan 2016-2019 14
Capital Program 15
 Capital Budget Summary (City’s Contribution)..... 15

Metropolitan Transportation Authority (MTA) Overview

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 2016 financial plan excludes it from all budget forecasts (revenue, expenses, cash, subsidies, and headcount).

Governance/MTA Board

The MTA's Board consists of a Chairperson and 16 other voting Members, two non-voting Members and four alternate non-voting Members, all of whom are appointed by the Governor with the advice and consent of the State Senate. Members are nominated by the Governor, with four recommended by New York City's mayor and one each by the county executives of Nassau, Suffolk, Westchester, Dutchess, Orange, Rockland, and Putnam counties (the members representing the latter four cast one collective vote). The other voting Members, including the Chairperson, cast one vote each (except in the event of a tie when the Chairperson is allowed one additional vote).

Financial Operations

The MTA adheres to financial planning and budgeting practices that require the preparation of four-year financial plans covering the existing and future calendar years. Unlike the City, the MTA operates on a calendar year rather than a fiscal year. The financial plan includes provision for capital spending (including debt service) authorized by the Capital Programs of the Related Entities, including those Capital Programs approved by the Capital Programs Review Board (CPRB).

MTA Financial Plan 2016-2019
MTA Consolidated Statement of Operations – Including MTA Bus Company

Dollars in Millions	2014	2015	2016	2017	2018	2019
	Actual	Final Estimate	Final Proposed	Projected	Projected	Projected
Operating Revenue						
Farebox	\$ 5,709	\$ 5,929	\$ 6,072	\$ 6,119	\$ 6,159	\$ 6,183
Toll Revenue	1,676	1,792	1,809	1,818	1,831	1,844
Other Revenue	682	651	650	667	689	714
Total Operating Revenue	\$ 8,068	\$ 8,372	\$ 8,531	\$ 8,603	\$ 8,678	\$ 8,742
Operating Expenses						
Labor Expenses	8,582	8,560	8,899	9,129	9,416	9,723
Non-Labor Expenses	3,007	3,157	3,341	3,343	3,397	3,548
Other Expenses Adjustment	45	43	45	46	47	49
General Reserve	0	0	150	155	160	165
Total Operating Expenses Before Non-Cash Liability Adj.	\$ 11,634	\$ 11,759	\$ 12,435	\$ 12,673	\$ 13,019	\$ 13,485
Depreciation	2,266	2,380	2,456	2,656	2,728	2,798
Other Post-Employment Benefit	2,035	2,030	2,114	2,199	2,287	2,378
Environmental Remediation	21	7	7	7	7	7
Total Operating Expenses After Non-Cash Liability	\$ 15,956	\$ 16,175	\$ 17,011	\$ 17,535	\$ 18,041	\$ 18,668
Net Operating Deficit	\$ (7,888)	\$ (7,803)	\$ (8,480)	\$ (8,932)	\$ (9,363)	\$ (9,926)
Subsidies (Accrual Basis)	6,375	6,620	6,645	6,819	6,935	7,139
Debt Service	(2,249)	(2,383)	(2,642)	(2,870)	(3,053)	(3,204)
Deficit after Subsidies & Debt Service	\$ (3,762)	\$ (3,566)	\$ (4,477)	\$ (4,983)	\$ (5,481)	\$ (5,991)
Conversion to Cash						
Non-Cash Liability Adjs.	4,322	4,416	4,576	4,862	5,022	5,183
GASB Account	(50)	0	0	0	(9)	(19)
All Other	(496)	(885)	(346)	(364)	2	(183)
Cash Bal. Before Prior-Yr. Carryover	\$ 15	\$ (34)	\$ (246)	\$ (485)	\$ (466)	\$ (1,010)
Policy & GAP Closing Actions/Adjs.	0	0	73	366	466	750
Prior Year Carryover	314	329	295	121	3	3
Net Cash Surplus/(Deficit)	\$ 329	\$ 295	\$ 121	\$ 3	\$ 3	\$ (257)

-Numbers may not total due to rounding

Source: Metropolitan Transportation Authority

MTA Budget Overview

The Calendar Year 2016 Adopted Budget for the MTA includes a four-year financial plan for the years 2016 through 2019. The Authority issued a Preliminary Budget in July of 2015 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 16, 2015.

The Plan continues to maintain gap closing actions implemented by the Authority since 2010. In calendar year 2016, these gap closing actions are expected to produce an annualized recurring savings of \$1.5 billion that would grow to almost \$1.8 billion by Calendar Year (CY) 2019. To achieve the outyear projected recurring savings, the Adopted Budget has raised the targeted level of cost reduction by an additional \$25 million annually beginning in 2017, which together with the increased targets included in the July Plan will raise the annual target by \$100 million in 2019. In order to meet the targets, the MTA must identify new initiatives to reduce costs. The MTA continues to make progress in identifying and initiating necessary cost reduction initiatives. Since November 2014, the MTA has identified additional savings that will total \$126 million in 2019. These savings include \$47 million from paratransit, \$16 million from technology consolidation, \$16 million from the NYCTA/MTA Bus prescription drug rebid program, \$14 million from pension savings, \$10 million in insurance efficiencies, \$5 million from the NYCTA timekeeping consolidation and a total of \$18 million from numerous smaller initiatives.

In addition, the Plan continues the assumption of biennial fare and toll increases. As a result, a fare and toll increase of four percent (two percent annually) is projected for March 1, 2017 and 2019. The fare and toll increases are expected to yield additional revenue of \$252 million in 2017 and \$265 million in 2019.

The Adopted Budget includes an additional funding of \$95 million, bringing the total to \$278 million, for service and service quality investments, which includes \$38 million in platform budget service adjustments, \$13 million for the expansion of Select Bus Services, and \$26 million for a pilot for an All-Electronic Toll program at the Rockaway crossings. In addition, the Adopted Plan includes \$147 million to increase maintenance and support the operations of new investments, including the Second Avenue Subway. Lastly, the Adopted Plan reflects, on average, \$43 million annually of additional operating funding under the Authority's centralized Enterprise Asset Management (EAM) contingency plan to be used by agencies over time.

Beginning in Calendar Year 2016, the MTA will increase its contributions in support of the 2015- 2019 Capital Program by \$125 million annually for a total of \$625 million by 2019. The Authority will also use unbudgeted real estate transaction tax receipts of \$75 million received this year as a one-time Pay-As-You-Go (PAYGO) investment to support the capital plan, providing a total of \$700 million of additional contributions to the Capital Program over the Plan period. These additional contributions will provide \$2.4 billion of additional funding capacity through bonding and PAYGO revenues.

Taken in total, the 2016 Adopted Budget remains balanced, after adjustments for prior year balances, with an anticipated net cash surplus of \$121 million. For the outyears, the Plan anticipates an end-of-year cash balance of \$3 million in 2017, \$3 million in 2018 and a manageable deficit of \$257 million in 2019.

Lastly, despite an improved outlook for the MTA budget, there are some challenges ahead. The continued growth in app-based livery services (e.g., Uber/Lyft) has resulted in the loss of taxi surcharge revenues. The traditional medallion taxi services collect a fifty cent surcharge that is earmarked for the MTA, while app-based service trips are not subject to the surcharge. This results in substantially less surcharge revenue for the MTA. In addition, the agency needs to finalize funding arrangements for the 2015-2019 Capital Program with the State and City to ensure that the funds are provided as committed to by all parties, that additional savings are pursued, and that preparations are made for the possibility of interest rate increases higher than the current forecast, which could increase debt service payments.

Issues / Highlights

Continue to pursue efficiencies/consolidations

The MTA has cut more than \$1.3 billion in costs from its annual spending, and those recurring savings are projected to increase to \$1.8 billion annually by 2019. This rigorous cost discipline would allow the MTA to accelerate PAYGO capital funding and defer scheduled debt issuances, saving \$18 million in each of the next three years, as well as increasing funding contribution into the underfunded LIRR pension plan, saving \$14 million per year starting in 2017. However, as the MTA continues the effort to reduce costs, it should be noted that much of those savings to be had, have been. As such, any additional savings may be more difficult to achieve. The MTA must remain focused on managing already achieved cost measures to avoid backsliding.

Prepare for the Economic Downturn

The MTA projects biennial four percent fare and toll increases for the period of 2016 through 2019. The revenue increase is based on the assumption that the regional economy will continue to grow within the financial plan period, which may be overly optimistic since a downturn is likely after a long economic expansion. The agency should anticipate a recession scenario in projecting its revenue, and seek new revenue sources or cut expenditures in case of a shortfall.

The 2015-2019 Capital Program

The Proposed 2015-2019 Capital Program is now fully funded. The Authority was able to balance the plan by reducing the cost of the program by more than \$3 billion, bringing the program cost down to \$29 billion. As part of the budget balancing agreement, the State and the City committed to provide an additional funding of \$7.3 billion and \$1.8 billion, respectively. However, as of this writing, the State is yet to identify the funding sources or finalize funding arrangements in the State Fiscal 2016-2017 Budget for the additional commitment.

Capital Program

Capital Budget Summary

2015-2019 MTA Proposed Capital Program (\$ in millions)

Program	Proposed 2015-2019 Plan
CPRB Core Capital Program	
New York City Transit	\$ 15,849
Long Island Rail Road	2,835
Metro-North Railroad	2,321
MTA Bus	376
MTA Interagency	264
Core Subtotal	\$ 21,644
Network Expansion Projects	4,456
Total 2015-2019 CPRB Program	\$ 26,100
Bridges and Tunnels	2,856
Total 2015-2019 Capital Program	\$ 28,956

-Numbers may not total due to rounding

Source: Metropolitan Transportation Authority

Although the MTA board approved the Authority's 2015-2019 Capital Program on October 28, 2015, the MTA is yet to submit the plan to the CPRB for approval. The revised Program totals \$29 billion, almost ten percent less than the \$32 billion Program first proposed a year ago. It includes \$21.6 billion in core investments for subway cars, buses and railroad tracks among others; \$4.5 billion for the East Side Access, Penn Station Access and Second Avenue Subway project; and \$2.9 billion for MTA Bridges and Tunnels. The MTA was able to reduce the program costs without impacting benefits or eliminating the projects that are critical to the agency and regional growth, by reducing planned commitment costs for the NYCTA by nearly \$1.3 billion; Long Island Rail Road by \$285 million; Metro-North Railroad by \$232 million; MTA Bridges and Tunnels by \$200 million; MTA Capital Construction by \$1 billion; and MTA Bus by \$61 million. These savings would be achieved by using alternative delivery methods including design-building, streamlined procurement processes, and public-private partnerships.

Proposed funding for the program now includes \$8.3 billion in State funds, \$6.4 billion in federal funds, \$2.5 billion in City funds and \$11.8 billion from various MTA resources. The State's capital contribution includes the \$1 billion the State committed in its Fiscal 2014-2015 Budget, of which \$750 million is to support core capital programs and \$250 million is to support the Penn Station Access project. In October 2015, to help the MTA fill its capital program funding gap of more than \$9 billion, the State and the City agreed to commit additional funding of \$7.3 billion and \$1.8 billion, respectively. The additional City commitment of \$1.8 billion, when combined with \$657 million in annual capital contributions in the City's Commitment Plan, brings total City contribution to \$2.5 billion over the plan.

For the NYCTA, the revised Capital Plan would commit \$15.8 billion in core programs to maintain state of good repair. Of that amount, \$5.8 billion or 37 percent is allocated for subway cars, buses, and track replacement. More specifically, the Plan includes the purchase of 940 R-211 railcars, 10 open-gangway prototype cars and 1,391 buses. It also includes the replacement of 127 mainline switches, 51 miles of mainline tracks and the installation of 21 miles of continuous welded rail (CWR) to prevent broken rails, reduce damage to rolling stock, and improve ride quality.

The revised plan includes funding to begin installing Communication-Based Train Control (CBTC) along the E, F, M and R lines in Queens, the A, C and E lines in Manhattan and the F line in Brooklyn. Currently, CBTC is fully installed on the L line and under construction on the 7 line. CBTC, when fully installed, on the proposed lines will enable the MTA to run more trains, thereby, boosting capacity and reliability of service for its customers. An investment of \$419 million is also included in the plan for a new fare payment system.

Revised 2015-2019 Capital Program Funding Sources ((\$in millions)

	Proposed 2015-2019
Total 2015-2019 Program costs	\$28,956
Funding Currently Projected	
Federal Formula, Flexible and Misc.	\$ 6,275
Federal Core Capacity	100
MTA Bonds	5,889
Pay-as-you-go Capital (PAYGO)	1,846
State of New York Capital (\$1b existing, \$7.3b Governor's Commitment)	8,336
City of New York Capital (\$657m existing, \$1.835b Mayoral Commitment)	2,492
Asset Sales / Leases	600
Other MTA Sources	562
Sub-total	\$ 26,100
Bridge & Tunnels Bonds (\$2.3b) & PAYGO (\$580m)	\$ 2,856
Total 2015-2019 Funds Available	\$ 28,956
Funding Gap	\$0

-Numbers may not total due to rounding

Source: Metropolitan Transportation Authority

The 2015-2019 Capital Program originally included a \$9 billion gap for 2015-2019. However, in the revised 2015-2019 Capital Program, by introducing alternative projects delivery options and securing additional funds from the City and State, the Authority was able to fill the gap and fully fund the five years of the program. Listed below are the funding sources that support the MTA's revised \$28.9 billion Capital Program.

- ✓ **Federal Formula, Flexible and Miscellaneous Funding.** The MTA is assuming 2015-2019 federal formula funding of \$6.3 billion, an increase of \$500 million from the previous Capital Plan assumption. Based on the recent federal transportation bill reauthorization by Congress, this amount is consistent with the MTA's current level of federal grant funding receipts.
- ✓ **Federal Core Capacity.** The amended 2015-2019 Capital Plan includes a \$100 million federal Core Capacity funding. The funding will be used to advance the Authority's Canarsie Line Power and Station Improvements project.
- ✓ **MTA Bonds.** The proposed plan includes \$5.9 billion in new MTA bonding capacity for 2016-2019 including \$200 million in bond proceeds generated by savings due to the use of low-interest federal Railroad Rehabilitation and Improvement Financing (RRIF) loan for the Authority's Positive Train Control (PTC) projects. The use of RRIF loan financing generally enables the MTA to borrow at the U.S. Treasury rate and pay it back on a longer maturity and flexible terms.
- ✓ **PAYGO Capital.** The MTA plans to use \$1.8 billion in PAYGO capital to leverage new debt service capacity until fully exhausted by the debt service needs of the Authority's bonds. This amount includes \$200 million to be made available through a reduction in the needs for the Bridge and Tunnels 2015-2019 Capital Program.
- ✓ **State Capital Funds.** The capital plan includes \$1 billion in capital funding from the State to support core program projects (\$750 million) and the Penn Station Access project (\$250 million). It also anticipates that an additional \$7.3 billion will be provided by the State for the proposed 2015-2019 Plan.
- ✓ **New York City Funds.** The revised 2015-2019 program currently includes \$657 million in existing annual capital contributions from the City. It also anticipates an additional City contribution of \$1.8 billion, for a total of \$2.5 billion over the Plan period, reflecting a 392 percent increase above contributions in the prior Capital Program. The City's contribution includes \$32 million in City matching funds to federal grants supporting the MTA Bus Capital Program.
- ✓ **Asset Sales/Leases.** The MTA anticipates \$600 million from other non-bond sources (asset sales and lease) including proceeds from the East and West Rail Yards Payments in Lieu of Sales Tax (\$190 million), proceeds from the proposed development of MTA Madison Avenue property pursuant to the Vanderbilt Corridor zoning (\$110 million), and resources from the disposition of assets including properties jointly owned with the City of New York (\$300 million).
- ✓ **Other MTA Sources.** The MTA Plan anticipates \$562 million in "other" bond and PAYGO sources, including \$530 million from savings due to the issuance of lower cost Payroll Mobility Tax (PMT)-backed bonds.
- ✓ **Bridge and Tunnels Bonds.** The MTA plans to use \$2.3 billion in TBTA bonds and \$580 million in PAYGO capital to fund its bridge and tunnel projects over the five years period.

New York City Transit Authority (NYCTA)

Mission Statement

The New York City Transit Authority (NYCTA), a subsidiary of the Metropolitan Transportation Authority (MTA), provides bus and subway service to New York City. The NYCTA is responsible for providing safe, clean, and reliable public transportation services to all persons traveling within the City. The NYCTA employs approximately 47,000 workers who are responsible for the operation and maintenance of 4,400 buses and 6,400 subway cars. Over 2.4 billion people ride the City's buses and subways each year.

NYCTA Financial Plan 2016-2019

(\$ in millions)

Non-Reimbursable and Reimbursable	2014 Actual	2015 November Forecast	2016 Final Proposed Budget	2017 Projected	2018 Projected	2019 Projected
Operating Revenue						
Farebox	\$4,191	\$4,344	\$4,455	\$4,484	\$4,511	\$4,526
Other Revenue	437	427	436	445	463	485
Capital & Other Reimbursement.	1075	1,153	1,161	1134	1108	1118
Total Operating Revenue	\$5,703	\$5,924	\$6,052	\$6,063	\$6,082	\$6,129
Operating Expenses						
Labor Expenses	6,527	6,651	6,883	7,046	7,202	7,419
Non-Labor Expenses	1,901	1,810	1,847	1,873	1,936	2,047
Other Expenses Adjustments	0	0	0	0	0	0
Operating Expenses Before Depreciation, OPEB & ER 1	\$8,428	\$8,461	\$8,730	\$8,919	\$9,138	\$9,466
Depreciation	1,520	1,638	1,688	1,863	1,913	1,965
Other Post Employment Benefit.	1,638	1,616	1,681	1,748	1,818	1,891
Environmental Remediation	12	0	0	0	0	0
Total Operating Expenses	\$11,598	\$11,715	\$12,099	\$12,530	\$12,869	\$13,322
Net Operating Deficit/(Deficit)	(\$5,895)	(\$5,791)	(\$6,047)	(\$6,467)	(\$6,787)	(\$7,193)
Gross Subsidies (Cash Basis)	4,054	4,071	3,962	4,091	4,120	4,407
Deficit after Projected Subsidies	(\$1,841)	(\$1,720)	(\$2,085)	(\$2,376)	(\$2,667)	(\$2,786)
Conversion to Cash						
Depreciation, OPEB & ER	2,939	3,249	3,366	3,592	3,702	3,818
Net Cash Surplus/(Deficit) 2	\$1,098	\$1,529	\$1,281	\$1,216	\$1,035	\$1,032

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

- Numbers may not total due to rounding

Source: Metropolitan Transportation Authority

- **Budget.** As approved by the MTA Board of Directors, the NYCTA Operating Budget (reimbursable and non-reimbursable) before depreciation and other post-employment benefit is approximately \$8.7 billion for Calendar Year (CY) 2016. Of that amount, approximately \$6.9 billion is for labor costs and \$1.8 billion is for non-labor expenses. In addition, the Adopted Budget includes non-cash depreciation expenses of \$1.7 billion and other post-employment benefit expenses, in accordance with GASB number 45, of \$1.7 billion. The budget funds 48,214 positions, of which 5,068 are reimbursable and 43,146 are non-reimbursable. Reimbursable positions are those positions generally paid with capital funds.
- **Operating Revenue / Expense Projections.** The NYCTA projects \$6.1 billion in operating revenues for calendar year 2016, which is primarily derived from farebox revenues of \$4.4 billion, capital and other reimbursements of \$1.2 billion and other revenues of \$436 million. These funds will support the NYCTA's proposed reimbursable and non-reimbursable expenditures of \$8.7 billion, excluding depreciation and other post-employment benefits, in 2016.
- **Transit Tax Revenue.** The NYCTA 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 revenues from these accounts are projected to total \$2.4 billion in 2016, which is \$126.7 million less than the 2015 amount of \$2.5 billion (it was \$2.1 billion in 2008 its highest point before the economic crisis). 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 properties with a value exceeding \$500,000.
- **Payroll Mobility Tax (PMT) and MTA Aid.** The PMT 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 subsequently amended to exclude public and private schools, public and free association libraries. For the NYCTA, subsidies related to PMT and MTA Aid is projected to be \$1.23 billion in Calendar Year 2016, slightly lower than the \$1.34 billion in 2015. In 2012, the State Legislature passed a law granting the City authorization to establish a "Hail accessible inter-borough licenses" (HAIL licenses) for livery cabs to provide hail services in certain underserved areas of the City. After overcoming legal challenges, the law was implemented during the second half of 2013, and is anticipated to result in increased MTA Aid revenue for the Authority as the City phases in the additional vehicles.
- **The City's Contribution.** For calendar year 2016, the City's contribution, excluding capital commitments, is approximately \$1 billion. For calendar year 2015, estimated City subsidies include the following: \$45 million for the NYCTA school fare subsidy; \$14 million for the elderly and disabled subsidy; \$11 million for EZ Pass reimbursement; \$137 million for paratransit reimbursement; \$158 million to match State Operating Assistance; \$499 million for MTA bus subsidy; \$56 million City subsidy for SIRTOA and \$94 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 NYCTA assumed operating responsibility for all paratransit services required under the Americans with Disability Act of 1990. The City reimburses the NYCTA for thirty-three percent of net paratransit operating expenses less fare revenues and urban tax proceeds. Total paratransit revenue is expected to be \$211.6 million in CY 2016, which includes \$137 million from City reimbursements.
- **State Subsidies.** For CY 2016, the State's subsidy to the NYCTA'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 to NYCTA of more than \$2.8 billion expected in 2016.

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 costs of MTABC operations are fully reimbursable by the City to the MTA.

MTA Bus Financial Plan 2016-2019

(\$ in millions)

Non-Reimbursable and Reimbursable	2014 Actual	2015 November Forecast	2016 Final Proposed Budget	2017 Projected	2018 Projected	2019 Projected
Operating Revenue						
Farebox	\$203.6	\$210.4	\$214.5	\$214.5	\$215.3	\$215.6
Other Revenue	20.1	20.6	20.7	21.1	21.5	21.7
Capital & Other Reimbursement.	6.1	5.7	6.0	5.9	6.0	5.9
Total Operating Revenue	\$229.8	\$236.7	\$241.2	\$241.5	\$242.8	\$243.2
Operating Expenses						
Labor Expenses	506.5	481.6	500.7	506.8	508.4	511.8
Non-Labor Expenses	162.4	162.6	175.9	204.7	161.1	164.2
Operating Expenses Before Depreciation, OPEB & ER 1	\$668.9	\$644.2	\$676.6	\$711.5	\$669.5	\$676.0
Depreciation	48.5	42.2	42.2	42.9	43.7	43.7
Other Post Employment Benefit.	105.0	100.2	100.2	100.2	100.2	100.2
Environmental Remediation	0.6	0	0	0	0	0
Total Operating Expenses	\$823.0	\$786.6	\$819.0	\$854.6	\$813.4	\$819.8
Net Operating Deficit/(Deficit)	(\$593.2)	(\$549.9)	(\$577.8)	(\$613.1)	(\$570.6)	(\$576.6)
Gross Subsidies (Cash Basis)	460.2	422.1	498.8	443.7	438.3	418.5
Deficit after Projected Subsidies	(\$133.0)	(\$127.8)	(\$79.0)	(\$169.4)	(\$132.3)	(\$158.1)
Conversion to Cash						
Depreciation, OPEB & ER	157.0	138.0	152.0	155.0	156.0	158.0
Net Cash Surplus/(Deficit) 2	\$24	\$10	\$73	(\$14)	\$24	(\$0)

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

- Numbers may not total due to rounding

Source: Metropolitan Transportation Authority

- **Operating Revenue/Expense Projections.** The MTABC's operating revenue for CY 2016 is projected to be \$241.2 million, which includes farebox revenue of \$214.5

million, capital and other reimbursements of \$6 million, and other operating revenue of \$20.7 million. The budget projects a combined reimbursable and non-reimbursable expense before depreciation of \$676.6 million for CY 2016. These expenses include \$500.7 million in labor costs and \$175.9 million in non-labor costs. The depreciation expense and the other post-employment benefit expenses are projected to be \$42.2 million and \$100.2 million respectively.

MTA Staten Island Railway (SIR)

The MTA Staten Island Railway (SIR) operates and maintains 63 subway cars over a 14.3 route miles and 28.6 miles of mainline track that serves 22 stations located primarily on the south shore of Staten Island.

MTA Staten Island Railway (SIR) Financial Plan 2016-2019 (\$ in millions)

Non-Reimbursable and Reimbursable	2014 Actual	2015 November Forecast	2016 Adopted Budget	2017 Projected	2018 Projected	2019 Projected
Operating Revenue						
Farebox	\$5.9	\$6.4	\$6.7	\$6.8	\$6.8	\$6.8
Other Revenue	2.6	2.5	2.6	2.6	2.6	2.6
Capital & Other Reimbursement.	1.3	3.9	6.9	5.4	3.9	3.9
Total Operating Revenue	\$9.8	\$12.8	\$16.2	\$14.8	\$13.3	\$13.3
Operating Expenses						
Labor Expenses	40.4	41.3	44.7	43.5	42.7	43.7
Non-Labor Expenses	10.7	12.3	30.4	17.2	10.5	10.9
Other Expense Adjustments	0	0	0	0	0	0
Operating Expenses Before Depreciation, OPEB & ER 1	\$51.1	\$53.6	\$75.1	\$60.7	\$53.2	\$54.6
Depreciation	7.9	8.3	8.3	8.3	8.3	8.3
Other Post Employment Benefit.	2.4	2.3	2.3	2.3	2.3	2.3
Environmental Remediation	0	0	0	0	0	0
Total Operating Expenses	\$61.4	\$64.2	\$85.7	\$71.3	\$63.8	\$65.2
Net Operating Deficit/(Deficit)	(\$52)	(\$51)	(\$70)	(\$57)	(\$51)	(\$52)
Gross Subsidies (Cash Basis)	28.8	38.1	46.4	60.4	48.0	42.0
Deficit after Projected Subsidies	(\$23)	(\$13)	(\$23)	\$4	(\$3)	(\$10)
Conversion to Cash						
Depreciation, OPEB & ER	13.7	5.8	10.6	10.6	10.6	10.6
Net Cash Surplus/(Deficit) 2	(\$9.1)	(\$7.5)	(\$12.5)	\$14.5	\$8.1	\$0.7

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

- Numbers may not total due to rounding

Source: Metropolitan Transportation Authority

- Operating Revenue/Expense Projections.** The SIR's operating revenue for CY 2016 is projected to be \$16.2 million, which includes farebox revenue of \$6.7 million, capital and other reimbursements of \$6.9 million, and other operating revenue of \$2.6 million. The budget projects a combined reimbursable and non-reimbursable expense before depreciation of \$75.1 million for CY 2016. These expenses include \$44.7 million in labor costs and \$30.4 million in non-labor costs. The depreciation expense and the other post-employment benefit expenses are projected to be \$8.3 million and \$2.3 million respectively.

Capital Program

Capital Budget Summary (City's Contribution)

The New York City subway system operates on over 600 miles of mainline track in over 238 directional route-miles serving the boroughs of Manhattan, the Bronx, Queens, and Brooklyn. The Staten Island Railway (SIR) operates a 14-mile rapid transit line linking 22 communities and the Staten Island-Manhattan Ferry service. The Authority's bus system, including the MTA Bus, serves all five boroughs. On the average, the combined transit (6,500 subway cars) and bus systems (5,700 buses) transport over 2.4 billion riders annually.

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

NYCTA 2016-2019 Commitment Plan: Adopted and Preliminary Budget

NYCTA 2016-2019 Commitment Plan					
<i>Dollars in Thousands</i>					
	FY16	FY17	FY18	FY19	Total
Adopted Plan	\$390,008	\$125,000	\$125,000	\$125,000	\$765,008
Preliminary Plan	394,284	125,000	125,000	125,000	\$769,284
Change	\$4,276	\$0	\$0	\$0	\$4,276
Percentage Change	1%	0%	0%	0%	1%

Source: Metropolitan Transportation Authority

NYCTA 2016-2019 Commitment Plan: Subsidiaries

Preliminary 2017 Capital Commitment Plan					
<i>Dollars in thousands</i>					
	2016	2017	2018	2019	2016-2019
MTA Bus (MT)	\$61,044	\$0	\$0	\$0	\$61,044
Staten Island Rail (ST)	6,475	1,275	1,275	1,275	10,300
New York City Transit (T)	326,765	123,725	123,725	123,725	697,940
TOTAL	\$394,284	\$125,000	\$125,000	\$125,000	\$769,284

Source: Metropolitan Transportation Authority

The Preliminary 2017 Capital Commitment Plan includes \$769.3 million in Fiscal 2016-2019 for the NYCTA including City and Non-City funds. This represents approximately 1.3 percent of the City's total \$57.2 billion Preliminary Plan for Fiscal 2016-2019. The agency's

Preliminary Commitment Plan for Fiscal 2016-2019 show a slight increase of \$4.3 million compared to the Adopted 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 2015, the Authority committed \$125.3 million or 33.3 percent of its \$376.3 million annual capital plan. Therefore, it is assumed that a portion of the agency's Fiscal 2016 Capital Plan will be rolled into Fiscal 2017, thus increasing the size of the Fiscal 2017-2020 Capital Plan. The MTA proposed 2015-2019 Capital Plan includes approximately \$657 million that would be funded with proceeds from City general obligation bonds. This amount would likely increase when the City finalizes plans on paying the additional \$1.8 billion it recently agreed to pay in order to help the MTA fully fund its 2015-2019 Capital Program.